

# **An Empirical Examination of the Antecedents of Ethical Intentions in Professional Selling**

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*A significant amount of research in the past 30 years has focused on the ethical dilemmas facing business-to-business salespeople and the conflicts these salespeople face in making decisions on how best to represent and sell their products. A number of studies have identified the common implications that result as a consequence of ethical or unethical behavior, but few studies have made an attempt to understand the factors that lead to ethical salesperson intentions. The present study empirically examines antecedents of ethical salesperson intentions.*

## **INTRODUCTION**

For managers in business settings, motivating subordinates to perform at their highest levels is often seen as a top priority. Unfortunately, this pressure to perform can have unintended, or even negative effects on the workplace behaviors and attitudes of business people. Unethical behavior is one of the negative outcomes most frequently connected to employees who perceive pressure to perform at high levels. Research in the past has examined the topic of ethical and unethical behavior. In a professional selling context, a significant amount of research has focused on the ethical dilemmas facing business-to-business salespeople. Additionally, the conflicts these salespeople face in making selling-based decisions ethically or unethically has been examined. Although a number of studies have identified the consequences of ethical or unethical behavior, including the differences seen in salesperson performance, fewer studies have made an attempt to examine and identify the antecedents that lead salespeople to act and behave ethically. The present study analyzes sales manager leadership behavior and employee empowerment as predictors of the ethical intentions of salespeople.

## **LITERATURE REVIEW**

### **Ethics**

Hunt and Vitell (1986) established the general theory of marketing ethics that is often utilized to guide research in marketing ethics today. Their model identifies a number of broad factors that predict or impact an individual's ethical judgments, intentions and behaviors. Included among these factors are the environmental variables that individuals encounter on a consistent basis, and are identified as cultural, industry, and organizational environments. Although all three categories of environmental variables can have an influence on salesperson attitudes and behaviors, organizational variables appear to have the greatest ability to influence the ethical decision-making of salespeople. Previous research has established that salespeople often turn to their supervisors or managers when ethical dilemmas arise. As business-to-

business salespeople are often outside of the office, traveling to or preparing for sales presentations, their reference point for ethical dilemmas within the organization is often their immediate sales manager (Dubinsky, Jolson, Michaels, Kotabe, & Lim 1992). Therefore, the sales manager is important in developing the ethical intentions and performances of sales representatives. Only recently has the sales manager been the focus of research examining his or her influence on the ethical decision making of salespeople (Grisaffe & Jaramillo, 2007). However, no known research to date has examined the impact that sales manager attitudes and behaviors can have on the ethical intentions and behaviors of subordinate salespeople. As shown by Ingram, LaForge and Schwepker (2007), research focusing on the impact of leadership style on the ethical attitudes and actions of salespeople is critically needed. Additionally, research seeking to understand important employee perceptions and their ethical outcomes is presently lacking.

### **Leadership Styles - (Transactional and Transformational Leadership)**

Conceptually defined, *transactional* leadership revolves around managers clearly informing subordinates as to what their salient job activities are, how to perform these activities, and how successful completion of these activities will eventually lead to acquisition of organizational rewards. After goals and guidelines are set, sales managers practice this type of leadership by remaining uninvolved with their sales subordinates unless sales results are below target. Conversely, *transformational* leaders raise their subordinates' awareness of the worth of specified work outcomes, get employees to rise above their own self-interests for the benefit of the organization, and improve the subordinates' desire for achievement. Transformational leaders have a vision, a strong influence on employees, and a sense of where the organization should be in the long-term. These leaders demonstrate self-determination and commitment to achieving goals, often creating atmospheres where employees become convinced that they can attain higher goals than they initially thought possible (MacKenzie, Podsakoff, & Rich, 2001). In summary, transactional leaders are "hands-off" leaders, preferring to give subordinates the freedom to achieve established goals without constant intervention. Transformational leaders are "hands-on" leaders, focusing on inspiration and intellectual stimulation to overtly guide subordinates.

### **Employee Empowerment**

Employee empowerment increases intrinsic motivation and provides stronger work motivations for all employees in the organization. In general, empowered employees have the authority needed to make local decisions that will impact both the organization and the customer. When problems arise, empowered employees have the permission and in-depth knowledge required to make immediate decisions and take prompt actions. Employee empowerment promotes the idea that managers share decision making processes and power with subordinates to enhance performance and satisfaction (Spreitzer, 1995).

## **HYPOTHESES**

### **Leadership Style and Empowerment Relationships**

Bass (1985) established that transformational leadership allows managers to adopt a long-term perspective, focusing on future needs and employee satisfaction. Transformational leadership behaviors communicate to employees that their work is important, which gives subordinates the ability to see the meaning of their work contributions (Dubinsky, Yammarino, Jolson, & Spangler, 1995). Shamir, House, and Arthur (1993) found that leaders utilizing specific transformational leadership characteristics show their subordinates that each individual's effort is a critical component of the organization's identity. The same study also found that transformational sales leaders motivate sales subordinates to make greater efforts based on personal aptitude and satisfaction, enhancing employee self-assurance. Jolson, Dubinsky, Yammarino, & Comer, (1993) suggest that transformational leadership might be a very effective means of managing sales personnel because it creates atmospheres of open communication and freedom of action. All of the aforementioned studies in this paragraph recognize or propose that transformational sales leaders improve either the subordinate's freedom in deciding how to best complete his or her work tasks,

or the subordinate's confidence in his or her ability to do the work assigned. As competence and self-determination are important characteristics associated with perceived empowerment, this research appears to bolster the assertion that greater use of transformational leader behaviors leads to stronger perceived empowerment.

Conversely, sales managers relying on transactional leadership often work with subordinates to determine and define the goals and work tasks that subordinates are required to meet, to set forth guidelines on how best to complete their tasks, and to devise appropriate schedules for feedback. Managers following a transactional behavior style are also cognizant of their subordinates needs, and work to provide these individuals with definitive rewards once responsibilities are met (Bass, 1990). Transactional leadership is aligned around goals, contractual relationships, specific guidelines, and, once goals are established, management by exception. After goals and guidelines are set, sales managers practice this type of leadership by remaining uninvolved with their sales subordinates unless sales results are below target (Jolson et al., 1993). Empirical studies have shown that transactional leadership can, in general, have a favorable influence on attitudinal and behavioral responses of employees (Bass, 1990).

Research studies have compared the transformational and transactional leadership styles in sales settings and have uncovered interesting, if not generalizable, results. Comer, Jolson, Dubinsky, & Yammarino (1995) analyzed the influence of distinct leadership styles on separate genders of sales subordinates, and found that male sales force members were more responsive to leaders utilizing a transactional leadership style, while female salespeople favored charismatic and intellectually stimulating leaders, or leaders who utilized transformational leadership. Russ, McNeilly, and Comer (1996) analyzed the performance of sales managers, and found that higher performing sales managers, in terms of their ability to contribute to the achievement of organizational goals, exhibit both more transformational and transactional leadership behaviors than sales managers who are low performers. In turn, these high performing sales managers consistently have subordinate sales representatives who perceive less role stress, greater satisfaction, and stronger loyalty. Contrarily, using a different construct to assess transformational leadership as opposed to the present study, Martin and Bush (2006) found that transformational leadership did not influence empowerment. However, that study did not assess the impact of transactional leadership.

Finally, Dubinsky et al., (1995) propose that transformational sales leaders, more so than transactional sales leaders, magnify the impressions made by sales associates in the organization. In the end, transformational sales leaders magnify the aspirations and desires of subordinate salespeople, creating in them an almost uncompromising desire to improve upon personal production in order to increase the overall performance of the organization (Comer et al., 1995). The improvement in personal motivation and desire initiated by transformational leaders allows salespeople to understand the impact they have on company revenues and profits (Bass, 1997).

As transformational leaders appear to be much more aligned with the foundations of employee empowerment, the logical assumption is that transformational leadership will positively impact employee empowerment perceptions, while transactional leadership will negatively impact employee empowerment perceptions. Using the four constructs of transformational leadership established by Podsakoff, MacKenzie, Moorman, & Fetter (1990), and the contingent reward focus of transactional leadership from the same study, the following hypotheses are presented.

*Hypothesis 1: The greater the use of a) high performance expectations, b) individualized support, c) intellectual stimulation, and d) core transformational leadership by sales managers, the greater the empowerment perceptions of sales representatives.*

*Hypothesis 2: The greater the use of contingent rewards by sales managers, the less the empowerment perceptions of sales representatives.*

## **Empowerment and Ethical Intentions Relationship**

During conceptualization of the construct of empowerment, researchers recognized that motivational empowerment, designed to improve the intrinsic motivation and self-efficacy of employees, allowed employees to focus on becoming more oriented toward organizational goals and relationship building (Conger and Kanungo, 1988). This indicates that employees perceiving empowerment in the workplace will be more likely to focus on satisfying both customer and organizational goals simultaneously.

The most widely accepted theoretical discussion of psychological empowerment, completed by Thomas and Velthouse (1990), proposes that increasing employee perceptions of empowerment leads to improvements in employee initiative and flexibility. Empirically, Fulford and Enz (1995) found that the enabling aspect of empowerment, working as a motivational tool, led service providers to improve overall service delivery, increase their concern for others (including their concern for customers), and expand their sense of loyalty to the organization. Martin and Bush (2006) found that empowered employees are more likely to be customer-oriented salespeople, focusing on long-term, mutually beneficial relationships between themselves and their customers. Finally, Bush, Bush, Orr, & Rocco (2007) found that the influence of technology actually created ethical problems in salespeople, at times leading to salesperson concerns about control and exploitation. This would seem to indicate that salespeople feeling more controlled by the organization are likely to be less ethical. Together, these outcomes appear to indicate that empowered employees, even those in a sales context, try to perform in a way that is best for the customer and the organization. Hence:

*Hypothesis 3: The greater the sales representative's empowerment perceptions, the greater the sales representative's ethical intentions.*

## **METHODOLOGY**

### **Measurement Scale**

Four measurement scales were utilized. Transformational leadership was assessed using the scale developed by Podsakoff et al., (1990). Twelve items measured core transformational behaviors, three items measured high performance expectations, four items measured individualized support, and four items measured intellectual stimulation. Transactional leadership was assessed via the measurement scale developed by Podsakoff, Todor, Grover, & Huber (1984) and refined in Podsakoff et al., (1990). This scale contained five items. Employee empowerment was assessed using the twelve-item scale developed by Spreitzer (1995). Ethical intentions were assessed using ethical scenarios from Dubinsky et al., (1992). Only four of the ethical scenarios from the previous study were used. The four used were those where 40% or more of the respondents considered the scenario an ethical challenge. The remaining eight were not analyzed in the present study due to concerns that those scenarios might not be perceived as ethical challenges or problems. Each of the measurement scales in the present study was assessed on a 7-point, strongly disagree to strongly agree continuum.

### **Data Gathering**

Sales representatives from two separate divisions of an industry-leading, national organization were given the questionnaire containing the aforementioned scales and asked to complete it. Each questionnaire was accompanied by a self-addressed, stamped envelope for return. A total of seventy-two questionnaires were delivered to salespeople. Fifty-eight questionnaires were returned, but two were not complete. Therefore, fifty-six completed questionnaires were used in the final statistical analysis.

## **RESULTS**

Initially, all three hypotheses in the present study were examined using correlations to determine the relationships between the constructs under study. As seen in Table 1, each of the proposed relationships in the study is supported both in terms of significance and direction. Hypothesis 1 is supported as all four

constructs representing transformational leadership, core transformational behaviors (.774), high performance expectations (.845), individualized support (.741) and intellectual stimulation (.796) are all positively and significantly ( $p < .01$ ) correlated with salesperson empowerment perceptions. Support is also shown for hypothesis 2 as the transactional leadership component of contingent reward is negatively (-.364) and significantly ( $p < .01$ ) correlated with a salesperson's empowerment perceptions. Additionally, hypothesis 3 is supported as a salesperson's empowerment perceptions are positively (.599) and significantly ( $p < .01$ ) correlated with his or her ethical intentions.

**TABLE 1**  
**CORRELATION COEFFICIENTS**

	<b>Core Tfl.</b>	<b>Perf. Expect.</b>	<b>Individ. Support</b>	<b>Intell. Stimul.</b>	<b>Conting. Reward</b>	<b>Empower.</b>	<b>Ethical Intents.</b>
<b>Core Transform.</b>	<b>1</b>						
<b>Perform. Expect.</b>	<b>.766**</b>	<b>1</b>					
<b>Individ. Support</b>	<b>.706**</b>	<b>.799**</b>	<b>1</b>				
<b>Intell. Stimulat.</b>	<b>.761**</b>	<b>.809**</b>	<b>.627**</b>	<b>1</b>			
<b>Conting. Reward</b>	<b>-.306*</b>	<b>-.225</b>	<b>-.360**</b>	<b>-.184</b>	<b>1</b>		
<b>Empowerment</b>	<b>.774**</b>	<b>.845**</b>	<b>.741**</b>	<b>.796**</b>	<b>-.364**</b>	<b>1</b>	
<b>Ethical Intents.</b>	<b>.254</b>	<b>.256</b>	<b>.222</b>	<b>.267*</b>	<b>-.308*</b>	<b>.599**</b>	<b>1</b>

\*\* = Correlation is significant at the 0.01 level; \* = Correlation is significant at the 0.05 level

Additional support for the hypotheses, as seen in Table 1, shows that ethical intentions is not correlated at the  $p < .01$  level with any of the transformational or transactional leadership constructs. This indicates that neither leadership form possesses a direct relationship with ethical intentions, and that each only significantly impacts ethical intentions through empowerment perceptions.

Finally, to further analyze the strength of the relationships between the two leadership styles and salespeople empowerment perceptions, a stepwise regression analysis was run. Table 2 reports the stepwise regression results. The regression model is significant (adjusted  $r^2 = .77$ ,  $F = 62.33$ ). Individually, the transformational leadership constructs of high performance expectations and intellectual stimulation, and the transactional leadership construct of contingent reward, were all seen as significant predictors of the empowerment perceptions of salespeople (all  $p < .01$ ). The transformational leadership constructs of core transformational behaviors and individualized support were not shown to be predictors of empowerment perceptions.

**TABLE 2**  
**STEPWISE REGRESSION RESULTS OF LEADERSHIP**  
**CONSTRUCTS AND EMPOWERMENT**

<b>Construct</b>	<b>Standardized Coefficient</b>	<b>t-</b>	<b>Significance</b>
Core Transformational Behaviors*	.166	1.512	.137
High Performance Expectations	.540	4.868	.000
Individualized Support*	.122	1.076	.287
Intellectual Stimulation	.326	2.959	.005
Contingent Reward	-.183	-2.753	.008

(\* = Constructs excluded in final model)

## DISCUSSION AND MANAGERIAL IMPLICATIONS

Results from the present study should benefit sales managers and leaders of business-to-business sales organizations. Understanding the appropriate leader behaviors that will ideally guide sales subordinates to behave ethically is likely to improve both long-term organizational performance and the overall image of the organization. The results of the present study strongly indicate that sales managers who utilize different forms of transformational leadership positively impact a salesperson's perceptions of empowerment. Additionally, the results from both the correlation analysis and the regression test indicate that relying on contingent rewards limits the empowerment perceptions of sales representatives. Research has shown that empowered salespeople are likely to be more productive salespeople, especially in establishing relationships with customers. Organizations would ideally benefit from identifying and hiring sales managers that are both focused on stimulating salespeople intellectually, and establishing high performance expectations, not merely focusing on overall sales figures.

Additionally, analyzing the utilization of employee empowerment in this relationship will help sales managers understand the need for freedom and autonomy in the sales workforce. The positive relationship established in the present study between salesperson empowerment perceptions and salesperson ethical intentions is critical as well. Anecdotally, many organizations are often fearful of giving employees too much decision-making freedom. However, the present study suggests that not only should salespeople possess this type of freedom, but that organizations showing faith in salespeople by giving them the ability to make decisions and showing salespeople that their contributions are valued will be rewarded with salespeople who behave ethically. This is a significant departure from common accepted practices in sales that suggest that salespeople will show ethical tendencies only when it positively impacts their paycheck, or they are forced to do so through monitoring.

## LIMITATIONS AND CONCLUSION

The present study should be expanded into a variety of sales settings and contexts. One of the limitations of the present study is the reliance on self-reported measures from 56 salespeople from one organization. Expanding the sample into other sales organizations, especially organizations that employ salespeople selling products in different industries, will help establish the reliability of the results of the present study. Until then, organizations focused on having ethical salespeople should make significant efforts to hire sales managers focused on establishing empowered salespeople through the use of transformational leadership.

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