

9.17: Ethical Considerations in Providing Services

Learning Objectives

By the end of this section, you will be able to

- Describe the ethical considerations in providing services to customers.
- Discuss how ethics contribute to customer satisfaction.

How Do Ethics Contribute to Customer Satisfaction?

In 2019, AT&T ran a series of TV commercials featuring a variety of professionals who don't quite "make the grade." These commercials included a surgeon who has "almost" been reinstated and a tax professional who will get your taxes into an "okay" place when his audit is over. The catchphrase of each of these commercials was "Just OK is not OK." The same is true of an organization's ethical culture. Do you want your ethical culture to be "just OK"?

In this chapter, we've been talking about the importance of building customer loyalty, which drives profitability and growth. But what about the link between ethics and customer loyalty? Ethics are becoming central to consumers, employees, and a company's reputation (and hence its ability to gain customer loyalty). New research from Mintel (2015), a market intelligence agency, reveals that over half of US consumers stop buying from companies they perceive to be unethical. Talk about a wake-up call!

Service Excellence through Ethics

Obviously, ethics matter. But how do you ensure that those ethics are instilled and demonstrated by your employees, particularly those frontline employees who interact directly with the customer? The National Ethics Association (NEA) has two suggestions. First, within your ethics program, make customer service a core component. Second, promote values and ethics, and include them within the rules for your frontline workers along with the consequences if they aren't followed (National Ethics Association, 2011).

According to the NEA, steps can include the following:

- Identifying customer service behaviors that are unethical, like lying to customers or failing to display sensitivity to customers with problems.
- Training employees on an ongoing basis in desired behaviors.
- Ensuring customers know that promises aren't empty words but rather a commitment to their satisfaction.
- Monitoring interactions between frontline employees and customers to spot ethical gaps, especially in times of high stress and work volume.
- Leading by example. It's not enough to just "talk the talk" when it comes to ethical behavior within the organization; managers also need to "walk the talk." It's important to "walk the talk" of ethical behavior as a model for employees when dealing with customer complaints and problems (National Ethics Association, 2011).

Royal Caribbean Group is another company that takes its ethical behavior seriously. It has a Code of Business Conduct and Ethics decree that connects its core values (fairness, integrity, honesty, and trustworthiness) to all of its actions. Chairman and CEO Richard Fain reaffirms its commitment to integrity and an ethical culture and states, "Simply complying with the law is not enough; we need to be ABC (Above and Beyond Compliance)" (Royal Caribbean Cruises Ltd., 2023). Beyond just words, however, the company has established an ethics hotline managed by The Network, a leading third-party hotline provider. Using this ethics hotline, employees can anonymously report their concerns about ethics violations 24 hours a day, 7 days a week, by either telephone or the Internet (Chief Executive Office, 2014).

Link to Learning: Royal Caribbean

Read more about [Royal Caribbean's Code of Business Conduct and Ethics on its website](#).

Also, [read this article on the potential ethical issues](#) specific to service marketing.

Companies with a Conscience: Nasco Gulf

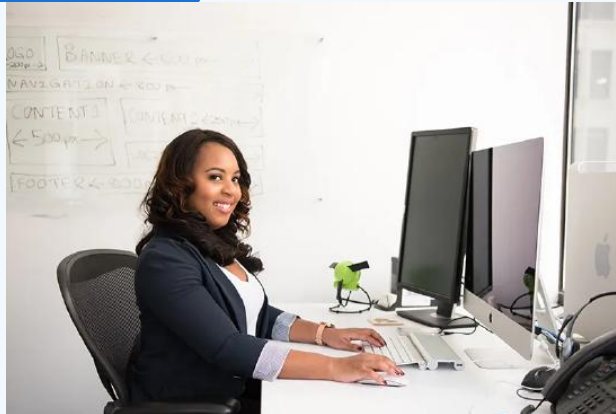


Figure 9.11.13 Ethics are becoming increasingly more important to customers and the services they use, so companies like Nasco Gulf, an insurance company, are focusing more on trust as a way to develop long-term loyalty. (credit: “WOCinTech Stock - 81” by WOCinTechChat.com/flickr, CC BY 2.0)

You may not be familiar with Nasco Gulf, a leading insurance agent in Dubai, but the company stands out in its Customer Service Code of Conduct (see Figure 9.11.13). The “customer service mission is to provide customers with timely, responsive service with integrity, simplicity, and a passion for excellence while meeting or exceeding the customer’s expectations” (Nasco Gulf, 2021).

The principles upon which Nasco serves its customers are trust, understanding, and resolve. The following is from its Customer Service Fundamental Principles:

- “Trust—I work hard to gain and maintain customer trust in us . . .
- Understand—I understand our customers and their needs . . .
- Resolve—I solve our customer’s problems, even if the solution is difficult” (Nasco Gulf, 2021)

Nasco lists its values on its website for all to see. The company outlines that its word is good, it is a bold partner, it works to earn loyalty, and it focuses on what matters. For more information about Nasco Gulf, [visit the Nasco Gulf website](#).

Link to Learning: When It Goes Wrong

We have all heard the stories where companies poorly handled a customer issue, and you can easily find numerous videos where customers have recorded a company’s poor customer service. Here are a few articles that share some of the more well-known stories:

- [CBS News](#)
- [RingCentral](#)
- [Forbes](#)

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