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Are there ethics in sales profession – A study

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Abstract –

Sales management is an integral part of marketing process. Sales' being an essential component of promotion has evolved overtime and is deeply influenced by the evolution in the society and market place. Historically sales profession has always been perceived as being dishonest and unethical. There have been, in recent times there has asurge in the ethical issues related to sale. This paper attempts to look at some of the ethical issues related to sales from the sales professionals' perspective.

Sales Management is an integral part of marketing management. Modern sales management is a complex and disciplined mix of: marketing skills, professional selling and negotiation skills, people management skills, sales strategy and tactical planning skills, this paper is submitted to look at the role of ethics in a professional sales person's work.

Sales people job is to make the most of the market opportunities; and develop the productivity of his or her organization. In today's times companies are facing increased competition, with threats to many traditional markets and customer bases as supply and purchases points in many market segments become more concentrated. To tackle the threats and capitalise on opportunities the modern sales manager needs a far broader range of selling and managerial skills, and experience than in past decades.

Early sellers and traders were not held in high esteem. The Roman word for salesman meant 'Cheater' and 'Mercury': the God of cunning and barter was regarded the patron deity of merchants and traders.

The first salesmen in the U.S. were 'Yankee Peddlers' (pack peddlers), who carried clothing, spice and lotions in backpacks from East Coast manufacturing centers to settlers in the western frontier regions. Many traders came to be viewed as shrewd; unprincipled tricksters who would not think twice about putting sand in the sugar; dust in pepper and chicory in coffee.

Personal selling refers to the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. Personal selling is a promotional method in which one party (e.g., salesperson) uses skills and techniques for building personal relationships with another party (e.g., those involved in a

purchase decision) that results in both parties obtaining value. In most cases, the “value” for the salesperson is realised through the financial rewards of the sale while the customer’s “value” is realised from the benefits obtained by consuming the product. However, getting a customer to purchase a product is not always the objective of personal selling. For instance, selling may be used for the purpose of simply delivering information.

As selling involves personal contact, this promotional method often occurs through face to-face meetings or via a telephone conversation, though newer technologies allow contact to take place over the Internet including using video conferencing or text messaging (e.g., online chat).

Business Ethics is the behavior that a business adheres to in its daily dealings with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer.

It has been said that in recent time the trust deficit in the society has widened. This has given rise to the discussion on the role ethics play in personal selling situation.

Meaning of ethics

There is no universally accepted definition for the term ethics, but one way to put it is provided by Magee (1999: 299): “Philosophical reflections on how we should live, and thereby what is right or wrong, good or evil, should or should not be done, duty, and other conceptions of this kind.” It is obvious that the concept is closely interlinked

with morality. Wright, Kroll and Parnell (1998: 82) in fact suggest that ethics connotes “standards of conduct and moral judgment.” Hence the concept of ethics is enshrined in morality.

German philosopher Immanuel Kant (1724-1804) meant that ethics and morals are founded on human reason, just as science is founded on reason. This led to Kant’s formulation of his famous categorical imperative, which was a fundamental rule of morality: “Act only in accordance with principles that you would want to have as general laws (Magee: 1999, 137).” In the English-speaking parts of the world, Scottish-Irish philosopher Francis Hutcheson contributed with a famous principle in the beginning of the 18th century: “The action is the best which gives the greatest possible happiness to the greatest possible number of people” (ibid, p. 183).

About 100 years later, Englishman Jeremy Bentham developed this principle to a moral philosophy, which stated that the question of the rightness or wrongness in an action should be judged only by its consequences. This meant that a person’s motives were irrelevant, and that good consequences were such that caused lust, while bad consequences were such that caused unease or pain. In each situation, the right way to act was the one that would maximize the excess of lust over unease, or minimize the excess of unease over lust. This philosophy became known as utilitarianism, because it meant that every action should be judged by its utility, i.e. its capacity to bring consequences of a certain kind. Its advocates applied these principles on private

morals as well as on political activities, legislation, and social politics. “The greatest good to the greatest number” became a catchphrase that was familiar to everyone (ibid).”

As applied to business, Nash (1994: 11) defines business ethics in these words: “Business ethics is the study of how personal moral norms apply to the activities and goals of commercial enterprise. It is not a separate moral standard, but the study of how business context poses its own unique problems for the moral person who acts as an agent of this system.”

As a part of the practice of business ethics, companies need to develop what Kotler et al (1999) call corporate marketing ethics policies. In order to understand this concept, marketing must first be defined. Kotler et al (1999:10) describe marketing as “a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.” Companies can, by implementing ethics policies within their marketing mix, improve their relationship with consumers. The marketing mix, often also referred to as the four P’s, consists of price, promotion, place (or distribution) and product. Ethics policies within marketing thus provide broad guidelines that cover distributor relations, advertising standards, customer service, pricing, product development, and general ethical standards. (ibid) . Zinkhan, Bisesi and Saxton (1989) noted that the increased media attention to unethical marketing practices was a sign of a rising concern from the

society, as people felt that there was a decline in marketing and business ethics.

FOUR ETHICAL FRAMEWORKS:

Some common ethical framework used by sales professionals are,

One must acknowledge that there is no one universally accepted way of deciding whether something is ethically acceptable or not. Instead there are several different ethical frameworks. You don’t always get the same answer!

Rights and duties

Rights define what people can expect as their due, so far as it is under the control of people or human society. There is always a duty associated with a right, though in many cases the duty on other people is simply that they do not interfere with or prevent others claiming their rights. Any right an individual has relies on other people carrying out their duties towards that individual. So it follows that if people neglect their duties, then other people’s rights may be neglected.

Maximizing the amount of good in the world

This framework balances the benefits of an action against the risks and costs. It promotes the common good to help everyone have a fair share of the benefits in society, a community or a family. This framework is often described as ‘the ‘greatest happiness for the greatest number’. It could be seen as ‘right’ to override the rights of individuals in order to bring about happiness in the wider community.

Making decisions for yourself

This framework considers that people should make their own lives. Respecting people's autonomy (independence) and decision-making abilities enables individuals to make reasoned and informed choices. Personal autonomy is where people control their own destiny, through decisions they make throughout their lives.

Leading a virtuous life

This framework supports the moral 'rightness' or 'wrongness' of actions. An action can be described as right or wrong independently from any consequences of the action. It is not the consequences that make an action right or wrong, but the principle or motivation on which the action is based. By Michael Reiss and Angela Hall, Institute of Education.

Issues of discussion

Ethical issues in selling profession have been an area of much discussion. Some of the areas where discussion has focused more are,

The Legal–Ethical Confusion

Often we read in the trade press or hear of such matters as price discrimination, bribes, kickbacks, insider trading, or conflicts of interest. These practices may be unethical, but more important they are illegal. It is illegal to take or give bribes. It is illegal to participate in insider trading on the securities exchanges.

Relations with Customers

Perhaps, the most critical set of ethical questions facing sales teams is associated with customer relations. The major problem areas involve information, gifts, and entertainment.

Information: It is important that salespeople provide their customers with all of the information that enables them to make informed decisions. Sometimes salespeople make recommendations that are not in the best interests of their customers. For example, they may neglect to give the customers complete information. To cite one example, In selling new insurance policy, the representatives failed to tell their customers that the new policies seemed less expensive than they really were because they were paid for in part by using up the cash value of the older policies. Sometimes salespeople knowingly sell a higher-priced product when a lower-priced product would have fulfilled the customer's need just as well.

Gifts: The practice of giving gifts to customers, especially at the holiday season, is time-honored in American business. But today, perhaps more than ever before, the moral and ethical climate of giving gifts to customers is under careful scrutiny.

Entertainment: Business entertainment is definitely a part of sales work, and a large portion of the expense money is often devoted to it. Entertain to develop long-term business relationships, not one order. Sales person must keep the entertainment appropriate to the customer and the size of the account. Be sensitive to customer attitudes toward types of entertainment. Do not rely on entertainment as

one of the foundations of the selling strategy—use it only to complement the strategy.

Misleading Information

It is illegal to make false, deceptive, or misleading claims about a product or about the services that accompany that product. If a salesperson makes exaggerated claims about a product and those claims lead to misuse of the product, the seller also may be sued for any property damages or personal injuries arising out of a customer's misuse of the product. Making false, deceptive, or disparaging statements about a competitor or its products is also illegal.

Current Problems

The advent and rapid growth of direct-response marketing, telemarketing, and Internet marketing have given rise to some new problems that many people feel have certain ethical overtones. Is it ethical to bother people at home over the telephone, particularly at night? Or is it right to send unsolicited promotional material to prospects over their own fax machines or via e-mail? Some legislation about these practices is pending.

Methodology

The area of ethical discussion from a salesperson's perspective is the focus of this paper.

To understand the magnitude of the ethics or unethical practices in the sales profession a survey was conducted in Pune city.

The respondents were drawn from institutional and industrial sales area. In these areas there are elements of rational purchase and negotiations in the selling process. Also the values are high which give rise to the possibility of ethical issues.

The sample techniques used as snowball. The instrument used were personal discussion and a questionnaire. The respondents were asked to give their comment on 9 broad areas of real life situations of dealing with buyer. Total of 39 valid responses were taken for analysis.

Findings

Q1. Which statement is closer to your core belief as sales professional.

Get maximum value for employer	Be ethical
18	21

Q2. Do you believe that commerce and ethics can be perfectly combined so there is no conflict?

Yes	6
No	6
May be	27

Q 3. Which view of commercial negotiations is closest to you own personal view

Win – Win	27
Win – Lose	3
Game of cat and mouse	6
To be avoided	3

Q 4. Bluffing / lying is acceptable in commercial negotiations?

Yes	9
No	18
Based on situation	12

Q5. If your commercial partner did not spot a mistake that was in your favour, would you bring it to their attention?

Yes	27
No	12

Q6. Are you comfortable do you feel in using methods like giving a gift to 'soften' the other, managing / withholding information, flattery

Yes	12
Partially	27

Q7. If you could get deal which gained you, but would result in an equivalent loss to your customer, how likely would you be to do it?

May be yes	18
May be No	6
No	3
Definitely No	12

Q8. Has unethical behavior increased in selling in last 5 years.

Yes	21
No	12
No change	6

Q9. Who is more ethical

Seller	6
Buyer	12
Both are same	21

The respondents also listed the major unethical practices being followed by buyers being, a. Corruption, b. Bribery, c. Cheating, d. Lying, e. Wrong commitments, f. Using fear to get better deal, g. Exploitation

It can be seen from the responses that the sales people perceive themselves more as a facilitator and are of the opinion that ethics can be followed in the profession which historically been labeled as cheaters. The respondents believe that they can perform the functions without resorting to "short cuts" and rather it is the situation that necessitates or demands unethical behavior.

The majority respondents were of the opinion that sales was a win-win rather than otherwise. But the majority agreed that the unethical behavior has increased in last 5 years.

Some suggestions and conclusion

Hence, it can be said that sales person should avoid misleading information and should provide the reasonable ones. One standardized way to address would be to establish and follow the company ethics. This would help sales managers and salespeople minimize the probability of unethical issues creeping in to the process and

also legal proceedings and increase their chances of defending themselves if a legal complaint is brought against them.

Always make accurate, understandable, and verifiable statements about the product and its use. Avoid making exaggerated claims. Ensure that customers have the necessary knowledge and skills needed to use the product in the proper manner and caution (in writing) customers against using the product in an improper manner.

Sales person must review sales literature, warnings, and labels to be sure they are accurate and complete and also remind customers to read warning labels. Sales person must be able to verify any statements made about competitors.

Sales profession is an essential part of the whole marketing process. With more focus on customer driving in to the marketing environment, there is a risk of different tools and techniques coming in to the whole process beyond the gift and bribery. Some immoral and unethical activities have started to come in to the profession.

For example selling being done by using small child.

From an academic and industry perspective there is an urgent need to look in to the aspects of ethics in sales process in a more detailed and focused ways.

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