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Salespeople's Job Attitudes and Organizational Ethical Climate

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Abstract

The main objective of this paper was to investigate how salespeople's perception of organizational ethical climate, role conflict, and role ambiguity affect their job attitudes and behaviors. Previous research showed that ethical climate leads to higher job satisfaction and organizational commitment. This study specifically examined how salespersons' job performance mediates the effect of ethical climate on job satisfaction as well as how role ambiguity mediates the effect of ethical climate on job satisfaction. Six hypotheses have been tested using structural equation modeling. It was found that the ethical climate plays an important role in the sales-oriented organization and it is one of the important predictors of numerous organizational outcomes. This empirical study also showed the urgent need to lessen the role conflict and role ambiguity which help salespeople to perform their job more efficiently and effectively. The findings of this study finally showed that salespeople's perceptions of ethical climate are directly related to their job satisfaction and job performance.

Keywords: Role Conflict, Role Ambiguity, Job Performance, Job Satisfaction

Introduction

Ethics plays an important role in the field of sales and sales management. Most salespeople are ethical and are willing to work in the ethical organizational climate. Organizational ethical climate and job satisfaction of the employees are closely related (Deshpande 1996). According to Victor and Cullen (1988), organizations are social actors responsible for the ethical or unethical behaviors of their employees. Since salespeople represent their firms to the customers, there has been a growing interest to investigate the role of ethics in sales force success (Valentine and Barnett 2003; Weeks et al. 2004, Jaramillo et al., 2006).

Particularly, researchers in the salesforce management have been interested in the effects of ethical climate on turnover intention and job performance (Valentine and Barnett 2003; Weeks et al. 2004, Jaramillo et al., 2006). The previous research study showed that ethical climate leads to higher job satisfaction and organizational commitment which in turn leads to lower turnover intention (Mulki et al., 2006). Shirey (2005) suggests that improved ethical climate can reduce ethics stress and increase job satisfaction and eventually decrease turnover intention. Weeks et al. (2004) study, on the other hand, shows that the positive effect of ethical climate on organizational commitment leads to increased job performance. Role conflict and role ambiguity have been identified as important causes of work-related stress (Katz & Kahn, 1977). Incongruent role requirements can cause role conflict in the work environment (Rizzo et al., 1970). According to Abramis (1994) meta-analysis study, role ambiguity is a valid construct in organizational research and associated with lower job satisfaction. Therefore, this paper examines the effect of ethical climate on the salesperson's job attitudes and behaviors. Specifically, this paper investigates how salespersons' job performance mediates the effect of ethical climate on job satisfaction as well as how role ambiguity mediates the effect of ethical climate on job satisfaction.



Hypotheses

Ethical problems occur only when an individual interacts with other people (Bartels 1967). Ethical climate has been described as the salespeople's perceptions of the ethical standards that are reflected in the organization's practices, procedures, norms, and values (Babin, Boles, and Robin 2000, Mulki et al. 2006). When organizations following ethical standard, salespeople get a clear guideline how to act which gives them the personal sense of comfort and perceived job security (Mulki et al. 2006). Hence, salespeople working for ethical organizations believe that they have a competitive edge in the market (Thomas et al. 2004). Moreover, previous research demonstrated a positive relationship between ethical climate and job satisfaction and organizational commitment (Schwepker 2001). Another empirical study, Jaramillo et al. (2006) shows that both job stress and job attitudes are the mechanisms through which a high ethical climate leads to lower turnover intention and higher job performance. Moreover, the ethical climate allows salespeople to answer the question "what should I do?" (Treviño et al. 2001, p. 305), thus reducing role ambiguity (Jaramillo et al., 2006). Often, salesforce faces various job-related problems only because the firms do not clearly communicate ethical expectations (Chonko and Burnett 1983, Jaramillo et al. 2006). Therefore, based on the above discussion, it can be assumed that:

H1: Salespeople's perceptions of ethical climate are positively associated with job satisfaction.

H2: Salespeople job performance mediates the effect of ethical climate on job satisfaction.

H3: Salespeople's perceptions of ethical climate are negatively associated with role ambiguity.

H4: Role ambiguity mediates the effect of ethical climate on job satisfaction.

Role conflict is defined as incongruity of the expectations associated with as a role (Sell et al. 1981) whereas role ambiguity is defined as a lack of clear information to perform a job. Job satisfaction is defined as an attitude reflecting how well people like or dislike their jobs (Spector 1997). Previous research has demonstrated that role conflict and role ambiguity has a negative effect on salespersons' job attitudes, behavioral intention, and job performance (Brown and Peterson 1993; Churchill et al. 1985). According to Fried et al. (1998), both role conflict and role ambiguity are associated with lower level of job performance. Usually, role conflict leads to increased role ambiguity which in turn decreases job satisfaction. The higher level of role conflict put salespeople in a situation where they do not know what the organization expects from them (Jaramillo et al. 2006). Therefore, based on the above discussion, it can be assumed that:

H5: Role conflict is negatively associated with job satisfaction.

H6: Role conflict is positively related to role ambiguity.

Materials and Methods

Sample Selection: Salespeople working for a global pharmaceuticals company operating in the United States were used for this study. The sampled salespeople are the one who is responsible for selling company products and advertise product information to retail pharmacists, physicians, and hospitals to facilitate the product sell to the patients (Jaramillo et al., 2006). A survey questionnaire was mailed to all 572 members of the sales team. In order to maximize the response rate, the senior vice president of sales sent an e-mail to the sales force explaining the objectives of the survey. Researchers sent a postcard reminder to the respondents after ten days. In addition, the participating firm broadcasted a voice mail reminder requesting participation and highlighting the confidentiality of the responses (Jaramillo et al., 2006). Initially, the above procedure resulted in a sample of 217 responses. After taken care of missing values and outliers, the final sample of 206 responses used in this analysis. The age of the respondents ranged from 22 to 63 years, with a mean of 39.48 years ($SD = 10.26$); 95.6 percent were males and 4.4 percent were females. Selling experience ranged from a few months to 35 years, with a mean of 14.07 years ($SD = 10.38$).

Measures: Ethical climate was measured using Schwepker's (2001) six-item scale which measures perceptions of a firm's ethical practices and management actions related to ethical behaviors (Mulki et al. 2006). Typical items from this scale include: "My Company strictly enforces policies regarding ethical



behavior” and “Top management in my company has let it be known, in no uncertain terms, that unethical behavior will not be tolerated” (Jaramillo et al. 2006). Cronbach's alpha for ethical climate was 0.87.

Role conflict and role ambiguity were measured using Singh, Verbeke, and Rhoads (1996) three-item scales. Typical items from this scale include: "I receive incompatible requests from two or more people" (RC) and "I know exactly what is expected of me" (RA) (Jaramillo et al. 2006). The reliability indices (α) were 0.77 and 0.75, respectively.

Job satisfaction was operationalized using Spector's (1985) three-item scale. The scale includes items such as "All in all, I am satisfied with my job" and "In general, I like working here" (Jaramillo et al. 2006). Cronbach's alpha was 0.93.

Job performance was measured using Low et al.'s (2001) nine-item instrument. Salespeople were asked to compare their performance with their peer performance on issues such as "Achieving annual sales targets and other objectives" and "Building effective relationships with customers" (Jaramillo et al. 2006). Cronbach's alpha was 0.88.

Statistical Technique: This study employed a structural equation modeling (SEM) approach as the major statistical technique to analyze the hypothesized relationships. SEM starts with a hypothetical model, which is transformed into a path diagram (Cha 2008). The major advantage of SEM is that it allows simultaneous equation estimation that assesses both measurement issues and causal relationships in one model and the use of path analysis that statistically and visually illustrates complex relationships among variables (Kline, 1998). The SEM consists of two parts which are the measurement model and the structural model. A measurement model is a part of the entire structural equation model diagram whereas structural model specifies the relationships among the latent variables and describes the causal effects and the amount of unexplained variance.

Results

At the very first stage, the preliminary analysis was conducted to validate the questionnaire items and subscales that had been chosen to represent several latent variables. Pre-selected variables were initially examined to detect possible outliers that may affect the goodness of the model fit, using normality tests and histograms. A Shapiro-Wilk's test ($p > .05$) (Shapiro & Wilk, 1965; Razali & Wah, 2011) and a visual inspection of their histograms and normal Q-Q plots showed that the data are not approximately normally distributed, with a higher skewness and kurtosis z-values that are above ± 1.96 .

The basic descriptive analysis was also performed to order to understand the overall data structure of each variable and demographics of salespeople using frequencies, means, and standard deviations. At the same time, cases with missing data, if any, were excluded because the sample size was bigger than 150. Also, using SPSS statistical software, stem-and-leaf plots and box plots were created and interpreted in order to determine the shape of a distribution and outliers. It is found that the dataset has very few outliers but there are no logical reasons to delete all those outliers as long as they do not affect the model. Then, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) was conducted in order to reduce a large number of variables to a more manageable number and explore factor structure of indicators and constructs. EFAs were first performed on a preselected set of variables associated with the main constructs (Cha 2008).

Measurement Model: A measurement model also known as a “Confirmatory Factor Analysis (CFA)” was used to investigate the measurement properties of the scales used in this paper (Anderson and Gerbing 1988). The parameters of the model were estimated using the maximum likelihood method, Mplus version 7.11. According to Hu and Bentler (1999), a good model fits include values of SRMR less than .08, RMSEA less than .06, CFI and TLI greater than .95. In this current scenario, the resulting indices suggest an acceptable model fit from a statistical and practical standpoints ($\chi^2 = 484.990$, degrees of freedom [df] = 242, $p < 0.01$; root mean square error of approximation [RMSEA] = 0.070, 90% C.I. 0.061 to 0.79; comparative fit index [CFI] = 0.91; tucker-lewis index [TLI] = .90; standardized root mean square residual [SRMR] = .057). The Chi-square statistic



is not close to zero and the corresponding p-value is significant, both showing weak fit. However, the ratios of Chi-square to df is around 2.0 which is within the range of a good model fit. Since these indicators are highly dependent on sample size, the other indices have been carefully analyzed for guidance regarding the appropriateness of the model fit. The RMSEA of 0.07 is greater than 0.06 but is less than 0.08 (Browne & Cudeck, 1993). Therefore, this shows an acceptable model fit. The CFI and TLI meet the criteria (0.90 or larger) for the acceptable fit. The SRMR (.057) which is less than .08 also meets the criteria for the acceptable fit. Furthermore, the practical fit is good as most of the standardized factor loadings are greater than .60 (only three of them are below .60) and none of them are below .40. As shown in Table 1, the scale has been shown to have adequate reliability as Cronbach's coefficient alpha statistics is higher than 0.7 for all multiple-item measures.

Table 1
Correlations, Reliabilities, and Descriptive Statistics

	EC	RC	RA	JS	JP
Ethical Climate (EC)	0.872				
Role Conflict (RA)	0.251	0.772			
Role Ambiguity (RA)	0.281	0.251	0.752		
Job Satisfaction (JS)	0.371	0.321	0.271	0.932	
Job Performance (JP)	0.271	0.211	0.191	0.221	0.882
Mean	5.88	3.09	2.31	6.14	5.97
Standard Deviation	0.90	1.27	0.95	1.06	0.72

Notes: ¹Correlations are significant at $\alpha = 0.01$; ²Cronbach's alphas in matrix diagonal.

Consequently, unmeasured latent method test has been conducted in order to examine whether common method bias (CMB) is a problem with my data. It is found that average % of the variance for traits = 37 and average % variance for method = 20 and therefore the average explained variance by the trait factors (37%) is higher than the average variance explained by method (20%). Hence, CMB is not a concern with this proposed dataset. CMB result using Mplus is reported in the appendix.

Structural Model: Both Maximum likelihood methods were used to perform a structural model to test the hypotheses implied in Figure 1. Hypotheses testing were conducted following a two-step process. First, the overall fit of the model was assessed with an evaluation of chi-square, RMSEA, SRMR, CFI, and TLI. Second, the signs and statistical significance of the path coefficients were used for hypothesis testing.

The overall fit of the model shown in Figure 1 was acceptable ($\chi^2 = 487.048$, $df = 243$; RMSEA = 0.07, 90% C.I. 0.061 to 0.079; CFI = 0.91; TLI = .90). Given the satisfactory fit, the significance and signs of the structural paths were used to evaluate the hypotheses (Figure 1). Most of the standardized path coefficients were significant at the .05 level. As predicted in H1 and H3, ethical climate positively related to job satisfaction and it also negatively related to role ambiguity. The result also confirms H5 and H6 and show that role conflict negatively related to job satisfaction as well as role conflict positively related to role ambiguity. The standardized direct, indirect, and total effects represented by the model are summarized in the Appendix.

Figure 1

Finally, H2 and H4 were not supported which shows that the indirect effect of ethical climate on job satisfaction through job performance is not significant as well as the indirect effect of ethical climate on job satisfaction through role ambiguity is not significant.

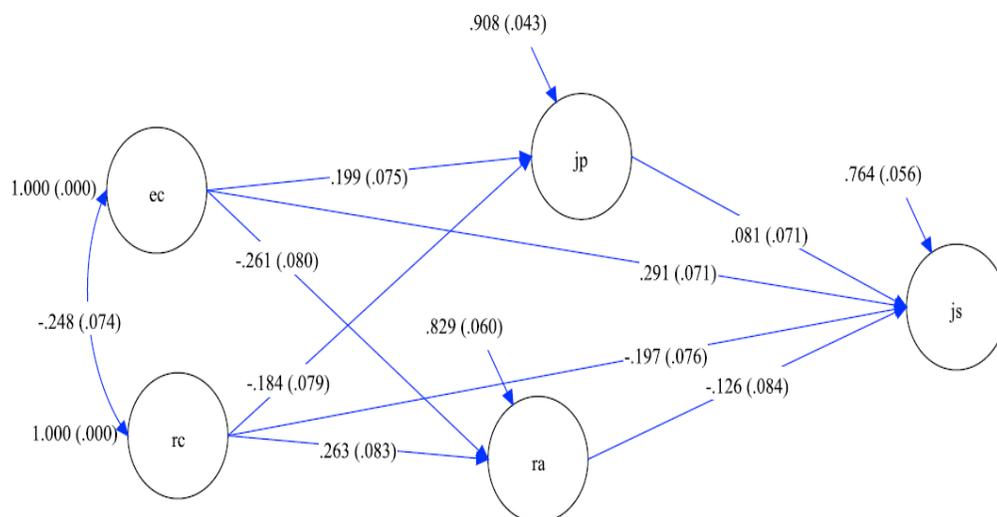


Having understood that the more complex mediation models often require bootstrap confidence intervals and calculation of specific indirect effects (which can also be bootstrapped) in line with Preacher and Hayes (2008) and Edwards & Lambert (2007), Model 1 was rerun using a bias-corrected bootstrap procedure to determine the significance of the specific indirect effects using confidence intervals instead of the normal distribution estimation of significance (Butts, lecture notes). The same result was found and hence the indirect effect of ethical climate on job satisfaction through job performance as well as the indirect effect of ethical climate on job satisfaction through role ambiguity is not significant ($p < .05$) as 95% confidence interval does not include zero. Subsequently, using the same Model 2 and including the bootstrap procedure, the following specific indirect effects for ethical climate have been calculated.

– $a_1 * b_1$, where a_1 is the path from the ethical climate to job performance and b_1 is the path from job performance to job satisfaction

– $a_2 * b_2$, where a_2 is the path from ethical climate to role ambiguity and b_2 is the path from role ambiguity to job satisfaction

Then, the indirect effects contrasts: $a_1 * b_1 - a_2 * b_2$ have also been calculated. Furthermore, the unstandardized difference and associated significance for the difference between the two specific indirect effects (the contrast) were found insignificant at p -value $> .05$. Finally, bootstrap confidence intervals around the difference between the two specific indirect effects have been analyzed in order to find out whether they are significantly different. It was found that they are not significantly different as the 95% confidence interval includes zero.



Discussion

The main purpose of this paper was to investigate how ethical climate affects the salesperson's job attitudes and behaviors. Using structural equation modeling, it is found that the ethical climate plays an important role in the organization particularly sales-oriented organizations and it is by far one of the important predictors of numerous organizational outcomes. This empirical study shows that ethical climate ensured by top management increases salespeople job performance and eventually increases job satisfaction. It also discusses the urgent need to lessen the role conflict and role ambiguity which help salespeople to perform their job more efficiently and effectively. Guidelines about ethical climate provide the salespeople with cues about the ethical behaviors that are appropriate in the organization which eventually leads to the feeling of comfort and greater job satisfaction (Jaramillo et al. 2006). The finding of this study shows that salespeople's perceptions of ethical



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climate are directly related to their job satisfaction and therefore, sales managers should make sure an environment that helps salespeople clarify the firm's expectations about ethical behaviors (Mulki et al. 2006). Furthermore, a clear understanding of this relationship is critical for successful managerial intervention.

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