Identifying the Gaps in Ethical Perceptions Between Managers and Salespersons: A Multidimensional Approach

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ABSTRACT. This research examines, in a general manner, the degree and character of perceptual congruity between salespeople and managers on ethical issues. Salespeople and managers from a diversity of organizations were presented with three scenarios having varying degrees of ethical content and were asked to evaluate the action of the individual in each scenario. Findings indicate that, in every instance, the participating managers tended (1) to be more critical of the action displayed in the scenarios, (2) to view the action as violating a sense of contract or promise, and (3) to view the action as less culturally acceptable than did the salespeople.

Introduction

The increasing attention being given to the importance of ethical behavior in business practices today creates special challenges to marketing managers. Consider that, if one assumes the proposition that management has a direct influence upon the actions of the sales force (Bellizzi and Hite, 1989; Hunt *et al.*, 1984; Podaskoff, 1982), the responsibility for ethical behavior by the sales force may rest, ultimately, with management. Such accountability is being made even more manifest with recent court rulings in California concerning the responsibility of management for the ethical and legal actions of corporations (Hagedon, 1990, p. B1).

This relationship between manager and salesperson may be made even more problematic due to the boundary spanning nature of the sales function combined with the relative freedom and autonomy enjoyed by many salespeople. Moreover, as Ferrell and Gresham (1985) have pointed out, ethical perceptions and ethical behavior may be influenced by specific role set factors that may differ substantially between salesperson and management. To the extent that the ethical perceptions of salespeople and management are congruent and these perceptions are, in fact, representative of the greater social system, the salesperson's subsequent behavior is more likely to be in line with that of management. On the other hand, perceptual divergence between these segments suggests a potential management problem.

While several studies have focused on ethical practices of salespeople and sales managers (e.g., Dalrymple, 1982; Futrell, 1981; Russell *et al.*, 1978; Stanton and Buskirk, 1978), few, if any, have examined the relationship between salespeople and managers. Aside from the potential legal ramifications previously highlighted, this topic becomes important due to the possible conflicts that may arise between the two groups (Walker *et al.*, 1979) with the result being lower productivity and reduced job satisfaction.

This study addresses, in a generalized fashion, the degree and character of this perceptual congruity

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toward ethical issues. Do salespeople perceive situations with ethical content in a similar fashion as do managers? If not, in what ways are these perceptual differences distinct? Among different types of salespeople, is there a general congruity regarding ethical perceptions? Additionally, is there a similar congruity among managers?

The study continues with an explanation of the methodology used to address these questions, a more explicit statement of the specific research objectives of the study, and a discussion of the results. Finally, the study concludes with several hypotheses for addressing, in greater detail, this issue of perceptual congruity between managers and salespeople on ethical issues.

The sample

As indicated in the above discussion, the current study utilized groups of salespeople and groups of managers. Some degree of organizational diversity among the groups of each of the two segments was desired so that the results would not be company specific. In other words, the study focused on the general relationship between salespeople and managers, not the specific relationship impacted by unique organizational values. Because so many different types of salespeople and managers could have been chosen for study, the results of this analysis should not be considered conclusive but are offered as an initial step toward a better understanding of this potential perceptual gap.

Manager respondents

Three diverse groups of retail managers were chosen to participate in this study. The first was selected from the membership rolls of a state retail management association which represented retail establishments somewhat larger than average. 100 managers from this group were approached and agreed to participate in the study, 54 (54%) provided usable responses. The second group of retail managers was selected from the small business rolls in a state contiguous to the first. 170 managers from this group agreed to participate, 105 (62%) provided usable questionnaires. The third group of managers provided diversity in that they were selected from the membership rolls of a statewide restaurant association. All of the respondents from this group were managers of restaurants in the second state. This group completed 152 (61%) of 250 questionnaires sent to them.

Salespeople respondents

Salespeople from a wide diversity of selling situations were sought for this study. The first group of salespeople consisted of sales representatives for a college textbook company. Participation of this group was requested during their attendance at a national sales meeting. 160 salespeople (91%) provided complete and usable questionnaires. Attenders of this conference were from all over the United States. The second group consisted of automobile salespeople in new car dealerships from four different states. Agreement to participate was obtained from owners and sales managers of these dealerships, and questionnaires were distributed during a weekly sales meeting. 120 questionnaires were distributed, 100 (83%) were returned usable. The third group consisted of sales representatives of a direct marketing operation that sold moderately expensive costume jewelry. This sales group had little direct supervision. 71 questionnaires were distributed to this group, 69 (97%) were usable.

The ethics scale

The ethics scales utilized in the present study was originally developed and validated by Reidenbach and Robin (1988, 1990) and Reidenbach *et al.*, (1991). The three dimensions which make up the scale and the items contained within each dimension are shown in Figure 1.

Dimension one is composed of four items:

1. Just/unjust.
2. Fair/unfair.
3. Morally right/not morally right.
4. Acceptable to my family/not acceptable to my family.

This dimension has been labeled by Reidenbach and Robin (1990) as a broad based moral equity dimen-

Dimension 1 — The Borad Based Moral Equity Construct

Just	_ _ _ _ _ _ _	Unjust
Fair	_ _ _ _ _ _ _	Unfair
Acceptable to my Family	_ _ _ _ _ _ _	Not Acceptable to my Family

Dimension 2 — The relativistic Construct

Culturally Acceptable	_ _ _ _ _ _ _	Culturally Unacceptable
Traditionally Acceptable	_ _ _ _ _ _ _	Traditionally Unacceptable

Dimension 3 — The Contractualism Construct

Violates an Unspoken Promise	_ _ _ _ _ _ _	Does not Violate an Unspoken Promise
Violates an Unwritten Contract	_ _ _ _ _ _ _	Does not Violate an Unwritten Contract

Fig. 1. The proposed multidimensional ethics scale.

sion, dominated by concepts of justice and fairness. Dimension two, labeled a relativistic dimension, is composed of the two items:

1. Culturally acceptable/culturally unacceptable.
2. Traditionally acceptable/traditionally unacceptable.

Dimension two is concerned primarily with acceptance of the guidelines and parameters inherent in the cultural system, rather than with individual considerations. Dimension three is a contractualism dimension characterized by the two items:

1. Violates an unspoken promise/does not violate an unspoken promise.
2. Violates an unwritten contract/does not violate an unwritten contract.

This dimension addresses the idea of a "social contract" that exists between business and society. This "social contract" dimension appears to go beyond the traditionally perceived legal contractual obligations to include the ideals of rights, duty, promise, and truth telling. In subsequent applications, the scales continued to exhibit a high degree of construct validity and predictive validity (Reidenbach *et al.*, 1991).

Research questions

Three basic research questions drive this exploratory study of managerial and salesperson ethics. The first question asks,

> "Do different groups of retail managers evaluate different ethical situations similarly?"

This question is answered by examining the mean responses on the ethical evaluative dimensions of the three groups of retail managers across three different scenarios having varying degrees of ethical content.

The second research question asks,

> "Do different groups of salespeople evaluate different ethical situations similarly?"

Mean responses on the three ethical evaluative dimensions from three groups of salespeople to different scenarios are compared to answer this question.

The third research question asks,

> "Do the different groups of salespeople evaluate different ethical situations similar to managers?"

This question is addressed by comparing the means of responses on the three ethical dimensions between sales groups and management groups.

The study

The scenarios are the same as the ones used in the original validation study (Reidenbach and Robin, 1990) and were taken from Dornoff and Tankersley (1975) (refer to Figure 2).

Respondents were asked to evaluate the action of the individual in each of the three scenarios on the eight scale items detailed in Figure 1. Since the results reported here are taken from a larger, ongoing study of ethical decision making, not all respondent groups were exposed to the same scenarios. The three different groups of retail managers each responded to all three of the different scenarios. One of the three sales groups received all three of the same scenarios as the retail managers. The second sales group received two of the three scenarios, and the third sales group received one of the three scenarios.

Sales Scenario:

A young man, recently hired as a salesman for a local retail store, has been working very hard to favorably impress his boss with his selling ability. At times, this young man, anxious for an order, has been a little over-eager. To get the order, he exaggerates the value of the item or withholds relevant information concerning the product he is trying to sell. No fraud or deceit is intended by his actions; he is simply over-eager.

Action: His boss, the owner of the retail store, is aware of the salesman's actions but he has done nothing to stop such practices.

Auto Scenario:

A person bought a new car from a franchised automobile dealership in the local area. Eight months after the car was purchased, he began having problems with the transmission. He took the car back to the dealer, and some minor adjustments were made. During the next few months he continually had a similar problem with the transmission slipping. Each time the dealer made only minor adjustments on the car. Again, during the thirteenth month after the car had been bought the man returned to the dealer because the transmission still was not functioning properly. At this time, the transmission was completely overhauled.

Action: Since the warranty was for only one year (12 months from the date of purchase), the dealer charged the full price for parts and labor.

Retail Scenario:

A retail grocery chain operates several stores throughout the local area including one in the city's ghetto area. Independent studies have shown that prices do tend to be higher and there is less of a selection of products in this particular store than in the other locations.

Action: On the day welfare checks are received in the area of the city the retailer increases prices on all of his merchandise.

Fig. 2. Scenarios used in the study

Results

Table I presents a composite view of the means and standard errors of the responses to the three different scenarios by the three management groups and the three sales groups. The mean values for each dimension were calculated by summing the responses to each scale item comprising the dimension (refer again to Figure 1) and dividing by the number of items composing each dimension.

Substantial variation was found to be evident between the two different types of response groups (retail management groups versus retail sales groups) on the different ethical evaluative dimensions. As can be seen in Table I, the manager groups, in all cases, tended to be more critical of the unethical action on the moral equity dimension than their sales counterparts. In addition, the manager groups tended to perceive the action as less traditionally or culturally acceptable than did the salespeople. Finally, the manager groups indicated that the actions tended to violate their sense of contract and promise more than did the sales groups. It is noteworthy that the direction of these relationships held in every case.

Research question 1 asked:

> "Do different groups of retail managers evaluate different ethical situations similarly?"

Using t-tests to compare the mean responses of the retail management groups with one another on their evaluations of the three scenarios using the different ethical dimensions, only three significant differences ($p < 0.05$) in ethical perceptions were evident. All three of the differences were generated in response to the first scenario (the "Overeager Salesperson") – the scenario judged by managers to be the least unethical. No differences were found on the three evaluative dimensions between the two general retail groups. However, the restaurant managers differed significantly from the second retail manager group on all three evaluative dimensions. Table II provides the results of this comparison across all scenarios.

Thus, in response to the first research question, the relative lack of significant perceptual differences between the three different retail management groups indicates that a high degree of homogeneity exists among these retail management groups.

Research question 2 asked:

> "Do different groups of salespeople evaluate different ethical situations similarly?"

Table III provides the responses to the second

TABLE I
Means and standard errors

Scenario/dimension	Retail management group 1 $N = 54$	Retail management group 2 $N = 105$	Retail management group 3 $N = 152$	Sales group A $N = 160$	Sales group B $N = 100$	Sales group C $N = 69$
Overeager Salesperson and Do Nothing Boss						
Moral Equity[1]	6.1 (0.163)	6.3 (0.098)	6.0 (0.105)	5.4 (0.076)	5.6 (0.127)	5.2 (0.163)
Traditional/Cultural[2]	4.9 (0.245)	5.3 (0.166)	4.8 (0.154)	4.1 (0.123)	4.4 (0.157)	4.6 (0.184)
Contract/Promise[3]	5.2 (0.272)	5.4 (0.166)	4.8 (0.162)	4.4 (0.111)	4.3 (0.176)	4.6 (0.190)
Failure to Honor Warranty						
Moral Equity	6.7 (0.082)	6.7 (0.078)	6.7 (0.057)	6.1 (0.072)	6.0 (0.137)	
Traditional/Cultural	5.1 (0.218)	5.1 (0.166)	5.2 (0.130)	4.8 (0.107)	4.9 (0.154)	
Contract/Promise	5.6 (0.259)	5.8 (0.146)	5.6 (0.146)	4.9 (0.125)	4.5 (0.205)	
Price Discrimination						
Moral Equity	6.5 (0.136)	6.6 (0.078)	6.7 (0.057)	6.4 (0.071)		
Traditional/Cultural	5.7 (0.245)	5.9 (0.127)	5.9 (0.130)	5.3 (0.118)		
Contract/Promise	5.1 (0.299)	5.3 (0.185)	5.0 (0.170)	4.6 (0.139)		

[1] The moral equity values were calculated using the four scale items indicated in Figure 1, where each scale was coded from 1–7 (1 = fair, just, etc.), and the value for each scale was summed and the result divided by 4 for the mean.
[2] The relativism scale was the average of the two scale items in Figure 1, where the scales were coded 1–7 (1 = Traditionally or culturally acceptable).
[3] The contractualism scale was the average of the two scale items in Figure 1, where the scales were coded 1–7 (1 = Does not violate a contract or promise).

research question. Comparing the sales groups with one another on their evaluations of the three scenarios using the different dimensions, very limited significant differences in ethical perceptions became apparent. *T*-tests conducted between means indicated only one significant difference ($p < 0.05$) in 12 separate tests (sales group A and sales group C). As with the comparison between groups of retail managers, the difference was found to exist in the least unethical scenario (the "overeager Salesperson and the Do Nothing Boss"). This high level of ethical congruence between sales groups signifies a substantial degree of homogeneity, especially considering the highly diverse nature of the individual sales groups.

Research question 3 asked:

> "Do the different groups of salespeople evaluate different ethical situations similar to managers?"

Significant differences were evident in 37 of the 54 "*t*-tests" conducted between mean responses of groups of retail managers and sales groups (see Table IV)

With regard to the "Over Eager Salesperson" scenario, sales groups differed in their responses on the moral equity dimension, in all but one comparison. Sales group B and sales group C differed from management group 1 and management group 3 on the relativistic (traditional/cultural) dimension. Finally, sales group C differed from management

TABLE II
Comparison between groups of retail managers (t-test results presented in lower half matrix format)

Scenarlo: overager salesperson and do nothing boss

Dimension/Group		Group 1	2	3
Moral Equity				
	1	X		
Group	2	NS	X	
	3	NS	A	X
Traditional/Cultural				
	1	X		
Group	2	NS	X	
	3	NS	A	X
Contract/Promise				
	1	X		
Group	2	NS	X	
	3	NS	A	X

Scenario: failure to honor warranty

Dimension Group		Group 1	2	3
Moral Equity				
	1	X		
Group	2	NS	X	
	3	NS	NS	X
Traditional/Cultural				
	1	X		
Group	2	NS	X	
		NS	NS	X
Contract/Promise				
	1	X		
Group	2	NS	X	
	3	NS	NS	X

Scenario: price discrimination

Dimension/Group		Group 1	2	3
Moral Equity				
	1	X		
Group	2	NS	X	
	3	NS	NS	X
Traditional/Cultural				
	1	X		
Group	2	NS	X	
	3	NS	NS	X
Contract/Promise				
	1	X		
Group	2	NS	X	
	3	NS	NS	X

A – Groups significantly different at the $p < 0.05$ level.
B – Groups significantly different at the $p < 0.01$ level.
NS – Groups not significantly different.

TABLE III
Comparison between groups of salespeople (t-test results presented in lower half matrix format)

Scenario: overeager salesperson and do nothing boss

Dimension/Group		Group A	B	C
Moral Equity				
	A	X		
Group	B	NS	X	
	C	NS	NS	X
Traditional/Cultural				
	A	X		
Group	B	NS	X	
	C	A	NS	X
Contract/Promise				
	A	X		
Group	B	NS	X	
	C	NS	NS	X

Scenario: failure to honor warranty

Dimension/Group		Group A	B
Moral Equity			
Group	A	X	
	B	NS	X
Traditional/Cultural			
Group	A	X	
	B	NS	X
Contract/Promise			
Group	A	X	
	B	NS	X

A – Groups significantly different at the $p < 0.05$ level.
NS – Groups not significantly different.

group 1 and management group 3 on the contractualism (contract/promise) dimension.

The two sales groups exposed to the "Failure to Honor the Warranty" scenario differed from all management groups in their response to the moral equity dimension. Sales group A was the only sales group found to be not significantly different from management group 3 in its evaluation of the relativistic dimension. Associatively, on the contractualism dimension, sales group A and sales group B

TABLE IV
Comparison between salespeople groups and management groups (t-test results presented in full matrix format)

Scenario: overeager salesperson and do nothing boss

Dimension/Group		Retail Management Group 1	2	3
Moral Equity				
	A	B	B	B
Sales Group	B	B	B	NS
	C	B	B	B
Traditional/Cultural				
	A	B	B	B
Sales Group	B	NS	B	NS
	C	NS	B	NS
Contract/Promise				
	A	B	B	A
Sales Group	B	B	B	A
	C	NS	B	NS

Scenario: failure to honor warranty

Dimension/Group		Retail Management Group 1	2	3
Moral Equity				
Sales Group	A	B	B	B
	B	B	B	B
Traditional/Cultural				
Sales Group	A	NS	NS	A
	B	NS	NS	NS
Contract/Promise				
Sales Group	A	A	B	B
	B	B	B	B

Scenario: price discrimiation

Dimension/Group		Retail Management Group 1	2	3
Moral Equity				
Sales Group	A	NS	NS	B
Traditional/Cultural				
Sales Group	A	NS	B	B
Contract/Promise				
Sales Group	A	NS	B	NS

A = Groups significantly different at the $p < 0.05$ level.
B = Groups significantly different at the $p < 0.01$ level.
NS = Groups not significantly different.

evaluated the scenario significantly different (one at the $p < 0.05$ level and five at the $p < 0.01$ level) than all three management groups.

Finally, sales group A, which was given the "Price Discrimination" scenario, differed from management group 2 on the relativistic and contractualism dimensions, and management group 3 on the moral equity and relativistic dimensions.

Overall, there is much greater between group difference than within group difference, implying that the three groups of salespeople tended to evaluate the three scenarios differently than did their management counterparts. Also noteworthy is that all of the directions of differences in Table 4, whether significant or not, indicate that retail managers were more critical of the unethical situation than the sales representatives.

Conclusion

The highly similar responses to these scenarios among the relatively diverse sales groups, as well as among the retail managers, combined with the disparity between the two segments, suggests ethical perceptions between the two occupational groups are different. One hypothesis that might explain this difference is that there are separate management and sales force cultures in the United States, which are both pervasive and exhibit different ethical values. These values are not organizationally specific but rather are occupationally specific. However, additional research is needed in order to verify this hypothesis. The additional research should include different groups of managers and salespeople, different scenarios, and different geographic areas of the United States.

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