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**Redefining Marketing:
Self-Interest, Altruism and Solidarity**

Allen Gottheil

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in
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of
Commerce and Administration

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ABSTRACT

Redefining Marketing: Self-Interest, Altruism and Solidarity

Allen Gottheil

Exchange is argued to be a flawed foundation upon which to build a definition of marketing. 'Homo economicus' is rejected, while altruism and solidarity are affirmed to be highly significant motivations in understanding and influencing the behaviour of target publics in certain nonbusiness marketing situations. Hence, a new definition of marketing based on behaviour change is proposed. Contemporary research on altruism and solidarity is reviewed. Some marketing issues are considered in a trade union context in order to illustrate how altruism, solidarity and a new definition of marketing may better describe, explain, predict and control relevant marketing phenomena.

*To my parents
who were the very first to prove to me
that the notion of 'Homo economicus' is flawed
and that altruism and solidarity
can genuinely motivate one's existence.*

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[1] INTRODUCTION

A quarter of a century ago, Philip Kotler and Sidney J. Levy suggested that the marketing concept could and should be broadened to apply to the activities of nonbusiness organizations. [Kotler and Levy 1969a] Today, marketing has been so widely embraced by the so-called nonprofit sector of the economy that marketing practitioners move just as easily between the nonprofit and for-profit sectors, as within each of them.

Coinciding with Kotler and Levy's initiative, and certainly somewhat because of it, the debate concerning how to precisely define marketing intensified. This in turn prompted renewed attempts to establish a theory of marketing.

Although it is impossible to speak of a consensus in the marketing community, there is no doubt that the concept of exchange is widely held to be the cornerstone of the study of marketing.

To speak of exchange in a marketing context inevitably brings to mind Richard P. Bagozzi's prolific writings on the subject. [Bagozzi 1974a, 1974b, 1975a, 1975b, 1976, 1977, 1978, 1979, 1985] He no doubt concurred with the Board of Directors of the American Marketing Association when, in March [1985], they approved the following definition of marketing:

“Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.”

[p. 1]

But the exchange framework as developed by Bagozzi, and essentially endorsed by Kotler and the AMA, has not been without its critics. [Blair 1977, Capon and Mauser 1982, Carman 1973, Carman 1980, Ferrell and Ferrell 1977, Ferrell and Perrachione 1980, Firat 1985a, O’Shaughnessy and Ryan 1979, Rados 1981]

Although we agree with much of the aforementioned criticism, we shall attempt to establish a further significant objection to the centrality of the exchange concept to marketing. We shall argue that implicit in the concept of exchange, as elaborated by Bagozzi, is the assumption of Man, the rational self-interested utility maximizer.

Now, if indeed the assumption of self-interested Man¹ is a valid one to make, most of the criticisms referred to above will still stand, but the practical implications for marketing practice may not be that far-reaching. However, if the assumption of

¹ When we write the ‘self-interested Man’ assumption, this is our shorthand for the assumption that Man is *solely* motivated by self-interest. The emphasis on *solely* is fundamental, for we would not deny that Man is often motivated by self-interest. The issue, which we shall examine in detail later, is whether, at times, Man is motivated by something other than self-interest.

self-interested Man is incomplete, which is certainly the case in our judgement, then the practical implications in many nonbusiness marketing situations may be extremely important.

Two closely related subjects that manifestly subvert the self-interested Man assumption will thus be examined in this paper. First, we shall look at some recent research and ideas on altruism and prosocial behaviour, particularly in the field of social psychology. Secondly, we shall survey some of the contemporary work on free-riding, solidarity, cooperation and social dilemmas in the fields of economics and political science.

Unfortunately, judging from what is published in mainstream marketing journals, the substantial work on altruism and free-riding that has been undertaken in our sister social sciences seems to have had little or no impact on marketing thought. Indeed, if this thesis merely stimulates an interest in contemplating the relevance of these two issues to marketing, we will consider that we have at least partially accomplished our goal.

Despite the preceding modest ambition, we shall try to go beyond simply scanning the altruism and free-riding issues and arguing their relevance to marketing theory. Since we are convinced that the self-interested Man assumption is an incomplete view of Man, we will argue that the exchange framework can at times be

counterproductive in describing, explaining, predicting and controlling events in certain marketing contexts. We will thus propose a redefinition of marketing that will encompass genuine marketing exchange, as well as what we shall simply call non-exchange marketing situations. Furthermore, our new definition will exclude market exchange relationships that do not currently retain the interest of marketers and most probably never will.

Our proposed definition of marketing is as follows:

Marketing is the planned attempt by an organization to cause a designated behaviour to occur or not to occur in a non-captive target public, without any actual or potential resort to coercion by the organization.

Despite the fact that social marketing and marketing for nonprofit organizations are today widely-accepted phenomena, many difficulties in the adaptation of marketing to specific milieux have been described in the literature. The repudiation of exchange and a clear focus on behaviour change may not immediately solve any of the above-mentioned problems, but we would argue that searching for the right answers to the wrong questions is not in anyone's interest.

Armed with this new definition, and taking altruism and solidarity into account, we plan to examine some marketing issues in a trade union context in order to illustrate how being freed from the exchange framework can better describe, explain, predict and control the relevant marketing phenomena. Finally, we will briefly enumerate other areas where a similar liberation from the exchange paradigm might help to better describe, explain, predict and control marketing phenomena.

[2] THE CONVENTIONAL VIEW OF SELF-INTEREST, EXCHANGE AND THE MARKETING CONCEPT

2.1 The Realm of Early Marketing Practice

The marketing discipline is a child of the early Twentieth Century that emerged into academe as a direct descendent of the discipline of economics. Initially, it was conceived primarily as addressing *“the problem of carrying through efficiently from the social point of view the final stage in the general production process.”* [Cassels 1936, p. 129] In a similar vein, Robert Bartels [1974] observes that, *“Originally the economic process was conceived as divided between production and distribution, the marketing portion of the process beginning upon the completion of production.”* [p. 73] In other words, prior to World War II, marketers were essentially asking how best to physically move tangible goods coming off a production line into consumers’ hands. Distribution both at a macro and micro level was the key focus of the field.

However, and this must be underlined at the outset, marketing, like economics, envisaged this problem within the neoclassical economic paradigm of using scarce resources to satisfy unlimited human wants. In the first decades of this century, the marketer had what has been called a product or technology orientation. The major problem was one of efficiently harnessing limited resources. Producing and

distributing more at less cost was the paramount challenge. Yet marketing's heritage from the economics discipline goes substantially beyond the above. As an outgrowth of the study of economics, marketers sometimes explicitly, but more often implicitly, have built their discipline upon one of the central assumptions of economic science, namely that of Man, the rational self-interested utility maximizer.

During and immediately after World War II, momentous social, political and economic changes took place in the capitalist economies. Marketers stepped out of the shadows and assumed a visible and influential role in the marketplace. Marketers began to integrate many of the insights from the field of psychology into their discipline. Suddenly, understanding the consumer, his needs, attitudes, motivations and behaviour became an important part of the marketing discipline. Simultaneously, the emphasis shifted from the macro to the micro and from the descriptive to the prescriptive. Advertising and promotion became an increasingly important part of the marketer's sphere of interest.

In the 1950s and 1960s marketing was generally viewed as a management function serving the needs of business. Despite several harsh critics, who we shall examine briefly in a later section, the marketing discipline thrived. In the twenty-five years following the end of World War II, marketing courses proliferated on university campuses, marketing publications multiplied and most major corporations established sizable marketing departments. There were also sporadic applications of marketing

knowledge in nonbusiness contexts, most notorious of which was certainly the American presidential campaigns of this period.

One of the first authoritative definitions of marketing was drafted by the American Marketing Association in 1960, wherein marketing was deemed to be “*the performance of business activities that direct the flow of goods and services from producer to consumer or user.*”² Marketing had thus been squarely positioned as a technology fashioned for the use of commercial enterprises.

However, a short five years later, the Marketing Staff of Ohio State University [1965] proposed the following definition of marketing: “*Marketing is the process in a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange, and physical distribution of such goods and services.*” [p. 43] Two key elements of the foregoing bear mentioning. First, there is a distinct attempt to disengage marketing from being the exclusive champion of business. Secondly, it is one of the first occasions where the notion of exchange is given such prominence in a definition of marketing³.

² Committee on Terms, *Marketing Definitions: A Glossary of Marketing Terms*, American Marketing Association, Chicago, Illinois, (1960) as quoted in [Hunt 1976, p. 17].

³ It should be noted that in 1957, Wroe Alderson defined marketing as “*the exchange taking place between consuming groups on the one hand and supplying groups on the other,*” in his textbook *Marketing Behaviour and Executive Action*, Richard D. Irwin, page 42, as quoted in [Ferrell 1987, p. 21].

2.2 Broadening the Concept of Marketing

It is against this background that Philip Kotler and Sidney J. Levy [1969a] published their landmark article entitled *Broadening the Concept of Marketing*. There is little doubt that along with *Marketing Myopia*, the influential article written at the beginning of the decade by Theodore Levitt [1960], no other single journal article has had such a major impact in the field of marketing.

In their article, Kotler and Levy [1969a] boldly assert that as surely as any organization must perform financial, production, personnel and purchasing functions, “*it is also clear that every organization performs marketing-like activities whether or not they are recognized as such.*” [p. 11]

The authors convincingly and imaginatively argue that the basic marketing concepts of product, consumer, product improvement, pricing, distribution and communications “*have counterpart applications to nonbusiness organizational activity.*” [Kotler and Levy 1969a, p. 12]

The relevance and application of nine key principles of effective marketing management are subsequently illustrated in nonbusiness contexts. The authors’ conclusion is unambiguous: “*The choice facing those who manage non-business organizations is not whether to market or not to market, for no organization can avoid*

marketing. The choice is whether to do it well or poorly." [Kotler and Levy 1969a, p. 15]

Two years later, Philip Kotler teamed up with Gerald Zaltman [1971] to suggest a practical example of applying marketing concepts and techniques to the promotion of planned social change. They coined the term 'Social Marketing,' as a subset of nonbusiness marketing, or what is often called marketing for nonprofit organizations.

The following year, Philip Kotler proposed to further broaden the domain of marketing to include the study and understanding of all of an organization's relationships with any group of people whatsoever. Hence, the 'Generic Concept of Marketing' was born, which Kotler defined as "*producing desired responses in free individuals by the judicious creation and offering of values.*" [Kotler 1972, p. 50]

This radical suggestion of expanding the practice of marketing into nonbusiness contexts was, in retrospect, widely embraced by marketing thinkers in a surprisingly short period of time. The critics [Carman 1973, Luck 1969, Luck 1974] were few and far between. It is important to note that the essence of Kotler and Levy's claim is almost entirely based on a series of metaphors. Like products, ideas are 'sold'; like clients, the sick 'consume' hospital services; like businesses,

churches 'price' their services through dues. These are only a few of the many examples that form the core of their argument.

Analogies are interesting scientific devices. To make one ourselves, if a particular drug is observed to be harmless to a monkey, it does not necessarily mean that humans can be certain that the drug is entirely safe for their own consumption. Similarly, if the key marketing concepts and principles perform well in most business contexts, it does not necessarily follow that this will be the case when applied in most nonbusiness contexts. Both the monkey and the human may suffer from an identical ailment and an antibiotic may be the logical cure, but it can be precipitous to assume that the identical drug will be the appropriate remedy for both parties.

Paul N. Bloom and William D. Novelli [1981], after enumerating several of the practical difficulties encountered in marketing in many nonbusiness contexts during the decade following the publication of Kotler and Levy's article, make the following observation:

"The relationship between social marketing and more conventional commercial marketing may be somewhat like the relationship between football and rugby. The two marketing games have much in common and require similar training, but each has its own set of rules, constraints, and required skills. The good player of one game may not necessarily be a good player of the other." [p. 87]

We would counter that the relationship might be more like that between professional football and amateur football. At the outset, we may suppose that the training, rules, constraints and skills should be the same; however, we would soon have to face the fact that the motivations of the players are fundamentally different. When people's motivations for playing a game are different, an adjustment of some of the rules of the game is likely to be appropriate. This in turn would also eventually affect the training, skills and constraints involved.

Unfortunately, the basic concepts and principles of marketing have been imported from the business context into the nonbusiness context with only modest modifications. Meanwhile, the admission of the nonbusiness context into the marketing discipline has had little, if any, significant impact on the basic concepts and principles of marketing. In other words, nonbusiness marketers have obligingly received and tried to apply the ideas and techniques developed in a context that is not theirs, while at the same time barely making the uniqueness of the context in which they work impact upon the overall development of marketing thought.

2.3 Self-Interest

It is our belief that many of the difficulties encountered in numerous nonbusiness marketing contexts cannot possibly be addressed, let alone resolved,

without first examining and evaluating that most cardinal assumption of all social sciences, including marketing, namely that of Man, the rational self-interested utility maximizer. Liisa and Jyrki Uusitalo [1985], after outlining the nature of the assumption, write:

“This paradigmatic construct, for instance in the field of marketing and consumer research, subsequently got so entrenched in the scientific community that the origins of this neoclassical artifact itself, i.e. its original concreteness as an image of a given subject matter A (maximizing individual and his economic behaviour), (sic) in a way was forgotten. ... This artifact was now seen as allegedly universal, and the only things that interested scholars were its possible applications.” [p. 76]

The axiom that Man is motivated solely by self-interest warrants our attention, because as we will try to argue later, the exchange framework of human relations is built unequivocally upon it. If we intend to challenge not only the universality of self-interest but also the exchange framework’s relevance to many nonbusiness marketing contexts, it is imperative that we first examine how this underlying assumption became so prominent and acceptable. We shall thus briefly recapitulate the background and widespread influence of this ubiquitous assumption regarding human nature.

2.3.1 Adam Smith and Neoclassical Economics

There is no doubt that the most widely-quoted and well-known citation embodying the notion of self-interested Man was coined by the Father of modern economic science, Adam Smith, in his opus, *The Wealth of Nations*:

“It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities, but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens.”⁴

Several comments are in order. First, Smith’s claim is not based on any scientific empirical studies. Second, his assertion is concerned with mercantile relations. Third, the nature and logic of the statement is such that it is virtually unfalsifiable. Smith does not explicitly deny the existence of ‘benevolence,’ he just artfully infers that a society of beggars would be absurd. Finally, as Stephen Holmes [1990] argues, Smith wrote his treatise at a specific time in history when Christianity and the aristocracy were in no way sympathetic to the values that were necessary for the development of a capitalistic market economy. Smith might just have been somewhat overstating his point, as any worthy polemicist is apt to do.

⁴ SMITH, Adam, *The Wealth of Nations*, (1776) as quoted in [Lutz 1988, p. 36].

From Adam Smith's time until only recently, none of the great economic thinkers have really challenged the self-interested Man assumption. Even Karl Marx seems to have been somewhat in agreement. Marx did not reject the centrality of self-interest in human relations, he just held that bourgeois capitalism was not in the proletariat's self-interest. When he and Engels urged the working men of the world to unite, since they had 'nothing to lose but their chains,'⁵ they were in fact asserting that the revolutionary overthrow of capitalism would be concurrent with their working class 'interests.'

Today, Neoclassical Economics still unabashedly assumes that 'Economic Man' is singularly motivated by self-interest. There is no doubt that this assumption is parsimonious and that economists have succeeded in explaining and understanding a wide variety of economic behaviour⁶, based on this assumption. In simple layman's terms: It works! But it has become more and more evident, particularly in the study of public goods and welfare economics, that the assumption just does not work in many contexts. We shall return to this breakdown of the assumption later.

⁵ MARX, Karl and ENGELS, Friedrich, *The Manifesto of the Communist Party*, (1848).

⁶ Gary Becker, the 1992 Nobel Prize-winning economist, has provocatively used the premises of neoclassical economics to explain a wide variety of noneconomic behaviour.

Two additional axioms, intimately related to self-interest, are woven into the conventional economic paradigm of 'Homo economicus' or 'Economic Man.' First, there is the idea of rationality, which basically embodies the idea of transitivity; that is, if an actor prefers A to B, and B to C, then he will necessarily prefer A to C. Rationality can also be viewed as being consistent in the manner in which one attempts to reach one's goals. [Harrison 1986] The second important axiom is that Man prefers more to less, and will therefore always attempt to maximize his utility when faced with a choice of behaviours.

Although each of the three axioms may be thought of as somewhat distinct, they are so closely interwoven into the paradigm of 'Homo economicus' that, for example, the conventional view holds that to be rational requires Man to act in his self-interest and if one is acting in one's self-interest, one is necessarily maximizing one's utility. In other words, from a functional perspective, self-interested, rational and utility-maximizing behaviours are by definition identical, like three fingers moving together on the same hand. If one were not to maximize one's utility, one would therefore, again by definition, not be acting rationally and not be acting in one's self-interest.

2.3.2 Philosophy, Political Science and Psychology

Prior to Adam Smith, Thomas Hobbes laid the ground work of the self-interest edifice in his classic *Leviathan*, where he asserted: “*All society ... is either for gain, or for glory; that is, not so much for love of our fellows, as for love of ourselves*” and “*No Man giveth but with intention of good to himself.*”⁷

The French Duc François de La Rochefoucauld’s *Réflexions ou sentences et maximes morales*, first published in 1665, the British satirist Bernard Mandeville’s *Fable of the Bees*, written in 1705, and the German Friedrich Nietzsche, whose writings spanned the late nineteenth century, each in their respective styles and languages, forcefully spread the word that the root of all human behaviour was Man’s basic selfishness.

Apparently less self-centred, philosophically-speaking, were the two English philosophers, Jeremy Bentham and John Stuart Mill, who developed the philosophy of Utilitarianism, which essentially advocates that Man should seek the ‘greatest happiness for the greatest number.’ However, this was predicated on their key observation that avoidance of pain and the attainment of pleasure are the primary twin goals of Man. This seemingly sensible statement thus laid the foundation, they argued, for justifying nonself-interested behaviour, but only inasmuch as it could be

⁷ HOBBS, Thomas, *Leviathan*, (1651), as quoted in [Batson 1991, p. 23].

construed as ultimately reducing pain or producing pleasure for the actor. In a sense, they foresaw the sleight of hand of many contemporary thinkers who would integrate altruism into an actor's utility function. But we shall return to this too, in a later section.

Niccolo Machiavelli's name has made itself a notorious place in our modern vocabulary as the quintessential adjective describing unscrupulous political manipulation and guile. However, at the base of Machiavelli's recommendations to *The Prince* (1513) is a view of Man as universally egoistic. Self-interest is not merely an alternative to be addressed among others, it is presumed to be the *only* guiding principle when dealing politically with others.

Today, modern political theory generally employs a 'rational choice' model that, borrowing heavily from the field of economics, assumes self-interest as the fundamental human motivation. Citizens in the polity are viewed as pursuing their narrow self-interests, while politicians strive to advance their own interests, which usually means attaining and maintaining elected office. The interaction between the two parties is conceived of much like a marketplace. Accountability is assured because the politician will attempt to make his views appear to be in the interest of the largest number of voters.

In the field of psychology, Sigmund Freud is renowned for his ideas about the subconscious, and Man's instinctive aggressive and sexual drives, yet he, too, built his entire psychoanalytical approach on the premise that whatever Man did was ultimately aimed towards fulfilling his and only his own needs.

Classical Behaviourism conspicuously avoids the examination of human motivations and thus could be said to be ignoring the question of self-interest altogether. However, contemporary behaviourists, as soon as they allow the contemplation of motivations into their schema, inevitably adopt the self-interested Man assumption, paralleling the tendency of the overwhelming majority of modern social scientists.

2.3.3 Marketing and Self-Interest

One of the rare occasions that the notion of Self-Interest appears explicitly in the marketing literature is in the Fall of 1975, when Richard P. Bagozzi [1975b] lays the foundation for his case that exchange constitutes the core phenomenon of marketing. At the beginning of his article, *Social Exchange in Marketing*, he writes that:

“The economic exchange model is based on utilitarian principles which maintain that individuals are guided by self-interest and only self-interest.”

[p. 315]

and

“Typically, economic exchange approaches assume that actors strive to maximize their satisfaction in interactions. The firm is regarded as a profit maximizer, while the individual is thought to be a utility maximizer.” [p. 316]

Bagozzi [1975b] goes on to indicate some of the shortcomings of the exchange model based on several criteria. We would like to quote, at length, one of his criticisms of the exchange model that is based on the limitations of the Self-Interest assumption, for we agree wholeheartedly with it.

“The exclusive reliance on man as a pleasure seeking and punishment avoiding creature may be incomplete in its portrayal of the nature of man. It is true in some societies that group and family values at least shape —if not dominate— social and economic life. Moreover, many non-Western societies place less of an emphasis on material goods. Rather they stress nonmaterial entities and values such as the respect for nature, simplicity, self-actualization, communion and fellowship, peace and universal love. Not only are such ‘goods’ difficult to depict in a system of pricing and exchange, but their consumption defies the premise of profit maximization which is assumed in exchange. Marketers need

a model which portrays man in his entirety and not only in his consumption of goods and services.” [p. 319]

The unfortunate thing, to our mind, is that in his subsequent writings Bagozzi does indeed adopt the exchange framework to characterize marketing, but never attempts to reply to the very forthright and cogent critique that he himself had suggested in the above quotation.

Since then, the self-interested Man assumption, by itself, has never been uniquely addressed, to our knowledge, in the marketing literature.

In conclusion, we believe that Alfie Kohn [1990] sums up the situation regarding the self-interested Man assumption quite pointedly:

“Rarely does anyone bother to offer a defense of egoism; it is the premise for other claims rather than itself the subject of disagreement. Everyone knows people are out for themselves even when they appear to be doing good. Books arguing for the universality of selfishness —which is to say, for the nonexistence of genuine altruism— are not written. They do not have to be written. Rather, books proceed from this assumption by debating the desirability of universal selfishness or the wisdom of basing public policy on it.” [p. 182]

We could only add that in the marketing discipline, the self-interested Man assumption is rarely even out in the open. But this should not mislead us into

underestimating how widely and consistently it underlies marketing's assumptions about how human beings behave.

2.4 Exchange

A standard dictionary definition of exchange will inevitably mention the synonyms trade and barter. For the layman, the concept of exchange dictates there to be a 'give and take' between at least two parties, where each of the parties will both part with something that may be tangible or not, and receive, or at least expect to receive, something else in return. In everyday conversation, exchange must therefore necessarily be bilateral.

2.4.1 Economic and Social Exchange

Along with a few closely-related phenomena, it is the extensive development of the exchange of the produce of human labour that truly creates the need for a science of economics. As long as small social units subsisted hermetically by consuming all that they harvested, hunted or produced, there really was no economic problem.

Once Man no longer consumes *all* that he harvests, hunts or produces, this surplus can be used by him to obtain in *exchange* something else from someone else. The economic problem suddenly springs to life.

From a relatively trivial surplus, Man eventually harvests or produces more and more things that are not intended for his own direct consumption. In absolute and relative terms this surplus production has increased throughout the course of human history. Man thus entered the era of commodity production, where much if not most of the fruits of his labour are destined for the marketplace, or more precisely for the consumption by people other than himself, his family or clan.

One of the fundamental constructs of modern economics is that of exchange value, which can only be explored in conjunction with the notion of utility or use value. Something, whether tangible or not, has use value or utility if it can directly satisfy a human need, want or desire. The myriad qualities of this thing and their unique combination will confer to it greater or lesser use value. These qualities may include, but are not limited to the thing's colour, size, density, flavour, purity, texture, sound, scent, shape, design, functionality, strength, reliability or charm. Now, before a thing can have exchange value, it is indispensable that it first have use value. On the other hand, things can have use value without necessarily having exchange value, the most notorious example being that of air.

Use value is manifestly a very subjective, distinctive and obscure feature of things. It is impossible to compare the taste and nutrition of an apple with the warmth and appearance of a pair of leather gloves. Similarly, it is virtually meaningless to compare the utility of insulin to a diabetic with the utility of penicillin to someone with meningitis. It is here that the economist's notion of exchange value ingeniously solves the problem of the comparability of an infinite number of unique things.

The two essential characteristics of exchange value are measurability and a common denominator. In the most simple terms, an exchange value comes into being when Man assigns a number to something. Economics is all about how these numbers are, should, or could be determined. The most familiar common denominator is, of course, money, although it does not necessarily have to be so. The preceding properties permit Man to make calculations that compare totally disparate things and measure them relative to one another. However, it is precisely the widespread appearance of exchange among Men that creates this need to measure and calculate numerical ratios between many disparate things! Thus the price of something is merely an expression of its exchange value in money terms.

Conventional economics contends that exchanges occur because they permit each party to increase their respective utilities, hence, a felicitous win-win situation. Furthermore, conventional economics assumes that each party to such exchanges will

attempt to maximize their respective utilities. Man is further hypothesized to achieve this goal not only by maximizing his benefits, but also by minimizing his costs.

One fundamental observation must be made at this point for the purposes of our thesis, namely, that exchange value and utility or use value are two totally independent constructs, for which conventional economics does not attempt to theorize more than a cursory relationship between them. The implications of the preceding are important, because outside the field of economics, and particularly in the discipline of marketing, the notion of value is often used without specifying which of use or exchange value is being described, and sometimes the notion even refers to both simultaneously.

The distinction is crucial. Use value is a highly personal valuation of something that can be said to exist solely in the mind of an individual. It cannot be measured and it has no common denominator. It thus cannot be compared between individuals. At most, it can be thought to occasionally explain that an individual judges thing A superior to thing B. Exchange value, on the other hand, is an explicit relative numerical measure of a thing that arises out of social relationships where the parties to the relationship each have something for which their counterparts have conferred a certain use value.

This economic exchange paradigm is undeniably neat and simple. So much so, in fact, that several sister social sciences have incorporated large parts of it into their own fields. We shall now turn briefly to one such prominent example, the social exchange model.

Two of the principal architects of the social exchange paradigm are George C. Homans and Peter M. Blau. When we consider the following statements that Homans [1958] makes to summarize his view of social behaviour as exchange, we can immediately recognize its direct lineage from the economic exchange paradigm:

“Social behaviour is an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. ... For a person engaged in exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behaviour changes less as profit, that is reward less cost, tends to a maximum. Not only does he seek a maximum for himself, but he tries to see to it that no one in his group makes more profit than he does.”

[p. 606]

Like Adam Smith and his earlier assertion regarding Man's self-interest, Homan's suggestion that Man seeks to 'maximize' his personal 'profit' in the course of his social relationships is not substantiated by any serious empirical research.

Blau, far more explicitly than Homans, concedes that some of Man's social behaviour cannot be explained by the social exchange paradigm. Blau [1964] defines social exchanges as instances where Man is motivated by the net benefits to be gained by a specific voluntary behaviour. However, Blau [1964] deems it "*preferable to exclude*" circumstances of coercion and altruism "*from the purview of the concept of social exchange.*" [p. 91] He illustrates the former by an individual giving money to another during a holdup and the latter where the money is given to help the underprivileged due to the dictates of the benefactor's conscience. He concludes that a social exchange does, however, occur when "*an individual gives money to a poor man because he wants to receive the man's expressions of gratitude and deference and if he ceases to give alms to beggars who withhold such expressions.*" Blau and Homans essentially agree on the defining characteristics of the social exchange paradigm, but they appear to part company on the scope of its application in explaining social behaviour.

Blau [1964] also delivers an unambiguous and clairvoyant warning:

"The assumption of exchange theory that social interaction is governed by the concern of both (or all) partners with rewards dispensed by the other (or others) becomes tautological if any and all behaviour in interpersonal relations is conceptualized as an exchange, even conduct toward others that is not at all oriented in terms of expected returns from them." [p. 6]

Finally, Blau makes a point of contrasting his model of social exchange with that of economics. First, he indicates that in economic exchanges each party's obligations are specified, while in social exchanges they are not necessarily precisely stipulated. Furthermore, he argues, empathy and power often tend to characterize social exchanges, unlike economic exchanges.

2.4.2 Richard Bagozzi and Marketing Exchange

It is instructive to note that most of the world's stock markets are formally known as stock exchanges. Indeed the reason why any market exists, as an institution, is to provide a structure wherein exchanges may occur. Markets are to exchange what churches are to praying; if no exchange occurs, it is quite simply not a market. If the marketing discipline is not only etymologically related to the word *market*, but also undoubtedly concerned with the study of markets, it would seem logical that one of the primary concerns of marketing would be the phenomena of exchange.

As noted above, the notion of exchange is introduced into a mainstream definition of marketing by the Marketing Staff of the Ohio State University [1965], and several other marketing thinkers follow suit. One such scholar is Wroe

Alderson⁸, who postulates the conditions necessary for an exchange to occur in his well-known 'Law of Exchange.' The core requirement in Alderson's Law, closely paralleling that of conventional economics, is that both parties expect to be better off by 'dropping' something and 'adding' something else that their counterpart has to offer. Philip Kotler [1972] also places exchange at the centre of marketing's concerns, with the frequently cited and often criticized contentions that:

"The core concept of marketing is the transaction. A transaction is the exchange of values between two parties. The things of value need not be limited to goods, services, and money; they include other resources such as time, energy and feelings. Transactions occur not only between buyers and sellers, and organizations and clients, but also between any two parties. A transaction takes place, for example, when a person decides to watch a television program; he is exchanging his time for entertainment. A transaction takes place when a person votes for a particular candidate; he is exchanging his time and support for expectations of better government. A transaction takes place when a person gives money to a charity; he is exchanging money for a good conscience. Marketing is specifically concerned with how transactions are created, stimulated, facilitated and valued." [p. 48-49]

⁸ ALDERSON, Wroe, *Dynamic Marketing Behaviour*, Richard D. Irwin, Homewood, Illinois (1965) p. 84, as quoted in [O'Shaughnessy 1979, p. 584].

Although he was not the first out of the gate, the centrality of the exchange concept to contemporary marketing owes much to one man's writings, University of Michigan Professor Richard P. Bagozzi. For it is Professor Bagozzi who systematically and comprehensively attempts to elaborate a theory of exchange in a marketing context.

Bagozzi [1974b] clearly establishes his goal and hence the standards by which the contribution of an exchange theory to marketing might be judged:

“The notion of exchange, per se, has very little utility beyond pure description or classification of the actors and media within a transaction. However, since marketers desire and seek theories of explanation, prediction and control, it is important that the underlying cause-and-effect relationship within the exchange situation be specified. Significantly, it is in this latter sense that one may discover the definition and boundaries of the marketing discipline; that is, marketing must be defined in relation to the underlying processes and dynamics of the exchange relationship and not solely in regard to the existence of an exchange.” [p. 74]

We would merely point out at this stage that surely one of the underlying factors to be examined are the actors' motivations. What motivations drive people to engage in exchange relationships? Do these specific motivations invariably and necessarily lead to the creation of exchange relationships? Do other motivations steer people to avoid

exchange relationships? are only three examples of questions that we find highly relevant.

In a series of six articles [Bagozzi 1974a, 1974b, 1975a, 1975b, 1976, 1977], Bagozzi first examines the economic and social exchange models and explains why and how an exchange theory in marketing would be pertinent and worthwhile.

Bagozzi [1974a] begins by defining social relationships as “*a set of social structures, patterns or connections which define the actions of two or more interacting individuals or groups,*” [p. 64] and proceeds to describe seven aspects that characterize social relationships. He then works his way through several examples to illustrate how this schema applies. Three additional criteria are introduced that establish the conditions whereby a marketing relationship can be demarcated from other social relationships that would not be considered marketing relationships.

In *Marketing as an Organized Behavioural System of Exchange*, Bagozzi [1974b] moves on to define an exchange system as “*a set of social actors, their relationships to each other, and the endogenous and exogenous variables affecting the behaviour of the social actors in those relationships.*” [p. 78] By going beyond a routine description of the conditions necessary for an exchange to occur, Bagozzi hopes to lay the foundations for an understanding of why and when people engage in exchange behaviour.

Lest exchange be too narrowly conceived, Bagozzi [1975a] elaborates three different types of exchange situations: restricted, generalized and complex. He further expands on the notion of the media and meaning of exchange that can be either utilitarian, symbolic, or both. Bagozzi also introduces the idea of a 'marketing man' in juxtaposition to that of 'Economic Man' that we have discussed above. This emerging marketing man is described as sometimes irrational, possessing incomplete information, influenced by external constraints, and as someone who "*often settles for less than optimum gains in his exchanges.*" [p. 37] Bagozzi then forthrightly proclaims that:

"The processes involved in the creation and resolution of exchange relationships constitute the subject matter of marketing, and these processes depend on, and cannot be separated from, the fundamental character of human and organizational needs." [p. 37]

Finally, in what appears to be an excess of enthusiasm, he makes the controversial claim that "*marketing is a general function of universal applicability. It is the discipline of exchange behaviour.*" [p. 39]

During the same year, Bagozzi [1975b] presents an extensive critique of the economic and social exchange paradigms, to which we have already referred above. In the same article, he elaborates on his notion of an exchange system, first suggested in [1974b] and gives an example of a practical application.

A few months later, Bagozzi [1976] reiterates the case for exchange constituting the core phenomena of marketing study and in so doing, he makes two key observations. First, he states the rather obvious that *“one cannot hope to discuss, understand, explain or use a ‘thing’ unless one knows and can state what that ‘thing’ is”* [p. 586] and he further insists that *“Marketing is a social construction produced historically through the activities of individuals and the dialectics of power, conflict, and accommodations between competing interests.”* [p. 586] Again, we could not agree more with this latter statement of principle, however, like other such statements, we observe little reflection of this insight in Bagozzi’s writing. Indeed, we will devote an entire section to developing our point of view that the notoriety and attraction of the Marketing Concept, as well as the adoption of the exchange paradigm, are precisely related to the specific historical context in which the definition and role of marketing have been debated.

The following year, Bagozzi [1977] offers a spirited response to a free-wheeling critique of his writings on exchange formulated by Ferrell. [1977] Unfortunately, Bagozzi sidesteps some of the key issues, and seems more intent on attacking Ferrell’s method of argument and allegedly fallacious tactics, rather than addressing the substance of the questions raised by Ferrell.

The preceding six articles are a somewhat elaborate introduction to Professor Bagozzi's eventual presentation and development of a veritable theory of marketing exchanges, to which we now turn.

Bagozzi [1978] asserts that exchange relationships can be measured in at least three ways: the mutual outcomes, whether gain or loss; the shared feelings produced; and the various deeds performed and their precise nature, be they conflictual or cooperative. His basic hypothesis is that exchange is a function of the personal characteristics of the social actors, the specific kinds of rewards or punishments used by the actors to influence each other and the environment in which the exchange occurs. Bagozzi builds a general structural equation system that relates several of the preceding variables to each other, by first assuming that through an exchange relationship the social actors are attempting to 'maximize' a utility function. He concludes his article with an candid concession: "*The utility maximization assumption is a reasonable first approximation, but a better procedure would be to explicitly model other rules and the conditions under which they might be used.*" [p. 553] He then refers to "*altruism, group-gain, competition, status consistency, and reciprocity*" [p. 553] as possibly constituting other criteria which guide a person's social behaviour. He further recognizes that "*what constitutes rewards, punishments and things of value and how do these entities influence behaviour are particularly pressing issues, lest the theory be labelled a tautology.*" [p. 554]

A year later, Bagozzi [1979] essentially reiterates, but also subtly refines and elaborates the ideas presented in the preceding paper. He clearly stipulates that “*All exchanges involve a transfer of something tangible or intangible, actual or symbolic, between two or more social actors.*” [p. 434] He claims that among other determinants, exchanges can at times emerge “*out of compulsion, coercion or habit. They may also result as a social response to norms or expectations or pressures of others.*” [p. 435] A crucial addition that Bagozzi makes to the variable that he labels ‘characteristics of the social actors’ is the far more explicit incorporation of decision rules, such as equity and altruism, and feelings, such as empathy and charity into the model. Bagozzi still assumes, however, that the social actors are attempting to maximize a utility function, for which one of the independent variables is now hypothesized to be ‘moral beliefs.’ Finally, as in the previous year’s article, Bagozzi acknowledges once again that:

“The topic of decision rules demands study. Rather than relying on a joint maximization rule, it would be useful to examine such alternatives as reciprocity, altruism, distributive justice, status consistency, or competitive advantage.” [p. 445]

2.5 The Marketing Concept

It is unlikely that any student who has attended an introductory marketing class anywhere in the world in the last twenty-five years has not been scrupulously apprised of the meaning of the Marketing Concept. For most marketers, the Marketing Concept is the discipline's motherhood and apple pie mantra. Simply put, the Marketing Concept states that an organization's success is contingent on its ability to satisfy its customers.

Morris [1982] makes a more elaborate, yet still succinct statement of the essence of the Marketing Concept:

"The Marketing Concept is meant to guide all marketing activities in a free enterprise economy. Basically, the concept has three major elements:

1) satisfaction of consumer needs lies at the centre of marketing decisions, for such satisfaction is the economic and social justification for a company's existence; 2) all of the organizational functions and activities must be integrated and coordinated around a customer orientation, and 3) such an orientation is the means by which profits can be best generated, especially from a long-run perspective." [p. 351]

Finally, management gurus, such as Tom Peters, have coined a bevy of catch phrases such as 'staying close to the customer' that have popularized and propagated

the Marketing Concept outside of the marketing discipline. Not to be outdone, advertising copywriters have also integrated the Marketing Concept into countless slogans and promotional campaigns, which portray the customer's satisfaction as the advertiser's sole raison d'être.

[3] SOME MAINSTREAM CRITICISM OF CONVENTIONAL MARKETING THOUGHT

3.1 Ideological Role of Exchange and the Marketing Concept

The highly acclaimed status of the Marketing Concept and the widespread adoption of the exchange paradigm are not accidental phenomena. As Bagozzi [1976] acknowledges “*the current conception of marketing*” [p. 589] has been shaped by historical, political and social processes. Even more forthrightly, Firat [1985a] declares:

“An ideological bias is, of course, never acknowledged when practised. ... It lingers in the nature of the way things are studied and assumptions are made. It is obvious not only in what is done and said but also in what is not studied and left unsaid. Unfortunately, in this sense, such an ideological tilt abounds in marketing literature, research, and practice.” [p. 139-140]

On the other hand, Kuhn [1962] explains the very real advantages for scientists of working within a sanctioned paradigm. When a paradigm is widely accepted, as is the case in contemporary marketing, a marketing academic, like a scientist “*need no longer, in his major works, attempt to build his field anew, starting from first principles and justifying the use of each concept introduced.*” [Kuhn 1962, p. 19-20]

Firat [1985a] specifically charges that “*the acceptance of exchange as the core concept*” of marketing represents “*a tendency toward ideological dominance.*”

[p. 141] Referring to Homan’s social exchange theory, Firat further contends that “*searching for an exchange behaviour in every human interaction, is an ideological imposition which additionally contains a tautological definition of exchange.*” [p. 141]

We believe that the latter statement could be applied equally well to Bagozzi’s marketing exchange theory, which is derived in large part from Homan’s social exchange model.

A few scholars readily concede that marketers incorporate certain perspectives into the discipline principally to dissipate assorted criticisms about what they do.

For example, Houston and Gassenheimer [1987] state: “*We have built a myth about how our purpose is to serve customers’ needs and it seems to help some marketers feel more comfortable with their subject matter.*” [p. 15] They recognize that marketing is primarily concerned with promoting the marketing organization’s interests, and further indicate that the Marketing Concept of satisfying customers’ needs is more correctly identified as an “*optimal strategy*” to be selectively employed in certain “*well-defined settings.*” [p. 15] Rados [1981] and Capon and Mauser [1982] echo this interpretation.

In a searingly provocative article, *Power Marketing: Its Past, Present, and Future*, whose general thesis we endorse entirely, Joseph V. Anderson [1987] writes:

“Marketers are in the business of getting people to do things they might not otherwise have done. Yet marketers, especially at the academic level, are uncomfortable with such a view of the discipline because of its Machiavellian implications.” [p. 27]

and Anderson [1987] goes on to indicate how he believes marketers have attempted to console themselves.

“The discipline has enshrined and jealously protected the Marketing Concept, an ethos of anticipatory servitude. Instead of being seen as proactive agents that stimulate curiosity, interest, and demand, marketers are seen as somewhat passive agents that simply respond to consumer desires, hopes and needs.”

[p. 28]

We believe it necessary to backtrack to the 1950s in order to truly understand the roots of this customer satisfaction fantasy. One of the first harsh critics of the marketing orientation is the renowned psychoanalyst Erich Fromm. In *Man For Himself: An Inquiry into the Psychology of Ethics*, Fromm [1947] roundly condemns the marketing orientation for its emphasis on superficiality and its preoccupation with selling. He characterizes market research and advertising as tools used to ‘manipulate’ consumers. The torch is picked up and carried a little farther by David

Riesman, Nathan Glazer and Reuel Denny in *The Lonely Crowd*, published in 1950, by C. Wright Mills in *The Power Elite*, first printed in 1956, and by several others.

But nothing affronts marketers' self-image as much as the carefully documented, extremely credible and best-selling indictment written by Vance Oakley Packard in 1957, *The Hidden Persuaders*. Packard [1957] examines the field of motivation research and concludes that there is a:

“large-scale effort ... to channel our unthinking habits, our purchasing decisions, and our thought processes by the use of insights gleaned from psychiatry and the social sciences. Typically these efforts take place beneath our level of awareness; ... are often, in a sense 'hidden.' The result is that many of us are being influenced and manipulated, far more than we realize.”

[p. 3]

That marketers attempt to persuade people was in no way an original idea; however, Packard's suggestion that marketers were often doing this covertly and underhandedly produced a great deal of public apprehension and indignation.

Then along came John Kenneth Galbraith's [1958] accusation in *The Affluent Society* that the central function of *“the institutions of modern advertising and salesmanship ... is to create desires —to bring into being wants that previously did not exist.”* [p. 149] Galbraith's scholarly thesis scores the irrefutable point that a hungry man need not be told of his need for food. He then applies conventional

marginal utility analysis to argue that the prevailing production of a seemingly endless variety of new and different kinds of goods must be of no value at the margin. To this day, the belief that marketers often 'create' the need for what they produce is still widely held.

Meanwhile, George Orwell's *Nineteen Eight-Four* and Aldous Huxley's *Brave New World*, written in 1949 and 1932 respectively, had created horrific fictionalized accounts of technologically advanced societies relentlessly and obsessively manipulating their citizenry.

Along the same lines as Anderson [1987], we would argue that the elaboration and generalized endorsement of the Marketing Concept, as we know it, was largely an ideological response to that dreaded M word —Manipulation! Although Ralph Cordiner, the Chairman of the Board of General Electric, is traditionally credited with being the first to formulate the Marketing Concept in a 1952 Annual Report, the idea appears to have gained in popularity as the criticism levelled against marketing escalated throughout the fifties.

Over the years, several writers [Kotler and Zaltman 1971, Levy 1976, Steiner 1976, Laczniak et al. 1979, Fox and Kotler 1980, Hunt and Chonko 1984] still continue to refute the charge of manipulation. For example, in an article whose title is pathetically revealing, *Marketing and Machiavellianism*, the noted marketing scholar

Shelby D. Hunt and Lawrence B. Chonko [1984] surveyed 1,076 members of the American Marketing Association. After reaching the conclusion that marketers are generally no more Machiavellian than anyone else, they happily conclude that one should not be wary of having one's son or daughter marry a marketer and they proceed to make the plaintive appeal that "*it may be time for the marketing discipline to engage in less self-flagellation and more self-promotion.*" [p. 40]

There is a very thin line separating persuasion, which is usually morally acceptable, from manipulation, which is not. Furthermore, what constitutes honest persuasion for one person is often perceived as manipulation by another. Marketers would have encountered enormous difficulty in publicly acknowledging their aim of persuading consumers to behave in a predefined manner, while simultaneously rejecting the accusation of manipulation. The customer-orientated Marketing Concept was an ingenious rebuttal. 'Motivation research' was neatly exculpated and thereafter portrayed as merely an unbiased tool which allowed marketers to truly give the customer what he wanted.

With the Marketing Concept shifting the focus not only away from manipulation, but also away from persuasion, the marketing discipline still needed an organizing principle, a defining paradigm. Clearly, persuasion and behaviour change were out of the question. Distribution, which was at the heart of the study of marketing for the first few decades of its existence was manifestly no longer

sufficient. Exchange, being the defining activity that takes place in any market, was a logical candidate. However, most significantly, the exchange concept was compatible with and complementary to the customer satisfaction mantra. As mentioned previously, exchange theory affirmed that both parties were better off after an exchange, otherwise they would plainly not engage in one. Thus, from an ideological point of view, an exchange paradigm could foster the notion that marketing aimed to satisfy customers, while simultaneously satisfying the marketing organization's objectives. Richard Bagozzi would plead his case for putting exchange at the centre of marketing in a most ideologically fertile ground.

3.2 Needs, Wants, Desires, Preferences and Demand

In view of the Galbraithian critique of marketing's tendency to create unnecessary 'needs' and the Marketing Concept that legitimizes marketing as a process designed to 'satisfy consumer needs,' it is quite surprising, as Arndt [1978] so rightly observes, that "*marketing thought has actually not come very far in developing theoretically sound and operationally feasible typologies of different classes of needs.*" [p. 102] Bagozzi [1975a], as already noted above, asserts that exchange processes "*depend on, and cannot be separated from, the fundamental character of human and organizational needs,*" [p. 37] yet in his extensive writings on exchange, he never adequately explains what he considers to be 'the fundamental character of

human needs.' In fact, the notions of consumer needs, wants, desires, preferences and demand are often used interchangeably in the marketing literature and when they are differentiated, there is little agreement on how to do so.

In another legacy from the field of economics, marketers have generally assumed that what a consumer *purchases* is a genuine reflection of what he *wants*. This, in a nutshell, is the celebrated Revealed Preference theory devised by the Nobel Prize-winning economist Paul Samuelson. The origins of needs, notwithstanding Galbraith's assessment, have received scant attention in the field of marketing. And finally, all human needs are deemed to be measurable and calculable based on how much a person is ready to spend to satisfy the need in question. Raymond Benton Jr. [1985] neatly summarizes the situation: "*The traditional approach has always accepted the notion that anything people buy contributes to their well-being because each individual knows what his or her needs are and how best to conduct him/herself in the satisfaction of those needs.*" [p. 211]

Yet many interesting and pertinent questions and problems have been raised regarding the concept of human needs by numerous social scientists. We believe it important to briefly survey some of these issues, since to the degree that marketing's conventional view of needs, and hence of need satisfaction, is incomplete, inaccurate or misleading, it might be more prudent to set aside the notion of need satisfaction in marketing discourse and perhaps even retire the Marketing Concept to the Museum of

Historical Artifacts. Even more germane to our thesis, if the notion of exchange depends on 'the fundamental character of human needs,' to the extent that the make-up of human needs is multifarious, as we shall argue, then perhaps the exchange paradigm is insufficiently qualified to capture all that marketing seeks to address.

At the outset, we should note that human needs cannot usually be seen or heard but are generally inferred from a person's behaviour. In the same way, when an individual says, 'I did this because that is what I *wanted* to do,' Frankfurt [1971] maintains that very little information is actually being conveyed. He gives, as examples, an impressive number of distinctive corollary statements that are nonetheless consistent with the statement 'I did this because that is what I *wanted* to do.' When trying to understand why people behave as they do, there is a tendency to reason in a circular fashion. As Sen [1977] so pointedly observes, behaviour is explained in terms of people's preferences, yet those same preferences are defined by behaviour.

We would suggest that what marketers often refer to as human *needs* should be classified into at least three distinct categories. Borrowing a label from the field of psychology, we would label the first category *drives*, or what Dr. Abraham Maslow in his celebrated Hierarchy of Needs⁹ theory, calls the physiological needs, such as

⁹ See MASLOW, Abraham H., *A Theory of Human Motivation*, Psychological Review, Vol. 50, (1943), pp. 370-396.

food, water, air or sex. The distinguishing characteristics of these drives, which are generally shared by most forms of animal and plant life, are that they unquestionably originate from within Man, that they have a natural capacity or finite limit and that a chronic failure to fulfil them can lead to death or in the case of sex, extinction of the genealogical line.

Although numerous need, drive and motivation theories abound, most would agree that Man's needs go beyond what we have arbitrarily labelled drives. A second category, which we shall simply call *desires*, is inspired in part by Harry G. Frankfurt's fascinating article *Freedom of the Will and the Concept of a Person*. In the preceding paper, Frankfurt [1971] invokes the notion of "*second-order desires*" which he suggests "*to be peculiarly characteristic of humans.*" [p. 6] He proceeds to explain that "*Besides wanting and choosing and being moved to do this or that, men may also want to have (or not have) certain desires and motives.*" [p. 7] Frankfurt cleverly illustrates his idea with the example of an addict who simultaneously wants or needs his fix (a first-order desire), and wants or feels the need to quit (a second-order desire).

In a similar vein, Mark A. Lutz and Kenneth Lux [1988] suggest that Man may be viewed as having a 'Dual Self' whereby "*the human being is simultaneously*

that which he is and that which he yearns to be."¹⁰ Lutz and Lux contend that Man does not go through life in perfect harmony with himself. At times, conflicting forces push or pull him in different directions. Thus the authors postulate a higher self having self-actualization, love, transpersonal, truth-seeking and altruistic needs. Still another related theory of human needs is that of Edward L. Deci and Richard M. Ryan [1985] who argue "*that human beings attempt actively to master the forces in the environment and the forces of drives and emotions in themselves.*" [p. 8] This need to manage their surroundings and themselves is deemed by Deci and Ryan to be an intrinsic need of Man.

Whether one is partial to either one of the three preceding constructs or to some composite of them, each one of the scholars makes a convincing case that 'Man does not live by bread alone.' We believe this second category of *desires*, like the first category of drives, to be innate to Man. Meanwhile, in contrast to drives, *desires* have no natural capacity. Finally, although their fulfilment can raise the chances of survival and improve the quality of life, their frustration will not lead to an individual's extinction.

Finally, we would suggest a third category of needs that we would summarily call *wants* to signify any and all needs that are not innate to Man. Not being innate,

¹⁰ MASLOW, Abraham H., *Toward a Psychology of Being*, Van Nostrand Reinhold, New York, N.Y. (1968), p. 176 and p. 160 as quoted in [Lutz 1988, p. 16].

by definition, their deficiency would in no way be life-threatening and they could be infinite. These needs would thus be generated through human learning and social experiences, and hence, temporally-, geographically- and culturally-specific. Transportation, communication and labour-saving devices, as well as luxury goods and entertainment, would be typical examples of human *wants*, as here defined. Unlike drives and desires, wants are therefore not necessarily experienced by all human beings.

Another crucial dimension of human needs is their overall eclectic and ever-changing diversity and intensity. Some needs become salient on a regular basis, others are almost always present, some may disappear entirely, others may manifest themselves only once. At any given moment in time, some sort of hierarchy of needs will exist, only to be soon replaced by another arrangement. In this context, Ian Steedman [1989] reminds us not to “*ignore the fact that every human adult started life as a helpless infant and became the human adult only through social experience.*” [p. 211] He proceeds to outline several straightforward features of a “*typical human’s development.*” [p. 211] Steedman then concludes that the order by which people choose to fulfil their needs, or the relative strength ascribed to different needs “*of each social individual are dependent through and through on the products of the ‘economy’ and on the social practices through which those products are produced.*” [p. 213-214]

We would thus reply to Galbraith that marketing cannot 'create' drives or desires, for they are innate to Man; however, to the extent that marketing activities and institutions are part of any society, they will contribute to determining the nature, intensity and variety of consumer wants. Technology, culture, geography, politics, religion and general economic development will also contribute to the orientation, substance and size of consumer wants. Borrowing a page from Maslow's idea of a hierarchy, we would contend that a just society *should* assure that all human drives are satisfied *before* developing or catering to its wants. However, in a profit-oriented economy those drives, desires or wants that generate the greatest return will inevitably be satisfied first, and paraphrasing Lutz and Lux [1988], "*The market thus has a built-in tendency to under-supply the needs of a population, (what we have called drives) while at the same time over-supply its desires (what we have called wants).*"

[p. 27]

Our objective in formulating these three categories of needs is hopefully more than to conduct an exercise in semantics. How one might or should categorize specifically articulated needs in a given situation as drives, desires or wants is, moreover, irrelevant to our argument. Furthermore, paraphrasing Deci and Ryan's [1985] thesis, these drives, desires and wants may interact with one another, in the sense of either amplifying or attenuating one another and of affecting the way in which people ultimately behave to satisfy their needs. Our basic claim is simply that

some needs are innate, others are not; some needs are finite, others are not; some needs are mandatory for survival, others are not.

Assuming the preceding three-part statement as accurate, the implications for exchange theory, and hence for the marketing discipline would be far-reaching.

Comparing drives and wants, Lutz and Lux [1988] stress that the intensity of an unfulfilled drive increases over time, while that of an unmet want will generally decrease over time. Hence, they argue that “*Someone who enters into a market transaction in order to meet a need (what we have called a drive) does not really do so in order to become better off, but in order to prevent being worse off.*” [p. 26] The goal for the drive satisfier is one of survival, and waiting or postponing the transaction, the most powerful strategy in any negotiation, is simply not an available option to him. On the other hand, the want satisfier can put off the transaction and in so doing, he may wield significant power.

Both drives and wants can generally be satisfied in the contemporary marketplace for a price, in other words, based on their exchange value. However, notwithstanding lawyers', judges' and juries' attempts to calculate a monetary price to be awarded in cases of wrongful death, we believe that no price can truly measure the value of a human life. Similarly, no *legitimate* exchange value can be assigned to an object or activity whose provision or denial are a matter of life and death. Exchange

value, on the other hand, makes absolutely perfect sense for measuring wants. With respect to desires, we would contend that they generally have substantial use value, but that they are rarely satisfied in the marketplace. Thus, almost by definition, it would be pointless to speculate on their exchange value.

What we have characterized above as desires incorporates outer-directed needs, non-self-regarding needs or empathetic needs; similarly for the need to conform to one's principles, to make sense of the world and for justice to be done. As we will explore in detail later, these and other motivations have been hypothesized to be the source of prosocial and cooperative behaviour. The current majority view in the social sciences is that they can all be explained as merely another method of pursuing one's self-interest. Furthermore, the majority view would hold that, using our terminology, these needs would be more correctly classified as wants, namely, not innate to Man.

As we shall attempt to demonstrate later, there is a very convincing case to be made that altruism exists, and furthermore, that certain elements of altruism are innate to Man.

In conclusion, we would emphasize that when characteristically distinct categories of needs are all lumped together into one single homogeneous class, a

whole area of relevant inquiry is surreptitiously closed to marketing students and thinkers.

3.3 A Preliminary Appraisal of Exchange Theory in Marketing

The most acute difficulty with the exchange concept in marketing thought is that the notion itself has been artificially stretched, twisted and inflated beyond everyday recognition. By encompassing too much, its explanatory power has been severely handicapped. In Bagozzi's and others' hands, exchange has been defined in the manner of a marketing strategist whose segmentation strategy is to target everyone who has a nose. The implied scope of Marketing, in the opinion of some writers, has undergone a similar fate. To be useful and coherent, a concept, like a segmentation strategy, must not only include something specific and meaningful but just as important, it must exclude meaningful and sizeable portions of the relevant universe. It must be unmistakably clear what the concept does not aim to describe.

Oblivious to Blau's¹¹ prescient warning not to overreach when applying the social exchange concept, marketing exchange has emerged to be a characteristic deemed present in almost all social relationships. Bagozzi [1975a], in an oft-quoted statement, is unequivocal: "*Marketing is a general function of universal applicability.*"

¹¹ See [Blau 1964, p. 6] quoted above in Section 2.4.1, page 27.

It is the discipline of exchange behaviour.” [p. 39] Levy [1976] is also unambiguous: “*There seems no adequately consistent way to define marketing exchange that limits it short of universality.*” [p. 579]

Despite the mocking tone, Ferrell and Ferrell [1977] put the dissenters’ case succinctly:

“If marketing is all social exchange, and exchange explains all social relationships, then marketing as we know it today will have to totally restructure itself and emerge as a discipline of all social relations. Marketing would, therefore, encompass the contents of the disciplines of economics, sociology, psychology, anthropology (all human behaviour).” [p. 312]

Blair [1977], who is less caustic, nonetheless agrees that in the preceding citation from Bagozzi [1975a, p. 39] marketing “*has become indistinguishable from social psychology.*” [p. 134] Firat [1985a] concurs, drawing our attention to the ideological bias of an exclusively exchange-oriented view of human interaction. O’Shaughnessy and Ryan [1979] reason in a similar fashion, making the additional observation that to suggest that Alderson’s Law of Exchange “*has been a major focus of empirical investigation*” is to both “*fly in the face of the facts*” and “*to mock scientific endeavour.*” [p. 584]

Ferrell and Perrachione [1980] systematically review and comment upon the eight articles by Bagozzi, which were summarized in section 2.4.2 above, and

incisively dissect Bagozzi's 'Formal Theory of Marketing Exchanges.' They judge it incapable of being tested, richly descriptive but having weak explanatory power, over-reliant on economic equations and static rather than dynamic. They deliver what we consider a devastating blow, when they warn:

"It is dangerous to borrow exchange theory concepts from economics and psychology and sociology, and apply them directly to marketing. It was their inadequacy that gave rise to the development of a distinct discipline of marketing in the first place." [p. 159]

Two paragraphs earlier, Ferrell and Perrachione put their finger on the very premise of our thesis, namely

"The concept of the totally rational, maximizing, utilitarian, 'Economic Man' is obsolete: basing a formal theory of marketing exchange (...) on such a concept does not provide a clear picture of the true state of the world."
[p. 159]

On a more practical level, referring to taxpayers', churchgoers' and charitable donors' interactions with their government, church and charity, Rados [1981] charges that characterizing them as exchanges is simply a 'misuse' of the concept. He pithily concludes that *"some marketing is exchange, but not all of it; some exchange is marketing, but not all of it."* [p. 20] Capon and Mauser [1982] approvingly review Rados's views on exchange in opposition to Kotler's perspective. They proceed to highlight the divergence between Rados and Kotler, particularly in a nonprofit

context, so as to urge a rethinking of the Marketing Concept. This is a path to which we shall return in the next section.

Finally, Carman [1973] discusses Kotler's¹² three illustrations of a transaction (the television watcher, the voter and the charitable giver) and concludes, much along the same lines as Rados, that "*no real exchange of values is present —only a one-way transfer.*" [p. 14] Carman advances the radical difference between political and economic processes as an important contributing factor. Seven years later, Carman [1980] elaborates on these differences and concludes that

"Political processes are not marketing processes because: 1) the giving is not a true exchange transaction, 2) individual freedom is given up, and 3) the functions and institutions are quite different from marketing paradigms."

[p. 18]

For these reasons, politics, religion and marriage are excluded by Carman from the marketing discipline.

Bagozzi's [1977] reply to Ferrell and Ferrell [1977] and the alleged claim that marketing includes all social behaviour refers the reader to one of his earlier articles, *What is a Marketing Relationship?*, where Bagozzi [1974b] does indeed clearly state that "*a marketing relationship must be a sub-set of all social relationships.*" [p. 68] In both articles, Bagozzi [1974b, p. 68 and 1977, p. 318] draws a Venn diagram to

¹² See [Kotler 1972 p. 48-49] quoted above in Section 2.4.2, page 29.

indicate that he considers marketing to be at the intersection of four criteria, namely, aspects of social relationships, socio-cultural sanctions, purposes and values of social actors and the philosophy of science.

However, if the four circles in Bagozzi's Venn diagram just about coincide, the exercise has been a futile one. Furthermore, since Bagozzi never explicitly indicates what relationships other than marketing ones he considers to be the constituent subsets of all social relationships, then he hasn't really refuted the claim that he considers marketing relationships and social relationships to be describing just about identical phenomena.

It appears to us that *all* social relationships involve two or more actors who necessarily transfer things 'physical, psychic or social' between one another. But this is precisely how Bagozzi [1979, p. 434] characterizes exchange. If marketing is the study of *all* exchange behaviour, even when said behaviour is a result of coercion or social pressures¹³, it seems only logical that it will thus be probing *all* social relationships. Despite Bagozzi's repeated denials of the preceding conclusion, he contributes heartily to the confusion by entitling his 1979 article *Toward a Formal Theory of Marketing Exchanges* and concluding in the body of this same article "*The*

¹³ See [Bagozzi 1979 p. 435] quoted above in Section 2.4.2, page 35, where he includes coercion and social pressures as determinants of exchange. It is significant to recall that Blau, [1964] one of the intellectual fathers of the social exchange notion, considered exchange to be uniquely a voluntary activity.

theory outlined above provides a framework for modelling social exchange." [1979, p. 445] If the terms 'marketing exchange' and 'social exchange' are used interchangeably by Bagozzi, himself, it is difficult to appreciate how he maintains them to be conceptually distinct.

At one point, Bagozzi [1974a] gingerly gives the example of "*the love between a husband and wife*" as "*usually not a marketing relationship.*" [p. 69] He then proceeds to further attenuate the illustration by adding that:

"the content or aspects of the relationship coupled with differing perspectives and objectives of the persons observing the relationship can, in some cases, lead to divergent definitions of essentially identical social phenomena." [p. 69]

Now beauty may properly exist in the eyes of the beholder but the conceptual definition of a social construct should not be a function of the observer's ultimate purpose. Among other flaws, establishing such a link between the observer and the observed clearly makes a mockery of intersubjective certification.

In Bagozzi's [1985] reply to Blair [1977], he implies that marketing is "*narrower*" than social psychology in that subjects such as "*power, conflict and attitude change*" are only studied by marketers inasmuch "*as these areas impinge upon or are implicated by the core phenomenon of exchange.*" [p. 259] Again, Bagozzi fails to draw a clear distinction between two differently labelled but apparently identical phenomena. One wonders why Bagozzi even bothers to single out

the three above-mentioned subjects, since he does not claim that they are unique to either of the two disciplines. He merely describes under what conditions one of the disciplines, marketing, is apt to consider them.

In conclusion, we would argue, as we indicated in the first paragraph of this section, that a careful reading of Bagozzi's writings on exchange appears to establish that for him the set of non-marketing social relationships is indeed an empty one, just like the set of everyone who doesn't have a nose.

3.4 The Marketing Concept Revisited

Paralleling our point of view with respect to the self-interested Man assumption, as well as that regarding exchange theory in marketing, we believe that the Marketing Concept is a useful, relevant and valid notion *some* of the time, and indeed, far more often than not. Our complaint is that none of the three preceding ideas are ubiquitous, universal, or always appropriate.

To suggest that satisfying customers is why firms exist is to confuse means and ends. The firm exists in contemporary capitalist society, needless to say, to generate more revenues than its expenditures. Satisfying customers is generally a very

reliable strategy or means to achieve that end. There are, however, other strategies¹⁴ such as eliminating competition and establishing a monopoly, or the ownership of exclusive patent rights, which can be very effective in attaining the same goal. Many firms have thoroughly and abundantly satisfied their customers, yet have gone out of business. Others have been far less obliging to their customers and have amassed colossal fortunes. More money coming in than going out is quite simply the oxygen that keeps firms viable.

Capon and Mauser [1982] echo our scepticism of the universality of the Marketing Concept and favour a more contingent approach:

“It may be that in many cases adapting the firm to match its environment generates better returns, but the alternative approach of adapting the environment to match the firm cannot be ruled out, either as a rational business strategy (...) or as a fundamental part of marketing.” [p. 127]

Capon and Mauser enumerate several factors that could influence a firm’s choice among the two preceding alternatives, such as the strength of the consumer’s need, the amplitude of the gulf between the consumer’s need and the firm’s product, the relative costs of each alternative, and so forth. Foreshadowing the thrust of our thesis, Capon and Mauser [1982] conclude:

¹⁴ The extensive writings of Michael E. Porter, which pay little attention to customer satisfaction, are just one such example.

“We believe that it is time that marketers ceased hiding behind the marketing concept as a justification for their actions and face the reality that they are indeed dealing with a technology for securing desired behaviour.” [p. 128]

Likewise, Benton [1985] probes the fundamental nature of the study of consumer behaviour and concludes:

“The basic goal of consumer research has always been the manipulation of behaviour within the framework and goals of lived-in, present day, society.” [p. 199]

Houston [1986] agrees that *“under some circumstances, the production concept or the sales concept would be a more appropriate management philosophy for the organization than the marketing concept.” [p. 85]* Unlike Capon and Mauser, Houston attempts to rehabilitate the Marketing Concept by redefining it as 'understanding' a consumer's needs, rather than 'satisfying' them. With all due respect to Professor Houston, his sleight of hand does not salvage the Marketing Concept, but rather formulates an entirely new concept.

Foxall [1989] likewise rejects the unconditional application of the Marketing Concept, and counsels that *“under appropriate conditions, a particular form of attention to customer requirements is essential if goals of the producer are to be*

achieved.” [p. 13] He concludes that *“the conditions which make marketing-orientation an appropriate response are far from universally encountered.”* [p. 13]

There is somewhat of an amusing incongruity between the Marketing Concept, in its most orthodox expression, and the premise of neoclassical economics, to which contemporary marketing subscribes, namely that *“society is best served by each individual and each individual firm behaving so as to maximize self-interest.”* [Morris 1982, p. 351] Advocating customer satisfaction as a firm’s fundamental orientation is equivalent to asking an individual to consider someone else’s welfare before choosing how to behave. The self-interested Man assumption, which we have already discussed at length, denies that Man can ever truly be so motivated. In fact, there is no incongruity at all if one allows that Man is not *always* motivated by self-interest, nor should he be.

Steedman [1989], after convincingly explaining how the strength and ordering of perceived needs are often contingent on the very economy that satisfies them, concludes that it is simply incorrect to speak of the market existing in order to efficiently allocate resources to satisfy consumers’ needs. He employs a delicious analogy to drive home his point:

“If an archer shot an arrow into a large white wall and if the arrow were then used as the centre around which a target was drawn, few would treat that target as a criterion for assessing the archer’s skill” [p. 216]

Marketing research and marketing activity, in general, enable organizations to choose which among many drives, desires and wants to act upon. Once a particular need is chosen, and the target is drawn around it, in the strictest technical sense the organization is responding to a consumer need. The important nuance is that the entire marketing process may have elevated a peripheral and inconsequential need into the bulls-eye.

The limitations and inadequacies of the Marketing Concept in a business context pale beside its irrelevance in many nonbusiness marketing contexts. In the latter, what the consumer wants, or perceives as a need, is often precisely what the marketing organization strives to eliminate. Campaigns to stop smoking are the most notorious example.

Many other situations that illustrate the Marketing Concept's shortcomings have been discussed in the literature. Etgar and Ratchford [1974] give the examples of universities, politicians and performing artists whose product is created "*at least partly*" for their own satisfaction and for whom "*satisfying the needs of customers operates as a constraint.*" [p. 259] They conclude that: "*As a result many nonprofit organizations will have little interest in applying the marketing concept, but considerable interest in marketing techniques of pricing, promotion and distribution.*" [p. 259]

Hirschman [1983] examines artists and ideologists who “*cannot be comprehended within the marketing paradigm*” due to the “*personal values and social norms that characterize the production process.*” She argues that they “*do not bring forth products according to the primary precept of our discipline —the marketing concept.*” [p. 46]

When Capon and Mauser [1982] turn their attention to social cause organizations, they correctly observe that for many such organizations “*the pursuit of the core mission may be more important than survival*” [p. 128] Persuasion is everything and the core mission is generally not open to modification, thus making the application of the Marketing Concept “*absurd.*” [p. 128]

Dixon [1978] contrasts the mandate of business firms and public agencies. He asserts that the Marketing Concept is insensitive to the fact that the latter’s activities “*are directed toward social objectives by political forces, not by economic forces acting through the market mechanism.*” [p. 51]

Morris [1982] reasons along the same lines as Dixon, contrasting the goods and service marketer, who is motivated by self-interest, and the social marketer who is motivated “*by some perception of social welfare.*” [p. 351] He further draws the distinction that social marketers attempt to have consumers behave in what the organization judges as the consumers’ best interests “*rather than responding to*

expressed needs or wants of consumers who are pursuing their own self-interests.”

[p. 351]

Finally, Buchanan et al. [1994] concede the Marketing Concept's pertinence to entrepreneurs, but question whether it can be of any use to social marketers who *“largely try to persuade people to give up things (cigarettes, alcohol, fatty foods, etc.) that commercial markets have delivered all too successfully. ... It is a different task to respond to unmet consumer demand than to prevent inherent problems brought about through misfortune or through individual or social irresponsibility.”* [p. 51]

[4] FURTHER REFLECTIONS ON EXCHANGE

4.1 The Vital Link Between Exchange and Self-Interest

Bagozzi [1975b] readily admits that the economic exchange model is based on the self-interested Man assumption¹⁵. He [1975a] likewise acknowledges that “*The recent exchange theories of Homans and Blau are also based on this individualistic assumption of self-interest.*” [p. 34] Although Schurr et al. [1985] are sceptical as to the relevance of exchange theory, as presently conceived, to the marketing of government services and policies, they too concede that “*it is the self-interest of individuals, groups and organizations that drives the exchange process.*” [p. 248]

When self-interest motivates an individual’s behaviour, it logically follows that he can do no better in his relationships with others than to get whatever he wants from his counterpart, without ever sacrificing anything in return. This optimal condition, which we would liken to a parasitical relationship, is impossible, however, as soon as we stipulate that self-interest¹⁶ also motivates his counterpart. Consequently, the optimal and *only* solution for two or more self-interested

¹⁵ See [Bagozzi 1975b, p. 315] quoted above in Section 2.3.3, page 19.

¹⁶ We are assuming, at this stage of our argument, that neither deceit nor coercion enter into the equation.

individuals is to establish exchange relationships, that is to 'give and take' things with each other.

Now, if it were possible for an individual not to be motivated by self-interest, he might nonetheless still be drawn into exchange relationships by other self-interested individuals¹⁷. Yet one is compelled to recognize that if this individual is not motivated by self-interest, he could also *choose* to initiate relationships *other* than exchange relationships. By definition, an individual who is not motivated by self-interest may choose to yield something to a fellow human being, without any expectation whatsoever of receiving anything in return from him. And, he may ultimately never receive anything from his counterpart. By definition, no exchange occurs in such a relationship.

If one accepts the proposition that Man is only motivated by self-interest, all human interactions should necessarily be conceptualized as exchange relationships. Conversely, to characterize all human relationships as involving some measure of exchange requires the self-interested Man assumption. The two propositions are not merely intimately linked to one another, but inescapably dependent on one another. If one is wrong, so is the other.

¹⁷ At this stage of our argument, we are withholding judgment as to whether relationships other than exchange relationships genuinely do exist, or ever could exist.

Thus, to the extent that human motivations other than self-interest can and do coexist with self-interest, a unique exchange paradigm of human relationships is unavoidably incomplete.

In a fascinating book whose title pulls no punches, *Adam Smith's Mistake: How a Moral Philosopher Invented Economics and Ended Morality*, Kenneth Lux [1990] meticulously dissects Adam Smith's celebrated passage¹⁸ regarding the butcher, brewer and baker. Lux restates Smith's position that "*in any economy based on exchange ... it is only self-interest operating and not benevolence.*" But even more significant, Lux recapitulates Smith's view that "*for benevolence to be operative in the economic sphere, goods would have to be given away, for free.*" [p. 82] Smith's butcher, brewer and baker epitomize the self-interest-exchange link. Indeed, this inevitable link originates with Smith's illustrious trio. We wish to underline, yet once again, that Smith was examining the *commercial* sphere of human relations.

Using Smith and Lux's terminology, we believe that although a case might be made for the existence of benevolence in the commercial sphere, there is no onus to do so because Smith's self-interested Man assumption is today applied to all spheres of human activity. In a similar fashion, we believe that although a case against the universality of self-interest and exchange in business marketing might be made, it is

¹⁸ See [Smith 1776] quoted above in Section 2.3.1, page 14.

unquestionably in the area of nonbusiness marketing that the case is strongest and the implications the most far-reaching.

In our view, Man is often giving away things, for free, things large and small, cheap and dear, tangible and intangible, with no expectation of reciprocity and indeed without receiving any eventual compensation. The challenging questions, which we will not explore here are: Why do some people do so more often than others? Why do some people give more, and others less? What factors encourage and what factors discourage such benevolent behaviour?

We have already approvingly cited Ferrell and Perrachione's disavowal of 'Economic Man'¹⁹ and their disapproval of basing a marketing theory of exchange upon it. Not surprisingly, they did not have the last word. Houston and Gassenheimer [1987] do not mince words in their rebuttal.

"Ferrell and Perrachione (1980) proclaim the 'Economic Man' to be obsolete, but he or she cannot be. The all-rational, utility-maximizing entity is clearly alive and well if there is to be a theory of exchange. This idealized, assumption-laden creature of theory development is as necessary to developing marketing as the concept of the point is to geometry." [p. 15]

¹⁹ See [Ferrell and Perrachione 1980, p. 159] quoted above in Section 3.3, page 55.

We just about agree entirely. We would only add the following qualification —to developing marketing *as we currently describe it*, that is, as the “*discipline of exchange behaviour*.” [Bagozzi 1975a, p. 39]

Of course, if the all-rational, utility-maximizing entity is sick and ailing, Houston and Gassenheimer would surely agree that the same fate would befall the marketing theory of exchange. By taking into consideration Man’s benevolent side and his ability to engage in non-exchange relationships, we might then be in a position to develop marketing without the burden of an idealized, assumption-laden creature.

4.2 Exchange, Private Property and Public Goods

Although we recognize that in everyday language it is very common to talk of *exchanging* glances, smiles, vows, blows, or even partners, and although we certainly do not want to dismiss entirely the merits of social exchange theory, we believe that the economics origin of the exchange concept should be acknowledged and emphasized. Furthermore, Bagozzi’s theory of marketing exchange is deeply rooted in the assumptions of microeconomic theory.

In our preceding discussion of exchange value, we gave the example of air having utility, but no exchange value. We would like to briefly explore this anomaly.

In the conventional economics paradigm, before a thing can be exchanged, an individual or a group of individuals must have title to the thing in question. In other words, you cannot truly be conferring something to somebody, if it is not yours to begin with. It is probably with this line of reasoning in mind that Kotler [1972] identified the “*concept of private property.*” [p. 47] as one of the six necessary conditions for economic exchanges to occur in a society.

Steiner [1976] contends that of the four classical economic utilities —form, time, place and possession— marketing is concerned primarily with the last three. Focusing on possession utility, we would contend that the concept of private property is essential for possession utility to have any real meaning. If no one, or everyone, owns whatever is being marketed, possession utility cannot possibly be created. Transfer of title in the latter situation is thus subtracted from the marketer’s function.

Consequently, if a thing belongs to no one, or to everybody, it is impossible for it to be exchanged. If it cannot be exchanged, it cannot truly be assigned an exchange value, as in our example of air. In other words, communal property cannot be exchanged by the members of a community²⁰, because it already belongs to each and every one of them. This does not prevent the thing from having use value, nor of course, from it being used. Meanwhile, the orderly and equitable consumption of

²⁰ This is not meant to deny that communities could exchange things between each other.

communal or public goods often represents a significant challenge to any marketer working with these goods.

Public goods²¹, as opposed to private goods, impose upon us an obligation to share, that is “*to partake of, use, experience, or enjoy with others.*”²² Thus, not only can public goods not be exchanged, but they also prod us towards a behaviour that takes us beyond our narrow self-interest.

When we contemplate goods such as libraries, hospital emergency services, highways, police services, fire prevention and parks, indeed the whole panoply of public goods, we observe that citizens generally consume these goods unevenly, pay for them unequally, yet technically possess them equally. Moreover, some citizens never use certain public goods, while others barely contribute to the production and maintenance of the community’s stock of public goods.

Policies regarding the use of public goods are determined by a set of processes that are entirely independent of the set of processes that determine each citizen’s financial obligation to produce or maintain these public goods. We would argue that neither of these two sets of processes are exchange processes, either taken alone or

²¹ We examine the notion of public goods again, in more detail, in Section 7.2, beginning on page 170.

²² Webster’s New Collegiate Dictionary.

together. These processes are only most indirectly controlled by the parties involved, namely the general public. Participation in these processes is not voluntary and citizens, in principle, cannot negotiate the terms or degree of their participation in them. Finally, the processes are often driven by ideological and politically partisan considerations.

Leaving behind the domain of economics and the juxtaposition of private property and public goods, we find the concept of exchange, along with its ally the self-interested Man assumption, applied to describe and analyze human activity and relationships in many other areas. We shall examine some of these applications in the following sections. However, to put things in perspective, we believe that it is no coincidence that the notion of exchange, as first conceived in modern economics by Adam Smith and others, coincides with the emergence of private property relations.

It is furthermore no coincidence that the prominence and increased use of the notion of exchange corresponds to Man's increasingly egoistic, atomistic, alienated and private view of all things, particularly himself. Thus, we attribute an exchange value, or price, not only to goods that are exchanged in the marketplace but to an ever-expanding list of abstract things such as time, personal reputation, a university degree, distress, a brand name, literacy, housework, and as we have already mentioned, life itself.

Employing these fictional prices, or what are sometimes called 'shadow' prices, is undoubtedly very practical in many contexts, but we all too often forget that these exchange values are nonetheless fictional representations of things that are not truly exchangeable.

4.3 Broadening the Concept of Exchange

In traditional economic theory, the concept of exchange, notwithstanding its alleged shortcomings, has had a relatively well-bounded meaning. When Homans and Blau imported it into the fields of sociology and social psychology, certain criteria were relaxed, particularly regarding the medium of exchange. For example, intangibles such as esteem, approval, prestige, gratitude and trust were deemed to be exchangeable *goods*. Emerson [1976] presents a thorough critique of Homans and Blau's social exchange theory. Essentially, he observes a frequent incompatibility between the assumptions of economic science and the reality of sociological and social psychological phenomena.

When Kotler and Levy [1969a] proposed to broaden the concept of marketing beyond the domain of the commercial marketplace, the notion of exchange in a marketing context underwent a similar pressure to be broadened. So much so, that, as we have discussed previously regarding Bagozzi's writings on the subject, it is far

from apparent if, when, and how exchange relationships are distinguished from non-exchange relationships by those thinkers who see exchange as the cornerstone of marketing study. At times, the excessively liberal use, or more precisely, misuse of the exchange concept borders on the ridiculous.

The most blatant example is surely when the almost universally accepted prerequisite of exchange —having at least *two* involved parties— is thrown by the wayside. Hirschman [1983], in a criticism of the limits of the Marketing Concept that we have approvingly quoted above, attempts to recast the Marketing Concept by suggesting that: “*Some marketing exchanges are initiated within one’s self. In self-oriented marketing, the creator may serve as the initial consumer of that which he/she creates.*” [p. 49] In a similar vein, Lusch et al. [1992] advance and develop the notion of “*internal exchange or self-production*” and give as an example “*home meal preparation.*” [p. 121] Robinson Crusoe may have many legitimate conceptual incarnations, but being a marketer is certainly not one of them.

Although marketing did not exist at the time, there is no doubt that the slave trade can be readily conceived as an exchange of people as economic goods, or as products. The notion of ‘People as Products’ also lies at the heart of some of the more sordid episodes of human history, such as the Nazi genocide. In our opinion, civilization necessarily implies a recognition not only that human beings should not, but also *are not* goods or products to be possessed, or exchanged. Thus, we utterly

fail to embrace Hirschman's [1987] suggestion, in an aptly titled article, *People as Products: Analysis of a Complex Marketing Exchange*, that personal advertisements, where people offer themselves to others as social and sexual companions, "*are clearly a form of marketing exchange.*" [p. 101] Our objection is neither righteous nor priggish, but rather directed against the blatantly alienated view of Man, as specifically condemned by Erich Fromm [1947] in his attack on marketing, exactly four decades before the publication of Hirschman's article. "*One experiences oneself as a commodity or rather simultaneously as the seller and the commodity to be sold. A person is not concerned with his life and happiness, but with becoming saleable.*"

[Fromm 1947, p. 70]

Fisk and Walden [1979] directly quote Bagozzi [1975a] and literally take him at his word that "*Marketing is a general function of universal applicability.*" [Fisk and Walden p. 459] They put forward the concept of 'Naive Marketing' whereby "*individuals acting on their own behalf engage in activities which bring about and/or facilitate human exchanges.*" [p. 470] They discuss two examples, job hunting and dating, where the naive marketer's "*product is himself.*" [p. 464 and p. 465] It is interesting to note that Fisk and Walden 'heartily' endorse Bagozzi, unlike Ferrell et al. [1977, 1980], yet they all understand Bagozzi to be arguing that marketing "*is a necessary and fundamental characteristic of all human exchanges.*" [Fisk and Walden 1979, p. 460]

It is not our position that the medium of exchange must necessarily be a tangible good. We therefore agree with Bagozzi [1979] that the medium of exchange can, at times, be intangible or symbolic. However, if everything and anything under the sun is presumed to have exchange value, or to be exchangeable, exchange theory will rapidly and accurately be labelled a tautology, as several writers [Blau 1964, Meeker 1971, Bagozzi 1975b, Emerson 1976, Firat 1985a] have so cautioned. At the conclusion of *A Theory of Marketing Exchange*, Bagozzi [1978, p. 554] does acknowledge the threat²³.

Bagozzi never really circumscribes exactly what he considers to be exchangeable 'things of value.' Just like our analysis of Bagozzi's failure to distinguish exchange relationships from non-exchange relationships, we believe he fails to distinguish exchangeable things from non-exchangeable things.

Although we would not claim this to be a definitive boundary line, we believe that to be exchangeable, a thing must either be concretely owned by a recognizable party, or deliberately produced as a proxy in order to acquire something from another identifiable party, who likewise owns something, or is acting in a similar manner. Furthermore, we believe that the parties to an exchange, with all due respect to the ideas of Becker [1981], should minimally perceive that they are surrendering X and that their acquisition of Y is somewhat related to that surrender of X. Thus, whereas

²³ We have already reproduced the citation on page 34 above.

we would consider an employee-employer relationship to be an exchange relationship, we would not consider the performance of household chores, such as preparing a meal at home, to be an exchange relationship.

We will attempt to more fully illustrate our point of view by examining the three well-known examples of exchange formulated by Kotler²⁴ [1972], criticized by Carman [1973], and championed once again by Bagozzi. [1975a]

The first of Kotler's [1972] examples is "*when a person decides to watch a television program; he is exchanging his time for entertainment.*" [p. 48] Time, we believe, is not an exchangeable commodity. Time is simply not *his* to give, except as a figure of speech. Time is a quantitative measure of the duration of something. In many circumstances, that something may be exchangeable. However, no one can *own* time, nor *produce* it. No one can activate or suspend time, increase or decrease it, accelerate it or slow it down. An hour or a day is no more exchangeable than an ounce, a gallon or a mile.

On the other hand, an exchange does occur between a viewer and his cable company, who in exchange for a fixed amount of money, transmits electronic signals through a cable for a fixed period of time. Exchange also occurs between a moviegoer

²⁴ See [Kotler 1972 p. 48-49] quoted above in Section 2.4.2, page 29.

and a movie theatre, a TV viewer and a pay-per-view distributor, and a TV viewer and a videocassette rental outlet.

When a network beams out television signals that are eventually captured by some of the public's television sets, we would argue that these signals are *free* goods distributed in the public domain. We would thus not distinguish between state-run, publicly-funded and commercial television networks, who all receive strictly nothing in return from each of the individuals whose television sets actively process their broadcast signals. In fact, network broadcasters never precisely know the identity of the people who consume their signals. Their alleged exchange counterparts are absolutely and totally anonymous.

Bagozzi [1975a], in support of Kotler's example, adds that the viewer "*gives his attention, support (for example, as measured by the Nielsen ratings), potential for purchase, and so on.*" [p. 34] Attention cannot be *given* to someone; it is a state of mind that is more often than not *grabbed* by somebody or something, like a loud scream, a bright light or a television advertisement. The goal of much television advertising is undoubtedly to encourage exchange activity, but for itself to be considered an exchange activity, the potential must necessarily be fulfilled, the 'give and take' must necessarily be consummated. As long as anyone can consume as many television signals as they want, without any obligation to forfeit anything in return, as

long as there is not necessarily a quid pro quo of any kind —there can be no exchange relationship.

The second example is “*when a person votes for a particular candidate; he is exchanging his time and support for expectations of better government.*” [p. 48-49] Again, we fail to see how time or support can be exchangeable, unless of course the individual is receiving a bribe or specific favour, in return for *correctly* marking his ballot, or the ballot of one of his neighbours. If citizen A votes for candidate X; citizen B for candidate Y; and citizen C doesn’t go to vote at all; all three will normally be subjected to the identical benefits and liabilities that will emerge from the newly elected government.

If we contrast this to the marketplace where A buys an apple; B a chocolate bar; and C nothing; each of the three citizens will receive different things in return for their action or inaction. The benefits enjoyed by each of them will normally also be distinct. Different exchange behaviour should logically produce different results.

We would make one exception. When a person’s vote is not confidential and the winner is clearly able to identify how an elector has voted, exchange relationships will often exist between the candidates and the people having the right to vote. Parties to an exchange must be able to know whether their counterpart has delivered *the goods*. This counter example underscores the importance of knowing the identity of

one's counterpart and even more important, knowing exactly how he behaves for an exchange relationship to ever exist.

The third example is "*when a person gives money to a charity; he is exchanging money for a good conscience.*" [p. 49] The charity does not give the person a good conscience. The donor may indeed reap a benefit from making a charitable contribution, but this so-called benefit, ascribed by Kotler, is *self-produced*. Furthermore, it is conceivable that a philanthropist will feel miserable, because he is unable to give more, or indeed he may feel nothing at all. Besides, good feelings can be experienced by rebuking an appeal for money by a charity one condemns.

As recounted in a popular Jewish parable, we would contrast the philanthropist who rings the poor person's doorbell and then gives him a turkey, only to bask in the latter's gratitude and humiliation, with the philanthropist who puts the turkey on the doorstep, rings the bell and escapes so as not to embarrass the needy recipient of his generosity. The former initiates an exchange relationship, the latter unequivocally does not.

In later sections, we shall devote a great deal more attention to the motivations behind philanthropic donations, as one of the many manifestations of altruistic behaviour.

4.4 Mental States and the Exchange of Psychic and Social Entities

In *The Common Sense of Political Economy*, by Philip Henry Wicksteed [1949], first published in 1910, the gifted Unitarian minister writes: “*as soon as we deliberately desire possession of any external object, it is because of the experiences or mental states and habits which it is expected to produce or avert.*” [p. 153]

Wicksteed lists some of these mental states as health, happiness, freedom from hunger and weariness, relief from pain and anxiety, enjoyment, affection and power.

Wicksteed’s argument is that exchanges are ultimately not enacted in pursuit of objects, per se, but rather in order to experience various mental states, in the most liberal sense of the term. For marketers, well-versed in the aphorism —hope is what one sells, not cosmetics— Wicksteed’s analysis would appear to be right on the money.

The problem quickly becomes apparent when we realize that not only exchange, but ultimately all human behaviour is both driven by, and leads to, a mental state of some kind. Indeed, since pain, grief, boredom, hunger, thirst, apathy, alienation, ignorance, daydreaming, illness and irritation are also mental states, Man is never really totally devoid of one mental state or another.

A key component of Bagozzi’s [1979] Marketing Theory of Exchange is summarized in the following:

“The thing or things exchanged may be physical (e.g. goods, money), psychic (e.g. affect) or social (e.g. status). Rather than entailing a give-and-take of one thing for another, most exchanges are probably characterized by the transfer of bundles of physical, psychic and social entities ... The values of the things exchanged may be sought as ends in themselves or as means to ends.”

[p. 434]

Undoubtedly, since psychic entities of one kind or another are continuously experienced by all living humans and social entities will invariably exist in all relationships between two or more people, both are necessarily present in an exchange relationship. To the extent that non-exchange relationships exist, the same would hold true for them.

Thus, we would argue that the addition of psychic and social entities into the theory of exchange clarifies nothing about the scope of exchange in a marketing context. However, we would further argue that their addition to the marketing theory of exchange does play a crucial, albeit surreptitious role, to which we now turn.

Jeffrey L. Harrison [1986], in an insightful analysis of the impact of economic theory in the field of law, entitled *Egoism, Altruism, and Market Illusions: The Limits of Law and Economics*, argues that:

“Reliance on the theory of egoism frequently requires the invocation of ‘fillers’ such as ‘psychic income’ or ‘social invisibles.’ These are necessary to

produce the appearance of symmetry whenever observed behaviour does not fit a readily understandable self-interest-based explanation. These fillers eliminate the possibility of altruism by supplying a fictionalized compensation for any seemingly altruistic transfer that might occur. All transfers are made to appear reciprocal. If I give a gift to someone it is for the psychic income I receive in return. The imbalance of gift-giving is conveniently remedied, and self-interest is maintained as the sole motivating force.” [p. 1318-1319]

Incomplete information, paradoxical behaviour and external constraints cannot sufficiently account for the frequent imbalances or apparent lack of reciprocity that exist in many human relationships. With the unrestricted introduction of psychic and social entities into the exchange equation, Bagozzi’s marketing theory of exchange is impossible to disprove. With one swift stroke and no need for imagination, any mental state that results from human behaviour can invariably be interpreted as the egoistic acquisition of some psychic or social entity. This inevitably leads to the conclusion that human behaviour is always self-interested and that all relationships can be viewed as exchange relationships.

Recalling Bagozzi’s TV viewer giving his ‘attention,’ Kotler’s voter securing ‘expectations,’ and particularly Kotler’s donor acquiring a ‘good conscience,’ treating these three ‘psychic entities’ as exchangeable goods is imperative for the exchange paradigm to work. In so doing, however, the subtleties of Man’s

motivations and needs, as well as the complex processes involved in choosing one course of behaviour over another have been obscured and trivialized, rather than made salient.

Altruism and solidarity are thus subsumed into psychic and social entities, on the same footing as esteem, authority, pride, humility, greed, malevolence and subservience. Arguably, there is nothing intrinsically wrong with this, until one realizes that the singular quintessence of altruism and solidarity has been distorted for ideological reasons to fit the theory, rather than having the theory take into account the uniqueness of altruism and solidarity. Ayn Rand would be proud.

As Harrison [1986] acidly concludes: “*Psychic Income —a wobbling crutch for egoism— explains little of substance about motivation.*” [p. 1310]

4.5 The Exchange of Ideas

Kotler and Zaltman’s [1971] landmark definition of ‘Social Marketing’ warrants examination in the context of our discussion of exchange. “*Social marketing is the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research.*” [p. 5]

Notice the conspicuous absence of any reference to exchange, this from the same person who had previously written "*The crux of marketing lies in the general idea of exchange,*" [Kotler and Levy 1969b, p. 57] who would write a few months later that "*The core concept of marketing is the transaction,*" [Kotler 1972, p. 48] and who prior to defining social marketing, in the same article, writes "*The core idea of marketing lies in the exchange process.*" [Kotler and Zaltman 1971, p. 4]

It is likewise noteworthy that the core concept in Kotler's definition is the concept of influence, which in its standard application may involve exchange, but does not necessarily do so. Indeed, Kotler and Zaltman's definition bears a striking resemblance to Capon and Mauser's [1982] previously quoted invitation to marketers to reject the Marketing Concept and acquiesce to the fact that marketing is "*a technology for securing desired behaviour.*" [p. 128]

Finally, we would draw the reader's attention to the phrase 'acceptability of social ideas.' Kotler never really elaborates on this expression, but he does illustrate it with numerous examples, such as safer driving, charity giving, blood donation, nonsmoking, better nutrition and civil rights. It appears to us that these programs would be more accurately characterized as calculated to influence and elicit a desired behaviour. We believe that the dreaded spectre of manipulation prevented Kotler and Zaltman [1971] from more explicitly calling a spade a spade. Indeed, they concede at the end of their article that as a result of their recommendations regarding social

marketing, *“There will be charges that it is ‘manipulative’ and consequently contributes to bringing the society closer to Orwell’s 1984.”* [p. 12]

One of the key propositions in Kotler and Zaltman’s [1971] article is that the ‘social idea’ must be conceived and managed just as the businessman conceives and manages his product. They therefore write that a marketer *“must ‘package’ the social idea,”* and try *“to create various tangible products and services which are ‘buyable’ and which advance the social objective.”* [p. 7] At first glance, the ‘social idea’ as an exchangeable *good* might seem to be a reasonable metaphor in a marketing context.

Picking up, in a sense, where Kotler and Zaltman leave off, Seymour Fine [1981] writes an entire textbook on *The Marketing of Ideas and Social Issues*. Fine is even more direct and explicit in setting out the metaphor.

“The dissemination of ideas is a marketing process. [p. 1] It will be argued in these pages that a marketplace does indeed exist for ideas and issues. [p. 3] Ideas are to problems what products are to needs and desires. Each is capable of resolving or satisfying some situation; ideas solve problems, while products satisfy needs and desires. [p. 22] Having argued that ideas are products of human exchange, and that exchange phenomena are marketing transactions, it must follow that ideas can be studied as any other product, that they are bought and sold, priced and advertised, packaged and distributed.” [p. 43]

We unequivocally beg to differ.

Although we recognize that copyright, patents and rules regarding intellectual property do indeed, either directly or indirectly, impose what may be termed exchange values on commercial and artistic ideas, this is a custom that is unique to a society in which private property relations have reached their zenith. Moreover, exchange values are also sometimes assessed for human grief and pain, for human organs and limbs, and for human life itself. We would maintain that some of these fictitious pricing exercises are gross manifestations of Man's alienation from Himself, from his Fellow Man and ultimately, from his fundamental nature.

Most marketing textbooks differentiate products from services along the well-established dimensions of tangibility, standardization, perishability and the simultaneity of production and consumption. If we were to differentiate ideas from products and services, we would encounter even more pronounced differences. Perhaps the most important is that once an idea is conceived, it does not have to be produced or distributed, unlike products and services. At the root of every product or service is an idea. But the product idea or service idea is not brought directly to market. The product must be manufactured, and the service providers hired and trained. Often physical plant, buildings, machinery and tools have to be acquired or created.

An idea or social issue, as these terms are used by Kotler and Fine, has no corresponding production costs. Likewise, unlike a tangible product, the idea does not

have to be physically distributed through channels to the ultimate consumer. And, unlike an intangible service, no human service providers or equipment have to be physically organized and placed in proximity to the ultimate consumer. On the other hand, there is no doubt that like products and services, ideas and social issues have to be promoted, advertised and publicized.

We shall try to further illustrate the preceding argument with the following observations. A product marketer, by definition, offers his customer a tangible physical object, and if the product marketer wants to increase his market penetration he must physically produce more tangible physical objects. His variable production costs will correspondingly increase and pursuant to the law of supply and demand, the price, or exchange value that he can command in the market will normally decline. The service marketer is in a similar situation. To increase his market penetration, he will either expand the physical area where the service is offered, augment the physical equipment in operation, supplement the personnel offering the service, or some combination of all three. His variable production costs will increase and the exchange value that he can command for his service in the market will tend to fall.

Meanwhile, generally-speaking²⁵, a nonsmoking crusader, an advocate for

²⁵ We realize, of course, that many social marketers, following Kotler and Zaltman's advice, do indeed create a multitude of tangible products and services in order to superimpose an exchange relationship, whenever possible, on what we believe to be essentially non-exchange relationships. As Morris [1982] asks and answers: "*Can the marketing strategies and tactics of the profit-seeking manager be extracted from the*

safer driving, a civil rights activist, a canvasser for blood donations or a nutritionist who wants to increase his market penetration will have to promote, advertise and publicize perhaps more frequently, perhaps more effectively, or perhaps to a wider audience. Inevitably this will increase the social marketer's promotional costs, but he will still have absolutely nothing to produce, no plant to build, no equipment to acquire and no service providers to hire, train or remunerate.

If somehow one could conceptualize the exchange value of an idea or social issue, which we do not at all concede, it is difficult to see how this so-called price would be influenced by the number of people responding either negatively or positively to said idea or social issue.

Morris [1982] likewise fails to see any pricing mechanism for social ideas, contending that 'non-market' criteria attribute merit to ideas, and thus, he concludes that "*Social marketing represents a distortion of whatever semblance of a market exists for ideas, in that it places greater weight on certain ideas without ensuring that competing ideas receive proper consideration.*" [p. 353] Specifically, he charges that "*The government, as social marketer, is using a moralistic and/or paternalistic rational for its activities.*" [p. 353]

private sector and made to fit applications in the sector for ideas? There is no question that this has taken place." [p. 351] We shall devote an entire subsequent chapter to the wisdom of consistently following Kotler and Zaltman's advice.

All this leads to another interesting peculiarity of ideas, eloquently set forth by the third president of the United States, Thomas Jefferson.

“If nature has made one thing less susceptible than others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it. Its peculiar character, too, is that no one possesses the less, because every other possesses the whole of it.”²⁶

An idea is not a scarce resource. If I pass along an idea to someone, I will still possess it. Indeed, an idea cannot be disowned, it can only be shared.

Furthermore, most communicators of social ideas, such as the nonsmoking crusader, the advocate for safer driving, the civil rights activist and the nutritionist will receive absolutely nothing, tangible or intangible, in return from the receiver of the idea. The receiver may or may not behave in the desired way, but generally-speaking, the social marketer, like the network broadcaster and the political candidate, will never know the identity of precisely who has been exposed to his idea, or whether the receiver has made any use of the idea. In fact, like the network's broadcast signals, the social idea is generally offered to the target population for *free*. We would thus argue, once again, that no exchange is taking place and despite their

²⁶ Thomas Jefferson in a letter to Isaac McPherson, August 13, 1813, as quoted in [Lynd 1984, p. 1431].

possible utility, ideas and social issues cannot legitimately be assigned an exchange value.

One may counter that society at large will often benefit, perhaps through reduced future expenditures, when a target group adopts a certain socially-recommended behaviour. We would reply that, generally-speaking, this may be a happy consequence for the social marketer, but any direct relationship is rarely apparent and this is seldom the underlying reason that the social idea is disseminated in the first place.

We would even go so far as to argue that nonsmoking is no more an *idea* than smoking Brand X is an *idea*. Social marketing, cause marketing and issue marketing may all have a nice ring to them, but the nonsmoking marketing crusader and the marketer of Brand Y have a great deal in common. They both want their targets to stop smoking Brand X; they both have an alternative behaviour to propose to their targets; and both will build their marketing campaigns exclusively upon getting their targets to change their behaviour towards the behaviour that they, as marketers, want their targets to adopt.

The nonsmoking crusader is clearly not a brand competitor to the marketers of Brand X and Brand Y, but he is just as much a competitor to them both, as a freshly-

squeezed juice producer, like Tropicana, is to Coke and Pepsi, or as diaper services are to Pampers and Huggies.

Despite our objection to the notion of a marketplace of ideas, as conceived by Fine, we do believe that exchanges of ideas do exist and are, in fact, widespread. For example, when trying to solve a problem, or when trying to make a joint decision, one party advances one idea, the other replies with another idea, the confrontation of both ideas allows one or the other to evolve a third idea and the process continues, ideally, until an idea evolves that was not present at the beginning, and which both parties concur solves the problem. This final idea, strictly speaking, is the group's idea, and neither of the individuals can claim paternity, because if the two were not to have met, it is conceivable that the final idea would have never resulted. The social marketer and his audience do not engage in a process even remotely comparable to the preceding. And even if they did, or could, one could still not attribute an exchange value to the ideas being conceived.

The metaphor of a 'social idea' as an exchangeable *good* is a failure. But even more important, by masking an idea or social issue's fundamental distinctiveness, marketing strategists who embrace Kotler and Fine's metaphor might frequently be seriously undermining the causes, ideas or issues that they are trying to champion.

4.6 Exchange in For-profit and Nonprofit Contexts

The most succinct and precise definition of a nonprofit organization that we have read is that of Yale law professor Henry B. Hansmann [1980] who writes that a nonprofit enterprise is “*barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers, directors or trustees.*”

[p. 838] In the marketing literature, nonprofits have also been labelled nonbusiness organizations, as well as the longer appellation of public and nonprofit (PNP) organizations. We shall use all three terms interchangeably.

No one disputes that marketing thought took root and has largely developed in the context of for-profit businesses. Furthermore, during and immediately following the first half of the Twentieth Century, marketing focused on little else other than the buyers and sellers who were exchanging dollars for tangible products. Exchange relationships were unquestionably omnipresent throughout the area which marketing had determined to be its field of study. When Kotler and Levy [1969a] suggested that marketing study be broadened into the nonbusiness environment, predictably, the prevailing perspectives, assumptions, principles and methods were applied to this new setting.

Nonetheless, as the idea began to take hold, several writers [Capon 1981, Capon and Cooper-Martin 1990, Gallagher and Weinberg 1991, Kotler and Andreasen

1987, Lovelock and Weinberg 1975, Lovelock and Weinberg 1978, Lovelock and Weinberg 1984, Shapiro 1973] pointed out recurrent distinctions between nonprofit and for-profit organizations. They inevitably differentiated the nonprofit from the for-profit organization based on the former's general tendency: to offer services rather than products; to serve multiple publics; to undergo considerable public scrutiny; to distrust marketing; to receive substantial if not all of their financing from the public treasury; and, to experience less competition and traditional market pressures, particularly with respect to the organization's bottom line.

Admittedly, these distinctions were not trivial, but today, in 1996, forces such as ballooning government debt, fierce global competition, environmental concerns, technological developments, the influence of the contemporary media along with others too numerous to mention, have radically altered, if not blurred many of the above distinctions. Marketing itself has acted to transform both for-profits and nonprofits so that many of the former discrepancies have been dramatically reduced.

We will restrict ourselves to a few examples, regarding each alleged distinction. Ten years ago, in the United States, Rudolph [1985] estimated product sales for museum stores alone to be in excess of \$200 million. UNICEF raises millions through catalogue sales, as do the Girl Scouts with their brownies. Today, the for-profit service sector of the economy, from fast food to fitness clubs, from

funeral homes to financial services, is certainly no poor cousin to the for-profit goods-producing sector.

Multiple shareholders and publics, other than consumers, have acquired ever-increasing strategic leverage on for-profit businesses. Consumer groups, government regulatory agencies, stockholders, mutual funds, pension funds, financial institutions, media, employees and suppliers oblige for-profits to be constantly looking out in all directions to the many constituencies that can sometimes make or break them. The burgeoning field of public relations is a prominent confirmation of this trend.

Public scrutiny of for-profits and nonprofits alike is also intensifying. Exxon's spewing Valdez, Johnson & Johnson's poisoned Tylenol, Nestlé's oh-so-convenient formula, Intel's miscalculating Pentium and Perrier's tainted bottles are only five of the more notable cases where for-profit businesses have come under the most intense public scrutiny.

The distrust of marketing, once an important consideration in dealing with nonprofits, has become more and more marginal. The sentiment in nonprofit organizations today is much more likely to be dismay that more resources are not available to market more effectively.

For well over the past decade, the public sources of financing for nonprofits have almost universally been either cut back, withdrawn gradually or eliminated completely. Meanwhile, giant for-profit conglomerates such as Chrysler Corporation and the Continental Bank have been rescued from the brink of bankruptcy by the public treasury. At the same time, the public treasury is used by different governments who compete among themselves to offer ever more favourable terms to private firms in order to induce them to establish operations and create jobs within their boundaries.

Finally, market pressures are being increasingly brought to bear on nonprofits. Productivity measures are no longer strangers in nonprofit environments and all the fashionable procedures from total quality, re-engineering and intrapreneurship to outsourcing, synergy and downsizing are being deployed equally in both the for-profit and nonprofit environments.

Although we acknowledge that genuine distinctions between the two types of organizations may continue to exist, we believe that from a marketing perspective, they have little or no significance. The marketer at any contemporary educational or health care institution, be it for-profit or nonprofit, generally has the same concerns and faces similar challenges²⁷. How any potential net earnings are distributed will

²⁷ Herbert A. Simon [1991] makes a closely analogous point, from a human relations perspective. "*Profit-making firms, nonprofit organizations, and bureaucratic organizations all have exactly the same problem of inducing their employees to work*

impact only marginally on the problems the marketing professional will be called upon to resolve and the opportunities on which he is expected to capitalize.

In *Problems and Challenges in Social Marketing*, Bloom and Novelli [1981] carefully contrast the business and nonbusiness sectors. They identify eight key problems areas regarding the latter, which they imply set it squarely apart from the former. However, at the outset, they discreetly admit that “*Many of the cited problems may also confront small businesses and other less conventional marketers.*” [p. 80]

Small is the operative word. Indeed, one of their principal assertions states that limited budgets make doing effective marketing more difficult. In fact, several of the problems cited are intimately associated with the relative paucity of nonprofits’ resources available for marketing. Ultimately, what remains of their case is not substantially more than the well-known maxim that ‘It takes money to make money.’ Admittedly, even if an organization’s primary objective is not to make money, it still requires *money* to get things done. We would contend that organizational size or marketing budget present more significant distinctions between organizations than the disposition of net earnings.

toward the organizational goals. There is no reason, a priori, why it should be easier (or harder) to produce this motivation in organizations aimed at maximizing profits than in organizations with different goals.” [p. 28]

This rather long digression on what we consider an obsolete distinction between modern for-profit and nonprofit organizations does have an important consequence for the subject under consideration in this thesis. We believe that a far more relevant and consequential distinction exists between contemporary organizations that market offerings to the public. It would be far more significant to distinguish between organizations that are primarily engaged in exchange relationships with their target markets, and those, regardless of the reasons why, that are not. On an even more subtle level, we would even argue that all organizations engage, at one time or another, in both exchange and non-exchange relationships, depending upon the public with whom they are dealing.

The for-profit/nonprofit distinction is a historical artifact that symbolizes and embodies marketing's origins and its subsequent expansion into a much larger domain. However, from a strictly marketing point of view, we fail to see what practical significance there is in differentiating a museum store from a private art emporium, a public broadcaster from a private broadcaster, a charity auction from a privately-run auction, or a state-owned power utility from a private one.

On the other hand, when a consumer makes a tangible payment and receives an identifiable product or service in return, the 'give and take' quid pro quo dynamic lends itself, for the marketer, to a particular kind of persuasion and control. Far from

being a trifling matter is the consideration that the marketer can be certain that an exchange has indeed occurred with an identifiable party.

If either nothing is truly received or truly forfeited by the consumer, or the marketer, or both, the panoply of available persuasive instruments in the marketer's arsenal will be radically altered. Furthermore, the consumer's behaviour, which is still the marketer's foremost concern, is likely to be difficult to verify, at least in as precise a manner as when Mr. X personally delivers some form of *payment* to the marketer for whatever it is Mr. X genuinely acquires from the marketer.

By acknowledging that a marketing relationship can at times be a non-exchange relationship, we will also rapidly perceive that self-interest is not always operative. Without the blinders of the self-interested Man assumption, marketers might address and take into consideration, in a far more realistic fashion, the complex nature of Man. As we have argued above, this would include issues such as why some people are less self-interested than others and what motivations other than self-interest explain human behaviour.

Lest this appear to be an abstract and impractical moral and ethical polemic for marketers, we will illustrate its pragmatic application, at this point, with just a few quick examples.

Governments might gain some insight into tax evasion and why other people do not indulge in this self-interested behaviour. Software manufacturers might gain a better understanding of software piracy and why other people legitimately pay for their programs, although it is generally just as easy, and certainly in one's self-interest, not to. The phenomenon of illegal cigarettes and alcohol might be somewhat elucidated. Participation in the democratic process might be better stimulated. The entire phenomenon of the underground economy and black markets could be openly and more adequately addressed by marketers whose offerings are subject to them.

Trust, empathy and morality are very much a part of marketing relationships, as they are of most, if not all, human relationships. Exchange and self-interest tend to obscure them from view, and thus discourage marketers from trying to understand how they operate and ultimately how they might be cultivated.

4.7 A Recapitulation

Ultimately, our argument with the exchange concept as currently employed in most of the marketing literature can be summarized as a disagreement regarding the prior conditions necessary for an exchange relationship to take place. Putting aside the exceptions already noted above, just about everybody concurs that an exchange requires two or more parties. Secondly, there is the agreed upon notion that the

parties to an exchange expect to undergo some change as a result of the exchange activity. This change is generally postulated to be a mutual advancement of their respective situations.

At this point, the divergences between our prerequisites and those of the conventional view of exchange become wider and more profound. We believe that something, albeit tangible or intangible, must be yielded by each of the parties, and something tangible or intangible must be received by each of the parties.

Our most important restriction, in sharp contrast to the conventional view, is that we believe the things exchanged must have an exchange value, or price. Put another way, there must exist identifiable terms of exchange. The terms may be unilaterally set by one of the parties or negotiated by each of them, but they cannot be invisible to the parties. The exchange value need not be expressed in money terms, but it must be measurable and translatable into some common denominator. Exchange behaviour may often be routine, but it is an intentional human behaviour. For there to be an exchange, each of the parties must be *consciously* aware that his acquisition of one thing from his counterpart is *conditional* on his forsaking something that he possesses or can create to his counterpart.

We heartily applaud Adam Smith's juxtaposition of self-interest and benevolence and agree with Smith that only self-interest operates in exchange

relationships. But even more important, we contend that Smith's provision inevitably leads to the conclusion that when a thing is distributed or available for *free*, there is no exchange.

Our final limiting factor is that we believe that for there to be an exchange, the parties must be able to specifically identify their exchange counterpart or counterparts and be reasonably certain that whatever is relinquished is, indeed, received by their counterpart or counterparts in the exchange.

[5] LAYING THE FOUNDATION FOR AN ALTERNATE FRAMEWORK

5.1 Broadening and Cost-Benefit Analysis

We have attempted in the preceding chapter to raise some significant doubts in the reader's mind regarding the universal applicability of exchange in describing marketers' relationships with their target publics. Had the 'broadening' movement not occurred, our objections could easily be dismissed as ancillary ones, and the principle of parsimony would certainly relegate them to oblivion. But it did occur, and today, marketing activity is widespread outside of for-profit business firms. Moreover, it is precisely in the nonbusiness sector where the marketing theory of exchange is at its most vulnerable.

When the 'broadening' idea was still in its infancy, Kotler and Zaltman [1971], among others, sowed the seeds that, in our opinion, would seriously handicap marketing's efficient implementation in many nonbusiness contexts. This serious impediment is best exemplified in their following mechanistic application of the self-interested utility maximizer notion to the recommended marketing approach to social change.

"The marketing man's approach to pricing the social product is based on the assumption that members of the target audience perform a cost-benefit analysis when considering the investment of money, time, or energy in the issue. ...

This type of conceptualization of behaviour is found not only in the economist's model of Economic Man, but also in behaviouristic theory with its emphasis on rewards and costs, in Gestalt theory with its emphasis on positive and negative valences, and in management theory with its emphasis on incentives and constraints. The marketer's approach to selling a social product is to consider how the rewards for buying the product can be increased relative to the costs, or the costs reduced relative to the rewards." [p. 9]

We do not deny the accuracy of the first two sentences. However, it would have been useful, and is still worthwhile, to point out that some economists²⁸ propose alternatives to the model of 'Economic Man,' many alternatives to behaviouristic and Gestalt theory²⁹ do exist, and many management theorists view an excessive emphasis on incentives³⁰ as counterproductive.

As to the final sentence in the preceding citation, it is sound advice only in as much as the 'cost-benefit' assumption is not only valid, but complete in describing the motivations underlying Man's behaviour. If Man's 'cost-benefit' analysis is

²⁸ In *Humanistic Economics: The New Challenge*, pages 337-346, Lutz and Lux [1988] present an extensive 'Readers Guide to Additional Literature' that lists and summarizes the positions of several challengers to the conventional wisdom.

²⁹ Cognitive developmental theory, social learning theory and social psychological approaches to explaining behaviour are but three examples.

³⁰ Participation, recognition, responsibility and autonomy are only some of the other elements that many consider just as important to making employees productive and happy in their jobs.

supplemented by other considerations, such as empathy, ethical concerns, or a desire for justice, then the advice might, at times, be misleading.

It would be difficult to maintain that in conventional commercial transactions where individuals exchange money for goods or services, that, if all other things are kept equal and prices are elastic, a decrease in cost or an increase in benefits will not tend to boost the volume of business and increase the level of consumer satisfaction.

However, when 'cost-benefit' analysis is transcribed into unorthodox noncommercial relationships between individuals and nonbusiness marketing organizations, several problems may occur. As Rothschild [1979] concludes, after contrasting business and nonbusiness contexts, "*The transference of marketing principles from the business to the nonbusiness sector is far more complex than originally had been thought.*" [p.11] We have already discussed the difficulties associated with assigning an exchange value, or price, or cost, to certain things. We have also examined the complexity of the various needs Man attempts to fulfil; which may alternately be viewed as the alleged benefits that the purchaser judges that he is likely to receive prior to choosing a certain behaviour.

Another important axiom, implied in Kotler and Zaltman's [1971] above-mentioned approach, whose accuracy can legitimately be questioned, is whether this analysis or calculation of costs and benefits always take place. Furthermore, even

assuming that it is always present, are there other significant processes that compete with this 'cost-benefit' analysis in such a manner that they often overrule the choice of behaviour that a strict 'cost-benefit' analysis would advocate?

Conceptually, we view the 'cost-benefit' analysis referred to above as a vector that could be said to operate along a single dimension, which could arbitrarily be labelled the X-axis. We would argue that many of Man's decisions regarding his behaviour are motivated by other considerations that could best be represented by vectors operating along other discrete dimensions, say a Y, or even a Z axis. Thus, remaining within our geometric metaphor, we would argue that the Y vector or Z vector may at times be insignificant, or equal to zero. However, at other times, considerations such as empathy, ethical concerns, or a desire for justice might create significant non-zero values for the Y or Z vectors. This would make the 'cost-benefit' analysis incomplete in describing the complex multi-dimensionality of human motivation.

In the next chapters we will focus on some of the empirical evidence that demonstrates the insufficiency of self-interested 'cost-benefit' analysis in explaining the ultimate behaviour choices that human beings frequently make. Before doing so, we would like to present, from a schematic and logical viewpoint, why an alternative to a self-interested exchange framework merits serious consideration.

5.2 One-Way Versus Bilateral Transfer

It is common practice to designate an exchange relationship diagrammatically by drawing a straight line between two subjects and attaching two arrows on either end of the line to signify a bilateral flow of things between the two parties. If we were to take two subjects A and B, this would take the form of:

$$A \leftrightarrow B$$

If A and B had no relationship whatsoever, diagrammatically, this would take the form of:

$$A \quad B$$

Although some proponents of social exchange and marketing exchange might argue that it is extremely uncommon, or that it occurs only as a result of error, deception, or lack of information, logically, room must be made for two other possibilities, namely that:

(i) A only gives to B; B only receives from A.

(ii) B only gives to A; A only receives from B.

Respectively, these two situations would be represented diagrammatically by a straight line drawn between the two subjects and a single arrow indicating the direction of the unilateral flow of whatever is being given by one and being received by the other.

These two situations would be illustrated as follows:

$A \rightarrow B$

$A \leftarrow B$

We shall try to further illustrate these four possibilities by employing the all-too-classic economist's example of Robinson Crusoe. When Mr. Crusoe first landed on the Island of Despair, and for the first fifteen years during which he had absolutely no contact with anyone, and had not yet met Friday, we would have an 'A B' situation. Physical proximity is not sufficient for a relationship, exchange or otherwise, to occur between two human beings.

Now, it is technically possible that Robinson Crusoe could have discovered the existence of his counterpart, Friday, observed that he was starving, and magnanimously chosen to surreptitiously leave him something to eat. This would not constitute an exchange, but rather a unilateral transfer of a good from one party to another that would be represented by:

$A \rightarrow B$

A less generous Robinson Crusoe might have decided to covertly appropriate some goods from his counterpart. This is still not an exchange, but another example of a unilateral transfer of goods from one party to another that would be represented by:

$A \leftarrow B$

Finally, of course, Robinson Crusoe and Friday could barter goods or services between each other and establish an exchange relationship. Simply put, we submit that three possible relationships can exist between two individuals, namely an altruistic ($A \rightarrow B$), parasitic ($A \leftarrow B$), or exchange ($A \leftrightarrow B$) relationship.

It is interesting to note that communication theory readily admits the existence of unilateral as well as bilateral communication relationships between parties. There is no systematic assumption of exchange, or what might be called a bilateral transfer of messages, as soon as two parties establish a connection. Indeed, much communication is characterized as a unilateral message transmission from a sender to a receiver.

Communication, like marketing, requires the presence of two or more parties. Communication theory identifies at least one of the parties as occupying the role of message sender, and at least one of the parties playing the role of message receiver. Obviously, each of the parties can also play both roles.

Hence, a dialogue is defined as a situation where two or more people simultaneously play the roles of message sender and message receiver. Under these circumstances, we truly witness a communication *exchange*. On the other hand, in the case of a monologue, only one person sends the message and the other party only plays the role of message receiver. Communication theory would not suggest that in a monologue a communication exchange is taking place.

What is striking about the above distinction between monologues and dialogues is that marketers, themselves, have long realized the important differences between personal selling, often characterized as a dialogue, and impersonal mass advertising, which closely resembles a monologue³¹. Personal selling is a dialogue between salesman and customer, which affords the marketer immediate feedback, and hence the ability to adjust and tailor the message throughout the communication-selling process. This salesman-customer dialogue is undoubtedly a bilateral process where both parties are simultaneously senders and receivers of messages. We can thus easily characterize this as an exchange process.

Meanwhile, a mass media advertising campaign is radically different. From a communications standpoint, the message is assembled and disseminated by the marketer, who is a message sender, and the message is received and decoded by the public, who are message receivers. This advertiser-customer monologue is a unilateral process where, generally-speaking, no exchange occurs.

Marketers would be concealing and ignoring a wealth of highly relevant strategic considerations and implications if they were to assert that, from a

³¹ Admittedly, we are somewhat oversimplifying. We do recognize that mass advertisers often attempt to solicit feedback and to discover their audience's reactions to their messages through a variety of methods, from focus groups, day-after surveys, to direct response techniques integrated into the advertising message itself. The key point remains that marketing promotion textbooks inevitably and appropriately contrast personal selling and mass media advertising along the crucial dimension of the degree of interaction between the marketer and the consumer.

communications standpoint, exchange occurs in both personal selling and mass media advertising situations. However, this is precisely what is being done when it is asserted that exchange occurs in *all* marketing relationships.

5.3 Some Examples and Counterexamples Regarding the Intersection of Marketing and Exchange

The areas in which marketing thinking, design and skills are applied continue to expand. Indeed, there are probably many more spheres of human activity where marketers' unique approaches and insights, as well as their particular understanding of human relationships, would be worthwhile.

Without trying to provide anywhere near an exhaustive list, we shall enumerate several widely diverse situations where exchange, as we have discussed it thus far, does not properly characterize the relationships between the people involved. Meanwhile, we would argue that marketing-inspired planning and ideas have either been employed or might conceivably be used to assist some organizations, or society, in more effectively pursuing their mission and meeting challenges in these areas. They are:

- The State and welfare recipients who don't relinquish anything to the State in return for their monthly cheque. A marketer's framework might be useful in assessing the controversial issue of workfare;

- The recipients of bequests and the people who make them, yet obtain absolutely nothing in return for their posthumous gifts;

- Copycat producers, copycat advertisers, and copycats and plagiarists everywhere who take ideas, strategies and techniques from the original creators and innovators without giving anything in return;

- The mandate of discouraging or encouraging various practices that are already stipulated by specific legislation is often tendered to marketers in order to enhance compliance. Examples abound, such as: the enforcement of speed limits, wearing seat belts, drinking and driving, and finally, drug use;

- The entire phenomenon of sacrifice, from the eminently heroic, such as Oskar Schindler, and the thousands of others who, at incalculable risk to themselves, hid and otherwise helped Jews elude Nazis, to the more modest everyday acts of offering one's seat to another person, or helping someone whose car is stuck in the snow. The celebration and advocacy of prosocial behaviour is something that marketers are uncommonly well-equipped to nourish and implement;

- Likewise, people who volunteer assistance and support during an emergency, such as during the bombing of a US Federal Government Building in Oklahoma City, without any thought to receiving something in return from the people they help;
- Blood and organ donors who receive no compensation or other material benefit;
- People who give old clothing or used articles of all kinds to charitable organizations, like the Salvation Army;
- Grocery stores, restaurants and others who supply food depots.

The list could go on and on. The crucial point is that a less ideological, broader and more responsive definition and application of marketing principles and techniques could be useful in encouraging or discouraging certain types of behaviour in the above situations, and many others where exchanges are not occurring. The recognition that society and organizations routinely deem certain behaviours to be desirable is a prudent and incontrovertible assumption. Education, socialization, laws, propaganda, therapy, blackmail and violence all ultimately seek to secure desired behaviours from specific targeted individuals or groups. Marketing, we believe, belongs unquestionably to this category of compliance-gaining phenomena.

In the preceding examples, behaviour is already significantly influenced by the organizations' or society's present course of action, or inaction, in the stated domain. Kotler and Levy's [1969a] curt pronouncement is just as relevant today, in the above examples, namely, "*The choice ... is not whether to market or not to market ... The choice is whether to do it well or poorly.*" [p. 15]

However, trying to discover, or worse still, to impose an exchange relationship where one is not at all apparent is a wasteful and fallacious intellectual exercise.

From an entirely different perspective, one can easily identify three very prominent modern markets where exchange clearly takes place, yet whose wide-ranging activities do not attract anywhere near the attention that the producer-consumer marketplace gleans from marketing scholarship and practice. Meanwhile, few would seriously pretend that marketers should put these markets on an equal footing with the producer-consumer marketplace. They are:

- the markets for stocks, options, bonds, currency and commodity futures;
- the labour market; and
- the real estate market.

Although marketing techniques are used on the periphery of these markets and, at times, within them, rarely do marketing thinkers and theorists refer to these major markets whose roles are central to the functioning of contemporary society.

Yet all three of these markets epitomize classic marketing situations: identifiable sellers owning commodities possessing exchange value; identifiable buyers with money; relative supply and demand directly influencing the level of prices; and a reciprocal transfer of ownership of the things being exchanged from each of the parties to the other.

Logically, if marketing is truly concerned with exchange and markets, the internal dynamics and operations of the three above-mentioned markets should be evoking far more interest among marketers than they currently do. Since they do not, the inescapable conclusion must be that exchange and markets may not really be the defining elements of the field of marketing that many claim them to be.

5.4 Revision or Rejection

At the heart of Kotler and Levy's [1969a] landmark 'broadening' article lies the proposition that the methods and analyses employed to market consumer goods are

closely analogous to the methods and analyses that could and should be used for the marketing of services and ideas in a nonprofit environment.

Not surprisingly, despite a broad consensus overall that marketing practices need not be restricted to business firms, many reservations have been expressed regarding the manner in which marketing has actually been applied outside of the traditional business context. One of the most troublesome concepts, identified by many writers, is precisely the exchange notion itself.

For example, Schurr et al. [1985] write that “*It is the assumption of a constant criterion of exchange that lies at the heart of the failure of marketing to be rapidly utilized in the public sector.*” [p. 246] But then, they merely attribute this to the fact that “*few writers have considered the special problems posed by exchange systems in the public sector.*” [p. 249] They might be correct, in as much as exchange systems are the appropriate models to describe the activities of the public sector.

Meanwhile, Buchanan et al. [1994] contemplate the impact of a marketing outlook in their field of health promotion, and express the concern that, “*With the growing intrusion of an exchange mentality, the values of altruism, self-sacrifice and concern for the common welfare are, and will continue to be diminished.*” [p. 55]

Capon and Cooper-Martin [1990] review 293 articles gleaned from the principal marketing journals in the field of Public and Nonprofit Marketing. Inevitably, they admit that in this area, “*it is often difficult to discern the nature of the exchange*” [p. 513] and they rather wistfully suggest that “*theory development would be especially valuable, notably to integrate work on compliance gaining with notions of exchange.*” [p. 513] However, some things, like oil and water, just do not mix. Capon and Cooper-Martin fail to grasp that the argument against exchange is that it is *only one* compliance gaining technique, albeit a widespread and highly effective one, among many others.

Theories must obviously serve to clarify and understand reality. Reality should not be squeezed and shaped to fit the theory. Yet, as Buchanan et al. [1994] observe, after their failure to truly detect genuine exchange relationships in most social marketing, “*The ‘exchange’ does not look like any true quid pro quo and would not be understood as such, but for the attempt to fit this social practice into marketing terminology.*” [p. 52]

When a theory or model no longer adequately explains the facts or the pertinent reality for which it was originally developed, there are typically only two possible solutions. Either the theory or model must be revised, or it must be rejected.

With respect to the explanatory power of the exchange concept in a marketing context, in all fairness, it must be recognized that the pertinent reality for which it was originally chosen expanded considerably as a result of the 'broadening' initiative. Thus, if the notion of exchange is not functional in many of the new areas of contemporary marketing practice, either marketing's domain must be considerably scaled back, or the central role of exchange in marketing thought must be seriously questioned. Perhaps it may even be appropriate to eliminate the notion of exchange from the definition of marketing altogether. The former option of retrenching marketing's domain back to a strictly business context is manifestly absurd.

The notion of exchange, as we have discussed above, was itself broadened, or revised, in large measure due to the difficulties of applying exchange notions in the broadened nonbusiness context. However, despite Bagozzi's and others' adaptations, exchange is still largely unworkable and vulnerable in many nonbusiness marketing contexts. We therefore believe that the only viable option is quite simply to repudiate exchange as the key organizing concept upon which the marketing edifice is built.

As a result, a concept or organizing principle which describes marketing equally well in both a business and a nonbusiness environment could then be elaborated and adopted.

Lest our position be deemed a heretical or extremist one, we would merely recall how some of the authors that we have previously discussed have arrived at somewhat similar conclusions.

Foxall [1989], like us, believes that ascribing exchange to many of the nonbusiness situations that we have used as illustrations *“is to distort the meaning of ‘exchange’,”* [p. 18] which leads him to ask the question, in a rhetorical fashion, *“Can an alternative concept to that of exchange be found in order to provide a link between business and extra-business marketing?”* [p. 19]

Dixon [1978], after focusing on the contrasting objectives of public and private enterprise, cautiously warns that *“When a paradigm that is developed to explain one set of phenomena is not appropriate to what appear to be clearly related phenomena, attempts must be made to develop ways to apply the paradigm to the new area of interest. But difficulties may indicate that the paradigm is incorrect.”* [p.53]

Hirschman [1983] examined the idiosyncrasies of art and ideology from a marketing perspective, only to conclude that *“Such phenomena must be approached on their own merits, taking into consideration their unique nature. We should not attempt to reconstruct them to suit marketing assumptions; rather, marketing concepts and technologies should be modified to fit their essence.”* [p. 54]

Venkatesh [1985] discerns a threefold potential crisis in marketing, with respect to theory building, problem orientation and relevance. He presents, as one striking example, a path that might serve to avert these crises. *“It is not clear that the exchange paradigm which has received such widespread approval is either ontologically true or epistemologically valid. Perhaps there is a need to look at some other paradigms.”* [p. 64]

In *Deepening the Concept of Marketing*, Ben M. Enis [1973] keenly observes that *“the broadening concept is not as straightforward as it first appears.”* [p. 59] He argues that marketing was actually enlarged along three dimensions, namely, the nature of the product (from *“economic goods and services to anything of value”*), the objective (from *“profit to any type of payoff”*), and the target audience (from *“consumer to any public that relates to the organization”*). [p. 59] We would add a fourth dimension, namely, the nature of the relationship itself, from exchange relationships to all types of human relationships³². Of course, the latter statement assumes that not all human relationships can be characterized as exchange relationships, precisely the contention that we are attempting to substantiate in this thesis.

³² Alternatively, this fourth dimension could be described as the nature of the motivations of the target public to whom the marketing effort is directed, from self-interest to altruism to solidarity.

We shall thus finally be turning our attention, in the next three chapters, to the case for altruism and solidarity, as well as to the questions of empathy, ethical concerns, and Man's desire for justice. Free-riding and certain pertinent issues regarding motivation will also be addressed. We readily admit that the strength of the empirical evidence and epistemology underlying the above are essential to our assault on the universality of the twin notions of self-interested Man and exchange in contemporary marketing thought.

[6] THE CASE FOR ALTRUISM

6.1 Preface

On March 13, 1964, Kitty Genovese was beaten and stabbed to death in front of her New York City apartment, while thirty-eight of her neighbours heard her screaming for help for close to thirty minutes; yet not a single one of them did anything to help her, not even placing an anonymous phone call to the police. The callous indifference of these ordinary citizens shocked the American polity. How could people be so insensitive? Soon after, John Darley and Bibb Latané [1968] formulated the well-known theory of the Diffusion of Responsibility in an attempt to make some sense of why nothing had been done. Ultimately, their work and the consternation prompted by the 'Genovese 38' led many other social psychologists³³ to turn their attention to the larger question of understanding and explaining human helping behaviour.

At about the same time, Rabbi Harold Schulweis founded the Institute for Righteous Acts. Two decades after the Nazi death machine was finally brought to a halt, and despite, or perhaps because of the indescribable agony and anguish of world Jewry, this project was initiated to study and honour those people who had rescued

³³ C. Daniel Batson, a student of John Darley, and today a professor of psychology at the University of Kansas, is one of them. His name will appear prominently in this chapter.

European Jews from Hitler's crematoria. Of all the historical events that make up Man's recorded History, it is an ultimate irony that the Holocaust should thus have spawned, what is today, a significant body of literature on Man's capacity to rescue and help his fellow Man.

A few years after Schulweis established this unique organization, Richard Titmuss [1970] published *The Gift Relationship: From Human Blood to Social Policy*. In this scholarly volume, Titmuss meticulously examines and contrasts the then-existing commercialized blood donation system in the United States and the voluntary benevolent system operating in Great Britain. He methodically demonstrated that a commercialized blood collection system was economically far more wasteful, administratively less efficient, five to fifteen times more costly, more likely to distribute contaminated blood, and thus a far riskier process for the ultimate recipients of donated blood. On a more philosophical level, Titmuss [1970] concluded that, at least in one area of human activity, altruism was not only alive and well, but more effective than the "*possessive egoism of the marketplace*." [p. 13] Jane Piliavin and Peter L. Callero [1991] recount the impact of Titmuss's landmark study:

"Largely in response to Titmuss's book, the U.S. Department of Health, Education, and Welfare in 1973 announced the National Blood Policy, strongly discouraging the sale and encouraging the altruistic donation of blood. Subsequently, a blood-labelling regulation was established by the Bureau of Biologics requiring blood to be labelled as to whether it came from voluntary

or paid donors. The result has been the virtual elimination of commercial whole blood banks.” [p. 2]

The early 1970s also witnessed the emergence of the field of sociobiology, whose focus of study is the biological basis of the social behaviour of all living organisms. Although Darwin's *Origin of the Species* was more than a century old, and genetics was by then a mature science, this novel approach to social phenomena substantially recast the issue of self-interest and altruism. As a result, the case for altruism was thrust into the forefront of many debates in the fields of biology and genetics. Indeed, Edward O. Wilson [1975], in what is often regarded as the Bible in this field, *Sociobiology: The New Synthesis*, is conspicuously straightforward: (This is) “*the central theoretical problem of sociobiology: how can altruism, which by definition reduces personal fitness, possibly evolve by natural selection?*” [p. 3]

Prior to the four phenomena summarized above, virtually no scientific empirical research had been conducted to understand altruism, let alone to either prove or disprove its genuine existence. As already noted at the beginning of our thesis, it was almost always assumed that Man was a creature purely and uniquely driven by his own self-interest. Indeed, as Piliavin and Charng [1990] observe in their *Review of Recent Theory and Research*: “*For a long time it was intellectually unacceptable to raise the question whether 'true' altruism could exist.*” [p. 28]

Although it would be foolhardy to claim that today the case for altruism has been made, it would likewise be rash to dismiss the noteworthy and substantial work that has been accomplished in the last two decades. This facet of Man, which until recently had been just about ignored by all social scientists except for certain moral philosophers, commands our utmost attention. As C. Daniel Batson³⁴ [1991a], likely the most prolific writer and compelling researcher on the issue, has scathingly written:

“If we are capable of altruism, then virtually all of our current ideas about individual psychology, social relations, economics, and politics, are, in an important respect wrong.” [p. 3]

6.2 Defining Altruism and Egoism

Auguste Comte, the nineteenth century French mathematician and philosopher, is generally credited with being the first to use the term 'altruism.' With its Latin root of 'alter,' meaning 'other,' Comte conceived altruism as a selfless motivation that exists in direct juxtaposition to egoism, a self-centred motivation.

³⁴ It was clearly our reading of C. Daniel Batson's [1991a] fascinating book, *The Altruism Question*, that provided us with the core idea for this thesis. We will devote an entire section to summarizing Batson's ground-breaking empirical work that attempts to prove the existence of genuine altruism. We firmly believe that the results obtained by Batson, in conjunction with the work of many others on the altruism question, have extraordinary implications for all of the social sciences.

Several authors [Eisenberg 1982, Oliner and Oliner 1988, Rushton and Sorrentino 1981] have scrupulously enumerated the prevailing plethora of altruism definitions. As Bar-Tal [1985/86] notes, how one defines altruism “*has implications for any theory of altruistic development, because it defines the conditions and skills which are necessary for its performance.*” [p. 8] Yet Eisenberg [1982] accurately observes that, if definitions differ, it is in large part because various researchers are attempting to answer sometimes radically different questions regarding altruism.

Our interest, in this thesis, is not directed towards how altruism develops, or under what conditions it manifests itself, or how to invoke it as a spur to action; but rather, whether genuine altruism truly exists. More precisely, we are asking: Is Man sufficiently altruistic that marketers are compelled to take it into account when marketing in certain situations?; or, Can marketers continue to assume that, as in economics, Man is only self-interested and that by appealing to said self-interest, albeit in the most appropriate manner, a marketer can conceivably always find the most efficient way to market to his target? These two complementary questions shall guide our attempt to designate a relevant definition of altruism and egoism.

The challenge one faces in defining altruism is epistemologically a peculiar one. On the one hand, most contemporary religions and cultures embrace and promote some variation of the theme ‘I am my brother’s keeper,’ and thus many people feel compelled to characterize a very wide range of interpersonal behaviours as

altruistic. For example, many employers likely regard having workers on their payroll as a magnanimous gesture that permits their employees to feed their families³⁵. On the other hand, 'Homo economicus' and the ideology of self-interested Man compel its defenders to uncover a quid pro quo in every single human interaction. In other words, every human action, no matter how selfless it appears, has a payoff. Thus, they explain that people risk their lives to save others because they covet recognition or reward, and people give to charity in order to relieve guilt, feel good about themselves, or avoid shame³⁶. Curiously, these two currents would have us believe that altruism is either just about everywhere, or nowhere at all.

Returning to our particular interest in altruism, it is rooted fundamentally in altruism's capacity to provide a more carefully nuanced framework for understanding the complexity of human motivation and behaviour. Ultimately, we believe this would enable marketers to better perform their duties in certain situations. Self-interest may

³⁵ One such example recently came to our attention. Ken Carlton, a Montreal-area employer, had a letter published in a prominent business magazine where he describes the effects of the recession: "*For the past two years I have again worked for no pay, while my staff all got paid ... I was just the boss, and all but a few felt it was reasonable to steal from me because after all 'I was rich' ... Had I closed my business in January, 1990, I would have never had to work again, but loyalty to my staff, to those who paid their rent and fed their families with their pay cheques, kept me going.*" The Globe and Mail, Report on Business Magazine, April 1996, p. 9.

³⁶ This so-called egoistic explanation of altruism is a prominent interpretation used to deny the existence of what some people, including us, consider to be genuine altruism. Although the acceptance of this egoistic explanation is often only implicit in many self-interested views of Man, its influence and significance cannot be dismissed. We shall thus examine this egoistic explanation of altruism in greater detail in the next section.

be the consummate force that drives all human behaviour, or it may share that role with altruism³⁷. For us, the crucial point is that the issue should be resolved empirically, and not through convenient, tautological or self-fulfilling definitions. As Hoffman [1981] writes regarding the existence of egoism surreptitiously hiding under seemingly altruistic acts, *“the burden of proof rests as much on an egoistic interpretation as on an interpretation that humans are by nature altruistic.”* [p. 41] Lerner and Meindl [1981], after explaining how the idea of universal egoism can only be rescued by assuming the universality of exchange in all social relations, likewise underscore the point that:

“The exchange proposition is a theoretical invention to explain, or explain away, the overwhelming evidence that contradicts the common assumption that people are motivated by self-serving ends.” [p. 220]

It would thus seem only logical that altruism should not be defined out of existence, nor should the case for altruism be made by flippantly casting the net so wide that it would be impossible not to prove its existence. Our definition of altruism must be credible and preferably symmetrical with a corresponding definition of egoism. Finally, both the self-interested view of Man and the alternative view that Man is sometimes genuinely altruistic (based on our definition of altruism) must be falsifiable.

³⁷ We will be suggesting yet a third alternative, solidarity, in the next chapter.

With the preceding observations in mind, we believe the first crucial distinction to be made between the assorted contemporary uses of the term altruism is whether the expression describes a behaviour or a motivation. In the field of sociobiology, Dawkins [1976] is categorical:

“I am not concerned here with the psychology of motives. ... My definition (of altruism) is concerned only with whether the effect of an act is to lower or raise the survival prospects of the presumed altruist and the survival prospects of the presumed beneficiary.” [p. 4-5]

Outside of the field of sociobiology, a tendency seems to be evolving towards the use of the adjective 'prosocial,' rather than the adjective 'altruistic,' to describe behaviour. Eisenberg [1982] notes that the term prosocial behaviour is generally used *“to designate helping, sharing, and other seemingly intentional and voluntary positive behaviours for which the motive is unspecified, unknown or not altruistic.”* [p. 6]

Manifestly, allowing the term 'altruism' to describe both a behaviour and a motivation can generate considerable confusion. Although a consensus does not yet exist, the term 'altruism' is increasingly reserved to describe the motivation underlying a behaviour.

Clearly, for our purposes, we are only interested in altruism as a motivation that might be driving some behaviours that marketers are seeking to influence. In fact, there is really no disagreement as to the existence of so-called 'altruistic' behaviours. It is irrefutable that people do help other people and share things of value with them;

the crux of the debate, which we will seek to clarify in the following sections, is whether Man's actions that benefit others are actually only a disguised form of advancing his own narrow self-interest. From this point on, we shall therefore employ the term 'prosocial' to describe behaviour, regardless of the motivation that is driving it. Consequently, we shall use the term 'altruism' only to describe the motivation behind a behaviour.

By generally overlooking the subject of behaviour and concentrating on altruism as a motivation, we unfortunately complicate our investigation of altruism. Our task is made more complex because we will not be focusing on the easily observable consequences of human behaviour. In other words, a martyr may or may not be deemed a genuine altruist. Similarly, if a person is rewarded for a certain behaviour, this would not necessarily disqualify him from being considered a genuine altruist. Our task is also made more difficult because, faced with two absolutely identical behaviours of two distinct individuals producing two identical outcomes, it is conceivable that one be a genuine altruist and the other not.

Various conditions have been hypothesized as mediators or catalysts of genuine altruistic motivation, of which the three most prominent are empathy, ethical concerns and a desire for justice. In a later section, we shall review these three states of mind and their hypothesized relationships to altruism. Suffice to say, at this point, that,

unlike some authors, we believe that a definition of altruism should not refer directly to any of the above intervening factors.

Some definitions of altruism insist upon the presence of self-sacrifice, others the demonstration of feelings such as love or compassion, still others proscribe the receipt of any external post hoc reward. Finally, many conceptions of altruism rely on the familiar 'cost-benefit' analysis whereby altruism necessitates the actor to wilfully engage in a behaviour, despite a prior calculation clearly demonstrating to him that his costs will exceed his benefits. Although each of these conditions, and probably many others, can be demonstrated to be present in certain altruistic situations, they are not necessarily present in all altruistic situations.

For example, in *The Altruistic Personality: Rescuers of Jews in Nazi Europe*, the Oliners [1988] categorized several distinct personality orientations of 'rescuers.' More precisely, they found that some rescuers felt little sympathy for the stalked Jew, but felt deeply obliged to intervene out of a sense of duty or political principle. Others were consumed by compassion, yet expressed virtually no political beliefs and would have sheltered Nazis with as much determination as they hid Jews.

Under these already complex circumstances, we shall not be so presumptuous as to contrive still yet another definition of altruism. For our purposes, we believe that C. Daniel Batson's [1991a] definition of altruism is the most appropriate. It is

parsimonious; one of the most stringent; it possesses a neat symmetry with his definition of egoism; but most importantly, Batson devised it expressly to address the issue of universal self-interest. His definition also has the important attribute of being comprehensible when considering motivations in a marketing context.

Batson's [1991a] definition of altruism is as follows:

"Altruism is a motivational state with the ultimate goal of increasing another's welfare." [p. 6]

The key word in the preceding phrase is *ultimate*. Batson explains that increasing another's welfare must not merely be a goal, but the *ultimate* goal. For a mere goal might only signify some intermediate objective or some instrumental means for achieving other ultimate objectives. Thus, the consequences of increasing another's welfare, such as gratitude, reward, recognition, reduction of personal anxiety, avoidance of guilt or shame, and positive personal esteem, may or may not be byproducts of the behaviour, but the essential point is that they are not the *ultimate* reason³⁸ that the individual chooses to increase someone else's welfare.

Batson proceeds to define egoism as follows:

³⁸ The manner in which Batson operationalizes the distinction between consequences as ultimate goals, and increasing another's welfare as the ultimate goal, is unquestionably one of the most ingenious and convincing of his contributions to the altruism debate.

“Egoism is a motivational state with the ultimate goal of increasing one’s own welfare.” [p. 7]

Batson draws six implications from his two definitions that bear repeating: The distinction is *“qualitative not quantitative;”* A motive *“cannot be both egoistic and altruistic;”* Both terms imply *“goal-directed activity;”* It cannot be assumed that people are aware of their own *“true motives;”* Both motives can *“evoke a variety of behaviours or no behaviour at all;”* Logically, there may be *“motives that are neither egoistic nor altruistic.” [p. 8-9]*

6.3 The Egoistic Explanation of Altruism

We have already briefly touched upon some elements of the egoistic explanation of altruism in our examination and critique of Bagozzi’s marketing theory of exchange.³⁹ The people who champion the universality of exchange behaviour in human relationships neatly and automatically eliminate the possibility of altruism from the realm of human motivation. For genuine altruism necessarily implies that something other than an exchange relationship can exist between two or more human beings. Thus, the egoistic explanation of altruism and the universality of exchange relationships are really only two sides of the same coin.

³⁹ See Section 4.4, entitled, *Mental States and the Exchange of Psychic and Social Entities*, on page 82 above.

The egoistic explanation of altruism states that regardless of the action that an individual undertakes to increase someone else's welfare, the individual necessarily and invariably will secure some benefit in return. Furthermore, the egoistic explanation contends that said benefit is inescapably the reason why the behaviour was undertaken in the first place.

The benefit secured might include positive rewards, such as: expressions of gratitude from the beneficiary, public recognition and praise for the prosocial act, personal satisfaction or pride that one has complied with one's principles, a personal sense of fulfilment that justice has been served, indirect pecuniary compensation, or the expectation that the prosocial act will be reciprocated. The benefit might also take the form of an avoidance of punishment, such as: evading public censure for one's inaction or apathy, escaping self-censure, shame, guilt, or the realization that one does not live according to one's principles. Finally, the benefit might just simply reduce the stress, discomfort or tension precipitated by witnessing someone in need of help. The list could go on and on. Some people may give to charity just to get the solicitor off their back, or to receive generous fiscal benefits, or perhaps, for the business or social contacts that philanthropic work provides. As the cynic might say: 'Scratch an altruist and see an egoist bleed.'

There is no doubt that almost every prosocial act will produce at least one of the positive consequences or benefits listed above, for the person performing the

deed. The fatal flaw in the egoistic explanation of altruism is the postulate that because there is a benefit, this must inevitably be the motivation behind the prosocial behaviour.

Hoffman [1981] acknowledges that it is manifestly possible when scrutinizing prosocial behaviour “*to adduce a hidden, unconscious, or tacit self-regarding motive (e.g. social approval, self-esteem) as constituting the real source of such behaviour,*” [p. 41] but he emphasizes that “*it is easy to forget that it is just an ad hoc hypothesis, not evidence.*” [p. 41] Whether this constitutes the veritable motivation remains a question to be settled empirically.

There is an ironic double standard employed by the traditionalists in their polemic regarding the underlying self-regarding motives behind seemingly prosocial behaviour. One of the traditional stalwarts of economic and marketing theory, the Revealed Preference theory, which we have mentioned above,⁴⁰ makes the assumption that when a consumer actually buys A rather than B, this accurately reflects his preference for A over B. In other words, the conventionalists confidently deduce an underlying mental process from a simple post hoc observation of behaviour. Yet faced with clear other-regarding prosocial behaviour, these same conventionalists are not prepared to make a corresponding straightforward deduction regarding the underlying mental process. In the latter situation, they argue that the

⁴⁰ See Section 3.2, page 44 above.

observation of behaviour is irrelevant —no matter how an individual behaves to increase someone else's welfare, it tells us absolutely nothing about whose welfare he is *really* trying to increase.

On an even more fundamental level, the egoistic explanation of altruism is shrewdly misleading. Hoffman [1981] puts the argument succinctly, when he observes that "*all motives prompt action that is potentially satisfying to the actor. If a satisfied feeling afterwards is characteristic of all motives, then it cannot be used as the defining criterion of a particular class of motives (e.g. egoistic motives).*"

Harrison [1986] too, lays bare the deceptive nature of the egoistic explanation of altruism. Like Hoffman, Harrison [1986] argues, "*If it is my choice, then by definition it is the choice that is most satisfying or comforting to me. Consequently, I have acted in my self-interest. Accordingly, all consistent choices are self-interested.*" [p. 1317] Harrison goes on to conclude that the theory of egoism, thus constituted, lacks predictive capacity and "*Because it does not recognize the possibility of non-self-interested behaviour, it is an inescapable paradigm.*" [p. 1319] In other words, the egoistic explanation of altruism is impossible to disprove.

Finally, Amartya K. Sen [1977] puts the egoistic explanation of altruism in perspective and skilfully demonstrates how the conventional view of self-interest dodges, or more precisely buries, the entire altruism question. He first observes that:

“It is possible to define a person’s interests in such a way that no matter what he does he can be seen as to be furthering his own interests in every isolated act of choice.”

[p. 322] He explains that the concept of utility and Revealed Preference theory conveniently serve this purpose. By choosing A over B, by definition, one is declared to prefer A to B, and therefore assumed to procure more utility from A than from B. As long as one always chooses A over B, that is, if one remains *“consistent, then no matter whether you are a single-minded egoist or a raving altruist or a class conscious militant, you will appear to be maximizing your own utility in this enchanted world of definitions.”* [p. 323] And Sen [1977] concludes *“The assumption of egoism amounts to an avoidance of the issue, the revealed preference approach looks more like a robust piece of evasion.”* [p. 323]

Indeed, even if one stipulated that A is the purest, most principled, prosocial non-self-interested behaviour imaginable and B is a self-interested behaviour, by choosing A over B, one is still maximizing one’s utility, and, according to self-interest theory, necessarily acting mundanely in one’s own self-interest. Thus, it matters not whether one chooses A, the non-self-interested behaviour, or B, the self-interested behaviour, choice is irrelevant and Man is not *free* to genuinely be his brother’s keeper, ever!

6.4 Empathy, Ethical Concerns and a Desire for Justice

Those who make the case for altruistic motivation nowhere deny the prevalence of self-interest or egoism. They merely affirm that Man is capable of altruism, and that altruistic motivations that cannot be construed as just another form of egoism regularly drive human behaviour. Many even argue that altruism constitutes a motivation that Man yearns to experience, or that he cannot avoid. However, for those who characterize altruism as a motivation, asserting and proving its veritable existence creates a singular challenge.

Human motivation cannot be directly observed in a laboratory, or even in real-life settings. All motivations must necessarily be inferred from observable phenomena such as behaviour. This represents a formidable enough task, made even more exacting when one acknowledges that actors are often unconscious of their *true* motives and that the same behaviour can conceivably be a consequence of diametrically opposite motivations. In a certain sense, altruistic motivation can never definitively be proven to exist, nor on the other hand, to be an unequivocal impossibility.

In order to test and prove the existence of altruism, it is necessary to hypothesize the process and circumstances in which it can plausibly be inferred to operate. An obvious prerequisite is a second party who will be the potential

beneficiary of the actor's prosocial behaviour. The actor must inevitably be conscious or made aware of this second party's need for assistance. The actor must then be observed to wilfully engage in some sort of prosocial behaviour.

There are three classes of mediators or catalysts that have been hypothesized as moving an individual to act altruistically. Although the terms differ occasionally, we shall continue to designate the trio as empathy, ethical concerns and a desire for justice.

Empathy, or what is sometimes called compassion, pity, or sympathy, is a vicarious emotional arousal that is prompted by someone else's situation. Martin L. Hoffman [1981] has written extensively on empathy as a key component of altruism. He defines empathy as an "*affective response*" [p. 44] that is initially

"aroused by another's misfortune, not just one's own; second, a major goal of ensuing action is to help the other, not just the self; and third, the potential for gratification in the actor is contingent on his doing something to reduce the other's distress." [p. 56]

The Oliners [1988] describe an empathetic orientation as

"centred on the needs of another, on that individual's possible fate. It emerges out of a direct connection with the distressed other." [p. 189]

Finally, Batson [1991a] defines empathy as "*an other-oriented emotional reaction to seeing someone else suffer,*" [p. 58] and he forthrightly indicates the decisive role that

empathy will play in his research. *“The present attempt to answer the altruism question focuses on the possibility that empathetic emotion evokes altruistic motivation.”* [p. 58] In fact, empathy is such a pivotal component of Batson’s analysis that he has labelled his theory the ‘Empathy-Altruism Hypothesis.’

The second category, ethical concerns, in our minds, includes the elements of morality, conscience, principles and norms. The Oliners [1988] characterize a principled orientation⁴¹ as *“mediated by a set of overarching axioms, largely autonomously derived.”* [p. 209] In the Oliners’ study, the persecution of Jews was interpreted by the ‘principled’ rescuers as *“a violation of moral precepts, and the main goal of their rescue behaviour was to reaffirm and act on their principles.”* [p. 209]

The philosopher, Thomas Nagel [1970], argues that in as much as Man perceives others to be just as human as himself, altruism can be interpreted as a thoroughly disinterested motivation. Morality and duty indicate appropriate behaviour in certain situations. Nagel’s book painstakingly reasons and attempts to demonstrate that Man

⁴¹ A fascinating observation in the Oliners’ study is the contrast between those rescuers of Jews exhibiting an ‘empathetic’ and those exhibiting a ‘principled’ orientation. The latter had strong emotions of anger and hate directed against the oppressors, while the former had strong emotional feelings directed towards the victims.

“has a direct reason to promote the interests of others —a reason which does not depend on intermediate factors such as one’s own interests or one’s antecedent sentiments of sympathy or benevolence.” [p. 15]

Sen [1977] contrasts the two concepts of sympathy, *“in which the concern for others directly affects one’s own welfare,”* and commitment, whereby one does not *“feel personally worse off, but you think it is wrong.”*⁴² [p. 326] Although Sen [1977] detects a degree of egoism in sympathy, he demonstrates that the notion of utility-maximizing self-interested ‘Homo economicus’ cannot accommodate the concept of commitment.

Another major current in the case for altruism based on ethical concerns is associated with the names of the eighteenth century German philosopher, Immanuel Kant, and Dr. Abraham Maslow. The claim, which we have examined above,⁴³ is that morality, duty, and altruism are independent components of the Self that are

⁴² ‘It,’ being the other person’s situation. Sen gives the example of torture. If it makes you sick, it is a case of sympathy; if you consider it wrong, it is a case of commitment. It should be noted that Sen uses the term sympathy for what we have essentially called empathy, and the term commitment for what we have identified as ethical concerns and a desire for justice.

⁴³ See Section 3.2, on page 44 above, and particularly our discussion of the category of needs that we labelled ‘desires.’

“lexically prior to most other things from which I derive satisfaction. They are not reducible to the same class of utility that I might derive from goods and services purchased with money.” [Harrison 1986, p. 1331]

Consequently, it is argued, the calculation of one’s costs and benefits and the maximization of personal utility operate on a separate dimension, while the ethical component of Man operates along another dimension. Thus, strictly-speaking, as Batson [1991a] argues, the ultimate goal may not be the increase of either the self or the other’s welfare or utility, but rather the conformity with a moral precept or the performance of a solemn duty that is neither egoistic nor altruistic.

From a somewhat different perspective, the mere existence of ethical conduct, particularly most manifestations of honesty, undermines the thesis of the universality of self-interest and thus opens the door to alternative explanations of human motivation, such as altruism. Kenneth Lux [1990] provocatively asks the question of Adam Smith’s butcher and baker:

“We can ask, what about honesty? If the butcher or baker can cheat us (say by using short weights on his scale) and he can get away with it, isn’t it in his self-interest to do so? The answer must be yes. There is nothing in self-interest that rules out cheating, especially if one is good at it. It is not self-interest that prevents someone from cheating. Self-interest only dictates that they not get caught.” [p. 83]

Lux [1990] concludes with a barbed assessment of the cherished 'Homo economicus' that must necessarily lead the conventional economist to:

“conclude that from the standpoint of self-interest it would be irrational for someone not to cheat if they could be reasonably sure of getting away with it.

‘Honesty is the best policy’ is not an economic doctrine.” [p. 83]

and again pointedly:

“Economics, in teaching self-interest without teaching benevolence or justice, is in essence teaching crime —if we understand this word as a more direct expression of the latin word immorality.” [p. 199]

The final category of altruism mediators or catalysts, the desire for justice, which includes the notions of equity and deserving, is in many ways analogous to the ethical concerns we have just discussed, and might be more appropriately considered a particular subcategory of ethical concerns. One important characteristic of the desire for justice is that the notion of deserving can be quite easily operationalized and indeed, its impact on behaviour and its role in perspective-taking has been rather extensively tested. One of the foremost proponents of the notion that a justice motive fosters genuine altruism is Melvin J. Lerner. His position can be summarized as follows: *“People rely on standards of deserving in evaluating and responding to the fate of others.” [Lerner 1982, p. 255]*

Lerner and Meindl [1981] and Lerner [1982] summarize several studies that demonstrate Man's sometimes convoluted rationalizations that permit him to perceive a 'Just World,' with regards to himself. We will recount only one of them that is particularly striking. A group of paraplegics and quadraplegics "*redefined their being crippled for life so that they came to view it as either not a deprived state or not an unjust fate,*" while over half the lottery winners of hundreds of thousands of dollars, with similar backgrounds to the preceding group of accident victims, "*felt that they deserved the money they had won.*" [Lerner 1982, p. 257]⁴⁴ This leads Lerner [1982] to conclude that "*No amount or kind of resource will be judged a desired outcome if people believe it is less than they deserve.*" [p. 255] while, "*People can accept virtually any degree of deprivation and scarcity with equanimity if they believe it is not less than they deserve.*" [p. 255]

In a later section, we will review some experiments that demonstrate the more relevant issue of how perceptions of fairness and equity influence subjects' interactions with other parties in need of assistance.

⁴⁴ The study, which Lerner summarizes, was performed by BRICKMAN, P., COATES, D., and JANOFF-BULMAN, R., *Lottery Winners and Accident Victims; Is Happiness Relative?*, Journal of Personality and Social Psychology, Vol. 36, (1978), pp. 917-928.

6.5 C. Daniel Batson's Reply to the Altruism Question

In *The Altruism Question*, chapters 5-7, C. Daniel Batson [1991a] details his strategy for solving the enigma of the existence of genuine altruism. Then, in chapters 8-10, he summarizes approximately two dozen empirical studies, most of them conducted during the preceding fifteen years by himself and his associates. The present section of our thesis aims primarily at recapitulating, in very broad strokes, Batson's synopsis of this pathbreaking body of work directed at sustaining the Empathy-Altruism Hypothesis.

In view of the manner in which Batson defines altruism as an *ultimate*⁴⁵ goal, the foremost challenge is to disentangle an actor's instrumental goals from his ultimate goals. More precisely, how can one distinguish between the case where increasing another's welfare is the actor's *ultimate* goal, or his truly desired end, and the case where increasing another's welfare is the actor's *instrumental* goal, or merely a means to his true ultimate goal of increasing his own welfare?

Batson's solution is disarmingly simple. He designs laboratory experiments where the subject has the choice of two behaviours, one where he can increase his own welfare without helping and where the cost is minimal, and another where he can choose to help and thereby potentially increase his own welfare, but to an extent no

⁴⁵ See [Batson 1991a p.6] quoted above in Section 6.2, page 133.

greater than had he chosen not to help. The assumption is that, all other things being equal, the choice of the latter is driven by an altruistic motivation.

The Empathy-Altruism Hypothesis states that “*altruistic motivation is produced by feeling empathy for a person in need.*” [p. 72] Thus, it is further hypothesized that the greater the empathy experienced, the stronger the altruistic motivation. Batson surveys the literature that supports the egoistic explanation of altruism and classifies three basic egoistic alternatives to genuine altruism. He labels them empathy-specific rewards, empathy-specific punishments and aversive-arousal reduction.⁴⁶

Batson then identifies five variables that, when manipulated in controlled laboratory experiments, should enable the observer to differentiate between egoistic and altruistic motivation. For example, is escape from a person in need of assistance a viable behaviour? Batson replies: for an altruist, definitely not, by definition; for an egoistic reward-seeker, neither, because escape will provide him no reward; for an egoistic punishment-avoider, neither, because he will still feel ashamed or guilty for not helping; however, if one’s ultimate goal is simply the reduction of one’s own stress, discomfort or tension, or aversive arousal, escape is a perfectly feasible, far less costly behaviour to choose, than helping.

⁴⁶ Examples that illustrate and explain the three categories —rewards; punishment; and reduction of stress, etc.— appear in the third paragraph of Section 6.3, on page 135 above.

Unfortunately, like the viability of escape, none of the other four variables permits the altruistic motivation to be distinguished from the three egoistic alternatives taken together as a group. Batson is thus left no choice but to test the Empathy-Altruism Hypothesis against each of the three Egoistic Alternatives individually.

Beginning with the aversive-arousal reduction Egoistic Alternative, Batson conducted six studies with a 2 X 2 easy escape/difficult escape, low empathy/high empathy design. Table 1 illustrates the

Escape	Empathy	
	Low	High
Easy	Low	High
Difficult	High	High

Table 1

predictions of the level of helping if the Empathy-Altruism Hypothesis were to hold. Both the Empathy-Altruism Hypothesis and the aversive-arousal reduction Egoistic Alternative predict that regardless of the level of empathy, if escape is difficult (the bottom row in the table), levels of helping would be high. Similarly, both hypotheses predict that in the low empathy-easy escape condition (the top left quadrant), levels of helping would be low. However, for subjects in a high empathy-easy escape condition (the top right quadrant), the aversive-arousal reduction Egoistic Alternative predicts a low level of helping, while the Empathy-Altruism Hypothesis predicts a high level of helping.

In each of the studies, the escape and empathy conditions, as well as the cost of helping, were manipulated differently. Five of the six studies were strongly

congruous with the predictions of the Empathy-Altruism Hypothesis, while the sixth study, which set the highest cost for helping, demonstrated significantly lower levels of helping for subjects in the high empathy/easy escape condition. Batson concludes that, considering the excessive cost of helping in the latter study, it merely confirms that despite empathy for another person, there are limits to a person's altruistic motivation.

Turning now to the empathy-specific punishment Egoistic Alternative, the hypothesized censure is said to be either socially or self-administered. To test the Empathy-Altruism Hypothesis against the socially-administered empathy-specific punishment Egoistic Alternative, two studies with a 2 X 2 low negative social evaluation/high negative social evaluation, low empathy/high empathy design were conducted. Negative social evaluation was manipulated by arranging for the subjects to choose to help, with or without the experimenters' knowledge of their choice.

Table 2 illustrates the predictions of the level of helping if the Empathy-Altruism Hypothesis were to hold. Meanwhile, the socially-administered empathy-specific

Social Evaluation	Empathy	
	Low	High
Low	Low	High
High	High	High

punishment Egoistic Alternative predicts

Table 2

that in the high empathy/low negative social evaluation condition (the top right quadrant), subjects would demonstrate low levels of helping.

Again, both studies supported the Empathy-Altruism Hypothesis.

The self-administered empathy-specific punishment Egoistic Alternative was tested in three studies with essentially the same format as the two preceding sets of studies. Again, high empathy subjects, even when self-evaluation was manipulated in a manner which made it difficult for the subjects to make negative self-attributions for not helping, demonstrated statistically significant high levels of helping relative to the three other conditions. The Empathy-Altruism Hypothesis was again confirmed.

As a final test for the empathy-specific punishment Egoistic Alternative, Batson conducted two studies where subjects' empathy was manipulated into high and low conditions, and they were then asked their goal-relevant thoughts. The latter was done using a Stroop procedure, whereby individuals are asked to instantaneously name the colour in which words appear. Punishment relevant words were one colour, while victim relevant words were another colour. This procedure apparently makes the colour of words associated with what one is actually thinking more salient to the subject. The results showed that the only statistically significant correlation in the high empathy condition was between helping and victim relevant words. Once more, this was as the Empathy-Altruism Hypothesis predicted. As a footnote, there was some support for the empathy-specific punishment Egoistic Alternative found for subjects in the low empathy condition.

The third and last Egoistic Alternative, empathy-specific rewards, was tested against the Empathy-Altruism Hypothesis with a Stroop procedure. Instead of punishment relevant words, reward relevant words were used. Twice, as above, the Empathy-Altruism Hypothesis was upheld.

Another 2 X 2 X 2 experiment manipulated the subjects' capacity to help, the victim's undergoing distress or not, as well as the low/high empathy condition of the subject. Mood change was the dependent variable that was measured. The Empathy-Altruism Hypothesis' pattern of predictions were confirmed.

The results of three other experiments testing the empathy-specific rewards Egoistic Alternative against the Empathy-Altruism Hypothesis, using feedback as the distinguishing variable, were "*consistently patterned as predicted by the empathy-altruism hypothesis*" [p. 163]

Finally, Batson reports two additional experiments that tested the empathy-specific rewards Egoistic Alternative. The manipulated variables were low/high empathy and the presence/absence of anticipated mood enhancement. The level of helping was again the dependent variable measured. The results indicated a significant main effect for empathy, while the manipulation of anticipated mood enhancement did not produce a statistically significant effect.

It is only fitting that the final words in this section be left to C. Daniel Batson [1991a]:

“If we cast an eye back over the approximately 25 studies reported, ... we find no clear support for any of the three egoistic alternatives to the empathy-altruism hypothesis. ... In study after study, with no clear exceptions, we find results conforming to the pattern predicted by the empathy-altruism hypothesis, the hypothesis that empathetic emotion evokes altruistic motivation. At present, there is no plausible egoistic explanation for the results of these studies.”

[p. 174]

6.6 Further Empirical Support

During the past twenty-five years, since the tacit taboo on altruism research has been ostensibly lifted, the assumption of Man, the rational self-interested utility maximizer, has come under increasing attack. Indeed, the assumption has manifested quite remarkable resiliency considering the mounting evidence against it. Meanwhile, in line with the maxim —the best defense is a good offense— the self-interested model of Man, and its incumbent exchange paradigm, have penetrated into many more nooks and crannies of contemporary social scientific thought and practice. Perhaps the most eloquent and prolific contributor to this tradition is the 1992 Noble Prize-winning economist Gary Becker. Becker has applied the neoclassical economists' model and its

incumbent self-interested Man assumption to the study of altruism, discrimination, affirmative action, marriage, the family, fertility, cigarette addiction and even irrationality⁴⁷.

This explains somewhat why the evidence challenging the self-interested Man assumption originates from a wide variety of disciplines⁴⁸ and thinkers. To begin at the beginning, one of the more impressive sets of studies⁴⁹ has examined the reaction of eighteen to seventy-two hour old newborns to another infant's crying versus other distressing sounds, including tapes of their own crying. The findings were that newborns tended to cry more often —and cry longer— on hearing other distressed infants. If we are indeed innate egoists, vying for attention to only our own needs, it should not matter who or what generates a troubling sound, a newborn's reaction should be equally strong. But the newborn appears not only to differentiate another infant's cry, but also to be more passionately aroused by it.

⁴⁷ The most eloquent criticism of this tendency that we have read is Amitai Etzioni's [1990] *Toward a Deontological Socioeconomics*.

⁴⁸ In the next chapter on free-riding, a significant social behaviour predicted by the self-interested Man assumption, substantial evidence will be reviewed that repudiates the free-riding prediction. In so doing, these findings also severely impugn the self-interest paradigm.

⁴⁹ SIMMER, Marvin L., *Newborn's Response to the Cry of Another Infant*, Developmental Psychology, Vol. 5, (1971), pp. 136-150; SAGI, Abraham and HOFFMAN, Martin L., *Empathetic Distress in the Newborn*, Developmental Psychology, Vol. 12, (1976), pp. 175-176; and, MARTIN, Grace B. and CLARK III, Russell D., *Distress Crying in Neonates: Species and Peer Specificity*, Developmental Psychology, Vol. 18, (1982), pp. 3-9; as reported in [Kohn 1990 pp. 65-66].

We can thus speculate that empathy for our fellow Man, one of the hypothesized foundations of altruism, may be innate to Man. If we experience another's distress as our own, before we are even three days old, then, as adults, when others are used as instrumental means to increasing our own welfare, as the egoistic alternatives to altruism claim, this just might be something that we are socialized to do, rather than something that is innate to us.

Frohlich and Oppenheimer [1984] conducted a series of experiments where Canadian and American undergraduates were invited to choose between pairs of

A	8,7	Maximizing
B	7,8	Altruism
C	7,5	Difference Maximizing
D	7,7	Egalitarianism

Table 3

monetary payoffs, one for the subject himself and one for an anonymous counterpart. The set of payoffs were so construed as to offer an opportunity to maximize one's own payoff, or to choose a payoff structure that was altruistic, difference-maximizing, or egalitarian. One of the choice situations is reproduced in Table 3, where the first number represents the subject's payoff, the second number represents the counterpart's payoff, and the right-most column indicates the preference type that the researchers inferred from each of the four options. Plainly, the self-interested Man assumption would predict that, except for those people who miscalculated or didn't comprehend the procedure, option A would always be chosen. B, C and D are clearly

non-self-maximizing choices. The 95 Canadian participants were offered eleven different choice situations on seven separate administrations of the experiment.

The overall results were that difference-maximizing was chosen 16% of the time, altruism 13% of the time and egalitarianism 12% of the time. Interestingly, over half of the participants chose B, C or D, on at least one occasion. The authors comment: "*Nonmaximizing or non-self-interested behaviour occurs consistently. The self-interest assumption as narrowly construed fails.*" [p. 21] and they conclude "*Individuals attach value not only to their own consumption of material goods, but also to their relative consumption vis-à-vis relevant others. ... The attainment of 'morally acceptable results' is a valued good that is similar to other goods.*" [p. 23]

It is impossible to discuss empirical research and self-interest without some reference to the all-too-classic prisoners' dilemma⁵⁰. In this ingeniously contrived game, the District Attorney solicits confessions from two prisoners, A and B. He informs each prisoner of the consequences of the four possible scenarios that may result from their available behaviour choices (displayed in the four quadrants of Table 4).

⁵⁰ The prisoners' dilemma was initially formulated by Merrill Flood and Melvin Dresher in 1950 and subsequently formalized by A. W. Tucker, as reported in [Lutz 1988, p. 79].

The first number is the number of years that A will be imprisoned, and the second number is the number of years that B will go behind bars. Looking at the situation purely from A's self-interested perspective, the top

		Prisoner A	
		not confess	confess
Prisoner B	not confess	3 , 3	0 , 15
	confess	15 , 0	10 , 10

Table 4

right quadrant is the best possible scenario; he confesses, his colleague doesn't; he goes free, and his buddy goes to jail for 15 years. The problem is that his partner faces an identical predicament. From B's self-interested perspective, the bottom left quadrant is the most desirable. This requires B to confess, and A to remain silent. Now, the strategy recommended in pursuit of each prisoner's strictest self-interest is to confess, yet somehow manipulate their counterpart into not confessing. Accordingly, if they both pursue their strictest self-interest, each will promise to the other not to confess, and then turn around to *cheat* on their counterpart. Consequently, they will each end up in the bottom right quadrant, upstate, for ten years! The prisoners' dilemma is precisely this: the optimal strategy is a joint one, namely, not pursuing their strictest self-interest, where neither one of them confesses (the top left quadrant). But can, or should, they trust one another? particularly in a world that an overwhelming majority of social scientists inform us is composed of unremitting egoists?

Numerous variations⁵¹ and literally hundreds of experiments have been inspired by the prisoners' dilemma. One such example is Andreoni and Miller's [1993] *Rational Cooperation in the Finitely Repeated Prisoner's Dilemma: Experimental Evidence*. Among other manipulations, they contrasted 'single shot' games with repeated plays of the prisoner's dilemma where subjects conserved the same partner. Cooperative playing was significantly greater in the latter condition where a relationship between the two players could and seemingly did develop. Moreover, Andreoni and Miller [1993] found that even where their manipulations were not intended to foster cooperation, the narrowest self-interested strategy was not consistently employed, which led them to conclude:

“Several findings in the experiment suggest that, rather than believing that some subjects may be altruistic, many subjects actually are altruistic. ... Our results suggest that there is a stable fraction of such altruists in the population.

[p. 582]

In one extensive review of the literature on social dilemmas, Mansbridge [1990] observes that:

⁵¹ Messick and Brewer [1983] present an excellent compendium of social dilemma research, as well as a succinct description of the essential qualities of a typical social dilemma: “(1) each person has an individually rational choice that, when made by all members of the group, (2) provides a poorer outcome than that which the members would have received if no members made the rational choice.” [p. 15]

“Experimenters can raise the level of cooperative behaviour to 85% by allowing discussion and other procedures that increase feelings of group identity ... On the other hand, they can raise the level of self-interested behaviour by raising the payoff (indicating that morality can have a price), having the cooperators lose over and over (indicating that morality can be extinguished)...” [p. 17]

One unmistakable conclusion that emerges from this abundant literature is that self-interest does not operate at all times, and under all circumstances.

In fact, an even more significant conclusion that this literature brings to light is the fact that as soon as real-life interdependence between Men becomes a consideration in understanding and anticipating how Man behaves, ‘Homo economicus’ becomes woefully inadequate. Outside of theoretical self-interest models of human behaviour and far from the laboratory, the consequences of one individual’s behaviour are often dependent on the behaviour chosen by another, whose behaviour, in turn, is contingent on the behaviour of the first individual —as in the prisoners’ dilemma. Routinely, in reality, Man is sufficiently shrewd and trusting of his fellow Man to not always pursue his strictest self-interest and thus Men frequently reach the top-left quadrant. Of course, this is not always the case, but the case for altruism merely claims that Men do not invariably end up experiencing the worst scenario —each one serving his ten years!

Emerson [1976] adds to the interdependence factor the fact that human relations persist over time. Economic theory, based on the concepts of self-interest and exchange, he explains, conceives of a “*depersonalized other party called a market.*” [p. 351] This other party is not only anonymous, but more important, composed of numerous independent entities whose behavioural options are aggregated into an ephemeral demand curve. However, faced with an ongoing ‘bilateral monopoly’ (or two prisoners who can choose their behaviour more than once), Emerson [1976] charges “*It is a paradox of economic theory that it fails to handle the most simple social structure, the dyad.*” [p. 351] We would only add that Emerson’s observations regarding the failings of economic theory hold equally well for the concepts of exchange and self-interest, which are common currency in the field of marketing. To the extent that ‘one-to-one’ marketing is not just a fad or fancy buzz words, the inadequacies of the exchange and self-interest concepts should be highly relevant for marketers serious about cultivating ongoing personalized interdependent marketing relationships.

In conclusion to their discussion of the prisoners’ dilemma, Lutz and Lux [1988] likewise observe that:

“Many human actions take place in a social context. ... Self-interest produces the results that are considered in one’s self-interest if, and only if, the outcome of one’s action is entirely confined to one’s action, and nothing else. In contrast, self-interest does not produce optimal results if the outcome of one’s

action depends on the actions of others. [p. 82] ... The mutually cooperative outcome is not within the reach of self-interested parties.” [p. 84]

Rasinski and Rosenbaum [1987] conducted a survey of citizen support for an increase in property taxes specifically aimed at improving public education. Social exchange theory, the self-interested Man assumption and the notion of 'cost-benefit' calculations predict that parents with school age children, who have the most to benefit from a tax increase, would be the most likely to support such a measure. The counter perspective suggests that non-self-interested factors such as civic duty, moral obligation, public-regardingness and concerns about justice would be better predictors of political choices regarding taxes for schools. The results of their study were essentially that both self-interested factors and non-self-interested factors explained significant variance in the sample's political opinions. The authors conclude that, like several other studies that they cite, their research indicates that: *“Economically oriented, social exchange-based explanations of political behaviour are not adequate in and of themselves to explain political responses.”* [p. 1003]

Sears and Funk [1990] present an extensive review of empirical work similar to Rasinski and Rosenbaum's study. The more than two dozen studies they discuss were conducted during the 1970s and 1980s to survey Americans' political attitudes regarding, among other subjects, racial issues (such as whites' attitudes towards busing) and economic issues (such as national health insurance, government

guaranteed full employment, tax reductions and caps on state spending). They conclude that:

“Self-interest ordinarily does not have much effect on the mass public’s political attitudes. There are occasional exceptions, as when there are quite substantial and clear stakes (especially regarding personal tax burdens) or ambiguous and dangerous threats. But even these conditions only infrequently produce systematic and strong self-interest effects, and then, ones that are quite narrowly specific to the interest in question. The general public thinks about most political issues, most of the time, in a disinterested frame of mind.”

[p. 170]

The field of sociobiology, to which we alluded in the first section of this chapter, probes the existence and evolution of altruism among all living organisms. Sociobiologists have categorized numerous examples in nature of animals that endure severe pain, take life-threatening risks and even sacrifice themselves to benefit their direct offspring, their troop, or their community. There seems to be little doubt that some species appear genetically programmed to act altruistically. Furthermore, as Piliavin and Charng [1990] observe:

“Sociobiologists have now demonstrated mathematically⁵² and by means of computer simulations⁵³ that under certain conditions, there are three separate selection processes that can actually lead to the establishment and perpetuation of ‘altruist’ genes in populations.” [p. 45]

Although, strictly-speaking, this does not prove that Man is genetically programmed to be altruistic from an evolutionary point of view, there is no doubt that Man shares many DNA sequences with higher mammals. Undeniably, in view of the evidence from the natural world, the possibility that Man, too, is innately altruistic cannot be dismissed out of hand.

In a comprehensive review of several dozen papers and volumes dealing with altruism in its many guises, Piliavin and Charng [1990] unabashedly take the position that in the areas of

“social psychology, and to a lesser degree in sociology, economics, political behaviour and sociobiology ... there appears to be a ‘paradigm shift’ away from the earlier position that behaviour that appears to be altruistic must, under closer scrutiny, be revealed as reflecting egoistic motives. Rather, theory and data now being advanced are more compatible with the view that true

⁵² BOORMAN, S. A. and LEVITT, P. R., *The Genetics of Altruism*, Academic Press, New York, N.Y., (1980).

⁵³ MORGAN, C. J., *Natural Selection for Altruism in Structured Populations*, Ethology and Sociobiology, Vol. 6, (1984) pp. 211-218.

altruism —acting with the goal of benefitting another— does exist and is a part of human nature.” [p. 27]

Although we do not share the foregoing optimistic appraisal, there can be no doubt that significant cracks in the monolithic idea of universal egoism are beginning to appear throughout the social sciences.

In this chapter on the case for altruism, we have barely skimmed the rich diversity of perspectives on the question. From empathy to ethical concerns, from a desire for justice to a genetic predisposition, the paths to altruism need not be either uniform or standardized. As the Oliners [1988] concluded in their exhaustive study of rescuers of Jews in Nazi Europe “*there are multiple styles for arriving at moral decisions.*” [p. 258]

[7] FREE-RIDERS ALL?

7.1 Are Altruism and Egoism a Complete Set?

Up to this point, we have tried to counter the assumption of Man, the rational self-interested utility maximizer, by focusing primarily on the case for altruism. There should be little doubt that, on a theoretical level, increasing another's welfare as a truly *ultimate* goal is a pure, unambiguous antithesis to a self-centred egoistic motivation. As we have already acknowledged, such a genuine altruistic motivation may be impossible to prove definitively, but this should not prevent us, without relaxing our designation of altruism or abandoning our belief in its genuine existence, from exploring other alternatives that refute the self-interested Man assumption.

One such alternative appears when we examine the many choice situations where the potential beneficiary of an individual's actions are either the actor himself (who maximizes his own utility in his strictest self-interest) or a group to which the actor belongs. These choice situations are characteristic of the study of the provision of public goods, an area that we shall examine in more detail in the next section.

However, before doing so, we would begin with the observation that if one were to ask someone the question —Whose interests are you attempting to serve by your behaviour? there would be six possible answers —mine, yours, his, hers, ours,

or theirs⁵⁴. A response of mine is precisely how the self-interested individual would reply. Meanwhile, yours, his, hers and theirs all refer to a distinct other or others, whose interests are distinct from the egoistic self. If we could be absolutely certain that the individual's response of yours, his, hers or theirs was the true answer, then there could be no doubt that the individual is altruistically motivated. A response of ours⁵⁵, on the other hand, is not so straightforward.

Technically-speaking, the self, who belongs to the larger group —our— does directly benefit somewhat if *our* interest is advanced. Thus, it could be argued that altruism does not accurately describe the motivation of a person who acts in order to simultaneously benefit himself and others belonging to a group to which he belongs⁵⁶. However, we would quickly add that self-interest or egoism does not accurately describe the motivation of such an individual either.

⁵⁴ Kohn [1990] phrases the matter in a similar fashion. "*If I help you, it is possible to identify four accounts of whom I was intending to benefit by this act. These possibilities may be denoted by the following shorthand: (1) me, (2) me because of you, (3) you, and (4) us.*" [p. 239]

⁵⁵ Simon [1992] writes that "*'We' and 'they' are fundamentally important pronouns in the language, and an individual's conception (varying from one time to another) of who we are defines his or her frame of reference in making decisions.*" [p. 78]

⁵⁶ Jencks [1990] makes a similar point by distinguishing between what he calls two types of unselfishness: empathetic unselfishness —involving an identification with people outside ourselves, whereby their interests become our own; and, communitarian unselfishness —involving an identification with a collectivity of which we are part.

The reasoning for the preceding conclusion is also straightforward. In countless social situations, the pursuit of one's strictest self-interest that maximizes one's own utility will dictate a certain behaviour. On the other hand, the improvement of the group's interest and hence the maximization of the group's utility will dictate another distinct behaviour, which is often diametrically opposed to the former. Assuming that ulterior motives are not involved and that it is possible to verify the genuine motivation behind the behaviour, it would seem logically impossible that two diametrically opposed behavioural choices could both *maximize* an individual's utility and thus both be in his strictest self-interest.

Harrison [1986], in a section entitled "*Solidarity and Group Dynamics*" echoes this point of view:

"Behaviour that is consistent with group goals often appears to be inconsistent with the personal welfare of the individual actor. Acts of heroism, crowd behaviour, labour union strikes, the formation of cooperatives and communes, and transactions in which the parties share the fruits of their exchange in a manner that does not reflect their relative power, are examples that strain the narrow self-interest paradigm." [p. 1343]

All of the above leads us to recall the terms and pattern of Batson's definitions of altruism and egoism and, accordingly, to propose a third analogously structured motivation to designate a motivation where the *self* and the *other's* interest coalesce

seamlessly together. We would label such a motivation solidarity or cooperation⁵⁷, defined as: 'a motivational state with the ultimate goal of increasing the welfare of a group to which one belongs.'

The group referred to in our definition could be as small as one's own nuclear family or one's extended family; as diverse as one's fellow workers or one's profession; as anonymous as a crowd into which one happens to err; as homogeneous as one's gender; as sweeping as one's race, language, or ethnic group; or as large as one's nation, or even all of mankind. Sen [1977] writes that: "*Groups intermediate between oneself and all, such as class and community, provide the focus of many actions involving commitment.*" [p. 344] Likewise, Simon [1992] contends that:

"Human beings exhibit a strong tendency to behave in ways that contribute to the achievement of the goals of the groups to which they belong: not only the family, but larger groups like tribes, ethnic groups, nations, and —especially important for our purposes— organizations." [p. 77]

⁵⁷ We prefer the term solidarity, but unlike cooperation, solidarity has no corresponding adjective, adverb, or noun for someone who practices solidarity: —i.e. cooperative, cooperatively, cooperator. Solidarity is defined in the Webster's New Collegiate Dictionary as "*an entire union of interests and responsibilities in a group.*" This is exactly what we have in mind. Indeed, the cumbersomeness of the word 'solidarity' and the fact that no single English word neatly describes group interest, in the manner that egoism, egoistic, egoistically and egoist, describe self-interest, may be, ideologically, no accident. Nonetheless, we shall forthwith use the nouns solidarity and cooperation interchangeably, and cooperative, cooperatively and cooperator, when an adjective, adverb or noun describing someone is called for.

Although our above definition of a group is admittedly highly elastic, as long as the distinguishing characteristic remains that an alternative egoistic behaviour would more significantly increase the individual's welfare, solidarity-cooperation, as here defined, is conceivably a genuine alternative to egoism.

Batson [1991a] raises a relevant objection to this line of reasoning. As mentioned earlier, he indicates that one of the implications of his framing of the altruism question is that *"To seek to benefit both self and other (as long as self and other are distinct) implies two ultimate goals, which in turn implies two distinct motives."* [p. 8] In a similar vein, Batson [1991a] dismisses Melvin J. Lerner's suggestion that the self-other distinction can dissolve on a psychological level; *"It seems unlikely that such a dissolution ever fully occurs, except perhaps in some mystical states."* [p. 55] We would reply to Batson that giving charity to a single individual, where *his* welfare is the ultimate goal, and giving charity to a family of two adults and two children, where *their* welfare is the ultimate goal, should both be identically characterized as altruistically motivated. It would be nonsensical to characterize the latter as implying four ultimate goals, and in turn four distinct motives on the sole grounds that each of the others is a distinct individual. Accordingly, to the extent that a dissolution of several distinct others' interests into a conceptually single other's interest is an entirely legitimate interpretation, so the dissolution of self and other into a conceptually single interest must also be a plausible human mental process.

In *Selfishness, Altruism and Rationality*, Howard Margolis [1982], an ardent advocate of altruism, points out a characteristic about group-interest that marketers have understood intuitively.

“In commercial advertising, we can expect to see direct appeals to self-interest (‘you save,’ even ‘other people will be green with envy if you’) whereas in political appeals we expect to see appeals to group-interest (‘working people who make America great ... will save’ even, ‘ask not what your country can do for you’).” [p. 94]

The latter appeal, immortalized by John F. Kennedy, speaks to an individual’s sense of *belonging* to a greater whole, namely his country. Kennedy’s not so subtle insinuation was that being motivated by the welfare of the whole, of which one is part, is far nobler than being motivated strictly by one’s own personal welfare. One’s own personal welfare is, of course, generally the target of commercial advertisers. No less an authority than Justice Sandra O’Conner of the U.S. Supreme Court has written that *“the concepts of individual action for personal gain and concerted activity are intuitively incompatible.”* [quoted in Lynd 1984, p. 1426]

Meanwhile, Kennedy’s classic invocation is likewise distinguishable, in many important respects, from an appeal that would solicit someone to unilaterally give something of value to someone else with no expectation of anything in return.

Paraphrasing J.F.K., a summons to the latter motivation might be: ‘One need not be

so ambitious as to ask what one should do for one's country, one need only help a needy neighbour.'

Thus, instead of a dual clash between the egoist's credo, 'Each man for himself,' and the altruist's credo, 'I am my brother's keeper,' we would propose three basic motivational foundations based on whose interests an individual is attempting to serve through his behaviour, namely, 'Each man for himself,' 'I am my brother's keeper,' and the cooperator's credo of solidarity, 'All for one, and one for all.'

7.2 Mancur Olson Jr. and *The Logic of Collective Action*

In our earlier examination of public goods, in Section 4.2⁵⁸, we addressed the fact that since no one technically owned these goods, it would be difficult to conceive of an authentic exchange of such goods ever taking place. We now turn our attention to another key characteristic of public goods that will eventually expose yet another major flaw in the self-interest edifice.

⁵⁸ Beginning on page 70 above.

Mancur Olson Jr. [1965], in his classic treatise, *The Logic of Collective Action*, subtitled *Public Goods and the Theory of Groups*, describes this key feature in the following manner:

“A common, collective, or public good is here defined as any good such that, if any person X_i , in a group $X_1, \dots, X_i, \dots, X_n$, consumes it, it cannot feasibly be withheld from the others in that group.” [p. 14]

A countless variety of examples are given in the literature to illustrate the above concept of a public good. We shall deliberately lean towards referring to the assorted instances of the provision of public goods that occur in a trade union context⁵⁹. We heartily agree with Mancur Olson Jr. that “*the benefits of the union’s achievements*” [Olson 1965, p. 86] which an employer concedes to the union are usually indiscriminately available to all his employees, and sometimes even other workers in similar enterprises, thus constituting a public good, as here defined.

⁵⁹ The author of this thesis has worked professionally in the Canadian labour movement, in numerous capacities, for over twenty-four years prior to writing these lines. Furthermore, it is the concrete application of marketing principles within a trade union context that presently constitute his principal professional aspiration. Moreover, in a later chapter, we shall attempt to demonstrate the pertinence and practicality of the substance of this thesis within a trade union context. It should be further noted that Mancur Olson Jr. [1965] repeatedly uses examples from the labour movement to substantiate his own claims. He also devotes an entire chapter of his [1965] classic to debunking the existence of genuine solidarity within the labour movement.

But the heart of Olson's widely-endorsed thesis is that this unique characteristic of a public good makes it highly irrational for anyone to freely pay or voluntarily contribute to the provision of said public good. In Olson's [1965] words:

"Unless the number of individuals in a group is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, rational, self-interested individuals will not act to achieve their common or group interests." [p. 2]

We can easily paraphrase 'the achievement of their common or group interests' as 'the group's joint provision of a particular public good for itself.' Olson [1965] proceeds to explain the grounds for what is now generally referred to as the free-riding phenomena.

"Though all of the members of the group therefore have a common interest in obtaining this common benefit, they have no common interest in paying the cost of providing the collective good. Each would prefer that the others pay the entire cost, and ordinarily would get any benefit provided whether he had borne part of the cost or not." [p. 21]

Mooching may not be honourable, but Olson maintains it to be the rational thing to do. Indeed, the self-interested Man assumption must necessarily predict that Man be a free-rider. Returning again to the trade union context, Olson [1965] attempts to illustrate his argument:

“Most of the achievements of a union, even if they were more impressive than the staunchest unionist claims, could offer the rational worker no incentive to join; his individual efforts would not have a noticeable effect on the outcome, and whether he supported the union or not he would still get the benefits of its achievements.” [p. 76]

This entire line of reasoning leads Olson [1965] to the sweeping prediction that:

“In a large group in which no single individual’s contribution makes a perceptible difference to the group as a whole, or the burden or benefit of any single member of the group, it is certain that a collective good will not be provided unless there is coercion or some outside inducements that will lead the members of the large group to act in their common interest.” [p. 44]

Olson’s foregoing analysis lies at the foundation of the traditional view of the motivations that drive Man’s behaviour in groups. It is thus widely accepted that coercion or inducements⁶⁰ (i.e. equitable terms of exchange) are the only mechanisms able to secure the collaboration of self-interested individuals towards the advancement of their group or common interest. In their absence, the conventional wisdom holds that Man does not and will not bear any cost to himself in the interest

⁶⁰ Olson [1965] also labels these inducements ‘selective incentives,’ a concept that he develops elaborately in his book. It should be noted that these selective incentives are implicitly external or extrinsic ones, an attribute that we shall explain in the next chapter.

of any given group to which he belongs. Man, the rational self-interested utility maximizer will thus neither be a true altruist, nor ever genuinely cooperate with his fellow Man. Self-interested Man is thus inevitably destined to be a parasitical free-rider!

Olson goes to great lengths to explain and demonstrate how trade unions either 'coerce' or otherwise 'induce' their members to remain loyal. In a later section we shall return to these arguments and examples in order to indicate their numerous failings.

Suffice to say, at this point, that many observers [Harrison 1986, Margolis 1982, Simon 1992] have underlined the conspicuous example of citizens exercising their right to vote as being a flagrant negation of the free-riding prediction. In most elections, the individual voter has an infinitesimal chance of affecting the outcome, and thus no rational reason to waste a few minutes or hours to go to vote. Even more noteworthy are the millions of voters who systematically vote for third parties or marginal candidates with full knowledge that their candidate or party has veritably no chance of winning. The free-riding prediction based on the unequivocal pursuit of self-interest has no explanation for this widespread irrational voter behaviour, yet somehow it continues to receive extensive support in the social sciences.

Finally, in Herbert A. Simon's [1991] examination of employee motivation in organizational contexts, he pleads that economic rewards that seek to gratify the individual's self-interest are often of limited effectiveness. He shrewdly turns the free-riding question on its head.

"Why will employees work hard if they can gain almost as much by loafing? Of course free-riding can be observed in organizations. ... The question is not whether free-riding exists ... but why there is anything besides free-riding. Why do many workers, perhaps most, exert more than minimally enforceable effort? Why do employees identify with organizational goals at all?" [p. 34]

And in a similar fashion, Etzioni [1990] observes that:

"Rules and institutions cannot rest on deterrence because there are not enough policemen, inspectors, and auditors for it to be effective, and the guardians themselves need guarding. Rules and institutions hence must rely, to a significant extent, on internalized moral commitments." [p. 229]

Likewise, Holmes [1990] subverts the self-interest doctrine with a chillingly macabre argument depicting uncoerced behaviour directed at 'improving' the community's welfare. He recounts the actions of Catholic zealots in medieval France who used their knives to peel off the skin of Jews. Holmes [1990] labels their behaviour 'selfless cruelty' and dispassionately asserts:

"They were not acting from egoistic motives, but for the common good —as they saw it. Neither bargain hunting nor gentle benevolence was involved. Neither acquisitive egoism, nor loving altruism. Nonselfish, but nonetheless

murderous, behaviour abounds in history. It is not marginal, but massively important.” [p. 271]

7.3 The Case for Solidarity-Cooperation

As we have argued previously in our discussion of egoism and altruism, the rivalry between the pursuit of self-interest and free-riding versus solidarity and the cooperative pursuit of the group’s interest is one that should be resolved empirically.

“The free-rider hypothesis [Hardin 1968, Olson 1965] has been one of the most widely accepted propositions in the literature on the provision of public goods by groups. This acceptance, however, has been based primarily on the strength of the theoretical argument, and the citation of commonplace example, rather than rigorous empirical test.” [Marwell and Ames 1981, p. 295]

We thus now turn to a few papers that have summarized the considerable research⁶¹ that has successfully repudiated the strong version⁶² of the free-rider hypothesis.

⁶¹ The boundary between altruism and cooperation, as here defined, is neither exact, nor necessarily universally sanctioned. Thus, in Section 6.6, entitled Further Empirical Support, beginning on page 152 above, some of the research cited arguably confirms the existence of both altruistic and cooperative motivations in Man.

⁶² The ‘strong’ version of the free-rider hypothesis states that virtually no public goods will be provided by group members through voluntary means. On the other hand, the ‘weak’ version of the free-rider hypothesis states that the voluntary provision of public goods will be sub-optimal.

In an oft-quoted article, *Economists Free-Ride, Does Anyone Else?*, Marwell and Ames [1981] report the results of eleven different experiments that they carried out under varying conditions. Their subjects were given tokens that they could invest either privately, publicly or in some combination of the two options. A private investment returned a predetermined payoff to the subject. Meanwhile, a public investment returned a payoff to each member of the group that was conditional on the total public investment of all the subjects. The payoffs were so structured that the maximum gross payout to the group would occur if everyone invested everything in the public investment. However, for the bona fide self-interested free-rider, the optimal situation was to invest all his tokens in the private investment, yet collect his share of the public payoff from everyone else who invested all their tokens in the public investment.

Summarizing their results, the authors write:

“The strong version of the free-rider hypothesis is contradicted by the evidence. People voluntarily contribute substantial portions of their resources —usually an average of between 40 and 60 per cent— to the provision of a public good.” [Marwell and Ames 1981, p. 307]

However, they do acknowledge that free-riding does exist:

“Subjects do not provide the optimum amount of the public good, and tend to reserve a meaningful fraction of their resources. The ‘weak’ free-rider hypothesis is supported.” [Marwell and Ames 1981, p. 307-308]

Paradoxically, Marwell and Ames' [1981] paper is best known for a twelfth experiment that showed the strongest support for the 'strong' version of the free-rider hypothesis. This last experiment was conducted with thirty-two graduate economics students, and led the authors to comment wryly that:

"Economists may be selected for their work by virtue of their preoccupation with the 'rational' allocation of money and goods. Or they may start behaving according to the general tenets of the theories they study." [p. 309]

Dawes et al. [1990] conducted a long series of experiments that sought to influence group members' level of cooperation, while deliberately refraining from the use of any egoistic incentives to do so. Overall, they were successful in increasing cooperation whenever they enhanced the members' identity with the other group members. This manipulation of group affinity increased cooperative acts *"in the absence of any expectation of future reciprocity, current rewards or punishment, or even reputational consequences amongst other group members."* [p. 99]

They summarize the interpretation of their experimental results *"as implying that there are other primary motivations—in particular the parochial one of contributing to one's group of fellow humans"* [p. 110] that must lie at the base of cooperative behaviour. Referring to the various inducements, bribes, side payments or selective incentives that the conventional view asserts are essential, they conclude:

“What we question —or rather, what our data question— is whether all, or even a majority of, group-regarding behaviours can be ‘ultimately’ related to such egoistic concerns.” [p. 110]

Stroebe and Frey [1982] review experimental evidence gathered from simulations of market transactions, contrived games, group productivity and helping in emergencies. They conclude that:

“Free-riding does not constitute a serious threat to social organization. Except in the case of experimental games, researchers even appear to have problems in demonstrating sizable free-riding effects.” [p. 135]

Finally, Messick and Brewer [1983], in an exhaustive review article on social dilemmas, make the important observation that there appears to exist a *“trade-off between the costs that socially responsible behaviour impose on us and the benefits that such behaviour will produce for the other members of the group.”* [p. 38] Suffice to say, their survey of the research indicates that the two elements of coercion and inducements, as advanced by Olson, are far from complete in explaining how, when, why, and to what degree these trade-offs occur. It would appear that, at times, people just simply act in the public interest, even though they could have done better for themselves by merely ignoring the effect of their choice on others.

[8] A QUID PRO QUO FOR ALL, ALL FOR A QUID PRO QUO?

8.1 Marketing's Assessment of Altruistic Motivation

As we stated in the Introduction to this thesis, the substantial work on altruism and solidarity-cooperation, which we have been examining in the previous chapters, finds barely an echo in the marketing literature. Although gift-giving has received a great deal of attention in the field, the principal interpretations of the gift-giving phenomena [Belk 1979 and Sherry 1983] tend to characterize it as just another, albeit particular, manifestation of exchange between self-interested parties.

Meanwhile, a computer search of several relevant periodical databases using the key words 'marketing' and 'altruism' turned up two broad categories of articles. The first involved the alleged altruistic tendencies of senior empty-nesters and how marketers might capitalise on these inclinations. The second dealt with strategies related to firms acting altruistically within their communities.

If we put aside the two preceding categories, we can safely assert that altruism, or non-self-interested motivations, are almost totally ignored in the mainstream marketing literature. Nonetheless, those isolated studies that do make some mention of altruism are noteworthy, often more for what is overlooked or

neglected than for what is actually written or accomplished. It is towards these rare journal articles that we now turn.

In *Marketing of Blood Donorship, Helping Behaviour and Psychological Reactance*, Henion and Batsell [1976] frame their study and discussion within Kotler and Zaltman's [1971] classic proposition that the sales of social products can be increased much in the same fashion as for other marketable goods, by reducing the costs and increasing the rewards to the target market. Henion and Batsell [1976] claim to have performed "*a review of laboratory investigations of helping behaviour*," [p. 652] in order to understand donor psychology. Yet what positively astounds us is that they seem to be totally unaware of Titmuss' [1970] landmark study on blood donation in the United States that, among other things, disputed the effectiveness of building a blood supply system based on the "*possessive egoism of the marketplace*." [Titmuss p. 13]

In *Understanding Donor Behaviour: A Classification Paradigm*, Jane R. Ziegler Sojka [1986] aims to investigate "*motivations behind monetary donations to nonprofit organizations by examining related research on altruism, socially conscious behaviour, social status behaviour, and non-altruism within the gift-giving context*." [p. 240]

The list of important altruism research and writings that are not cited in the above article is too long to enumerate. Sojka appears to rely on a sixteen year-old review of

the literature by Dennis Krebs⁶³ as her chief source of material on the subject of altruism. As we have already acknowledged, prior to 1970, very little altruism research had indeed been performed. That Sojka [1986] didn't do her homework as thoroughly as she might have is not nearly as annoying to us as her presumptuous conclusion, under the circumstances, that "*altruism research should not be of primary concern during the initial stages of donor-behaviour research.*" [p. 244]

In *The Role of Self- and Other-Oriented Motivation in the Organ Donation Decision*, Barnett et al. [1987] prove to be an exception to the rule. Their experiment contrasts the effect of a self- and an other-oriented public service announcement (PSA) on the attitudes of subjects towards kidney donation. Since they were familiar with Batson's work, they also measured the subjects' relative levels of empathy to determine whether empathy scores influenced the degree of willingness to donate one's kidneys upon death. Their findings:

"Subjects' responses indicated that they (1) had a more favourable attitude toward kidney donation and (2) expressed a greater willingness to donate their own or a loved one's kidneys upon death after hearing a self-oriented than an other-oriented PSA promoting kidney donation. Unexpectedly, the greater responsiveness to the self-oriented PSA was found for high as well as low empathy subjects." [p. 336]

⁶³ KREBS, Dennis, *Altruism: An Examination of the Concept and a Review of the Literature*, Psychological Bulletin, Vol. 73, No 4, (1970), pp. 258-302.

The authors interpret their results as indicating the superiority of an appeal to self over an appeal to the other, however, a thorough examination of this study raises several theoretical and methodological concerns, many of which the authors do acknowledge in the 'Discussion' section of their article. The principal virtue of this article is the demonstration that marketers can consider altruism without the blinkers of the conventional bias in favour of self-interest.

We shall limit our comments to the principal difficulty that we have with this study. Of the eleven questions comprising the questionnaire, three address the quality of the two PSAs, four ask the subjects to self-report their own attitude change, while the remaining four address the subjects' evaluation of how the two PSAs would influence others. These are arguably three quite distinct matters. While the MANOVA did reveal a significant effect, the most significant univariate variance was found for the subjects' evaluation of the 'clarity' of the two messages. Unfortunately, the results of only one other univariate analysis of variance is reported. If several other univariate analyses of variance were not significant, the overall robustness of the results could and should be seriously called into question.

Finally, James M. Carman [1992], in *Theories of Altruism and Behaviour Modification Campaigns*, makes the most thoughtful and unbiased contribution to the subject of altruism and marketing that we have come across in the literature. Carman reviews the literature in the areas of seat belt use, energy conservation, and youth

driving and drinking, through which he attempts “*to demonstrate the ineffectiveness of behaviour modification campaigns that do not offer extrinsic incentives.*” [p. 5]

His explanation for the observed failure of various behaviour modification campaigns is particularly compelling. He [1992] writes:

“The marketing system has conditioned consumers to expect some tangible reward for changing behaviour, and appeals to altruism will work only if a link can be made to a personal value important to the individual.” [p. 5]

We shall return to this exceedingly important point in the final section of this chapter. Meanwhile, what we find particularly reassuring is that Carman not only cites and considers the work of the likes of Titmuss, Batson and Olson, but he also gives due consideration to Edward L. Deci’s insightful and highly relevant work on human motivation, to which we now turn.

8.2 Extrinsic Incentives and Altruism

Let us begin this necessary digression by distinguishing between intrinsic and extrinsic incentives, or what are also sometimes called internal versus external motives. When a stimulus that moves an individual to action originates from within the person, we designate it as either intrinsic or internal. On the other hand, when a behaviour results from the application of an outside force, we denote it as either an

extrinsic or an external impetus to action. Although both incentives may be operative in any given situation, it is immediately apparent that altruism must be classified as an internal or intrinsic motivation, where extrinsic incentives will be inconsequential to the behaviour in question. Furthermore, rewards, compensation, or punishment are necessary elements that characterize an extrinsic or external motivation.

Edward L. Deci and Richard M. Ryan [1985] present a comprehensive 'organismic' theory of intrinsic motivation that emphasizes Man's capacity and innate need to autonomously choose and initiate his behaviour. This is in sharp contrast to the Behaviourists who contend that the appropriate application of external rewards and punishments would enable one to entirely predict and control Man's behaviour.

Deci and Ryan [1985] stress the potency and promise of intrinsic motivation.

"When people are intrinsically motivated, they experience interest and enjoyment, they feel competent and self-determining, they perceive the locus of causality for their behaviour to be internal." [p. 34]

They outline the concept of self-determination, differentiating it carefully from the notion of control.

"Self-determination is the capacity to choose and to have those choices, rather than reinforcement contingencies, drives, or any other forces or pressures, be the determinants of one's actions." [p. 34]

Whereas,

“Control refers to there being a contingency between one’s behaviour and the outcomes one receives.” [p. 31]

Indeed people sometimes choose or self-determine that a measure of control be exercised over us, that is, we permit someone or something else to determine whether or to what degree our behaviour warrants certain rewards or punishment.

Over a period of several years, Deci conducted various experiments aimed at understanding the relationship between rewards and motivation. He and Ryan [1985] summarize the experimental findings:

“When subjects received monetary rewards for working on a variety of activities, under a variety of circumstances in and out of the laboratory, their intrinsic motivation for the rewarded activity decreased. ... The monetary payments had induced a change in the perceived locus of causality from internal to external, resulting in decreased intrinsic motivation.” [p. 49]

Citing other experiments, they observe that similar results were obtained for other nonmonetary extrinsic rewards such as trophies, tokens, toys, food and prizes, as well as for the avoidance of punishment.

Lepper and Greene [1978] have edited an entire volume on the issue entitled *The Hidden Costs of Reward: New Perspectives on the Psychology of Human Motivation*. This eclectic collection of essays challenges the wisdom of an indiscriminate use of extrinsic rewards in all situations. One of the contributors nicely

sums up this central idea. *“To argue a detrimental effect of reward in some situations by some measures is not to deny an enhancing effect of reward in other circumstances.”* [McCullers 1978, p. 15]

Throughout *The Brighter Side of Human Nature: Altruism and Empathy in Everyday Life*, Kohn [1990] affirms and reaffirms the existence of genuine altruism and responds extensively to many of the conventional wisdoms that deny its reality. One of Kohn’s strongest chapters deals precisely with the postulate that appeals to foster prosocial behaviour will better succeed if some kind of extrinsic incentive is offered to the target market. Kohn [1990] builds upon Deci’s approach and warns that:

“Unless applied with care and discretion, rewards such as money, victory in a contest, grades, and even praise can be counterproductive, particularly if the activity in question requires creativity. ... No artificial inducement can compensate for an absence of interest in a task; people do their best work when they find it fun, not when they are in it for the money. But the data take us even further; they show that rewards actually erode interest. What once may have been done for pleasure comes to be thought of as a chore, a prerequisite for obtaining the extrinsic incentive. Remove the reward and there is no longer any desire to continue performing the task. Moreover, people who see themselves as motivated by rewards also tend to feel controlled by them.”

[p. 201]

Kohn [1990] then proceeds to enumerate the results of eight experiments⁶⁴ that confirm the sterility of external incentives in various situations involving some form of prosocial behaviour. Kohn [1990] then draws the conclusion that is no doubt one of the cornerstones of our thesis:

“When we are rewarded for prosocial behaviour, we tend to assume the reward, and not altruism, accounts for our having acted as we did. If we do not see ourselves as altruistic, we are less likely to act prosocially once the extrinsic reward for acting that way is withdrawn. In this respect, verbal reinforcement for helping is worse than nothing, and material reinforcement is worse yet. Conversely, encouragement to think of oneself as a generous person—an appeal not to self-interest but to genuine altruism—seems to be the most reliable way to promote helping and caring over the long haul and in different situations.” [p. 203]

The foregoing general observation regarding the self-perception of one’s altruism has been reported by several scholars. For example, after noting three laboratory studies where the subjects’ volunteering decreased when the other’s need became greatly pronounced, Schwartz and Howard [1981] attempt to explain these unexpected results by speculating that:

“The benefit of altruistic acts is the affirmation of one’s internalized values. Making salient external reasons to engage in helping behaviours may deprive

⁶⁴ See Kohn [1990] pages 202-203 and the references on page 328.

otherwise internally motivated actors of opportunity to see themselves guided by their own values.” [p. 208]

Batson [1987a] emphasizes the temporal dimension of the relationship between extrinsic incentives and altruism. Even when an individual is genuinely altruistically motivated to perform a specific prosocial act, nothing prevents someone from nonetheless offering him a post hoc external reward. If a similar situation subsequently presents itself to said individual, Batson speculates that he may be less likely to help, since it will be more difficult for him to self-attribute an altruistic motive to his behaviour. Batson [1987a] refers to several relevant experiments and concludes that *“These studies suggest that, over time, the use of extrinsic pressure to elicit helping from morally mature adults can backfire.” [p. 595]*

Piliavin and Charng [1990] pursue this line of reasoning within the setting of repeat blood donors. To examine the impact of the evolution of donors' motivations on the frequency of donations, a correlational analysis of a longitudinal sample of college donors was performed. They found that the *“number of donations was significantly related ... to increases in reporting that they were motivated by moral obligation and a sense of responsibility to the community.” [p. 43]* In other words, as intrinsic motivation increased, the frequency of donations increased.

Clark and Mills [1979] have developed a related perspective on the sometimes harmful effects of rewards. They contrasted exchange and communal⁶⁵ relationships where the latter describes an association where “*each person has a concern for the welfare of the other.*” [p. 12] Families, friends and lovers generally have communal relationships, while strangers, acquaintances and business contacts are generally involved in exchange relationships. The experimental manipulation consisted of returning a benefit to one of the partners in a relationship who had just conferred a benefit. The dependent variable was the degree of attraction felt towards the other partner. The results revealed that attraction increased in exchange relationships and decreased in communal relationships when a benefit was reciprocated. The authors comment their findings:

“The idea that exchange is the basis of intimate relationships may actually have the effect of impairing such relationships.” [p. 23] and *“If the theoretical viewpoint of this research is correct, a communal relationship will be strained by dickering about what each of the partners will do for the other.”* [p. 24]

Five years later, Clark [1984] again contrasted the two types of relationships, this time examining the degree to which partners kept track of individual inputs during a joint task. She found that:

⁶⁵ Clark and Mills' [1979] concept of communal relationships, which contrasts sharply with the concept of exchange relationships, is precisely the kind of relationship that we believe exists at times in some nonbusiness marketing situations.

“In exchange relationships, people working on a joint task for which there would be a joint reward ... appeared to make an effort to keep track of their individual inputs into the task. In contrast, members of communal relationships did not make an effort to keep track of inputs into joint tasks.” [p. 552-3]

8.3 Misreading, Masking and Resisting Altruistic Motivations

Not only does the unconditional application of extrinsic incentives derived from the self-interested Man assumption appear to curtail altruism, but the ideological dominance and ubiquity of the assumption has had additional pernicious consequences. Subtly and not so subtly altruism can turn into a motivation that is misread, masked, or even altogether resisted.

Batson [1987a] explains how Man might sometimes be led to misread his genuine altruistic tendencies. He hypothesizes that when an individual feels a strong impulse to understand his innermost motivations, no matter how disappointing or uncharitable, a self-deprecating attributional bias may be aroused. This in turn can undermine an individual's perception of exactly how altruistic his motivation really is. Batson [1987a] suggests that ultimately *“This self-deprecating bias may lead the person to make a selfish attribution for his or her helping, even if this attribution is*

wrong.” [p. 596] Batson [1987a] reports the results of two experiments that confirm the preceding statement.

Lerner [1982] conducted two field studies which illustrate peoples' inclination to mask their altruistic leanings. Donations were solicited for causes with varying degrees of need, both with and without the 'purchase' of expensive candles as part of the solicitation. Candle purchases were highest where the need was greatest, but when candle 'purchases' were not offered, donations were minimal across all levels of need. Lerner [1982] interpreted these results in the following fashion:

“People cared about the victims but would not allow themselves to express this concern in their actions unless it was set in a context that enabled them to pretend to themselves, mainly that they were in fact not responding to the victims' needs but that they were buying a candle.” [p. 274] and *“People are highly responsive to the needs of others. They genuinely want to help innocent victims of suffering and deprivation. However, they also seem impelled to disguise this motivation in ways that enable them to maintain a relatively distant image of their relation to these innocent victims in their society.”* [p. 275]

8.4 Altruism and Society

It is worthwhile to recall the subtitle of Titmuss' [1970] landmark study of blood donation, namely, *From Human Blood to Social Policy*, and to stress that he pursued this voluminously painstaking study aiming, among other objectives, to shed some light on the much larger societal issue of:

“the extent to which specific instruments of public policy encourage or discourage, foster or destroy the individual expression of altruism and regard for the needs of others.” [p. 13]

In this regard, there can be no doubt of the probity of Carman's [1992] attribution to the modern marketing system of creating and sustaining consumer expectations of *“some tangible reward for changing behaviour.”* [p. 5] In a sense this is to be entirely expected, since the marketing system is most firmly rooted and has been most potently deployed in the commercial spheres of contemporary human relations, where exchange is the norm.

Meanwhile, there are undoubtedly vast areas of nonbusiness activity where consumer/citizens will harbour the same expectations of extrinsic rewards in exchange for certain designated behavioural changes. Likewise, there may even exist a substantial number of unique environmental factors, particular personality traits,

specific states of mind, or distinctive interactive elements of a situation where only external reinforcement will succeed in bringing about behavioural change.

However, despite the authority and omnipresence of the contemporary marketing system, and despite the results that Carman [1992] reviewed in the areas of seat belt use, energy conservation and youth driving and drinking, we feel that inferring the universal necessity of extrinsic incentives⁶⁶ to bring about behavioural change is both precipitous and suspect.

We will cite one brief example, at this point, and we shall more carefully allude to the dangers of such an approach in our forthcoming discussion of marketing, altruism and solidarity in a trade union context.

Thirty-five years ago, recycling was scarcely a fantasy in the minds of a few marginal environmentalists. As one might have expected, in compliance with Kotler and Zaltman's [1971] classic proposition regarding the use of extrinsic incentives, nickel and dime deposits and refunds for beverage containers were instituted to encourage consumers to recycle. However, faced with the challenge of recycling other domestic containers and newspapers, it was economically unfeasible, not to mention

⁶⁶ Such an inference is just another way of affirming that genuine altruism and solidarity do not exist. For if extrinsic incentives are a necessary catalyst for a behaviour to occur, by definition, the driving force behind the behaviour cannot be designated as altruistic or cooperative.

impractical and ludicrous, to establish analogous extrinsic monetary incentives in this area.

So citizens could only be enticed to recycle (i.e. change their behaviour) through ecological appeals to their respect for the environment and to their concern for the welfare of future generations. Today, recycling of domestic waste is widespread, and the only reward that citizens receive is the knowledge that they are doing their small part in reducing global pollution. Absolutely no extrinsic incentive has been necessary, although had it been feasible, as in the case of beverage containers, it is likely that our current policy makers would have instituted some kind of external reward system to get people to recycle their domestic waste too!

In *Conscience and Courage: Rescuers of Jews During the Holocaust*, Eva Fogelman [1994] concludes her study with this final message.

“Values cannot exist in a vacuum. Without ways to get people involved and put those values to practical use, altruistic impulses dissipate into good intentions. Government, religious and social institutions need to create programs in which people can channel their altruistic energies.” [p. 322]

There can be little doubt that altruism, if it exists, is liable to be like a fragile flower that is unusually susceptible to the elements. It may not grow everywhere, it may require careful nurturing, and it may not flower for very long, yet its richness

and beauty is such that every dawn, as the sun rises, its defiant seed will resolutely proliferate far and wide.

[9] BEHAVIOURAL CHANGE: A NEW DEFINITION

9.1 Is It Necessary to Redefine Marketing?

To the extent that 'Homo economicus' is an incomplete portrait of Man, as we have argued in this thesis, exchange will also be found lacking in characterizing many human relationships, particularly noncommercial relationships. As marketing penetrates into an ever increasing number of noncommercial domains, we would maintain that marketers are often called upon to deal with relationships that cannot and should not be described as exchange relationships. Furthermore, the exclusive reliance on the notions of exchange and self-interest to understand human relationships, including even some aspects of commercial relationships, blinds marketers and others to important nuances that are present in the complex workings of human motivation and behaviour.

We note, in this context, Ferrell and Lucas' [1987] observations that:

"Few marketers have been willing to risk time and effort in researching and writing on the definition of marketing. It is viewed as a theoretical topic that is abstract and without anchors for theory development and empirical research."

[p. 12] and *"As more application oriented areas of marketing become apparent (e.g. health care, service and nonprofit marketing) it becomes even more*

important to define properly the core discipline of marketing, if such an undertaking is possible.” [p. 13]

With a dash of daring and a measure of modesty we shall venture precisely into such an undertaking in this chapter.

Kurzbard and Soldow [1987] criticize the predominant definitions of marketing⁶⁷ as being “*sufficiently vague and inclusive as to allow almost any activity within the domain of marketing.*” [p. 40] They therefore reason and we agree that “*any definition of a concept must be exclusionary as well as inclusionary.*” [p. 40] We shall thus strive to craft a definition that will not only describe what marketers actually do, but will also exclude those elements which rightfully belong in the domain of our sister social sciences.

We shall also attempt to focus on those elements that are common to all contemporary marketers without unduly casting the net too wide. Obviously, we feel that, for once, in building a definition of marketing, the reality of nonbusiness marketing should be put on an equal footing with the reality of business marketing.

⁶⁷ They refer specifically to Kotler’s definition “*human activity directed at satisfying needs and wants through exchange processes,*” from KOTLER, Philip, *Marketing Management: Analysis Planning and Control*, Prentice Hall, Englewood Cliffs, N.J. (1980) as well as the AMA’s [1985] definition that we have cited above.

Another important pitfall to avoid is “*the tautological quality in many definitions which ... reduce them to cryptic circular statements.*” [Weyrauch p. 198] We have already noted that the bloated sense that is at times conferred on social and marketing exchange can, according to several thinkers [Bagozzi 1975b, Blau 1964, Emerson 1976, Firat 1985a, Meeker 1971], reduce the concept to a meaningless tautology.

The field of modern marketing has probably been admonished for nearly every sin under the sun. [Levy 1976] The upshot has been some definitions of marketing that attempt to insinuate what marketing *should* be about. [Sweeney 1972, Kernan 1973, Tucker 1974⁶⁸ and Levy 1976] Although we feel that a great number of these criticisms are not only well-founded but at times understated, we do believe that a definition of marketing should not contain normative propositions. We believe that the challenge is to phrase a definition that describes the activities of the largest number of contemporary marketers, and this regardless of the domain in which they study or work. In other words, a definition of marketing should not primarily answer the

⁶⁸ In presenting his case, Tucker [1974] uses a delicious metaphor to describe marketing's perspective on the consumer. “*The consumer was always considered as a consumer at the micro level. That is, he was always studied in the ways that fishermen study fish rather than as marine biologists might study them.*” [p. 31] However, this is precisely the point; marketers are in the fishing business. Of course, this should not lull fisherman into disregarding the work of marine biologists, as thousands of East Coast Canadian fisherman would amply testify today. Likewise, marketers must remain up-to-date on relevant developments in their sister social sciences, which is precisely one of the corollaries of this thesis.

question of how one should do it, or for that matter how one does it, but rather what one does.

This last statement leads us to recall the acclaimed AMA [1985] definition and suggest another adjustment that we would incorporate into any redefinition of marketing. We would refrain from including references to pricing, promotion and distribution in any marketing definition because these are more correctly identified as tools or the basic strategic weapons in the marketer's arsenal, rather than indispensable attributes that would distinguish marketing from something that is not marketing.

Finally, in discarding the concept of exchange from the definition of marketing, we must not lose sight of the fact that marketing is all about human relationships. Consequently, a definition of marketing should rather explicitly mention the parties to the relationship and the manner in which they are linked or connected together.

9.2 From Ex-change to Behavioural Change

Fourteen years ago, as we have noted above, Capon and Mauser [1982] had already summoned marketers to face "*reality*" and acknowledge that marketing is

indeed “*a technology for securing desired behaviour.*” [p. 128] Their prescient call, at least partially derived from their preliminary observations of the blossoming field of nonprofit marketing, has since gone largely unheeded.

Although we do not share their ostensible behaviourist orientations, we find Nord and Peter’s [1980] paper, *A Behaviour Modification Perspective on Marketing* and Rothschild and Gaidis’ [1981] article, *Behavioural Learning Theory: Its Relevance to Marketing and Promotions* particularly revealing at this point in our discussion. One of the key defining characteristics of behaviourism is its indifference to process, and hence to motivation. The two preceding papers both contend that the behaviourist approach in marketing could constructively complement the predominant cognitively-oriented perspective. However, in presenting their arguments, the four writers make some candid confessions regarding marketing’s capabilities, as well as its veritable finality and goals.

Nord and Peter [1980] very gingerly acknowledge that:

“To the degree that marketing efforts seek to increase sales, marketing is directly concerned with the influence, modification and control of consumer behaviour.” [p. 44]

Although we shall return to the issue later, at this juncture, we would pithily comment —Do marketing efforts (at least in the overwhelming majority of commercial enterprises) ever truly seek to not increase sales? And when, in the

unique case of 'demarketing,' marketing efforts seek to decrease sales, marketing is surely no less concerned with 'the influence, modification and control of consumer behaviour.' Nord and Peter [1980] concede that:

"It is clear that behaviour modification techniques, even though they may be called something else, are being currently employed in marketing. Moreover, since it is clear that the type of emotions often labelled 'needs' or motives can be developed through conditioning and modelling processes, the defense that marketing satisfies needs is not fully adequate." [p. 45]

Again, for the moment, we would merely remark —What techniques do marketers employ that do not *ultimately* aim to modify the consumer's behaviour?

Rothschild and Gaidis [1981] make an obvious, but by no means innocuous observation: "*In behavioural learning terms, purchase is a behaviour.*" [p. 75] Who would deny that a marketing effort that is crowned by a purchase would always be deemed a successful one? Again, is it really all that far-fetched to pretend that all marketing techniques deployed in a business context aim *ultimately* for a purchase to occur?

However, we find especially intriguing a footnote where Rothschild and Gaidis' [1981] acknowledge that:

"There is a large body of work outside the traditional marketing literature that essentially examines promotions and operant conditioning for issues such as

transit usage, energy conservation, and curtailing littering. This work, while relevant, was felt to be inappropriate here, since it comprises the body of mainstream behavioural learning research and generally uses noncompetitive situations of limited relevance to marketers.” [p. 73]

We marvel at the assertion that due to its use in ‘noncompetitive’ situations, it is somehow of limited relevance to marketers. Needless to say, we believe that the presence or absence of competition, akin to the organization’s status of being profit or nonprofit-oriented, has little or no bearing on the marketer’s task or his ultimate goal, namely to secure a desired behaviour.

However, we entirely agree with Rothschild and Gaidis’ [1981] conclusion:
“In marketing, the desired end is appropriate behaviour manipulation and control to further the goals of the organization.” [p. 77]

We would only add that if that is the desired end, then it should necessarily form the essence of any definition of marketing, the subject to which we now turn.

9.3 A Detailed Explanation of A New Definition

We begin by recalling our proposed definition that we first presented in the Introduction to our thesis.

Marketing is the planned attempt by an organization to cause a designated behaviour to occur or not to occur in a non-captive target public, without any actual or potential resort to coercion by the organization.

There are essentially six elements in the above definition that we shall attempt to justify and illustrate individually, in the order in which they appear.

9.3.1 The Planned Attempt

We begin by anchoring marketing in the category of human activities that are conscious, purposeful and wilful. In fact, planning is the only element that our definition shares with the definition formulated by the AMA. [1985] Planning implies a process whereby information is assembled and analyzed, various strategies conceived and then implemented to bring about a desired outcome.

Instinctive, whimsical, spontaneous or accidental events or activities cannot be considered marketing. For example, soon after the Exxon Valdez spilled its oil off the coast of Alaska, many people changed their gasoline buying habits. Exxon's competitors proceeded to gain market share at Exxon's expense. However, this was not a marketing phenomenon. On the other hand, once Exxon purposefully and

wilfully developed strategies to deal with the spilled oil, undoubtedly aware that their customers and others could react negatively to the accident, we would say that marketing activities began.

Moreover, many people make important decisions and fortuitously initiate far-reaching actions without ever considering the consequences of these actions. Again, we would argue that marketing is not taking place. Thus, it is conceivable with our definition that an action undertaken by one party would be marketing, while the same action undertaken by another party would not be marketing.

For example, think of a firm that buys a piece of land, builds a plant, hires all its employees from the surrounding community and prospers beyond expectations. Suppose that crime falls, kids return to school, people come back to the community and house prices increase. These unanticipated social consequences make the company a political darling of the community and the higher levels of government, which generates more new business and even greater prosperity for the firm.

We would maintain that it is conceivable that a company could merely happen upon a community's good will and support totally by chance. We would thus characterize the community's patronage of the firm as not being due to a marketing effort. On the other hand, if, for example, a company commits itself to the community, viewing it as a key ally, and actively pursues specific hiring and other

policies geared to favour the community and to encourage employees to participate in the community as ambassadors of the company, we would contend that the company was engaged in marketing activities, regardless of the eventual outcomes or dividends generated.

When one writes that an organization does not have a marketing orientation, one is primarily alleging that they make decisions with little or no regard for their various publics or the environment, and without integrated thinking about the long term consequences of their action on their relationships with these publics and the environment. The marketer customarily expects a certain *describable* outcome to result from the implementation of any given strategy. He chooses one particular strategy from among those available, after thinking through the advantages and disadvantages of each, and reaching the conclusion that one is superior to all the others. Usually, he can explain why he rejected the other available options. Of course, such planning does not guarantee success, nor does an absence of planning inevitably lead to failure, but without the foregoing exercise, we would contend that marketing has yet to occur.

In conclusion, the notion of planning in marketing is somewhat akin to the notion of 'mens rea' in a murder trial. To obtain a conviction, a weapon, a body, a fatal attack and even an eyewitness are insufficient. The prosecution must also establish the accused's *premeditation* in committing the act.

9.3.2 By An Organization

We move on to the notion of an organization, succinctly defined in a popular textbook⁶⁹ on organizational theory.

“Organizations are social entities that are goal-directed, deliberately structured activity systems with an identifiable boundary.” [p. 10]

The *Random House Unabridged Dictionary*⁷⁰ defines an organization as “*a group of persons organized for some end or work; association.*”

In Kotler and Levy’s [1969a] classic ‘broadening’ article, they implicitly assume that marketing is a function performed by an organization. Later, in Kotler’s [1972] similarly classic paper, *The Generic Concept of Marketing*, Kotler suggests various typologies of marketing, of which one of them is a classification by marketer. He then proceeds explicitly to list six kinds of ‘organizations.’ Meanwhile, although the AMA’s [1985] definition refers to the creation of “*exchanges that satisfy individual and organizational objectives,*” [p. 1] the individual alluded to herein would appear to us to be the marketer’s target public, while the organization would appear to be the marketer. It should be noted that many definitions of marketing simply do not address the issue of precisely who performs marketing activities.

⁶⁹ DAFT, Richard L., *Organizational Theory and Design*, West Publishing Co., St. Paul, Minnesota, (1989).

⁷⁰ Second Edition, [1993]. The *American Heritage Dictionary of the English Language*, Third Edition, [1992] contains an identical definition of ‘organization.’

Nonetheless, there are suggestions in the literature⁷¹ that individuals, as marketers, market themselves, a subject which we have already partially addressed. Meanwhile, in the most recent edition of their acclaimed nonprofit marketing textbook, Kotler and Andreasen [1996] give the following examples, among many others, of 'instances of marketing:'

- *You (or your son or daughter) asks someone for a date to go to the movies;*
- *A subordinate asks for a raise in pay;*
- *A terrorist threatens to blow up an embassy;*
- *You try to convince your teenage daughter to stop smoking.*" [p. 36-37]

Paradoxically, ten sentences before this sweeping list, Kotler and Andreasen [1996] explain the 'central tenet' of their book as:

"having a clear appreciation for what marketing comprises and what it can do for the organization (sic)." [p. 36]

Finally, the title of Kotler and Andreasen's [1996] celebrated textbook remains *Strategic Marketing for Nonprofit Organizations (sic)*.

Above and beyond our previous comments, we would contend that the individual, as marketer, *should* generally be excluded from marketing's domain. Although it is impossible to deny that individuals are frequently engaged in many marketing-like behaviours, we believe that these phenomena should more suitably

⁷¹ We have already discussed two prominent examples: Fisk and Walden [1979] on page 76 above; and, Hirschman [1987] on page 75 above.

remain within the purview of social psychology. Indeed, serious depictions and investigations of the individual, as marketer, are quite rare in the literature.

Marketing alone among scientific and quasi-scientific disciplines has a unique grammatical characteristic, namely the existence of a corresponding verb —to market. Thus one can say I market, you market, he markets ..., while there is no comparable locution such as I physics, I psychology, or whatever. In fact, the more complete syntactical expression is 'A markets B to C.' Whenever this expression is used, and it is, ever so frequently: A is almost always an organization; B is either a product, service or idea; and C is usually a target public, whose behaviour interests the organization A. Furthermore, the parties A and C are not interchangeable; in other words, as a consumer, to say 'I market' makes no sense.

This grammatical anomaly might also appear to imply that to market is an activity with no prerequisites that is widely accessible to anyone who desires to practise it.⁷² If we indulge this insinuation and impose no restrictions on who we consider to veritably exercise the marketing discipline, we believe that the culture, scholarship and refinement of contemporary marketing becomes flippantly ridiculed.

⁷² It has always appeared to us that the general public more readily considers itself experts on marketing than experts on any other scientific or quasi-scientific field of knowledge. Undoubtedly this is linked to the general public's unending and massive participation in the marketing process, however, not as marketers, but as *targets* that marketers address.

For example, when I bake a cake, technically-speaking a chemical transformation occurs, yet this hardly makes me a chemist. When a baseball pitcher throws a curve ball that capitalises on the baseball's aerodynamics, he surely does not become a physicist. Likewise, when you hold a garage sale, we believe it is similarly overreaching to pretend that you are thus metamorphosed into a marketer. Kotler and Andreasen's above cited examples similarly stretch the envelope. Carman [1973] rightly observes: "*One can borrow a marketing technology and, at the same time, not engage in marketing.*" [p. 6]

We believe that for an activity to properly belong to the field of marketing study it must exceed a certain critical level of sophistication and planning. Marketing, we believe, is a comprehensive, systematic, and integrated process. Some minimum limits must be set. The most reasonable and practical threshold, albeit the arbitrary one that we are suggesting, is when the process is so engaged in by an organization—a goal-directed, deliberately structured activity system with an identifiable boundary.

Individual entrepreneurs, consultants and self-employed professionals, on the other hand, present a more difficult case than the weekend garage sale organizer and Kotler's concerned parent. The formers' efforts to attract business for themselves are often sophisticated, methodical and thorough. One is strongly tempted to designate their solicitation of work as marketing. In fact, besides the obvious differences in size

and scale, from a marketing perspective, it is probably impossible to distinguish a single lawyer office from a large legal firm.

We would thus relax our 'by an organization' criteria to include the individual whose marketing-like efforts could plausibly and sometimes do lead to his evolution into an organization. We would thus categorize entrepreneurs, consultants, and self-employed professionals as organizations-in-the-making, or latent organizations who, even if they do not consciously pursue the objective, if successful, can potentially develop into full-fledged organizations. A final word concerning Kotler and Andreasen's [1996] list: The parent who succeeds in convincing his daughter to stop smoking will *never* evolve into an organization.

9.3.3 To Cause a Designated Behaviour to Occur or Not to Occur

All sciences seek to explain, predict, and ultimately control diverse phenomena. Marketing, to the extent that it can be considered a science, is no different. As a social science, marketing involves the study of Man, but more precisely relationships between Men. Even more precisely, marketing is concerned with how an organization of Men can precipitate a specific human action to take place or to cease. Influence and persuasion are to marketing what genes are to genetics. Such is the very essence of marketing.

We believe that any marketing goal can ultimately be condensed or expressed in terms of getting somebody to do or not to do something. Whether the object is getting a consumer to purchase a particular good or service, a voter to cast his ballot for a particular candidate, a vacationer to visit a particular destination, a shopper to patronize a particular retail outlet, a smoker to quit smoking, a music lover to attend a concert, or a cynic to visit a religious congregation, every marketer, regardless of the setting in which he works, shares at least one basic *raison d'être* with every other marketer.

People other than himself and the marketers with whom he collaborates must ultimately perform or not perform some specific act or acts to make the marketing effort of their organization worthwhile. This can include an exchange activity, but is clearly not limited to exchange activities. The preceding is true for the profit or nonprofit marketer; for the goods, service or idea marketer; indeed, for every marketer regardless of the nature of the organization that is conducting the marketing activity and regardless of the category of target public being addressed.

An obvious objection to this line of reasoning is the evidence that many marketers appear to be devoted to changing or affecting people's attitudes or beliefs, rather than their behaviour. The classic definition of an attitude is "*a learned predisposition to respond to an object or a class of objects in a consistently favourable*

or unfavourable way.⁷³” However, said response is precisely a behaviour or an abstention from a certain behaviour. Although the response, or behaviour or abstention from same, is not necessarily forthcoming even when the target has the desired attitude, the marketer invariably prefers that his target hold certain stipulated attitudes rather than indiscriminate others.

Thus, we would reply that attitudes and beliefs are of interest to marketers only in as much as they ultimately impact on the aforementioned behaviour. Supporting our line of reasoning, no less an apostle of exchange than Philip Kotler has written that:

“The bottom line of all marketing strategy and tactics is to influence behaviour. Sometimes this necessitates changing ideas and thoughts first, but in the end, it is behaviour change we are after. This is an absolutely crucial point. Some nonprofit marketers may think they are in the ‘business’ of changing ideas, but it can legitimately be asked why they should bother if such changes do not lead to action. That is, why bother changing whites’ attitudes towards blacks unless it leads to fair treatment socially and in the workplace? Is social marketing really successful if the attitudes of a specific white population (...) are made more positive while their behaviours continue to be prejudicial?” [Kotler and Andreasen 1987, p. 68-69]

⁷³ ALLPORT, Gordon W., *Attitudes*, in *A Handbook of Social Psychology*, edited by MURCHINSON, C. A., Clark University Press, Worcester, Massachusetts, (1935) pp. 798-844.

Although a marketing objective may overtly express an aspiration to affect someone's attitude, there is or should be a closely-related observable behaviour that the marketer believes is governed by said attitude. Attitudes are like the infrastructure of a building to a home buyer. A buyer who likes what he sees will usually try to assess what he doesn't see. However, rare would be the home buyer who would limit the appreciation of his future home to the plumbing, electrical wires, foundation and other *invisibles*, and base his buying decision solely on them. There is no denying the importance of plumbing, or the significance of attitudes. However, both only interest us in as much as they are related to what we can observe and experience.

Two final notes: First, regarding the word 'designated;' marketing does not aim for its activities to provoke any behaviour at all, but rather the emergence of a behaviour that has not only been precisely described beforehand, but whose volume has generally been approximated a priori, too. Second, regarding the phrase 'or not to occur,' it is evident that marketing campaigns aim not only for particular behaviours to occur, such as purchasing a package of Marlboro cigarettes, but also for certain behaviours to be extinguished or reduced⁷⁴, such as no longer purchasing any cigarettes at all, or decreasing one's fat intake.

⁷⁴ Fennell [1985] suggests three alternatives, namely modify, start or stop a behaviour.

9.3.4 Non-captive

Grounding a definition of marketing on the preceding central theme of behaviour modification produces at least one major difficulty. Behaviour modification is also the primary focus of several other spheres of activity such as the areas of education, therapy, law, war and blackmail.

We will shortly be turning our attention to the closely-related notion of coercion; but for now, we will seek to begin our differentiation of marketing from these other areas by examining the latitude and relative freedom of the target of the behaviour modification attempt in relation to the behaviour modifier. In other words, to what degree is the person whose behaviour is being modified captive to the person who is attempting to modify his behaviour.

Although Rados [1981] describes a business setting in the following citation, his comments apply equally well to nonbusiness marketing situations.

“A business firm normally finds its customers can choose among products and among suppliers. Normally, therefore, the firm cannot prescribe to its customers. Absence of control over persons to be influenced is, in fact, one characteristic of a marketing problem.” [p. 14-15]

Marketers, by definition, cannot oblige or require their targets to behave in a desired fashion. The target in a marketing relationship must always have the latitude and the

opportunity to do the opposite of what the marketer wishes him to do. Carman [1980] uses the expression of “*bounded individual freedom*” [p. 10] as being inherent to the relationship. If a marketer could control his target, we contend he would cease to be a marketer.

Our use of the term ‘non-captive’ is designed specifically to exclude from marketing’s purview the many situations where individuals are downright under the control of another party or where they self-determine to put themselves under someone else’s control. In other words, for either limited or extended periods of time, people knowingly enter into a captive relationship with someone else, where both the target and the behaviour modifier agree, at least in general terms, on how the target’s behaviour is to be modified. These are not marketing relationships.

The two best examples of the above are education and therapy. In both these situations, the target or someone legitimately acting on the target’s behalf⁷⁵ seeks out someone to work with him to modify his behaviour in a certain predefined way. The target then surrenders control to the behaviour modifier, i.e. the teacher or the therapist.

⁷⁵ For example, in the case of children, it is the child’s legal guardians and the state that determine that children attend school, where undoubtedly behaviour modification is one of the very reasons that the institution exists.

We shall attempt to further illustrate this idea with the example of Weight Watchers and people who are tempted to eat too much. Weight Watchers is an organization whose mission can be best described as the modification of a particular behaviour, namely the moderation of one's eating habits among a target public of people who have difficulty in controlling their food intake.

We would argue that Weight Watchers *markets* to non-members whenever Weight Watchers tries to persuade or otherwise cause them to join and make a commitment to Weight Watchers (the designated behaviour of the marketing effort). Non-members are clearly *not captive* to Weight Watchers. They are thus in a marketing relationship with Weight Watchers, for they still conserve absolute control over every aspect of their food intake⁷⁶ and they remain free to join or not join Weight Watchers. However, one day, due to Weight Watchers' marketing efforts, perhaps also due to the marketing efforts of other organizations, and prompted by many other factors, the overweight person acknowledges his condition. At this point, what we have previously termed his desire⁷⁷ might intervene to prompt him to join Weight Watchers, thereby surrendering a measure of control over his eating habits to Weight Watchers. In other words, he self-determines that he is to become captive to

⁷⁶ Often, of course, these non-members are yet to be convinced that they even have an eating problem.

⁷⁷ We have previously explained what we termed desire in Section 3.2, page 47 above. Recalling briefly, it was based on Frankfurt's [1971] notion of 'second-order desires;' Lutz and Lux's [1988] suggestion of a 'Dual Self;' and some of the ideas developed by Deci and Ryan. [1985]

the rules, routines, and structure of Weight Watchers. We would argue that at this precise moment, the marketing relationship is either suspended or discontinued, and an agreed-upon therapeutic, educational, or service relationship between the individual who wants to control his weight and Weight Watchers begins.

Thus, Weight Watchers is fundamentally an organization whose *raison d'être*, like marketing itself, happens to be behaviour modification. Many other analogous organizations use marketing to reach and attract non-users. However, once an individual enrolls in such a organization, something significant takes place. Since the organization is granted the authority to *prescribe* behaviour to the member, it thereby ceases to *market* to him. When the target of behaviour modification wilfully and knowingly works with a behaviour modifying agent, and relinquishes control to said agent, the relationship becomes a therapeutic, educational, or service relationship.

The framework we are suggesting here should be carefully distinguished from relationship marketing. The latter denotes an ongoing marketing relationship between marketer and target. However, relationship marketing can only address behaviour over which the target maintains control, i.e. where he remains non-captive. Thus, in our framework, an organization could simultaneously nurture both a marketing relationship and a therapeutic, educational, or service relationship with its target publics, the former regarding behaviour where the target exercises material control, and the latter over behaviour where the target is *captive* to the organization.

Many organizations and people whose authority is derived either from the state, or otherwise socially-recognized have the legitimacy and sanction to impose choices and behaviour on other people. We would argue that this exercise of control should immediately eliminate the relationship from marketing's domain.

9.3.5 Target Public

As we have already argued in the above subsection on organizations, we believe that for marketing to properly describe a relationship some minimum limits must be set. We would therefore eliminate, again somewhat arbitrarily, any organized behaviour modification effort uniquely designed to influence one single individual. This should not be confused with organized behaviour modification efforts that target a given public with a personalized individual approach.

The marketing philosophy embraces the maxim —you can't be all things to all people. In fact, experience shows that few, if any, can ever be anything whatsoever to all people simultaneously. Therefore, inherent in almost every marketing effort is the implementation of a segmentation strategy. A crucial part of the planning of almost any marketing campaign involves selecting a section of the entire population whose behaviour the marketer will try to affect. The proper definition of who is to be targeted can make or break any marketing effort. Indeed, to the extent that

segmentation focuses on people and their characteristics, it is arguably a more crucial strategic consideration than any of the notorious 4 P's of price, product conception, promotion and distribution.

Although much social marketing appears to be aimed at everybody, a marketing approach will almost always suggest that only a slice of the entire pie be dealt with at any one time. For example, a public campaign against drinking and driving might target people who frequent out-of-home drinking establishments, or young and newly-licensed drivers, or people who drive between 11:00 pm and 4:00 am, or people who drive on particular arteries where the temptation to exceed the speed limit and thus provoke fatal accidents is great.

At the other extreme, there is no doubt that certain unique human beings, particularly individual heads of government, might be the target of sustained and organized behaviour modification efforts. Although we have not encountered any serious depictions of the individual, as target public, in the literature, we feel that marketing should not be used to describe this very atypical situation. Even in the case of exceptionally influential individuals, such as Presidents, CEOs or Prime Ministers, they will generally function in environments where many other individuals have important inputs into and authority over the behaviour of interest to the marketer.

If individuals, either as lone marketers or as lone targets, are summarily removed from the definition and scope of contemporary marketing, the practical implications are negligible. Meanwhile, the confusion that their conceivable presence generates regarding the boundaries with other social scientific disciplines could be greatly reduced.

One final note: since the target public is chosen during the planning stage and prior to the finalization of the marketing plan, the very criteria which define the target public will generally suggest a prescribed range of strategic choices to the marketer.

9.3.6 Coercion

Kotler [1972] defines coercion as “*the attempt to produce a response in another by forcing or threatening him with agent-inflicted pain,*” [p. 50] while Fennel [1985] explains coercion as “*the threatened use of physical pain, injury or death.*” [p. 96] Although Bagozzi [1975b, 1979] does not rule out coercion from marketing relationships, Kotler [1972] does assert that “*normally, marketing consists of noncoercive actions to induce a response in another.*” [p. 50] Carman [1980] likewise more or less dismisses coercion from marketing’s domain. However, in our opinion, coercion is entirely and absolutely alien to marketing. In fact, we believe this is so even with a broader definition of coercion.

We begin by recalling Deci and Ryan's [1985] discussion of self-determination⁷⁸ and control. Control implies the authority to judge another's behaviour and contingently apply reinforcement based solely on the controller's evaluation of said behaviour. Building on the preceding notion we would define coercion as the exercise of arbitrary power to unduly punish someone as a result of their behaviour in any manner whatsoever, whether legitimate or not. 'Unduly' here implies that the punishment is substantially different and well beyond the normal consequences of said behaviour. Failure to behave as the coercing party wishes results in significant additional consequences far greater than failure to behave in the absence of the coercing party.

We shall try to elaborate and illustrate our notion of coercion, undue punishment and significant additional consequences with a simple example. Any given behaviour will generally produce relatively simple consequences. We eat an apple —we are less hungry; we don't eat an apple —we remain hungry.

Suppose a parent is trying to persuade their child to eat an apple. They may patiently and attentively reason with their progeny: 'Apples taste good;' or, 'If you don't eat the apple, you'll be hungry.' The foregoing are non-coercive because the promised results of the behaviour are typically linked with the straightforward

⁷⁸ See page 185 above.

consequences of eating or not eating an apple. Furthermore, the parent's tone masks the authority that they enjoy as a parent.

However, suppose the parent forcefully, irritably and loudly directs his offspring to 'Eat the apple; because if you don't, there will be no television for one week.' Since the parent occupies a position of authority and possesses the power to follow through on immoderate penalties, we would argue that coercive methods have now come to the fore. Although there is no physical pain, the punishment is nonetheless extreme.

Turning now to marketing situations. An important part of a marketer's task in securing the desired behaviour is undoubtedly to explain the rewards or punishments, benefits or drawbacks of behaving as the marketer wishes. Hyperbole, dramatization and passion are among the common techniques used to amplify the persuasive appeal of the marketer's effort. Likewise, marketers often attempt to secure a desired behaviour by reducing the cost of his offering to the target public. However, unlike the parent, the marketer is never in the position to reinforce his target's compliance or noncompliance with an exorbitant punishment.

Some examples: If you smoke, you will die sooner; the marketer has no say in determining the time of death of the target who doesn't follow his advice. Purchase this perfume, article of clothing, automobile or whatever, and the girls or boys will

flock to you; the marketer cannot prevent the consumer who doesn't make the purchase from being the hit of the party.

As a rule, since marketers have no control over their targets, they cannot coerce them. Thus, the phrase 'without any actual or potential resort to coercion by the organization' is geared to complement the notion of a 'non-captive' target group.

9.4 Spheres of Activity Excluded by Our New Definition

In order to reinforce our new definition of marketing, we shall attempt to differentiate several areas that share certain attributes with marketing as described by our new definition, yet whose character nonetheless remains plainly distinct from the marketing discipline.

In the field of therapy, as we have noted above, the person under the therapist's care is strictly-speaking captive to the therapist. Fennell [1985], in a somewhat similar fashion, distinguishes therapy from marketing persuasion in that the marketing "*persuader initiates the intervention without first seeking consent from the persuadee.*" [p. 96] As in our Weight Watchers example, we would argue that therapists offer a service to people wanting to modify their behaviour, but who are unable to do so alone. Therapists may choose to market their service to get clients

through the door, but the moment the client walks in and surrenders a degree of control to the therapist, the relationship is no longer a marketing one, but a service relationship.

Nord and Peter [1980] also observe that people undergoing therapy generally define the ends to which the therapy is to be used, and even the methods employed to get there. Thus a smoker who quits smoking may do so after being exposed to a marketing campaign, or after having undergone any of a wide variety of therapies. In the case of a marketing campaign, the precise goal of the behaviour modification attempt and its timing is determined solely by the organization, as per our definition. In the case of therapy, it is generally the client who decides the behaviour he wants to change and when to do so.

Furthermore, the marketing organization determines unilaterally which segment of the population or who to target with its behaviour modification campaign, while the therapist does not choose who to help in a similar manner. In fact, it is likely to be the person whose behaviour is to be modified who will choose which therapist to consult. Finally, the therapist will often be qualified to change many different behaviours, but he will not unilaterally decide to use his skills to resolve an eating disorder if a smoker walks into his office wanting to quit smoking.

The differentiation of education from marketing follows a similar logic. Students are captive, although often not by their own choice. Coercion, as we have defined it, is used by learning institutions to discourage unwanted behaviours and may also be used to bring about desirable behaviours. The designated behaviours are not determined autonomously by the school, as an organization, but by a far more complex social and political process. Parents of younger children and students as they get older can often elect which behaviours are to be shaped and how to do so.

Law is certainly another one of the primary methods by which modern Man's behaviour is shaped and modified. However, since governments not only pass laws but are also mandated to enforce them, coercion is a key element in gaining compliance with the law. This does not mean that governments do not market. We would argue that most governments attempt to affect certain behaviours by passing laws, while having recourse to a marketing approach to affect others. For example, many governments have launched vast marketing efforts to discourage people's smoking behaviour, while relying primarily on the coercive force of the law to dissuade the consumption of cocaine.

Since marketing and the law are not mutually exclusive methods, this raises an interesting point. Governments can and have used legislation and marketing together in order to affect certain behaviours. The notorious carrot and stick approach can produce very positive results. Respecting speed limits, not littering, curtailing the use

of tobacco and tolerance of racial and gender differences are only a few examples where the law has been complemented with marketing activities. Our definition does not merge marketing and the law together, but by bringing the definition of one closer to the other, it does perhaps suggest that it might be wise to have more marketers sitting in our legislatures.

Burglary, blackmail, brainwashing, war, assault, violence and homicide are also frequently used to modify Man's behaviour. Without dwelling on the moral dimension of the preceding methods, we would argue that any use of coercion whatsoever, or whenever a target is in a captive state, the technique would automatically be disqualified from the marketing domain. Thus, the preceding means of compelling a designated behaviour would never belong under the same roof as marketing. For marketing is predicated on the premise that the target enjoys relatively unbounded freedom to obey or disregard the behaviour modifier. We are thus rather astounded when Bagozzi [1979], who equates marketing to the study of exchange, writes that "*Sometimes exchanges emerge out of compulsion, coercion or habit.*" [p. 435] Does this mean that Al Capone and David Ogilvy, as well as the IRA and Coca-Cola, are essentially playing at the same game? We shall revisit this idea briefly in the following subsection.

In conclusion, many activities constitute potential components of a planned attempt to modify behaviour, i.e. marketing as we have defined it, but when standing

alone do not yet constitute a marketing activity, per se. In this regard, we are thinking of a negotiation, a letter to the editor, a press conference, a demonstration or a press release. These parts of a whole may or may not be marketing. When they are coordinated and organized together into a somewhat comprehensive whole, we would consider them taken together as a marketing effort. We would never be so brazen as to qualify marketing as a 'general function of universal applicability.'

9.5 A Final Word On Our New Definition

Prior to the Twentieth Century, and thus prior to the emergence of the marketing discipline, as Polanyi [1944] observes in his classic dissertation on the evolution of the self-regulating market system:

“Custom and law, magic and religion cooperated in inducing the individual to comply with rules of behaviour which, eventually, ensured his functioning in the economic system.” [p. 55]

The emancipation of Man from the shackles of slavery and feudalism and the ensuing development of the capitalist market system substantially loosened the prevailing bonds of tradition and faith, order and ritual. Man's increasing freedom and capacity to sell his labour power, to consume whatever he fancied, to purchase goods from whomever he wished, to own property, to migrate, in short, to behave as

he saw fit created a fertile ground for innovative ways to regulate and anticipate this new autonomous decision maker.

Meanwhile, as Rados [1981] rightfully remarks:

“One would certainly never choose to design a system in which individuals have choices, for choice leads to uncertainty, and uncertainty leads to waste and a life of stress for administrators.” [p. 15]

In fact, uncertainty can lead to far worse. Anarchy and chaos thrive on uncertainty. Social order and harmony dictate at least some kind of coordination, organization and predictability of human behaviour. In contemporary society dominated by organizations of many stripes and sizes, the latter crave tools and methods to provide a measure of stability and security for themselves. One of the means to this end is attempting to establish a degree of control over the various publics outside and even inside their organizational boundaries on whom their existence often relies.

The modern firm can only benefit by perfecting its ability to cause its customers to behave in a desired fashion. If marketing had not begun to fulfil this function, someone would have invented another discipline to do so. This by no means signifies that marketers have mastered behaviour control, or that they succeed in directing their target's behaviour most of the time. What it does indicate, however, is that this is marketing's core mission.

In this context, we are reminded of Levitt's [1960] classic putdown of the railroad executives, who he claimed were improperly defining their purposes and their industry: "*They assumed themselves to be in the railroad business rather than in the transportation business.*" [p. 142] We cannot resist the obvious paraphrase: —'Marketers assume themselves to be in the exchange business rather than in the behavioural change business.'

Meanwhile, as marketing's prowess was widely confirmed, it should come as no surprise that many organizations that were not goods-producing firms would seek to apply marketing's insights to their own domains. It was not the notion of *exchange* that attracted them to the marketing field, but the *belief* that marketing was able to induce *free* people to choose what the marketing organization deemed to be the *correct* behaviour for them to choose.

[10] MARKETING, ALTRUISM AND SOLIDARITY

IN A TRADE UNION CONTEXT

10.1 Self-Indulgence and Magnanimity

Ever since Kotler and Levy's [1969a] celebrated 'broadening' article, profit and nonprofit marketing have been generally perceived as profoundly distinct⁷⁹. However, in the light of our new definition of marketing and pursuant to our discussion of self-interest and altruism, free-riding and solidarity, as well as in consideration of the sometimes questionable role of extrinsic incentives, another perhaps more profound distinction should be acknowledged and explored, particularly in the area of nonprofit marketing. Rather than differentiating marketing based on the motivation driving the organization's marketing effort, namely profit or nonprofit, we submit that it is perhaps more relevant to differentiate marketing by focusing on the target's potentially divergent motivations in any given marketing situation. In other words, could and is something other than self-interest driving the target in the behaviour that is of concern to the marketer?

Accordingly, we would suggest a distinct recognition of marketing efforts where the *ultimate* beneficiary that the target could or is trying to serve by his choice

⁷⁹ We have previously expressed our own opinion that this distinction is becoming less and less relevant in Section 4.6, beginning on page 94 above.

of behaviour is either the target's immediate self (self-interest), or someone else (altruism), or a group to which the target belongs (solidarity).

In the latter two categories, we would group all instances where the provision of public goods are involved and free-riding is thus possible, where prosocial behaviour is being advocated, where altruism or solidarity is thus liable to be a motivating factor and where there is consequently no prima facie quid pro quo. In the first category, we would group all manifest occurrences of exchange, as well as circumstances where the target's personal physical well-being is unmistakably the result of the desired behaviour change. Simply for the sake of brevity and clarity, we shall label the first category 'Marketing to the target's Self-Indulgent side' and the latter two categories 'Marketing to the target's Magnanimous side.'

Looking at the above distinction from a somewhat related perspective, Armand Lauffer [1984] applies an interesting dichotomy⁸⁰ to contrast human relationships.

"Human ecologists talk about symbiotic and commensalistic interdependence.

Symbiosis presumes difference in both characteristics and goals among actors;

⁸⁰ For his part, Pappenheim [1968] also suggests another analogous dichotomy by contrasting 'Gemeinschaft' and 'Gesellschaft,' two concepts originally proposed by Ferdinand Tönnies. The former describes a social unit which does not primarily come into being through conscious design, such as a family or an ethnic or racial group, while the latter describes a social relationship, often contractual in nature, that is deliberately established by individuals to pursue their respective self-interests through a mutually profitable association, such as that which is characteristic of business.

yet their differences are essential for them to interact. Using systems terminology, one actor's output becomes the other's input." [p. 26]

While

"In contrast to symbiotic relationships, commensalistic interdependence is based on common characteristics or interests (behaviour and goals). A union, an environmental protection group, a Monday night poker club, or a church are typical examples of commensalistic associations." [p. 26]

Implicit in a symbiotic relationship is a certain degree of conflict between the actors who, by definition, do not share the same goals. For example, a buyer and a seller have different goals and characteristics that are nonetheless essential for them to successfully interact. Likewise for the predator and the prey, the producer and the consumer. Competition is also generally typical among the parties to a symbiotic relationship. Buyers compete with other buyers, while sellers compete with other sellers.

This notion also applies to many nonprofit marketing situations such as universities and students, performance artists and audiences, health care institutions and patients where each party generally complements the other. Symbiosis, where all of the parties are normally self-indulgent, is fundamentally a zero sum game.

Recalling the conclusion of Carman's [1992] thesis regarding altruism and behaviour modification campaigns in the area of social marketing, we would argue that the very definition of the marketing problems that he examined ensured that self-indulgent motivations would predominate. For example, using a seat belt is something one does essentially for oneself. It is not a gesture that one might expect genuine altruists to perform more than egoists. Basically, it is just as self-indulgent as drinking one's favourite beer.

If one wanted to unequivocally bury the efficacy of altruism and solidarity as motivators in marketing, one would at least have to examine situations where the *ultimate* goal of the desired behaviour was increasing the welfare of either someone else or a group to which one belongs. Returning to the seat belt use example, it would be interesting to contrast the success of marketing campaigns to get adults to buckle themselves up without the use of extrinsic incentives and marketing campaigns to get adults to buckle up their infants and children without the use of extrinsic incentives. The latter clearly aims for a behaviour that is not self-indulgent, while the former is clearly a behaviour that is not magnanimous.

Turning now to commensalism/magnanimity, the defining properties of this kind of relationship are the absence of exchange and coercion. Altruism and solidarity are here the potentially operative motivators. The labour movement is an ideal illustration of a marketing environment where self-interest is typically an exceedingly

mediocre and unreliable foundation upon which to base a union organization's operations. We shall first dispose of some of Olson's [1965] crucial observations on this subject and then proceed to build our own case for the importance of recognizing, assessing and creating the conditions for altruism and solidarity in marketing situations in the labour movement.

10.2 On the Necessity of Coercion in Trade Unions

Olson [1965] devotes an entire chapter of his classic tome, *The Logic of Collective Action*, to substantiating and illustrating his theory of groups in a trade union environment. He repeatedly emphasizes the incumbent necessity for trade unions to exercise coercion on their members in order to remain viable.

In Olson's [1965] own words:

"In most cases it is compulsory membership and coercive picket lines that are the source of the union's membership. Compulsory membership is now the general rule. In recent years roughly 95 per cent of the unionized workers have been covered by various types of 'union security' (or sometimes dues check-off) schemes that normally make it impossible, or at least in practice exceedingly difficult, for a worker to avoid being a member of the union under whose jurisdiction he falls." [p. 75]

As a long-time practising trade unionist, we are frankly appalled by the naïveté or outright deceit contained in this paragraph. Either Olson is woefully unacquainted with North American labour relations or he has deliberately ignored key facts of union life that repudiate his theory. First and foremost, any neophyte trade unionist knows that compulsory membership⁸¹ and compulsory dues check-off are very far from the same thing. Although no trade unionist would dismiss the value of having both members and nonmembers alike paying dues, the union's ultimate survival dictates that the members constitute a comfortable majority of the employees in the union's bargaining unit. In this respect, throughout his book, Olson fails to mention an exceedingly important factor that bears on every single union's continued existence. Ever since unions have existed, every single labour jurisdiction in North America has allowed for procedures whereby employees can *kick out* their union⁸².

Although the mechanism has varied over time and place, North American employers and employees have always held a statutory right to contest the union's representative character at least once during the life of or at the expiry of every

⁸¹ Compulsory membership, or a closed shop, signifies that an employee has to belong to the union to be able to work. This arrangement exists in many craft unions in the construction and printing trades, but is almost totally absent in manufacturing and service industries. Furthermore, it is by no means a general rule. For example, in 1996, fewer than 2% of the close to 3,500 collective agreements on file at the Ontario Ministry of Labour have a closed shop provision. [Spink 1996, p. A19]

⁸² In the years following the publication of Olson's [1965] book, decertification elections became a widespread scourge on the American labour movement, however the procedure was on the books long before Olson's [1965] ideas were ever put to paper.

collective agreement. Accordingly, employees are legally entitled to resign from the union at specific periods of time. Dues check-off undoubtedly confers financial security to the union during the life of the agreement, however, Olson neglects to take into account the fact that once that agreement expires, as every agreement is wont to do, there is absolutely no guarantee anywhere that the employer will sign a new agreement and thus renew his obligation to collect dues.

Collective agreements are not eternal and they certainly do not renew themselves automatically. Olson's entire thesis regarding trade unions focuses exclusively on the prescribed period during which the agreement is in effect. Once that period is over, the union is on its own with its members and the employer. Any employee, including members, can very easily ignore the union and is moreover legally entitled to do what he can to get rid of the union, if he so desires.

Meanwhile, in the course of any collective agreement, the employer hires, fires and lays off employees. Likewise employees go on leave and quit. Every responsible union must remain vigilant that despite these employee turnovers, its membership remain substantially above 50% of the workforce. Furthermore, we could easily devote an entire chapter to the myriad ploys that employers can and do attempt in order to influence the union's members during the course of an agreement, aimed precisely at weakening the allegiance of the union's membership when the time comes to renew the agreement. Meanwhile, throughout Olson's analysis of trade unions, he

rarely mentions the role of employers, as if they were somehow only passive observers of the union's relationship to its members. As any trade unionist knows only too well, employers are anything but innocent bystanders.

In wholesale antithesis to Olson's theory, we believe that the single fact that most unions make it from one collective agreement to the next is proof positive that compulsory membership is absolutely not the source of the union's membership. Indeed, every time an agreement is up for renewal, every union undergoes a genuine vote of confidence from its members, for they are in no way compelled to support the union's efforts to renew said agreement. When the members' support is forthcoming, we must search for its source somewhere other than in compulsory membership and coercion.

On an even more fundamental level, Olson's theory, as applied to trade unions, is blatantly erroneous. Prior to the challenge of renewing a collective agreement, every trade union must initially sign up the employees to the union, in order to oblige the employer to first recognize the union as the employees' legitimate bargaining agent. Once this is accomplished, the momentous task of signing a first collective agreement with an employer who has generally fought tooth and nail for the union not to be recognized must be accomplished. At the bargaining table, there is absolutely nothing that obliges the employer to agree to a compulsory membership clause, and most jurisdictions in North America have no legal obligation that a

collective agreement contain a dues check-off clause. In fact, it is generally only a strongly united, determined and dynamic membership that succeeds in compelling the employer to sign a dues check-off or compulsory membership clause. Manifestly, Olson's compulsory membership pretensions and coercion are grossly irrelevant to the emergence of unions in the first place.

This leads us to another one of Olson's closely-related distortions of union life. As Olson [1965] describes it:

"There is a paradoxical contrast between the extremely low participation in labour unions and the overwhelming support that workers give to measures that will force them to support a union. Over 90% will not attend meetings or participate in union affairs; yet over 90% will vote to force themselves to belong to the union and make considerable dues payments to it." [p. 86]

In fact, Olson's observation of the chronic low turnout at many union meetings is nothing new. However, again Olson exhibits either gross ignorance or wilful deceit. Although trade unions frequently have difficulty reaching their statutory quorum for many meetings, when negotiations with the employer are in the final stretch, or the union holds a strike vote, or on numerous other occasions when a *hot* subject must be decided at a union meeting, attendance shoots up and often surpasses the percentage of voters who turn out for conventional legislative or presidential elections.

In reality, there is no paradox at all. Workers' participation in labour unions fluctuates depending on a vast array of factors. Since most regular general meetings of the union do not imperil the union's existence, or the efficacy of the collective agreement, interest tends to bottom out. When the union's collective agreement is under malicious attack or the union's survival is at issue, interest generally increases exponentially.

If the coercion hypothesized by Olson [1965] is not a key element, then workers must join and participate in unions based on some form of motivation that originates from within themselves. Olson argues, and we agree entirely, that without coercion a worker's strictest self-interest would counsel him to free-ride on the efforts and risks of his co-workers. Since the wisdom of free-riding for the self-interested individual would be the same for everyone, accordingly, no unions should ever be formed, or if they are organized, they should perish through lack of participation. That unions do indeed exist, and in many cases thrive, we believe, can only be explained by the prominence and potency of altruism and solidarity that activate working people in a trade union context.

10.3 Why Join a Union?

When someone jumps into a raging river to save a drowning stranger, his feat will often make the evening news. We are intrigued by someone who at great risk to himself seeks to genuinely benefit a stranger, in flagrant contradiction of Man's supposedly inborn egoism. In the labour movement, although less spectacular, analogously heroic and selfless acts are performed almost every time a new union is organized. The risks associated with launching a union are generally substantial. Even if an individual stood to significantly improve his situation, it is far more 'rational,' as Olson [1965] argues, to wait for someone else to start the organizing drive and to offer one's support only once the union has revealed that it really has everybody's support. In fact, many unions never see the day, not because the workers oppose the idea, but because many workers, like the 'Genevose 38,' are simply waiting for someone else to take the first or the next step.

Meanwhile, an individual who believes that he is being wronged by his employer and who embarks on a union organizing campaign to seek redress for his injustice will generally not receive the support of his co-workers. However, the individual who convincingly and effectively champions the rights of one or several of his allegedly victimized co-workers will often become an instantly acknowledged leader. Rarely will workers freely and voluntarily support a union leader who is 'in it for himself.' Roemer [1978] suggests that what leads workers to initially form a union

“is the adoption of a new paradigm—collective rationality replaces individual rationality.” [p. 158] Roemer’s ‘collective rationality’ is in all important matters equivalent to what we have labelled solidarity.

From a closely-related perspective, Booth [1978] claims that:

“Solidarity is a union or fellowship growing out of common responsibilities and interests. It is out of fellowship and union with others that acts of solidarity arise. These are actions taken by individuals collectively that are motivated by internal psychic need rather than external material or social reward.” [p. 168]

If a mental accounting does occur, Booth [1978] suggests that the individual worker’s calculation is a global one, whereby the collective benefits of having a union are seen as greater than the collective costs of forming one. Booth [1978] describes four prime examples of vast pre-1930 organizing drives that succeeded, in manifest violation of Olson’s [1965] thesis, namely the American Railway Union in 1893-1894, the anthracite coal workers in 1902, the Ladies’ Garment Workers in 1910, and the steel workers organizing drive and strike in 1919.

Edel [1979] refutes Olson by demonstrating that the latter’s analysis of the organization of unions is based on results analogous to what one might obtain from a single play of the prisoner’s dilemma (P.D.). However, he [1979] argues that unionization *“is readily explicable by use of the repeated play model of the P.D.”*

[p. 756] Over time, Edelman [1979] claims that workers can 'learn' the value of a collaborative response, although admittedly this is nowhere inevitable.

Messick [1973] discusses the decision to join or not to join a union, using a hypothetical group of university faculty members as an illustration. He correctly points out that free-riding is only rational as long as one assumes that the prospective union member is an individual dollar maximizer. But Messick [1973] cautions "*The decision to join or not undoubtedly involves costs and values beyond strictly economic ones.*" [p. 154] He then develops the gist of his argument, which turns Olson's thesis entirely upside down.

"It is probably not safe, however, to ignore the possibility that at least for some individuals economic self-interest is not the primary motivating force. Some persons are undoubtedly motivated by a concern for the welfare of the faculty as a group or the university as an institution even though such a concern may occasionally run counter to the individual's own economic interest. If we formalize this possibility a bit by assuming that such a concern for the group manifests a value function which increases with increasing group payoffs (i.e. the sum of the individual payoffs), then the decision becomes a simple one because joining will always dominate not joining with respect to this value. Thus, if the interest of the faculty in general is placed above that of individual self-interest, not only is the group welfare maximized, but, if all

members have such a value function, the outcome to each individual is optimized as well.” [p. 155]

Messick [1974] makes the further point that with his hypothesized utility function even a little group interest can go a long way, since:

“The conditions under which one will always join do not require one to be very group interested in any absolute sense. It is not even required that one weight group interest as heavily as one’s self-interest.” [p. 334]

For our part, we would like to summarize as briefly as possible one of our own union organizing experiences that was remarkably void of even the slightest trace of self-interest among the workers who were involved. We first received a telephone call on a Monday afternoon from a worker who wanted to meet a union organizer. That evening we were informed that during the Monday morning shift, the employer had summarily fired a supervisor that everyone respected. We were asked: ‘What can a union do about that?’ We agreed to meet the following evening with an organizing committee of a dozen people. On Wednesday, the original twelve founding union members signed up 85% of the plant employees (55 members out of a possible 65 employees). The certification request was filed that same day. On Thursday, at lunch time, we went to the employees’ cafeteria and asked to see the employer. We presented the human resources manager with the union’s certification request and

asked that the fired supervisor be reinstated immediately. The employer categorically refused, sardonically asking us how we could possibly be so impudent.

That evening, in a secret ballot vote, 46 out of a possible 50 members in attendance voted to strike in support of the union's sole demand that the supervisor be rehired. Friday morning, ten minutes into the shift, production stopped and all the workers present joined us in the cafeteria. The police expelled us from the cafeteria about an hour later. The employer then attempted to get the illegally striking employees to return to work. After two hours of cajoling and threats, the employees were also expelled from the premises. Over the weekend, letters were hand-delivered to each worker's home threatening immediate dismissal if they did not return to work on Monday morning. At the beginning of Monday's first shift, picket lines were set up at the plant gate. Monday afternoon, the employer agreed to change the supervisor's firing into a one week dismissal. On Tuesday, everyone returned to work.

This experience was atypical only in its scope and the rapidity in which the union and workers succeeded. Routinely, as a union organizer, we would receive telephone calls from tenacious outspoken employees who wanted to know what a union could do for such and such a co-worker or group who were perceived to be a victim of some injustice. Our experience soon indicated that workers who called the

union's organization department as a means to solving their own personal problems were seldom able to get their co-workers on side.

Meanwhile, rare was the union organizing campaign that did not come to the employer's attention as soon as the card-signing campaign lasted more than a couple of days. Even rarer was the employer who, having learned of a union card-signing campaign, did not either threaten or attempt to bribe the perceived leaders of the campaign. Although these and other analogous tactics would sometimes have the desired chilling effect on the silent majority, rarely would an employer dampen the enthusiasm or convictions of the union leaders who had initially decided that they were going to bring the union into their workplace.

On several occasions, we were party to organizing campaigns where employers offered the union leaders a position of supervisor, foreman or manager. Without exception, they refused. Had they been motivated by self-interest, one might have expected that at least some of them would have accepted the promotion.

When we put our experience as a full-time union organizer into the framework of our present thesis, we can confidently attest that the altruistically or cooperatively motivated inside union organizer was remarkably more successful than the self-interested one. Just as most people would theoretically understand the wisdom of not confessing in the prisoners' dilemma, just about everyone understands, at least on

paper, the union concepts of mutual defence and solidarity. However, unlike the prisoner's dilemma, when a new union is being established, all of the unorganized employees are not obliged to simultaneously choose to support or not support the union⁸³. In order to organize a union, inevitably, someone must make the first move. When that initial action is altruistically or cooperatively motivated, co-workers will tend to have more trust in the initiative and are more likely to give expression to their own altruistic or cooperative impulses.

Viewed from another perspective, rank and file workers generally do not appreciate an outsider telling them that they are exploited. An outsider, almost by definition, can only be perceived as organizing a union for his own interests. Many employers and anti-union consultants are only too aware of this consideration, and will thus attempt to depict the union organizing effort as originating from outside the company, where the 'alien' union is narrowly pursuing its 'own' self-interest. Furthermore, the rank and file are often quite sceptical when promised that simply signing a union card would somehow magically make everything right. This approach to organizing a union⁸⁴ is often perceived as equivalent to the generally despised hard sell, or a 'promise of the moon' at minimal cost to the buyer.

⁸³ This is the case, however, when government-sponsored elections are held to determine the level of employee support for the union.

⁸⁴ In fact, paradoxically, many trade unions react to the idea of marketing for the labour movement as if this is precisely what the average marketer would recommend to a trade union that wanted to 'expand its customer base.' In our case, this approach is exactly what we are arguing against.

10.4 A Marketer's Perspective on Organizing New Unions

The marketer's challenge in helping trade unions organize new bargaining units can draw valuable inspiration from Titmuss' [1970] and Fogelman's [1994] ideas, which we have previously discussed, namely, campaigns and strategies should attempt to create and foster situations where working people can give liberal expression to their altruistic and cooperative tendencies. The recognition that some people are more altruistically motivated than others should be uppermost in a marketer's mind when people decisions are being made in an organizing campaign.

Professional union organizers sometimes paternalistically lead and dominate card-signing campaigns, supposedly in order to protect the rank and file worker from employer reprisals, yet their veritable motivations are often simply the satisfaction of their own large egos. Accordingly, the very first strategic marketing consideration is undoubtedly that the most credible, the most persuasive and the most effective 'solicitor/organizer' of union members (dare we say 'union membership salesperson') is a fellow employee of the prospective member. Secondly, as we have elaborated in the preceding section, such 'solicitor/organizers' must not be perceived as being particularly self-interested in the performance of their union activities. Moreover, they should preferably be driven by altruistic and cooperative motivations, and of course, perceived as such by their co-workers.

Much like the conventional marketer who carefully recruits, selects, trains, supervises, supports, counsels and evaluates his sales force, the union's 'solicitor/organizers' must be carefully chosen, properly prepared, judiciously observed and most importantly, genuinely empowered and trusted to build the union from the bottom up.

Regardless of the reputation or image of the parent union backing the organizing campaign, it is the 'solicitor/organizer' who will primarily embody and symbolize the new union to the prospective member. Furthermore, since the 'solicitor/organizers' are habitually the people that will be the first ones to occupy the local leadership positions, selecting them astutely is doubly important.

Once the team of 'solicitor/organizers' has been established, the population of potential members, like any potential market, must be segmented. The marketer's understanding and use of segmentation is invaluable here. Trade unions have historically segmented their jurisdictions among themselves, have often segmented their own unions into several subdivisions by industry, or by geography, and have tended to segment the employers with whom they deal on assorted criteria. However, when it comes to segmenting their members, potential or otherwise, along criteria other than the customary demographic ones of age and gender, many trade unions tend to lack the imagination that experienced marketers routinely apply in business situations.

In light of the observations that we have set forth in this thesis, we would argue that an attempt to segment the population of potential members according to the degree of their overall self-interested-altruistic (cooperative) *personality*⁸⁵ could be very fruitful. For example, one might try to identify the group of people who are the most generous contributors to charities that canvass in the workplace. Or, one might attempt to identify the group of employees who are the most obsessively ambitious and the most anxious to indulge their superiors. The former are liable to be more sympathetic to the union, and thus the most logical candidates to be approached at the outset, while the latter are likely to be the most hostile to the union, and thus targets to be avoided in a card-signing drive.

Meanwhile, much like the president of a company who ignores the market research since he is convinced that he knows what is best for *his* customer, many union leaders presume to know what is best for the unorganized worker. Marketers could have an important role in demonstrating how to genuinely listen to the prospective union member, rather than just hearing the myriad sounds that emanate from the workplace. Again, we would emphasize the virtue of identifying issues within a framework that is congruent with the observations we have been making regarding altruism and solidarity. Our above-mentioned anecdote regarding the fired supervisor is a perfect illustration of grasping a problem that can focus and rouse the

⁸⁵ Although there is far from unanimity that such a personality trait even exists, Samuel P. and Pearl M. Oliner [1988] make an interesting case in support of the notion.

attention and commitment of what proved to be a predominantly truly altruistic group of men.

If the observations generated by our thesis are to be heeded, one of the most important conclusions would be that, from a marketing communications perspective, the benefits of joining a union should be conceptualized to the unorganized worker as benefits accruing to his group of reference, rather than uniquely to the individual worker himself. Furthermore, at the outset, the individual worker's responsibility and bonds with his fellow workers must be addressed and validated. In other words, one need not shy away from confronting the free-rider issue. This perspective should not be disparaged, neither can it be sufficiently underscored. Armies have long ago recognized the power of making each individual soldier feel that his group's welfare sits squarely on his shoulders. Indeed McDougall [1920], Karsh [1958] and Marwell [1982] have extensively used the example of members of a combat unit to demonstrate how a social environment can almost entirely subordinate an individual's self-interest to his concern for the welfare of his fellows and the group to which he belongs. We would conclude that employees, much like combat soldiers, are absolutely not averse to genuinely caring for their colleagues when such an attitude is appropriately anticipated and sanctioned.

However, if the union's message and tone, as is too often the case, unknowingly imitates the logic and style of an insurance company —You pay a *small*

amount (in monthly dues), and if trouble strikes you, *we* will solve your problems— it should come as no surprise that many union members view their unions as some kind of mighty institution, towards which their sole obligation is precisely the payment of monthly dues. Simply put, if the employee is lured into the union's fold by appealing to his self-interest, it is to be expected that he will likely be guided in his relation to the union solely by his self-interest.

In our experience, the most successful unions inspire a feeling of social responsibility and fellowship in their members and the latter thus tend to conduct themselves accordingly. 'All for one, and one for all' is not an outdated triviality in organizing new unions.

In the area of public relations and image management, marketers and marketing techniques could significantly help unions in deliberately creating opportunities to showcase and remind the general public of their fundamentally altruistic and cooperative nature. For example, with the ever-increasing disengagement of the State from social programs and the corresponding explosion of fund-raising activity, we believe that unions should be in the forefront of significantly more fund-raising activity. In fact, from a marketing perspective, unions and organizations dependent on fund-raising share many common hurdles and challenges. Unions are uniquely placed to share their wealth of experience and know-how with fund-raising nonprofit organizations.

In conclusion, one of the most forceful arguments in favour of the importance of altruism and solidarity to unions desirous of expanding their membership can be found in the observation of the conduct of labour's adversaries. Many sophisticated anti-union propagandists, well-versed in the techniques and power of marketing, have long insisted on the 'self-serving' nature of trade unions as a naked attempt to discredit them. The implicit message to the working person is plainly —the union is unable to really take your interests to heart, because they're really only interested in their own parochial interests.

10.5 Why Participate in a Union?

Once the gargantuan challenge of earning the support of a majority of employees for the union is met, the real difficulties begin. To function properly and effectively, unions require members to become elected officials, to volunteer for committee work, to participate in general meetings and to perform a thousand mundane jobs such as phoning members to communicate important news, or licking envelopes.

Not surprisingly, Olson [1965] has a theory as to how unions accomplish this, too. The unions, he claims, employ comprehensive and generous 'selective incentives' whereby members are bribed with cash, privileges, personal status, or

concrete benefits like insurance or retirement benefits in order to stimulate their participation in the union.

Unlike Olson's [1965] claims regarding coercion, his pretensions on this score find wider support in reality. For example, many unions draw prizes for members who attend general meetings, pay lavish expenses for elected officials, administer extensive social benefit programs and reward union activists with a multitude of perks.

Our own experience with these kinds of inducements tends to strikingly confirm the tendency for these measures to often backfire, as we have discussed above in Section 8.2⁸⁶. Once a union offers members door prizes for attending a meeting, it can become difficult to withdraw such a stimulus. Participation becomes artificially stimulated and we have witnessed meetings where union members insist that the door prizes be drawn early on in the meeting, and once completed, have promptly left the room. We have observed fervent debates on the number, amount, and policies regarding attendance prizes. Marketers familiar with the effects of material incentives and the research findings pioneered by Deci and Ryan [1985] could certainly counsel unions on the judicious use and risks involved in such rewards.

⁸⁶ Beginning on page 184 above.

Likewise, union office can become desirable not for the opportunity to serve one's fellow workers, but in order to obtain the perks and personal prestige that come with the position. When the latter occurs, it is rare that this self-indulgent orientation does not reverberate throughout the membership. Union bosses chomping on cigars, driving in limousines, and looking exactly like the bosses they are supposedly confronting become prevalent caricatures that undermine the essence of what unions are all about. The extensive marketing literature on the sales force has many lessons that could be shared with elected union officials.

As discussed above, marketers are acutely sensitive to the issue of the image that organizations project to their various publics. Although some of the actions that reflect back badly on the labour movement are either intrinsic to the very nature of unions or virtually impossible to control, there are a legion of other activities that could be fashioned into a far more palatable state, without in any way compromising fundamental union principles. Marketers could accordingly provide much valuable advice and insight on the unforeseen consequences of many union practices, while bringing to the fore the fundamentally altruistic and cooperative nature of union action in general.

As with the area of recruitment, a wide range of demographic and other less typical segmentation factors are rarely taken into consideration when unions deal with their current members. The segmentation of the membership based on

altruism/solidarity and self-interest could lead to innovative and perhaps more efficient approaches to the age-old problem of participation in union activities. Efforts to recruit union leaders, to draft volunteers for union projects, and to boost attendance at union meetings and functions could be more imaginatively and efficiently targeted at groups that are more likely to respond positively.

10.6 Why Fight the Union's Fight?

No discussion of unions would be complete without some mention of the consummate tactic on which every union's authority is ultimately based. We are, of course, referring to the union's capability to organize and effect the simultaneous withdrawal of their members' labour power from the employer's service, i.e. to go on strike.

Probably few human experiences parallel the social dynamic that occurs during a strike. As McDougall [1920] asserted three-quarters of a century ago:

"It is a notorious fact that when a number of men think and feel and act together, the mental operations of each member of the group are apt to be very different from those he would achieve if he faced the situation as an isolated individual." [p. 31]

Strikers habitually subordinate their own position and identity to that of the collectivity. The welfare of the group becomes, in the fullest sense, the paramount aspiration of each of the component members. It is no accident that the word solidarity is probably more frequently pronounced and written in the trade union movement than in any other area of contemporary society.

Bernard Karsh [1958] has written an intimate *Diary of a Strike* in which he masterfully chronicles what most strike organizers and leaders have undoubtedly observed. His observations faithfully echo our many professional experiences.

“The strike of the mill workers must be viewed first and foremost as a group activity. It was more than individual workers leaving their jobs, and it was more than the simple sum of workers’ individual motivations before the strike. It was a complex activity in which different persons engaged according to their identification with other persons in the in-plant society. The new conceptions of what was right and what was due emerged as shared conceptions, as group definitions. The workers were held together by the unifying orientation of the abstract ‘union’ and its agents, their own in-plant leaders.” [p. 129-30]

Karsh [1958] also quotes a striker, who in his own words surmises:

“I really don’t think we had a union, not much of it anyway, before the strike. We became one with the strike, and we got stronger throughout. I mean that the people wanted a union, but it was sort of wishy-washy. If the boss gave a

speech, many would believe him. And then they turned around again and believed the union. Then during the strike they really learned what it was to stick together and what they were fighting against.” [p. 143]

The group or 'we' consciousness is an almost inevitable byproduct of any successful strike. During a strike, the frame of reference almost automatically becomes 'us' versus 'them,' rather than the more customary 'me' versus 'you.' The attentive marketer could prepare the terrain for this collective experience, bearing in mind that the fight must be positioned as 'our' fight for 'our' rights. Most of the comments made in the two previous subsections would apply mutis mutandis to the negotiating phase leading up to the strike vote.

A word of caution. A marketer might be viewed very suspiciously if his talents were used under the particular circumstances of a strike vote to specifically generate either support or resistance in the balloting itself. However, once the strike begins, the marketer would again be of invaluable assistance. We shall not elaborate on this premise, since the marketer's contribution at this point has little to do with the theme of this thesis. Suffice to say that to discover the most efficient avenues that might hamper the employer's marketing efforts, who better than a knowledgeable marketer to guide the striking union's strategy on this score. In the United States, many parts of the labour movement have widely embraced Corporate Campaigns that use cutting-edge tactics like *“corporate research, strategic pressure, international solidarity, and*

member and community mobilization” to “*upset a corporation’s social, financial, and political networks.*” [Labor Research Review 1993, p. 6] We believe that the Corporate Campaign strategy, as now practised, could be considerably strengthened with a better understanding and use of marketing techniques and insight.

10.7 Other Commonweal and Mutual Benefit Associations

In the previous subsections, we have tried to outline the importance of paying attention to altruism and solidarity in the trade union movement, as well as the kind of insight a marketer might provide to unions. We believe that at a minimum, similar arguments could be made in several other related contexts.

Blau and Scott [1962], in their classic *Formal Organizations: A Comparative Approach*, propose four categories of people that constitute the universe of any organization, namely:

- (1) the members;
- (2) the owners or managers;
- (3) the clients or public in direct contact with the organization;
- (4) the public-at-large.

Depending upon who is the prime beneficiary (pb) of the organization’s mission, they [1962] proceed to classify four types of organizations:

- 1) the mutual benefit association: pb = the members;
- 2) business concerns: pb = the owners;
- 3) service organizations: pb = the clients;
- 4) commonweal organizations: pb = the public-at-large.

Rados [1981] classifies organizations in a very similar manner, but bases his categorization on the twin notions of: (1) backers: those who back the organization, providing it with money or time or other valuable assets; and (2) clients: those who are in contact with it and consume its goods and services.

We would argue that the potential role of altruism and solidarity should be carefully considered by marketers working with mutual benefit associations, commonweal organizations, and service organizations where the backers and clients are distinct.

Examples of mutual benefit associations where altruism and solidarity could at times play an important role include consumer cooperatives, work cooperatives, credit unions, professional associations, trade associations, burial associations, religious societies, political parties, social clubs, fraternities, amateur sport associations, and of course, trade unions.

Examples of commonweal organizations include all organizations engaged in social cause marketing. Finally, examples of service organizations where the backers and clients are distinct include all organizations who must finance a significant proportion of their activities through fund raising.

The above-mentioned areas may contribute only marginally to any country's GNP and may presently employ an even more marginal proportion of professional marketers. However, almost everyone in contemporary society either participates, or is affected by several such organizations on a continual basis. We firmly believe that the adoption of a marketing perspective that incorporates the notions of altruism and solidarity could contribute considerably to the enhancement and success of such organizations. Arguments along the lines of what we have discussed above regarding trade unions could be developed in each of these areas. Furthermore, the strengthening and prosperity of such mutual benefit, service and commonweal organizations would only benefit society as a whole.

[11] CONCLUSION

One of the more complex challenges facing contemporary Man on the eve of the Twenty-First Century is the preservation of the social fabric and consequently, the cultivation of social responsibility and civism. We believe that altruism and solidarity are forces that are critical to making groups of atomistic individuals function smoothly and productively in social settings. We have examined some issues and applications of marketing ideas to the microcosmic universe of trade unions. However, we are convinced that marketing insights could be constructively employed in countless other areas of social life.

Citizens are becoming increasingly adept at soliciting rights and privileges from the body politic, while their drive to contribute to the social good appears at times to stagnate, if not decline. In this context, the parable popularized by Garret Hardin's [1968] *The Tragedy of the Commons* could easily serve as the figurative obsession of this thesis.

Briefly, Hardin [1968] describes a predicament where a community of herdsman have access to a common pasture. Over generations each 'rational' herdsman adds an animal to his herd, and then another, and then another, ... until overgrazing the Commons leads to everyone's ruin. Although Hardin [1968] is primarily concerned with the issue of overpopulation, and he does mention the

predicament's relevance to the world's oceans, National Parks and pollution, he concludes by generalizing that the Tragedy of the Commons "*applies equally well to any instance in which society appeals to an individual exploiting a commons to restrain himself for the general good.*" [p. 1246] We would only add that the predicament is likewise present when society appeals to an individual exploiting a commons to voluntarily disburse his fair share for the maintenance of the commons, or for that matter to contribute to its initial creation; in other words, the familiar free-rider problem.

An appraisal of Hardin's [1968] proposed solution to the Tragedy of the Commons, which he calls 'mutual coercion, mutually agreed upon,' is beyond the scope of this thesis. However, to the extent that the predicament is one of controlling human behaviour, and to the extent that our new definition of marketing convincingly describes that this is precisely what marketing is all about, marketers may have an important role to play in the understanding and resolution of free-riding dilemmas. Perhaps marketing's most valuable contribution to the advancement of human society is yet to be fulfilled.

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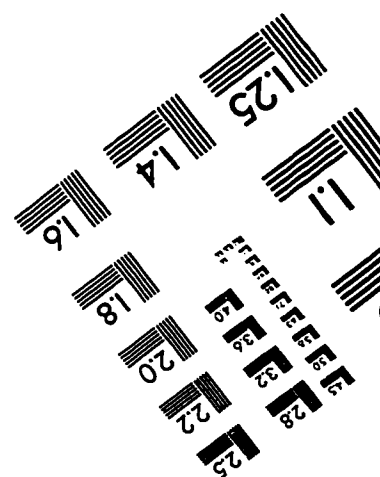
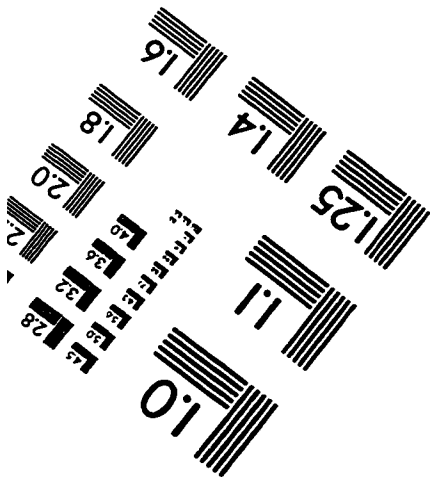
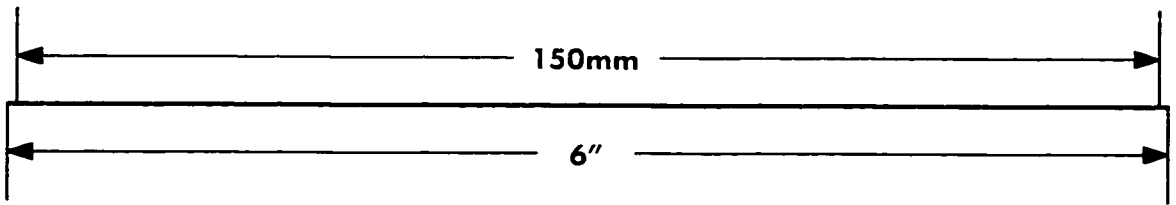
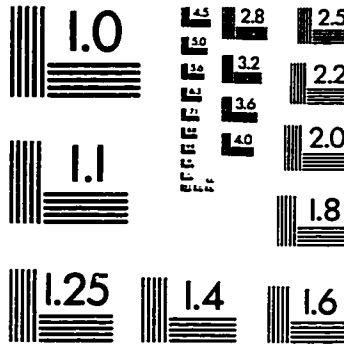
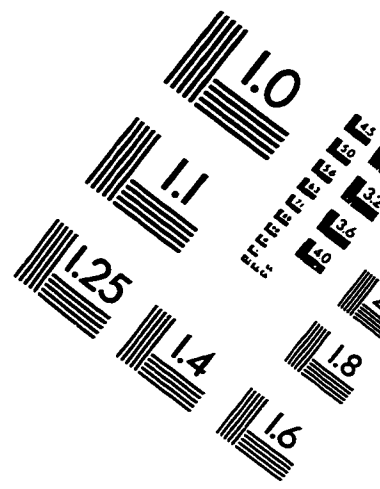
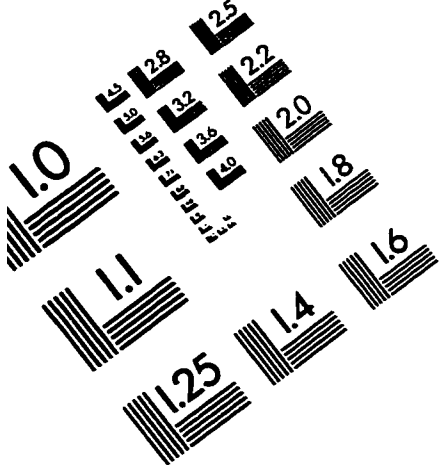
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