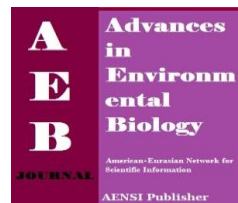




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### Factors affecting ethical marketing and its impact on the marketing of pharmaceutical companies

<sup>1</sup>Fatemeh Abbasi, <sup>2</sup>Dr Ali Safari, <sup>3</sup>Dr Alireza Shirvani

<sup>1</sup>Master Student of Management, Department of Management, College of Management, Isfahan Science and research Branch, Islamic Azad University, Isfahan, Iran.

<sup>2</sup>Professor, Management Department, University of Isfahan, Isfahan, Iran.

<sup>3</sup>Assistant Professor, Islamic Azad University of Dehaghan, Dehaghan Branch, Dehaghan, Iran.

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#### ABSTRACT

Background: Main aim of descriptive and survey was investigating effective factors effect on marketing performance. Theoretical issue of this research was library. Statistical research included pharmaceutical companies (first statistical sample) and Isfahan city pharmacies as customers of the company. We used Proportional to size of stratified sampling for the first sample and we used simple random sampling for the second sample. We measured validity of questionnaire throughout content validity and measure reliability throughout alpha cronbach. Results of research indicated that individual, institutional, public and specific environment factors were effective on ethical marketing and there was significant relationship among the factors.

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### INTRODUCTION

Business is one of important activities in social and economical life and it expands in personal, social, regional, national and international Levels [9]. Until early 1980, almost all companies and organizations believed that quality is reflected in final products and customer satisfaction only provides throughout suitable goods or services. However, most of organizations expands increasingly prominent role in development of organizational culture. Most of companies accept professional standards of corporate ethics and ideas. Therefore, Establishing of ethics committees, ethics officers association, membership in the Association and moral education for executives are also on the rise [6].

In according to above mentioned and also pharmaceutical companies is related with health of community and lack of ethic in each active of these companies directly is effective on people in the community. Therefore, in research, authors investigate effective factors on ethical marketing and its impact on marketing performance. Thus, fundamental question of this research what is amount of ethical marketing in the company? What are effective factors of ethical marketing on marketing performance?

A long-standing caricature of marketing practitioners is that they love to spend money and hate to assess the results of that spending [3]. Marketers' inability to account for the function's contribution to firm performance is recognized as a key factor that has led to marketing's loss of stature within organizations [28,29]. This is reflected in increased demand for greater accountability [17,33,41].

In addition, there have been several high-profile calls for more research in the area of MPM. Most notably, MPM topics have been consistently listed among the Marketing Science Institute's (1998, 2000, 2002, 2004, 2006) top priorities.

Marketing performance measurement is the assessment of "the relationship between marketing activities and business performance".

Because the problem in question is the inability to account for marketing activities, our specific interest is in marketing's ability to assess this relationship. Given that the goal of MPM research is to demonstrate the value of the marketing activities, in line with the work of Rust and colleagues (2004), our focus is on marketing not as the "underlying products, pricing, or customer relationships" [41] but rather as the "marketing activities" themselves, which we define as marketing communication, promotion, and other activities that represent the bulk of the typical marketing budget.

Marketing performance measurement research can be divided into three research streams: measurement of

**Corresponding Author:** Fatemeh Abbasi, Master Student of Management, Department of Management, College of Management, Isfahan Science and research Branch, Islamic Azad University, Isfahan, Iran.

marketing productivity [33], identification of metrics in use [8], and measurement of brand equity [1,4]. Rust and colleagues (2004) build on the work of Srivastava, Shervani, and Fahey (1998) to describe a “chain of marketing productivity” that extends from marketing activities to shareholder value. Marketing activities influence intermediate outcomes (customer thoughts, feelings, knowledge, and, ultimately, behavior), which in turn influence financial performance of the firm. The MPM research we cited examines how marketers can measure the relationships along the chain of marketing productivity; which metrics firms use or could use along this chain, particularly financial, nonfinancial, and market-based assets; and contextual factors, particularly the firm’s market orientation.

Underlying all this work is the assumption that such measurement effort is beneficial to the firm and is not just a post hoc justification of marketers’ efforts—that improvements in marketing’s ability to account for its activities will actually raise the performance of the firm. In the face of senior management demands that marketers demonstrate their value, the desire for justification is understandable.

However, overcoming the inability to account for the function’s contribution to firm performance requires that resources and management attention be expended on measurement efforts. Incurring such cost assumes that the firm will benefit, and testing this assumption is the primary purpose of this article.

#### *Literature review:*

##### *Marketing Ethics:*

Velasquez (2002) stated that ethics is an important element in marketing decisions making. Dibb. *et al* [16] defined ethics as “relate to moral evaluations of decisions and actions as right or wrong on the basis of commonly accepted principles of behavior” and marketing ethics “are the moral principles that define right or wrong behavior in marketing”. Vitell. *et al* [49] defined marketing ethics as “inquiry into the nature and grounds of moral judgments, standards, and rules of conduct relating to marketing decisions and marketing situations”. According to Yoo [50], “marketing is considered as the most unethical of business functions and most marketing practices have been criticized as such”. Greenman (1999) came to agreed that an individual

will apply ethical guidelines based on different moral philosophies or ideologies when making decisions involving ethical problems. Dibb. *et al* [16] have determined three factors that interact to determine ethical decision in marketing which are individual factors, organization relationship and opportunity. For individual factors, moral philosophies are principle or rule that individual use to determine appropriate behavior. The more people are exposed to unethical activity in the organization environment, the more likely they are to be unethical themselves. This relates to the organization relationship, which directly refers to the cultural value of an organization.

##### *Professional Values:*

Singhapakdi *et al* defined professional values as “values relating to one’s professional conduct that are commonly shared by the members of a particular profession.” Gunz reviewed professional values as: “It consists of those morally permissible standards of conduct each member of a group wants the others to follow even in their following them would mean he/she too has to follow them.” According to the social learning theory, an individual would develop behaviors, values, and norms for a profession through professional socialization. Another approach, developmental theory suggests that individual moral behavior is a result of how one understands the situations and reasons.

**Table 1:** Marketing performance measurement dimensions and indicators

Measures related to customer	Degree of satisfaction, customer life cycle, the rate of customer complaints
Financial Measures	Rate of return on investment, increase sales, profitability ratio
Market-related measures and Innovation	Market share, the rate of new products, availability of products
Measures to promote sales	Impact on customer comfort, customer culture, advertising rates

##### *Methodology:*

This research is applicable and descriptive. Statistical research included pharmaceutical companies (first statistical sample) and Isfahan city pharmacies as customers of the company. We used Proportional to size of stratified sampling for the first sample and we used simple random sampling for the second sample. In first statistical sample, we used Cochran formula of 188 persons and sampling. We used Proportional to size of stratified sampling for the first sample and we used simple random sampling for the second sample in sample of 181 persons. We used two questionnaires included 30 and 46 questions. We measured validity of questionnaire throughout content validity and measure reliability throughout alpha cronbach. In according to significance level is less than 0.05 and t student is 1.96. Therefore, significant relationship exists between variables and correlation among components and variables is approved.

We used alpha cronbach in order to investigate reliability of questionnaire based on research variables and it has acceptable amount.

*Hypotheses:*

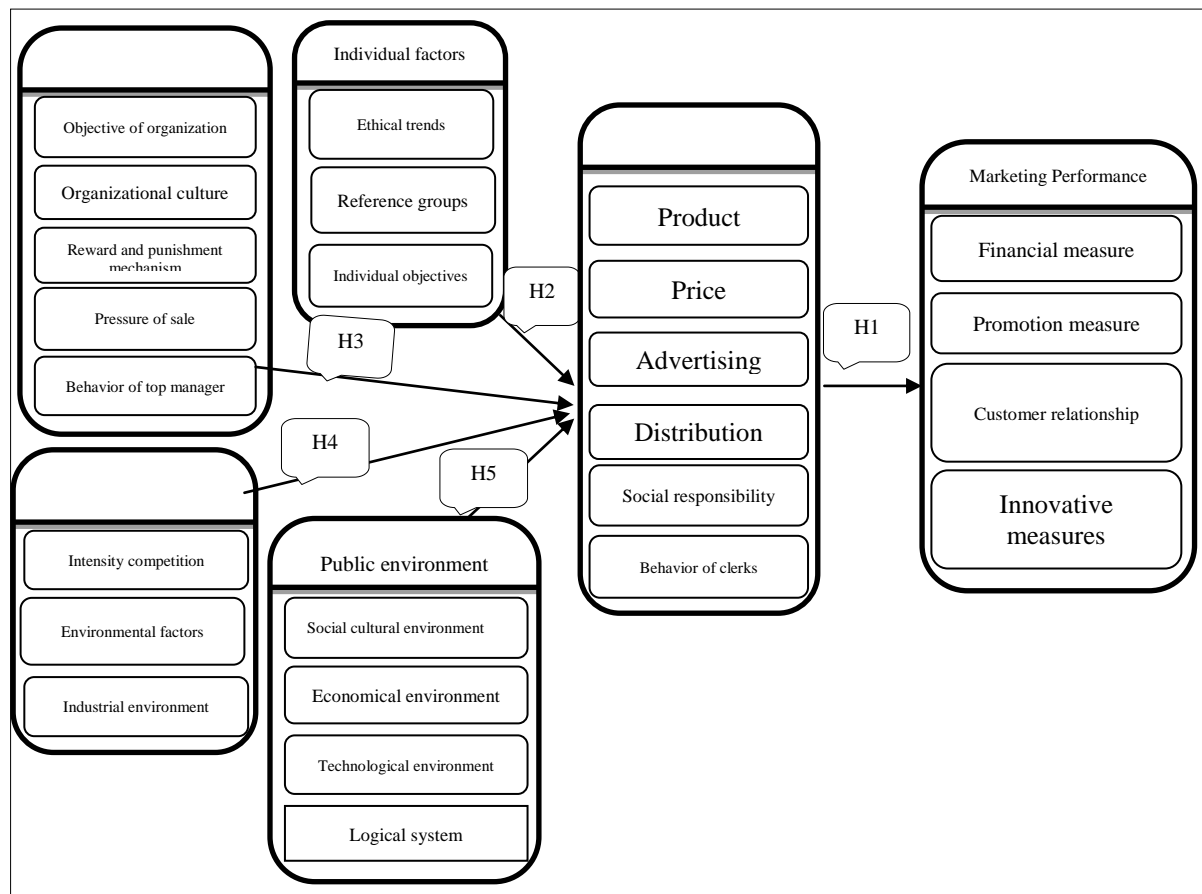
- H1: Significant relationship exists between ethical marketing and marketing performance
- H2: Significant relationship exists between individual factors and ethical marketing
- H3: Significant relationship exists between institutional factors and ethical marketing
- H4: Significant relationship exists between specific environments and ethical marketing
- H5: Significant relationship exists between public environment and ethical marketing

This study used both descriptive and inferential statistics to analyze the data and address the research questions:

What are the factors that influenced the academican marketing ethic? Data were analyzed using several methods such as descriptive statistics (frequencies and means), correlation; and regression.

**Table 2:** Dimensions and indicators of the factors influencing ethical marketing

Individual factors	Trends of marketing ethics, reference groups, personal goals Marketers
Institutional factors	Organizational goals, organizational culture, reward and punishment system, selling pressure, behavior of senior executives
Public environments	Intense competition in the industry, environmental industry, environmental opportunities
Specific environments	Social cultural environment, economical environment, public environment, technological environment



**Fig. 1:** Conceptual framework

Based on conceptual pattern of the research, aim of this research is effective factors on ethical marketing on four groups of individual, institutional, specific environment, public environment. Dimensions of ethical marketing is also product, price, advertising, social responsibility and social behavior of clerks. Finally, effect of ethical marketing on marketing performance investigated throughout financial, promotion, customer relation and innovative measures.

**Table 3:** Alph cronbach coefficient

Row	Variables	Alpha cronbach
1	Individual factors	0.79
2	Institutional factors	0.76
3	Specific environments	0.81
4	Public environments	0.77
5	Financial measures	0.79
6	Related measures of customers	0.76
7	Market-related measures and organizational innovation	0.76
8	Measures to promote sales	0.80
9	product	0.75
10	price	0.79
11	Advertising	0.76
12	Distribution	0.74
13	Corporate Social Responsibility	0.77
14	Behavior of sales staff	0.76

We used Amos 22 software in order to test and analyzing data and test of hypotheses throughout Behavior of sales staff.

We used Kolmogorov-Smirnov test in order to test normality. Results of normality test of data indicates that with confidence of 95% that data distribution are normal and it can use as parametric test.

**Table 4:** Normality of data

Results	Sig	Z	Variables
Normality	0.095	1.231	Individual factors
Normality	0.069	1.152	Institutional factors
Normality	0.086	1.321	Specific environments
Normality	0.076	1.134	Public environments
Normality	0.189	1.153	Financial measures
Normality	0.098	1.216	Related measures of customers
Normality	0.091	1.239	Market-related measures and organizational innovation
Normality	0.88	1.132	Measures to promote sales
Normality	0.082	1.132	product
Normality	0.13	1.261	price
Normality	0.081	1.231	Advertising
Normality	0.079	1.331	Distribution
Normality	0.089	1.184	Corporate Social Responsibility
Normality	0.101	1.314	Behavior of sales staff

**Table 5:** Hypotheses of research

Results	Standard error	Sig	Coefficient	Hypotheses
Approved	0.317	***	0.641	Individual factor
Approved	0.006	***	0.654	Institutional factor
Approved	0.547	***	0.632	Specific environment
Approved	0.069	0.002	0.517	Public environment
Approved	0.0192	***	0.762	Ethical marketing

Based on hypothesis of research all of hypotheses are approved.

**Table 6:** Variable of research

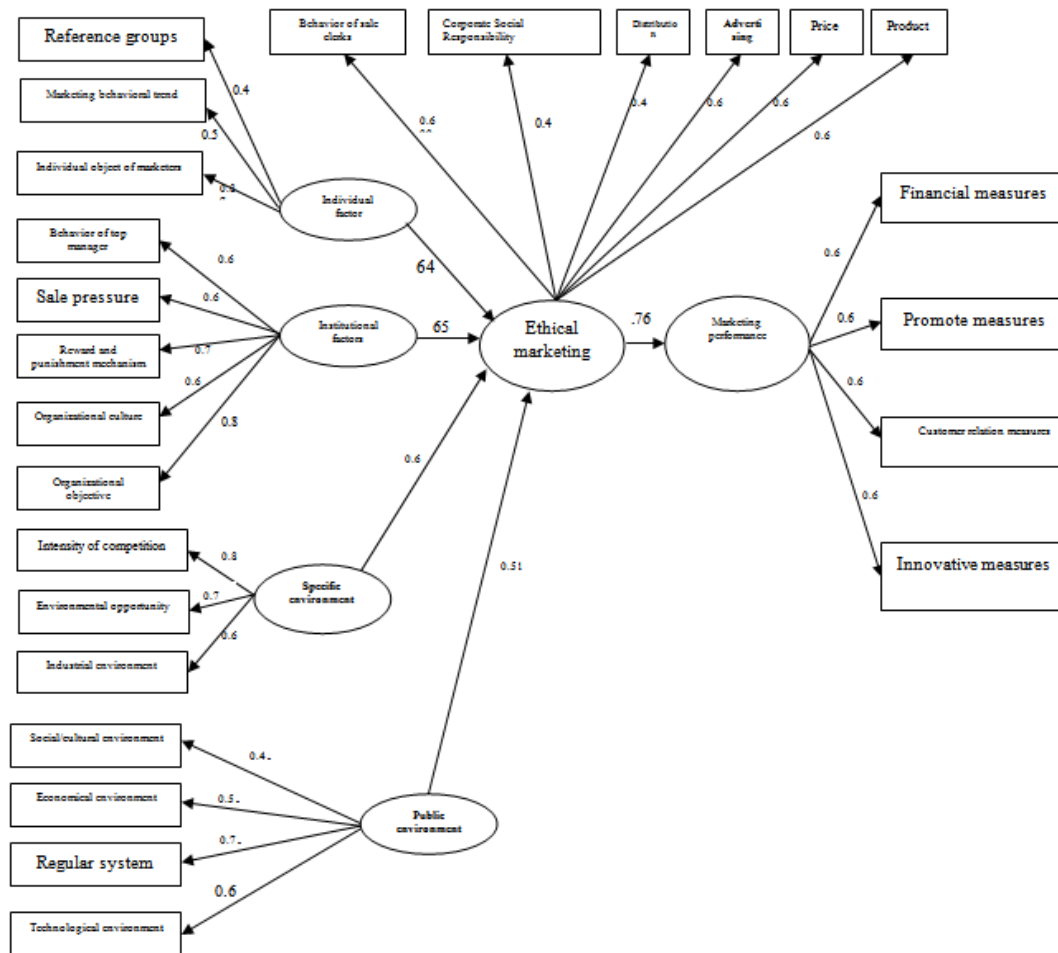
Result	Confidence 95%		Sig	Mean	Variable
	High level	Low level			
Ethical marketing is in high level	0.64	0.05	0.00	3.57	Ethical Marketing

### Conclusion and discussion:

Based on result of first hypothesis, ethical marketing has significant relationship with marketing performance. Results of research Coulter and Coulter (2002) believe that customers trust is based on perception from Reliability, integrity and honesty and higher ethical standard. Furthermore, results of Senobar and Mahdizadeh Asl (2009) show that significant relationship exists between social responsibility and marketing performance of companies and attention to social responsibility leads to some of companies has more competitive advantage than other competitors.

Findings of research about second hypothesis show that individual factors have directly effect on ethical marketing. Results of Kazgil (2007) also individual factors have significant effect on ethical decision. Moreover, Ferel (2001) one of important factor in making ethical decision is individual factor. Results of Zey-Ferrell *et al* (1979) also shows that an individual attitude likely to commit unethical behavior is important. In fact, if we have more ethical education, we will have more ethical perspectives sellers and vice- versa. Low moral attitudes can

lead to unethical behavior such sales is incorrect. Based on results of research, we propose that we should use persons in marketing department who have common goals with organizations, because, this process provides more efficiency on institutional activities. Companies provide procedures for selecting marketers and sellers and provide necessary professional and ethical education for marketers. Establishing workshops related decision in sale individual and institutional processing helps in order to grow mind of marketers.



**Fig. 2:** Conceptual framework

Results of third hypothesis show that institutional factors are effective on ethical marketing. Results of Ho Taek *et al.*, institutional factors are effective on pressure of sales on processing of ethical decision. Moreover, Ferrel (2001) believed that institutional relationship is effective factor on making ethical decision. Results of Gao *et al* [20] believed that processing existing ethical processing is consistent with ethical behavior. Awareness of acceptable behavior and unacceptable behavior can help to marketing instructor in growing professional behavior in following generation. Grbac and Loncaric [21] believed that young manager more than of their elder colleagues in specific condition of business become far from ethical principle. It might be due to motivation and ambition for achieving business objectives and specific promotions. In according to institutional factors especially pressure of sale can be effective on ethical or non-ethical behavior of marketers. Therefore, it recommends that pressure of sale in organizations be logical and competitive tools like rise advertising in order to helps for more sale. Furthermore, companies should more emphasize on ethical behavior in organizational space.

Based on findings of research about fourth hypothesis is specific environment factors is effective on ethical marketing. Results of Ho Taek indicated that environmental factors like sale pressure are effective on non-ethical behavior and it is consistent with result of the research. Hunt and Vittel [24] believed that industrial environment and professional environment is effective on specifically ethical condition of businesspersons and experts. Bushel and *et al* concluded in their research that rules of countries and also organizations and industry is effective on solving ethical problems of international marketing.

In according to effect of specific environmental factors especially intensity competition on ethical and non-ethical behavior of marketing clerks; it is proposed that companies with suitable strategies in related industry in

according to numbers of Pharmaceutical companies and also highly amount of import; it is recommended that by increasing quality of products also establishing training class for sale clerk and marketers for improving communication and sale skills and in order to rise competitive condition.

Based on fifth research and results of public environment which is effective on ethical marketing. Results of the research is consistent with Yücel *et al* [51] who believed that rules of countries is effective on problems of ethical marketing. Abromaityte [2] ethical development is effective on ethical marketing. Hunt and Vitell [24] also emphasize on cultural/social environment is effective on processing of ethical decision. In according to effect of public environment factor especially on economical condition on ethical/non-ethical behavior of marketers; it is recommended that top managers of companies have long-term programming for providing by imports and ingredients in order to avoiding increase price or lack of products and throughout customer satisfaction attract more customer and leads loyalty of customers

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