

EXECUTIVES' ETHICAL LEADERSHIP AND SALESPEOPLE'S PERFORMANCE: A DEVELOPING MARKET EXPERIENCE

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The interdisciplinary approach to business decision is imperative and strategic in 21st century business organisations and this informs the focus of this study on the connection between salespeople's performance and ethical leadership. Ethical leadership is strategic in contemporary selling and sales management because of the influence of sales executives on salespeople's behaviours which connectedly has influence on sales performance. Ethical leadership determines the moral relationship between sales executives and salespeople on one side, and affects salespeople's relationship with clients on the other end of sales operations. This study adapts the framework of Kalshoven et al. (2011) using six (6) out of the seven (7) items that form the scale. The study reveals weak and moderate relationships between sales executives' disposition towards ethical leadership which affects salespeople's performance. Salespeople's performance was measured in terms of relationship building, customer-orientation, avoidance of incidence of misconduct and avoidance of incidence of bribery and deception.

Keywords: Ethical leadership, developing markets, sales executives, salespeople's performance

INTRODUCTION

The fact about leadership is that it is an indispensable and pivotal tool in changing behaviour (Kothoff, Erakorich & Lasthuizen, 2010) and ethical leadership is very effective in instilling right or appropriate moral principles or ethical behaviours in a system (Kul, 2017; DeConinck, DeConinck, & Moss, 2016). The issue of ethics is fundamental in business, and it is increasingly becoming strategic in sales operations across organisations irrespective of industry. Its crucial roles in sales management extend to the necessity and imminence of in establishing a reward system and enhancing sustainable sales management decisions. In reality, the issue of ethics is becoming contestable in the sense that it needs to be determined if it is truly instilled by the executives or it emanates at individual salespeople's level to relate with clients. In other words, does the style of leadership affect ethical behaviours and posture of salespeople on the field? Do the executives have power to enforce ethical practice among salespeople? Do executives determine what form ethical

issues and behaviours within and outside the organisation regarding salespeople's relationship with clients and their intrapersonal relationship with staff of other functional areas?

Kalshoven, Den Hartong and De Hoogh (2011) provide a framework to determine the influence of ethical leadership on sales operation and the extent it can impact salespeople's ethical behaviours and performance. The construct stands on the pedestals of people orientation, fairness, power sharing, concern for sustainability, ethical guidance, role clarification and integrity to measure the influence of executives or business leaders in instilling ethical practice within a system.

LITERATURE REVIEW

Ethical Leadership

Ethical leadership is behavioural in that the disposition of executives on certain decisions, developments, and implementation of certain policies to achieve goals will reveal the intents, position and disposition of organisations' executives or management on ethics and ethical practices and decisions (Kalshoven *et al.*, 2011). Executives' disposition on ethics largely determines what a firm believe and uphold as ethical and unethical. One importance of ethical leadership is to establish the leadership platform to steer contemporary organisational practice, in lieu of modernism and sophistication that have greeted fundamentals aspects of business, including customer relationship building, competitiveness in market, the inter-connection among market share, customer retention and customer satisfaction. Thus, where ethics are compromised in people's dealings with clients, business will suffer. Thus, it becomes imperative that leadership guidance is strategic to give direction to organisation ethical pursuit and policy in order to achieve set business goals. Kodish (2006) in discussing Aristotle's philosophy of leadership holds that "leadership is more than the knowledge of theories and analytical faculties; and includes the ability to act purposively and ethically as situations require, on the basis of knowledge of universals, experience, perception and intuition." Leadership is thus about understanding the world in a richer and broader sense, neither with cold objectivity nor solipsistic subjectivity (Toor & Ofori, 2009), which impliedly reveals the ethos of leadership that influences the concept of ethical leadership. Therefore, ethical leadership provides and promotes direction and moral justification to exercise and implement ethical issues in business.

Previous studies have looked into the connection between ethical issues and practices and leadership factor for ethical sustenance and projection, for instance Neubert *et al.* (2009) project leadership from the angle of virtues, in that, leadership style required for effective ethical consideration in organisation is premised on the factors of provision of ethical climate, interactional justice and affective organisational commitment. In the same vein, Mayer *et al.* (2011) and Kul (2017) stress the fact that ethical leadership determines organisational climate that influence ethics in business. Enderle (1987) opine that leadership lends credence to responsibility, implementation of corporate goals and interpretation and creation of reality in ethical issues and policies in organisations. On a broader scale, Resick *et al.* (2006) show that leadership factor in ethical practice promotes character and integrity, people-oriented style, encouraging and empowering and ethical awareness and accountability in business.

Pendse (2012) hinges argument on creation of process to identify and remove ethical hazards that may jeopardise executives' ethical behaviour. In other words, presence and neglect of ethical hazards increase the propensity of executives' adoption of unethical workplace behaviour. Stevens *et al.* (2005) on the other hand, emphasise the roles of training in ethical codes and principles for executives to reduce the incidence of unethical behaviour. The study further shows the relevance and importance of understanding internal and external benefits of ethical behaviour among executives. Importantly, pressure from stakeholders will necessitate adoption of ethical behaviours among executives (DeConinck *et al.*, 2016).

It is equally important to emphasise that ethical leadership manifestation in private corporate system and public sector is a coin of different sides in term of focus. While ethical leadership is measured in terms of accountability, transparency, corruption level and integrity (Kolthoff, Erakovich & Lasthuizen, 2010; Aloustiani *et al.*, 2020; and Kul, 2017); private sector relates to ethical norms in terms of sincerity, organisational citizenship, commitment, moral judgement, supervisory trust, person-organisation fit, *etc.* (Williams, Ramayah & Vinci, 2020; Aloustiani *et al.*, 2020; Halbusi, Yang & Wei, 2017; DeConinck, DeConinck & Moss, 2016). By and large, ethical leadership adoption and operation in organisation, irrespective of the business orientation, is meant to instil right behaviour in relationship between the superiors and the subordinates which in turns reflects in organisational climate and services to society at large. It further resonates in relationship between boss and staff in a way that births positive relationship between the staff and clients.

Ethical Leadership and Salesforce Performance

Ethical leadership is important to business performance because what determines bottom line in contemporary business goes beyond product features and function and salespeople's ability, to include relationship building and ethical business operations. Specifically, the connection and influence of ethical leadership on salespeople cannot be downplayed in contemporary practice. The fact of the matter is that ethical leadership shapes and sharpens behavioural tendencies that matter to successful sales practices. Imperatively, executives' involvement in sales operations, role design and clarity and entrenchment of positive organisational citizenship lead to trust building in sale operations and other duties in boss-staff relationship (Newman & Allen, 2014; Beeson *et al.*, 2008). The relationship can equally lead to high ethical sensitivity in organisation (Zhang & Zhang, 2016). Earlier studies point out the connection between ethical leadership and trust in terms of integrity, honesty and reliability (Madhani, 2014; Angel & McCabe, 2009; SeEVERS *et al.*, 2007; Schwepker & Schultz, 2012). Ethical leadership leads to trustworthy relationship, firstly, between executives and salespeople, and then, reflects in salesforce-client relationships.

Customer-centricity is the heartbeat of contemporary marketing. The relevance of customer orientation in business is the connection that is established between identification of customers' needs through market information and development of products that satisfy them (Jobber & Lancaster, 2003; Dibbs, *et al.*, 2001). Thus, studies have shown that ethical practice among managers can affect customer orientation (Madhani, 2014; Schwepker & Schultz, 2013; McClaren, 2000). The connection between customer orientation and executives' ethical level is the question of trust, relationship building and ethical intention

which determine customer loyalty and customer trust (Madhani, 2014; Schwepker & Schultz, 2013). Consequently, relating executives' ethical leadership style with the expected performance of salespeople, the following hypotheses are formulated:

- H₁: Executives' people-oriented leadership relates to salespeople's performance
 H₂: Executives' power-sharing and ethical guidance relates to salespeople's performance
 H₃: Executives' concern for sustainability and integrity relates to salespeople's performance

METHODOLOGY

Questionnaire Design

The framework of Kalshoven *et al.* (2011) on ethical leadership which consist seven (7) contemporary issues that highlight relationship between executives and staff was adapted for this study. The construct was made-up of thirty-six (36) items which form the questionnaire for the study. Pilot study was carried out in order to ensure that the peculiarity of the Nigerian business environment is captured for the study. A total of 40 executives and CEOs of organisations were surveyed in the pilot study. The selected organisations for the study include FMCG (fast moving consumer goods) firms, financial institutions (banks, insurance and stock broking firms), advertising firms and manufacturing firms.

The outcome of the pilot study led to adjustments and modifications in certain descriptive scenarios on the scale in order to achieve true measurement of ethical relationship between superior officers and subordinates, and this is allowed in instrument design in quantitative studies (Creswell, 2003; Abratt & Penman, 2002). Firstly, under fairness scale, the respondents unanimously suggested that items 4 and 5 should be modified as stated below:

Insistence on result irrespective of means by which it is achieved
Threat of job loss or sack in order to get result

Also, under power sharing, item 5 was unanimously raised for modification and adjustment as stated below:

Hides under superiority clout to enforce result on task he finds challenging or cannot handle

Salespeople's performance scale was developed by the researchers based on the different focus of studies on ethical behaviours and Salespeople's operations, including relationship building (Madhani, 2014); customer orientation (Schwepker & Schultz, 2012); avoidance of incidence of misconduct (Mayer *et al.*, 2010) and avoidance of incidence of deception and bribery (Jobber & Lancaster, 2003).

A total of four hundred (400) questionnaires were distributed across the different firms in industries and two hundred and eighty nine (289), representing 72.25% were successfully and completely returned. The reliability test of the scale after the adjustments to certain items on the scale showed Cronbach Alpha coefficient surpassing 0.70, the minimal level required for instrument reliability (Pallant, 2007). It justifies how consistent the construct used in scale measurement is free from random errors (Saunders *et al.*, 2012).

Table 1: Results of test of Reliability

Constructs	No of items	Cronbach's Alpha (α)
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People Orientation	7	.906
Fairness	5	.831
Power Sharing	6	.844
Concern for Sustainability	3	.845
Ethical Guidance	7	.887
Integrity	4	.908
Salesmen Performance	6	.850

Source: Output of data analysis on ethical leadership and salespeople's performance (2022).

DATA ANALYSES AND RESULTS

Table 2: Demographics of respondents

Variables	Category	Frequency	Percentage
Gender	Male	190	65.7
	Female	99	34.3
Age	20 - 29	Nil	0
	30 – 39 years	91	31.5
	40 – 49 years	103	35.6
	50 – 59 years	95	32.9
	60 years and above	Nil	0
Marital Status	Single	78	27.0
	Married	211	73.0
	Divorced	42	7.6
Educational Qualification	WAEC/SSCE	Nil	0
	OND/NCE	5	1.7
	HND/BSc	88	30.5
	MSc/MBA	196	67.8
Period of time with the Organisation	1 – 5 years	72	24.9
	6 – 10 years	105	36.3
	11 – 15 years	82	28.4
	16 years and above	30	10.4
Category of employment	HODs/Managers	106	36.7
	Directors	108	37.3
	CEOs	75	26.0

Source: Output of data analysis on ethical leadership and salespeople's performance (2022).

Table 3: Descriptive statistics of variables

Constructs	N	Mean	Std. Deviation
People Orientation and fairness	289	4.0168	.8289
Power Sharing and ethical guidance	289	4.0834	.7608
Concern for Sustainability and integrity	289	4.0299	.6677
Salesforce Performance	289	4.0381	.8269

Source: Output of data analysis on ethical leadership and salespeople's performance (2022).

Table 4: Correlation between executives’ people orientation and fairness and salespeople’s performance

		Salespeople’s performance	People orientation and fairness
Salespeople’s performance	Pearson Correlation	1	.317**
	Sig. (2-tailed)		.000
	N	289	289
People orientation and fairness	Pearson Correlation	.317**	1
	Sig. (2-tailed)	.000	
	N	289	289

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Output of data analysis on ethical leadership and salespeople’s performance (2022).

From Table 4 above, the correlation coefficient (r) for salespeople’s performance and executives’ people orientation and fairness leadership styles is 0.317 which indicates that they have a weak positive correlation. While $p < 0.01$ indicates the significant level at less than one percent, then the correlation is significant and the two variables are linearly related. This implies that increase in executives’ people orientation and fairness will result in increase in salespeople’s performance. Hence, the null hypothesis is not supported.

Table 5: Correlation between executives’ power-sharing and ethical guidance and salespeople’s performance

		Salespeople’s performance	Power-sharing and ethical guidance
Salespeople’s performance	Pearson Correlation	1	.293**
	Sig. (2-tailed)		.000
	N	289	289
Power-sharing and ethical guidance	Pearson Correlation	.293**	1
	Sig. (2-tailed)	.000	
	N	289	289

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Output of data analysis on ethical leadership and salespeople’s performance (2022).

Table 5 showed that the correlation coefficient (r) between salespeople’s performance and executives’ power sharing and ethical guidance is 0.293 which means that they have a weak relationship and are positively correlated. While $p < 0.01$ indicates the significant level at less than one per cent, then the correlation is significant and the variables are linearly related. This implies that increase in executives’ power sharing and ethical guidance will result in increase in salespeople’s performance. Hence, the null hypothesis is rejected.

Table 6: Correlations between executives’ concern for sustainability and integrity and Salespeople’s performance

		Salespeople’s performance	Concern for sustainability and
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			integrity
Salespeople's performance	Pearson Correlation	1	.497**
	Sig. (2-tailed)		.000
	N	289	289
Concern for sustainability and integrity	Pearson Correlation	.497**	1
	Sig. (2-tailed)	.000	
	N	289	289

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Output of data analysis on ethical leadership and salespeople's performance (2022).

Table 6 indicates that the correlation coefficient (r) for salespeople's performance and executives' concern for sustainability and integrity is 0.497. This indicates a moderate positive correlation between the variables. While $p < 0.01$ indicates the significant level is at less than one per cent, then the correlation is significant and the variables are linearly related. This implies that increase in executives' concern for sustainability and integrity will result in increase in salespeople's performance. Hence, the null hypothesis is not supported.

Table 7: Regression analysis between Ethical leadership and Salespeople's performance

Description	Regression Result
R	0.475 ^a
R Square	0.226
Adjusted R Square	0.223
F statistics	83.570
F Sig.	0.000 ^b
β (Beta coefficient or interception or slope)	0.912
a (the regression constant)	0.354

a. Predictors: (Constant), Ethical leadership

b. Dependent Variable: Salesmen performance

Source: Output of data analysis on ethical leadership and salespeople's performance (2022).

Table 7 shows the influence of ethical leadership (independent variable) and salespeople's performance (dependent variable). The Table reveals that there is a moderate level of fitness at R value of 0.475, R^2 of 0.226 and F-value of 83.570. The R^2 of 0.226 connotes that about 22.6% of the variation in salespeople's performance can be explained by ethical leadership while 77.4% remains unexplained by the regression model. The R of 0.475 indicates a moderate positive influence of the predictor variable on the criterion variables (i.e. overall ethical leadership and salespeople's performance). This also confirms the correlation results gotten from the tests of hypotheses conducted earlier. The p -value < 0.01 , hence, there exist a significant positive influence of ethical leadership and salespeople's performance. Therefore, increase in ethical leadership will incite increase in salespeople's performance. The regression model also shows that the beta value ($\beta = 0.912$) of the variables is interpreted as a unit increase in ethical leadership will result in 0.912 unit increase in salespeople's performance. Thus, from the Table, the regression equation; ($Y = a + \beta x$) is

$$\text{salespeople's performance} = 0.354 + 0.912 (\text{Ethical leadership}).$$

These findings show a strong support for the linkages that exist between the variables of ethical leadership and salespeople's performance. The results show that ethical leadership behaviours by sales executives and the influence of ethical leadership among managers would create normative behaviours among salespeople.

DISCUSSION AND IMPLICATIONS

In the analysis, items that are related are jointly analyzed together in order to understand the level of entrenchment and observance of ethics in the particular areas. Regarding people orientation and fairness of executives and salespeople's performance, the finding reveals a weak relationship. Impliedly, it shows that internal operation of organisations still allows high-handedness of executives to achieve goals at the expense of subordinates and the development may kill initiatives on the part of salespeople's and further erode their confidence in sales executives. Hawass (2013) and DeCononck *et al.* (2016) stress that characters of ethical leadership will determine threat to job or incidence of job insecurity; thus, positive ethical leadership characters leads to increase in virtues and enhancement of salespeople's trust in sales executives.

Also, the relationship between salespeople's performance and executives' disposition on power-sharing and ethical guidance is low and weak. It reveals that the disposition of executives towards participatory leadership is low and the disposition towards insistence and grooming of salespeople on ethical issues is equally low. The effect of this on salespeople's performance will be noticed in the areas of customer orientation practice, avoidance of bribery and deception and other ethical practice that are fundamental to sales job.

Furthermore, the relationship between salespeople's performance and the executives' concern for sustainability and integrity shows a moderate relationship. But the fact remains that the value does not represent a high ethical practice for organisations. Thus, there is room for improvement in executive disposition to ethical leadership that will improve the ethical practice. Importantly, higher level of executive concern for sustainability and integrity will result in increased business ethical sensitivity (Zhang & Zhang, 2016) among salespeople and in turn generate positive responses from clients.

Impliedly, the weak relationship between the variables shows the level of ethical practice in organisations, though not negative so as to be interpreted as high unethical practices in organisations. Nonetheless, the weak and moderate level of ethical practice have a serious implication for relationship building between salespeople and clients; customer-oriented practice may be low; avoidance of incidence of misconduct may be low among salespeople and avoidance of incidence of bribery and deceptive practices may equally be weak among salespeople during sales activities. However, the moderate relationship shown by the regression analysis suggests rooms for improvement in executives' disposition to improve ethical leadership practice that would improve salespeople's performance with clients and in internal operations.

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