The Effect of Ethics on Sales Organizations and Customer Relations

An Honors Thesis (HONRS 499)

by

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DEFINING ETHICS

According to Trawick, Swan, McGee, and Rink (1991), behaviors are considered ethical when they sanction society's norms, or universally accepted rules of conduct. Similarly, ethics is defined by Stauble (1992) as "the rules of conduct and practices of a particular society, which are used to determine what is good or bad, acceptable or unacceptable". However, there is a lack of consensus as to what constitutes acceptable or unacceptable, ethical or unethical behavior in decision-making. Ethical standards are constantly changing and they vary widely from individual to individual and situation to situation (Ferrell and Gresham 1985). Behaviors that may be considered right or acceptable by one person, company, or society at any given point in time may be considered wrong or unacceptable by another person, company, or society at another point in time (Stauble 1992).

To further exemplify this fact, several different moral philosophies may be used by individuals, knowingly or unknowingly, to make ethical decisions. These philosophies include: 1)Teleology, 2)Deontology, 3)Ethical Relativism, and 4)Egoism. Each philosophy takes a different approach to explaining what is ethical or unethical, right or wrong, acceptable or unacceptable under given circumstances (Ferrell and Gresham 1985; Reidenbach, Robin, and Dawson 1991).

According to Teleological philosophies, the moral worth of a behavior is determined totally by the consequences of the behavior. One such philosophy is Utilitarianism, which deems an action to be ethical if it results in the greatest good for the greatest number of people (Brady 1990; Ferrell and Gresham 1985). All benefits and costs of a particular behavior are considered. If benefits minus costs is positive, the behavior is ethical (Robin and Reidenbach 1987). In other words, if a behavior leads to personal gain at the expense of society in general, it is unethical under Utilitarianism (Ferrell and Gresham 1985). This suggests that businesses exist to produce goods and services that provide the greatest good for the greatest number of people in a society (Beauchamp and Bowie 1976).

On the other hand, Deontological philosophies stress the methods or intentions involved in a particular behavior rather than the outcomes or consequences. The Rights theory judges an act to be ethical if it is universal and reversible. In other words, an individual's act is ethical if 1)it was based on a reason everyone could act on, at least in principle and 2) it was based on reasons the individual would be willing to have all others use, even on themselves (Ferrell and Gresham 1985). Therefore, activities such as price fixing, bribery, and selling harmful products are unethical to deontologists (Robin and Reidenbach 1987). For instance, consumers claim they have a "right to know" about defects in a product that might jeopardize their safety (Ferrell and Gresham 1985).

Another Deontological theory, the Justice theory, determines the extent to which a decision is ethical according to whether all individuals were given "equal respect and the full measure of liberty compatible with the liberty of others" (Rawls 1971). In other words, equals should be treated equally and unequals treated unequally (Ferrell and Gresham 1985, Reidenbach, Robin, and Dawson 1991). Also, individuals should be punished for an act if it was committed out of free choice and with knowledge of the consequences. The punishment should be "consistent with, or proportional to, the wrongdoing" and compensation for the injured party should restore him/her to his/her original position (Ferrell and Gresham 1985).

In contrast, according to Egoism, only those acts which promote the long-term interests of the individual are ethical. It is still possible for individuals to help others under this theory, as long as it is in the individual's best interests (Reidenbach, Robin, and Dawson 1991). Finally, under the philosophy of Ethical Relativism, there are no universal ethical rules to follow since "normal" is dependent upon culture and/or individual (Reidenbach, Robin, and Dawson 1991).

ETHICS IN SALES

In sales, ethical conflicts, or dilemmas, occur when a sales representative feels pressure to take actions that are inconsistent with what s/he feels to be right (Dubinsky and Ingram 1984). Ethical conflicts seem to come with the territory of a sales representative. In fact, "sales (and marketing) have been the most frequent targets of ethical criticism among the functional areas of business" (Murphy and Laczniak 1981; Levy and Dubinsky 1983; Robin and Reidenbach 1987; Vitell and Grove 1987).

The buying public, in general, labels sales representatives as "insincere", "deceitful", and "pressuring" (Goolsby and Hunt 1992). As a result, many consumers believe sales representatives regularly disregard ethics to further their own self-interest (Morder ??). Possible reasons for these attitudes include the greater "visibility" of sales compared to other areas of business and the negative stereotypes of sales representatives perpetuated by the media (Dabholkar and Kellaris 1992; Deconinck and Good 1989).

Sales representatives, in general, are more vulnerable to ethical conflicts than other business people because they must often work with little direct supervision and undertake negotiations without the time to gain approval from their managers (Levy and Dubinsky 1983; Caywood and Laczniak 1986). This independence creates opportunity which, in turn, creates temptation to act unethically (Anderson 1991). In addition, many sales representatives do not participate in a company socialization process that might provide them with a better understanding of corporate norms. Also, sales representatives occupy boundary-spanning roles between their employers and their customers which creates natural conflicts between satisfying their clients and their employers (Levy and Dubinsky 1983; Caywood and Laczniak 1986). The competitive nature of sales, the money-driven reward system, and the high degree of interaction with people from diverse corporate cultures also place sales representatives at greater risk than other business people for engaging in unethical behavior (Caywood and Laczniak 1986).

Sources of ethical conflict

Although sales representatives must deal with many constituents, they report that the majority of ethical conflicts in sales occur with customers (Chonko and Hunt 1985). Most sales representatives believe bribery to be the most problematic ethical issue in sales followed by fairness and honesty (Chonko and Hunt 1985; DeConinck and Good 1989). Also, in a study by Dubinsky, Berkowitz, and Rudelius (1980), sales representatives found the following practices to be most ethically questionable: 1)letting personalities affect the terms of the sale, 2)having less competitive prices when the sales representative's firm is the sole source of supply, 3)exaggerating a buyer's problem, 4)giving preferential treatment to favored buyers, 5)gift-giving, and 6)using the firm's power to gain concessions. However, these sales representatives did not consider backdoor selling and asking buyers for information about competitors to be unethical practices. These practices were believed to be a good way of doing business.

Solving ethical conflict

When solving ethical conflicts and determining appropriate behavior, sales representatives react to, as well as interact with, situational and environmental factors through a moral reasoning process" (Goolsby and Hunt 1992). Lawrence Kohlberg (1969) suggested that this moral reasoning process can be referred to as a maximum of six stages through which all individuals progress in making ethical decisions.

The first two stages, the Preconventional stages, are marked by concern for the self. In these stages, a sales representative's decisions are influenced by the personal consequences that may result from ethical or unethical conduct, such as punishments or rewards. In stages three and four, the Conventional stages, the sales representative becomes more concerned with adherence to the rules or norms of appropriate behavior established by his/her peers, family, and society. In stages five and six, the Postconventional stages, the sales representative's decision-making process is guided by universally accepted moral principles and becomes decreasingly egocentric (Goolsby and Hunt 1992).

Sales representatives who have progressed to the Postconventional stages are most likely to display ethical behavior. Job title and income have not been shown to affect this process and advancement to higher stages has not been shown to inhibit the success of sales representatives. Overall, in terms of gender and education, sales representatives who are at the advanced stages of this process tend to be female and highly educated (Goolsby and Hunt 1992).

Occasionally, a sales representative is confronted with an ethical dilemma that s/he is unable to solve through this moral reasoning process as a result of insufficient and/or inappropriate direction from top management. If this inability to solve the ethical dilemma causes the sales representative to behave in an unethical manner, s/he will often feel job-related tension, frustration, and anxiety. These feelings ultimately result in decreased sales representative performance, increased turnover of sales representatives, customer dissatisfaction, and conflicts between sales representatives and sales managers (Levy and Dubinsky 1983).

Neutralization techniques

Consequently, when sales representatives make decisions that are perceived to be unethical, they utilize one or more of the neutralization techniques identified by Sykes and Matza (1957) to justify their unethical behavior. The first technique is "Denial of Responsibility" where the sales representative claims that s/he is not responsible for the unethical behavior due to factors beyond his/her control. Thus, they feel unethical behavior is not a matter of personal choice, but rather the result of some non-negotiable condition. If the sales representative is in an industry where certain "unethical" practices are common and/or where the competition is "doing it too", the sales representative may feel pressured to behave unethically as well (Vitell and Grove 1987).

By using "Denial of Injury" technique, the sales representative purports that no real ethical problem exists because no harm was done to anyone. For instance, a sales representative might consider exorbitant entertainment or travel expenditures to be ethical since no one is directly injured by the behavior. Similar arguments may also be used by sales representatives to justify "bait-and switch" advertising and selling practices (Vitell and Grove 1987).

Next, with the "Denial of the Victim" technique, sales representatives justify their unethical behavior on the grounds that the injured party deserved the injury. For example, a sales representative might pad his/her expense account or accept kickbacks because s/her feels that top management is taking an unreasonable amount of the corporate profits (Vitell and Grove 1987).

Still another neutralization technique used to justify unethical behavior in sales, "Condemning the Condemners", involves denying that a behavior is unethical because the individuals condemning the behavior have exhibited similar unethical behaviors. For example, a sales representative may believe that it is acceptable to steal confidential information from competitors because competitors would and/or do engage in similar behavior (Vitell and Grove 1987).

Finally, when sales representatives "Appeal to Higher Loyalties", they view an unethical sales behavior as necessary to preserve some more important value that is being threatened. A sales representative using this technique is likely to claim that s/he acted in an unethical manner "because it was better for all concerned." For instance, a sales representative may use this technique to justify the misrepresentation of products to fulfill their firm's desire to "move" inventory (Vitell and Grove 1987).

Determinants of unethical behavior

The willingness of a sales representative to behave in an ethical manner is determined by factors such as: 1)the sales representative's values, attitudes, and knowledge 2)the nature of the ethical conflict confronted by the sales representative, 3)the opportunity to engage in unethical behavior (i.e. absence of punishments), 4)internal organizational pressure to achieve results, 5)whether or not acting unethically will be to the sales representative's advantage, and 6)the actions and values of the sales representative's peers (Ferrell and Gresham 1985). However, role conflict, which occurs because sales representatives must attempt to simultaneously satisfy the often incompatible demands from customers and their own organizations, was found to be unrelated to ethical conflict. Job tenure, role ambiguity, level of education, compensation, and intensity of competition were also found to be unrelated to ethical conflict (Dubinsky and Ingram 1984).

In general, sales representatives who perceive themselves as operating in a cut-throat environment tend to blame the competitive environment and dependence of success in sales upon repeat business for necessitating unethical sales behavior (Anderson 1991). Also, sales representatives in firms with records of poor performance are more likely to engage in unethical sales behavior due to a tendency to rationalize that the unethical action is necessary to "save" the organization (Ferrell and Fraedrick 1991). In addition, the lower the hierarchical level of the sales representative, the greater their perceived pressure to act unethically (Caywood and Laczniak 1986). However, the method of compensation and the size of sales made does not seem to affect the ethicality of sales representatives' behaviors (Anderson 1991).

While it is the salesperson's responsibility to possess the background and values necessary to avoid unethical behavior, many sales representatives are confused as to what is ethical or unethical in a given situation. For instance, many sales representatives consider manipulation, exaggeration, and omission of important information during communication as unethical; however, many do not consider such behaviors unethical if they do not harm the buyer. Also, a gray area exists in gift-giving. Many sales representatives do not know when a gift constitutes a bribe and bribes are acceptable or even expected in many foreign countries (Stauble 1992).

To further complicate matters, sales representatives often operate under the belief that "anything goes in a sales situation" (Avila, Borna, Solik, and Lang 1995). In addition, individual sales representatives tend to perceive themselves as more ethical than their colleagues (Caywood and Laczniak 1986). When questioned about their ethics, most sales representatives want to protect their images by giving the "socially desirable response". If asked directly about their ethics, sales representatives' answers tend to be highly ethical; however, when the same questions are asked in terms of another person's ethics rather than their own, their answers are usually less ethical. Thus, when studying ethical behavior, vignettes, or short, detailed stories and projective questioning techniques should be used (Anderson 1991).

Sales representatives who have received ethics training tend to perceive higher levels of unethical activity by others; but, the training has had little effect on their own ethical behavior (Hoffman et al., 1991). In fact, ironically, ethics training is negatively related to self-perceived ethicalness, ethical perceptions of successful salespeople, and ethical behavior. In other words, sales representatives with the most ethics training report the lowest perception of ethicalness of themselves and of successful salespeople and exhibit the least ethical behavior (Honeycutt, Siguaw, and Hunt 1995). Also, sensitivity to ethical issues tends to increase with age (Dabholkar and Kellaris 1992).

Gender differences

In terms of gender, women tend to rate situations involving controversial practices more unethical, and perceive more ethical problems, than men (George 1985; Chonko and Hunt 1985). Ironically, though, women are more likely to engage in unethical behavior themselves rather than to ask someone else to do it (Fritzsche 1988). On the other hand, Fritzsche (1988) and McNichols and Zimmerer (1985) found no significant differences in ethics ratings related to gender.

Sales representatives vs. buyers

Compared to buyers, sales representatives perceive having less competitive prices for sole source buyers as more ethically troubling. Sellers also view using their firm's economic power to gain concessions as more ethically troubling than do buyers (Dubinsky and Gwin 1981). On the other hand, buyers view the following behaviors to be more ethically troubling than sellers: 1)exaggerating a buyer's problem, 2)giving preferential treatment to favored buyers, 3)allowing personalities to affect the terms of the sale, 4)gift-giving, and 5)seeking information about competitors from the buyer (Avila, Borna, Solik, and Lang 1995; Dubinsky and Gwin 1981).

The three salesperson behaviors buyers perceive to be most unethical include: 1)falsely hinting that if an order is placed, the price might be lower for subsequent orders, 2)pressure or coercion to buy, and 3)gifts over $50. On the other hand, the three salesperson behaviors buyers perceive as most ethical include: 1)purchasing lunch for the buyer, 2)giving preferential treatment to customers who are also good suppliers, and 3)giving a good customer a gift worth $10 at Christmas (Trawick, Swan, McGee, and Rink 1991).

In terms of buyer behaviors in a sales situation, Rudelius and Buchholz (1979) found that the main ethical issues confronting industrial buyers are: 1)the acceptance of gifts, 2)giving competitive information to vendors, and 3)exaggeration of the seriousness of a problem to obtain a better price from a seller. At the same time, these buyers viewed the following behaviors as part of the normal negotiating process in a sales environment: 1)using buying-power leverage to gain concessions, 2)inventing a second source to gain a competitive advantage, and 3)asking sellers for competitive information (Rudelius and Buchholz 1979).

Codes and policies

Sales representatives desire more guidelines, such as ethical codes, from their employers to assist them in making ethical decisions and in solving ethical conflicts (Dubinsky et al., 1980; Dubinsky and Levy 1985). A well-communicated code of ethics may deter unethical sales force behavior and can foster high job performance and satisfaction. However, it is imperative that overt actions be taken to ensure that this code is enforced to achieve maximum efficacy (Weeks and Nantel 1992). In addition, ethical codes/policies should allow sales representatives some latitude for personal judgments to perform their jobs effectively and should provide guidelines for decision-making and action. In addition, these policies must be communicated regularly to sales representatives (Dubinsky, Berkowitz, and Rudelius 1980).

Buyers also favor company policies to address ethical issues. In fact, buyers and sales representatives agree on many of the ethically troubling situations in a sales environment that they believe should be addressed by a company policy. Such situations include: 1)allowing personalities to affect the terms of the sale, 2)using the firm's economic power to obtain concessions, and 3)seeking competitive information. However, buyers tend to believe that more of the controversial situations in a sales environment are ethically troubling and feel more strongly that these situations should be addressed by a company policy than sales representatives (Dubinsky and Gwin 1981). Although the majority of both buyers and sellers favor some form of company policy to address ethical issues, most do not want management to dictate these policies to them in certain areas of their jobs, especially if it affects the buyer-seller relationship (Rudelius ad Buchholz 1979).

In a study by Dubinsky, Berkowitz, and Rudelius (1980), a stated policy existed for the majority of sales representatives' firms for physical gift-giving and using less competitive pricing policies for sole source buyers. In a similar study by Rudelius and Buchholz (1979) involving buyers, the majority of the buyers' firms espoused ethics policies for gift-giving, entertainment, and trips. Most sales representatives desire a stated policy for 1)allowing personalities to affect the terms of the sale, 2)using less competitive pricing for sole source buyers, and 3)giving gifts; however, many did not feel a policy was necessary for giving preferential treatment to suppliers and using backdoor selling.

Students

Just as sales representatives perceive bribery and dishonesty to be two of the most unethical practices in a sales situation, sales and marketing students also consider these to be most unethical, but to a lesser degree. Thus, current sales personnel seem to indicate a greater concern for ethical behavior in sales than do students, who represent the future of the sales profession (DeConinck and Good 1989).

In a study by Dabholkar and Kellaris (1992), sales and marketing students perceived the following salesperson behaviors as most unethical, respectively: 1)stealing from a competitor at a trade show, 2)phone sabotage, and 3)false promises to close a sale. Forcing take-home samples on a buyer was perceived as least unethical by these students. In addition, controversial sales practices involving money were judged as less ethical than those that did not and sales practices directed toward customers were rated as significantly less ethical than those directed at the sales representative's company or competitors.

As further proof of the latter statement, students in a study by DePaulo (1987) considered the use of deceptive and controversial practices by sales representatives to be more unethical than when the customer used the same controversial practices in the same situation. For instance, the students in the study felt that it was unethical for a sales representative to lie to a customer, but that it was acceptable for a customer to lie to a sales representative. The students justified this "double standard" by claiming that sales representatives act unethically as a normal part of doing business so customers must do the same to protect themselves in the marketplace. These students also viewed the customer as having a greater need to use deceptive bargaining tactics than sales representatives due to the customer's lower financial security (DePaulo 1987).

A study by Boewadt, Forrest, and Long (1994) showed that significant gender differences in judging ethical behavior do not exist among business students. However, male business students tend to perceive corporate nepotism on the part of females as ethically neutral, whereas female students perceive the same behavior to be more unethical. In contrast, male students perceive the act of purposefully setting up an employee for dismissal to be more unethical than do female students.

Sales Managers

DeConinck and Good (1989) found that sales managers are more concerned with sales than with ethics; thus, many sales managers expect results even if a salesperson has to be a little unethical to get the sale. In addition, many sales managers believe they are more ethical than their peers (Ferrell and

Weaver 1978; Newstrom and Ruch 1975). This implies that few sales managers see a need to change their behaviors to act in a more ethical manner. Furthermore, sales managers tend to apply a double-standard when deciding what behaviors are ethical and unethical among their sales forces. Action-oriented and overt behaviors, such as blaming others, padding expense accounts, and falsifying reports, are perceived by sales managers to be more unethical than covert behaviors, such as personal use of company time and services (Newstrom and Ruch 1975).

Sales managers tend to use quota attainment, sales expense ratios, customer satisfaction, and repeat business to describe a good sales representative. Most sales managers agree that selling skills, commitment, self-confidence, and communication are indicators of quality in selling (Schlissel 1993). As long as sales representatives are meeting their quotas and customers do not complain, sales managers are quick to assume that sales representatives are conducting themselves in an ethical manner (Rodgers, Underwood, and Hamilton 1992).

<u>The Sales Manager As a Role Model</u>. The ethics of top-level sales managers directly influences the behavior of sales representatives (Ferrell and Weaver 1978; Newstrom and Ruch 1975). As the reactions of top managers to discourage unethical behavior increases, unethical behavior among subordinates tends to decline (Chonko and Hunt 1985). Therefore, to enforce ethical behavior effectively, sales managers must be openly committed to ethical behavior and

model this in their daily activities (Stauble 1992). The greater the commitment of top management to visible ethical standards, the greater the likelihood that ethical behavior will be observed among sales representatives (Caywood and Laczniak 1986).

Not only are sales managers responsible for modeling ethical behavior, but also they are responsible for providing their sales forces with consistent directives, sending identical messages to all sales representatives, and taking similar disciplinary actions when ethical violations occur. Yet, many sales managers, in their quest to adopt an aggressive position, diffuse too many standards or guidelines on their sales forces. This merely creates confusion and hinders, rather than promotes, ethical sales force behavior (Good 1992).

<u>Discipline</u>. In a sales environment, the way sales managers use disciplinary action to control unethical behavior by sales representatives is dependent upon the sales representative's performance level and the consequences of the sales representative's behavior. Harsher disciplinary action is often prescribed when the sales representative's behavior results in severe or negative consequences. A negative consequence from a sales representative's behavior would be the loss of an account. A severe consequence would encompass a lawsuit filed against the salesperson's company. On the other hand, top-performing sales representatives tend to be disciplined less harshly (DeConinck 1992).

The sales representative's gender and weight also have an impact on sales managers' use of discipline. Salesmen are more likely than saleswomen to be reprimanded and/or terminated for unethical selling behavior by sales managers because more is often expected of them (Rozema and Gray 1987; Bellizzi and Norvell 1991). In addition, sales managers tend to discipline overweight sales representatives more harshly because they are often viewed as lazy, unhealthy, and lacking in self-discipline (Klassen 1987; Bellizzi and Norvell 1991).

Also, sales managers have a tendency to discipline sales representatives who blame their unethical behavior on the unethical behavior of customers more harshly (Bellizzi and Norvell 1991). In other words, sales representatives who utilize the “Condemning the Condemners” neutralization technique are often disciplined more harshly by sales managers than sales representatives who use other excuses (Sykes and Matza 1957). However, overall, the excuse given by the sales representative to justify his/her unethical behavior was not found to significantly impact the sales manager’s disciplinary actions (Bellizzi and Norvell 1991).

Many studies have found that a key factor in developing an ethical sales environment is institution of a supervisory system by sales managers that rewards ethical behavior and disciplines unethical behavior (Ferrell and Weaver 1978; Hunt, Chonko, and Wilcox 1984). However, Bellizzi and Hite (1989) found that many of these systems encourage disciplinary action only when sales representatives’ unethical behaviors have negative consequences for the firm. They also found that these systems encourage that no action be taken or that rewards be given for unethical behavior that results in neutral or positive consequences for the firm. This is further exemplified in a study by Hunt and Vasquez-Parraga (1993) where sales managers perceived a sales representative's behavior to be more unethical when it resulted in negative consequences to the firm. Consequently, the sales managers disciplined the sales representatives more harshly when their behavior resulted in negative consequences for the firm than when the same behavior elicited positive consequences for the firm.

METHODOLOGY

Sample

The questionnaire was sent to 150 buyers and 150 sellers located in the Midwest. Sixty-seven buyers and fifty-one sellers returned the completed questionnaire for a combined response rate of 39%. Seventy percent of the buyers and sellers were between the ages of 35-54. Seventy-three percent of the buyers and eighty-eight percent of the sellers were male.

Questionnaire

Data were collected using a self-administered questionnaire divided into five categories of behavioral statements. The statements in Categories A, B, C, and D each contained situations, or practices, that could be ethically troubling for buyers and/or sellers. The eleven statements in Category A, adopted from Dubinsky et al (1980) and Dubinsky and Gwin (1981), represented a variety of potential ethical dilemmas commonly encountered by buyers and/or sellers. The situations embodied in the four statements in Category B related to the use of discrimination by buyers and/or sellers. Category C contained four statements related to the use of bribes and Category D contained six statements dealing with gift-giving by sellers and/or buyers. Finally, Categories E and F contained eight and six statements, respectively, related to the respondent's work environment and demographics.

For each of the statements in categories A, B, C, and D, respondents were asked, "Do you believe the situation or practice presents an ethical question?" Respondents recorded their responses on a five point scale where 1= "very ethical" and 5= "very unethical". Next, each respondent was asked, "Would the situation have a negative or positive impact on your intention to choose a supplier?" For this question, respondents recorded their responses on a five point scale where 1= "very positive" and 5= "very negative". Finally, each respondent was asked to indicate whether his/her company had a written policy to address each of the situations by recording "yes" or "no".

For each of the work-related statements in Categories E and F, respondents were asked to indicate whether they strongly agreed, agreed, disagreed, or strongly disagreed with the statement or if they had no opinion. Demographic information was garnered from respondents through the placement of check marks next to the appropriate age and education categories.

DATA ANALYSIS

Pearson, Likelihood, and Mantel-Haenszel ratios for each category of questions were calculated through cross-tabulations to determine if having a policy on ethics significantly affects ethical behavior. This procedure also was used to determine if these is a significant relationship between intentions to buy and ethical behavior, as well as intentions to buy and the existence of an ethical policy. These three ratios are summarized for each category of questions in tables 1 through 8.

RESULTS

As illustrated in Table 1, for category A, the existence of a policy on ethics had a significant effect on ethical behavior 36% of the time. Thus, four out of the eleven questions in category A were significantly related. In Table 3, policy had a significant effect on ethical behavior for questions in category B 50% of the time (two out of the four questions). As shown in Table 5, for category C, policy had a significant effect on ethical behavior only 25% of the time while in Table 7, policy had a significant effect on ethical behavior 50% of the time for questions in category D.

The existence of an ethics policy was significantly related to intentions to buy 27% of the time for category A, 25% of the time for categories B and C, and 50% of the time for category D. On the other hand, ethical behavior was significantly related to intentions to buy in 100% of the questions across all categories.

MANAGERIAL IMPLICATIONS

These results have several implications for sales organizations. First, having a policy on ethics will not necessarily, and certainly not automatically, deter unethical behavior. Although a sales organization may have a policy on ethics, this alone is not enough to guarantee that unethical behavior will not occur among the sales force. Sales managers must, therefore, institute additional tactics to promote ethical behavior and deter unethical behavior. For instance, they could serve as role models for ethical behavior. They also could require new sales representatives to complete ethics training programs prior to entering the field and mandate that all sales representatives participate in continuous ethics training programs while on the job. In addition, sales managers could use rewards or incentives to encourage ethical behavior among their sales forces.

The results also indicate that buyers are not significantly concerned that a sales organization have a company policy on ethics. Thus, whether or not a sales organization has a policy on ethics, by itself, does not seem to have a significant impact on buyers' intentions to purchase from that particular organization.

However, the results indicate that ethical (or unethical) behavior on the part of the sales organization has a direct, and significant, impact on whether or not a buyer will choose that particular organization as a supplier. Thus, even though buyers will not make a purchase decision based on whether the sales organization has a policy on ethics alone, the existence of a policy could indirectly influence their intention to buy. For instance, having a policy on ethics may make sales representatives' more aware of ethical situations which could affect their behavior. In this sense, buyers would be concerned if the sales organization had an ethics policy because they are very concerned with the behavior of sales representatives. Although buyers' intentions are not affected by the existence of a company policy on ethics alone, if buyers anticipated that such a policy would affect sales representatives' behavior, they would want the company to have one.

TABLE 1
POLICY EFFECT ON ETHICAL BEHAVIOR

CATEGORY A

BEHAVIOR	POLICY Value	D.F.'s	Signific.	
A1-1	6.677	4	.154	Pearson
	8.495	4	.075	Likelihood
	4.786	1	.029	Mantel-Haenszel
A1-2	17.523	4	.002*	P
	20.246	4	.0004	L
	12.976	1	.0003	M
A1-3	25.656	4	.00004*	P
	27.304	4	.00002	L
	18.140	1	.00002	M
A1-4	3.273	4	.513	P
	4.073	4	.396	L
	.644	1	.422	M
A1-5	2.467	4	.651	P
	2.931	4	.569	L
	1.161	1	.281	M
A1-6	2.825	4	.588	P
	2.849	4	.583	L
	.355	1	.551	M
A1-7	21.976	4	.0002*	P
	17.288	4	.002	L
	9.830	1	.002	M
A1-8	4.116	3	.249	P
	4.569	3	.206	L
	3.552	1	.059	M
A1-9	1.257	4	.867	P
	1.496	4	.827	L
	.016	1	.901	M
A1-10	1.877	4	.758	P
	2.459	4	.652	L
	1.705	1	.192	M
A1-11	10.344	4	.035*	P
	7.016	4	.135	L
	4.747	1	.029	M

TABLE 2
POLICY AND ETHICAL BEHAVIOR EFFECTS ON INTENTIONS TO BUY

CATEGORY A

INTENT TO BUY	POLICY Value	D.F.	Signif.	BEHAV. Value	D.F.	Signif.	
A2-1	4.260	4	.372	143.214	16	.000*	Pearson
	4.674	4	.322	107.088	16	.000	Likelihood
	3.615	1	.057	56.925	1	.000	Mantel-Haenszel
A2-2	19.599	4	.0001*	142.688	16	.000*	P
	26.013	4	.00003	114.732	16	.000	L
	16.106	1	.00006	52.587	1	.000	M
A2-3	36.764	4	.0000*	173.572	16	.000*	P
	34.306	4	.0000	153.947	16	.000	L
	23.949	1	.0000	66.564	1	.000	M
A2-4	.746	4	.946	64.180	16	.000*	P
	1.255	4	.869	54.794	16	.000	L
	.043	1	.836	29.128	1	.000	M
A2-5	2.167	4	.705	84.311	16	.000*	P
	2.796	4	.593	63.592	16	.000	L
	.849	1	.357	18.898	1	.000	M
A2-6	.644	3	.886	116.365	12	.000*	P
	.802	3	.849	55.670	12	.000	L
	.269	1	.604	26.667	1	.000	M
A2-7	22.265	4	.0002*	188.915	16	.000*	P
	17.326	4	.002	123.650	16	.000	L
	10.098	1	.001	60.787	1	.000	M
A2-8	.608	4	.962	202.764	12	.000*	P
	1.003	4	.909	85.572	12	.000	L
	.350	1	.554	38.958	1	.000	M
A2-9	1.931	3	.587	131.716	12	.000*	P
	2.255	3	.521	100.400	12	.000	L
	1.854	1	.173	52.305	1	.000	M
A2-10	1.753	3	.625	68.860	12	.000*	P
	1.941	3	.585	65.264	12	.000	L
	1.009	1	.315	19.483	1	.000	M
A2-11	7.375	4	.117	222.422	16	.000*	P
	5.805	4	.214	115.823	16	.000	L
	2.798	1	.094	55.375	1	.000	M

TABLE 3
POLICY EFFECTS ON ETHICAL BEHAVIOR

CATEGORY B

BEHAVIOR	**POLICY** Value	D.F.'s	Signific.	
B1-1	4.961	4	.291	Pearson
	6.068	4	.194	Likelihood
	1.406	1	.236	Mantel-Haenszel
B1-2	6.144	4	.189	P
	5.979	4	.201	L
	.330	1	.566	M
B1-3	15.341	4	.004*	P
	16.516	4	.002	L
	11.842	1	.0006	M
B1-4	7.822	3	.050*	P
	9.052	3	.029	L
	.569	1	.450	M

TABLE 4
POLICY AND ETHICAL BEHAVIOR EFFECTS ON INTENTIONS TO BUY

CATEGORY B

INTENT TO BUY	POLICY Value	D.F.	Signif.	BEHAV. Value	D.F.	Signif.	
B2-1	3.347	4	.502	173.136	16	.000*	Pearson
	3.730	4	.444	73.332	16	.000	Likelihood
	.599	1	.439	13.477	1	.0002	Mantel-Haenszel
B2-2	8.362	4	.079	139.170	16	.000*	P
	8.772	4	.067	94.208	16	.000	L
	.016	1	.898	10.785	1	.001	M
B2-3	11.670	4	.020*	197.565	16	.000*	P
	12.507	4	.014	132.684	16	.000	L
	9.402	1	.002	52.737	1	.000	M
B2-4	2.068	4	.723	162.945	12	.000*	P
	2.777	4	.596	132.751	12	.000	L
	1.184	1	.276	42.268	1	.000	M

TABLE 5
POLICY EFFECTS ON ETHICAL BEHAVIOR

CATEGORY C

POLICY

BEHAVIOR	Value	D.F.'s	Signific.	
C1-1	4.609	4	.330	Pearson
	7.249	4	.123	Likelihood
	1.324	1	.250	Mantel-Haenszel
C1-2	9.250	3	.026*	P
	8.073	3	.045	L
	7.205	1	.007	M
C1-3	5.735	4	.220	P
	6.329	4	.176	L
	1.756	1	.185	M
C1-4	7.499	4	.112	P
	6.453	4	.168	L
	5.610	1	.018	M

TABLE 6
POLICY AND ETHICAL BEHAVIOR EFFECTS ON INTENTIONS TO BUY

CATEGORY C

INTENT TO BUY	POLICY Value	D.F.	Signif.	BEHAV. Value	D.F.	Signif.	
C2-1	9.769	3	.021*	74.567	9	.000*	Pearson
	7.050	3	.070	56.208	9	.000	Likelihood
	4.360	1	.037	29.204	1	.000	Mantel-Haenszel
C2-2	7.188	3	.066	154.791	9	.000*	P
	5.873	3	.118	132.994	9	.000	L
	5.434	1	.020	67.618	1	.000	M
C2-3	6.684	4	.154	188.145	16	.000*	P
	4.411	4	.353	143.713	16	.000	L
	1.383	1	.240	65.179	1	.000	M
C2-4	6.304	4	.178	214.912	16	.000*	P
	8.095	4	.088	133.653	16	.000	L
	5.255	1	.022	69.729	1	.000	M

TABLE 7
POLICY EFFECTS ON ETHICAL BEHAVIOR

CATEGORY D

BEHAVIOR	**POLICY** Value	D.F.'s	Signific.	
D1-1	8.737	4	.068	Pearson
	9.672	4	.046	Likelihood
	7.059	1	.008	Mantel-Haenszel
D1-2	6.555	3	.088	P
	6.735	3	.081	L
	2.066	1	.151	M
D1-3	15.535	3	.001*	P
	16.870	3	.0008	L
	12.189	1	.0005	M
D1-4	17.617	3	.0005*	P
	20.373	3	.0001	L
	14.253	1	.0002	M
D1-5	8.697	3	.034*	P
	12.260	3	.007	L
	8.223	1	.004	M
D1-6	4.026	4	.402	P
	5.313	4	.257	L
	.0003	1	.987	M

TABLE 8
POLICY AND ETHICAL BEHAVIOR EFFECTS ON INTENTIONS TO BUY

CATEGORY D

INTENT TO BUY	**POLICY** Value	D.F.	Signif.	**BEHAV.** Value	D.F.	Signif.	
D2-1	12.779	4	.012*	228.294	16	.000*	Pearson
	16.708	4	.002	155.826	16	.000	Likelihood
	9.911	1	.002	55.495	1	.000	Mantel-Haenszel
D2-2	8.400	4	.078	140.472	12	.000*	P
	8.724	4	.068	136.301	12	.000	L
	7.942	1	.005	55.525	1	.000	M
D2-3	17.253	4	.002*	161.522	12	.000*	P
	21.068	4	.0003	131.766	12	.000	L
	16.061	1	.00006	41.498	1	.000	M
D2-4	16.038	4	.003	164.095	12	.000*	P
	17.087	4	.002	158.891	12	.000	L
	15.302	1	.00009	34.867	1	.000	M
D2-5	9.776	4	.044*	180.132	12	.000*	P
	10.168	4	.038	137.011	12	.000	L
	7.079	1	.008	47.656	1	.000	M
D2-6	1.383	4	.847	240.892	16	.000*	P
	1.731	4	.785	119.452	16	.000	L
	.168	1	.682	68.640	1	.000	M

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