Business Ethics and Corporate Social Responsibility with Globalization of Markets & Marketing Ethics

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ABSTRACT

The paper addresses the concepts of business ethics and corporate social responsibility in the old vis-à-vis the new economy. The effects of globalization and its impact on the transition from the industrial to the digital era are explored. Although the behavior of business organizations has always had a thoughtful worldwide impact, with the turn down of the nation state economic power has, for the first time, tough political power. Simultaneously, the undergoing revolution in contemporary information and communication technologies has significantly empowered the customer. Responding to better customer awareness and sensitivity to business and social responsibility issues - coupled with consumers' increasing ability to react- companies in the digital age may be expected to develop even stronger cultures of corporate social responsibility, proactively seeking to increasingly honor their moral obligations to society in the 21st century In recent years, due to the globalization of markets and production processes, an ever increasing number of marketers and entrepreneur and business manager have to deal with ethics and social responsibility issues in cross-cultural settings. In this article, main approaches in marketing ethics and social responsibility have been reviewed for ethical analysis and business manager in international settings. The main purpose of the study is to present some guidelines that can serve as a guide for global marketers in the important areas for markets ethics and social responsibility. It is supposed to assist marketers in their efforts to behave in an ethical fashion. It is assumed that local conditions of markets may be different, but some global markets, ethics and social responsibility principles should be applicable to all markets. It is proposed that a uniform code of ethics and social responsibility should be created by WTO and UN organizations to solve diverse cultural differences to arrive at cooperative strategies in markets.

Keywords: Globalization, Ethics, Marketing Ethics, Corporate Social Responsibility. Business ethics, and international business ethics. E-Economy.

INTRODUCTION

Ethics are the rules or standards that govern our decisions on a daily basis. Many associate "ethics" with conscience or a simplistic sense of "right" and "wrong." Others would say that ethics is an internal code that governs an individual's conduct, ingrained into each person by family, faith, tradition, community, laws, and personal mores. Corporations and professional organizations, mainly licensing boards, generally will have a written "Code of Ethics" that governs standards of professional conduct probable of all in the field. It is important to note that "law" and "ethics" are not synonymous, nor are the "legal" and "ethical" courses of action in a given situation necessarily the same. Statutes and regulations passed by legislative bodies and administrative boards set forth the "law." Slavery once was legal in the US, but one definitely wouldn't say powerfully enslaving humans was an "ethical" act.

Business Ethics

The term "business ethics" is used in a lot of different ways. Business ethics is a form of applied ethics that examines ethical principles and moral or ethical problems that arise in a business environment It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole Applied ethics is a field of ethics that deals with ethical questions in many fields such as technical, legal, business and medical ethics. Business ethics consists of a set of moral principles and values that govern the behavior of the organization with respect to what is right and what is wrong It spells out the basic philosophy and priorities of an organization in concrete terms It also contains the prohibitory actions at the workplace It provides a framework on which the organization could be legally governed. With time, certain moral philosophies have helped in the evolution of four basic concepts of ethics. They are deontologist, relativism, egoism, andthe paper examines basic principles of business ethics and sheds light on the aforesaid concepts. Business ethics is the behavior that a business adheres to in its daily dealings with the world The ethics of a particular business can be diverse .They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer .

International marketing ethics, globalization and social responsibility affected each other.

Increased globalization gave rise to a lot of problems, as well as ethical and social responsibility at home and abroad. Within the last 50 years, world commerce and trade inflated nearly 20-fold, surpassed world industrial production, which expanded by six and a half times (WTO, 2001). In this expansion, both exports and foreign direct investments acted an important role in the global economy and trade. In addition to large-scaled corporations, small businesses are also increasing their cross border investments. Generally, the average yearly outflow of Foreign Direct Investment (FDI) enlarged from almost $25 billion in 1975 to the peak of $1.3 trillion in 2000(UN, 2001). These mean that millions of business people work abroad in various geographical, political, legal, social, technological and cultural environments. It is easy to estimate that various environments have created many problems, involving ethical problems, for international marketing personnel at home and abroad. Notably, during the past 55 years, technological improvements in transportation, communication and information processing and the Internet have made big contributions to the development of globalization. If this trend continues, the prophesies of Levitt, about globalization, in 1960`s, will become reality in 2020`s. To manage this trend fairly, it is recommendable to create universal ethical norms, rules and regulations. To prevent unethical marketing applications, universal code of ethics is necessary. At the same time, this practice would facilitate worldwide fair competition in every field of the world economy.

Ethics in the New Millennium

In considering what business ethics will look like in the third millennium, I am inclined to say that, frankly, I have no idea. What critical events will shape individual minds, incite or politicize communities, horrify or inspire society in general? Even if those events were known, their impact on the field of business ethics would be difficult to predict. For example, who could have predicted the impact of the ethics triggers of the late 20th-century United States – Vietnam, Watergate, the Savings & Loan crisis, Challenger, etc? Here were tragedies, each in large measure the result of flawed decision-making, individual hubris and unresponsive organizational environments. Would anyone have anticipated the formulaic remedy of codes, ethics officers, hotlines and training programs – a remedy unlikely to have prevented any of those problems? Yet, this is what comprised business ethics in the United States in the last decade of the millennium. With that caveat, let me offer not predictions but some combination of hopes and expectations for business ethics in the next few decades remembering that Shakespeare wrote, "Oft expectation fails, and most oft there where most it promises."Business behavior is clearly linked to the general standards in society. This supports the argument that the business community should encourage the best standards of practice. Thus, at the turn of the century with a global economy rapidly evolving, it is appropriate to stand back and consider the role of business ethics and standards. The inevitable difficulties of formulating

effective, cross-cultural corporate values and standards are Formidable. One way of confronting this issue is by examining the **Strengths** and **Weaknesses** of business ethics, the Opportunities it has to exert itself, and the Threats that stand in its way. Business ethics is constantly gaining strength as governments, corporations and citizens are beginning to understand the importance of morally respectable business practices within a society. Incidents of bribery, insider trading and money laundering represent significant concerns and they have resulted in strict law enforcement and the adoption of ethics programs in well over half of Western corporations.

New Responsibilities

While ethical concerns about privacy, first amendment rights and other current issues will continue to demand our attention, I believe we will see new ethical expectations for those who develop and distribute advanced technology. As this technology develops beyond the capability of the layperson to fully understand and control it, debate will heighten about the responsibility of developers and distributors for the ways in which their products are used or misused. Many years ago, the humorist Tom Lehrer wrote a ditty about a well-known scientist that closed with the line: "'Once the rockets are up, who cares where they come down. That's not my department,' said Werner von Braun." In the future it will be less and less acceptable for those who build technology to separate themselves from how that technology is put to use. And it will be increasingly likely that mechanisms like medicine's doctrine of Informed Consent and recourse to malpractice litigation will be part of the technology landscape.

Business Ethics as Effective Forecasting, Decision-making and Problem-solving

Finally, I believe that ethics in the global corporate community will become an inborn part of business and management practices. Rather than standing as a preventative barrier to the conduct of business activity, ethics will become part of the very context within which decisions are made and actions are taken. Ethics will be a key criterion in economic, political, and social forecasting; it will inform critical corporate decisions and it will enhance complex problem-solving. In sum, my hopes and expectations for the next millennium are that business ethics will move beyond compliance, public relations and wishful thinking to take its place as a driver of effective and successful economic activity. In this new millennium, I hope we shall begin to take business ethics seriously.
"I believe we will see new ethical expectations for those who develop and distribute advanced technology."

Business Ethics and Corporate Social Responsibility: Conceptual Definitions

The concepts of business ethics and social responsibility are often used interchangeably, although each has a distinct meaning. The term business ethics represents a combination of two very familiar words, namely "business" and "ethics". The word business is usually used to mean "any organization whose objective is to provide goods or services for profit" whereas organizations are defined as "(1) social entities that (2) are goal oriented, (3) are designed as deliberately structured and coordinated activity systems and (4) are linked to the external environment" One of the most important organizational elements highlighted by this definition is that organizations are indeed open systems, i.e. they must interact with the environment in order to survive. …. "The organization has to find and obtain needed resources, interpret and act on environmental changes, dispose of outputs, and control and coordinate internal activities in the face of environmental disturbances and uncertainty" The fact that business organizations are open systems means that although businesses must make a profit in order to survive they must balance their desire for profit against the needs and desires of the society within which they operate. Hence, despite the fact that in market economies business organizations are traditionally allowed some degree of discretion … being "ostensibly free to choose what goods and services they produce, the markets they aim to serve and the processes by which they produce" organized societies around the world did indeed establish principles and developed rules or standards of conduct - both legal and implicit - in order to guide businesses in their efforts to earn profits in ways that do not harm society as a whole.
The word ethics in the term business ethics comes from the Greek word ethos meaning "character or custom" Ethics has been defined in a variety of ways, inter alia, as: "the study of morality" ("inquiry into the nature and

grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct" (and/or as "the code of moral principles and values that governs the behaviors of a person or group with respect to what is right or wrong" Based on these conceptualizations, the definition of business ethics adopted here comprises "the moral principles and standards that guide behavior in the world of business" whereas "an organization's obligation to maximize its positive impact, and minimize its negative impact, on society" is being termed corporate social responsibility.

Corporate social responsibility is a multidimensional construct comprising four subsets of economic; (2) legal; (3) ethical; and (4) voluntary philanthropic responsibilities .The economic responsibilities of a business are to produce goods and services that society needs and wants at a price that can perpetuate the business and satisfy its obligations to investors. Thus social responsibility, as it relates to the economy, encompasses a number of specific issues including how businesses relate to competition, shareholders, consumers, employees, the local community and the physical environment. The legal responsibilities of businesses are simply the laws and regulations they must obey. It is the bare minimum required of business organizations by society in return for allowing them to obtain the inputs they need from the environment, transform inputs into outputs and dispose of outputs -- in the form of goods and services acquired by consumers in order to satisfy their individual needs and wants. The legal dimension of corporate social responsibility thus refers to obeying local, national and international law regulating competition (precompetitive legislation) and protecting: workers' human rights (equity and safety legislation); the consumer (consumer protection legislation); and the natural environment (environmental protection laws). Ethical responsibilities are those behaviors or activities expected of business by society -- yet not codified in law. This subset of corporate social responsibilities may be interpreted as expressing the 'spirit of the law' vis-à-vis the 'letter of the law' in the previous case. Lastly voluntary philanthropic responsibilities are those behaviors and/or activities desired of business by society and referring to business contributions to society in terms of quality of life and society's welfare - for example, giving to charitable organizations and/or supporting community projects. Although there would appear to be little disagreement about the need for organizations to act responsibly toward the wider society and the natural environment in which they operate, organizations themselves have adopted a wide range of positions regarding corporate social responsibility. The various organizational stances vis-à-vis social responsibility in free-market economies fall along a continuum, ranging from a low to high degree of socially responsible organizational practices .The few organizations that take a social obstruction approach to social responsibility usually do as little as possible to solve social and/or environmental problems. In such a case ….. "the organization does stand apart from society and functions best when it gets back to basics, when it is freed of government regulation and constraints and discards social engineering in favor of just plain engineering" .One step removed from social obstruction is social obligation, whereby the organization does everything that is required of it legally but does nothing more. A firm that adopts the social response approach generally meets its legal and ethical requirements and sometimes voluntarily even goes beyond these requirements in selected cases. Finally, the highest degree of social responsibility that a firm can exhibit is the social contribution approach. Firms adopting this approach view themselves as citizens of a society and, as a result, proactively seek opportunities to contribute.

Business Ethics and Corporate Social Responsibility in the New Economy
Just as the industrial economy gradually evolved from the agricultural economy, so the industrial economy is currently giving way to the emerging digital economy. In the new economy technology becomes the dominant factor of wealth generation "rather than land, labor and particularly capital", whereas "information and its proper management through information technology are making the difference and separating the winners from the losers" .In the digital environment the balance of power shifts inexorably from the manufacturer to the consumer. To be competitive in the new economy companies must offer products and services that are specifically customized to meet the needs of individual consumers This implies that "businesses in the digital age must employ product development processes that interact dynamically with customers; that they perform a more constant-and

precise- monitoring of overall market trends; that cycle times get dramatically reduced; that raw materials are procured rapidly and in a cost-effective manner; and that distribution methods that suit the customer's, not the company's convenience are put into place. In short, the free flow of information made possible in the digital age will put the customer at the center of business priorities and strategies"

Consumer empowerment in turn implies a 180-degree change in business strategy from a 'make-and-sell' to a 'sense-and-respond' organization …"an adaptive system for responding to unpredictable requests. It is built around dynamically linked sub-processes and relies on economies of scope rather than economies of scale. The people in a sense-and respond environment are empowered and accountable, and spend their time producing customized outcomes in accordance with an adaptive business design" .Sense-and-respond organizations are thus customer-driven, process-focused and employee-involved . Due to the considerable increase in uncertainty, enhanced emphasis is being placed on flexibility, change and hence adaptive, entrepreneurial cultures stressing that "customer value is the only value that matters" .At the same time -responding to society's changing expectations of business- a growing number of companies seem to take pride in corporate citizenship, committing themselves to social responsibility. Companies that have received Corporate Conscience Awards in recent years include Kellogg, Sainsbury, Hewlett-Packard, Pfizer Pharmaceuticals, and Fuji Xerox .A most notable evolution in this respect has been the development of Social Accountability 8000 (SA-8000) - a global standard "providing a framework for the independent verification of the ethical production of all goods, made in companies of any size, anywhere in the world" …. a major opportunity for companies "to demonstrate their commitment to best practice in the ethical manufacture and supply of the goods they sell" (Fabian, 1998, p.1). SA-8000 involves auditing companies by independent assessors on a wide range of issues, comprising: child labour, health and safety, freedom of association, the right to collective bargaining, discrimination, disciplinary practices and compensation .Organizations meeting the standard earn a certificate attesting to their "social accountability policies, management and operations"

Business Ethics and Corporate Social Responsibility in the Old Economy: A Theoretical Framework

Economy has been defined as "a systematic way of describing how goods and services are exchanged among members of a given community" .The earliest economies were agricultural in nature and centered on producing, exchanging and consuming products derived from the natural world. In agricultural economies land and labour were understandably the most important factors determining economic and business success. The emergence of industrial economies, following the Industrial Revolution, was characterized by a drive of business organizations to produce goods for mass markets. In the industrial era capital and labour were by far the most important ingredients of success, leading to a hundred years of astonishing economic progress: "the industrialized countries are about 20 times better off at the end of this century than they were a hundred years earlier'.

The close link between economy and the nation state constitutes one of the most prominent features of the industrial era, with political power significantly surpassing economic power .Traditionally, national governments in industrialized countries tended to focus on economic growth and full employment via creating a business environment characterized by a fairly low degree of uncertainty. The most successful type of organization in this environment was the "make-and-sell" organization, namely the organization that was able to accurately predict what the market should demand, made the product and then went out and sold it .The dominant business-strategy adopted by make-and-sell organizations was internally-driven and management-centered -- i.e. it was the manufacturers themselves who made all the hard decisions: what sorts of consumer needs they would attempt to meet; what markets they would serve; what products they would offer; and what prices they would charge .Moreover, due to the fairly high degree of environmental predictability, enhanced emphasis was placed by organizations on stability, efficiency and hence rigid bureaucratic organizational cultures stressing that "shareholder value is the only value that matters" .Being a consumer in the industrial era meant "having very little

direct power over what goods were available" .while public opinion regarding the social obligation and/or social response approach to corporate social responsibility was in fact mediated by government in the form of legislation and direct or indirect regulation .

Social Responsibility and Corporation

In earlier times managers had only to concern themselves with the economic results of their decisions Today it is generally accepted that business firms have social responsibilities .Social responsibility is complex because must be made in a wide variety of areas Corporate social responsibility (CSR) can be defined as the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time The concept of corporate social responsibility means that organization shave moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law .A traditional view of the corporation suggests that its primary, if not sole, responsibility is to its owners, or stockholders However, CSR requires organizations to adopt a broader view of its responsibilities that includes not only stockholders, but many other constituencies as well, including employees, suppliers, customers, the local community (local self-government), state government, environmental groups, and other special interest groups .Collectively, the various groups affected by the actions of an organization are called "stakeholders." The stakeholder concept is discussed more fully in a later section. Corporate social responsibility is related to, but not identical with, business ethics. The economic responsibilities refer to society's expectation that organizations will produce good and services that are needed and desired by customers and sell those goods and services at a reasonable price .Organizations are expected to be efficient, profitable, and to keep shareholder interests in mind . The legal responsibilities relate to the expectation that organizations will comply with the laws set down by society to govern competition in the marketplace .Organizations have thousands of legal responsibilities governing almost every aspect of their operations, including consumer and product laws, environmental laws, and employment laws .

The ethical responsibilities concern societal expectations that go beyond the law, such as the expectation that organizations will conduct their affairs in a fair and just way. This means that organizations are expected to do more than just comply with the law, but also make proactive efforts to anticipate and meet the norms of society even if those norms are not formally enacted in-law. Finally, the discretionary responsibilities of corporations refer to society's expectation that organizations be good citizens. This may involve such things as philanthropic support of programs benefiting community or the nation. It may also involve donating employee expertise and time to worthy causes .Corporate policy should state clearly, Illegal actions in any form will not be condoned or tolerated by the company .Much of the battle that goes between government, business, and society is a result of the conflict between their different views on economic and social responsibility goals ..Today, business cannot operate without contact and interaction with the government and its myriad of rules and regulations. The managers of the corporation who must take responsibility to fulfill their duties to their stockholders and to the public at large by extending themselves further by making more personal contact among employees, business management, the academic community, and political groups (Trevino - Nelson, 2004). This in turn will permit corporate leaders to become influential in political affairs to an extent never before realized..

Corporate Ethics Policies

As part of more comprehensive compliance and ethics programs, many companies have formulated internal policies pertaining to the ethical conduct of employees. These policies can be simple exhortations in broad, highly-generalized language (typically called corporate ethics statement), or they can be more detailed policies, containing specific behavioral requirements [typically called corporate ethics codes . They are generally meant to identify the company's expectations of workers and to offer guidance on handling some of the more common ethical problems that might arise in the course of doing business. It is hoped that having such a policy will lead to greater ethical awareness, consistency in application, and the avoidance of ethical disasters .An increasing number of companies also requires employees to attend seminars regarding business conduct .which often include discussion of the

company's policies, specific case studies, and legal requirements. Some companies even require their employees to sign agreements stating that they will take by the company's rules of conduct .Many companies are assessing the environmental factors that can lead employees to engage in unethical conduct. A competitive business environment may call for unethical behavior. Lying has become likely in fields such as trading. An example of this are the issues surrounding the unethical actions of the Saloman Brothers Not everyone supports corporate policies that govern ethical conduct. Some claim that ethical problems are better dealt with by depending upon employees to use their own judgment. Others believe that corporate ethics policies are primarily rooted in serviceable concerns, and that they are mainly to limit the company's legal liability, or to curry public favor by giving the appearance of being a good corporate citizen. Ideally, the company will avoid a lawsuit because its employees will follow the rules. Should a lawsuit occur, the company can claim that the problem would not have arisen if the employee had only followed the code properly? Sometimes there is disconnection between the company's code of ethics and the company's actual practices. Thus, whether or not such conduct is unambiguously sanctioned by management, at worst, this makes the policy duplicitous, and, at best, it is merely a marketing tool.

Ethical Issues in International Marketing
Social Responsibility and Marketing

Business firms produce goods and services by utilizing limited to satisfy customer needs. In their activities, companies should be innovative, cost effective, productive and effective. If they become successful, in the long run, they should contribute positively to the societies' welfare objectives. It requires that companies should be perceptive for the expectations of customers with respect to the social issues and to the environment. For organizations to have social responsibility means an organization should concern for the people and environment in which it transacts business. It is expected that socially responsible firms will somehow financially do better than other less responsible firms in the long run. This might result from customer loyalty, better employee morale and motivation, or public policy favoring ethical conduct To be competitive in the long run, companies should adopt strategic plans to optimize the Objectives of all partners as stakeholders, management, workers, customers, society and all the humanity. According to the article of Lichtenstein and et al., "both theory and recent research evidence suggest that a corporation's socially responsible behavior can positively affect consumers 'attitudes toward the corporation (Lichtenstein and et al, 2004: 16). Today, international companies donate millions of dollars to various nonprofit organizations through various initiatives together with philanthropy, cause-related marketing, employee voluntarism, and other innovative and creative marketing programs. If we want to give an example, Avon, cosmetics company, has raised more than $200 million for breast cancer education and early discovery services through the Breast Cancer Awareness Crusade (Ibid).A study made by Maignan and Ferrell presents us a managerial guide by using stakeholder model for implementing social responsibility in marketing (Maignan&et al,2005:956). We need more studies to approach this issue from the different partners' points of views to create an integrative model to social responsibility approach.

Globalization of markets, marketing ethics and social responsibility

In an organization, marketing function often operates as the "public face" of it, when issues
Arise between the public and the organization; marketing is often at the center At the same time, social responsibility requires that firms should create new Products at high quality and services at reasonable prices. Additionally, these firms could be customer-oriented. Lichtenstein and et al assert that Corporate Social Responsibility (CSR) actually reduces customer satisfaction levels and, through the lowered satisfaction, harms market value (Xueming& Bhattacharya, 2006:1).

Ethical and Social Responsibility Problems in International Marketing

The moral question of what is right or suitable poses many dilemmas for domestic marketers. Even within a country, ethical standards are frequently not defined or always clear (Cateora and Graham: 142). The problem of

business ethics is infinitely more complex in international marketplace, because value judgments differ widely among culturally diverse groups. That which is commonly accepted as right on one country may be completely unacceptable in another. Giving business gifts of high value, for example, is generally predestined in the United States, but in many countries of the world gifts are not only accepted but also expected (www.business-ethics.org).Upon examination of existing ethical frameworks in the field of international marketing from a macro marketing perspective, it is argued that marketers cannot always rely on universally accepted ethical norms, such as hyper norms or core values that have been suggested by a deluge of marketing literature (Dunfee,1995; Dun fee, Smith, and Ross, 1999:14; De George, 2000). Some basic moral values could be used in evaluating international marketing ethical issues. Violations of basic moral values in international marketing settings should be accepted as ethical problems. After studying the literature related to international marketing, it is easily seen that most of the marketing ethics studies absorb the use of scenarios as research instruments and relate to the following marketing sub-disciplines .market research, retail management, purchasing management, advertising management, marketing management, industrial marketing, and marketing education. Few studies relate to International Marketing Ethics have been most prominent.

Globalization of markets, marketing ethics and social responsibility

Major International Marketing Ethical Problems derived from applied researches by Armstrong(Ibid) are presented with their short definitions as follows:

• **Traditional Small Scale Bribery**- involves the payment of small sums of money, typically to a foreign official in exchange for him/her violating some official duty or responsibility or to speed routine government actions (grease payments, kickbacks).

• **Large Scale Bribery**- a relatively large payment intended to allow a violation of thelaw or designed to influence policy directly or indirectly (eg, political contribution).

• **Gifts/Favours/Entertainment**- includes a range of items such as: lavish physical

gifts, call girls, opportunities for personal travel at the company`s expense, gifts received

after the completion of transaction and other extravagant expensive entertainment.

• **Pricing** – includes unfair differential pricing, questionable invoicing – where the buyer requests a written invoice showing a price other than the actual price paid, pricing to force out local competition, dumping products at prices well below that in the home country, pricing practices that are illegal in the home country but legal in host country (eg,price fixing agreements).

• **Products/Technology** – includes products and technology that are banned for use in the home country but permitted in the host country and/or appear unsuitable or inappropriate for use by the people of the host country.

• **Tax Evasion Practices** - used specifically to evade tax such as transfer pricing (i.e., where prices paid between affiliates and/or parent company adjusted to affect profit allocation) including the use of tax havens, where any profit made is in low tax jurisdiction, adjusted interest payments on intra-firm loans, questionable management and service fees charged between affiliates and /or the parent company.

• **Illegal/Immoral Activities in the Host Country** – practices such as: polluting the environment, maintaining unsafe working conditions; product/technology copying where protection of patents, trademarks or copyrights has not been enforced and short weighting overseas shipments so as to charge a country a phantom weight.

• **Questionable Commissions to Channel Members** – unreasonably large commissions of fees paid to channel members, such as sales agents, middlemen, consultants, dealers and importers.

• **Cultural Differences** – between cultures involving potential misunderstandings related to the traditional requirements of the exchange process (e.g., transactions) may be regarded by one culture as bribes but be acceptable business practices in another culture. These practices include: gifts, monetary payments, favors, entertainment and political contributions.

• **Involvement in Political Affairs**- related to the combination of marketing activities and politics including the following: the exertion of political influence by multinationals, engaging in marketing activities when either home or host countries are at war or illegal Technology transfers (Armstrong, Ibid).

Globalization of markets, marketing ethics and social responsibility

Though the U.S.A. has clearly led the campaign against international bribery, European firms and institutions are apparently putting more effort and money into the promotion of what they call "corporate social responsibility. For example, the watch dog group Corporate Social Responsibility (CSR) Europe, in cooperation with the INSEAD business school outside Paris, is studying the relationship between investment attractiveness and positive corporate behaviors on several magnitudes. Their studies find a strong link between firms` social responsibility and European institutional investors` choices for equity investments All this is not to say that European firms do not still have their corporate misbehaviors However, it is expected that more efforts in the future to focus on measuring and monitoring corporate social responsibility around the world. In a global economy, to solve international marketing ethics problems, self regulation by companies and industries is important, but that additional background institution with having authority to direct globalization is very important. Under these circumstances international sanctions can be applied for ethical violations..Asserts that "for purposes of international business, there are certain basic claims and norms that are necessary for business and these throw some light on claims to universality in ethics". For example, the Universal Declaration of Human Rights is an important norm which has been ratified by almost every country and lays down basic principles that should always be adhered to irrespective of the culture in which one is doing business

• Everyone has the right to work, to free choice of employment, to just and positive conditions of work, and to guard against employment.

• Everyone without any discrimination has the right to equal pay for equal work.

• Everyone who works has the right to just and favorable remuneration ensuring for himself and his family and existence worthy of human dignity and supplemented, if necessary, by other means of social protection.

• Everyone has the right to form and to join trade unions for the protection of his interests

There are many articles they can be accepted as building blocks of universal ethical norms and rules. In addition to such international organizations as UN, IMF, World Bank, World Trade Organization, the International Chamber of Commerce; "International Court of Justice for Business and Commerce" should be established to solve international marketing ethics problems legally. Then ethical will become legal. If we want to do business honest and fair in international marketing area, we can find many universal ethical rules and regulations to obey. Cultural differences should not result in violations of universal ethics. If UN is reorganized as a more powerful institution, it can enforce global business agents to conform to the universal ethics norms. Today, it is generally believed that, the U.S. of America as a superpower has been taking advantage of official political power of UN and related institutions, such as IMF, WTO, and World Bank in order to realize his political and economic benefits to sustain global domination. These institutions could not function effectively and freely to their predefined objectives. A reorganization and reform is necessary to empower UN and other international institutions to meet the common needs of all humanity, instead of only U.S.and other developed countries. Otherwise, instead of peace and stabilization, chaos and terror could dominate the whole world. Adapted to the contemporary world conditions, well-organized, reformed, empowered and equitable working UN and related institutions could really contribute to the global peace, security and, social and economic wealth of nations. All nations could obey the rules and regulations of independent global institutions in regulating and reorganizing world trade and global economy. Under these conditions, to solve international marketing ethics problems: international institutions should manage, regulate, and police the global marketplace, and to promote the establishment of multinational treaties to govern the global business system.

ETHICAL BEHAVIOR IS GOOD BUSINESS

Ethical business practices include assuring that the highest legal and moral standards are pragmatic in your relationships with the people in your business community. This includes the most important person in your business, your customer. Short term profit at the cost of losing a customer is long term death for your business. A reputation for ethical decisions builds trust in your business among business associates and suppliers. Strong supplier relationships are critical to a successful business. Consider the problems you might have if you could not supply what the customer needs...at the time that they need it. The entrepreneur is the role model for employees. If your behavior includes lying to customers, taking money out of the cash register, or taking home some of the inventory or supplies, you cannot be surprised if your employees follow your lead. Your family members may see the business as their own and take things that really belong to the business. Employees may see this as being dishonest, or as a conflict with their needs for a raise in pay.

The community expects your business to operate in an ethical manner that enhances the image of the community as a whole. If you are located in a mall, for example, your code of ethics will help or hinder customer traffic for the other businesses too. A reputation for telling customers anything they want to hear, regardless of the truth, eventually hurts your business and other businesses around you. It usually isn't illegal to lie to customers, but it isn't good business. Ethical behavior is merely making good business decisions based on an established "code of ethics". Entrepreneurs should establish a written code of ethics that can serve as a framework for decisions to be made by the entrepreneur as well as the employees. In developing this code of ethics you should consider the following items:

1. Identify your general principles that would lead to fair business practices.
2. Check with your industry association for basic standards to review
3. Allow for the fact that ethical questions do not always have a unique, faultless answer.
4. Write out specific statements that will assist you and others in making day-to-day ethical decisions.
5. Apply your code of ethics to a written policy and procedure manual identifying the major rules for operating your business.
6. Train your employees (and family members) to make ethical decisions about the business.

Your code of ethics will apply to all types of business operations including the following. What others can you add to this list?

* Handling cash and checks from customers
* "Negotiating" special prices for a friend without permission
* Accepting gifts from suppliers and business associates
* Selling damaged merchandise
* Warranties on products
* Merchandise return policies for customers
* Returning merchandise to suppliers
* Handling shoplifters
* Accounting procedures for cash sales
* Employee theft
* Insurance coverage adequate to protect the business and employees
* Supporting your advertising promises
* Checking in merchandise when received from suppliers
* Keeping the premises clean and free from harmful substances or germs.
* Handling employee performance problems
* Telling customers the truth

CONCLUSIONS

It is accepted that globalization is an inevitable process and will progress forever. Allbusiness that firms desire to compete successfully in international environment should obey to legal and ethical rules and regulations. To behave in an ethically and socially responsible way should be a hallmark of every marketer`s behavior, domestic or international. It requires little thought for most of us to know the socially responsible or ethically correct response to questions about breaking the law, destroying the environment, denying someone his or her rights, taking unfair advantage, or behaving in a manner that would bring bodily harm or damage .Because of unethical deals and transactions of large-scaled corporations such as Enron Company of USA and many others from America, Europe, Asia and Australia gave rise to global financial crises and as a result of these crises stockholders, investors, company workers, suppliers and the whole public faced serious financial losses. For this reason, companies should deal with their all partners ethically and behave in socially responsible .Actually; the difficult international marketing issues are not the obvious and simple right or-wrong ones. In many countries the international marketer faces the dilemma of responding to many situations where there is no local law, where local practices forgive ascertain behavior, or the company willing to " do what is necessary" is favored over the company that refuses to engage in practices that are not ethical. In many countries, laws may help define the borders of minimal ethical or social responsibility, but the law is only the basis above which one`s social and personal morality is tested. In the U.S.A., in general, legal sanctions prevent marketers from doing unethical transactions. The problems related to international marketing ethics are not important problems in U.S. domestic market; but in international settings, especially differences in culture creates some ethical dilemmas. Perhaps the best guide to good international marketing ethics is the examples set by ethical business leader's .De. George (Ibid) proposes to solve international business ethics problems in five guidelines:

a. Do not direct intentional harm.
b. Produce more good than harm for the host country.
c. Respect the rights of employees and of all others affected by one`s actions or policies.
d. To the extent consistent with ethical norms, respect the local culture and work with and not against it.
e. Multinationals should pay their fair share of taxes and cooperate with the local governments in developing equitable laws and other back ground institutions. On the other hand, propose to be used some guidelines in international business: such as, Utilitarian ethics-

Does the action optimize the "common good" or benefits of all constituencies? And who are the constituencies?. Rights of the parties- **Does the action respect the rights of the individuals involved?** Justice or fairness-**Does the action respect the canons of justice or fairness to all parties involved?**
Answers to these questions can help the international marketer ascertain the degree to which decisions are beneficial or harmful, right or wrong, or whether the consequences of actions are ethically or socially responsible. Perhaps the best framework to work within is defined by asking: Is it legal? Is it right? Can it withstand disclosure to stockholders, to company officials, and to the public?

Business behavior has always had a significant worldwide impact - in the eighteenth, nineteenth and twentieth century's, and even before then. In the industrial era however political power generally surpassed economic power since governments were able to control their national economies The effects of globalization, though, have led to a considerable erosion of power traditionally exercised by national governments. In view of the decline of the nation-state "it has become government, as well as corporate, policy to let the market decide. Indeed, the International Labour Organization (ILO) has repeatedly underlined that public opinion will attain increasing

importance over the next few years … "as will the sanction of the market" The role played by public opinion in shaping corporate behaviour is, of course, not new. What is new is the empowerment of the customer in the new economy, as a result of the undergoing revolution in information and communication technologies. Consumers are nowadays informed and use this information to wield power over companies. Hence, companies experiencing crises as a result of perceived irresponsible social behaviour include Nestle, Royal Dutch/Shell, Union Carbide, Texaco and Nike .Responding to enhanced customer information -coupled with consumers' increasing ability to react- companies may be expected to develop even stronger cultures of responsibility, proactively seeking to increasingly honor their moral obligations to society in the 21st century.

When business people speak about "business ethics" they usually mean one of three things:

(1) Avoid breaking the criminal law in one's work-related activity;

(2) Avoid action that may result in civil law suits against the company and

(3) Avoid actions that are bad for the company image.

Businesses are especially concerned with these three things since they involve loss of money and company reputation. In theory, a business could address these three concerns by assigning corporate attorneys and public relations experts to escort employees on their daily activities. Anytime an employee might stray from the straight and narrow path of acceptable conduct, the experts would guide him back. Obviously this solution would be a financial disaster if carried out in practice since it would cost a business more in attorney and public relations fees than they would save from proper employee conduct. Perhaps reluctantly, businesses turn to philosophers to instruct employees on becoming "moral." For over 2,000 years philosophers have systematically addressed the issue of right and wrong conduct. Presumably, then, philosophers can teach employees a basic understanding of morality will keep them out of trouble. However, it is not likely that philosophers can teach anyone to be ethical. The job of teaching morality rests squarely on the shoulders of parents and one's early social environment. By the time philosophers enter the picture, it is too late to change the moral predispositions of an adult. Also, even if philosophers could teach morality, their recommendations are not always the most financially efficient. Although being moral may save a company from some legal and public relations nightmares, morality in business is also costly. A morally responsible company must pay special attention to product safety, environmental impact, truthful advertising, scrupulous marketing, and humane working conditions. This may be more than a tight-budgeted business bargained for. We cannot easily resolve this tension between the ethical interests of the money-minded businessperson and the ideal-minded philosopher. In most issues of business ethics, ideal moral principles will be checked by economic viability. The more ambitious notion of Corporate Social Responsibility emphasizes the role played by firms in shaping legal rules and the outcomes of legal disputes.

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