ETHICAL SALES AND MARKETING FOR SMALL BUSINESSES

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Abstract

This thesis examines the importance of ethical sales and marketing in relation to small businesses. Most research in this area has focused on large businesses and therefore ignores the importance of factors such as financial and time limitations. Because of these limitations, many small businesses are viewed as having cutthroat sales and marketing teams that ignore basic ethics and are primarily motivated by business and financial growth. The thesis examines ethical marketing in relation to Kant’s Categorical Imperative, Habermas’ Discourse Ethics, and Pearce’s Coordinated Management of Meaning (CMM). A content analysis was completed to determine how small businesses can ethically enhance their products or services using specific words and phrases. This research provides a low cost solution to ethically enhancing small business marketing materials.
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Chapter 1: Introduction

The Problem/Goal

Most research in the area of ethical sales and marketing has focused on large businesses and therefore ignores the importance of factors such as financial and time limitations. Because of these limitations, many small businesses are viewed as having cutthroat sales and marketing teams that ignore basic ethics and are primarily motivated by business and financial growth (Marta, Singhapakdi & Kraft, 2008). The purpose of this study is to develop a working foundational marketing theory that follows societal and theoretical expectations of ethical marketing that can be used by small businesses. This foundational theory will focus on truthfulness in advertising to enhance small business and customer communication. Due to the fact that many small businesses lack the resources available to large businesses, this plan will be dynamic and able to fit any business model without adding excessive costs or other unavailable resources.

Importance of the Study

This study is significant because the majority of small businesses ethics research thus far has focused on defining ethical marketing in a quantitative manner. Past studies use surveys and questionnaires to define what both small business employees and managers expect from their marketing departments. With the discourse analysis of existing marketing strategies used by small businesses, a qualitative study will be completed and can provide information to small business professionals, managers and owners alike regarding the content of their marketing communications rather than simply giving guidelines of expected behavior.
The scholarly importance of this study is to add further research on small businesses and entrepreneurship to the field of communications in the areas of ethical marketing. The societal importance of this study is that it is specifically designed to benefit small businesses. In recent years, the economy has declined which has forced many larger organizations into waves of layoffs or total closure altogether. This has left former employees with a need to sustain income in order to support their families. As an alternate route to obtaining another corporate job that risks being affected by the economy, many are turning to establishing their own small businesses. However, due to lack of experience and resources, unethical practices have come into play in regards to communicating the strengths of the small business to potential customers and other stakeholders. This study will be beneficial to any small business owner by establishing a base understanding of ethical marketing communications that can be implemented with any individual small business’s marketing communication model.

Statement of the Problem

This study asks, “How does a small business ethically emphasize their strengths in sales and support?” This question is being asked because many small businesses rely so heavily on customer interaction as a way to sustain business and growth (Hills, Hultman & Miles, 2008). Most studies thus far focus on small businesses defined as having 500 or fewer employees. This numerical definition seems large compared to the number of small businesses that have drastically fewer than 500 employees.

The goal of this study is to create a foundation for small business marketing that does not rely on hyperbole or gross exaggeration of resources to increase growth in a small business environment. The literature review covers ethical and unethical marketing practices, so the study does not focus on defining ethical marketing. However, the study is used to develop a generic
base model through discourse analysis and a coding system of existing marketing communication in small businesses.

The primary ethical theory that best describes the situation above is Immanuel Kant’s Categorical Imperative. Kant (1886) argued that truthfulness is the primary duty of every individual in every situation. Griffin (2009) writes, “From Kant’s perspective, there are no mitigating circumstances… Lying is wrong – always” (p. 95). For Immanuel Kant, the inclusion of a lie in a message requires the entire substance of the message to be in question. As with small business marketing, when a transaction is complete and a customer finds that one portion of the marketing or sales technique was false advertising, the entire transaction becomes questionable. In a declining economy, this questioning can result in loss of future business and loss of sales.

Kant’s Categorical Imperative is the foundation for this study of ethical marketing. The study described below enhances on the fact that truthful and informative marketing materials will be judged on a higher scale of ethics than materials primarily used to manipulate customers through use of exaggeration. Kant’s (1886) theory, like the study put forth in this thesis, forces a judgment based on act alone, not considering the motives behind the communication effort. In judging the ethical value of an act and ignoring the motives, in this case the motive of the almighty dollar, the true ethics behind the sales and marketing of a small business can be evaluated.

The primary communication theory that surrounds the thesis topic is Pearce and Cronen’s Coordinated Management of Meaning (CMM). While CMM has originally been defined as an interpersonal communication theory, it will be the basis of this study as the primary argument of the thesis topic is that the small business is establishing a relationship with the individual
consumer through marketing. CMM argues that “persons-in-conversation co-construct their own social realities and are simultaneously shaped by the worlds they create” (Griffin, 2009).

Because the small businesses use words and phrases that carry a certain connotation for potential customers, they are creating an ideal of the business that the customer is then buying into. It is through the words used by the marketers and the connotation as understood by the customers or consumers that the co-construct is created.

Furthermore, CMM theory states that the effects of words can be bounced back and affect the speaker (Pearce, 2005). Because of this fact, it becomes absolutely necessary that the marketing professional in the small business understands that the message he or she is sending to the consumer will have some type of effect on said consumer. The result will then bounce back onto the organization. For example, a small business with unethical marketing and sales practices will develop a cynical relationship with consumers. Through today’s vast technology uses, this consumer can then inform other potential consumers of the unethical practice further hindering the small business’s opportunity for advancement in an already challenged economy.

**Definition of Terms Used**

*Small Business:* Business with less than fifty employees. Business may serve a full range of consumers in business to business or business to consumer platforms.

*Marketing:* The beginning of the communication process as started by the small business. Marketing tools include small business websites, pamphlets and flyers.

*Mission Statement:* Small business’s public declaration of how the business operates and what it values. Throughout this study, all mission statements used were available publicly through the small businesses’ websites.
**Categorical Imperative:** Ethical theory developed by Kant that defines ethical action as pure, truthful actions which occur only out of the desire to help or assist others with no ulterior motives.

**Coordinated Management of Meaning:** Communication theory developed by Pearce which states that all communication is a building process. The first statement in the communication process directly affects the next statement in a serpentine model.

**Discourse Ethics:** Ethical theory developed by Habermas which states an action can be considered ethical only under the conditions of both parties being able to discuss and evaluate the action and when it can be rationally defended.

**Organization of Remaining Chapters**

This thesis is organized into five chapters. The next chapter examines current scholarly literature relating to small business research, marketing ethics, and philosophical and theoretical assumptions. Chapter three informs the reader of the scope and methodology of the study to be conducted including study sample and study methods. Chapter four provides the results of the study and an analysis of the results. Chapter five concludes the thesis with limitations of the current study, recommendations for future studies and a review of philosophical and theoretical assumptions related to the study.
Chapter 2: Review of the Literature

Due to constant competition in the business world, small businesses are at times required to compete against large firms. This constant competition in an environment of limited resources can lead to unethical behavior in sales and marketing techniques used by small businesses. Because of this, entrepreneurial and small firms are generally viewed as having cutthroat sales and marketing teams that ignore basic ethics and are primarily motivated by business and financial growth (Marta et al., 2008). It has been argued that small businesses have less developed ethical systems in general because they are newer (Marta et al., 2008). Despite this fact, small businesses do rely on customer interaction. At the very core of ethics is the understanding that ethics has formulated because of conflicts in social interaction (Akaah & Lund, 1994).

To date, research has assumed that small businesses are customers of large businesses and therefore very little research has been completed on the differences between ethics of large versus small businesses (Hills et al., 2008). According to Withey (2009), “A significant issue facing marketing decision makers in smaller, budget-constrained organizations is whether creative and successful marketing activity contains elements that strain acceptable behavior” (p. 2). Marketers heavily rely on creative ways to enhance marketing without the financial resources available to larger organizations due to the simple fact that they rely on customer relationships to stay in business (Hills et al., 2008). The focus on customer relationships requires all business exchanges to be ethical and fair. This includes making exchanges of equal value and imposing equal burdens (Boyle & Dawson, 1992).

Research has discovered that this tie between current customer relationships and business growth has established the concept that sales are as important as marketing in smaller
organizations. As ethics relates to sales and marketing techniques, this thesis will examine the relationship between ethics and sales/marketing as well as examine the interpersonal communication process that occurs during a small business transaction.

**Philosophical Assumptions and Theoretical Basis**

Immanuel Kant’s *Groundwork of the Metaphysics of Morals* presents ideas that delve deep into the ethical theory present in business marketing and sales strategies. In this essay, Kant attempts to take morals to a metaphysical level by defining the abstract necessary pieces for an action to be considered moral. Kant (1886) argues that duties and obligations are influenced by reason and practical feelings. In a small business model, the reasoning is defined by a drive for financial gain. Because of this, we cannot define morality through reason. Kant believes that within each individual there is good will, which in and of itself requires moral action and therefore cannot be used to fulfill human desires such as achieving power or financial gain (Kant, 1886).

Reason, which is inherent in humanity, came only after our a priori status of having good will according to Kant (1886). Following this argument, reason must be considered insufficient to guide one’s will because reason is a means to an end while humanity is an end within itself (Kant, 1886). Furthermore, there are actions which are good but can be done for the wrong reasons. In his text, Kant argues that those that complete the moral action out of duty and obligation are left immoral. These are explained as the three imperatives.

**Imperatives of skill:** Do X to get Y. (For example, exercise to maintain health)

**Imperatives of prudence:** Do X to be happy. (For example, volunteer to be happy)

**Imperatives of morality:** Do X because it is moral. (For example, feed those in poverty because it is moral)
Through these three imperatives, Kant defines his categorical imperative, which does not rely on reason as a condition for action, as an imperative of morality (Kant, 1886). Kant argued that truthfulness is the primary duty of every individual in every situation. Griffin (2009) writes, “from Kant’s perspective, there are no mitigating circumstances… Lying is wrong – always” (p. 95). For Immanuel Kant, the inclusion of a lie in a message requires the entire substance of the message to be in question. As with small business marketing, when a transaction is complete and a customer finds that one portion of the marketing or sales technique was false advertising, the entire transaction becomes questionable. In a declining economy, this questioning can result in loss of future business and loss of sales.

Kant’s theory forces a judgment based on act alone, not considering the motives behind the action (Griffin, 2009). For example, lying to gain a sale is wrong because it is lying. In judging the ethical value of an act and ignoring the motives, in this case the motive of the almighty dollar, the true ethics behind the sales and marketing of a small business can be evaluated. Based on Kant’s theory, the most ethical marketing and sales techniques for a small business would be strictly informative and provide only truthful information. This study aims to show that there is a large amount of small business marketing that does present facts, but instead focuses on hyperbole through phrases as “world class technical support” which is an unethical marketing practice according to Kantian ethics unless the statement can be proven true.

While Kant views ethics as a primarily personal process of determination, Jurgen Habermas takes ethics a step further to explain ethics as a group consensus arrived at through a process of rationality and argumentation. According to this belief, the rationality of a statement can be determined through its ability to defend against criticism (Habermas, 1984). When the statement can successfully defend itself, it is considered rational and therefore ethical. Through
this theory, which is known as Discourse Ethics, the ethical implications of any statement can be determined through a discursive process. In doing so, the participants in the process can overcome their subjective beliefs and assure themselves of the objectivity of their claims (Habermas, 1984).

The discursive process required for the validity of claims is a three step process. The first requirement is that all affected by the claim have the opportunity to participate in the discourse. The second requirement is that all participants can exchange opinions during the discourse. The final requirement for examining the validity of a claim is the requirement for justification (Griffin, 2009). Once all requirements are met, an objective determination can be reached regarding the ethical statement.

When examining marketing materials through Habermas’ Discourse Ethics, the primary focus is on the rationale behind the claims being communicated. The rationale then has to be agreed upon within the larger community. Regarding the topic of small business marketing, one primary goal is to gain customers. The process of gaining customers can vary greatly from business to business. Hyperbole, exaggeration and lying to gain customers would not be able to be defended through Habermas’ Discourse Ethics due to the requirement for justification. Habermas (1984) argues that in order for the validity of a claim to be construed, there must be good reasons or grounds (p. 22). The concept of obtaining new customers would likely not stand in a group consensus as a “good reason” for these actions.

Through Kant and Habermas, claims are considered most ethical when basic facts and knowledge are shared through communication because facts are both truthful for Kant and justifiable for Habermas. The importance of ethical marketing becomes more apparent when studied through a communication lens. It is through the dialogue process that a customer not
only decides to express interest in a product or service, but ultimately decides to establish a working business relationship with the small business.

For many years, communication professionals have viewed, studied, and defined marketing as a form of mass communication. However, when the actual business transaction occurs, there is admittedly a largely interpersonal communication model being utilized. Therefore, the advertising, marketing and sales pitches leading up to the business transaction should be viewed as building blocks for an interpersonal communication. Therefore Pearce’s Coordinated Management of Meaning becomes the primary communication theory seen in small business sales and marketing.

According to Pearce (2005), the primary question in any act of communication should focus on the reality that is being created during the process. Within this model, one participant will say or act a certain way which directly results in the next participant’s response. Therefore, the reality is being co-constructed through both parties throughout the communication process. This then defines what the communication means to both parties. CMM has several models associated with the theory because it is intended to grow through each research process. The CMM model that shows the interpersonal small business marketing process is the serpentine model. The serpentine design shows the influence of communication as creating a direct response from one interaction to the next. CMM is most closely related to small business marketing through the serpentine model due to the fact that the advertising and sales techniques become the catalyst and all further communication from the client is in direct response to the first introduction of the product or service being represented.

Pearce (2005) describes the CMM model as a skillbuilding and addictive model. He argues that this model creates a drive for further quality communication (Pearce, 2005). Because
this model requires constant growth of both parties, Pearce has created “Maxims for a better social world” which could be used for marketers to understand how their actions relate to the community as a whole. Pearce’s (2005) maxims are:

- Treat all stories, your own as well as others, as incomplete, unfinished, biased, and inconsistent.
- Treat your own stories as “local,” dependent on your own perspective, history and purposes.
- Treat stories that differ from your own as “valid” within the framework of the other person’s perspective, history and purposes.
- Be curious about other people’s stories. (p. 50)

It is through these maxims that we can understand how advertising is a story the producer or supplier is sharing with the client or consumer. Because every person’s story is local to their own personal experiences, it is important to try to remain honest and true to the facts in order to create honest and open communication.

The CMM model is best explained by Pearce himself, as seen through seminar notes, and defined as, “We use language; we live in constant patterns of call-and-response; we perceive within frames of contexts” (1999, p. 11). Through this pattern of call and response, the communication creates a reality that therefore comes with expectations from both parties. Because CMM requires a co-construction of meaning, Pearce (2005) has written that he is critical of communication only when one party puts the blame on another without sharing responsibility. The shared responsibility between marketer/sales professionals and clients/consumers can only be complete when both parties are held responsible for the outcome of the communication and what is said throughout the process.
The most recognized organization to develop an ethics code for marketing is the American Marketing Association (AMA). However, according to Hills, Hultman, and Miles (2008), “The American Marketing Associations as the driving academic and professional association, research has predominately focused on large, resource-abundant corporate organizations and ignored small, entrepreneurial organizations” (p. 100). The AMA is said to break down to core values and norms. The core values can be defined most clearly as honesty, responsibility, fairness, respect, openness, citizenship and implementation. The core norms include: do no harm, foster trust in the marketing system, embracing communication and practicing the fundamental values of marketing that will enhance customer trust in the marketing process (Sirgy, Johar & Gao, 2006).

The AMA code of ethics is compiled of six statements. The first statement summarizes the idea that the marketing professional has to decide between the customers or his employer as the primary obligation (Boyle & Dawson, 1992). In making this decision, it is significant to note that sometimes when making the employer the primary obligation the customer may be at risk of receiving unethical treatment. The second basic premise behind the AMA code is that both parties in the exchange must be free to make their own decisions in order for the exchange to be ethical (Boyle & Dawson, 1992). This promise ensures that the marketer is able to preserve the good name of the company for which they work. For the third idea in the AMA code of ethics, the AMA encourages marketers to know the impacts of the product or service they sell (Boyle & Dawson, 1992). In doing so, they are ensuring the product or service follows the general codes of ethics and is safe to the public. They are also ensuring that they are fully aware of the advantages and disadvantages of what they sell. The fourth premise delves further into the
concept of consumer free choice and underscores the idea that marketers cannot “take advantage of persons who are not fully capable of exercising free will” (Boyle & Dawson, 1992, p. 928). The last two premises make marketers promise to uphold the highest level of professional standards and encourage marketers to use the socialization aspects of the AMA to remind themselves that they are social beings with an obligation to humanity (Boyle & Dawson, 1992). Boyle and Dawson argue that the AMA code of ethics is too abstract to cover the day-to-day activities of marketing practitioners and is also too narrow to be used as an instructive tool (Boyle & Dawson, 1992).

However, some type of code of ethics needs to be placed as the foundation for sales and marketing ethics. This allows future researchers to spend less time defining ethical marketing and more time researching how to best encourage and support ethical marketing. There are times when the customer’s needs are morally expensive to the salesperson or marketer (Sorell, 1994). This can lead to business loss, waives the standards of the profession, and ignores customer negligence (Sorell, 1994). Sales professionals in particular have been characterized as unethical which leads to customer complaints, competitor retaliation, legal action and negative publicity (Bellizzi & Hasty, 2003). They are likely viewed this way because actions such as misleading customers or disparaging competitors can be considered in order to increase sales production (Bellizzi & Hasty, 2003). Other examples of unethical behavior used by sales and marketing professionals include: gifts or bribes, price discrimination, dishonesty in advertising, unfair competitive practices, cheating customers, overselling, and contract dishonesty (Akaah & Lund, 1994). Because unethical behavior is so rampant and is negatively associated with sales and marketing professionals, it must be examined why ethics are important at both a personal and organizational value level.
Importance of Ethical Sales and Marketing

Unethical behavior in the sales and marketing professions stems from the competitive nature of the business as well as the concept of performance evaluations that hold such a significant outcome on these professionals (Singhapakdi & Vitell, 1991). Although it is well known that unethical behavior can be rampant, it can be difficult for small business managers and owners to keep watch over because salespeople are boundary spanners that are likely to spend many of their working hours without direct supervision (Bush, Bush & Orr, 2010). Singhapakdi and Vitell (1991) argue that marketing and sales professionals are more likely to act ethically when they are in the right ethical climate.

According to Vitell, Dickerson & Festervand (2000), small business professionals tend to believe they are more ethical than their peers. These researchers also found that entrepreneurs specifically perceive themselves to have “higher ethical standards than managers or executives in larger firms” (Morris, Schindehutte, Walton & Allen, 2002, p. 335). Despite this fact, it can be argued that some unethical practices are considered necessary for the company’s survival (Vitell, Dickerson & Festervand, 2000). To establish the code of ethics that a newly formed small business uses as a foundation, it is common for the personal ethical values of the business owners to mix into the company code of ethics (Hills et al., 2008). As the firm grows, the need for ethics becomes more apparent and the code detours from the personal values of the company’s founders to the values developed throughout the growth of the organization (Akaah & Lund, 1994).

In order to further understand the ethical development in entrepreneurial and small to medium enterprises, some researchers have held studies specifically focused on smaller
organizations. Using the findings of these studies, researchers have been able to suggest best practices for maintaining ethical sales and marketing in small businesses.

*Research of Ethics in Small Businesses*

The basis for research on small businesses dates back to the early nineties after the rush of studies of ethics in larger firms. One study examined 98 sales professionals answering scenario-based questions to form a basis of small business ethics. Singpahakdi and Vitell found that there is no relationship between gender and the ability to recognize ethical problems. The study further determines that “...a high Machiavellian sales professional may tend to perceive an ethical problem to be less severe than a low Machiavellian sales professional” (Singpahakdi & Vitell, 1991). Through these findings, researchers were able to show that there are personal characteristics that affect one’s ability to perceive an ethical issue.

A 1994 study examined how these personal characteristics affect business behavior. The survey by Akaah and Lund (1994) found that, “Personal values influence with facts executives attend to and which ones they pass over in making decisions (p. 419). The study found that personal use of company products and services was the highest unethical act while deception was the lowest (Akaah & Lund, 1994).

In direct opposition to the Akaah and Lund study, researchers in 2000 discovered the deception had moved much higher on the list of unethical practices. Through a study of small business professionals, Vitell (2000) was able to determine that the most ethical problems are likely to arise in relationships with customers and employees. Fourteen percent of respondents in this study stated they would eliminate “dishonesty in making or keeping a contract” as the most unethical practice in their own small businesses followed by 11.9% responding with dishonesty in advertising (Vitell, 2000, p. 18). This study determined that ethical issues are least
likely to be affected by personal financial needs or having a formal code of ethics in the organization (Vitell, 2000). These findings are directly contradictory of the generalization stated above which argues that salespeople and marketing professionals are cutthroat characters willing to do anything to make a sale.

Just a few years later, researchers moved onto the concept of ethics in sales and marketing managers as opposed to researching the direct salespeople and marketing professionals. Bellizzi and Hasty (2003) followed earlier research methods using a scenario based questionnaire to determine that high performing salespeople are punished less harshly than low performing salespeople. Even when the researchers implied that the unethical behavior was a direct violation of company policy and explained that the high performing salesperson has a past of unethical behavior, managers were still found to punish high performers less harshly (Bellizzi & Hasty, 2003). The authors believe that these findings are “due to the sales management reality that having top sales performers in one’s region and supervising a top sales producing unit is associated with managerial rewards other than direct financial rewards” (Bellizzi & Hasty, 2003, p. 349).

A study in 2008 again focused on the managerial ethics in small firms. Using a self-administered questionnaire of AMA members, researchers determined that the ability to perceive ethical problems positively correlated with the manager’s ethical intention. The study concludes the researcher’s beliefs that, “the ethical intention of a small business manager is a function of his or her personal moral philosophies” (Marta et al., 2008, p. 593). However, it can also be concluded that the ability of a sales or marketing professional to determine an ethical issue has the largest impact on whether or not the professional will act ethically.
A 2010 study of sales and marketing ethics went above the managerial level to look at how sales technology is used within small businesses. The importance of sales technology is immense in small businesses where sales and marketing professionals have more clients to tend to and therefore need a quick and accurate way to track client relationships. The authors point out that sales technology improves productivity by allowing salespeople to, “instantly type in reports, transmit and review information electronically, track inventory online, gain instant access to product information, improve communication, generate sales leads and decrease non-selling time” (Bush et al., 2010, p. 254). However, despite the fact that modern day sales technology maintains much client confidential information, there is little monitoring of the use of this system. Many respondents to the survey stated that monitoring sales technology was left to the IT department within the organization. This becomes a detriment to the ethical environment of the organization because it appears that the code of ethics is not being updated as technology develops and that sales technology is merely considered another form of communication. However, as was stated earlier, an ethical environment has proven to be essential for ethical behavior from sales and marketing professionals. Despite these shortcomings, 65% of marketing and sales executives stated that their organizations were “very ethical” (Bush et al., 2010, p 243).

Suggestions from Literature

Most of the literature presented by researchers came to the conclusion that, “Ethical standards will only improve when top management makes it clear that ethical behavior will be rewarded and unethical behavior will be punished” (Vitell et al., 2000, p. 22). A company policy that not only explains the codes of ethics but also has attributed punishments for violations should be developed by every organization. For small organizations, business owners may find it particularly helpful to bring in employees for the development of this code. This will not only
ensure that the rules and punishments are understood by all employees, but will allow employees to have a say in what is considered ethical and unethical and give them a stronger sense of ownership over their own actions. The AMA has developed a code of ethics for marketing professionals, but the organization also states that, “specific marketing professions… should develop a more specific code of ethics relates to norms of expected behavior” (Sirgy et al., 2006, p. 16).

Another practice organizations can implement to further enhance ethical actions in sales and marketing professionals is to incorporate the monitored use of sales technology. For example, a Customer Relationship Manager (CRM) allows sales professionals to develop a long-term relationship but should be monitored by professionals within the sales field to ensure the database is not being used for unethical selling practices (Bush et al., 2010). This practice should not be pushed off to the IT department who is likely to simply report on the actions used in the CRM database and pass information along allowing for unethical behavior to fall through the cracks.

Entrepreneurial and small to medium enterprises should establish training sessions for all sales and marketing professionals. This can be organized by a position in the company specific to ethics development, or an ethics officer (O’Boyle, Dawson & Lyndon, 1992). Ethics training is important particularly to small businesses due to the fact that entrepreneurs make many ethical decisions before the company becomes a profitable organization (Marta et al., 2008). They argue that, “their ability to make rapid decisions, as well as their ability to adapt quickly” is crucial to success (Hills et al., 2008, p. 109). An ethical mistake in the early days can be extremely costly to a small business, particularly one that does not have a public relationships committee that is designed to handle conflict.
For the smallest of organizations, storytelling can be used to share ethical rules (Marta et al., 2008). Scenarios explaining ethical issues that are important to the business can be discussed at company meetings. Past history of how unethical behavior has affected other known businesses can also be used as a storytelling training device. Because some organizations are too small to pay for ethics training, they could turn to Universities and Colleges for more individualized training. Some researchers argue that stronger ethics courses in Universities are at the foundation of creating more ethical people (Marta et al., 2008).

The easiest way to establish an environment tailored to ethical behavior is for small business professionals to create boundaries and expectations with the customer early on in the business process (Vitell et al., 2000). This will ensure that both parties involved in a transaction are aware of the expectation of ethical behavior. For hard ethical cases where a resolution cannot be easily reached, small businesses should follow the Principle of Double Effect. This principle has four determinants for whether or not an action is ethical:

1- The morally good effect that comes from the action is greater than the morally bad effect.

2- The morally bad effect that the action brings is not intended.

3- The action taken is morally good in itself, or is at least morally neutral.

4- The good effect is not the result of the bad effect (Boyle & Dawson, 1992, p. 929).

By using the Principle of Double Effect to determine whether an action is unethical, the small business puts itself in a position to defend an action if it is ever questioned by stakeholders.

In such a turbulent economy, the value of ethics can at times be overlooked for sales and marketing professionals. However, ethical sales and marketing is at the heart of a small business that locals can trust. Because so many small businesses rely on customer relationships, ethical
behavior is going to be a top priority to maintain efficient relationships and verify that both parties in every transaction are for the benefit of all. Through effective training and supervisory techniques, small businesses can leverage their existing business models by sharing their ethical beliefs with customers, employees and other various stakeholders. In presenting an ethical organization, the businesses are more likely to get investors and employees that will stay long term and enhance business growth.

**Rationale**

While most of the literature focuses on having an ethical policy in place in the small business environment, this study is intended to provide a cost free option for creating more ethical marketing and sales techniques. Creating a working ethical policy requires a large amount of research and professionals skilled in ethics. However, rewording and refocusing current marketing materials can be a quick and easy fix to enhance the ethical value in a company within its interpersonal relationships with customers. In order to do so, this study asks the question: How can small businesses ethically enhance their business policies and products/services in order to gain positive customer relationships?

Much of the research based on small business ethics, such as the use of monitoring CRM technology, relates to a larger small business model (Marta et al., 2008). With the decline of the economy and the growth and development of entrepreneurial ventures, CRM technology may be beyond the capabilities of the small businesses this study is going to analyze. While some free options of CRM are available, the majority of these databases require a full time position just to maintain the CRM as a working tool.
Research Question

As studied by Pearce (2005), the serpentine model of CMM shows that the first interaction in any interpersonal communication process becomes the catalyst for the remainder of the relationship and therefore affects the entire relationship. The marketing tools already used to get the company’s name into the public such as a website, pamphlets and brochures are the beginning to an ethical relationship. Through analyzing these currently used tools using discourse analysis, this thesis will be able to answer the question: How can small businesses ethically enhance their business policies and products/services in order to gain positive customer relationships?
Chapter 3: Scope and Methodology

Scope of the Study

This study was a quantitative and qualitative study that utilized a content analysis to examine the constructionist orientation of ethical marketing communication. The constructionist orientation argues that reality is created out of social interactions and the beliefs and meanings people assign to these interactions (Neuman, 2011). This study focused on this orientation because it is the researcher’s belief that the ethical climate of the marketing and sales professionals in the small business is largely dependent on the connotation of the words and phrases used in customer and stakeholder interactions. The content analysis looked at three small business’s sales devices including website, fliers and handouts to identify and examined the ethical implications these communications may create in the eyes of stakeholders. Stakeholders in this study consisted mostly of customers, employees and employers. The three small businesses studied are located in Rochester, NY. Former research has presupposed that small businesses can be defined as 500 or less employees. Because this study aimed to create a cost effective alternative for small businesses with financial and time limitations, this study examined businesses with 100 employees or less.

Methodology of the Study

The research method for this study was content analysis. A content analysis uses a coding mechanism to determine recurring cases of content within a given text (Neuman, 2011). The content analysis is a form of rhetorical textual analysis as it examines any given text (advertisements, newspapers, images and symbols, etc.) from a rhetorical standpoint to identify recurring themes and attitudes (Neuman, 2011). This method was determined as most appropriate for the study because it allowed for a realistic study to be completed within the time
limitations given and followed the basic methodology of constructionist orientation. This method was also chosen because it allowed for the opportunity to reveal messages in a text that are not generally viewed through observation (Neuman, 2011). The premise behind content analysis is to examine message content (Rubin, 2010). Because this study aimed to evaluate ethics behind small business marketing, the content analysis provided an avenue to determine these ethical implications. This method identifies with the theory that there is another reality behind talk and action which are interrelated (Eriksson & Kovalainen, 2008). Because the study assumed that this alternate reality exists, the connotation of the message given became particularly important.

Data Collection and Analysis

The data collection consisted of an accumulation of literature used for sales and marketing communications. The data collections were analyzed using a coding system of ethics for marketing professionals to establish a quantitative system for identifying content. The ethical construct of the organization as obtained through the organization’s publicly posted mission statement was also analyzed and coded. As a requirement for the sampling of this study, all three small businesses identified had a publicly posted mission statement. This analysis method was chosen because it best fits a qualitative study that is evaluating marketing communication content.

Data

Pearce’s (2005) serpentine model of Coordinated Management of Meaning reveals that the primary interaction in the communication process directly affects the remainder of the interpersonal relationship. For small business marketing, the primary communication action is the sales and marketing materials. Therefore, the primary group of data in this study was the
marketing and sales content which included sales literature consisting of pamphlets, coupons, handouts etc., website text and images. The content was gathered electronically as available on the Internet and through physical visits to the company location. At least three marketing and sales texts provided by the organization to prospects and potential customers were analyzed. Analyzing more literature from the organization would be a fruitless endeavor because the ethical orientation of the organization in regards to sales and marketing would be maintained throughout various pieces of literature and would be able to be understood from a small sampling. The second group of data analyzed was the company’s publicly posted mission statement which was available through the company website. The texts gathered were analyzed using both manifest and latent coding. Manifest coding requires specific visible content to be counted. This coding system was deemed appropriate because it is considered highly reliable and can be validated by other researchers or audience members. Latent coding is a system that determines underlying meanings (Neuman, 2011). This form of coding is significant to the study because it allowed for a way to identify the ethical credibility behind the content gathered through manifest coding.

Validity and Reliability

This content analysis had both quantitative and qualitative measures. The quantitative coding system allowed for a verifiable method of data collection. The qualitative evaluation of ethical implications built on the quantitative data to further analyze the meaning of the content. The only issue of validity that was possible was in the case of obtaining outdated marketing material to analyze. However, all material analyzed was publicly available and despite perhaps being updated, is still available to potential consumers as well as the analysts of the study.
The qualitative interpretation of the meaning behind the collected data could be construed as biased by readers of this study. This interpretive approach assumes multiple meanings could be construed from a single message (Griffin, 2009). As explained by Griffin (2009), the meaning of a text when viewed through an interpretive lens is considered a socially constructed communication. Therefore, the qualitative aspects of this study may not prove valuable when social constructs of ethics and small business marketing change.

*Ethical Implications*

The primary ethical consideration was the impact of the small business owners and managers on the ethical climate of the organization. Multiple studies have been completed in the past to examine how the ethical climate can be developed in an organization. Because these businesses are in periods of rapid growth, the ethical climate could be changed and developed on a daily basis as interactions with stakeholders allow for new ethical procedures to be implemented as workplace code of conduct.

The second and most important ethical implication of this study was that the results could reinforce existing negative stereotypes of small business sales and marketing professionals as cutthroat professionals willing to do anything to close a deal. This ethical implication was not considered as a reason to not complete the study. It was instead viewed as a way to add evidence that either proves or disproves an existing stereotype.
Chapter 4: The Study

Introduction

This study was designed to demonstrate the ethical construct in small business marketing as demonstrated through the use of websites and marketing material. Using content analysis, the study aimed to deconstruct the alternate reality behind words and images (Eriksson & Kovalainen, 2008). Because marketing tools are generally the first interaction between business and customer, they become particularly important to the communication process. Pearce and Cronen’s (2005) Coordinated Management of Meaning communication theory explains through the serpentine model that the communication process is built from one communication to the next. First, the primary actor in the process, in this case the small business, makes a statement. Then, the consumer directly reacts to the statement, creating a serpentine model. The foundation for Coordinated Management of Meaning (CMM) is that the primary communication technique becomes the catalyst for the remainder of the communication.

However, it is not only the process of communication that has significant importance in small business marketing, but also the ethical construct the organization portrays throughout its marketing process. Kant’s (1886) Categorical Imperative was used as the foundation for this study as it argues that lying is wrong in any given situation. Through the Categorical Imperative lens, small business marketing must be honest and truthful in order to begin the communication process with an ethical structure. Habermas’ (1984) Discourse Ethics takes a more subjective role of ethics and argues that ethics can be determined through a discursive process that results in the discovery of the rationale behind any given statement. Following Kant’s and Habermas’ theories, this content analysis was determined to be the most effective system to discovering the ethical construct behind small business marketing.
**Data Analysis**

Data was collected from three small businesses in the Rochester, NY area using the company’s publicly available website. The three small businesses used in this study were all technology-driven businesses. The data was analyzed using both latent and manifest coding as seen in Appendix A. Specifically, words and concepts relating to the ethical construct and image of the organization were examined. The words identified for manifest coding were:

- Free
- Cost effective
- Inexpensive
- Fast
- Honest
- Discount
- Gift
- Reliable
- Commitment
- Help
- Secure
- Ethical

Words such as “Discount,” “Gift,” and “Free” were identified as ethically significant because the small businesses may or may not be offering a free gift. Should there be other commitments required to receive the gift, the advertisement would be deemed unethical through Kant’s Categorical Imperative. The concepts identified for latent coding were:
Testimonials from other customers
- Data/information on products and services
- Business description,
- Comparison to other similar businesses
- Actual pricing given
- Images to explain products and services
- Years of experience

These concepts relate to the overall image of the organization including how much actual information is given to the customer upon initial visit to the website and how much information is given to the customer in order to compare to other businesses with similar products and services. This coding system fulfilled the quantitative aspects of the originally designed study.

The small businesses’ publicly posted mission statements were retrieved electronically through the companies’ websites. They were then analyzed with a qualitative communication lens to identify any potential ethical confusion that could potentially bring unrealistic expectations to the consumer. This portion of the study fulfilled the qualitative aspects of the original design.

Results of the Study

Quantitative Results

The results of the manifest coding were as follows:

<table>
<thead>
<tr>
<th>Coding Term</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Cost Effective</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Inexpensive</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Fast</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Honest</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
The most commonly used terms in the small businesses’ marketing material were: Free, Fast, Honest, Reliable and Secure. Two of the companies examined promise free products or services. Because this study is a content analysis, the actual fulfillment of this promise was not examined but is still related to the ethical conduct of the organizations. As mentioned, all three companies are technology-driven businesses, therefore the occurrence of the terms “Fast,” “Secure,” and “Reliable” are to be expected as they are required by the nature of the businesses. The most interesting result of the study is found through the terms “Honest” and “Ethical.” None of the three sample companies described themselves or their practices as ethical throughout the content of their websites or mission statements. However, two of the companies used the word “Honest” on their website or in their mission statements.
Kant’s (1886) Categorical Imperative argued that the only ethical conduct is truth in all circumstances. Given this perspective, it could be determined that by the company’s self-descriptions as “Honest,” they are following an ethical mindset. However, the nature of the small businesses comes into play when analyzing this manifest coding term. The two organizations that describe themselves as “Honest” have the capability to repair household and business computers and other electronic equipment. Both Company A and Company B also have the capability to sell new or rebuilt electronics if the consumer’s original product is no longer in a usable state. This could cause wariness to the self-proclaimed definition of “Honest.” A deeper analysis of this coding term argues that regardless of the condition of the consumer’s original product, Company A and B are likely going to get some type of business, either in the manner of repairing said equipment or getting a sale. This deduction allows the researcher to believe that the companies’ use of the term “Honest” is used to describe their ethical conduct and because they will receive business either way, is more than likely a true description.

The results of the latent coding were as follows:

<table>
<thead>
<tr>
<th>Coding Term</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Testimonials from other customers</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Data/Information on products/services</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Business description</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Comparison to other similar businesses</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual pricing given</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Images to explain products/services</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Years of experience</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

X= Term used in marketing materials
The most commonly used terms in the three small businesses’ marketing were:
Testimonials, Data and information regarding products or services, Business descriptions, and Years of experience. The results from the latent coding in this study led to basic expectations that a consumer would find on a website. The testimonials from previous customers provide an ethical framework for the organization providing the testimonials are accurate and are actually retrieved from previous customers. Two of the three organizations had names and company names that could potentially be contacted by future consumers for references, while the third organization had only names with no further contact information. Therefore, the two that had checkable references should be deemed more ethical as the information has the potential to be verified.

The most interesting discovery in the latent coding process was the coding term “Comparison to other similar businesses.” Company A’s homepage on its website had an introductory letter from the owner that compared the organization to other similar businesses. In this letter, the owner states that his competitors are “arrogant IT professionals” that are slow with progress and do not explain to customers what work they have completed. This type of description of other organizations comes off as a broad description of all other IT companies in
the Rochester, NY area with no evidence to back up its claims. Because it is most unlikely that all of Company A’s competitors are lacking in their ability to conduct professional business with consumers, this content is deemed highly unethical and is comparable with political mudslinging.

The coding term “Actual pricing given” was used to further explore the ethical conduct of the organizations. Two of the three small businesses required further contact to determine pricing for products and services. However, Company B gives pricing within the first communication contact. This allows for an honest and ethical interaction and also allows consumers to know that they are receiving the same pricing as all others whereas Company A and Company C could be creating different contracts and pricing with each consumer they do business with.

**Qualitative Results**

The final portion of this study examined the mission statements provided by all three small businesses in order to discover any ethical conduct displayed throughout the statements using content analysis. Below are the three mission statements examined.

**Company A**: “Founded in 1997, **Company A** began with a mission to help small and medium-sized businesses like yours get a real return on their technology investments. Since then, we have remained dedicated to providing state-of-the-art IT support, service and products that allow our clients to get ahead of the competition and achieve greater success.”

**Company B**: “**Company B** has been serving the Rochester community for 15 years. We’ve maintained a strong commitment to offering fast, inexpensive computer repair service and helping home users and businesses with their computer needs. We work on your computers as if
they were our own, and give you honest answers and smart solutions to get you back up and running.”

Company C: “*Company C* provides one of the most cost effective ways for your facility to connect to the Medicare system. We have solutions that range from the single user to hundreds of simultaneous users. Exceptional customer support and over ten years of Medicare connectivity experience with thousands of customers nationwide, *Company C* is a one-stop solution for your Medicare connectivity.”

Examining Company A’s publicly posted mission statement, the organization chose ethical terms such as “help” and “remained dedicated.” These terms point to the ethical conduct of the organization by defining a foundation that has a primary goal of assisting consumers to get a product or service they require in order to stay in business. Therefore, these terms represent what the organization values. The company furthered its appearance of ethical conduct by specifically stating it is a company designed to help small and medium-sized businesses. In reviewing Company A’s website, a potential large business consumer is able to determine that Company A does not have the capability or manpower to help large organizations.

Company A’s mission statement provides a strong ethical platform that is honest in the organization’s capabilities and makes clear the organization intends to “help” and “remain dedicated” until the service is fully complete.

Company B’s mission statement uses terms such as “helping” and “strong commitment.” As with Company A, Company B creates a foundation of the organization as one which intends to assist users. Specifically in Company B’s mission statement is the phrase, “We work on your
computers as if they were our own.” This statement, if true and carried out in practice, holds
strong ethical weight. This mission statement also promises honesty and is the only one of the
three small businesses that makes this promise.

Company B’s statement also provides a strong ethical platform provided it adheres to the
promises it makes to the consumer. However, the mission statement only specifies home and
business users and does not explain if the organization has the manpower to provide the products
and services for large organizations. This is most likely because of the varied service the
organization offers. It is possible that the organizational side of the business which provides IT
repair services cannot handle large organizations due to manpower, but the business is very
capable of selling their repaired products to large organizations and therefore chose not to
specify the average business size of their clients.

Company C’s mission statement does not point to a specific ethical platform. The
company chose to rely on capabilities and experience. The only statement applying to ethics in
this mission statement is that the organization claims to have “exceptional customer support.”
Because this is a highly subjective claim, it cannot be construed as being used to create an ethical
conduct for the organization. Company C should not be discounted as an ethical organization
simply because the mission statement does not have any reference to ethical actions. In
accordance with the Categorical Imperative of Kant (1886), this organization does not make any
promises which it may or may not fulfill, unlike Company A and Company B. Despite this fact,
it is apparent that Company C’s publicly posted mission statement is more of a business
description than an ethical platform used to being the communication process.
Discussion

This study aimed to answer the question: How can small businesses ethically enhance their business policies and products/services in order to gain positive customer relationships? The study has determined that using specific terms and phrases, as shown through the quantitative study using latent and manifest coding, can ethically enhance the small businesses’ policies and products/services. Using the results of this study, the three small businesses examined have the ability to easily reword the marketing material set forth on their websites and posted mission statements to further their ethical platform as an organization.

All three of the small businesses studied have already created some type of ethical platform using their marketing materials. According to Withey (2009), “A significant issue facing marketing decision makers in smaller, budget-constrained organizations is whether creative and successful marketing activity contains elements that strain acceptable behavior” (p. 2). A possibility for the adherence towards ethical standards could be related to the recent recession or the growing rise of small businesses in the technology support field in recent years.

Griffin (2009) has defined Kant’s Categorical Imperative as the following simple statement: “Lying is wrong – always” (p. 95). Using this theory as a basis for ethical conduct, some actions taken by the small businesses could be considered unethical. For example, Company A has a long letter from the owner stating that “Some IT professionals are arrogant and lazy.” This company avoided unethical conduct by use of the word “some.” In an instance where this organization chooses to state that their competitors, as a group, are arrogant or lazy, this company would be exhibiting unethical behavior. A further analysis using Kant’s Categorical Imperative relates to the issue of wanting to be moral for the sake of being moral. Kant argues that ethical actions cannot be done for ulterior motives (Kant, 1886). Because these
small businesses rely on customers in order to stay in business, Kant would define them as unethical. Living in a modern Capitalist society, customers must understand that there are always motives behind marketing and advertising. Therefore, small business marketing ethics needs to be examined in light of more realistic ethical standards.

Habermas’ Discourse Ethics allows a more subjective ethical foundation. Habermas’ (1984) theory dictates if one is able to rationally defend through discourse the actions taken, they can be considered ethical. Given this consideration, the actions of Company A to highlight other small businesses’ faults can be considered ethical due to the fact that the owner of the company is intending to share his opinion and give further information for customers to consider. Within the guidelines of Discourse Ethics, the consumer has the ability to contact the organization and begin a dialogue with its employees to understand how their prices equal good product or services. This fulfills the need for discourse to determine ethical conduct.

While Company A can defend its actions with the mudslinging letter through Discourse Ethics, the best representation of ethical conduct comes from Company A’s 100% satisfaction guarantee. This organization markets a satisfaction guarantee that invites Discourse Ethics as a method of solidifying its ethical conduct. When a customer is not satisfied, they are specifically asked by the company to make further contact so the small business is able to complete the job to the customer’s expectations. Because the organization is inviting this behavior from its customers, it is unlikely they will reject requests for further work in order to be able to maintain their 100% satisfaction guarantee claim and have it shared from current customer to potential customer.

Pearce’s Coordinated Management of Meaning allows for a communication theory lens to examine marketing. This theory is best understood, for the sake of marketing, in a serpentine
model where one action directly affects the rest of the actions in the communication process (Pearce, 2005). The initial marketing for each of the three small businesses’ is considered the first communication to customers. With each small business’s website, the customer gains or loses expectations of the companies’ capabilities. Therefore, the customer can then decide to choose the small business for their technological needs, not choose the business, or ask further questions and maintain the serpentine model of communication prior to making any concrete decisions on business relationships. It is because of this process that capitalist societies are able to maintain stable and growing economies.

The next chapter will examine the limitations of this study. As with any study, further analysis would be able to provide more evidence regarding the ethical actions of small business marketing professionals. Thus far, this study relies on the marketing materials to present an accurate and realistic image of the organization’s ethical conduct.
Chapter 5: Summaries and Conclusions

Limitations of the Study

This study was mostly limited by time constraints. A content analysis of a greater number of technology-based small businesses could provide more accurate results and better direction for future studies. As a content analysis, there are limitations regarding bias and subjectivity. The latent and manifest coding aided in eliminating some of the bias and subjectivity by provided a framework for determining ethical words and phrases to be identified. Another limitation of this study was that it only studied technology-driven small businesses in the Rochester, NY area that could be feasibly accessed in the event the researcher needed to obtain physical marketing materials for evaluation. The small businesses used in the study were also restricted based on the availability of a mission statement. Organizations that did not have a mission statement, or a similar statement, were removed from the sample population. This restriction was put in place in order to conduct a further qualitative evaluation of the ethical conduct being presented but could have created an environment that refused study to several small businesses with impeccable ethical conduct as demonstrated in other forms not including a mission statement.

While the limitations of this study should be considered, they should not provide doubt regarding the results of the study. The study was conducted in a manner intended to eradicate personal bias. However, had the study allowed for other research coders to be employed, the issue of personal bias could have been further limited.

Further Study or Recommendations

The content analysis used in this study provided a starting point for considering ethical small business marketing. A strong aspect behind the determination of a company’s ethical
foundation is discovering if the organization “stands true to its word.” Follow-up studies that use survey or interview to reach out to actual customers of the technology-driven small businesses would allow further results in this area. The “100% satisfaction guarantee” cannot truly be determined to be ethical unless the small businesses actually carry out these promises. Therefore, a thorough analysis of the customers of these businesses should be considered for future research.

In order to avoid bias while completing the content analysis, this study did not include any personal interviews with the owners or employees of the small business. Further studies could include interviews which request the owners or employees to define their ethical standards and where they see these standards presented in marketing materials. In doing so, the researcher would likely need to implement different researchers for coding and interviewing to avoid bias during the coding process.

**Conclusion**

This study used three basic theoretical frameworks and philosophical assumptions to create the framework of what can be considered ethical marketing for small businesses. Immanuel Kant’s (1886) *Groundwork for the Metaphysics of Morals* provides the most basic foundation for ethical behavior. In this text, Kant argues that the morality of an action cannot be determined through rationality because duties and obligations are influenced by practical feelings. The concept of the Categorical Imperative, which is best defined by Griffin (2009) as telling the truth in all situations, applies directly to small business marketing. However, because Kant defines the issue of morality as unrelated to practical reasoning, there comes an inherent conflict when using this theory to define ethics in a capitalist society due to the fact that the motivation behind marketing is to for more customers and financial gain. Because there is a
thought process behind making the action moral instead of doing the action for the pure sake of morality, Kant would have potentially argued that marketing is in itself an immoral and unethical action. Despite this contradiction, Kant’s (1886) Categorical Imperative is significant to marketing because of the simplified understand that one must always tell the truth.

To develop the concept of ethics into a more community-driven definition, Habermas’ (1984) Discourse Ethics was also considered as a theoretical basis and philosophical assumption for this study. Although closely tied within theory to Kant’s Categorical Imperative and the importance of truth, Habermas’ theory defined an action as moral and ethical if it could be rationalized and agreed upon by all parties that were affected by the action. This theory best relates to the capitalist ideals of marketing. Although financial gain may be one of the driving factors of marketing, Habermas argued that when the action can be defended and agreed upon by all parties, then the action is ethical. Discourse Ethics relates well to marketing because it requires a conversational process and concludes only when the ethical conduct has been determined by both customer and small business.

Pearce’s (2005) Coordinated Management of Meaning theory takes Discourse Ethics one step further. With this theory, Pearce has determined that all communication, not only communication relating to ethics, becomes a serpentine model wherein each statement and thought is directly impacted by the previous statement or thought. This theory becomes particularly important in determining small business ethics because it allows the communication process to be viewed as a coordinated effort using both parties. Coordinated Management of Meaning theory explains that the first interaction directly impacts the second interaction and so on and so forth throughout the communication. Using Pearce’s theory to understand ethical marketing for small businesses allows the process to be seen as an interpersonal communication
as opposed to the standard communication professional’s belief that marketing is always a form of mass communication. By understanding the interpersonal aspects in marketing, the ethical conduct can be better determined as a coordinated effort of all the parties of small business owners, employees and consumers.

Through these three theories and philosophical assumptions, the concept of ethics has been taken from a broad and abstract concept of humanity to a realistic business practice that can be modeled by small businesses with even the most limited budget constraints. Ethics, as a business foundation, has no ties to the financial abilities of the organization, but is directly tied to the beliefs and values of the individual small business owners and employees.
References


Appendix

Appendix A: Coding Worksheet
Coding Worksheet

Name of Company: ___________________  Data Analyzed: __________

Location of Company: ________________

Website Address: ________________________

Words Used:

___ Free  ___ Honest  ___ Commitment

___ Cost-effective  ___ Discount  ___ Help

___ Inexpensive  ___ Gift  ___ Secure

___ Fast  ___ Reliable  ___ Ethical

Topics Used:

___ Testimonials from other consumers

___ Data/Information on products/services

___ Business description

___ Comparison to other similar businesses

___ Actual pricing given (without having to contact further)

___ Images to explain products/services

___ Years of Experience