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The Manager's Dilemma: Role Conflict in Marketing

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Norris Brisco, Melvin Copeland, Henry Erdman, Benjamin Hibbard, George Hotchkiss, Leverett Lyon, Stanley Resor, Clarence Saunders, Harry Tosdal, Roland Vaile: Who are these people? They are great men in the history of marketing, according to Wright and Dinsdale (1974). They are marketing heroes. But riot society's heroes. Rather than hero, the marketing man is usually a villain in novels; he is the butt of jokes; and respondents to surveys think poorly of him.

Why does society reward the marketing manager well, yet scorn him? This paper argues that marketing managers are generally good people who do the dirty work for organizations. Furthermore, this dirty work is not necessary.

The organization's definition of the role of the marketing manager conflicts with that definition of the role which best meets the needs of society. As a result, a person who performs well in this role of marketing manager often harms society; a conflict exists between "excellence in marketing" and the "needs of society."

This paper first examines the reasons for role conflict. Next it discusses how people behave in the face of such conflict, and how this behavior is translated into marketing strategies. Finally, suggestions are made for dealing with the conflict.

Reasons for Conflict

The free market is acclaimed as the economic cornerstone of American society; it is tied to the ideals of freedom and individual choice. Marketing managers make public statements about the value of a free market, claiming that it provides the fairest and best solution to the economic problems of the United States.

There are four conditions that appear to be important to the effectiveness of a free market. These include:

1. Free entry of producers,
2. No collusion among producers,
3. Useful information for consumers, and
4. Free choice by consumers.

The economic needs of a society can be met more efficiently when improvements are made in each of these four areas.[1]

Ideally, the free market identifies needs of consumers and helps to meet these needs in an efficient manner.

Because the marketing manager is the intermediary between the producer and the consumer, it would seem that his role should be designed to contribute to the operation of the free market, i.e., to promote free entry, to avoid collusion, to provide useful information, and to ensure free choice by consumers.

[1] Theoretical situations can be constructed where progress along these dimensions would reduce economic efficiency (Lipsey and Lancaster, 1956-57); however, I am unaware of evidence indicating that such situations are likely to occur.

The current role of the marketing manager encourages behavior that is quite different from that which helps the free market. It serves only one of the interest groups in the firm – the stockholder. The marketing manager, as an agent of the stockholders, often maximizes profits at the expense of the other interest groups. Furthermore, this role serves only a small group in society; two-thirds of the privately held corporate stock in the U.S. is owned by one percent of adults (Lampman, 1962).

What happens to the marketing manager who takes this stockholder role seriously and strives for excellence? He is rewarded for actions that *reduce* the effectiveness of the free market. He is more successful when he is able to restrict entry of new producers, to collude with producers, to interfere with the flow of useful information to consumers, and to restrict choice by consumers.[2]

Some people argue that when each marketing manager tries to interfere with the free market, the result is a more efficient free market. Therefore, there would be no conflict. The evidence for such a viewpoint is lacking.

This paper argues for the obvious. What seems to be a conflict is a conflict. The conflict is obvious to most educators and executives: in a survey by Barksdale and Darden (1971), 50 percent of the executives and 60 percent of the educators agreed, "Managers today feel under pressure to compromise personal standards to achieve company goals."

Behavior in Conflict Situations

What behavior would one expect of people who are in a position of conflict as described above? Ehrlich, Rinehard, and Howell (1962) suggested a simple way to predict the outcome: A person acts according to the expectations of him held by an audience that he regards as significant. Presumably, the marketing manager would act as expected by his bosses and peers.

Judging from Milgram (1974) the expectations of "bosses" seem to be of particular importance. Subjects in these studies harmed others when commanded to do so by authority. They recognized the conflict between their conscience and the demands by authority; and they were emotionally affected by the conflict. However, they showed a high level of obedience.

In a study more closely related to marketing management, Armstrong (1977) asked subjects to play the roles of board members in a conflict situation. The situation involved a drug that was profitable, but had serious side effects, such as death. Substitute drugs, available from other companies, provided the same benefits but were harmless. None of the 47 groups which participated in the role playing removed the drug from the market. Furthermore, 74 percent of the groups tried to block government attempts to force the drug off the market. This decision was rated as socially irresponsible by 97 percent of the respondents to a questionnaire.

- Role conflict might be tolerated in small businesses where the owner-manager deals directly with the consumer. However, some characteristics of marketing in large organizations lead to a dangerous situation. Among these characteristics are:
- The harm to consumers is not highly visible.
- The marketing manager cannot easily eliminate the inequities.
- There are long delays in correcting problems.
- The firm is publicly committed to its actions.

[2] Some marketing managers do not live up to their role; they try to maximize their own welfare rather than to maximize profits. This simply compounds the negative effect on society.

Given the above conditions, research in social psychology provides evidence on what to expect. When the harm is distant and impersonal, subjects may be expected to show almost complete obedience to authority. This was supported by the Milgram (1974) study – when the harm to others was indicated solely by the markings on an electrical shock apparatus, almost none of the subjects refused to administer the most extreme level of shocks.

The studies reviewed by Berscheid, Boye, and Walster (1968) suggest that if a person was publicly committed to a harmful act, if it were difficult to restore equity, and if there were long time delays, then he would try to restore psychological equity by justifying the victims' suffering. For a marketing manager this justification could take many forms. For example, harmful acts might be justified in terms of "all the good the system brings." Alternatively, the manager might lower his opinion of the victim by saying: "The consumer doesn't know what's good for him" or "The consumer uses the product improperly." Still another way the manager might restore equity is to do good in areas other than those related to his job (Carlsmith and Gross, 1969). For example, he could reduce guilt by contributing to charitable organizations.

According to Lerner (1971), the more suffering that a victim goes through for the benefit of a person, the lower that person will rate the victim. This suggests that knowledge of the suffering of consumers may cause the manager to think less of the consumer, which, in turn, may result in continued harm.

These findings from social psychology suggest that the marketing system is not self-correcting. Role conflict may be expected to lead to serious harm, and the harm is expected to increase as bureaucracies grow. Note that is not the free market which has failed; rather, the premeditated departures from the free market are the major source of the problems. Pressure for these departures comes not from outside the market system, but from within. As Walt Kelly's Pogo once noted, "We have met the enemy and they is us."

Marketing Strategies: The Ox and The Fox

Before examining solutions to role conflict in marketing, it is useful to examine the strategies for excellence that are used by marketing managers under conflict. These may be referred to as the strategies of the Ox and the Fox. They are "extreme" strategies: not all marketing managers use them, but they are rational alternatives for those who believe that their role is to serve only stockholders.

The Ox

The Ox attempts to increase profits regardless of society's rules and regulations. He accepts the role prescribed by the firm, the yoke, and proceeds directly toward the firm's goal. He is willing to break the law when there is an advantage in doing so. He would be willing to violate the law to restrict entry of other sellers, as in the case of Standard Oil, which lowered prices in certain areas to drive other producers into bankruptcy (Tarbell, 1904); to interfere with the flow of useful information, as in Chemie Gruenthal's actions in the thalidomide case (Sjostrom and Nilsson, 1972); or to restrict choice by consumers, as in the attempt by automobile manufacturers to prevent the introduction of antipollution devices on automobiles (Mintz and Cohen, 1971, chapter 8). The strategy further is illustrated by the electrical conspiracy case of 1960, where GE, Westinghouse, and 27 other firms fixed prices. Judge Ganey, at the time of sentencing the marketing executives, said, "... I am convinced that in the great number of these defendants' cases, they were torn between conscience and approved corporate policy..." (Brooks, 1969, p. 188).

The Ox believes that the violations of the law are for the benefit of society. F. F. Loock, president of Allen-Bradley Co. of Milwaukee, after he had pleaded guilty in the electrical price conspiracy case, said:

> No one attending the gatherings (in the electrical controls industry) was so stupid he didn't know they (the meetings) were in violation of the law. But it is the only way a business can be run. It is free enterprise. (*Wall Street Journal,* January 10, 1961, p. 10).

This feeling also arose in the price-fixing case of the American Radiator and Standard Sanitary Corporation (*Journal of Marketing,* October 1971, p. 78-79). The defendants considered themselves rather than the public to be the injured party.

Seldom has the Ox been prosecuted for violation of the law. Even when he is caught, the penalties have been small, implying a "boys will be boys" attitude. As a result, simple cost-benefit calculations support these actions in the interest of stockholders. The major problem faced by the Ox is that he cannot trust his fellow conspirators. For example, "cheating" on the collusive agreements was found in the 1960 electrical conspiracy case.

The Fox

Unlike the Ox, who is not concerned with enforcement of the law and the severity of penalties, the Fox is careful to operate within the letter of the law. Attempts are made to find loopholes in existing laws. If that does not work, he tries to change the law, using an argument such as the following:

> The free market is a wonderful concept. Unfortunately it sometimes leads to cutthroat competition and this is not only bad for business, but also bad for the consumer. In our particular situation (e.g., steel, automobiles, education, air travel, mail delivery, milk delivery, cutting hair, helping sick people) the consumer is not adequately protected by the market. We support Bill No. XXXX which is designed to help the consumer.

The Fox may also act to stop passage of laws designed to help the free market (e.g., antitrust; truth-in-advertising; truth-in-lending). If he is not successful in blocking the law, he is often successful in rewriting the law "for the benefit of his consumers."

One of the strategies of the Fox is to make the people believe that the Fox's business is not a business at all – it is a "sport," "a community of scholars," a "nonprofit endeavor," "a profession," "a humanitarian service," or a "necessity for national defense." This allows the industry to escape the free market laws.

Some of the more successful activities of the Fox include:

1. *Restricting entry of producers* – by the American Medical Association in limiting the number of doctors who may practice; by the Yellow Cab company in restricting the number of taxis available; and by the oil industry with its desire for import restrictions. The Texaco 1969 Nine Month Interim Report states, "... Texaco has made its position clear. The domestic producing industry cannot compete on an economic basis with the large-volume low-cost oil produced in many foreign areas. Import controls must therefore be retained." (For more on the oil industry, see Allvine and Patterson, 1972.)

2. *Collusion among producers* – by the baseball industry in their hiring of players; by the airline industry (Jordan, 1970); by the household moving industry (Fellmeth, 1970); and by the American Pharmaceutical Association (A.P.A.) For example, in the latter case, the APA mounted strong pressure and legal actions when Osco Drug violated collusive agreements that prohibited the advertisement of drug prices. (*Consumer Reports,* March 1972, pp. 134-140).

3. *Inadequate and misleading information* – by General Motors, who used an endorsement o their product by Catholic nuns. They were not really nuns, but a GM spokesman thought readers would realize this. This suggests that readers should *expect* the advertisement to contain lies. Survey results reported by Greyser and Diamond (1974) showed 96 percent of the executives felt that "advertisers should be forced to substantiate their claims"; however, Woodside's review (1977) indicated that only a small percentage of advertisers were willing or able to substantiate their specific claims.

4. *Forced choice by consumers* – by the aerospace industry; by education; by the merchant marine; and by the military. People are forced to pay for these services even though they may not desire to have them. Also there is a restriction of choice because many products and services are made illegal (e.g., gambling, marijuana, prostitution).

Some Possible Solutions

How can the strategies of the Ox and the Fox be countered? This section describes some of the more promising solutions. Ox stoppers are considered first. Methods are then suggested for reorienting the Fox.

Ox Stoppers

The basic method of stopping the Ox is to apply punishment. For example, the marketing manager could be held personally responsible for malpractice; injured parties could then take legal action against the manager as well as against the company; in addition, managers should be prohibited from buying malpractice insurance at company expense. Consumer victims should be able to retaliate in a swift and effective way. Judging from Berscheid, Boye, and Walster (1968), such retaliation would also lead the manager to have a higher opinion of the consumer.

Another suggestion is to make the firm responsible for the performance of its products. The legal system has been moving in this direction. Of particular note, "privity" no longer provides a viable defense for the producer; that is, the producer cannot avoid responsibility because he did not sell directly to the injured party. (This is true for all but eight states in the U.S. [Prosser, 1974 p. 655].) Also, producers cannot rely upon "negligence" as a defense; it is no longer enough to say that "he tried his best" and is therefore free of blame. The trend is toward holding the firm responsible for insuring that its products and services perform satisfactorily. The philosophy of these "strict products liability laws" is that the loss should be borne by the party best able to pay. The only prerequisites are that the product must be defective, the defect must have arisen before the product left the control of the manufacturer, and the defect must be related to the harm that was caused (Goebel, 1974, pp. 435-436).

Class-action suits could provide an effective way to hold the producer accountable if the cost of a lawsuit would be prohibitive for an individual consumer. There is some interest in legislation that would make class action suits effective. Historically, however, they have not been effective for marketing problems (Rheingold [1971, p. 171] was not aware of any successful national class action suits in products liability.) The future looks more promising for class action (*Consumer Reports*, 1975).

The punishment philosophy would benefit from greater vigilance by people within an organization. They should be concerned about stopping illegal and unethical activities. The marketing manager is in an especially good position to observe illegal and unethical activities. If such an action is observed by the manager, he or she could try to remedy the situation within the firm. If that fails, he/she could publicly "blow the whistle." The impact of the whistle-blower is surprisingly powerful. Some examples include:

- Jacqueline Verret, a biochemist with the Food and Drug Administration, who angered her superiors by appearing on television to warn that cyclamates might cause birth defects.
- John Gofman and Arthur Tamplin, scientists employed at an Atomic Energy Commission laboratory, who charged that existing radiation standards cause thousands of needless deaths.
- William I. Steiglitz, who resigned as engineering consultant to the National Traffic Safety Agency because he considered safety standards inadequate.
- Ernest Fitzgerald, who lost his job as an Air Force efficiency expert after he disclosed cost overruns on the C-5A jet transport to a Senate Committee.
- Ralph Stein, a former Army intelligence specialist who reported on the extent of Army surveillance of civilians.

- Edward A. Gregory, a General Motors inspector who complained about faulty exhaust systems in Chevrolets.

These cases all led to changes which were beneficial to society. (Descriptions of these and other examples can be found in Nader, Petkas, and Blackwell, 1972; and Heilbroner et al, 1972.)

Unfortunately, the fact that many people may be exposed to unethical activities within an organization does not seem to increase the likelihood that someone will take action. According to studies by Latane and Darley (1970), action is more likely when it is observed by a single individual than when observed by many. The presence of others reduces the likelihood that someone will do something – possibly because people feel less responsibility. Thus, unethical actions seem more likely to persist in large organizations.

When whistle-blowing does occur in large organizations, it generally causes hardship for the whistle-blower. One reason is that the unethical activity is often sanctioned by the boss. According to Baumhart's (1968) survey of executives, the boss's behavior was felt to be the most important cause of unethical decisions within the firm.

An example of what may happen to the whistle-blower is provided by the case of Henry Durham, a former executive for Lockheed. For years, he attempted to resolve a number of management irregularities associated with the production of the C-5A aircraft. At first he worked within the company to resolve the problems. However, it was not until the futility of this effort was obvious, that he took the matter to a U.S. Senator. This action invoked the wrath of his company, his church, and his town (Knoll, 1972).

The office of "ombudsman" might help to protect the whistle-blower. The ombudsman represents all interest groups. He is *outside the formal organization* and does not report to the president nor to the board o directors. He works on a fixed-term contract and his contract derives its power from the joint consent of all interest groups. The position of "ombudsman" has, unfortunately, been inappropriately used to apply to an "assistant-to-the-president" in the public-relations efforts of some firms (e.g., Chrysler corporation). A truly independent ombudsman would be in a position to follow up unlawful or unethical actions by a firm. He would also be able to shield the identity of his sources.

Independent watchdog organizations, such as the Council on Economic Priorities, Consumers Union, and the Nader organizations, are also helpful. Along with independent journalists, they publicize irresponsible actions by firms.

Finally, antitrust legislation and enforcement have been important in blocking efforts by the Ox to collude or to restrict entry. Antitrust has significantly increased the cost of such activities in the U.S.

An alternative to punishment has been to control or to regulate marketing activities. With few exceptions (perhaps food, drugs, and automobiles), regulation is unlikely to provide a viable solution. It is difficult to develop and enforce standards for producers. The claim is made that expert advice is needed; the industry provides the experts; and, in time, the industry sets the standards. What starts as control often results in another form of collusion. In my opinion, regulation is an ineffective way to stop the Ox. The average citizen, however, has confidence in regulation (see surveys from Opinion Research Corporation reported in *Business Week*, June 17, 1972, pp. 100-103).

Reorienting the Fox

Although society has tried to stop the Ox with punishment, it cannot use this method on the Fox, who operates within the law. To stop the Fox, it helps to reorient his objective rather than to use punishment. With this strategy, the role of the marketing manager is changed.

The role of the manager was the subject of much discussion in the early 1930s – e.g., see the exchange between Berle (1931; 1932) and Dodd (1932; 1935). Berle claimed that the manager is and should be held responsible only to the stockholder. Dodd, on the other hand, suggested that the law should return to the concept that the manager is responsible to all of the stakeholders in the firm. Berle (1969) has conceded that Dodd won the argument, and that perhaps managers should be expected to follow the stakeholder role.

Under the stakeholder role, there would be no incentive for the marketing manager to use the strategy of the Fox because his role would conform to society's interests. He would desire to avoid collusion, to promote the entry of new firms, to provide good information to consumers, and to allow for free choice by consumers.

Although there has been little progress toward the stakeholder role since the 1930s (Blumberg, 1970), there has been a recent revival of interest. For example, the Project on Corporate Responsibility proposed that representatives of various interest groups be placed on the board of directors of General Motors. Although this proposal lost by a substantial margin, it did attract interest among the public. In 1972, the Banking Committee of the U.S. House of Representatives examined the possibility of "legally mandated standards for effective representation on corporate boards of stockholder, consumer, general public, and other interests" (*Wall Street Journal,* January 3, 1972, p.4).

A related proposal for changing the role of the marketing manager is that firms develop a system for "social accounting." This involves measurement of the impact of the firm not only upon stockholders but also upon other stakeholders in the firm. Social accounting would focus attention on the non-financial goals of the firm.

Methods for changing the manager's role to the stakeholder orientation, and for introducing social accounting, were examined in Armstrong (1977). Although neither one of these methods alone had impact, together they had a strong impact on decision-making. The frequency of socially irresponsible decisions was reduced substantially.

Conclusions

Studies in social psychology suggest that the role of the marketing manager causes good people to act in ways that are harmful to society. This is especially true for large organizations. These studies provide little hope that one could educate marketing managers to be socially responsible. These individuals already recognize the conflict; they view themselves as good people; but they are obedient to their role as defined by their primary reference group.

Role conflict manifests itself in two ways. One is the strategy of the Ox, who violates society's laws to achieve the firm's objectives; the solutions to this problem focus on punishment. The second strategy is that of the Fox, who asks society to pass laws beneficial to the firm; in this case, the solutions center on changing the objectives of the firm. In particular, the adoption of the stakeholder role would serve to reduce role conflict for the marketing manager.

A change to the stakeholder role seems remote at this time. Meanwhile, the advice of Harold Laski (1929) is relevant:

> ...Our business, if we desire to live a life not utterly devoid of meaning and significance, is to accept nothing which contradicts our basic experience merely because it comes to us from tradition of convention or authority.

That is advice that may help to lose jobs and create heroes – society's heroes, not marketing heroes.

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