DIFFERENCES IN BUSINESS ETHICAL PERCEPTIONS BETWEEN SALES PEOPLE AND BUSINESS STUDENTS

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ABSTRACT

Ethic and personality are two important things for a business organization. In terms of workplace, it is important to know that someone who worked at personal selling (salespeople) sometimes violates the moral and ethical dimensions of their profession. This is the reason why the study aimed to examine the differences in business ethical perceptions between salespeople and the prospective personal selling people (e.g., business students) and to compare their perceptions based on gender differences. 200 samples participated in this study, and a number of hypotheses have been tested empirically. Results of the study indicate that gender differences differ in the four dimensions of ethics, namely: moral development, ethical value system, sensitivity to ethical issues, and ethical behavior. However, in general, empirical results showed no differences in gender for the examination of ethical behavior. Interesting finding showed that there are significant differences in perceptions of business ethics and personality between business students and people who have already work personal selling.

KEYWORDS

Personal Selling, Business Ethics, Personality, Gender, Ethical dimensions

INTRODUCTION

The rapid growth of business in Indonesia is marked by the increase of new entrance into competition. Competition leads managers to formulate the right strategic step for the survival of its business, particularly in their existing marketing strategy aimed at the consumers' behavior. For the sake of success in business, marketing strategy should be done by deploying salespeople. Personal selling activities are important thing to be investigated when the efforts of a salespeople violates the moral and ethical dimensions of business. Sales target should be achieved through the harmony of moral dimensions (Murtanto & Marini, 2003). Without ethics, sales generated will not provide benefits. Moreover, the role of personal selling is not only to achieve sales targets, but also as a representative of the company to transmit products and company information to consumers. It require them to work in a professional manner. In addition, they must understand and behave the _____ to the ethics of their profession. They have to understand and apply their business ethically.

Research on the role of personal selling in business ethic is not only focused on how to work professionally, but also the aspect (demographic). Meanwhile, research on sex differences in
work context continues to proliferate. A search of on-line databases for business and social sciences research reveals that in the past five years alone, more than 300 articles have addressed sex differences in organizational settings. Gender differences in the business activities will carry over into the ethical issues. Gilligan (1977, 1982) argues that women and men have different moral orientation fundamentally. Empirical evidence shows that men and women differ in at least four dimensions of ethics, namely: moral development, ethical value system, sensitivity to ethical issues, and ethical behavior. In this study, we adopted Ambrose and Schminke's (1999) study to identify the differences in business ethical perceptions among Indonesian people.

Another thing that needs attention is the background of the participant’s education. The presence of the business courses that contains moral and ethical subjects played an important role in the ethical development of personal selling of the student. This study was also carried out to potential personal selling (business students) because they are prospective businessmen who should be equipped with advance knowledge of ethics valuable to the applicants of the professional codes of ethics in management. Based on these reasons, the study of pertinent issues in the management field focused on the ethical behaviour between salespeople and business students. We argue that the perceived differences have important implications for researchers,

**HYPOTHESES DEVELOPMENT**

The study of sex differences in business ethics has garnered increased attention. This study is divided into two categories to identify differences in perceptions of business ethics based on gender and status of professionalism (the candidates of sales person and sales person). This study uses Ameen et al., (1996); Betz et al., (1989); and Mason and Mudrack, (1996) approaches with emphasis on the behavioural approach to differentiate between men and women (sex differences) and the other side to differentiate from structural approaches (the profession).

Based on previous studies, women are unique in managerial qualities, skills and attitudes in the feminine managerial style (Grant, 1988; Loden, 1985). These characteristics may be as a result of socialization experiences based on gender differences that cause men and women to behave in a different path in their organizational experience. As a result, men and women display various behavioral, and may vary differently in managing business (Lueptow, 1981; Veroff, 1977).

Sex differences can also affect the process of moral development and value systems. For example, Boldizar et al. (1989) showed that the process in which education, occupation and marital status interact to influence the moral development of adults is different between men and women. In addition, Schminke and Wells (1999) found that women are more vulnerable to changes in ethical orientation as a result of group interaction than men. Based on these view of points, several hypotheses is formulated to be tested:

- **H1:** There are significant differences in perception of business ethics between men and women.
- **H2:** There are significant differences in perceptions of business ethics and personality between business students and someone who have already work as personal selling.
METHOD

Human resource staffs, especially personal selling, in the Indonesia service industry were invited to participate in this study. Employing Ambrose and Schminke’s (1999) measures of ethical perceptions, data were also collected from a sample of Indonesian business students. Two hundred samples participated in this study. They will be divided into two sub-samples. One hundred respondents will be randomly selected as the initial sample group (personal selling) while another 100 respondents will be randomly selected and grouped is a holdout sample (prospective personal selling). The reason for selecting 100 cases in both the initial and the holdout samples was to provide us with enough cases to adequately perform a factor analysis (Hair et al., 2006). Mann-Whitney U test was used as statistical tools for hypothesis testing in this study.

RESULTS AND DISCUSSION

In the present study, the measurement of constructs and hypothesized relationship between variables were assessed by statistical techniques. The processing and analyzing of data collected were carried out by using statistical package, that is, SPSS for windows. This section begins with a description of respondents’ profile. Next, the issue of validity and reliability were discussed. Finally, the test for comparison study to identify the differences of business ethics perceptions was also discussed. This section presents all of the relevant demographic characteristics of the survey respondents. Table 1 shows the profile of respondents by gender, and work status (professional status).

Table 1
The profile of respondents by gender, and work status (professional status)

<table>
<thead>
<tr>
<th>Professional status</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Prospective personal selling (business student)</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Personal Selling</td>
<td>56</td>
<td>44</td>
</tr>
<tr>
<td>Total</td>
<td>116</td>
<td>84</td>
</tr>
</tbody>
</table>

Validity and reliability are two related and important aspects of precession of measurement. Reliability refers to the reproducibility of a measurement (Trochim, 2004). Validity refers to the agreement between the value of a measurement and it is true value (Trochim, 2004). Measurement can be reliable but not valid, but a valid measurement must be reliable (John & Benet-Martinez, 2000; Saunders, Lewis & Thornhill, 2003). However, reliability and validity are often dealt with separately as bringing the two concepts together is mathematically difficult. The present study was focused on the psychometric approach to assessing all variables that were related to business ethics perceptions. To test the research instrument, the validity test through statistical factor analysis was applied. Factor analysis was used to reduce the items to become some factors. Some items sometimes represent the same ideas of certain items that were going to be explored, so some items can be omitted if they are redundant or unnecessary. The number of participants in the present research is 200. According to Hair et al. (2006), if the number of
samples in factor analysis is 100 or larger, factor loadings in the range of ± .30 to ± .40 are considered to meet the minimal level for interpretation of structure. We used a weight of .40 as the minimum cut-off. Items that cross-load (load highly on two or more factors) were deleted. Factor loading of the ethical dimensions in the general business perspective ranged from 0.512 to 0.837. Of the 21 items, only 13 items that valid to be used as a measure of business ethical perceptions. Factor analysis produced four factors (dimensions) which are identified as follows. Factor 1, can be referred as the dimension of "sensitivity to ethical issues" (4 items) with reliability 0.719. Factor 2 referred to "ethical behavior" (3 items) with reliability 0.617. The third dimension can be referred to "ethical value system" (3 items) with reliability 0.655. Finally, the fourth factor consisting of three items is referred to the dimension of "moral development" with reliability 0.521. Factor loading for personality dimensions ranged 0.77 to 0.043. Of the nine items, only 6 items to be used as a measure of personality. Factor analysis produced only a single dimension which can be identified as a factor of personality with reliability 0.65.

**Hypotheses testing**

Mann-Whitney U analysis was utilized in order to test the differences of business ethical perceptions. Table 2 shows that Levene's Test for Equality of variances has 2 (two) dimensions of ethics that are not significant (Sig. > 0.05). Some of ethic dimensions in H01 are accepted. It means that there is no significant difference between men and women over the two-dimensional perceptions of business ethics (ethical behavior and moral development. While for the other two dimensions, namely sensitivity to ethical issues and ethical value system with a significance level of less than 0.05, H1 is accepted. This means that there are significant differences between men and women over the two-dimensional perceptions of business ethics. Furthermore, results of the study related to the mean of each sample group (Table 2) showed that the group of men tend to be higher than women's groups in terms of ethical value system. On the other hand, sensitivity to ethical issues showed that female's groups is higher than the male group.

### Table 2

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Number of items</th>
<th>Cronbach's alpha</th>
<th>Mean and (Std.Dev) based on Gender</th>
<th>Levene's Test for Equality of variances</th>
<th>Mean and (Std.Dev) based on Professional status</th>
<th>Levene's Test for Equality of variances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Male (Std.Dev)</td>
<td>Female (Std.Dev)</td>
<td>Student (Std.Dev)</td>
<td>Salespeople (Std.Dev)</td>
</tr>
<tr>
<td>Ethical behavior</td>
<td>3</td>
<td>.617</td>
<td>3.8966 (.7917)</td>
<td>3.7540 (.7283)</td>
<td>.217</td>
<td>3.7900 (.7808)</td>
</tr>
<tr>
<td>Moral development</td>
<td>3</td>
<td>.521</td>
<td>4.6315 (.3722)</td>
<td>4.3929 (.3748)</td>
<td>.889</td>
<td>4.5150 (.3969)</td>
</tr>
<tr>
<td>Sensitivity to</td>
<td>4</td>
<td>.719</td>
<td>4.4195 (.5109)</td>
<td>4.5317 (.4012)</td>
<td>.000</td>
<td>4.3367 (.4773)</td>
</tr>
<tr>
<td>ethical issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical value</td>
<td>3</td>
<td>.655</td>
<td>4.1839 (.5057)</td>
<td>4.1466 (.6531)</td>
<td>.014</td>
<td>4.1200 (.5329)</td>
</tr>
<tr>
<td>system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personality</td>
<td>6</td>
<td>.650</td>
<td>3.1221 (.6955)</td>
<td>2.9345 (.6410)</td>
<td>.605</td>
<td>3.1833 (.6060)</td>
</tr>
</tbody>
</table>

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The second hypothesis, is also shown in Table 2. Levene's Test for Equality of variances throughout the ethical dimensions of personality shows the significance level above 0.05, meaning that $H_0$ is rejected. It implies that there are significant differences of ethical perceptions and personality between business students and people who have already worked as personal selling. Furthermore, by examining of the comparison of perceptions for each group of samples (Table 2), results show that business students have a lower perception than people who have worked as personal selling. This is an indication that the experiences of people who have worked as personal selling demonstrates higher understanding of values system, moral development, sensitivity to ethical issues and ethical behavior in its application to their business activities.

CONCLUSION

Results of the second hypotheses testing showed that there is an significant difference in business ethical perceptions between business students and people who have already worked as personal selling (Sig. > 0.05). The results are in line with Boldizar's et al. (1989) study which suggests that the process of their education, occupation and marital status interact to affect moral development of business ethics. While the results of the first hypothesis testing showed the same results as expected by Woolley (1910), research on integrity and ethics still does not answer many important questions when associated with gender and cultural differences. Results of the study showed no significant differences between men and women over the two-dimensional perceptions of business ethics (ethical behavior and moral development). Contrary to the other two dimensions, namely sensitivity to ethical issues and ethical value system, there are significant differences. These results are consistent with Deaux’s (1984) study. He mentioned that gender is not a differentiator factor in examining social behavior in general. The results of this study have implications in the study of business ethics. Gender differences do exist and they are due to women’s socialization and moral development as well as to the nature of their actions considered. Research on ethics needs to focus on understanding the situational characteristics. Models that assess the moral intensity of a situation need to be further refined and expanded. In addition, interaction effects between gender and situation need to be further explored.

LIMITATIONS

In interpreting the results of this study, certain limitations were considered. First, the sample is rather small. However, significance is achieved which is more difficult with smaller sample sizes. Second, the results are not easily generalized. The sample is drawn from one country only. Furthermore, the sample, graduate business students, may not be representative of the population overall. Third, the ethics measure employed was patterned after western culture and may be somewhat culture bound. These limitations notwithstanding, the results of this study contribute to ethics literature by enhancing our understanding of gender and professional differences in ethical analysis.
REFERENCES


