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The Correlation Between A Code of Ethics and Sales Behavior

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Abstract

The relationship between a salesperson's ethical selling behavior and a business's ethical code, training, and culture have been studied periodically. This study seeks to investigate the question, does having a code of ethics positively influence the behavior of salespeople? After surveying a sample of sales professionals from a variety of industries, results showed a relationship between a salesperson who is directed by a code of ethics and his/her belief that he is an ethical person. However, 48% said yes, their code of ethics impacted their decision-making process. This study suggests that a code of ethics can provide an employee benchmark to help them identify the type of intrinsic values and extrinsic actions an ethical person should have in the workplace. Surprisingly, our findings indicate that salespeople who have a company culture that includes virtue, ethics and effective communication from management show no association to the ethical behavior of sales representatives.

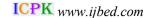
Keywords: Ethics Code, Sales Behavior, Decision-making Process, Moral Code, Organizational Culture, Values, Ethical Selling

Introduction

A Code of Ethics and Sales Behavior

The impact of maintaining ethical behavior in sales is a widely debated issue. The competitive nature of the sales environment forces salespeople to engage in equally competitive strategies to win sales challenges, meet their quotas, or secure the highest commission. Healthy competition can positively motivate a salesperson; however, the high demands in the workplace can lead to salespeople involving themselves in unethical practices. Such decisions can potentially negatively affect the salesperson, the company, and the customer in the long run (Ferrell et al. 2007). As such, the question is whether or not companies should follow a strict code of ethics and how such a code would affect the behavior of salespeople.

To curb the occurrence of unethical work practices, many organizations develop a code of ethics to help govern employee decision making. A code of ethics can be defined as a set of policies that provide standard norms and regulations on proper and ethical work practices as well as the consequences of failing to abide by those guidelines (Valentine and Barnett, 2003). However, research in this area has previously produced mixed results as to the



effect a code of ethics has on employee behavior. For example, according to Valentine and Barnett (2002), a code of ethics has shown a positive influence on employee behavior by changing or enhancing how they view and understand the ethical values of the organization. Another study concurs, on the condition that organizations provide training of their code of ethics. "Culture and effective communication are key components to a code's success. If codes are embedded in the culture and embraced by the leaders, they are likely to be successful. Effectively communicating the code's precepts is crucial to its success" (Stevens, 2008, p. 601).

Alternatively, researchers have also investigated the ineffectiveness of a code of ethics. For example, Cleek and Leonard (1998), argue they found no evidence to suggest that codes of ethics influence employees' behavior. In addition, Webley and Werner (2008) indicated while ethical codes are necessary, they are not enough to change employee behavior. Interestingly the majority of the organizations that have been involved in scandals related to unethical behavior have been observed to have an ethical code (Webely and Werner, 2008), suggesting that a gap exists between the existence and practice of a code of ethics. Other studies have mixed reviews with the main variant being how well the code of ethics was communicated (Loe et al., 2000).

So, the question remains: Do salespeople perform more honestly if their business has a code of ethics? The authors of this study are experienced professors who teach courses in ethics for a professional sales program at a Midwestern university in the United States, and they have consistently instructed students that an ethical code can potentially influence a salesperson's behavior. Therefore, our first hypothesis states that sales managers who take the time to develop a code of ethics and train sales representatives on that code will have a more ethical sales force. Our second hypothesis affirms that a company culture of virtue and ethics paired with effective communication of those ethical standards will make a significant difference in how salespeople perform. For example, because the fear of losing out on a sale when the competition is promising unethical options is reason enough for some sales associates to use the same unethical behavior (e.g. Lance Armstrong's doping effect), companies should explicitly communicate the ethical standard all employees should be working under. Further, in terms of punishment for unethical behavior, studies have found that higher performing salespersons are punished more lightly or not at all in comparison to lower performing salespersons for the same unethical behaviors (Ferrell et al., 2007). As such, due to more lenient punishment, high performing salespersons are more likely to have an opportunity to practice unethical behavior. McClaren (2013) suggests that salespeople are more likely to comply when the content of the ethical code is uniform across roles of salespersons, companies, industries, and various countries. However, it is essential to recognize that each industry will have specific areas of ethical injustice that may not be the same across the board.

In sum, this study investigates the association of an ethical code in a sales organization and the behavior of sales representatives. In addition, the study explores the role a sales manager plays in motivating employee behavior in terms of enforcing a code of conduct. The results of this study will provide sales organizations, specifically management, with an understanding of the influence of good hiring practices and the importance of a clear ethical code. In addition, organizations can use the findings as a reference when designing their codes of ethics. Policy makers in organizations will know how to best combine compliancy-based regulations and ethics-based values and guidelines to develop valid and adequate code of ethics that will positively influence salespersons' behavior. More research in this area should be completed.

Literature Review

The importance of ethical values within organizations

Ethical selling can be straightforward. A salesperson must act candidly, not over-promise, and make sure the customer is fully informed. Ethical selling is developing confidence and trust between the sales representative and the customer, so salespeople doing what they say they will is vital. Ethical salespeople will attract ethical customers and the relationship of trust they build can lead to long-term sales contracts. Ethical selling involves all levels of the sale, from the top sales managers to salespeople, and their customers. "Ethical selling provides a framework that allows sales professionals to manage successes and failures. While success is preferred, experience and character are best developed when we lose, when we learn, and grow from it" (Chonko, 2015, p.91).

Today, many organizations dealing with direct sales have taken measures to install codes of ethics in their operational structure for employees. The strategy used to implement the code brings about different effects on employees. For example, according to a study by Callan (1992), organizations often conduct training sessions

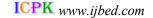
regarding ethics for employees without actually determining the needs of their employees. As such, the code of ethics installed subsequent to training may not have the desired effects on employees. The study identified six aspects of training in ethics: use of influence, personal conduct, level of responsibility to authority, public comment, and conflict of interest (Callan, 1992). The study found that employee status, gender, and the level of outside contact they receive from the organization, influences the ethical values and practices of the employees. Laczniak and Inderrieden (1987) take a unique perspective on the effects of stated organizational concern for ethical behavior. Their study investigates the influence of an ethical code within a firm by suggesting a case of illegal conduct and then a case of unethical but not illegal conduct to participants. The study found that the respondents were more likely to make ethical decisions when presented with a case of illegal conduct and an ethical code as compared to when presented with an unethical case which was not illegal (Laczniak and Inderrieden, 1987). Furthermore, the study found that the existence of an ethical code was beneficial in promoting decision making based on ethics. Other research agrees with the findings of Laczniak and Inderrieden (1987) in that the existence of an ethical code in a firm will enable the employee to share the same ethical values as the organization, resulting in ethical behavior (Valentine and Barnett, 2002).

Framework methods for making ethical decisions in sales

The main aspiration of installing an ethical code for employees is to encourage decision making based on ethical values. Various frameworks have been designed to outline the nature of ethical decision making in sales. Previous research has identified two main facets of ethical decision-making frameworks: individual factors and organizational culture. Individual factors such as employee age, ethical values, gender, job tenure, job background, and education have been shown to directly impact decision making (Ferrell, Johnson, and Ferrell, 2007).

In terms of organizational culture, factors include the intensity of the ethical issue, the supervisory style, the salesperson's role, and the environment of the organization. However, Ferrell et al. (2007) introduce a modified framework comprising of five facets: individual factors, sales activities and the intensity of ethical issues, sales organization subculture, organizational culture, and ethical decisions and their consequences. "Although most of us would like to place the primary responsibility for decisions with individuals, years of research point to the primacy of organizational factors in determining ethical decisions at work" (Ferrell et al., 2007, p. 295). In other words, individual factors have often been thought to profoundly influence ethical decision making among salespersons since each has their own opinion as to what is ethically right or wrong, but Ferrell et al. (2007) suggests that an organization's members are more inclined to depend on the organizational culture when making ethical decisions: "Of importance to understanding ethical decision making is that organizational members rely on context-specific attitudes rather than generalized or enduring attitudes... Ethical decisions are made in the context of social networks that provide rewards and punishments for ethical decision outcomes" (Ferrell et al., 2007 p.295). Nevertheless, the study maintains that it is still essential to consider individual aspects like the stage of moral development and the individual's moral philosophy when it comes to evaluating and resolving ethical issues.

Sometimes a sales activity may be the cause of an ethical issue and may determine its intensity. According to Ferrell et al. (2007), a sales activity can be defined as "...any sales effort used in developing a buyer-seller exchange" (p. 293). Salespersons can be overenthusiastic in their sales efforts, which may persuade them to practice unethical behavior in an effort to make a sale. Examples of unethical behavior include omission of product information, deceptive sales tactics, and sales presentations that are too aggressive (Ferrell et al., 2007). In this case, the reputation of the stakeholders are at risk since unethical sales activities may have visible impacts on stakeholders. It is vital for the sales organization to collect information about stakeholder values to mitigate the impact of unethical sales activities (Ferrell et al., 2007). The intensity of ethical issues is influenced by factors such as the specifics of the situation, time available to sell, organizational culture, and the salesperson's individual perceptions of ethical values. Therefore, individuals will perceive the intensity of ethical issues to varying degrees. The ethical subculture or climate of a sales organization can be controlled by recruiting employees whose personal values align with organizational values. Employee "fit" within an organization is a hiring aspect that is currently heavily considered by staffing personnel. Often, potential employees undergo tests used to measure how well their values fit in with those of the organization. Assuming that companies would favor sales reps with stronger, rather than weaker, ethical standards, they are careful to find individuals whose results exhibit a better alignment with the organizational culture (Schminke, Marshall, 2002).



These individuals are more likely to be hired than those whose values are significantly different from the ethical climate of the organization. Determining employee fit within an organization is justified based on the possible negative impact an organization may experience if it hires an employee with a poor fit. Some adverse effects may include a higher rate of employee turnover, lower productivity, decreased job satisfaction, and an increased likelihood of conflict and misconduct (Ferrell et al., 2007).

The ethical environment of an organization is implemented and supported by using policy, compliance, codes, and supervision, which in turn can reduce misconduct if present. There are two aspects of the work environment that will influence a salesperson's motivation to perform ethically, which Ferrell et al. (2007) call the "carrots and sticks". They explain, "Pay raises, bonuses, and public recognition are carrots, or positive reinforcement, whereas reprimands, pay penalties, demotions, and even firings act as sticks, the negative reinforcement" (p. 295). It is important to remember that when employees are given more power, they inherently have more responsibility. Higher performing salespeople, especially those who have been generously awarded for it, may be at a higher level of pressure to maintain or improve their performance. Consequently, such salespersons may be tempted to use unethical sales efforts to achieve more.

Another factor that contributes to the ethical environment are interpersonal relationships. The relationships that a salesperson forges in the work environment, both formal and informal, create a network that is useful in resolving ethical issues. Such social networks contribute to the forming of organizational culture as well as context-specific attitudes that play a significant role when it comes to resolving ethical issues and determining their intensity. Socialization allows individuals to form their moral philosophy. However, social networks do influence decision making in individuals since they are exposed to varying ethical perceptions emanating from the organizational values, co-workers, customers, competitors, and supervisors" (Ferrell et al., 2007, p. 294)

In totality, organizational culture is comprised of the above discussed aspects that make up the entire framework for ethical decision making. The corporate culture associated with ethics—the ethical climate—is one of the main subsets of organizational culture, and it defines the "...sales organization's character or conscience or mutually accepted expectations of conduct" (Ferrell et al., 2007, p. 293). The ethical climate is then made up of ethical subcultures that dictate standard norms and values. "Codes of conduct and ethics policies, as well as sales managers, contribute to an organization's ethical climate for sales ethics. In fact, the ethical climate actually determines whether or not certain dilemmas are perceived as having an ethical intensity level that requires a decision" (Ferrell et al., 2007, p.294).

The impact of ethical codes on organizational commitment

Organizational commitment is the dedication employees feel toward their company. The organizational commitment of the sales force can be influenced by their perception of what ethical values are and their level of awareness of a company's code of ethics. One study hypothesizes that ethical awareness makes individuals believe that their organizations have a robust moral structure which then makes them express more commitment to the objectives of the organization (Valentine and Barnett, 2003). According to the study, values are a vital ingredient of an organization's culture, and they can affect various operational strategies of the organization. For instance, organizational values can determine how an organization relates to multiple stakeholders or how it develops its competitive strategy. Values, therefore, are infused with ethical aspects. They become ethical values and are used to form a guideline in organizations to state what is considered wrong or right. The guideline sets a normative basis against which employee behavior is assessed and compared.

The importance of spreading awareness of ethical standards among employees is paramount. "Institutionalization of ethical values may be achieved if an organization develops and communicates the existence of a code of ethics, as well as other policies and procedures (i.e., reward systems, internal complaint channels) that define and encourage ethical behavior among its employees" (Valentine and Barnett, 2003, p. 360). The study found that employees have a stronger perception of ethical values in their organization if they know that an ethical code exists (Valentine and Barnett, 2003). As such, organizations should design ethical codes and then make certain that those behaviors are expressly communicated to the employees. The concept of awareness is essential because ethical perception can only be impacted if the employees know that an ethical code exists. Further, the study shows that organizational commitment is higher when salespersons are aware of the ethical code. However, that commitment can only be obtained when employees are aware of the code and thereby perceive their organization as more ethical (Valentine and Barnett, 2003).

Such a perception helps employees to align organizational values with their own, making them more committed to corporate objectives which results in lower turnover and more positive and ethical behavior.

The effect of supervisory style and internal virtues on ethical decision making

A study regarding the relationship between the salesperson and sales manager elaborates on the influence of supervisory style on the turnover intent of the salesperson. The study found that the relationship between a supervisor and salesperson directly affects the salesperson's commitment to the organization and their turnover intent. The study also discusses the impact of internal and external virtues and their influence on ethical decision making (Shahanan and Hopkins, 2018). Internal virtues produce more positive ethical decision-making capabilities than external virtues instilled through the organizational code of ethics. The findings of Ingram et al. (2007) strengthen the Shahanan and Hopkins (2018) claim by arguing that internal virtues significantly influence moral judgment and hence, ethical decision making. In addition, the researchers found that the proper organizational culture, climate, and sales leadership will promote appropriate ethical behavior Potential reasons for ineffectiveness of ethical codes

On the other hand, some researchers argue that a code of ethics may not necessarily heavily influence employee behavior and decision making. Such studies argue that employees will make their own decisions even if they are unethical despite knowing that an ethical code exists. According to Webely and Werner (2008), there are two main sets of reasons that could cause a gap between existence and practice of a code of ethics in any organization. The first set attributes the ineffectiveness of ethical programs to several factors. First, the organization may set an inadequate code of ethics. If a code of ethics is insufficient, i.e., it does not sufficiently cover all possible ethical issues that need to be addressed, then it can be considered ineffective. For instance, a code of ethics in an organization may be designed according to compliance requirements rather than organizational values which may fail to guide employees into tackling ethical issues (Webely and Werner 2008).

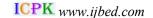
Another aspect that can make a code of ethics inadequate is a lack of commitment from top management. Senior management may only consider the code of ethics as a tool to protect the company's reputation. Further, they may fail to provide the necessary resources to ensure the code is effective. Webely and Werner (2008) state, "If codes are to be useful, they have to be company specific...reflecting the ethical issues that arise from the company's economic sector and markets in which they operate" (p. 407). Therefore, if a sales organization wants to change or influence the behavior of its sales representatives by use of an ethical code, then those employees must be involved when designing the code. Employee participation in the drawing of the code of ethics can provide necessary insight on which ethical issues employees face and then ensure the code of ethics will include strategies to solve such issues.

Another factor that contributes to ineffectiveness is the failure to embed the ethical code. If a firm develops an adequate ethical code but fails to accurately communicate the existence and nature of the code to employees, it will not be useful. Webley and Werner (2008) state, ...if a company had an ethics policy expressed as a comprehensive ethics program, it had a positive impact on ethical behavior. However, it also found that if a code of business conduct was not supported by embedding tools such as ethics training, it tended to have a negative effect on the employees' attitudes and perceptions regarding corporate ethical performance" (p. 407).

Organizations must not only design an adequate code, but also communicate it to employees, and implement follow-through programs, such as employee assessments to ensure the effectiveness of the ethical code.

The second set of factors contributing to an ineffective code of ethics is deficiencies in the organizational culture. Webley and Werner (2008) state, "...even if a range of formal ethics program elements are in place, they will not prevent corporate malpractice if they are not embedded in a wider organizational culture that supports and encourages ethical behavior" (p. 406). Similar to other studies, one aspect that could contribute to a deficiency in organizational culture is the failure of top management to commit to ethics (Valentine and Barnett, 2003). Leadership should be by example. If top management does not prioritize the practice of ethical conduct, then managers and sales representatives will not either. Therefore, ethics in sales organizations should be implemented using a top-down approach (Webley and Werner, 2008).

Pressure to meet targets can also contribute to deficiencies within the organizational culture. Similar to Ferrell et al. (2007), a study identified pressure to meet sales targets as one of the reasons why salespersons were more at risk of practicing unethical sales activities contrary to organizational ethical standards (Webley and Werner, 2008).



The study, conducted by the American Management Association, found that the majority of the participants claimed that unrealistic business deadlines or targets caused high unethical behavior. All business must set targets, objectives and deadlines to achieve their organizational goal and the pressure to achieve these targets can be overwhelming to employees, especially when targets are set without their input.

The last aspect that contributes to deficiencies in organizational culture is fear. Organizations can sometimes focus on short-term achievement of high performance rather than embedding a code of ethics that will facilitate more long-lasting effects on performance. As such, employees may be tempted to make unethical decisions. Other employees who witness their colleagues engaging in unethical behavior to boost their performance may fail to report the misdeed to management—perhaps in fear of retaliation from their colleagues (Webley and Werner, 2008). Employees often fear being alienated by their co-workers and being labeled a tattletale. Such a situation may affect their work environment, increase anxiety, escalate conflict, and ultimately lower productivity. Employees may also feel that by reporting they are putting their job security at risk.

Hypotheses

The research question for this study hypothesizes "Does having a code of ethics impact sales behavior?" To answer this question, there are two perspectives through which the research is conducted. First, sales managers who take the time to develop a code of ethics and make it available to sales reps will have a more ethical sales force. Valentine and Barnett's (2003) study found that employees have a stronger perception of ethical values in their organization if they know there is an ethical code. As educators, we encourage our students to ask in the initial interview if the company in which they are seeking employment has an ethical code. This shows the interviewer that this person most likely has a strong intrinsic value system. Further, future employees who are seeking a company that has an honest culture in place should look for a code of ethics. The company's ethical culture may determine if the interviewee will be a good fit or if the interviewee would rather work in a more ethically structured environment.

In order to be effective, a code of ethics must have supportive procedures. For example, the avenue to report an issue anonymously is critical for employees to give information on issues that jeopardize the ethical culture of the business. No one wants to work with a tattletale, so a reporting system that allows employees to express their concerns is imperative. "Institutionalization of ethical values may be achieved if an organization develops and communicates the existence of a code of ethics, as well as other policies and procedures (i.e., reward systems, internal complaint channels)..." (Valentine and Barnett, 2003, p. 360). We believe this type of atmosphere can make a significant difference in how ethical salespeople perform and if they are willing to report another's poor behavior. Thus we posit:

H1: There is a statistically significant relationship between having a code of ethics and having employees that are ethical and that are highly likely to report an unethical incident.

Our goal is to gain more insight into the impact an ethical code has on employee behavior. This is important information for sales managers and owners of various businesses who employ sales representatives. Specifically, those businesses who do not have a code of ethics in place may receive validation of its importance and be encouraged to write one and then communicate its content to employees.

The second perspective through which this research is conducted explores the necessity of establishing a company culture of virtue and ethics, including management support of high ethical standards. From previous studies we see that a business that has developed a proper ethical code that is accepted and communicated to employees will be useful. "...if a company had an ethics policy expressed as a comprehensive ethics program, it had a positive impact." (Webley and Werner, 2008, p. 407) This study also found that if the code was not reinforced by some type of ethics training then an undesirable employee attitude was the result. (Webley and Werner, 2008). Any form of follow up to make sure the ethical code is adhered to may impact sales performance. We hypothesize: H2: There is a statistically significant relationship between having a company culture that encourages ethical behavior and how salespeople perform.

Methodology

Sample and Study Design

We conducted the study through a sample of the two authors' LinkedIn networks using an online survey link created with Qualtrics. Sales professionals from diverse locations who were currently employed in various industries were asked to answer ten questions regarding their current company's code of ethics, ethics training, ethical code enforcement, and ethical decision making. Participants were also asked if they themselves would report unethical behavior.

The study began with the question of whether or not ethical codes work. Are businesses still writing them and communicating them to employees? Do training managers discuss the company's code of ethics only in the initial training, or is it reinforced throughout the year from the sales managers? What affects the decision-making process of the salesperson when they are faced with an ethical dilemma? The 10 survey questions are listed in the appendix. Example questions include:

- 1. Does your current employer have a code of ethics?
- 2. Do you consider yourself to be an ethical person in business?
- 3. Would you report behavior that violated your current employer's code of ethics?

This research seeks to determine whether sales managers who take the time to develop a code of ethics will have a more ethical sales force. Additionally, it intends to investigate whether a company culture of virtue and ethics, along with effective communication and training, can make a significant difference in how ethical salespeople perform. In this regard, the survey collected data is original in nature and the questions are specific to the defined hypotheses. The data analysis method that is going to be used is the correlation and the crosstab Chi-Square analysis.

The primary ethical consideration used in the study was anonymity, and it was applied to all the respondents in terms of their personal and organizational data. The data collected was only used for research purposes. Participation for respondents was voluntary and they could terminate their participation in the study at any time. The data collected will be stored in a password protected external hard drive that will be destroyed after five years. The sample consisted of 94 sales professionals (n=94) in the United States who were currently working in a sales related job. Demographic statistics of the sample are provided in Table 1.

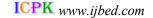


Table 1Statistics of Sample Demographics (n=94)

Age	Percentage	Total Number (N)
19-25	18%	17
26-30	35%	33
31-35	20%	19
36-40	12%	11
41-56	15%	14
Gender		
Male	86%	81
Female	14%	13
Industry		
Advertising/		
Marketing	10%	10
Automotive	3%	3
Distribution	7%	7
Education	3%	3
Financial	3%	3
Healthcare	4%	4
Hospitality	3%	3
Insurance	3%	3
Manufacturing	3%	3
Real Estate	7%	7
Retail	9%	9
Software/Tech	32%	31
Other	8%	8

Results

This portion of the paper describes the statistical findings that resulted from the correlation and chi-square analysis that were conducted on the survey collected data. The findings for the two hypotheses are indicated below:

H1: There is a statistically significant relationship between having a code of ethics and having employees that are ethical and highly likely to report an unethical incident.

According to the findings, the majority of the survey respondents work in an organization that has a code of ethics. Of the respondents, 84% work for employers that have a code of ethics, while 16% work for an employer that did not have a code of ethics.

When asked whether or not they thought they were an ethical person, all but one respondent replied they considered themselves ethical. This means that 99% of the sample found themselves moral in nature, while only 1% thought otherwise (See Table 2). In the Chi-Square analysis, an association was found between the questions, "Does your current employer have a code of ethics?" and "Do you consider yourself to be an ethical person in business?" X2 (1, N = 94) = 5.323, p = 0.021.

Table 2

Correlations

Correlations						
				Would you		
			Do you	report		
		Does your	consider	behavior that		
		current	yourself to be	violated your		
		employer have	an ethical	current		
		a code of	person in	employer's		
		ethics?	business?	code of ethics?		
Does your current employer have a code of ethics?	Pearson Correlation	1	.238*	.132		
	Sig. (2-tailed)		.021	.204		
	N	94	94	94		
Do you consider yourself to be an ethical person in business?	Pearson Correlation	.238*	1	036		
	Sig. (2-tailed)	.021		.732		
	N	94	94	94		
Would you report behavior that violated your current employer's code of ethics?	Pearson Correlation	.132	036	1		
	Sig. (2-tailed)	.204	.732			
	N	94	94	94		

^{*} Correlation is significant at the 0.05 level.

The majority of the sample that participated in the research agreed to report behavior that violated their employer's code of ethics. Approximately 89% of the respondents were likely to report unethical behavior, while 11% would not report the situation. No association was found in the Chi-Square analysis between the questions, "Does your current employer have a code of ethics?" and "Would you report behavior that violated your current employer's code of ethics?" $X_2(1, N = 94) = 1.645$, $P_2(1, N = 94)$

The correlation between having a company code of ethics and respondents self-consideration of being ethical is statistically significant at the .05 significance level. Whether or not one reports unethical behavior does not seem to correlate significantly with whether their employers have a code of ethics. The Chi Square analysis showed an association was found between the questions, "Does your current employer have a code of ethics?" and "Do you consider yourself to be an ethical person in business?" X2(1, N = 94) = 5.323, p = 0.021.

H2: There is a statistically significant relationship between having a company culture that encourages ethical behavior and how salespeople perform.

Most of the employers in the study population work towards having a culture that encourages ethical behavior. Of the population, 83% had employers with ethical codes that needed to be adhered to while 17% of them did not. With respect to the sales performance levels, each of the study participants were located in their respective companies, 73% of the respondents were in the top level, 20% were in the average level, and 7% were below average (See Table 3).

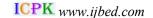


TABLE 3

Correlations

Correlations	Does the culture of your current employer encourage ethical behavior?	What level are you typically at in your companies' sales performance measurements?
Does the culture of your Pearson Correlation	1	.226*
current employer Sig. (2-tailed)		.028
encourage ethical N behavior?	94	94
What level are you Pearson Correlation	.226*	1
typically at in your Sig. (2-tailed)	.028	
companies' sales N	94	94
performance		
measurements?		

^{*} Correlation is significant at the 0.05 level.

According to the correlation analysis results, a company establishing a culture that encourages ethical behavior is significantly correlated at the .05 significance level with the level of salesmanship a given respondent is within their respective companies. In the Chi Square analysis, no association was found between the questions "Does the culture of your current employer encourage ethical behavior?" and "What level are you typically at in your company's sales performance measurements?" X2(2, N = 94) = 5.420

Discussion

With respect to whether or not sales managers who take the time to develop a code of ethics and train sales representatives on that code will have a more ethical sales force, the findings of the Chi-Square analysis demand that we adopt the null hypothesis which claims that there is no statistically significant relationship between having a code of ethics and having employees that are ethical and highly likely to report an unethical incident. The only statistically significant association found is between a company having a code of ethics and its respective employees finding themselves to be ethical people. As cited earlier, the study by Laczniak and Inderrieden (1987) showed that the existence of an ethical code was helpful for employee's judgement on ethical situations. Our results concur: 99% of those surveyed say they believe they are an ethical person, and 84% of those same people have an ethical code in their place of business. These preliminary findings suggest that having an ethical code is a guide to correct behavior but further study to confirm casual order is needed.

Furthermore, we investigated the relationship between a company having a code of ethics and its employees reporting unethical behavior. We found there is no statistically significant association between the variables. We need to consider that ethical values of stakeholders are at risk since unethical sales activities may have visible impacts Ferrell et al. (2007). Ethical issues may arise from exclusion of product information, deceptive sales tactics, and sales presentations that are too aggressive Ferrell et al. (2007). How the sales organization collects information about such concerns may come from clients or fellow salespeople. Therefore, individuals will perceive the intensity of ethical issues at varying degrees based on information they are privy to, or if they believe it will affect them or their company. A reporting system such as surveys to clients after the sale is complete, anonymous ethics web/hotlines, or evaluations of each team member on group sales could prove helpful.

Looking at whether or not a company culture of virtue and ethics along with effective communication can make a significant difference in how ethical salespeople perform, the Chi-Square analysis results report that the association found between having a culture that encourages ethical behavior and the performance of the sales personnel is not statistically significant.

This paper, therefore, adopts the null hypothesis which claims that there is no statistically significant relationship between having a company culture that encourages ethical behavior and how salespeople perform. The results gathered from respondents' data may be self-biased based on social desirability since the survey was a self-report data collection approach.

Sales managers often try to manage the failure and success of their salespeople. Even though success is favored, at times losing a sale brings more growth (Chonko, 2015). Our respondent's display the moral capacity to make decisions on their own without the help of a code of ethics. Intrinsic virtues produce more constructive, ethical decision-making experiences rather than extrinsic virtues instilled through the organizational code of ethics. These findings of Ingram et al., (2007) strengthen the Shahanan and Hopkins claim by arguing that internal virtues significantly influence moral judgment and ethical decision-making. Limitations

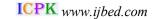
The limitation of the study includes the geographic area in which it was conducted. The majority of the respondents live in the Western United States. Our survey is a cross-sectional report survey. Due to the exploratory nature of our study, we didn't find adequate questions that related to our study, thus we used new questions. We did not perform the scale development and validation steps to adequately determine convergent or discriminant validity. This study also is limited by common method bias with a retrospective survey of sales professionals who are working in different industries and companies. This method was chosen to obtain as many respondents as possible. Due to these concerns we encourage further research.

Conclusion

This study investigates the question whether or not having a code of ethics is effective in producing an ethical workforce. Can a written code impact sales behavior? Based on our findings, the behavior of salespersons is not affected by whether or not there is a code of ethics they are expected to adhere to. However, it is of interest that a large number of companies still have a written code of ethics; whether for legal or social reasons, this tradition continues. Additionally, knowing that many sales representatives have intrinsic values which allow them to be ethical whether or not they have a code of ethics, formal training by sales managers, or an ethical culture is promising. These results should inspire sales managers to set a good example, give the best information, and encourage ethical behavior—with the hope that rules will be followed.

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Appendix

Survey Questions:

- 1. Does your current employer have a code of ethics?
- 2. Did you receive a copy of and/or training on your current employer's code of ethics?
- 3. How often is your current employer's code of ethics discussed?
- 4. Is your current employer's code of ethics enforced? Meaning are you aware of positive or negative outcomes from employees being held to the standards of the code?
- 5. Does your current employer's code of ethics impact your decision making?
- 6. Do you consider yourself to be an ethical person in business?
- Would you report behavior that violated your current employer's code of ethics? 7.
- What level are you typically in your companies' sales performance measurements? 8.
- 9. Does the culture of your current employer encourage ethical behavior?
- 10. What is your age?
- 11. With which gender do you identify?
- 12. In which industry is your current employer?