

Determinants of Ethical Sales Behavior and its Impact on the Performance of Salespersons

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Abstract

Ethical behavior is a long-term trust relationship between salesperson and consumers, while salesperson performance is measured by short-term sales. In Indonesia, consumers make transactions based on their trust. Building relationships with consumers through ethical behavior can increase transactions which also increases the salesperson's performance as a result of long-term relationships with consumers. This study aims to analyze the effect of goal attributes and use of information technology on salesperson performance through ethical sales behavior. The subjects were salespersons of food and beverages in Java island consisting of 348 respondents, with the criteria of at least one year of experience in selling. Data were collected by distributing questionnaires. Data were analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM). Data analysis was carried out using descriptive and verification statistical techniques to determine the effect between variables through hypothesis testing. The results showed that the attributes of the goal and use of information technology both directly and indirectly showed a significant effect on the salesperson's performance through ethical sales behavior.

Keywords: Ethical Sales Behavior, Salesperson Performance

1. Introduction

The food and beverage industry has developed well in many countries including Indonesia. The food and beverage industry sector in the 2019 period was 7.78 percent, while in 2018 it was 7.91 percent. In 2020, it was predicted that growth would reach 9 percent, due to the pandemic it was rechecked and only reached 4 percent until the end of 2020. In 2020, it only had a growth of 1.58 percent, although positive, this growth performance is still lower than in 2019 and previous years. The Ministry of Industry projected that in 2021, the growth of the food and beverage industry would reach 5-6 percent in the second quarter, but this sector only grew 2.37 percent, (Data Industri.com, 2021). The Minister of Industry is optimistic that industrial growth will increase by 5-5.5 percent in 2022 on the condition that there is no increase in the number of Covid-19. Thus, several strategic policies and programs designed for the performance of this industrial sector will be able to be improved by producing a favorable and conducive business climate.

In facing the post-Covid-19 transition period, the Ministry of Industry predicts the food and beverage industry will continue to grow after the vaccine. The food and beverage industry is a sector that cannot be separated from the community. Thus this industry needs to take the advantage of technology to make it easier for people to reduce direct contact to feel safe. The production sector introduces processed food technology and merchandise diversification such as frozen food and other packaging technologies that make products last longer as ready-to-eat products which can be shipped and processed more easily.

The island of Java is also one that has the best rate of growth and progress in the country of Indonesia. Java is the center of concentration of national economic activity. The wealth of natural resources, informed young workforces, a rapidly growing large domestic market, supported with facilities and infrastructure make this island superior. The food and beverage industry's revenue contribution mostly comes from this island. Thus, many people on this island are interested in opening a food and beverage business.

The salesperson has an important role in the success of selling company products and is a part or representative of the company where they are in direct contact with consumers. The salesperson's ethical behavior is the ethically oriented behavior in dealing with consumers and becomes the main material in marketing research as it has relevance to the company's long-term goals (Abratt and Penman, 2002). The role of current salesperson performance is still relevant because consumers in Indonesia are more comfortable and trust in buying from humans through direct interactions to minimize the risk of fraud (Anne, 2014) (Puspitasari, 2019). In Indonesia, consumers make transactions based on their trust and building relationships with consumers through ethical behavior can increase transactions which ultimately increase the performance of salespersons as a result of long-term relationships with consumers (Román & Munuera, 2005).

Difficult goals, specific goals and performance pressures that can direct and motivate one's attention, and require persistence. The goal-setting theory proposed by Locke in 1968 has attracted interest in problems and organizational information. The theory indicates that the primary factor affecting the choices that individuals want is the goals that will be pursued. Customer-oriented ethical behavior reflects the degree to which service providers provide marketing concepts to facilitate customers in making a purchasing decision that satisfies customer needs and desires. Each individual has moral values that can reveal how individuals have ethical standards to be fulfilled in the business.

Companies that realize the importance of technology will apply human resource management (HR) practices that support the use of technology to create high-performance work systems. A study by Roostikab (2014) reveals the benefits of information technology have been believed an important factor affecting organizational performance. The findings show that the use of information technology does not have a significant direct effect on organizational performance and the lack of human resource capabilities is the main cause why the use of information technology has not directly increased creativity performance. Ethical sales behavior is an important aspect of buyer-seller because it has been linked to customer attitudes and behavior as well as the strength of the customer-company relationship (Cicala et al., 2014). The point of view for studying ethics in sales is a major problem in the current sales environment, namely automation of salespersons or sales technology. Considering the large number of resources devoted to the use of technology to improve efficiency, productivity, and long-term customer relationships, the possible impact of sales technology is the ethical behavior of salespersons.

Based on the literature review goal-setting theory is a motivational theory that explains the causes of some people's work-related tasks performance better than others. (Locke and Latham, 2013); (Fang, Palmier, and Evans, 2004). In the context of sales, specific performance goals are understood as the extent to which the goals and their level of achievement. It also reflects how sales objectives are broken down (Locke & Latham, 1990), (Fang et al., 2004). Difficult performance goals refer to the degree to which goals can be achieved and sales perceptions of the ease or difficulty of achieving goals (Locke and Latham, 1990), (Fang et al., 2004). Performance pressure is known due to employees' perception that they are forced to achieve goals (Rodríguez-Escudero, Ajjan, and Petterson, 2010). Therefore, choosing both short-term and long-term goals can help to decide whether to commit to the goals set for them by others, judge performance against their goals, have various levels of confidence to achieve them, experience emotions regarding the success and failure of goals, and raise or lower their goals. Goal setting (Locke & Latham, 2013) has been proven to have a greater positive effect on the performance of high-ability people than low-ability people.

Ethical versus unethical sales behavior can be adjusted to the extent to which emphasis is placed on the values of right versus wrong, good versus bad, or fair versus unfair (Hunt and Vitell, 1986); (Lin, 2012). According to Ali kasasbeh, Harada, Bin Osman, and Aldalayeen (2014) business ethics are how company management manages its relationship with every employee, customer, supplier, and competitor with the premise of credibility and building trust, not harming others, and lack of fraud in every transaction. Salespersons who have moral values will encourage themselves to behave ethically by paying attention to and respecting their relationship with customers. A study (Chen & Mau, 2009) shows that the ethical sales

behavior of the salesperson plays an important role in winning customer loyalty and trust. Furthermore, sales behavior of consistent, competent, honest, fair, responsible, and kind affect customer perceptions of the company. Humans are creatures bound by the morals that apply to society, including economic morals. All individual behavior, including economic behavior, has to refer to the applicable moral norms in society. Economic behavior is subjective not only to consumer behavior but also to trader behavior. The behavior of the salesperson is not only determined by rational knowledge but also by the value system that is believed. The economic behavior of entrepreneurs is based on a set of ethics that are believed not only the right and wrong factors from economics and rules from experiences but also the good and bad factors of ethics.

Luzadis & Gerhardt (2011) reveals that the concept of individual relativism is defined as fundamental and deserves to be studied in order to find out why an individual has a certain goal orientation and why this is related to subsequent behavioral choices. The findings of this study empirically indicate that an individual who has one type of performance goal orientation devotes his insight and perspective regarding the interaction relationship involving held achievement goals individually with held perspectives individually. Previous research has shown that emphasizing to this performance outcome goal can indirectly motivate unethical behavior, while the focus on mastering this learning goal actually shifts focus on the end result. Therefore, it has little potential that this unethical behavior could lead to a better end result. Several studies that discuss the impact of goals on ethical behavior are obliged to take into account the role of individual differences in this ideology. The relationship involved between ethical behavior and these types of goals needs to be explored more deeply and continuously. Several previous studies have focused on research subjects when trying to develop knowledge about the relationship between goals of setting ethical behavior goals that are externally focused, such as what managers set, compared to investigations of self-setting or internally demonstrated goals.

The utilization of technology relates to the way companies and organizations plan and manage information technology in achieving its benefits, potential, and effectiveness. In general, information technology is a group of data systems used in an organization. Using technology, most computers in the world will be connected enabling them to communicate with one another, and exchange information. Information technology can be a process that optimizes all internal and external activities. The most common research model used to see user behavior in receiving and using information technology (Davis, 1989) is the Technology Acceptance Model (TAM) adopted according to the Theory of Reasoned Action (TRA) model. This theory uses the premise that a person's reaction and perception of something will choose that person's attitude and behavior. By using perceived usefulness and perceived ease of use, the Technology Acceptance Model (TAM) is expected to explain the acceptance of the use of information technology. Perceived usefulness is how far a person believes that using a particular system will improve his work performance. Meanwhile, perceived ease of use is the extent to which a person believes that using technology will be effortless. The perceived usefulness and ease of use of information technology can support employee performance. In sales, technological skills are the key. Thus, the salesperson needs to be tech-savvy to gain knowledge, follow customers, and prospect customers, as well as describe how technology fits into seller-customer interactions, especially through social media applications.

2. Research Method

The object of this study was the salesperson of the food and beverage business in Java islands covering DKI Jakarta, Banten, West Java, Central Java, the Special Region of Yogyakarta, and East Java provinces. This study was done in Java because according to the Indonesian Food and Beverage Entrepreneur Association (GAPMMI), almost 52 percent of the processing industry in the food and beverage sector is still concentrated on Java island. The study used primary data. Data were collected by distributing online questionnaires to respondents. The population of this study was the salesperson of food and beverage businesses on Java island. The determination of the sample size was based on the method developed by Isaac and Michael in which the respondents can represent the entire population. Referring to lokadata.id, the number of food and beverage businesses in Java reached 354,301. By looking at the table, the number of samples was 348 respondents. The determination of the sample used a purposive sampling technique based on certain characteristics, namely salesperson who has worked for at least one year (Mulatsih, 2011) (Suhaji & Widiastuti, 2016). This criterion of one year of experience was used because the salesperson with one year of experience was considered to have sufficient experience and knowledge about technical aspects of the sales. The purpose of the validity test is to be able to determine the ability of the research instrument

to measure what should be measured, while the purpose of this reliability is to determine the consistency of the measuring instrument in measuring a research instrument. The structural model testing used the Partial Least Square with the help of SmartPLS software.

3. Result and Discussion

The sample of the study was the salesperson of food and beverage businesses on Java island with a total of 348 people. Primary data were collected by distributing questionnaires to the respondents. The location of the study covered DKI Jakarta, Banten, West Java, Central Java, the Special Region of Yogyakarta, and East Java provinces. The statistical test used SmartPLS 3.0. The respondents covered 33 respondents from DKI Jakarta, 254 respondents from West Java, 19 respondents from East Java, 14 respondents from Central Java, 14 respondents from Banten, and 14 respondents from Yogyakarta. Based on gender, the respondents consisted of 56% male and 44% female. The composition of respondents based on the age group of 17-21 years is 11% from Banten, DKI Jakarta and West Java; 22-26 years is 40%; 27-49 years is 44%; and >50 years is 5% for all provinces. Based on status in the family, it was categorized into two, not married (57%) and married (43%). The composition of respondents based on sales experience of fewer than 10 years, 11-20 years, and over 21 years was 98%, 1%, and 1% respectively. Then, based on the type of business was 73% for foods and 27% for beverages.

Measurement Model (Outer Model) Assessment

The outer model analysis defines how each statement relates to its latent variable. This model specifies the relationship between latent variables and their statements. It can be said that the outer model defines how each variable relates to its latent variable. The convergent validity was tested using the outer loading value or loading factor. A statement is declared to meet convergent validity in a good category if the outer loading value is > 0.7 . In order to assess discriminatory validity, another method that can be used is to compare the square root value of the average variance extract (AVE) of each construct with the correlation between the construct and other constructs in the model. If the square root value of the AVE for each of these constructs is higher than the correlation value between the construct and other constructs in the model, it can be stated that this model has a good discriminant validity value (Forwell and Lackner, in Ghazali, 2011). Composite Reliability was used to test the reliability value of statements on a variable. A variable can be declared to meet composite reliability or Cronbach's Alpha if it has a value of more than 0.70 (Ghozali, 2014). The detailed results can be seen in Tables 1 and 2. In the process of testing the validity and reliability, all statements met the requirements, but during the Collinearity Statistics (VIF) test, some statements did not meet the requirements so they were not used. Then, the test was carried out from the beginning again.

Table 1 Results of Validity and Reliability Tests

Variable	AVE	Composite Reliability	Cronbach's Alpha
Goal attributes	0,645	0,956	0,950
Salesperson performance	0,658	0,931	0,913
Use of information technology	0,626	0,921	0,901
Ethical sales behavior	0,554	0,932	0,920

Source: Primary data processed with SmartPls 3.0 (2021)

Table 2. Discriminant Validity (Fornell-Larcker) Analysis

	Goal Attributes	Salesperson performance	Use of information technology	Ethical sales behavior
Goal attributes	0.803			
Salesperson performance	0.773	0.811		
Use of information technology	0.699	0.675	0.791	
Ethical sales behavior	0.556	0.588	0.551	0.744

Source: Primary data processed with SmartPls 3.0 (2021)

Structural Model (Inner Model) Assessment

The fit model test is a statistical model that describes how well or fits a series of observations (Haryono, 2017). The measurement of model fit using SRMR (Standardized Root Mean Square Residual) is the deviation between the individual covariances that exist and does not reflect the entire model with the aim to see the fit between the observed correlations/relationships. The model will be considered fit for values below 0.08 and the Normed Fit Index (NFI) of above 0.90. As the SRMR value of the model was below 0.08, the PLS model was declared fit, but the NFI did not fit. The inner model test used R-square for the dependent construct. The R-Square value was in the medium and good categories as presented in Tables 3 and 4.

Table 3 Model Fit Analysis

	Saturated Model	Estimated Model
SRMR	0.073	0.075
d_UIS	3.722	3.902
d_G	2.653	2.665
Chi-Square	4377.328	4390.638
NFI	0.648	0.647

Source: Primary data processed with SmartPls 3.0 (2021)

Table 4 R-squared (R2)

Variable	R Square
Ethical sales behavior	0.634
Salesperson performance	0.361

Source: Primary data processed with SmartPls 3.0 (2021)

Table 5 Results of Direct Effect Test

	Original Sample (O)	T Statistics (O/STDEV)	P Values
Goal attributes -> Salesperson performance	0.646	8.504	0.000
Goal attributes -> Ethical sales behavior	0.333	3.702	0.000
Use of information technology -> Ethical sales behavior	0.318	3.986	0.000
Ethical sales behavior -> Salesperson performance	0.229	3.383	0.001

Source: Primary data processed with SmartPls 3.0 (2021)

Table 6 Results of Indirect Effect Test

	Original Sample (O)	T Statistics (O/STDEV)	P Values
Goal attributes -> Ethical sales behavior -> Salesperson performance	0.076	2.973	0.003
Use of information technology -> Ethical sales behavior -> Salesperson performance	0.073	2.188	0.029

Source: Primary data processed with SmartPls 3.0 (2021)

Based on the results of the hypothesis analysis in Table 5 and 6, the results of the P-value are below 0.05. goal attribute has a significant effect on ethical sales behavior, the use of information technology has a significant effect on ethical sales behavior, ethical sales behavior has a significant effect on the salespersons performance, goal attributes have a significant effect on the salesperson's performance, goal attributes affect salesperson performance through ethical selling behavior and ethical sales behavior has an indirect effect on the use of information technology on the salespersons performance. Goal attributes affect ethical sales behavior. Ethical ideologies can connect in important ways to other individuals (Chen & Liu, 2009) to investigate how goals might relate to ethics. Studies on goals and ethics lead to the hypothesis that individuals with low idealism will have strong goals. Conceptually, this hypothesis is based on the idea that those with a goal orientation focus more on the mastery process than on the end. Luzadis & Gerhardt (2011) show that the analysis of the relationship between goal orientation and behavior has to consider ethical orientation. In contrast to Hong's research (2020) difficult goals, specific goals and performance pressures show positive effects on unethical behavior. While setting goals to direct employees' attention and efforts

to achieve higher performance, other than that mindfulness practices should help help people improve self-control and behavior. Use of information technology affects ethical sales behavior. Thus, monitoring a salesperson can be easier to access relevant information from the actions and behavior of the salesperson which theoretically reduce the problem of moral. This is in contrast to a study by (Cicala et al., 2014), where the performance of a salesperson significantly interacts with perceptions of access to information through technology to influence perceptions of unethical behavior. More ethical behavior of salesperson where the salesperson has to take advantage of the use of information technology is required to access with technology or at least try to increase perception and willingness to use information technology and knowledge. Ethical sales behavior affects the salesperson's performance. The ethical behavior of a salesperson is positively related to consumer satisfaction and trust to form long-term relationships with consumers that benefit the salesperson (Román & Ruiz, 2005). Consumers make transactions based on their beliefs. Building relationships with consumers through ethical behavior can increase transactions which ultimately increases that salesperson's performance. Thus, it can be concluded that ethically oriented salesperson can improve their performance as a result of long-term relationships with consumers. Goal attribute affects the salesperson's performance. The results of the study show consistency with the goal-setting theory developed by (Locke, 1968) that goal setting will improve performance. Goal setting can improve performance if the set goals can be achieved and the individuals are committed to achieving them (Locke & Latham, 2002). The principles of the theory of difficult goals and specific goals (Ginting & Ariani, 2004) assume that people will be committed to goals that have sufficient ability and self-efficacy related to the task, as well as available input regarding the progress of the goals. Concern the role of indirect influence of ethical sales behavior, between the attributes of goals and the use of information technology on the salesperson's performance. Goal-setting theory is part of the theory of motivation. This theory states that employees with high goal commitment will affect managerial performance. The existence of individual goals determines how much effort will be made. The higher the employee's commitment to his goals, the harder the employee tries to achieve the goals. The development of science and technology affects community behavior, plays a role in maintaining community behavior according to ethical norms, and if necessary gives punishment to violators. Today the use of computers in the business world leads to moral values, ethics for managers, information specialists, and users, as well as applicable laws. Dishonest service with incorrect information is a violation of service ethics, which is part of maintaining the quality of service morality so that service behavior is always obedient to the company's code of ethics. In managing services, companies have to provide the right moral values needed for every individual in the service department with the guidelines to avoid deviations from service ethics.

4. Conclusions and Suggestions

Based on the results of the study, analysis, and discussion, conclusions are drawn. Regarding goal setting, it requires involvement in planning to develop strategies that will be carried out in achieving goals. The primary finding based on goal setting theory is that individuals who are given difficult and specific goals but can achieve them mean that they have better performance than those with easy and less specific goals or no goals at all. In the era of the Industrial Revolution 4.0, one of which is the use of Information Technology in every business, the information technology has also been used. Using and utilizing technology help simplify the work of salespeople including in conducting marketing activities by utilizing the internet. The use of information technology allows salesperson to work more efficiently and reduce time and costs. It also makes it easier to relate to customers in terms of communication, and digital bookkeeping and simplifies sales transactions. This study supports TAM (technology acceptance model) (Davis, 1989). TAM explains the causal relationship between beliefs (of benefits and ease of use) and actual behavior, goals, and usefulness. Involving a salesperson in determining sales performance is expected to help the company to determine performance adjusted to the salesperson's ability. The results of the research on ethical sales behavior are significant. Salespersons continue to apply ethical sales behavior because it not only increases consumer interest in the products offered but also increases consumer interest in interacting with the salesperson again.

Based on the results of the research, the researchers gave the suggestions for future researchers need to add research variables and other areas that have similarities to produce novelty in the development of further research models. For further research add the mediating role of competitive advantage to all determinants of performance. Development variables can also be considered, such as market orientation, customer orientation, and company culture.

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