

Unethical Marketing Tactics of Manufacturers: An Investigation of Corporate Social Responsibility and Legal Responses to Death & Mayhem

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Every business faces ethical decisions and dilemmas as part of their daily operations. Managers must decide what level of corporate social responsibility to uphold, while maintaining profits. Corporate social responsibility (CSR) should begin with promoting well-being; decision-making strategies can produce profits without endangering the welfare of a business's customer base. This article examines the CSR and unethical marketing strategies pursued by Juul Labs, Remington Arms, Johnson & Johnson and RJ Reynolds corporation and the legal responses—or lack thereof—by courts and legislatures to the resulting harm and death to their customers. An overview of pertinent laws, court decisions and settlements are provided. Techniques for incorporating CSR into every campaign, as well as managerial tactics for handling ethical dilemmas are offered. A thorough discussion for small businesses owners regarding CSR, ethical marketing strategies and how to move forward to make a positive impact for change is presented.

Keywords: unethical marketing tactics, unethical corporate conduct, corporate social responsibility, gun laws, Johnson & Johnson lawsuit, Remington Arms lawsuit, Juul Labs, Juul Labs settlement, NRA, national rifle association, federal gun control laws, vaping companies, Protection of Lawful Commerce in Arms Act, RJ Reynolds, Joe Camel Cool, CSR pyramid, CSR, ethics, corporate ethics, deceptive marketing, ethical dilemma

INTRODUCTION

In 2012, 26 people were killed in a mass shooting at Sandy Hook Elementary School in Connecticut, 20 of them were first graders. The shooter used a Bushmaster XM15 assault weapon, manufactured by Remington Arms. In February of 2022, the families of nine of the 20 first-grade victims settled a lawsuit for \$73 million against the maker of the AR-15-style rifle—believed to be the largest payout against a gun manufacturer in this country (Rojas, Zraick, Closson, 2022). The families pursued the lawsuits in hope of “forcing change” in the gun laws of this country (Rojas, Zraick, Closson, 2022). Federal gun control laws have been around since 1934 but most of these gun control efforts failed; instead, Congress has been intent on granting federal immunity for gunmakers. Nevertheless, the outcome of this case illustrates that plaintiffs can break through the federal shield, with unethical and illegal marketing tactics in the crosshairs.

Similar civil lawsuits focused on personal injury or wrongful death claims against manufacturers of commonly used products in the U.S. has drawn scrutiny in recent years. Juul Labs began selling its e-

cigarettes in 2015 with rapid growth of its products commencing in 2017. By mid-2019, vaping-related lung injuries and deaths spread across the country. As of January 2023, 5,281 Juul lawsuits had been filed and a California judge approved a \$255 million settlement in a class-action lawsuit against the company for deceptive marketing practices (Turner, 2023) and in April 2023, Juul reached another large settlement, \$462 million, with the Attorney Generals of New York, California, and several other states (Jewett, Creswell, 2023).

As of March 2020, Johnson & Johnson faced over 20,000 lawsuits related to its talc-based baby powder, marketed to women since the 1950s for feminine hygiene (BCPP, 2023). In June 2021, a Missouri court upheld an order for J&J to pay \$2.2 billion to 22 women who contracted ovarian cancer after using J&J talc-based products. The Court stated that the company's decision not to warn people that the product could be contaminated with asbestos was driven by "evil motive or reckless indifference" (Robert Ingham vs. Johnson & Johnson, 2020). With over 40,000 pending lawsuits and trillions of dollars in civil penalty claims and settlements, J&J announced it would discontinue selling its talc-based baby powder globally, yet continues to deny any wrongdoing (BCPP, 2023). In response, J&J learned the "Texas Two Step," separating its liabilities from its assets and declaring bankruptcy for the new company with all the liabilities. As of 2023, however, a Court has put a halt to J&J taking the dance floor with that strategy (Orbach, 2023) and then, in April 2023, while continuing to dismiss the claims of causation, J&J gree to pay \$8.9 billion to settle pending claims of wrongdoing (Constantino, 2023).

Profit seems to blind corporations to harm and death of its customers. The tobacco industry is king in this realm. Cigarette smoking causes one of every five deaths in the United States each year and is estimated to cause more than 480,000 deaths annually, including deaths from secondhand smoke (CDC, 2023). Nevertheless, RJ Reynolds knows the value of capturing its market early as illustrated with its Joe Camel marketing campaign aimed at children as young as six years old and focused on teens (Fisher, Meyer, Schwartz, et. al., 1991). The campaign, however, came to a close in 1997 when the FTC stated that the Joe Camel campaign violated the Federal Trade Commission Act that prohibits "unfair or deceptive acts or practices in or affecting commerce" (FTC, 1997). RJ Reynolds and other tobacco companies paid a \$368 billion settlement to states seeking payment for smoking-related illnesses and deaths (FTC, 1997).

This article will survey the marketing tactics described above and illustrate how unethical decisions in marketing and corporate strategic thinking not only bring tragic results to individual stakeholders—namely customers—but to the organizations themselves from legal ramifications and reputational ruin. An overview of pertinent laws, court decisions and settlements will provide a context for suggestions for "forcing change," as the parents of the Sandy Hook Elementary School first grade victims claimed as the real victory from their settlement.

THE NATIONAL RIFLE ASSOCIATION, GUN MANUFACTURERS, FEDERAL LAWS

Debate over the systemic gun violence in the United States rages on with proponents for tougher gun regulations pointing to a law passed in 2005 by Congress that bars civil suits against gun manufacturers and the alliance between the National Rifle Association (NRA) and gun manufacturers (MacBride, 2018). In 1999, in the case *Hamilton v Accu-Tek*, a Brooklyn jury awarded monetary damages to families of gun violence victims based on the claim that several gun manufacturers, whose guns had been used in the shootings, were negligent in their marketing and distribution practices (*Hamilton v Accu-Tek*, 1999). The NRA responded by setting enactment of federal liability protection for the gun industry as its top legislative priority (MacBride, 2018). In 2005, President George Bush signed the Protection of Lawful Commerce in Arms Act (PLCAA) which bars civil suits against the gun industry (PLCAA, 2005). President Bush stated that the PLCAA was critical because "our laws should punish criminals who use guns to commit crimes, not law-abiding manufacturers of lawful products" (MacBride, 2018). The National Rifle Association proclaimed that the law was vital to protect the industry from being bankrupted by huge jury awards. After this law was passed, more than 20 pending lawsuits by local governments against the industry were dismissed (MacBride, 2018).

In 2016, the NRA raised nearly \$ 338 million dollars of which half came from donations, grants, and media operations (Brunson, 2020). In fact, a substantial portion of the 2016 NRA funds were not raised from gun owners, but rather from gun manufacturers. A recent study clarified that a significant portion of annual donations to the NRA come from their ‘corporate industry’ gun partners, including Beretta USA, Sturm, Ruger & Co., Remington Outdoor Company, Smith & Wesson, Beretta USA, Springfield Armory, Midway USA and Brownells (VPC, 2023). This tight link between the NRA and their gun partners is readily displayed during photographed events where gun manufacturer donors are pictures wearing their NRA honorary Golden Ring of Freedom sports jackets awarded to donors of at least \$1 million dollars or more (VPC, 2023).

Bushmaster Ar-17 Rifles, Video Games and Young Males: Sandy Hook Elementary School Families vs. Remington Outdoor & Bushmaster Firearms International LLC

The passage of the PLCAA in 2005 unleashed a torrent of unethical marketing practices from gun manufacturers. Remington Outdoor, the manufacturer of the Bushmaster AR-15 style rifle used in the murder of 26 people at Sandy Hook Elementary School in 2013, teamed up with video game makers to target at-risk youth and impressionable, young males. Following the 2013 Sandy Hook shootings, parents of the murdered children fought for laws that would require background checks for gun purchases—all were rejected in Congress. In search for alternative manners to fight back against the manufacturers of weapons, such as the AR-15 style rifle that fired 154 rounds in less than five minutes killing 20 children, the attorney for the parents looked for small exemptions in the 2005 law. One exemption was found based on how the gun was marketed. The Connecticut Unfair Trade Practices Act (CUTPA) allows legal action against companies that engage in irresponsible marketing of their products (CUTPA, 2023). CUTPA, initially adopted in 1973 and subsequently modified by the state legislature, prohibits unfair and deceptive acts; it is most commonly used as a private right of action as it was in the Sandy Hook case against Remington. Unfair or deceptive acts do not need to be explicitly prohibited in CUPTA for a person to bring action against a company. This was the loophole that the attorney for the Sandy Hook families found which forced the company into a settlement.

The attorney for the families of the murdered Sandy Hook children alleged Remington Outdoor Company engaged in marketing tactics that went “beyond the pale—immoral, unethical” (Rojas, Zraick, Closson, 2022). Specifically, Remington targeted young men, especially those engaged in playing video games such as “Call of Duty,” with ads that simulated the feeling of combat. The simulated gun in “Call of Duty” was Remington’s Bushmaster ACR (Adaptive Combat Rifle). Remington Arms licensed the AR-15 style gun for the video game as part of its marketing plan. The attorney stressed that the settlement between the parents of the Sandy Hook victims and Remington was about “corporate misconduct,” not politics (Rojas, Zraick, Closson, 2022).

New York enacted a similar law to that of Connecticut in 2021 (New York Deceptive Trade Practices Act, 2021). Family survivors of victims of a Buffalo, New York mass shooting in 2022 contacted the attorney for the Sandy Hook victims, looking to that settlement as precedent for their New York lawsuit based on marketing tactics. The Buffalo shooter used a similar gun, and was also a young male similar to the Sandy Hook shooter. The hope is to plea to Congress that change is needed.

Congressional Inaction; Supreme Court’s Controversial Bruen Decision

In June 2022, the House of Representatives passed the “Assault Weapons Ban Act of 2022” bill that aims to undo the harm of the 2005 law. The bill, however, did not proceed through the Senate. Instead, in 2022, the Supreme Court weighed in with a landmark decision on the Second Amendment that caused turmoil in the courts, dividing judges and causing confusion on any firearms restrictions that remain in the country (Richer, Whitehurst, 2023). In the *New York State Rifle & Pistol Association, Inc. v Bruen* decision, the majority of the Court ruled that a 1911 New York State law requiring applicants for a concealed-carry pistol was unconstitutional because carrying a pistol in public is a constitutional right under the Second Amendment (NYSRPA v Bruen, 2022).

Under the Supreme Court's new test, any law that wants to impose gun restrictions must show that the law is "consistent with the country's historical tradition of firearm regulation" (NYSRPA v Bruen, 2022). Perplexity and chaos have resulted as some judges upheld laws banning people from owning guns when indicted for felonies or when convicted as domestic abusers while others have not (Richer, Whitehurst, 2023). Judges uncovered laws that ban ownership of guns with serial numbers removed or ban the possession of homemade "ghost guns" as unconstitutional (Richer, Whitehurst, 2023). Gun control groups are alarmed; various judges concluded that the Court "failed to point to a precursor from early American history that is comparable enough to the modern law" (Richer, Whitehurst, 2023). As mass shootings rage and deaths mount, deceptive marketing practices provide the only target for stopping gun proliferation at this point in time.

JUUL LABS, E-CIGARETTES, DECEPTIVE MARKETING PRACTICES

Juul Labs, the manufacturer of e-cigarettes, is a company that followed suit with Remington's sketchy marketing tactics to target products towards youth and teen demographics. Since 2005, Juul has been selling a popular vaping device, also referred to as the iPhone of cigarettes, that helped elicit "an epidemic" of juvenile vaping (Kaplan, 2021). The vaping company was sued by the Massachusetts attorney general who accused the company of marketing vaping devices to young, non-smoking kids (Kaplan, 2021). Other Attorneys General followed suit, including New York, New Mexico, Colorado, California, the District of Columbia, and Illinois. These state Attorneys General alleged that senior executives at Juul supported and tactically utilized marketing efforts designed to lure teenagers into purchasing their "cool" vaping devices, thus fueling the adolescent vaping crisis in America (Jewett & Creswell, 2023).

At inception, the company purportedly purchased ad space on various kid-focused websites, such as Cartoon Network, Nickelodeon, games2girls.com, hellokids.com, allfreekidscrafts.com, socialstudiesforkids.com, coolmath.com, Seventeen Magazine and other educational sites targeting middle school and high school aged children (Kaplan, 2021). Numerous Attorneys General charged Juul with deliberately generating ad campaigns that appealed to young consumers by featuring beautiful models in suggestive poses (Kaplan, 2021). Furthermore, investigations against Juul uncovered evidence that Juul strategically and preemptively targeting their ad campaign away from older consumers, instead opting for young children middle school age, high school and college age demographics (Jewett & Creswell, 2023; Kaplan, 2021). To date, the company has paid out nearly \$3 billion dollars in settlement and lawsuit costs, while still seeking regulatory approval for their products (Jewett & Creswell, 2023).

A recent settlement of \$ 462 million between California, New York and other states demonstrated evidence that Juul's intentional adolescent marketing of e-cigarettes purposely failed to warn young consumers of high levels of additive nicotine found in their products (Jewett & Creswell, 2023). In fact, the state of California contended that Juul intentionally failed to disclose the harmful, addictive ingredients in their products and instead opted to provide free samples at company hosted community events, such as "Nocturnal Wonderland" and "Movies All Night Slumber Party" (Jewett & Creswell, 2023). The company was found to embrace social media hashtags targeted towards youth as well, such as #LightsCameraVapor (Jewett & Creswell, 2023).

In addition to California, New York Attorney General asserted that Juul executives did little to address the vaping crisis among teens in the USA, instead propelling the adolescent vaping rate forward with their marketing efforts. For example, in the Hamptons-New York, Juul hosted fashionable parties that "falsely led consumers to believe that its vapes were safer than cigarettes and contained less nicotine" (Jewett & Creswell, 2023). These events were targeted at youth and Juul's failure to warn about safety propelled a nationwide health crisis by putting addictive products in the hands of minors who believed the products were safe (Jewett & Creswell, 2023). New York was awarded \$113 million from suit and was left trying to repair an entire generation of vapers addicted to nicotine (Creswell & Kaplan, 2021; Jewett & Creswell, 2023).

To date, over 47 states, territories and more than 5,000 people have reached settlement with Juul thus far with more cases coming (Jewett & Creswell, 2023). The company has faced mounting investigations,

subpoenas and lawsuits for their addictive products and played a vital role in the death of nearly 480,000 people in the USA yearly (Creswell & Kaplan, 2021). A recent study reveals that the latest data on Juul “adds to the compelling body of evidence that the viral uptake of Juul among youth was neither unanticipated nor unintentional as the company maintains, but rather is a result of a comprehensive and purposeful effort by the company to recruit underage users” (Kaplan, 2021). Growing evidence shows that high school students were drawn to the Juul ‘sleek’ device and flavored nicotine pods (Creswell & Kaplan, 2021). It was uncovered that the company refused to sign a “not to market to teens” pledge as part of their lawsuit settlement. In fact, it was only after the FDA (Food and Drug Administration) required the nicotine warning label that Juul complied and added the warning box on their product packaging (Creswell & Kaplan, 2021).

From 2016 to 2018, the amount of non-smoking adult who began vaping doubled in the USA, with 25% or 1 in 4 high schoolers using e-cigarette products daily and 1 in 10 middle schoolers vaping regularly (Creswell & Kaplan, 2021). Unfortunately, nicotine is a highly addictive substance that impedes brain development and is a key ingredient for Juul and other e-cigarette companies. It is unfortunate that companies, such as Juul Labs, R.J. Reynolds and Remington, are able to stay in business and even profit from their unethical practices, harmful products and blatant greed.

JOHNSON & JOHNSON TALCOM POWDER, ASBESTOS, OVARIAN CANCER AND FRAUD

Johnson & Johnson (J&J) began marketing talcum-based baby powder in the early 1900’s to women for the use in feminine hygiene and for babies. J&J developed the baby powder brand by appealing to women through multimedia advertisements until the average annual revenue from the sale of its talcum powder exceeded \$300 million. The company finally pulled the product from North America in 2020, switching to a corn-starch-based product (Bendix, Wile, 2023). As early as the 1970s, researchers found a risk of using talc powder to the development of ovarian cancer (Bendix, Wile, 2023). J&J company memos, internal reports, confidential documents, and trial testimonies indicate that the company knew its talcum powder was contaminated with small amounts of asbestos as early as the 1970s (Girion, 2018).

Talc is found in the same places on earth as asbestos and the contamination is believed to come when the talc is mined (Zuckerman, Seymour, 2023). Nevertheless, and despite facing more than 38,000 thousand lawsuits against it from women alleging that the talc caused their ovarian cancer, J&J continues to insist on the safety and purity of its talcum powder (Girion, 2018). In a landmark verdict in 2021, 22 Missouri women won a \$2.1 billion lawsuit claiming that the company knew its product caused cancer; J&J appealed to the Supreme Court which let the decision stand (Hurley, 2021).

J&J’s Try at the Texas Two-Step and Bankruptcy Evasion of Lawsuits

Not to be sidetracked from its record-profits by tens of thousands of deaths and lawsuits, J&J learned to dance the Texas Two-Step to avoid its corporate liability. Johnson & Johnson Consumer, Inc., a wholly owned subsidiary of J&J, reacted to the mounting litigation costs through a series of intercompany transactions under Texas state law, and split into two new entities: LTL, holding all of the original J&J Inc’s liabilities relating to the talc litigation, and then J&J Consumer Inc., holding all of the productive business assets held by the original J&J Inc (Orbach, 2023). J&J’s motive was to isolate the talc liabilities in a new subsidiary that would file for Chapter 11 bankruptcy and thus not subject the profitable J&J Inc’s entire operating enterprise to bankruptcy proceedings (Orbach, 2023).

Not so fast, said the Third Circuit of Appeals. In January of 2023, the Third Circuit dismissed the bankruptcy filing by J&J’s subsidiary LTL Management and held that LTL did not file the bankruptcy case in good faith and therefore was ineligible for bankruptcy relief (LTL Management, 2023). The Third Circuit concluded that “a debtor who does not suffer from financial distress cannot demonstrate its Chapter 11 petition serves a valid bankruptcy purpose supporting good faith...[g]ood faith necessarily requires some degree of financial distress on the part of a debtor” (LTL Management, 2023). “[A]bsent financial distress, there is no reason for Chapter 11 and no valid bankruptcy purpose” (LTL Management, 2023). One of the

lead attorneys representing plaintiffs in the lawsuits said the Third Circuit's ruling "is another step toward ending J&J's attempted abuse of the bankruptcy system" (Knaugh, 2023).

J&J, however, is not to be stopped. In late March 2023, the company asked that the ruling from the Third Circuit not take effect so that it could appeal to the Supreme Court (Knaugh, 2023). The judge overseeing LTL's bankruptcy case has indicated that he would allow the talc lawsuits to resume once the Circuit Court issues a formal mandate of its January decision (Knaugh, 2023). In April 2023, while continuing to dismiss the claims of causation, J&J agreed to pay \$8.9 billion to settle pending claims of wrongdoing (Constantino, 2023). The Vice President of Worldwide Litigation, Erick Haas, said that J&J "continues to believe these claims are specious and lack scientific merit" (Constantino, 2023). The subsidiary created for that famous Texas Two-Step, LTL Management, refiled for Chapter 11 bankruptcy after its first attempt was thwarted (Constantino, 2023). Women died while the wheels of justice and the priority of profits roll on.

RJ REYNOLDS, JOE CAMEL, AND THE FTC

RJ Reynold's, the company who initiated the Joe Cool Camel cigarette campaign, was charged with violating federal law, specifically the civil racketeering laws (Federal Trade Commission, 1997; www.tobaccofreekids.org). The Federal Trade Commission (FTC) claimed that the Joe Camel campaign caused substantial injury to the safety and health of children under the age of 18 (1997). Specifically, the company was accused of launching a cartoon character campaign that directly appealed to minors, and encouraged children and adolescents to smoke, thus causing potential injury to their health (Federal Trade Commission, 1997). RJ Reynolds was culpable of promoting hazardous, addictive and dangerous products via a cartoon character called Joe Camel Cool. The campaign postured smoking as "cool", hip, rebellious, adventurous and attractive; especially enticing minors too young to smoke, to purchase cigarette products or to understand the hazards associated with tobacco use.

As a result of the Joe Camel campaign, data revealed that individuals under the age of 18 not only preferred the Camel brand, but also were out-smoking their adult counterparts by usage percentage (FTC, 1997). R.J. Reynolds was charged with shepherding "one of the most effective advertising campaigns in decades. Joe Camel has become as recognizable to kids as Mickey Mouse. Yet the campaign promoted a product that causes serious injury, addiction and death" (FTC, 1997). Allegations in the case pointed to documents dating back to 1984 which exposed R.J. Reynolds as questing to attract younger smokers, specifically "first usual brand" smokers (FTC, 1997). By 1987, R.J. Reynold's disseminated ads featuring the "smooth", "Old Joe", "Cool Camel" cartoon figure (FTC, 2997). The campaign strategically positioned the Camel cigarette brand towards young, under-age smokers, thus inducing them to smoke (FTC, 1997). In a 2006 judgment, U.S. District Court Judge Gladys Kessler, asserted that the Defendants "advertisements often showed the cartoon character Joe Camel hanging out at bars, visiting casinos, riding motorcycles, or driving cars; Joe Camel was also portrayed as cool, rebellious and adventurous, all themes with great appeal to teenagers" (Tobacco free kids, 2023). RJ's antics further continued into 2002 and 2004, when a California judge, the California Attorney General and the California Court of Appeal charged R.J. Reynolds with violating their Master Settlement Agreement of 1998 (MSA). As a result, R.J. Reynolds paid more than \$ 17 million in penalties and agreed to stop advertising in magazines with sizeable teen readerships (Tobacco free kids, 2023).

Unfortunately, R.J. Reynolds continued to assault the youth with their unethical business practices and antics. In 2005, the company was pressured to end their "Drinks on Us" marketing campaign which gifted drink coasters to young adults celebrating their birthday. The state attorneys general and the distilled spirits council charged R.J. Reynolds with negligently encouraging excessive drinking of individuals aged 18 and older through their drink coaster slogans campaign. The company was mailing drink coasters with slogans saying things such as "Layer it on, go 'til daybreak," thus encouraged excessive and irresponsible drinking for young adults age 18 and older (Tobacco free kids, 2023). In addition to the above, in 2004 R.J. Reynolds signed additional settlements with attorney generals in 39 states agreeing to discontinue promoting candy, alcohol and fruit flavored cigarettes to the youth (Tobacco free kids, 2023).

Over the years, the company continues to be scrutinized. They were found guilty of racketeering in 2006, “having intentionally marketed to young adults under the age of 21 in order to recruit “replacement smokers” to ensure their economic future of the tobacco industry” (www.tobaccofreekids.org). Despite all the settlements and legal payouts, R.J. Reynolds maintains their marketing ploys with chronic attempts to utilize cartoons figures, and advertise their latest cigarette products (Camel Crush Cigarettes) in magazines with the highest teen readership (ages 12-17 years old). It seems to be a never-ending battle for the attorneys general as far as RJ Reynolds is concerned.

Although Remington, Juul Labs, and R.J. Reynolds sell different products, it is impossible not to appreciate the parallels between the companies marketing tactics. Each company strategically and deliberately utilized similar tactics to explicitly targeted young adults. Analogous to RJ Reynold’s marketing in high-teen readership magazines, Remington marketed to young males in advertising and product placements in violent video games. One of Remington’s ads featured the rifle against a plain background with the slogan “Consider Your Man Card Reissued” written above the gun (Collins, 2022). The Remington slogan is equally as intentional and offensive as RJ Reynolds’ drink coaster slogan “Layer it on, go ‘til daybreak” which encouraged 18-year-olds to drink excessively and irresponsibly (Collins, 2022; Tobacco free kids, 2023).

ETHICS, LAW AND CORPORATE SOCIAL RESPONSIBILITY CONCLUDING THOUGHTS

Every class on ethics and business will focus on social responsibility and how the license to operate a business activity must be regulated not only by legal parameters but also by the development of social conditions that allow for societal welfare and the common good to be achieved (Ferrell, Thorne, Ferrell, 2024). Consumer protection laws, legal responsibility, and corporate governance that focuses on accountability and oversight of a business’s activities must have a strategic focus that requires a formal commitment from a company to “do the right thing” by all its stakeholders, not only its investors (Ferrell, Thorne, Ferrell, 2024). Basic business ethics—those principles and values that guide group behavior in business operations—must be fashioned to protect the common good, not exploit it for profit.

Every business throughout the world faces ethical decisions and dilemmas as part of their daily operating reality. Managers muddle their way through opaque waters trying to decide which direction to go to maintain profits. Unfortunately, too many companies, such as Remington, R.J. Reynolds, Juul Labs and J&J, move in the wrong direction fixating solely on their economic responsibility and financial gain, while causing calamitous destruction to the stakeholders around them. In today’s world, profit alone is simply not enough to become a good corporate citizen and businesses are accountable for their disastrous actions.

With this in mind, corporations must be mindful of what is expected from a corporate responsibility perspective. According to Carroll’s CSR pyramid, “corporate social responsibility (CSR) encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time” (Carroll 1979, Carroll, 2016; Carroll, 1999; Carroll 1991). Society expects corporations to not only meet each level, but to exceed them as well. To explain further, at the lowest level of CSR (economic responsibility), society requires and expects corporations to sustain themselves by being profitable, while also incentivizing their business owners and shareholders to continue to invest in the business for viability reasons (Carroll, 2016). Society deems the economic responsibility imperative because it permits the corporation to employ community members, produce products that consumers want and to generate income for the nation’s economy. Companies such as RJ Reynolds, Juul Labs, Remington and J&J have successfully met their sanctioned economic CSR obligation which society expects, but failed to move above. Remember, in today’s hypercompetitive global environment, economic performance and sustainability are baseline requirement that must be met in a competitive business world, but the expectation is for corporations to go well beyond.

The next level or legal responsibility of CSR requires corporations to comply with regulations and fair business practices as established by lawmakers at federal, state and local levels (Carroll. 2016). Simply put, society expects corporations to conduct themselves as law-abiding corporate citizens fulfilling their legal obligations to stakeholders, while also providing goods and services that meet minimum legal requirements

(Carroll, 2016; Carroll, 1999). For example, when a federal or state law stipulates that a consumer must be 18 years or 21 years of age to purchase, the legal age requirement is clear. Thus, when a company, such as Juul Labs, Remington or RJ Reynolds, intentionally targets dangerous, addictive and harmful products via advertising to minors and children under the legal purchase age, the “essence” of the law itself has been desecrated. It is for this reason that society deems laws as essential, but not sufficient enough for corporations, thus requiring them to uphold the third and fourth level of CSR.

The third category of CSR or ethical responsibility, obligates corporations to uphold societal norms, values, beliefs, practices and standards not codified into law (Carroll, 2016). “Part of the ethical expectation is that businesses will be responsive to the “spirit” of the law, not just the letter of the law” and maintain ethical practices (Carroll, 2016). Ethical behavior and integrity go beyond compliance of laws, and instead reflect core beliefs, values and a willingness to honor what society, consumers, employees, shareholders and community members expect with regard to protection of individual moral rights (Carroll, 1991; Carroll, 2016). Simply put, society expects businesses to have integrity. Being a good corporate citizen requires companies to be moral, ethical and to go beyond mere compliance with laws and regulations (Carroll, 2016; Carroll, 1991). Good corporate citizenship demands that companies should not compromise ethical norms in order to achieve business goals. RJ Reynolds, Juul Labs, J&J and Remington clearly have not upheld these expectations.

A final desire and expectation by society for corporate citizenship is philanthropy. Communities not only expect, but want businesses to “give back”. Society stipulates a citizenry contract between business and their community expecting organizations to be ‘good’ corporate citizens just as individual community members are (Carroll, 2016). In order to satisfy the philanthropic level of CSR companies can do a variety of things, such as monetary donations, product or service donations, volunteering of employees and management time for community events, community project development and various other contribution to the community. These philanthropic contributions help solidify trust and a bond with community members, consumers and society. It is imperative to note that philanthropy was one of the most important and critical levels of CSR historically and continues to be today.

As stated above, the companies discussed throughout this paper have grossly underestimated corporate responsibility and its significance on future revenue, long-term sustainability of profits, and viability. In fact, a recent study states that nearly 50% of consumers stop buying products from companies they find unethical, while nearly 2/3 of consumers refuse to purchase products from companies with poor corporate values (Arnold, 2021; Pickard-Whitehead, 2020). Clearly it does not pay to be unethical. Small businesses today should learn from the mistakes that these companies have made. By watching the substantial payouts that companies, such as Juul Labs or Remington have paid, indicates that unethical business practices are not good for business. It is recommended that organizations establish ethical marketing practices and incorporate CSRs into every campaign. All advertising, social media and PR should be geared towards supporting CSR and establishing harmony for the brand. This could help prevent mishaps such as those that Juul Labs or RJ Reynolds had. As a result of mistakes such as these and to avoid these types of events, many companies are establishing new positions known as CSMO or Chief Sustainability Marketing Officer positions designed to bridge the gap between CSR, ethical marketing and the economic pressures of the company (Ahmed, 2020).

Other decision-making strategies that can assist small business owners and managers who may face ethical dilemmas at some point include: 1) creating clear-cut processes for decision making, 2) define the problem clearly and involve all levels of management, 3) create numerous alternatives and scrutinize each alternative weighing the cost and benefit to business and society, 4) research meticulously and evaluate solutions for negative consequences, 5) ensure your decision aligns with corporate ethical rules, processes, procedures, company values and corporate culture, 6) verify all applicable laws or regulations to ensure compliance, and 7) remember doing good is good for business and helps the bottom line (Ahmed, 2020). Companies should have an established code of conduct, code of ethics, strong corporate culture and strong values that support society. Lastly, companies should consider the fact that consumers today seek out and want to buy products and services from companies who do good (Arnold, 2021; Pickard-Whitehead, 2020). In this highly competitive global market today, it is not enough to just make a profit, companies are expected

to be legal, ethical and give back to society as well (Ahmed, 2020; Carroll, 2016, Carroll 1991; Carrol, 1979). Those who do not adhere to this model, end up in court.

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