Volume: 05./ N°: 02 (2021), pp 329-345

Marketing Ethics and Competitiveness: an Empirical Study of Small and Medium Sized Enterprises (SMEs) in Algeria

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Abstract:

In recent years, business ethics (honesty, responsibility, fairness, respect, transparency, citizenship) have gained great importance in marketing practices, as ethics programs can be profitable and help buildlong-term marketing relationships. The main purpose of this study is toexamine the influence of applying marketing ethics on competitivenessamong the small and medium sized enterprises (SMEs) in Algeria. Toachieve this goal, a questionnaire was administered to a sample of (431)managers of SMEs, using the SPSS program to ensure the statisticalanalysis of the data.

The results have shown the presence of a statistically significant influence of marketing ethics on the competitiveness of the Algerian SMEs.

Keywords: marketing; ethics; values; small and medium sized enterprises (SMEs); competitiveness.

Jel Classification Codes: M14, M30, M31, M37

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1. INTRODUCTION

Ethics commonly means the set of rules or principles that define the right and the wrong. In business, ethics refer to a code of conduct that businesses are expected to follow while doing them. However, companies often try to attract consumers to their brands and products by means of a variety of marketing tactics and may attempt unethical behavior such as produc in glow quality goods, unfair pricing, misleading advertising, and deceptive packaging, while it has been observed that unethical practices eventually harm their reputation. Thus, most companies increasingly fear the damage of their reputation, associated with unethical practices and are more

engaged in enhancing business ethics based on moral principles as honesty, fairness and trust in all marketing practices in order to protect their long-term interests. In the light of this, we have formulated the following problematic: What is the influence of applying Ethical Marketing on competitiveness of the SME in Algeria?

So, the following secondary questions are developed:

- 1) What is meant by marketing ethics?
- 2) What are the values and norms designed to promote marketing ethics?
- 3) Which ethical issues are related to competitiveness?
- 4) Do the SMEs managers in Algeria adopt the ethical marketing?

The aim of this paper is to answer the previous questions by clarifyingthe concept of ethic in marketing and present ethical norms and valuesestablished to improve competitiveness.

2. Review of Literature

In this section, we will present the literature review that deal withmarketing ethics as well as the ethical norms and values for marketers toincrease competitiveness.

2.1 Definition of Marketing Ethics

Kotler and Zaltman (1971) were the first to advocate the embodiment of social and moral dimensions in marketing science(Kotler,

Zaltman, 1971, p. 57). The social marketing sense was developed by encouraging marketers to benefit society with the inclusion of social ideas and causes in the marketing campaigns (Vassilikopoulou, 2008, p. 51)

Although the concepts of marketing ethics and social responsibility are often used interchangeably, it is important to distinguish between them. Marketing ethics is the systematic study of how moral standards are applied to marketing decisions, behaviors, and institutions(Dumea, 2010, p. 10), whereas social responsibility deals with the total effect of marketing decisions on society. The two concepts are interrelated because a company that supports socially responsible decisions and adheres to a code of conduct is likely to have positive effects on society. Because ethics and social responsibility programs can be profitable as well, an increasing number of companies are incorporating them into their overall strategic market planning(Pride, 2014, p. 123). Furthermore, marketing ethics goes beyond legal, regulatory and marketing issues which help build long-term marketing relationships (Dincer, 2014, p. 151)

The literature on marketing ethics can be differentiated between descriptive and normative approaches. Descriptive approaches include attempts to describe or model ethical decision making (e.g., Ferrell and Gresham 1985; Hunt and Vitell 1986) and empirical studies of the ethical attitudes and/or behavior of different populations, such as marketing researchers (e.g., Akaah and Riordan 1989) or salespeople (e.g., Bellizzi and Hite 1989). Normative approaches to ethics identify moral principles and methods of moral reasoning that justify judgments of what is right and wrong. It is normative marketing ethics that are concerned with prescribing what managers "ought to do" when faced with an ethical issue (Dunfee, 1999, p. 14). Therefore, ethical marketing from a normative perspective approach is defined as "practices that emphasize transparent, trustworthy, and responsible personal and organizational marketing policies and actions that exhibit integrity as well as fairness to consumers and other stakeholders".

Moreover, the marketing ethics should be considered from an

individual and organizational perspective. From the individual perspective personal values and moral philoso(Quoted in Dincer, 2014, p. 151)phies are the key to ethical decisions in marketing. Honesty, fairness, responsibility, and citizenship are assumed to be values that can guide complex marketing decisions in the context of an organization. From the organizational one, organizational value, codes, and training is necessary to provide consistent and shared approaches to making ethical decisions(Dincer, 2014, p. 152).

2.2 Increasing Competitiveness Via the Ethical Norms and Values for Marketers

Globalization has brought about greater involvement with ethical considerations and most importantly achieving competitive advantage through business ethics(Azmi, 2006, p. 4). And contemporary organizations focused on the goals and principles, values and ethics in the development of the performance of individual workers, who are now the best resource for the organization and represent the intellectual capital (cognitive), the focus is on them and their construction according spiritually and intellectually by providing them with the knowledge, skills, abilities and behavior in the framework of the organization culture, , which has become a trend in which organizations and managers about the work ethic through individual behavior and the organization behavior, this requires them to keep up with happening that is in the external (Kasasbeh, Harada, Bin Osman, Aldalayeen, 2014, p. 271). The American Marketing Association (AMA) commits itself to promoting the highest standard of professional ethical norms and values for its members (practitioners, academics and students). Thus, marketers are expected to embrace the highest professional ethical norms and the ethical values toward multiple stakeholders (e.g., customers, employees, investors, peers, channel members, regulators and the host community)(AMA, 2010). Values represent the collective conception of what communities find desirable, important and morally proper. There are six marketing ethics that the marketers have to follow(Krishna, 2016, p. 195):

✓ **Honesty**: be forthright in dealings and offer value and integrity towards customers.

- ✓ **Responsibility**: accept consequences of marketing practices and serve the needs of customers of all types, while being good stewards of the environment.
- ✓ **Fairness**: the terms "fairness", "justice" and "equity" are often used interchangeably. The trust consortium chose the term "fairness" in the belief that it would be the most widely understood globally (Schroeder, 2019, p. 20). Balance buyer needs and seller interest fairly, and avoid manipulation in all forms while protecting the information of the consumers.
- ✓ **Respect**: acknowledge basic human dignity of all the people involved through efforts to communicate, understand and meet needs and appreciate contributions of customers.
- ✓ **Transparency**: create a spirit of openness in the practice of marketing through communication, constructive criticism, action, and disclosure.
- ✓ **Citizenship**: fulfill all legal, economic, philanthropic and societal responsibilities to all stakeholders as well as giveback to the community and protect the ecological environment.

However, the existence of a code of ethics well-constructed is not sufficient to ensure ethical behavior, and will not of itself bring about change in culture and behavior(Harris, 2011, p. 7). It is important to design an ethics program that is perceived by employees to be first and foremost about shared organizational values and about guiding employees to act on their ethical aspirations. Ethics program that guides the process of value creation within a company in a unique way is actually a critical source of competitive advantage (Azmi, 2006, p. 3).When company a implementing a value creating strategy not simultaneously being implemented by any current or potential competitors, then we can say the company has a competitive advantage. And when potential or actual competitors are unable to duplicate the benefits of this strategy, then we can say that the company has a competitive advantage that derives from business ethics (Azmi, 2006, pp. 3,4).

The following section presents the methodological scheme which was followed in conducting the current research, the way the raw data was collected and how the researchers would analyze the results in accord an ce with the hypotheses and objectives.

3. Methodology

3.1 Research Design

In order to achieve the objectives of the study, the researchers have chosen the quantitative approach to test the hypotheses and to answer the research questions. To be clear, we have administered a questionnaire to 500 managers of firms in different sectors in Algeria where their responses have been analyzed statistically and in details. Here, we have described the influence of adopting marketing ethics on the level of competitiveness among enterprises in Algeria. The results are clarified in the tables and graphs below.

3.2 Data Collection

We have chosen the questionnaire to be the tool of the study. The questionnaire consists of two main parts: the first part is the demographic variable which takes into account the demographic information of the sample of the study, and the second one contains questions regarding the variables of ethics marketing. The used scale in the current research study is Likert 5 scale on which the answers of the study sample were based on (strongly agree 5 – agree 4 – neutral 3 – disagree 2 – strongly disagree).

The population consists of managers of Algerian SME's. A convenientsample of study was set to be initially (500) managers of firms in differentsectors in Algeria. The total sample which responded to the questionnairereached in its final version (431) respondent which means that the responserate was 86.2 % that is a statistically acceptable response rate. A reliability test was carried out using Cronbachs' alpha, the result showed a value of (0.963) for the all items as well as alpha for each variable is greater thanaccepted percent 0.60, which is a reasonable value indicating the toolconsistency enhanced for that its use the study. The demographic variables, consisted of gender, occupation and education, are as follows:

Table 1. Sample characteristics according to gender of the Algerian managers

Gender	Frequency	Percent Valid Perce		Cumulative
				Percent
Male	274	63.6	63.6	63.6
Femele	157	36.4	36.4	100
Total	431	100	100	-

It can be noticed, according to table 1 above, that most of the sample of the study was male managers with a frequency of 247 and a percentage of 63.6% compared to the percentage of females 36.4% which gives an indication that more than half of the sample who responded to the questionnaire were males.

Table 2. Sample characteristics according to gender of the Algerian managers

	111011105010		
Educational level	Frequency	Percent	Cumulative Percent
High school or less	66	15.3	15.3
Diploma	140	32.5	47.8
Bachelor	189	43.9	91.6
Postgraduate studies	36	8.4	100
Total	431	100	-

Table 2 shows that 43.9% of managers who answered thequestionnaire have a bachelor degree with a frequency of 189 followed bymanagers who have a diploma with a percentage of 32.5%. The leastpercentage came for managers who had postgraduate studies with apercentage of 8.4%. In general, the results indicate that managers whoresponded to the questionnaire are educated and had the needed awarenessin regard to the

core idea of the study.

Sectors	Frequency	Percent	Cumulative
			Percent
Agriculture &fish	139	32.3	32.3
ВТРН	206	47.8	80.0
Manufacturing	46	10.7	90.7
Services	40	9.3	100
Total	431	100	-

Table 3. Sample characteristics according to SME's sector

Table 3 shows that 47.8% of managers who answered the questionnaire were activated in the BTPH followed by managers working in the Agriculture with a percentage of 32.3%. However, the least percentage came for managers who were working in Services with a percentage of 9.3%. The results reveal that almost half of the sample was acting in the BTHP.

3.3 Hypotheses and Model of the Study

In order to address the problem of the study and to achieve its goals, the following hypothesis was formulated: There is a statistically significant influence of applying marketing ethics on competitiveness. In order to test this hypothesis, we have formulated these six sub-hypothesis:

H01: There is no statistically significant influence of honesty on competitiveness;

H02: There is no statistically significant influence of Responsibility on competitiveness;

H03: There is no statistically significant influence of Fairness on competitiveness;

H04: There is no statistically significant influence of respect on competitiveness;

H05: There is no statistically significant influence of transparency on competitiveness;

H06: There is no statistically significant influence of citizenship on

competitiveness.

According to the six sub-hypotheses, the following model wasdesigned:

Responsibility
Fairness
Competitiveness

Transparency
Citizenship

Fig.1. The Proposed Model of the Research

Source: designed by the researchers

3.4 Results

In order to know if the Algerian managers practice really themarketing ethics to increase the competitiveness of their firm, we haveasked them the following question: do you always adopt marketing ethics to increase the competitiveness of your firm? And the results were as follows:

Table 4.Adopting marketing ethics to increase competitiveness in the SME in Algeria

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	431	100	100	100
No	000	00	00	-
Total	431	100	100	-

We can notice that all the informants' managers practice the marketing ethics to increase the competitiveness of their firms according to our results. The table below shows the descriptive statistics variable analysis:

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Table 5. Descriptive Statistics

		Descriptive			
	N	Minimum	Maximum	Mean	Std. Deviation
Honesty					
Be forthright in dealings	431	1.00	5.00	3.9814	1.13491
offer value	431	1.00	5.00	3.3666	1.12692
integrity	431	1.00	5.00	3.3782	1.14257
Responsibility					
Accept consequences of marketing practices	431	1.00	5.00	3.1856	1.12390
serve the needs of customers of all types, while being good stewards of the environment.	431	1.00	5.00	3.3921	1.09834
Fairness					
Trust is understanding	431	1.00	5.00	3.5708	1.14282
Avoid manipulation in all forms while protecting the information of the consumers.	431	1.00	5.00	3.4872	1.10146
Balance buyer needs and seller interest fairly	431	1.00	5.00	3.4756	1.10758
Respect					
Understand and meet needs	431	1.00	5.00	3.3944	1.08793
Appreciate contributions of others	431	1.00	5.00	3.4455	1.09169
Transparency					
Create a spirit of openness in the practice of marketing when communicating	431	1.00	5.00	2.6381	1.51699
Accept constructive criticism, action and disclosure	431	1.00	5.00	2.4130	1.46151
Citizenship					
Fulfill legal responsibilities to all stakeholders	431	1.00	5.00	2.0719	1.23963
Fulfill economic responsibilities to all stakeholders	431	1.00	5.00	2.2993	1.43575
Fulfill societal and philanthropic responsibilities to community	431	1.00	5.00	2.4316	1.52020
Protect the ecological environment.	431	1.00	5.00	2.3480	1.55054

Examining the above table, it can be seen that there are negative attitudes towards the paragraphs which are under the variables of

(transparency and citizenship) because their means are less than mean of the scale (3) whereas there are positive attitudes from participants towards the rest of questions. This appeared through the mean of the paragraphs which scored higher than 3.00 referring to the paragraph as a good indicator.

We test in the following our main hypothesis which is: There is a statistically significant influence of applying marketing ethics on competitiveness.

Table 6. Model summary of applying marketing ethics on Competitiveness

Mod	del R	R Squares	Adj	usted Square	Std Error of the	Estimate
1	.962ª	.926		.924	.26265	
a. <u>Pred</u>	ictory: (constant),	applying Marketing Eth	ics le 7. AN	JΟVΔ ^a		
Mode	ıl	Sum of Squares	df.	Mean Square	F	Sig.
1	Regression	362.343	8	45.293	656.541	.000 _b
	Residual	29.113	423	.069		

431

Multiple regression was used to test this hypothesis, it was found that R (0.962) is the correlation of the independent variables and the dependent variable. Also it was found that the F value of (656.541) is significant at (0.05) level. Thus, there is a statistically significant influence of applying Ethics Marketing on Competitiveness within the Algerian SME's. The following presented the testing of the sub-hypotheses:

391.455

H01: There is no statistically significant influence of Honesty on Competitiveness

Table 8. Model summary of Honesty on Competitiveness

Model	R	R Squares	Adjusted Square	Std Error of the Estimate
1	.766ª	.586	.585	.61451

a. Predictory: (constant), honesty

Total

Table 9. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	В	Std. Error	Beta		Sig.
1(Constan	t) .722	.119		6.089	.000
Honesty	.805	.333	.766	24.650	.000

Linear regression was used to test this hypothesis; it was found that R (0.766) is the correlation of the independent variable and the dependent variable. Also it was found that the t value of (24.65) is significant at (0.05) level. Thus, there is a statistically significant influence of Honesty on Competitiveness.

H02: There is no statistically significant influence of Responsibility on Competitiveness.

Table 10. Model summary of Responsibility on Competitiveness

Model	R	R Squares	Adjusted Square	Std Error of the Estimate
1	.777ª	.603	.602	.60175
- U - /		11 111		

a. Predictory: (constant), Responsibility

Table 11. Coefficients ^a

Model	Unstan	Unstandardized Coefficients		Standardized Coefficients		C:-
	E	В	Std. Error	Beta		Sig.
1(Constan	nt)	.667	.117		5.719	.000
Responsil	bility	.837	.033	.777	24.536	.000

Linear regression was used to test this hypothesis it was found that R (0.777) is the correlation of the independent variable and the dependent variable. Also it was found that the value of (25.536) is significant at (0.05) level. Thus, there is a statistically significant influence of Responsibility on Competitiveness

H03: There is no statistically significant influence of Fairness on Competitiveness.

Table 12. Model summary of Fairness on Competitiveness

Model	R	R Squares	Adjusted Square	Std Error of the Estimate
1	.798ª	.636	.637	.57512
- u · /				

a. Predictory: (constant), Fairness

Table 13. Coefficients ^a

Model	Unstandardize B	cd Coefficients Std. Error	<u>Standardized</u> Coefficients Beta	t	Sig.
1(Constar	nt) .575	.112		5.141	.000
Fairness	.842	.031	.798	24.468	.000

Linear regression is used to test this hypothesis; it was found that R (0.798) is the correlation of the independent variable and the dependent variable. Also it was found that the t value of (27.468) is significant at (0.05) level. Thus, there is a statistically significant influence of Fairness on Competitiveness

H04: There is no statistically significant influence of Respect on Competitiveness.

Table 14. Model summary of Respect on Competitiveness

Model	R	R Squares	Adjusted Square	Std Error of the Estimate
1	.903ª	.816	.816	.40960
Dradiatanu	(constant) Res	n a a t		

Table 15. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	В	Std. Error	Beta	t	Sig.
1(Constan	t) .228	.079		2.902	.000
Respect	.942	.022	.903	43.638	.000

Linear regression was used to test this hypothesis; it was found that R (0.766) is the correlation of the independent variable and the dependent variable. Also it was found that the t value of (24.65) is significant at (0.05) level. Thus, there is a statistically significant influence of Respect on Competitiveness.

H05: There is no statistically significant influence of Transparency on Competitiveness.

Table 16. Model summary of Transparency on Competitiveness

Model	R	R Squares	Adjusted Square	Std Error of the Estimate	
1	.086ª	.008	.006	.95144	
a. Predictory:	a. Predictory: (constant). Transparency				

Table 17. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients		6:-
	В	Std. Error	Beta	τ	Sig.
1(Constant)	3.392	.119		34.627	.000
Transparency	.064	.035	.089	1.853	.065

Linear regression is used to test this hypothesis; it was found that R (0.089) is the correlation of the independent variable and the dependent variable. Also it is found that the t value of (1.853) is not significant at (0.05) level. Thus, there is no statistically significant influence of Transparency on Competitiveness

H06: There is no statistically significant influence of Citizenship on Competitiveness.

Table 18. Model summary of Citizenship on Competitiveness

Model	R	R Squares	Adjusted Square	Std Error of the Estimate	
1	.077ª	.006	.004	.95240	

a. Predictory: (constant), Citizenship

Table 19. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients		Cia.
	В	Std. Error	Beta	ı	Sig.
1(Consta	nt) 3.426	.091		37.471	.000
Citizensh	ip .054	.034	.077	1.601	.110

Linear regression was used to test this hypothesis; it was found that R (0.077) is the correlation of the independent variable and the dependent variable. Also it was found that the t value of (1.601) is not significant at (0.05) level. Thus, there is no statistically significant influence of Citizenship on Competitiveness.

3.5 Discussion

The current research aims at understanding the influence of marketingethics on competitiveness within the Algerian SMEs. The rational of thisstudy sought to examine the adoption of the marketing ethics in the Algerian SME's and how can the concept of marketing ethics influence the competitiveness. So, we sought to examine whether the Algerian managers are aware of the notion of marketing ethics and did it influence the competitiveness of their firm?

Through the analysis, the respondents had the needed awareness of theidea of marketing ethics and it did influence on the way to reach; among allthe suggested elements of the marketing ethics there appeared (transparencyand citizenship) to be the most influential factors that may have a role inincreasing or decreasing competitiveness.

Back to the results of the study, and going through the analysis of the variables and their influence within the responses of the sample of the studyit can be seen that there appeared a positive influence among respondentstowards the variables of honesty, responsibility, fairness and respect, giventhat their means were above the scale of (3); however, the variables of(transparency and citizenship) appeared in a negative attitude as the meanswere below the mean of the scale (3) which indicated that both

variableshad no influence on the attitude of the sample of the study. This result can attributed to the fact that managers do not care that much about theissues of transparency and citizenship. In other words, the variables oftransparency and citizenship are seen to be not very important and are notconsidered as much strategic items in increasing competitiveness in the Algerian SMEs.

4. CONCLUSION

The current study aims at examining the influence of marketing ethics on competitiveness The sample of the study consisted of (431)managers of SMEs in Algeria. A self-administered questionnaire was distributed.

The results of the study indicated that there is an influence ethics marketing on the competitiveness of the Algerian SME's (Honesty, Responsibility, Fairness, Respect, Transparency, Citizenship). Generally speaking, there appeared a positive influence of competitiveness regarding the marketing ethics making sure that it depends on the behavior of the manager and his intention to apply the ethics in marketing in a firm this can influence the competitiveness, and can be seen as an approach in management given that most organizations nowadays are taking much care in increasing the level of applying much more ethics in their way of management.

As for the beneficiaries of the firms; through the study and the application of the questionnaire have shown a good degree and understanding of the idea of marketing ethics and they were able to identify their stand point in regard to competitiveness.

It is recommended through the study that the management should increase the awareness among its employees of the difference between the marketing as operational things in performance of products and the introduce of the ethics in marketing and how each elements of marketing ethics is important in increasing competitiveness.

Through the analysis, it appeared that transparency in addition to citizenship were the variables which had no influence on competitiveness according to the Algerian managers, so, it is recommended that the

managers have to create a spirit of openness in the practice of marketing and have also to fulfill societal responsibilities and protect the environment in order to reach a higher level of competitiveness. Also, it's recommended that the model could be used in future researches.

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Marketing Ethics and Competitiveness: an Empirical Study of Small and Medium Sized Enterprises (SMEs) in Algeria

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