# MORALLY DIFFICULT DECISIONS FOR THE YOUNG MARKETING EXECUTIVES IN HONG KONG -- A BIOGRAPHICAL APPROACH

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## ABSTRACT

The moral dimension of marketing, althogh significant has long been neglected in academic research. In the past, publication in this area tended to be normative and often preachy. The few attempts with a positive approach using the survey techniques also failed to document the complexity of various moral considerations in decision making. This research explained relevant considerations based on biographical materials of a group of young marketing executives in Hong Kong. It showed Chinese concern mixed with Western influence in handling morally difficult decisions.

## MARKETING ETHICS

### The Concern of Marketing Ethics

Maketers were not slow to pay attention to the ethical issues. Numerous articles were written in the 50's and 60's in the marketing literature. The total performance of those efforts might be best represented by a book, Marketing and Society: the challenge, which was edited by Lavidge and Holloway (1969). There were two significant and parallel themes emerged in this collection of articles: 1. Marketing was instrumental to economic development. 2. Marketing could become unethical and irrelevant. Thus, the challenge was to promote the marketing concept on an ethical basis.

In 1982, Journal of Business Ethics, a new journal for promoting a dialogue on economic morality was launched. Among the various functional areas in business. One would not be surprised to find that marketing was most eye catching and vulnerable (Trawick and Darden 1980). All these would lead us to think that our knowledge of marketing ethics must be well developed. However, such is not the case. Capon and Mauser (1982) went so far as to accuse that marketing scholars were remarkably silent on the ethical issues. Perhaps, there is no lack of literature on marketing ethics. However, there may be lack of literature which leads to true understanding.

## Approaches to Studying Marketing Ethics

Most of the writings in the earlier days were nomrative in nature. More often than not, the author(s) would implicitly or explicitly subscribe to some values and put forth the author(s)' view on what a businessman should do. Christian view would be a popular model (Johnson 1957). In the 70's both theorizing efforts and research methodology became increasingly more rigorous in marketing. The normative approach which was prevalent in the 50's and 60's, would be deemed as preachy and not useful. Scientific undertaking and peer pressure demanded empirical data and explanation of the phenomenon. In fact, there was an increased number of empirical articles accompained by a decreased number of "preachy" papers.

However, if one thinks that one can learn much from the empirical papers, he will be disappointed. Most of the papers were reputs of survey results. They would show that X group of people tended to be more stringent than Y group of people on the Z issue. Then, some ad hoc expositions would be given. They might conduct large or small scale of survey in Country A or Country B. A partral list of such studies would include studies by Baumhart (1961), Brenner and Molander (1977), Ferrell and Wearer (1978), Hunt and Chonko (1984), Lee (1981), and Mehta and Kau (1984). It is unfair to say that one does not learn by reading those articles. However, it is fair to say that the marginal return is diminishing. Thus, there is a need to try some new paths, and collect different types of empirical data.

One obvious drawback to learn from survey data is the failure to see a real person working through the various materials. The relationship between varialbe x and variable y may be established because of the distribtuion of certain 50 subjects. The relationship between variable y and varialbe z may be established because of the distribution of 50 completely different subjects. At the same time, we assume that there are linkages among these three variables. The picture from cross sectional data may refer to no single person in the sample. In theory, we can make use of "control variable" or "covariance analysis" to make sure that the relationship is real. In practice, we seldom do it. Also, sample size will prevent us from doing it too frequently.

# BIOGRAPHICAL RESEARCH

## Alternative Paradigms

The mainstream marketing thought affirms that empirical data is significant in building up theory (and understanding) which is relevant to the real world. When one is not satisfied with the study results although data collection and analysis is rigorous, a natural outlet is to turn the attention to the context of discovery rather than to the context of justification. Zaltman, LeMasters, and Heffring (1982) recommend a theory-in-use approach as a superior way of discovery theories. If one wants a theory on personal selling, one should get hold of the most successful and the least successful salesman, and have synthesis and inights from their practices. If one wants a theory on buying behavior, one should get hold of the buying agents and learn from them.

The idea of having single-subject research and grounded theory may be traced back to the research tradition in organization behavior initiated at Carnegie-Mellon. An examplary study of this kind was the report of an observation of a non-programmed business decision (Cyert, Simon, and Trow 1956). As observed by Yin (1981), case studies seemed to be appearing with increased frequency. For topic such as community studies and economic development, it became a useful and serious research strategy.

## The Polish Diary Writing Movement

Among the various attempts to collect case histories and advocate such methodology, the Polish Diary Writing Movement was relatively unique. The work of Thomas and Znaniecki (1918-1920) on the Polish peasnats in Europe and America showed the power and promise of such an approach. Autobiographies generated from an organized essay contest formed the basis of research. It emerged as the key methodology of sociological research in Poland. Thus, different essay contests were organized for a variety of topics. Orlick (1975) gave a comprehensive account of the whole development. A fanatic advocator of this methodology would be delighted to think that the diary materials themselves constitute a publication and a theory.

Diaries are historical documents. If we take the view of factographical historicism, these are activities created and to be understood. If we take the view of theoretical historicism, those are raw materials which will facilitate the formulation of historical laws or theories (Kmita 1979). Thus, even a positivist can learn from diaries. As advised by Bertaux (1981), a positivist may hold his previous framework, stick to the "empirical knowledge" ideal, and use the life history approach to renew the true understanding of social relations from "choice of a topic" to "writing and publication".

## Marketing Ethics and Biographical Research

There are clear advantages in using the biographical research approach materials to obtain empirical materials on marketing ethics. First, biographical are centered on individuals. One can be sure that all the relevant variables are interlinked and manipulated by a real person.

Secondly, biographical materials are reported by the individuals about their daily life. One can be sure that their concern must be their perceived critical issues. When a respondent is asked to respond to a set of attribute items which are about situations he has never dreamed of, the response data tend to be artificial. Such is not the case in biographical research. Thirdly, ethical decision is a complicated thinking process, it is too difficult and presumptuous to have prescribed factors for consideration. Biographical materials encourage an unfolding process, which is able to show even complex consideration. Finally, ethical issue is a sensitive topic. Any ob trusive effect will generate rationalization and other seemingly underirable responses. Biographical materials come from self reporting. It reveals genuine concern even on sensitive topics.

## METHODS

This project tried to collect biograpical materials from university business graduates. A letter was sent out on November 12, 1984, to all business graduates (1979-1984) of The Chinese University of Hong Kong (the only degree granting university with a Faculty of Business Administration in Hong Kong). The letter invited the graduates to put down a record of his business activities on November 22, 1984. The theme of the record was "One Day in the Hong Kong Business Community", following the pattern of what Mau Dun (1936) did in his project, "One Day in China". Respondents were invited to put down what they thought and felt when making various decisions. They were encouraged to write as detailed as possible.

A total of 1,260 letters was sent out. The Post Office returned sixty-four letters, which for one reason or another, could not reach the target respondents. Ninety-four graduates responded. Among them, sixty-six were working in government and other non-profit organizations. Seven were working in profit making organizations but they were on vacation leave on November 22. Thus, there were only 21 diaries reporting their business activities. Among the 21 diaries, only nine carried reflections and handling of marketing ethics related issues. Subsequent discussion is based on those nine incidents. Since there was no prior experience of soliciting diaries from Chinese in Hong Kong, there is no reference base to evaluate the effective response. The extremely low rate of response suggested that in the future there would be a need to use alternative ways to solicit diaries. However, the nine diaries obtained in this study managed to possess the data quality expected from unob trusive measures.

# DISCUSSION

## Results

The nine incidents were meditated and understood many times. They were finally arranged and synthesized as displayed in Exhibit I. It happened that the incidents could be made meaningful in this sequence. Case number relects this author's imposed preference to arrange across incident expositions. Incident and solution are reproduced based on the diaries originally written in Chinese. Observation is made by the author, revealing the ethical thinking behind the solution to the incident. Remarks in the observation column are self explanatory. There is no need to repeat the comments. However, it is approporate to draw further influences based on this collection of incidents:

1. Chinese society is still pan-ethical, centering on kuan-shi (relationship). Although Chinese in Hong Kong are much modern than Chinese in Taiwan and Chinese in Mainland China (Lee 1982), the attribute of Chineseness is still very clear among Chinese in Hong Kong.
2. In the first, the fourth, and the seventh case, one can see that Chinese tend to accept what is given, and try to tolerate although it is against previously set principles. It reflects a pragmatic mentality and gives much room for rationalization. This can be dangerous when the other party takes advantage of this weakness and makes use of behavior modification techniques. The second case shows that the marketing executive does not tolerate. However, this cannot be treated as counter evidence. On the contrary, it reinforces the conclusion of the above three cases. The marketing executive does not tolerate because the client is a small account.
3. The fifth and the sixth case show the impact of relationship on attitude towards others. When two companies are allied members (Members of the same channel), there is a need to maintain harmonious relationship although there are grievances and disagreements. When two companies are without any relationship and especially when they are competitors, there is no concern to maintain a kind of respect. One does not feel guilty even when reading others' telegrams and cables.
4. The seventh and eighth case show that the human relationships within an organization are still very vertical. The superior tends to be paternalistic and trying to teach. The subordinate tends to be loyal and trying every possible way to make contribution to the boss.
5. The ninth case shows that friendship transcends business transactions. Friendship is highly treasured by all even when one of the friends has malpractices. This is a source of warmth in the society. On the other hand, it can be counter productive and potentially harmful to the public good.

## Implication for Future Research

This was the first attempt to try diary writing techniques in exploring ethical behavior in marketing. In terms of the quality of data generated, this attempt was successful. There was non-sensitized self reporting of the complex considerations, which was useful in undertaking the kind of issues involved in the real world. On the other hand, in terms of the amount of data generated, this attempt was not that successful. From a mass mailing of over 1,000 invitations, one could only obtain nine useful cases for analysis. One may want to use some more cost effective methods. Also, the mission of synthesizing diary materials was no easy task. It was much more time consuming and round about than computing figures and doing tabulations for statistical inference.

Exhibit I

| Case Number | Incident | Solution | Observation |
|---|---|---|---|
| 1 | The sales manager of an aluminum manufacturing company: Among the various telegrams received today, one was particularly significant. Our client demanded a 1% price reduction for the 55 tons of aluminum under negotiation. After checking with a colleague, it was known that we had already made a concession and given a 1% price reduction yesterday. Moreover, payment term had been extended from 45 days to 60 days. However, our dealer already promised to extend this concession, although he had not obtained our consent before hand. On the other hand, the price was still acceptable. | The normal practice was to send a cabled reply immediately. The dealer's way to handle the price negotiation matter was not acceptable. However, the price was still acceptable. Therefore, we decided to delay our reply for two days, and then agreed. | To the client, one has to tolerate as far as possible |

Exhibit I (Continued)

| Case Number | Incident | Solution | Observation |
| --- | --- | --- | --- |
| 2 | The marketing executive in charge of export business to Europe in a pulb and paper company: This morning I discussed with my boss whether I should ship the goods to a small client. He was asking for too much. The order only amounted to US$10,000.00. We already accepted his prior request to take off around US$1,000.00 as a compensation measure for the defected goods in a previous shipment. Right now, he was asking for another amount of compensation for other matters. As a manufacturer, we should be responsible for giving compensation for defeated items. However, he should not put up such a request after we had received his L/C, took off US$1,000.00 already, and finished the whole lot of production. It was like black mailing us. | We telexed the client, saying that we could only grant fruther compen sation through deduction of the transaction amount from a new order, and not from this order. We have prepared to lose this order, and have to sell the whole lot of production at a reduced price to other potential buyers. | To the client, especially the small account, there is a tolerance limit. |

Exhibit I (Continued)

| Case Number | Incident | Solution | Observation |
|---|---|---|---|
| 3. | The tax manager of a certified public accountant firm: Timing is especially significant in taxation. Today, I discovered that my colleague, Mr. B, was late in submitting a request of applying for postponed payment. Inland Revenue rejected the application. This is a very serious mistake. Our client can sue us for negligence. Mr. B is still on vacation. It is important to make sure that it will not happen again. It is next to impossible to explain to the client. | I decided not to disclose that matter, hoping that the client is not familiar with taxation matters. This idea is quite selfish and against professional code of practice. | To the client, it is difficult to admit mistakes and confess. |
| 4. | The submanager of a branch of a commercial bank: Everyday I have to receive the computer printout and check whether every client has enough deposits to meet the cheques he has issued. Almost everyday, I discover that there are problems with the 10 to 20 big accounts. They don't have cash, and they often exceed the overdraft limits. We hestitate to bounce back one single check. Every morning I have to negotiate with each of them, asking them to deposit enough checks to their accounts by 11:00 a.m. | I decide to continue this practice lest we should lose our clintss to others. | To the client, as long as the system is still operating, one may even tolerate unhealthy business practices. |

Exhibit I (Continued)

| Case Number | Incident | Solution | Observation |
|---|---|---|---|
| 5. | The marketing manager of a health food products company: Supermarket P gave us a call, asking us to print the plastic bags. In the beginning of this year, we agreed to print 150,000 pieces, and we had not printed one single piece. They urged us to make them ready by the end of this year. I did not think that advertising spent this way was worthwhile at all. It cost more than HK$20,000.00 to print 150,000 pieces of plastic bags. In terms of cost per thousand, it was more expensive than ads on TV, newspapers, or radio. I doubted very much about the advertising effect. Probably, only Supermarket P would benefit from such an arrangement. | I decided to postpone the printing as far as possible. Fortunately, I got an invoice about printing 75,000 pieces of plastic bags. The invoice was dated January 1984. I said that we had printed half of the promised amount, and asked them to check it clearly. In reality, I knew clearly that the above invoice was for printing the agreed amount in 1983. | To the allied member, one has to maintain harmonious relationship although there are conflicts and clashes. |
| 6. | The product manager of an electronic parts agency firm: I accompained my colleague Mr. P to visit his clinet, company D. When we met in the office, I discovered that there were telegrams and cables laying on the desk. | When Mr. P was talking to the manager of Company D, I kept on reading those telgrams and cables, and tried hard to remember our competitors' price quotations. Clients visitation was really rewarding! | To the competitor, it is alright to be cruel. |

Exhibit I (Continued)

| Case Number | Incident | Solution | Observation |
| --- | --- | --- | --- |
| 7. | The China Trade manager of an American Company selling semiconductor production equipments: My subordinate Eric told me that he had promised to give a 13.5% discount to CEIEC (the import/export company for electronic technology in Shum Chun), who represented a company in Kwai Chou and another company in Wu Shih to buy 9 pieces of equipments from us. I was very unhappy since my instruction to Eric yesterday was not observed, 10% discount as the ceiling. Eric did not give me a call and seek for approval. He did not even negotiate for a better deal. On the other hand, the contract was very important to us. The company in Kwai Choi would be the first company using our equipment in that province. This company in Wu Shih was the largest and most reputable company in China. | I decided to take the matter to my superior and seek his advice in order to show to Eric that he had given too much discount. My superior granted me the authority to take care of the case. Then, I told Eric that the company was not happy with the price. However, in order to support him, we would honor the price this time. | To a subordinate, one tends to be paternalistic. |

Exhibit I (Continued)

| Case Number | Incident | Solution | Observation |
|---|---|---|---|
| 8. | The special assistant to the managing director of a Chinese holding company: For the past three years, companies in our group made moves seven times. Every time, because of moves of offices and stores, the group had to write-off fixtures and furnitiures for more than HK$1 million. Recently, my boss wanted to move all the offices to a building which his father had built for several years and yet had not been able to rent. On the surface, this move would save rental charges. However, our group might not be able to use up all the space. Also, the write-off fixtures and furnitures would be quite significant. I have advised the managing director not to make such moves in several occasions and yet in vain. It was learnt that renovation work would be done very soon. | I decided to collect evidences from various companies in our group to put up a written report and try it the last time to convince my boss. If he still insists, I will submit to his decision, since it is his money at stake and he has the right to lose it. | To the boss, one has to be loyal, and trying hard to make contribution to his welfare. |

Exhibit I (Continued)

| Case Number | Incident | Solution | Observation |
|---|---|---|---|
| 9. | A partner of a company: The problem was already there when we started the business. Mr. F made significant commitment, and tried to develop the company. Mr. S was different from Mr. F and me. On the one hand, Mr. S was one of us. On the other hand, Mr. S had his own company, operating in the same industry. Mr. S charged expenses to our partnership operation, and tried hard to develop his own company. The friendship among us three was so deep that we should not quarrel because of money. At the same time, it was wrong to sacrifice the company because of friendship. | Mr. F and I decided to use a gentle approach to dissolve the partnership operation. Mr. F told Mr. S that he would like to withdraw and ask Mr. S to buy his share. When Mr. S expressed that he was not able to do so, it was decided to dissolve the partnership. | To a friend, one has to treasure relationship and handle with care and consider-ation, even business transaction. |

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