Journal of Business Research 67 (2014) 1787–1795

Contents lists available at ScienceDirect

Journal of Business Research

# Does transparency influence the ethical behavior of salespeople?

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ARTICLE INFO

*Article history:*
Received 29 June 2012
Received in revised form 19 December 2013
Accepted 21 December 2013
Available online 24 January 2014

*Keywords:*
Personal selling
Ethics
Sales management
Technology
Transparency

ABSTRACT

This study introduces the concept of perceived salesperson transparency to the sales literature. It addresses how recent technological developments impact traditional agency theory concerns, while simultaneously creating a conceptual definition of perceived transparency for application on an individual level. Salesperson perceptions regarding managerial use of behavioral information obtained through technological means are empirically found to have a mediating effect on the relationship between managerial access to such information and the likelihood of unethical salesperson behavior. It concludes that salesperson ethical behavior is not influenced by management's ability to obtain behaviorally relevant information, but rather by the use of this information. Further, it is found that the mediating influence of use of information accessed via technology is itself moderated by the salesperson's job performance.



## 1. Introduction

Managing today's selling environment is perhaps one of the most difficult and challenging tasks facing management. A prominent issue at the center of today's selling environment is the ethical behavior of the sales force. Salespeople today are under extreme pressure to maintain credibility and build long-term relationships with customers in a market of growing buyer skepticism and resistance Evans, McFarland, Dietz, and Jaramillo (2012). Salespeople must be able to develop creative solutions while building credibility and trust with their customers through ethical behaviors. Ethical sales behaviors are a critical aspect of the buyer–seller dyad, as they have been associated with customer attitudes and behaviors as well as the strength of the customer–firm relationship (cf. Palmatier, Dant, Grewal, & Evans, 2006).

While ethical salesperson behavior is an important contributor to long-term buyer–seller relationships, salespeople are more often at risk to deviate from desired ethical behaviors than are other organizational employees (Ferrell & Gresham, 1985; Osborn & Hunt, 1974). Lack of direct supervision puts salespeople in a position to engage in perceivably unethical behaviors. Moreover, sales force researchers see ethical sales behavior as an important, yet relatively under-researched topic, given the recent call for research in sales ethics to help marketers better understand the sales performance construct (Evans et al., 2012).

A vantage point from which to study ethics in sales is an issue at the heart of the selling environment today — sales force automation or sales technology (ST). Given the vast amounts of resources devoted to sales technologies for increasing efficiency, productivity, and long-term customer relationships, research has begun to investigate the possible impact of sales technology on salesperson ethical behavior. Bush, Bush, Orr, and Rocco (2007) study on the ethical use of technology by salespeople concluded that salespeople would become more "visible" with technology. They advise that it might be in the best interests of organizations to monitor exactly how their sales force uses technology during the sales process.

This study contributes to the sales literature on the influence of ST on salesperson behavior by applying a transparency perspective to salespeople's view of sales management actions in a business-to-business setting. Salespersons' beliefs about the visibility of their behaviors during the selling process, as enabled by ST, relate to ethical sales behavior. The potential moderating impact of individual sales performance on this relationship is also considered. Finally, this paper conceptualizes and tests relationships among perceived salesperson transparency as enabled by technology and ethical sales behaviors and discusses the theoretical and managerial implications of the results.

## 2. Background and review

### 2.1. Ethical behavior and sales

The importance of ethics in sales cannot be overestimated. Schwepker and Ingram (1996) accept as true that an ethical salesperson performs better for themselves and for their organization, writing, "… salespeople making more ethical decisions indicate higher performance," (p. 1155). Hawes, Mast, and Swan (1989) suggest that salespeople wishing to develop trust-based relationships with their customers must exhibit honesty as a form of ethical sales behavior.

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0148-2963/$ – see front matter 
http://dx.doi.org/10.1016/j.jbusres.2013.12.011

However, as accountability increases, sales managers must focus on ensuring compliance with the organization's ethical and legal framework. Sales managers are responsible for defining, communicating, and enforcing the standards of expected ethical behavior among their sales force (Johnston & Marshall, 2009). Accessing salesperson behavioral information allows managers to know that their sellers are complying with organizational, as well as societal expectations.

Research in this area addresses a myriad of concepts. Some sales researchers have analyzed the ethical sensitivity of both managers and salespeople (cf., Chonko, Tanner, & Weeks, 1996; Dubinsky, Berkowitz, & Rudelius, 1980), while other studies focus on the influence of such important sales constructs as role stress, job satisfaction, and organizational commitment (Ingram, LaForge, & Schwepker, 2007; Schwepker, 1999; Weeks, Loe, Chonko, & Wakefield, 2004). Recently published studies report that consumer perceptions of ethics among salespeople influence a myriad of variables ranging from attitudes and emotions to behaviors and relationship strength (Evans et al., 2012; Palmatier et al., 2006).

### 2.2. Sales technology

Ingram, LaForge, and Leigh (2002) define sales technology (ST) as the application of different kinds of technology, in both communicative and informative ways, to execute selling and sales management duties more efficiently and more effectively, especially in the area of managing their relationships with customers. Hunter and Perreault (2007) suggest that technology's influence on the relationship between a buyer and a seller is more striking than its impacts in other areas of business.

Technology ethics has emerged as a growing subfield of ethics. Heidegger (1977) views technology both as a means to an end and a human activity. According to Jonas (1979), technology itself is incapable of possessing moral or ethical qualities. However, viewing technology as a tool results in two major ethical concerns: 1) whether it is right or wrong to implement a technological innovation and 2) how the use of a technology extends or curtails the power of individuals. The latter case tends to be where the use of ST in developing customer relationships resides. Thus, the use of technology in developing and maintaining buyer–seller relationships should have an ethical component recognized by both the firm and its sales force.

### 2.3. Perceived salesperson transparency as enabled by technology

Transparency has become a buzzword used to represent the notion of accuracy, truth, and the full disclosure of relevant information Murphy, Laczniak, and Wood (2007). Turilli and Floridi (2009, p. 105) suggest that it is, “the possibility of accessing information, intentions, or behaviors.” Tapscott and Ticoll (2003) define transparency to be stakeholders' ability to access institutional information regarding matters that affect them. Eggert and Helm (2003, p. 103) write that ‘relationship transparency’ represents “a person's subjective perception of being informed about the relevant actions and properties of the other party in the interaction.” Thus, perceived transparency would be how accessible one perceives relevant information to be, making perceived access to information a key component of perceived transparency.

In the research literature, two primary perspectives exist concerning the concept of transparency. One approach emphasizes the perspective of relationship management and the benefits that transparency provides to the development of trust and commitment in buyer–seller and inter-organizational relationships (e.g., Eggert & Helm, 2003; Lamming, Caldwell, & Harrison, 2004). Under this perspective, the focus is on the benefits to both relationship parties that arise from shared information, which in turn promotes trust and commitment to continuance of the relationship, ultimately resulting in improved performance by both partners (c.f., Eggert & Helm, 2003).

A second perspective on transparency focuses on the enhanced ability of principals to monitor and potentially control agents' actions. Zuboff (1988, p. 22) examines the impact of transparency and points out that such technology *automates* as well as *informates*; that is, it simultaneously generates information about the underlying processes through which an organization accomplishes its work as well as provides a greater degree of transparency to activities that have been either partially or completely opaque. As such, Zuboff argues that such transparency reinforces and increases managers' power and control over subordinates. Under this perspective, the focus is within the organization and examines the relations between manager and employee. The present study adopts this control perspective because its interest is on the impact of ST adoption on the perceptions and ethical intentions of the sales personnel.

Recent developments in ST have increased management's ability to access salesperson behavioral information (Bush et al., 2007), potentially making salespeople more accountable for the ethicality of their actions. One of the main themes of managers' interest in ST, according to Bush et al. (2007, p. 1202), is the enabling of management to “monitor and manage the sales process, thereby achieving better control of ethical issues.” Perceived salesperson transparency as enabled by technology is viewable then as the attitudinal mechanism by which ST can influence ethical decision making by salespeople.

This study proposes that in addition to perceived *access* to information, perceived *use* of information represents an important control-related dimension of perceived transparency. Perceived use of information describes the mindset that exists when salespeople perceive that management will track their behavior by using the information obtained by technology, and will intervene if necessary. If the perception exists that the other party is not using information, whether it is accessible technologically or otherwise, there is an attenuation of any perceived consequences (positive or negative) subsequent to the accessing of information. Combining these elements then, perceived salesperson transparency enabled by technology is *conceptually* defined as *a salesperson's perception of management's ability to monitor (access information) and influence (use information) relevant behaviors using technology*.

In the following section, the paper describes how agency theory provides the conceptual context for the importance of transparency and why an individual salesperson's performance level as well as their organizational tenure may work to moderate the impact of such perceived transparency.

## 3. Theoretical foundation

### 3.1. Agency theory

Agency theory addresses several issues related to the struggle between cooperation and self-interest within the relationship that exists when one party (the principal) hires another party (the agent) to perform some task in exchange for an agreed upon level of compensation Bergen, Dutta, and Walker (1992). Mitnick (2012) proposes that agency theory is about consistency in agent behavior, noting that institutions and social mechanisms guide such behaviors. It is applicable to a range of business concerns including agent compensation (Eisenhardt, 1985) and vertical integration (Anderson, 1985). Mallin and DelVecchio (2008, p. 487) state, “agency theory offers explanations of how the boundary spanning positions affect the salesperson's perceptions… the agent's behavior is influenced by both his or her need for autonomy and the principle's need for control.”

The goal of agency theory is to resolve problems that occur in this relationship. Moral hazard occurs when the principal is unaware of and cannot control the agent's behavior (Eisenhardt, 1985). Adverse selection refers to the situation where, “one party to a transaction knows things which are relevant to the transaction but which are unknown to the other party,” (Kurland, 1996, p. 54). Traditionally, sales force monitoring included, “requiring call reports, field observations…and the use of behaviorally anchored rating scales,” (Bergen et al., 1992,