

EXPLORING THE CONSEQUENCES OF ETHICAL BEHAVIOUR: A REVIEW BASED APPROACH

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ABSTRACT

Salesforce ethical behaviour is very important for sales organizations as it has an impact on its various aspects such as profitability and image & reputation. As the competitiveness among the firms is increasing, they are trying to distinguish themselves with other firms by being more ethical in dealing with the customers. In such a scenario, it becomes necessary to understand the specific consequences of salesforce ethical behaviour. Therefore this study attempts to explore the consequences of ethical behaviour for salespeople as well as customers which ultimately affects sales organizations. Review of studies reveals that for customers, ethical behaviour has a positive impact on customer satisfaction, trust and commitment to the salesperson, and loyalty to the company. For salesperson, ethical behaviour has an impact on job satisfaction, performance and commitment to the organization. These consequences for salespeople and customers have a combined effect on the success and profitability of the sales organizations. Based on the finding, implications for the organization and directions for future research are stated.

Keywords: Ethical behaviour, Consequences, Salespeople, Customers

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INTRODUCTION

Billions of dollars spent on product development and promotion can go waste by the poor performance of a salesperson and dissatisfying customer interaction, while similarly initial satisfaction with the salesperson may help a consumer overlook shortcomings in the areas of service or product difficulties (Goff, Boles, Bellenger and Stojack, 1997). How a salesperson interacts with the customers has a profound effect on the relationship between the customer and the salesperson and in the long term on the relationship between customer and the organization. An important aspect of interaction between salesperson and customer is ethical behaviour.

Salesforce ethical behaviour is of immense importance for the success of the product and services, salespeople and the organization. If salespeople are not ethical in dealing with their customers, it can result in loss for the company as well as salespeople. As the competition among organizations is increasing, more and more organizations are trying to differentiate themselves through ethical selling. Organizations are trying to focus on the “Ethical behaviour” aspect of sales people as this will help them get a competitive advantage over other firms and be successful in the long run (Fatima, 2015).

Ethical behaviour is important for all types of jobs but it is more important for salespeople as in sales jobs, salespeople play multiple roles. In one situation, they are the advocates for their employer while in other they represent the customer (Dubinsky, Howell, Ingram and Bellenger, 1986). Salespeople are responsible for generating revenues for the firm and they are evaluated on the basis of short-term objectives, i.e. sales (Futrell, 2002). As sales job is a very challenging job, salespeople are likely to encounter ethical conflicts more often, therefore it is important to analyse the ethical behaviour of salespeople. On the basis of this discussion, we can conclude that there were following factors which led us to take up this study – (1) The importance of ethical behaviour for customers and the organizations, (2) The importance of ethical behaviour in sales jobs, (3) Dearth of studies providing a review of studies focusing on the consequences of ethical behaviour. Taking into account this fact, we took up this study with following objective –to explore the consequences of salesforce ethical behaviour by reviewing previous research studies. This study first defines ethical behaviour. Second, it describes the methodology used for review. Third, it provides a review of important studies highlighting the consequences of ethical behaviour. Lastly, research implications and directions for future research are stated.

SALESFORCE ETHICAL BEHAVIOUR

Ethical sales behaviour is defined as fair and honest actions that enable the salesperson to foster long-term relationships with customers based on customer satisfaction and trust (Roma'n and Munuera, 2005). Unethical sales behavior is defined as a short-run salespersons' conduct that enables them to gain at the expense of the customer (Roma'n and Ruiz, 2005). Examples of unethical behaviour are (Lagace et al., 1991; Robertson and Anderson, 1993):

1. Lying or exaggerating about the benefits of a product
2. Lying about availability
3. Lying about the competition
4. Selling products that people do not need
5. Giving answers when the answer is not really known and
6. Implementing manipulative influence tactics or high-pressure selling techniques.

METHODOLOGY FOR REVIEW

Using the keywords "ethical behaviour", "ethics", various marketing and sales articles were searched. Out of those articles only those articles were included which were in English and which studied the consequences of salesforce ethical behaviour. The articles from following journals were included for the review – Journal of Marketing Research, European Journal of Marketing, Journal of Business Ethics, Journal of Business Research, Journal of Personal Selling and Sales Management, Journal of Marketing Management and Journal of Marketing.

REVIEW OF STUDIES

The review of studies highlighting the consequences of ethical behavior is discussed.

CONSEQUENCES FOR SALESPEOPLE

Ethical behavior has an important impact on salespeople. Beatty et al. (1996) noted that salespeople's ethical behaviour lead to higher levels of job satisfaction. Chonko and Burnett (1983) measured the importance of ethical situations as a source of role conflict. Analyzing data of 143 sales representatives employed by a Fortune 500 firm, 23 sales managers, and 94 sales support personnel, who were responsible for such activities as service, repairs, maintenance, and scheduling, they found four sources of role conflict: 1) customer relations, 2) the job, 3) the family, and 4) ethics. These findings indicate that sales representatives, sales managers, and sales support personnel feel that there is ethical role conflict associated with aspects of the sales job. And that for all three groups, ethical situations were shown to lead to higher levels of conflict than either customer relations, family, or job situations. When salespeople are placed in an organization, they might hold certain positions which they don't expect to hold and they might play some roles they don't expect to play. Therefore the salesperson must attempt to integrate the organization's role expectations with his/her role expectations and must follow the guidelines on ethical behavior.

Roma'n and Munuera (2005) highlighted the determinants and consequences of ethical behaviour of salespeople. Analyzing data of 280 financial services salespeople involved in selling high-involvement financial products (e.g. mortgages, life insurance) to final consumers. They found that salesperson's ethical behaviour leads to lower levels of role conflict intersender and higher levels of job satisfaction, but does not have a significant effect on performance. Biong, Nygaard and Silkoset (2010) investigated how corporate ethical values affect organizational commitment among employees and subsequently performance in terms of service quality and sales. Analysis on 225 retail company managers revealed that ethical value positively affects organization commitment. In their study on salespeople in Taiwan and U.S., Honeycutt, Siguaw and Hunt (1995) found that ethical behavior has a positive impact on salespeople performance in U.S. Walker et al (1977) stated that ethically troubled salespeople will experience increased levels of job-related tension, frustration, and anxiety which could lead to lower job performance and increased turnover. Weeks and Nantel (1992) in their study on 318 salespeople found that a well communicated code of ethics is related to ethical salesforce behavior which leads to high salesperson job performance and job satisfaction.

CONSEQUENCES FOR CUSTOMERS

Ethical behaviour has an impact on customers in several ways (Fatima and Azam, 2017; Fatima, 2017a). It has been shown that the customer trust can be earned by the honest actions of salespersons, which is a component of ethical sales behavior (Beatty et al., 1996). According to Swan, Bowers and Richardson (1999), "Customer trust of the salesperson has two components, affect and cognition – Affect is feeling secure or insecure about relying on the salesperson, and cognition is the belief that the salesperson has both the necessary competence and motivation to be relied upon".

Crosby, Evans and Cowles (1990) found that selling behaviors such as cooperative intentions, mutual disclosure, and intensive follow up contact help in maintaining a strong bond between consumers and salespeople. This highlights the importance of practicing ethical behaviour in maintaining a good relationship with customers. Lagace, Dahlstrom and Gassenheimer (1991) focused on the impact of ethical behavior upon working relationships between buyers and sellers. Using regression to analyze the data of 90 doctors, they found that ethical behavior of pharmaceutical salespersons has a positive impact on trust of the salesperson and satisfaction with the exchange. The study concludes that the pharmaceutical salesperson who provides timely information in an ethical manner secures the trust and satisfaction of the doctors.

The study by Kennedy, Ferrell and Leclair (2001) on car buyers showed that low-pressure selling tactics used by the salesperson has a positive impact on customer satisfaction. Wray, Palmer and Bejou (1994) in their study on customers of financial services' intermediaries found that salesperson's customer orientation and salesperson's ethics has an impact of customer trust and relationship satisfaction. Morgan and Hunt (1994) in their study of 204 independent automobile tire retailers, found that opportunistic behavior has a negative impact on trust between salespeople and customers. Román (2003) analysed the consequences of ethical sales behaviour. Their study on 630 bank customers showed that ethical sales behaviour had a positive impact on customer satisfaction with the core service, trust and loyalty to the company.

Roma'n and Ruiz (2005) analysed the role of ethical salesperson behavior from the perspective of customers. The study on 249 consumers showed that perceived ethical sales behavior plays a major role in affecting the quality of the buyer-seller relationship as it has a positive effect on customer satisfaction, trust and commitment to the salesperson. Chronological list of articles reviewed along with relevant details is given in table 1.

Table 1: Consequences of salesforce ethical behaviour

| Study | Sample and country | Mode of data collection | Industry | Method | Findings | Type of study | Variables |
|---------------------------------|--|-------------------------|------------------|------------------------------|---|---------------|--|
| Chonko and Burnett (1983) | 143 sales representatives employed by a Fortune 500 firm, 23 sales managers, and 94 sales support personnel, who were responsible for such activities as service, repairs, maintenance, and scheduling | Postal survey | Fortune 500 firm | One way ANOVA | Four sources of role conflict are 1) customer relations, 2) the job, 3) the family, and 4) ethics | Empirical | Ethics, Role conflict |
| Crosby, Evans and Cowles (1990) | 151 heads of U.S. households | Postal survey | Life insurance | Structural Equation Modeling | Cooperative intentions, mutual disclosure, and intensive follow up | Empirical | Cooperative intentions, mutual disclosure, intensive follow up |

| Study | Sample and country | Mode of data collection | Industry | Method | Findings | Type of study | Variables |
|---|---|--|------------------------------------|------------------------------|---|---------------|---|
| | | | | | contact help in maintaining a strong bond between consumers and salespeople | | |
| Lagace, Dahlstrom and Gassenheimer (1991) | 90 doctors | Postal survey as well as personal administration | Pharmaceutical | Regression analysis | Ethical behavior and expertise of pharmaceutical salespersons impact both trust of the salesperson and satisfaction with the exchange | Empirical | Relationship quality (trust, satisfaction), Ethical behaviour, Expertise |
| Wray, Palmer and Bejou (1994) | Customers of financial services' intermediaries in US | Telephone survey | Financial services' intermediaries | Multiple regression | Salesperson's sales orientation, customer orientation and sales person's ethics has an impact of customer trust and relationship satisfaction | Empirical | Sales person's sales orientation, customer orientation, sales person's ethics, customer trust and relationship satisfaction |
| Morgan and Hunt (1994) | 204 independent automobile tire retailers in US | Postal survey | Retail | Structural Equation Modeling | Opportunistic behavior has a negative impact on trust between salespeople and customers | Empirical | Opportunistic behavior, Trust |
| Román (2003) | 630 bank customers | - | Financial services | Structural Equation Modeling | Ethical sales behaviour had a positive impact on customer satisfaction with the core service, trust and loyalty to the company | Empirical | Ethical behaviour, Customer satisfaction, Trust, Loyalty |

| Study | Sample and country | Mode of data collection | Industry | Method | Findings | Type of study | Variables |
|------------------------------------|------------------------------------|---------------------------------------|---|------------------------------|---|---------------|---|
| Roma'n and Ruiz (2005) | 249 consumers in Spain | Personally administered questionnaire | Financial services | Structural Equation Modeling | Perceived ethical sales behavior has a positive impact on customer satisfaction with the salesperson | Empirical | Ethical behaviour, Customer satisfaction, Trust, Commitment |
| Roma'n and Munuera (2005) | 280 financial services salespeople | Personally administered questionnaire | High-involvement financial products (e.g. mortgages, life insurance) to final consumers | Structural Equation Modeling | The method of compensation and control system are important determinants of ethical behaviour. Behaviour based control system and the higher fixed salary percentage of the salesperson was positively related to salesperson's ethical behaviour. Age also proves to be a significant antecedent of ethical behaviour. Education is not significantly related to ethical behaviour | Empirical | Ethical behaviour, Compensation system, Control system |
| Biong, Nygaard and Silkoset (2010) | 225 retail company managers | Postal survey | Retail | Structural Equation Modeling | Ethical value positively affects retail company commitment | Empirical | Power, Ethical values, Commitment, Service quality, Sales revenue |

CONCLUSION

The review of studies shows that ethical behaviour has impact on different aspects of customers and salespeople. If we segregate the impact of ethical behaviour for customers and salespeople, we will find that role conflict, job satisfaction, commitment to organization and performance are the consequences of ethical behaviour for salespeople. While the consequences for customers are customer trust, commitment to the salesperson, relationship satisfaction, customer satisfaction with the core service and loyalty to the company. The consequences for salespeople and customers have a combined effect on the profitability of the organization.

IMPLICATIONS

The study has important implications for sales organizations. They can understand the importance of salesforce ethical behaviour for salespeople as well as for the customers. This study will help them understand that ethical behaviour affects customer satisfaction, customer trust, customer commitment and customer loyalty with the salesperson as well as the company. If salespeople are ethical in their dealings, the customers will be more satisfied, committed and loyal to the customer and the company. This study has implications for salespeople also as they can understand why ethical behaviour is so important to them. It not only has impact on their performance and their job satisfaction but also on their relationship with the customers. It is the aim of every salesperson to maintain a healthy and long term relationship with the customers. And the components of such relationship are trust, commitment and satisfaction which can be fostered only if the salesperson exercises ethical behavior when dealing with the customers. Maintenance of quality relationship between salespeople and customers is important (Fatima, 2017b), therefore ethical behaviour needs to be cultivated.

DIRECTIONS FOR FUTURE RESEARCH

This study explored the consequences of ethical behaviour by using a review based approach. The studies in future should test the results of this study empirically. This paper identified several consequences of ethical behaviour for salespeople as well for customers. The future research should check if these consequences are valid across different countries and cultures. They need to check if the consequences of ethical behaviour differ with respect to different countries and different culture.

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