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# Achieving Top Performance While Building Collegiality in Sales: It All Starts with Ethics

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**Abstract** While previous literature provides evidence of the positive relationship between ethical climate and job satisfaction, the possible mechanisms of this relationship are still underexplored. This study aims to enhance scholars' and practitioners' understanding of the ethical climate–job satisfaction relationship by identifying and testing two of the possible mechanisms. More specifically, this study fills an existing research gap by examining social and interpersonal mechanisms, referred to in this study as workplace isolation of colleagues and salesperson's teamwork, of the ethical climate–job satisfaction relationship. This is vital for the selling profession because job satisfaction is known to drive higher levels of salespeople's performance. The arguments for such mechanisms are built on the foundations of social/psychological contract theory and ethical climate literature. Empirical testing using a large sample of salespeople shows higher levels of ethical climate to decrease workplace isolation and increase teamwork. Findings support hypothesized model where ethical climate positively relates to job satisfaction as partially mediated by workplace isolation and teamwork. Ethical climate is negatively related to workplace isolation and positively to teamwork. Further, findings indicate

negative effect of workplace isolation on teamwork and sales performance. Job satisfaction is found to be key factor in driving performance of salespeople.

**Keywords** Ethical climate · Job satisfaction · Performance · Salespeople · Social/psychological contract theory · Teamwork · Workplace isolation

## Abbreviations

SCT Social contract theory

PCT Psychological contract theory

## Introduction

The ethics literature has recently focused on investigating how ethics affects interpersonal work relationships. Pastoriza et al. (2015) reported that an ethical work context contributes to the creation of internal social capital through which employees are committed to the goals of the organization, empathetic with each other, and willing to trust and engage in open and honest communications. Additional evidence was provided by Jaramillo et al. (2015) who showed that ethical work climate also affects salesperson's willingness to collaborate with and help their coworkers. A workplace environment associated with ethical principles preempts the occurrence of lone-wolf behaviors and motivates boundary spanners to cooperate with their colleagues (Briggs et al. 2012).

The favorable impacts of ethical climate were also evidenced in Shin's (2012) study where positive effects of ethical climate on employees' interpersonally and organizationally directed collective citizenship behaviors were found. Building better relationships between coworkers is critical in boundary spanning positions because it can

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affect job satisfaction and customer service performance (Menguc et al. 2016). Ethical climate can establish and maintain a quality work environment that is built on factors such as team interests, support, communication, concern of others, friendship, and equity. The role ethical climate can play is critical for the success of organizations because it can favorably affect the social and interpersonal aspects of the job, characterized in this study by workplace isolation and teamwork, leading to higher levels of job satisfaction.

While previous studies have found a positive relationship between ethical climate and job satisfaction of salespeople (e.g., Pettijohn et al. 2008; Schwepker 2001), we posit that social and interpersonal aspects of the sales job play important mediating roles in explaining the ethical climate to job satisfaction relationship. Our rationale is based on precepts from social contract theory (*hereinafter as SCT*) (Donaldson and Dunfee 1994, 1995, 1999) and psychological contract theory (*hereinafter as PCT*) (Ågerfalk and Fitzgerald 2008; Anderson and Schalk 1998; Thompson and Hart 2006). Specifically, we hypothesize that salesperson's teamwork and perceived workplace isolation of colleagues are two mediating mechanisms through which ethical climate influences job satisfaction, which, in turn, increases salespeople's performance. The possible mechanisms of ethical climate–job satisfaction relationship are still underexplored although the critical role satisfaction plays in driving higher performance of salespeople.

SCT was introduced as a theory of business ethics through which the formation of ethical norms that shape the attitudes and behaviors among individuals can be examined (Dunfee et al. 1999). Previous researchers have applied SCT in ethics-related studies involving salespeople (e.g., Anderson and Robertson 1995; Dunfee et al. 1999; Johnsen 2009; Martin 2016). Social contracts are unwritten/unspoken contracts that allow employees to manage and develop better work relationships. Ethical climate is one of the social contracts that take place between different organization's stakeholders (Thompson and Hart 2006). This theoretical perspective is appropriate for our study in its examination of organizational ethical climate and interpersonal relationships among salespeople in the workplace (Ågerfalk and Fitzgerald 2008; Thompson and Hart 2006). In accord with the PCT, the presence of similar contracts will make individuals expect that others will live up to their obligations and promises for the sake of keeping successful interpersonal relationships (Ågerfalk and Fitzgerald 2008). According to Hartmann and Rutherford (2015), psychological contracts are important to understand and manage salespeople's attitudes and behaviors. SCT and PCT focus on individuals' expectations and beliefs in social relationships including reciprocity and mutuality in

social relationships (Ågerfalk and Fitzgerald 2008; Thompson and Hart 2006).

Due to their boundary spanning roles, salespeople are more likely to be out of sight and away from direct supervision (DeConinck 2011; Weeks and Nantel 1992). As a result, they are prone to social, psychological, and physical separation from their managers and coworkers (Dubinsky et al. 1986; Schwepker 2001). The combination of physical and psychological separations from their organizations and coworkers creates a different work environment for salespeople as compared to other employees. Moreover, the complex and multifunctional environment in which salespeople work offers many opportunities for unethical conduct (Bush et al. 2015; Pettijohn et al. 2008), thus making ethical climate so vital for the success of selling organizations.

Ethical climate in the selling context can influence coworkers' cohesion and teamwork effectiveness by providing open, facilitated communication and trusting relationships between salespeople. Prior research shows that ethical climate is associated with friendship, team interests, team cohesion, social exchange, and mutual fairness (e.g., Barnett and Schubert 2002). Moreover, ethical climate has been shown to affect salesperson's ability to develop effective relationships and cooperation in the workplace; "employees who see their firm as unethical will likely detach themselves from their colleagues and would prefer working alone than with others" (Briggs et al. 2012, p. 430). In line with SCT (Dunfee et al. 1999; Thompson and Hart 2006), the presence of ethical climate allows salespeople to develop transparent intra-organizational relationships with others. These relationships are built on collaborative foundations and are conducive to the fulfillment of job obligations. A salesperson working for an organization that holds a strong ethical climate will experience a supportive and caring environment embodied in her/his colleagues' attitudes and behaviors. While organizations are gradually relying on sales teams to manage their sales force, there is still a need for improved understanding of how different organizational variables and interpersonal relationships between team members influence such teams (Jones et al. 2005).

Calls found in the literature ask researchers for more studies that examine the role of ethical climate in the salesforce workplace (Evans et al. 2012; Simha and Cullen 2012). In specific, researchers raise the need for additional studies that examine additional outcomes of ethical climate (Evans et al. 2012; Kaptein 2008; Simha and Cullen 2012). More importantly, the ethical climate literature lacks sufficient studies that examine the effects of ethical climate within teams settings (Martin and Cullen 2006). Furthermore, while previous literature provides evidence of the

positive relationship between ethical climate and job satisfaction, the possible mechanisms of this relationship are still underexplored. In line with SCT and PCT, we proposed and tested how ethical climate increases job satisfaction at work by means of strengthening the social aspect of the workplace and building and managing mutual interpersonal relationships between salespeople (Anderson and Schalk 1998; Koh et al. 2004; Thompson and Hart 2006).

Table 1 includes a summary of the empirical sales ethics studies that have examined the relationship between ethical climate and job satisfaction. This summary demonstrates that fifteen out of sixteen studies have only focused on examining the direct effect of ethical climate on job satisfaction. With the exception of Herndon et al. (2001) who show that ethical climate increases job satisfaction through increasing organizational commitment, empirical studies have hypothesized a direct impact of ethical climate on salesperson's satisfaction. Thus, scholars leave behind possible mediation mechanisms of this important relationship untested. The contribution of our study, in first, lies in understanding how ethical climate positively impacts job satisfaction of salespeople. It is not enough to know that ethical climate can increase job satisfaction, but scholars and practitioners would benefit from better understating of how ethical climate affects the social work environment and employee interactions in a selling environment where a collaborative work is an important condition for achieving business success. This manuscript makes an important contribution to the ethics and sales literature by exploring the possible role of workplace isolation and teamwork in driving the positive effect of ethical climate on job satisfaction.

This study aims to enhance scholars' and practitioners' understanding of the ethical climate–job satisfaction relationship by identifying and testing two mediating variables of this relationship. More specifically, this study fills an existing research gap by examining social and interpersonal mechanisms, characterized in this study as workplace isolation of colleagues and salesperson's teamwork, of the ethical climate–job satisfaction relationship. This is important for scholars and practitioners since job satisfaction is vital driver of salespeople's performance. The conceptual model depicted in Fig. 1 overviews the relationships to be examined. The model is tested with a multisource data collected from a large sample of salespeople matched with objective performance measures. This is also a methodological contribution within our study.

The study examines whether or not workplace isolation of colleagues and salesperson's teamwork are critical mechanisms in explaining how ethical climate is related to job satisfaction, which in turn enhances sales performance and number of new recruited salespeople. Findings support

hypothesized model where ethical climate positively relates to job satisfaction as partially mediated by workplace isolation and teamwork. Ethical climate is negatively related to workplace isolation of colleagues and positively to salesperson's teamwork. Further, the increase in workplace isolation is associated with decrease in teamwork and sales performance. Job satisfaction is found to be key factor in driving performance of salespeople.

The paper proceeds as follows. First, the literature on ethical climate, workplace isolation and teamwork is reviewed. Then conceptual and hypothetical development section is provided with six hypotheses specified. Further, in the methodology section, the details on the sample respondents and results obtained are provided. Finally, in the discussion section, managerial implications, study limitations and future research directions are provided.

## Literature Review

### Ethical Climate

Ethical climate is defined “as a composite of organizational members' perceptions of the ethical values and behaviors supported and practiced by organizational members” (Schwepker and Good 2004, p. 41). According to the SCT (Donaldson and Dunfee 1994, 1995, 1999), a community-specific microcontract, such as ethical climate, specifies the ethical norms that are shared by organizational members. As a social contract, ethical climate can support superior work environment, characterized by supportive and helping behaviors, cordial communication, role models, and common welfare of others (Valentine et al. 2016). Employees perceive ethical organizations as highly fair (Koh and Boo 2001), leading them to more likely reciprocate this fairness with positive work attitudes and behaviors (e.g., more teamwork behaviors, less workplace isolation) (Wang and Hsieh 2011).

According to Thompson and Hart (2006), “aggregated measures of perceived obligations (and their fulfillment or violation) to group and organization levels would provide novel insights into the ethical climate of organizations” (p. 235). These kinds of contracts are referred to as psychological contracts composed of perceived obligations that employees tacitly accept (Turnley and Feldman 2000). Psychological social contracts shape and manage the relationships between employees, employees and organizations, and even between organizations (e.g., Thompson and Hart 2006). The norms derived from social contracts are understood standards and obligations that are abided by community members. Some of these norms are found to reduce the occurrence of ethical opaqueness and make it clear to what are the behaviors and acts that are ethically

**Table 1** Summary of the empirical sales ethics studies testing ethical climate–job satisfaction relationship

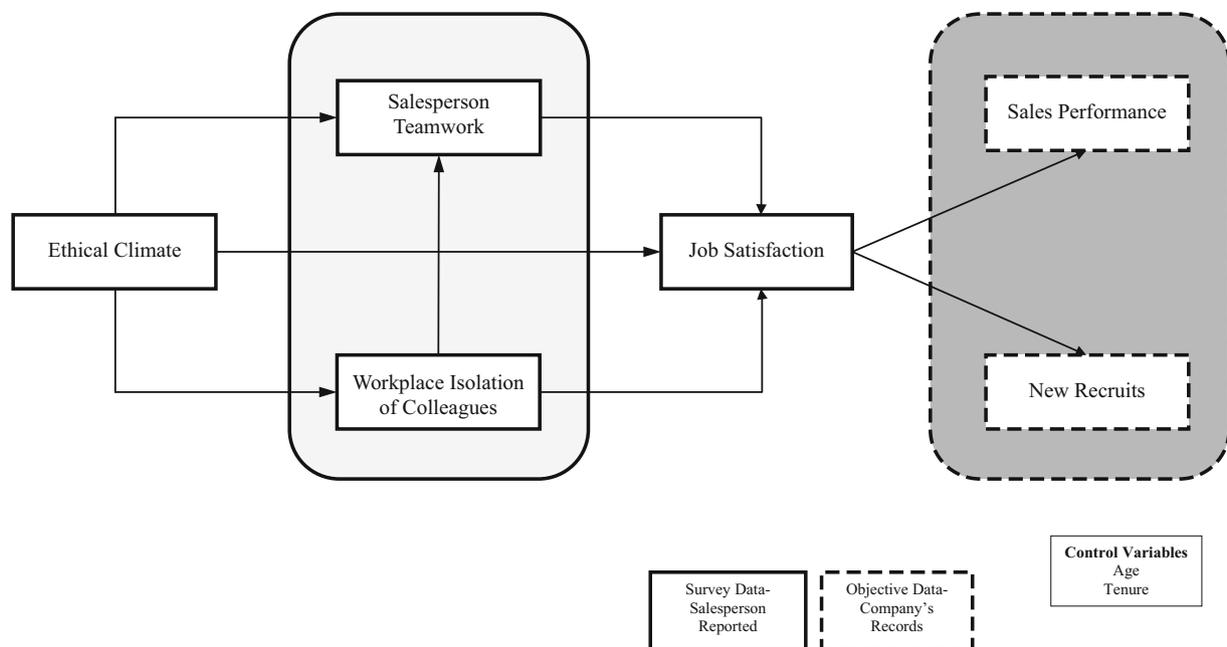
Authors and publication year	Sample description	Variables examined	Key findings	Ethical climate–job satisfaction relationship
Valentine et al. (2015)	Sales and marketing employees—USA	Corporate ethical values; availability of ethics code; communication of ethics code; corporate ethical values; workplace bullying; job satisfaction	Corporate ethical values are negatively related to the perceptions of workplace bullying and positively to job satisfaction. Workplace bullying is negatively related to job satisfaction	Significant positive direct effect. Indirect effect through workplace bullying, but no mediation was hypothesized
Valentine et al. (2011)	Sales and marketing employees (study 2)—USA	Corporate ethical values; group creativity; job satisfaction; turnover intention; social desirability	Corporate ethical values have positive impact on job satisfaction, which in turn decreases turnover intention. Corporate ethical values have no direct effect on turnover intention	Significant positive direct effect
Fournier et al. (2010)	Salespeople—France	Ethical climate; person-career fit; job satisfaction; role overload; self-efficacy; propensity to leave; job performance	Ethical climate has a nonsignificant positive correlation with job satisfaction. High-performing salespeople are more likely to leave their jobs when organization ethical climate is low	Nonsignificant direct effect
Mulki et al. (2009a, b)	Salespeople—USA	Instrumental leadership; considerate leadership; ethical climate; satisfaction with supervisor; job performance; effort; job satisfaction	Instrumental leadership has positive effect on ethical climate, which in turn positively influences satisfaction with supervisor, job satisfaction, and effort. Ethical climate has positive direct and indirect effects, through satisfaction with supervisor, on job satisfaction	Significant positive direct effect. Indirect effect through satisfaction with supervisor, but no mediation was hypothesized
Valentine (2009)	Sales and marketing professionals—USA	Corporate ethical values; ethical culture; ethics training; organization tenure; social desirability; satisfaction with supervisors; satisfaction with coworkers	Ethics training has positive impact on ethical culture and corporate ethical values (ethical context), which in turn increase employee satisfaction with supervisors and coworkers	Significant positive direct effect
Amyx et al. (2008)	Different samples of Salespeople—USA	Salesperson corporate ethical values (ethical climate)—four dimensions (general ethical behaviors; ethics and success; tolerance of unethical behaviors; punishment of unethical behaviors for corporate gain); fairness; organizational citizenship behavior; organizational commitment; job satisfaction; job performance	A multidimensional scale of salesperson corporate ethical values, to assess salespeople's perceptions of corporate ethics as well as their own ethics with customers and their organization, is developed. Ethics have a strong positive effect on job satisfaction. Ethics have direct positive effect on job performance	Significant positive direct effect
Pettijohn et al. (2008)	Retail salespeople—USA	Ethical attitude toward business in general (good ethics is good business); ethical attitude toward employer (corporate ethical values); attitude as consumer (alienation); job satisfaction; turnover intention	Positive relationships exist between salesperson perceptions of business ethics, his/her employer's ethics, attitude as consumer, and salesperson's job satisfaction and reduced turnover intention	Significant positive direct effect

**Table 1** continued

Authors and publication year	Sample description	Variables examined	Key findings	Ethical climate–job satisfaction relationship
Lavorata (2007)	Industrial-automobile salespeople—France	Ethical climate—four dimensions (the company’s ethical procedures; peer behavior; selling practices; remuneration plan); job involvement; job satisfaction; ethical behavior	The existence of a multidimensional measurement of ethical climate in a French-speaking context. Ethical climate has positive effects on job involvement, job satisfaction and ethical behavior of salespeople	Significant positive direct effect
Pettijohn et al. (2007)	Retail salespeople and university students (prospective salespeople)—USA	Customer alienation; good ethics is good business; employers’ ethics; job satisfaction; turnover intention	Sales students’ attitudes toward the corporate ethical environment are similar to that of salespeople. Employer ethics (corporate ethical values) has positive effect on job satisfaction for both, sales students and salespeople	Significant positive direct effect
Riggle (2007)	B2B salespeople working across industries and firms—USA	Ethical climate; perceived organizational support; workplace isolation; organization trust; role ambiguity; role conflict; organizational commitment; job satisfaction; tenure; turnover; performance	Ethical climate has moderate positive effect on job satisfaction. Ethical climate decreases role conflict and role ambiguity. Role conflict has strong negative effect on job satisfaction	Significant positive direct effect. Indirect effect through role conflict, but no mediation was hypothesized
Jaramillo et al. (2006)	Retail salespeople—USA	Ethical climate; role conflict; role ambiguity; organizational commitment; job satisfaction; job performance; turnover intention; tenure	Ethical climate has positive effect on job satisfaction. Ethical climate negatively influences role conflict and role ambiguity; both in turn decrease job satisfaction. Ethical climate directly and indirectly effects, through role ambiguity and role conflict, job satisfaction	Significant positive direct effect. Indirect effect through role conflict and role ambiguity, but no mediation was hypothesized
Mulki et al. (2006)	Salespeople—USA	Ethical climate; trust with supervisor; job satisfaction; organizational commitment; turnover intention	Ethical climate has positive impact on trust in supervisor, job satisfaction, and organizational commitment. Ethical climate has positive direct and indirect effects, through satisfaction with supervisor, on job satisfaction. Trust in supervisor, job satisfaction, and organizational commitment decrease turnover intention	Significant positive direct effect. Indirect effect through trust with supervisor, but no mediation was hypothesized
Bhuiyan and Mengue (2002)	Sales expatriates and firms—Saudi Arabia	Job characteristics (autonomy, variety; identity; feedback); ethical climate; job satisfaction; organizational commitment	Ethical climate is positively related to job satisfaction despite controlling for demographic and organizational variables. Job characteristics and organizational commitment have direct and interactive effects on job satisfaction	Significant positive direct effect
Herndon et al. (2001)	Retail salespeople and sales managers—Taiwan and USA	Individual moral values; ethical climate (corporate ethics perception); organizational commitment; job satisfaction; turnover intention	For the sample from the USA, perceived corporate ethics have a positive direct impact on job satisfaction and negative one on turnover intention where as for the sample from Taiwan, it has indirect impact on both variables that is mediated by organizational commitment	Mediated positive effect through organizational commitment for the sample from Taiwan and not that from the USA

**Table 1** continued

Authors and publication year	Sample description	Variables examined	Key findings	Ethical climate–job satisfaction relationship
Schwepker (2001)	B2B Salespeople—International	Ethical climate; job satisfaction (job, promotion and advancement, pay, supervisor, company policy and support, customers and fellow workers); organizational commitment; turnover intention	Ethical climate is positively related to salespeople’s job satisfaction and organizational commitment. Ethical climate has no direct effect on turnover intention	Significant positive direct effect
Babin et al. (2000)	Boundary spanners (performing selling-related tasks)—USA	Ethical climate (responsibility/trust; peer behavior; ethical norms; selling practices); role ambiguity; role conflict; job satisfaction; organizational commitment	Ethical climate scale with four dimensions was developed and validated. Ethical climate increases job satisfaction and organizational commitment	Significant positive direct effect

**Fig. 1** Conceptual model

accepted and shared by group members (Donaldson and Dunfee 1994, 1999; Thompson and Hart 2006).

Consistent with SCT theorizing, ethical climate is partially established on the basis of unspoken promises and unwritten contracts that establish the parameters of ethics in exchange relationships and day-to-day interactions between employees (Donaldson and Dunfee 1994; Thompson and Hart 2006). Organizations encourage the development of such social contracts because of their importance in developing positive and trust-based relationships between employees, management, and other stakeholders at large (Thompson and Hart 2006). These contracts and norms are

implicitly shared between members through day-to-day activities and do influence behaviors of all members within the organization (Saks and Ashforth 1997; Thompson and Hart 2006). The PCT suggests that employees exercise in social construction by means of better communication and reciprocal obligations between each other (Thompson and Hart 2006). A salesperson that experiences a well-developed ethical climate will be more willing to help and support others courteously and altruistically as such help is viewed in line with and a result from the organization ethical climate. This is also true for other salespeople who perceive open communication with, support for, and inclusion of others as

part of their obligations toward their organizational ethical climate.

Ethical climate provides salespeople with perceptions and insights about the flow of work and appropriate ethical behaviors in the organization (Mulki et al. 2009a, b). These perceptions are translated into psychological mechanisms that can affect different attitudes and behaviors of salespeople (Mulki et al. 2006), form a major component of overall perceptions of the organization (Walsh and Beatty 2007), and tremendously impact the workplace environment.

Underlying ethical climate is the notion that ethical business is good business, which is well supported in the literature (e.g., Briggs et al. 2012; Pettijohn et al. 2008; Weeks et al. 2004). The importance of ethical climate lies in its effects on the long-term capabilities of organizations through different mechanisms that affect employees, customers, investors, and society at large (Grisaffe and Jaramillo 2007). Some of the previous studies found positive effects of ethical climate on organizational commitment (DeConinck 2011; Schwepker 2001), job efforts (Mulki et al. 2009a, b), ethical attitudes (Schwepker and Good 2007), director trust and satisfaction (DeConinck 2011; Mulki et al. 2009a, b), job satisfaction (Pettijohn et al. 2008; Wang and Hsieh 2011), and job attractiveness (Schwepker and Good 2007). Other studies found that higher levels of ethical climate are associated with low turnover intention (Demirtas and Akdogan 2015; Fournier et al. 2010), role stress (Babin et al. 2000; Schwepker et al. 1997), and dysfunctional behaviors (Bulutlar and Öz 2009; Martin and Cullen 2006).

DeConinck (2011) surveyed salespeople across different industries and found a positive relationship between ethical climate and salespeople's organizational identification. Ethical climate not only enhances organizational identification, but also increases team identification of employees as a form of team effectiveness (Cheng and Wang 2015). Wieseke et al. (2012) studied the effects of team identification on sales performance and customer satisfaction. They surveyed sales representatives who work in sales teams and found support for the positive effect of team identification on sales performance and customer satisfaction. These results provide additional evidence for the possible impacts that ethical climate can have on salespeople's attitudes toward their team members and job in general. Corroborating that, ethical climate increases employee's belongingness to their work teams (Cheng and Wang 2015; Simha and Cullen 2012) and in-/extra-role behaviors (Leung 2008).

Despite the many ethics studies in the sales context, different questions remain unanswered (Tanner et al. 2015). For example, while previous studies emphasize the role of ethical climate in driving job satisfaction, a main question remains unanswered—*how* ethical climate affects

job satisfaction? In other words, do other variables such as workplace isolation and teamwork mediate the positive impact of ethical climate on job satisfaction of salespeople? In addition, virtually all studies examining the effect of ethical climate on satisfaction and turn on performance (see Evans et al. 2012) have relied on self-reported measures of performance, which are subject to systematic biases (Ahearne and Lam 2011; Jaramillo et al. 2005). The question of whether ethical climate through job satisfaction is conducive to higher performance, assessed with objective measures derived from company records, is another question to answer.

### Workplace Isolation of Colleagues

Workplace isolation results from the perceived lack of support from coworkers and supervisors and the absence of opportunities for social and emotional collaboration with other members at work (Mulki and Jaramillo 2011). The concept of isolation is associated with the human need to seek connections with other individuals for support, comfort, and attachment (Ainsworth et al. 2014). Workplace isolation of colleagues “represents employees' perceptions of availability of co-workers, peers, and supervisors for work-based social support” (Marshall et al. 2007, p. 199).

In the sales context, Challagalla et al. (2000) found that the lack of interaction of salespeople with their coworkers and managers often causes feelings of isolation. The possibility of workplace isolation is amplified in the sales profession since salespeople are required to complete a significant part of their job outside the organization. According to Marshall et al. (2007), workplace isolation is critical in selling organizations because of the effects it can have on salespeople's evaluation of their job. In their study, Marshall and his colleagues identified two workplace isolation circumstances that may face salespeople. Workplace isolation can be company related and/or colleagues related. In this study, we focus on the workplace isolation of colleagues as perceived by salespeople. We focus on this aspect of isolation because we are interested in further understanding how ethical climate affects person-to-person relationships. The workplace isolation of colleagues “focuses on coworkers' social support and measures employee perceptions of coworkers collaborating to solve problems, discussing issues, and developing friendships” (Marshall et al. 2007, p. 203). Employees who lack support from colleagues are more likely to perceive such workplace isolation, which may lead to negative outcomes such as dysfunctional attitude and job dissatisfaction (Kirkman et al. 2002; Wiesenfeld et al. 2001).

Since most salespeople are physically segregated from their organizations and coworkers, they are prone to face

workplace isolation more than other organizational members. This issue can be dealt with by enhancing interpersonal interactions and communications with and developing quality relationships between other organizational members. Mulki and Jaramillo (2011) suggest that organizational climate can influence salespeople's perceptions of workplace isolation, which in turn may affect different job attitudes and behaviors. Chen and Kao (2012) found that job resources and support from organization as a whole and other coworkers decrease the perceived workplace isolation of colleagues.

Even though salespeople are said to be more prone to workplace isolation, only few studies in the sales context tried to understand the possible effects and outcomes of it (e.g., Mulki et al. 2008a, b). Moreover, empirical research examining how organizational climate affects isolation is still lacking. This highlights a critical research gap within the sales literature.

### Teamwork

Teamwork is important in selling organizations for the reason that salespeople depend on their colleagues, service support staff, and other to accomplish selling-related tasks and increase productivity. Piercy et al. (1997) found that effective selling organizations try to maintain adaptability, teamwork, and customer support at the level of their salespeople since such factors are found to result in quality and long-term relationships with customers. Moreover, El-Ansary et al. (1993) show that salesperson teamwork is one of the top five factors that are influential in improving salesperson's effectiveness. For higher sales effectiveness, salespeople should be able to coordinate with different members in the organization, especially the ones within their work unit. This is important because higher coordination between salespeople facilitates the share of ideas that can enhance critical thinking and creativity while at the same time provides continuous support necessary for achieving sales goals.

Employees differ in their teamwork behaviors that they use in the workplace (Bahrami and Evans 1997). Different factors can affect teamwork behaviors of salespeople such as organizational climate, organizational support, and others' cohesion in the workplace. Team players employees have higher propensity for functioning as contributing members of a team and prefer working in teams to accomplish assigned objectives (Driskell and Salas 1992). They also are more willing to accept supervisors' directions and authority (Tansu Barker 2001).

Team players employees are more likely to engage in helping, courtesy, and sportsmanship behaviors which "lubricate the social machinery of the organization, reducing friction, and or/increasing efficiency" (Organ

et al. 2006, p. 199), and ultimately help achieve higher job satisfaction and performance (Mulki et al. 2007). Studies that examine different teamwork settings are highly relevant nowadays with organizations moving toward running their operations in the form of team units (Cheng and Wang 2015).

### Conceptual and Hypothetical Development

Various organizational climates do play different roles in developing improved selling teams (Jones et al. 2005). One of those climates is ethical climate, which is theorized to affect job attitudes and perceptions such as satisfaction, commitment, ambiguity, and conflict, through the morale and cohesion mechanisms derived by such climate (Dickson et al. 2001). On the other hand, actions associated with deceitfulness, dishonesty, stealing, and dysfunctional behaviors have been shown to increase in the absence of ethical climate (Bulutlar and Öz 2009; Simha and Cullen 2012), resulting in interpersonal conflict and performance deterioration.

The positive relationship between ethical climate and job satisfaction is well established in the sales literature (e.g., Mulki et al. 2009a, b; Valentine et al. 2011). Job satisfaction, as a positive and pleasurable emotional state (Locke 1976), can be derived from coworkers, management supervision, and organizational support and policies (Walker et al. 1977). Ethical climate assures an environment that provides guidance regarding ethical issues (Valentine et al. 2015), fosters trustfulness (Schwepker 2001; Mulki et al. 2006), causes employees to share sincere interest in each other (Tsai and Huang 2008), and increases employees' well-being (Grisaffe and Jaramillo 2007). Undeniably, ethics play major role in building relational-based exchanges (Gundlach and Murphy 1993). With the increase in customers' demandingness (Agnihotri et al. 2017), salespeople may benefit from ethical climate to meet customers' expectations (Mulki et al. 2006) and develop mutually valuable long-term relationships (Mulki et al. 2008a, b). In line with previous literature, we test a replicated hypothesis:

**Hypothesis 1** Ethical climate is positively related to job satisfaction.

Ethical climate is said to serve many and diverse functions within the organization (Cullen et al. 2003). For example, Bulutlar and Öz (2009) describe ethical climate as a supportive climate within an organization. Dickson et al. (2001) claim that ethical climate influences organizational outcomes with no-ethical implications by means of cohesion and morale mechanisms. Both mechanisms can affect individual- and group-level outcomes in different

ways (Dickson et al. 2001). For example, Nicotera and Cushman (1992) concluded that organizational ethics increase the perceptions of perceived organizational justice which can enhance the interrelations between team members. Creating better work ethics in the organization assures quality relationships and maintains trust between employees, who will more likely be willing to share and strive to achieve same collective goals (Pastoriza et al. 2015). In teamwork setting, the presence of ethical climate is associated with improved determination and self-confidence of team members in dealing with each other, thus attenuating perceived workplace isolation. Higher levels of workplace isolation of colleagues make it more difficult for salespeople to fulfill their social and affiliation needs at work. This detachment from others affects salesperson's attitudes and wellbeing. Some evidence in the sales literature shows that workplace isolation can decrease job satisfaction of salespeople (e.g., Marshall et al. 2007; Mulki and Jaramillo 2011).

Through ethical climate, employees may perceive a higher ethical concern for the welfare of others within the organization as well as the general public (e.g., Victor and Cullen 1988). Prior research found ethical climate to enrich integrity (Brockner 1996) and quality relationships between individuals and their groups (Donaldson and Davis 1991). On the other side, the lack of ethical climate is likely to attenuate the concern for the welfare of others found between employees (Martin and Cullen 2006; Wimbush and Shepard 1994).

Frontline employees, such as salespeople, often require support, information, and resources from other employees and team members in completing their job tasks (de Jong et al. 2005). Successful selling highly depends on support and collaboration provided by others. In team setting, salespeople have greater needs for colleagues' support and availability because of the nature of tasks associated with such work. According to PCT, employees (e.g., salespeople) exercise in social construction by means of better communication, collaboration, and reciprocal obligations between each other (Thompson and Hart 2006). Workplace collaboration allows salespeople to leverage their colleague's resources and facilitates provision of customized and value-added offers to their customers. Interpersonal interactions and relationships between a salesperson and his/her coworkers can establish a supportive workplace through which job satisfaction can be amplified.

In general, employees who perceive less support from their colleagues and managers are less likely to feel satisfied with their job (Kirmeyer and Lin 1987). In addition, previous research shows that isolation is associated with higher job dissatisfaction and turnover (e.g., Kirkman et al. 2002; Wiesenfeld et al. 2001). Likewise, Mulki and Jaramillo (2011) found workplace isolation perceived by

salespeople to be a predictor of lower levels of satisfaction with supervisors. They also found negative relationship between workplace isolation and extra-role behaviors that include helping and sportsmanship. Based on the previous discussion, we hypothesize the following<sup>1</sup>:

**Hypothesis 2** Workplace isolation of colleagues partially mediates the positive relationship between ethical climate and job satisfaction.

Selling organizations are increasingly deploying sales teams for achieving higher selling success, a strategy that requires the exhibition of team-oriented behaviors by salespeople (Sparrowe et al. 2001). Teamwork exerted by salespeople substantiates the quality of interrelationships between coworkers. In team setting, ethical climate may have strong impacts on team spirit and unity, and the connections team members have with each other. Dickson et al. (2001) argued that ethical climate in organizations has impact on organizational factors that are not only explicit of ethical content. According to prior research, ethical climate may affect interpersonal relationships. Briggs et al. (2012) reported that ethical climate negatively affects lone-wolf tendency of boundary spanning employees. Lone-wolf tendency is a psychological state in which "one prefers to work alone when making decisions and setting/accomplishing priorities and goals" (Dixon et al. 2003, p. 205). Moreover, Mulki et al. (2007) reported that salespeople with higher levels of lone-wolf tendency are less likely to engage in helping behaviors that can foster team spirit and cooperation between coworkers. Dixon et al. (2003) found a negative relationship between lone-wolf tendency and teamwork of salespeople. Further, in their study, Verbeke et al. (1996) found that higher levels of organizational ethical climate discourage Machiavellian individuals from working for such organizations. Ethical climate is also important in the workplace because it can decrease mobbing and bullying behaviors and psychopathy (Bulutlar and Öz 2009; Valentine et al. 2016), which can negatively impact team cohesion and group support while at the same time increase interpersonal conflict (Samnani and Singh 2015).

<sup>1</sup> In hypotheses 3 and 4, two partially mediated relationships are hypothesized. Previous studies that tested direct and indirect effects of ethical climate on job satisfaction suggest that ethical climate–job satisfaction is not only mediated by workplace isolation and teamwork, but also by other variables. For example, indirect effects are through variables such as role ambiguity, role conflict (Jaramillo et al. 2006; Riggle 2007), and trust in supervisor (Mulki et al. 2006). In hypothesizing partially mediated relationships, we assume the mechanisms through which ethical climate affects job satisfaction are not limited to workplace isolation of colleagues and salesperson's teamwork. Other possible variables, such as relational conflict, interpersonal deviance, and organizational citizenship behaviors, can mediate ethical climate–job satisfaction relationship.

Team selling requires salespeople to organize and coordinate their selling efforts across different members. As a result, the perceived availability of coworkers' support is important for achieving salespeople's objectives (Dixon et al. 2002). Moreover, Moon and Gupta (1997) explain that team membership provides salespeople with more resources enabling higher performance through the support and assistance they receive from other team members. Research found that employees who perceive less support from their coworkers are likely to hold negative feelings about their job (Wiesenfeld et al. 2001). Salespeople who are teamwork oriented provide more sales support and are known for their sales effectiveness (Tansu Barker 2001).

The importance of having a strong ethical climate lies in favorable outcomes it can bring to the workplace. For example, Shin (2012) found that ethical climate increases interpersonally directed organizational citizenship behaviors such as helping and listening behaviors between employees. Organizational citizenship behaviors including civic virtue, helping, and sportsmanship are extremely important for better performance in team setting (Nielsen et al. 2012). In their study, Rathert and Fleming (2008) found frontline employees who perceive higher levels of ethical climate are more likely to report improved teamwork in the workplace, which involves interdependency and cooperative work between salespeople. Teamwork can increase job satisfaction and develop good working relationships (Alegre et al. 2016; Griffin et al. 2001; Park and Deitz 2006). Thus, it is arguable that ethical climate can increase the focus on the common good of salespeople leading to more effective teamwork, which in turn increases job satisfaction. Consistent with that line of reasoning, we hypothesize the following:

**Hypothesis 3** Salesperson's teamwork partially mediates the positive relationship between ethical climate and job satisfaction.

In addition to a direct association with job satisfaction, workplace isolation of colleagues may also affect satisfaction through an indirect process involving salesperson's teamwork. Salespeople perceiving high level of workplace isolation feel that their colleagues fail to provide the social support needed to perform their job activities. Isolation makes salespeople feel disconnected from others in the organization (Mulki et al. 2009a, b). Salespeople experiencing such circumstances are likely to seek to bring balance to the psychological contract with their colleagues. One alternative is salespeople reducing their willingness to work with colleagues as a team player. On the other hand, the availability of other members to provide help and assistance when needed is likely to generate a mutual

exchange between colleagues. The relationship between workplace isolation and team work is supported by the notion of reciprocity that is highlighted by SCT and PCT (Ågerfalk and Fitzgerald 2008; Thompson and Hart 2006). Accordingly, employees develop reciprocal expectations and obligations in social relationships with their peers and organizations that extend beyond formal written contracts (Rousseau and McLean Parks 1993; Thompson and Hart 2006). This logic is also supported by social exchange theory (Schaufeli et al. 1996; Settoon et al. 1996), which suggests that individuals engage in social exchange relationships based on the norm of reciprocity (Blau 1964). One's attitudes and behaviors toward other team members are shaped by the reciprocity of actions (Eisenberger et al. 2001).

Employees known to be good team players do value their involvement with others and see themselves as credulous members of a team, rather than being individual decision makers absorbed in their own self-interested motives (Isabella and Waddock 1994). To increase teamwork effectiveness, it is necessary to develop close work relationships between coworkers, which assures effective selling teams (Jones et al. 2005). On the other hand, workplace isolation can lead to poorer team role performance (e.g., Ozelik and Barsade 2011; Lam and Lau 2012). Working in isolation is likely to make salespeople reduce their willingness to take a good part in their teams while at the same time fulfilling none of their obligations toward other salespeople. A salesperson left lonely and without colleagues' support is likely to behave according to his/her self-interests and not to that of the group or organization. This rationale leads us the following hypothesis:

**Hypothesis 4** Workplace isolation of colleagues is negatively related to salesperson's teamwork.

In encouraging improved contributions of salespeople to achieve organizations' goals, selling firms strive to increase the job satisfaction of their salespeople. The positive effects of job satisfaction on performance outcomes of salespeople are evident in prior studies (e.g., Grisaffe et al. 2016; Mulki et al. 2009a, b; Schmitz and Ganesan 2014). The more the positive attitudes salespeople have toward their job, which might result, as suggested by this study, from the well-developed interpersonal relationships, the higher the performance outcomes will be achieved by salespeople. Salespeople feeling more satisfied with their jobs are likely to outperform their less satisfied peers.

In their meta-analysis, Verbeke et al. (2011) found that the effects of different variables on sales performance are stronger when performance data are self-reported by salespeople. In order to avoid the limitation of using cross-sectional and self-rated measures of performance of

salespeople (e.g., Ahearne and Lam 2011; Fang et al. 2004), this study gathered objective measures of salespeople's performance. Specifically, the study measured performance outcomes of salespeople using their sales revenues figures, and the number of new recruits each salesperson had based on archival data.<sup>2</sup> This leads us to hypothesize the following:

**Hypothesis 5** Job satisfaction is positively related to sales performance.

**Hypothesis 6** Job satisfaction is positively related to the number of new sales recruits.

## Methodology

### Sample

To test our hypothesized relationships, we collected data from a sample of salespeople working for a national direct selling company, a multilevel marketing company that operates within the business-to-consumer marketing space. The data collection was supported by the company. The direct selling context is suitable for testing the relationships hypothesized, especially the ones related to ethical climate, teamwork, and workplace isolation.

Respondents surveyed work in informal sales teams and operate in collaborative team environment within a specific sales areas in which they share information and sales advice, organize sales workshops, and assist each other when needed. One of the major distinguishing characteristics of direct selling is that it takes place in a nonstore venue (Peterson and Wotruba 1996) leading salespeople to be more prone to isolation. Salespeople surveyed are not only responsible for selling products, but also for recruiting and training of other salespeople, especially those within the same team. As is the case for salespeople working as direct sellers, they are asked to adhere to ethical and legal policies set by the parent organization (Pratt 2000). Furthermore, the teams operate under the guidance of a sales director who seeks to assure that all team members follow the policies of the organization. The sales directors play a critical role in developing ethical standards and assuring the implementation of the required ethical conduct as salespeople working as direct sellers do encounter

opportunities to engage in unethical behaviors (Chonko et al. 2002). In addition, direct selling is suggested to be an ideal context for testing relationships among satisfaction and performance of salespeople (Brown and Peterson 1994).

To develop the survey, we collaborated with a group of executives representing the company. A survey was developed to measure the constructs we were interested in studying. The survey was then submitted to the executives to provide their feedback about and its applicability in the context of direct selling. The measures of the constructs of interest were all based on prior research within the field. Based on feedback received from the executives, we included minor modifications to the survey so that it can better fit the direct selling context and be more relevant to direct sellers as respondents. Some of the measures adapted were developed to other sales contexts. The survey was pretested before being posted on the company's Web site with several salespeople representing the company. We made sure none of the respondents of the pretest sample was included in our final sample.

An invitation from company's headquarter was sent to potential respondents. The invitation described the academic purposes of the study and stressed on the participation of salespeople. The survey data were collected electronically through the company's Web site over a two-week period. Survey data were gathered electronically. Regarding the objective data collected, the firm provided two different performance outcomes of the respondents. The performance outcomes data include monthly sales revenues and monthly number of recruits of each of the respondents. To finalize our sample, we matched both survey and objective performance outcomes data sets we have. We made sure that both of the data sets gathered were complete, thus providing full survey and performance data. Our final sample consists of 1071 sales representatives from across the USA with a response rate of 52.8%. Respondents' mean age was equal to 45.4 years. Within the sample, direct sellers aged 30–46 and 47–64 account for 47.7 and 42.9%, respectively. The remaining of the respondents aged 18–29 and 65 and above account for 6.1 and 3.3%, respectively. When comparing the age distribution of the sample used to direct selling industry statistics available through Direct Selling Association census, we found that this sample, to great extent, represents the direct sellers' population in the USA. The average tenure in our sample was 12.3 years (STD = 7.3).

### Measures

The measures used in this study were all adapted from previous studies. Ethical climate was derived from

<sup>2</sup> The sales sample for the study was derived from a multilevel direct selling organization. In direct selling, salespeople act as independent agents and their compensation is commission based. Commissions are paid as a percentage of their own sales and a fraction of the sales from the individuals they recruited for the organization. New recruits are critical in maintaining performance growth objectives and the long-term viability of the firm. As such they constitute an important objective measure of performance.

Jaramillo et al. (2013).<sup>3</sup> This measure includes items like (*My sales director provides guidance about acceptable ethical behaviors*). The workplace isolation of colleagues measure was obtained from Marshall et al. (2007) (e.g., *I have other salespeople available whom I talk to about day-to-day problems*). All items of the workplace isolation of colleagues scale are reversed coded as it was first developed. We measured teamwork using Oliver and Anderson's (1994) scale (e.g., *I always fulfill my obligations to other salespeople*). For measuring job satisfaction, we used a three-item scale adapted from Ramaswami and Singh (2003) (e.g., *My company name business is satisfying*). As shown in "Appendix," the measures used show acceptable reliability and validity. More discussion about the measures used is found in the measurement model section. All constructs other than the performance measures were measured on a 7-point Likert agreement scale.

Many of the studies in the sales literature are criticized because of their use of self-rated measures and cross-sectional data to measure performance of salespeople (e.g., Ahearne and Lam 2011; Fang et al. 2004; Sujan et al. 1994). Researchers discussed the inherent biases from using self-reported or managerial-ratings and have called for research that relies on objective measures of sales performance (Ahearne and Lam 2011; Jaramillo et al. 2005). The organization with which we collaborated to gather the data provided us the monthly sales figures and number of recruits for each of the respondents. The

<sup>3</sup> Based on the feedback received from company's executives and to better fit the context in which our study took place, a four-item scale to measure perceived ethical climate was used (Jaramillo et al. 2013) as mentioned before. In this scale, two items measure salesperson's perception of the socialization process in which acceptable ethical behaviors are observed and learned from sales directors and other colleagues. Salespeople do learn about ethical behaviors and conduct from observing other employees and superiors within an organization (Brown, Treviño and Harrison 2005; Ingram et al. 2007). As stated by one of the respondents: "The company's people can be good role models and therefore, help others to become better people." The other two items measure salesperson's perceptions that the company is following the golden rule or law of reciprocity, "Do to others what you want them to do to you," to guide ethical behaviors. The golden rule is a universal moral principle (Burton and Goldsby 2005). Following the golden rule means acting ethically for majority of individuals (Gensler 2013). Several organizations, including the one we collaborated with to collect the data, explicitly rely on the golden rule as guide of ethical behaviors of their employees. Many organizations also include this rule in their code of ethics. In the selling profession, the golden rule is a conventional standard for ethical decision making by salespeople (Weeks et al. 2006). The vital role of the golden rule was emphasized by respondents when asked about their job and the characteristics of the company (briefly describe three characteristics of your job that you consider appealing). For example, some of the respondents' statements are: "The golden rule philosophy allows me to do what's right for the person I am working with," "Being honest and living by the Golden Rule," "Operating my business using the Golden Rule," and "The ethics and the 'Golden Rule' guidelines established."

objective data were extracted from company's internal databases. With this, we were able to overcome the limitation of self-rated and cross-sectional performance data. The data provided to us include monthly sales figures and number of recruits for each of the respondents over a period of two years. The average monthly sales revenue of salespeople surveyed was \$6456. We aggregated the monthly sales figures into four semiannual indicators. The twenty-four monthly reported sales figures and number of recruits were grouped into four time periods of six months each (i.e., October–March and April–September). The re-categorization of the data by means of semiannual quartiles grouping was to smooth some of the month-to-month variability (i.e., seasonal and number-of-days effects) in both performance measures (e.g., Landis et al. 2000; Ployhart and Hakel 1998).<sup>4</sup> The re-categorization allows the formation of multi-item performance measure that can be included in the measurement and structural models analyses.

A four-item scale to measure sales performance was formed. In order to correct for the positive skewness that is inherent in raw dollar measures, we applied a natural log transformation to the sales performance data used (see Sriram et al. 2007). We followed the same procedures above and aggregated the monthly new recruits into four semiannual periods. Finally, we controlled for the effects of age and company tenure on teamwork on all endogenous variables. Table 2 provides the correlations and descriptive statistics of all the variables.

## Measurement Model

To analyze our data we applied the two-step approach (Anderson and Gerbing 1988). Using AMOS 22, we conducted a confirmatory factor analysis to examine the fit of the measurement model and the validity and reliability of the measures used. The results found showed an adequate fit model with  $\chi^2 = 621.93$ ,  $df = 208$ ,  $CFI = .97$ ;  $TLI = .97$ ;  $RMSEA = .04$ ;  $SRMR = .036$  (Hair et al. 2006; Hu and Bentler 1999). Each of the scales used possessed a composite reliability (CR) that was higher than the .7 cutoff level (Hair et al. 2006). All items loadings were above the .5 cutoff and loaded significantly ( $p < .01$ ) on their relevant factors, providing evidence of convergent validity. Discriminant validity was established by comparing the square root of the average variance extracted (AVE) and the correlations between the different constructs (Hair et al. 2006). The scales used in this study, with their items' loadings, reliabilities, and AVEs, are summarized in "Appendix."

<sup>4</sup> The model was also tested with the actual numbers (averages) of both performance measures, in which similar findings were found.

**Table 2** Correlations and descriptive statistics

	Mean	STD	EC	TW	WIC	JS	SP	NR	TEN
Ethical climate (EC)	6.07	.84	1						
Teamwork (TW)	6.46	.65	.34	1					
Workplace isolation of colleagues (WIC)	2.22	1.17	-.42	-.22	1				
Job satisfaction (JS)	6.31	.81	.34	.37	-.34	1			
Sales performance (SP)	3.81*	.22*	-.01	.14	-.10	.28	1		
New recruit (NR)	2.67	2.24	.00	.11	-.01	.24	.73	1	
Tenure (TEN)	12.2	7.34	-.11	-.02	.01	-.01	.22	-.06	1
Age	45.3	10.3	-.05	.00	.04	.00	.09	-.08	.64

STD standard deviation. Correlations greater than or equal to |.08| are significant at  $p < .05$  level. \* Log transformation

## Structural Model

Structural equation modeling was used to test the hypothesized relationships using maximum likelihood model. The fit indices of the mediated effect model provided evidence for an adequate fit model with  $\chi^2 = 633.16$ ,  $df = 212$ ; CFI = .97; TLI = .96; RMSEA = .043; SRMR = .038 (Hair et al. 2006; Hu and Bentler 1999). Empirical results are shown in Table 3. Additional results other than the ones hypothesized are also presented.

Consistent with H<sub>1</sub>, results of the mediated effect model support the positive relationship between ethical climate and job satisfaction ( $\beta = .14$ ;  $p < .05$ ). At the same time, ethical climate negatively relates to workplace isolation of colleagues ( $\beta = -.40$ ;  $p < .01$ ). Results also show that ethical climate has positive relationship with salespeople's teamwork ( $\beta = .28$ ;  $p < .01$ ). Further, the results show that salesperson's teamwork positively impacts job satisfaction ( $\beta = .28$ ;  $p < .01$ ). On the opposite side, workplace isolation of colleagues negatively impacts job satisfaction ( $\beta = -.22$ ;  $p < .01$ ). As suggested in H<sub>4</sub>, workplace isolation of colleagues is negatively related to salesperson's teamwork ( $\beta = -.11$ ;  $p < .05$ ). Finally, job satisfaction is found to increase sales performance ( $\beta = .07$ ;  $p < .01$ ) and number of new recruits ( $\beta = .26$ ;  $p < .01$ ). Both positive effects found provide evidence in favor of H<sub>5</sub> and H<sub>6</sub>.

To test the mediating relationships hypothesized in H<sub>2</sub> and H<sub>3</sub>, we ran a direct effects model in which workplace isolation of colleagues and salesperson's teamwork were not included. In this model, the results show a positive effect of ethical climate on job satisfaction ( $\beta = .41$ ;  $p < .01$ ). The comparison between the direct effect model and the mediated effect model shows that adding workplace isolation of colleagues and salesperson's teamwork has led to a significant decrease, from ( $\beta = .41$ ;  $p < .01$ ) to ( $\beta = .14$ ;  $p < .05$ ), in the direct effect of ethical climate on job satisfaction.<sup>5</sup> The comparison

<sup>5</sup> Post hoc analysis for double mediation using process macro (model 6) was also conducted (Hayes 2009). The results found provide additional support in favor of the multiple mediation effects (H<sub>2</sub> and

between the two structural models and the post hoc analysis performed provides evidence in support of H<sub>2</sub> and H<sub>3</sub>.

Additional results of the mediated effect model show a positive relationship between number of new recruits and sales performance ( $\beta = .73$ ;  $p < .01$ ). This is expected in multilevel companies where recruiting new team members benefits the salesperson directly through his/her own sales and indirectly through the sales made by the recruited salespeople. The results show no effect of salesperson's teamwork on any of the performance measures. Prior research that suggests salesperson's teamwork does not necessarily lead to direct increase in performance (e.g., Piercy et al. 1998, 2006). Workplace isolation of colleagues is found to decrease sales performance ( $\beta = -.06$ ;  $p < .05$ ). On the other hand, a counterintuitive finding was the positive effect of workplace isolation of colleagues on the number of new recruits ( $\beta = .09$ ;  $p < .05$ ). Even though the effect is weak, perhaps salespeople who lack enough social support from colleagues are somehow motivated to reach out and search for the support of others outside the organization via recruiting new team members. Table 4 provides summary of the hypotheses tested and results found. Discussion of the results is provided below.

## Discussion

In this study, we posited that ethical climate drives job satisfaction of salespeople by means of strengthening the social and interpersonal aspects of the sales job. Study findings revealed that ethical climate is likely to produce

Footnote 5 continued

H<sub>3</sub>) of workplace isolation of colleagues and salesperson's teamwork on ethical climate–job satisfaction relationship. Also, Sobel tests conducted show that the mediating effects tested are significant. Model 6 in process macro can test double mediation models, but cannot incorporate the full model (including both performance measures) of this study. The process technique was used only as additional method to provide further statistical support to the findings (H<sub>2</sub> and H<sub>3</sub>).

**Table 3** Results

Hypotheses	Direct effect model		Mediated effect model	
	Standardized estimate	Z-score	Standardized estimate	Z-score
Ethical climate → job satisfaction	.41**	2.99	.14*	2.07
Ethical climate → teamwork	–		.28**	2.65
Ethical climate → workplace isolation of colleagues	–		–.40**	3.33
Workplace isolation of colleagues → teamwork	–		–.11*	2.00
Workplace isolation of colleagues → job satisfaction	–		–.22**	5.38
Teamwork → job Satisfaction	–		.28**	7.19
Job satisfaction → sales performance	.10**	4.73	.07**	2.80
Job satisfaction → new recruits	.24**	7.16	.26**	6.79
New recruits → sales performance	.72**	25.9	.73**	26.1
Teamwork → sales performance	–		.03	<i>n.s.</i>
Workplace isolation of colleagues → sales performance	–		–.06**	2.86
Teamwork → new recruits	–		.03	<i>n.s.</i>
Workplace isolation of colleagues → new recruits	–		.09*	2.51
<i>Controlled links</i>				
Age → teamwork	–		.01	
Age → workplace isolation of colleagues	–		.06	
Age → job satisfaction	–.02		.00	
Age → sales performance	–.02		–.02	
Age → new recruits	–.08		–.09*	
Tenure → teamwork	–		–.01	
Tenure → workplace isolation of colleagues	–		–.05	
Tenure → job satisfaction	.04		.03	
Tenure → sales performance	.28**		.28**	
Tenure → new recruits	–.01		–.01	

*n.s.* nonsignificant

Significance level: \*  $p < .05$ ; \*\*  $p < .01$  significance level

**Table 4** Hypotheses and results

Hypotheses	Support
H <sub>1</sub> Ethical climate is positively related to job satisfaction	✓
H <sub>2</sub> Workplace isolation of colleagues partially mediates the positive relationship between ethical climate and job satisfaction	✓
H <sub>3</sub> Salesperson's teamwork partially mediates the positive relationship between ethical climate and job satisfaction	✓
H <sub>4</sub> Workplace isolation of colleagues is negatively related to salesperson's teamwork	✓
H <sub>5</sub> Job satisfaction is positively related to sales performance	✓
H <sub>6</sub> Job satisfaction is positively related to the number of new sales recruits	✓

social and emotional bonding among members of the direct salesforce and also between those salespeople and other organizational representatives. More specifically, we found that ethical climate increases salespeople's own teamwork and decreases perceived workplace isolation of colleagues. Further, findings show that ethical climate holds direct and indirect effects on job satisfaction of salespeople, which, in turn, increases different forms of salespeople's job

performance. These findings have important implications for selling organizations because they provide further evidence that an ethical climate characterized by a "doing the right thing philosophy" not only brings meaning to the sales job (Jaramillo et al. 2013, p. 2302), but also helps create a collaborative job environment where salespeople enjoy interacting with their colleagues and act together for the benefits of their customers. This sentiment is reflected

in one of the responses provided by a participant in our study to an open-ended question about the most attractive characteristics of the job: “Self-satisfaction of knowing you have built a great business with awesome team members and customers.”

In this study, we employed social and psychological contract theoretical approach to study the effects of ethical climate on the internal work condition between sales teams working in direct selling context. This theoretical approach is valuable to ethical climate literature as it helps explain the impact of ethical climate on interpersonal relations between salespeople from a social indenture perspective. Such theoretical approach allowed us to propose and test a multistep model: organizational climate—job interpersonal relationships and conditions—performance. Based on the model tested, our findings corroborate findings that organizations can develop specific organizational climates, specifically, ethical climate, to decrease workplace isolation (e.g., Marshall et al. 2007), and, at the same time, impact salespeople attitudes and behaviors (e.g., Schwepker and Good 2004). Findings of this study support claims within the sales ethics literature that other colleagues (e.g., salespeople and sales managers) can drive the positive effect of ethical climate on satisfaction (e.g., Valentine 2009; Brown et al. 2005). As suggested, interpersonal relationships are a key mechanism through which company ethics can positively impact job satisfaction of salespeople and help them serve their customers and organization. Another participant in our study also stated, “The ethical philosophy allows me to do what’s right for the person I am working with.”

A solid organizational ethical climate can be instrumental in developing salespeople who exhibit greater job satisfaction, greater teamwork, and higher levels of performance as evidenced in our findings. Certainly, this study’s findings are important for any sales organizations that are engaged in or moving toward strategic team selling and group initiatives to achieve better performance, a strategy that requires the exhibition of teamwork behaviors by salespeople (Sparrowe et al. 2001). Our findings regarding the positive effect of ethics on teamwork are especially important for direct sellers who have no formal leadership in the downline. Ethical climate can indirectly increase financial performance of sales organizations by means of maintaining higher levels of job satisfaction of the salesforce.

Traditional team selling requires salespeople to organize and coordinate their selling efforts with members of formal or informal (e.g., service, support) teams. As a result, the perceived availability of coworkers’ support is important for achieving sales objectives (Dixon et al. 2002). Both colleagues’ support and teamwork can be especially important for direct salespeople. It must be noted that

direct selling organizations possess the same kinds of perceived organizational climates as traditional sales organizations. In this research, it is suggested that direct selling organizations with stronger ethical climates are conducive to direct sales representatives developing and maintaining solid interpersonal relationships with other direct selling representatives.

From a theoretical perspective, both teamwork and workplace isolation of colleagues were found to represent mediation mechanisms through which ethical climate affects job satisfaction of salespeople. We also found that salespeople who are better team players are more likely to achieve higher sales performance levels, but that is only indirectly through higher job satisfaction. The results provide support for the “good ethics is good business” notion by demonstrating the positive impact of ethical climate on workplace environment (e.g., Briggs et al. 2012; Weeks et al. 2004). As explained by one of the salespeople surveyed: “sharing and caring environment where we support one another to success” makes working for the company more appealing. Our study findings indicate that ethics enables a collaborative work environment and increases job satisfaction necessary to achieve higher sales. Through ethics, satisfied salespeople working in direct selling are not only capable of selling more products but also able to recruit more independent sales agents to join the organization, thus also enhancing long-term performance. This ultimately means that ethical climate not only enables positive job attitudes but also higher short-term and long-term performance.

We also found that ethical climate helps alleviate workplace isolation perceptions one important determinant of employee dissatisfaction. Most individuals who choose a selling career are “people oriented” and enjoy interacting with their colleagues in a collaborative team environment. In describing the attractiveness of the sales job, participants stated, “The power of the TEAM and working individually yet as a team at the same time.” and “Everyone cheering for each other because it is not just one who receives the glory but all who hit the mark.”

In this study, two mechanisms of the positive effect of ethical climate on job satisfaction are identified. The importance of job satisfaction lies in its ability to increase financial performance of organizations. Research in the areas of internal marketing and service profit chain (e.g., Hwang and Der-Jang 2005; Loveman 1998) focuses on employees’ job satisfaction as the main factor to drive better quality and more value to customers. Our findings suggest that ethical climate is vital strategy which organizations can follow to increase their employee’s satisfaction. For that, it is arguable that ethical climate is relevant to the development of profitable internal marketing strategies because of the favorable conditions it can bring to the workplace.

## Implications for Practice

Insights into how direct sales organizations can realize benefits from strong ethical climates can be derived from the results of this study. As stated by Schminke et al. (2007), “ethical climate can be measured and therefore can be managed” (p. 183). Top managers must continually monitor and evaluate their companies’ ethical climates to ascertain its impact on salesperson’s view of the importance of teamwork and their feelings of workplace isolation. Such variables can impact job satisfaction and job performance. Even within organizations that have high levels of ethical business conduct in the workplace improved performance can be achieved if accompanied by social and emotional interbonds and genuine interpersonal relationships between direct salespeople and other representatives of the organization. Sales managers may wish to follow the golden rule to provide guidance of acceptable and ethical behaviors to salespeople. Moreover, sales managers and ethics compliance officers should be aware of the fact that salespeople take their directors as role models or advisors of ethical attitudes and behaviors at work. Given that, sales managers should understand that they can help solve the problem of isolation of their salesforce by stressing the role of reciprocity (i.e., golden rule) between salespeople. This is important since teamwork increases when isolation decreases.

Selling organizations can implement various strategies through which the importance of ethical climate and ethical behavior can be communicated—increasing the institutionalization of ethics in the forms of ethics newsletters and corporate codes of ethics, forming ethics committees, and hiring ethics regulators (Kaptein and Schwartz 2008; Stevens 1994). Moreover, in selling organizations, informal leaders must be identified as these can play a critical role in communication about ethics and affecting salespeople’s perceptions about their organizational ethical climate (Mulki et al. 2009a, b). Managers should also think precisely who to define, scrutinize, and assess their ethical climates. They also need to consider the socialization and golden rule aspects of ethical climate when attempting to maintain an ethical work environment.

All representatives of selling organizations must be aware that, like any sales representatives from any selling organization, direct salespeople will observe the ethical attitudes and behaviors in their organizations and possibly emulate similar attitudes and behavior in their own work. Top management’s task is to continually assess whether organizational ethical climate is achieving its ethical and other organizational objectives among independent contractors in the downlines. Other members of the organization, including those in the downline, can act in a managerial capacity (informally) by encouraging others to

increase dialogue about the impact that ethical climate policies and practices are having in the marketplace. Even for direct sellers who do engage in considerable training, ethics training must emphasize, experientially, how the impact of ethical behaviors in the marketplace can be valuable (Bush et al. 2015). Direct sellers must build on knowledge gained in traditional sales organizations that the participation of managers is important as suggested by the literature which supports the influence of leadership on ethical climate (Cheng and Wang 2015; Demirtas and Akdogan 2015).

Acting like sales managers, direct selling representatives who engage in recruiting should carefully consider which individual characteristics may be related to workplace isolation and teamwork when seeking new salespeople (Kirkman et al. 2002). For example, direct sellers seeking to recruit new salespeople who are team players should seek to avoid those recruits who appear to exhibit lone-wolf tendencies (Briggs et al. 2012). As experienced by recruiters in traditional sales organizations, some individuals prefer jobs that are characterized with higher social isolation and thus would suffer when working in teams or a team environment (Cummings 1978). Direct sellers can use their organization’s ethical climate as a guide for maintaining alignment between organizational values and those values held by salespeople. In this study, we found that ethical climate increases teamwork and decreases workplace isolation. Based on this finding, direct selling representatives can seek alignment between prospective salespeople’s ethical attitudes and the ethical climate of the organization. Prospective salespeople failing to emulate such an alignment might have poor fit and thus might exhibit dysfunctional behaviors that can negatively affect equally the performance of the organization and their own individuals performance.

## Limitations and Future Research

As it is the case with any research, limitations are found in this study. One of the limitations is the ability to generalize from a study conducted in a single selling context. Caution should be taken when trying to apply the findings of this study in different contexts. While this is a limitation, more research concerned with direct and team selling is needed. However, the relationships reported in this study can serve as foundation for further testing of the concepts and relationships examined in this study both in the direct selling context, which is understudied, and other sales contexts. Even though the sample used represents the population of US direct sellers, it is important to mention that the sample used and its characteristics (e.g., age) may not be adequate to represent salespeople working in different contexts.

Future studies can examine additional mechanisms through which ethical climate influences job satisfaction. Discovery of other factors related to ethical climate can enhance knowledge and can provide practitioners with better understanding of why and how ethical climate is crucial to maintain required ethical conduct of salespeople and maintain a positive workplace environment conducive to assure business success. Based on previous literature, some of those mechanisms might include decreasing the levels of felt stress and interpersonal conflict (e.g., Itani and Inyang 2015; Jaramillo et al. 2011; Schwepker et al. 1997) or increasing organizational and/or team identification (e.g., Cheng and Wang 2015; DeConinck 2011). On the other hand, ethical climate may have favorable impacts on colleagues relationships-related variables such as trust and interfunctional coordination, which in turn may lead to an increase in job satisfaction (Bigné et al. 2003; Schwepker 2001). Understanding the effects of ethical climate on new factors (e.g., psychological safety and empowerment) that might be related to workplace interpersonal relationships is important for both scholars and practitioners.

While teamwork leads to favorable outcomes for both salespeople and selling organizations, it might also decrease salesperson self-reliance. Some salespeople may benefit from others' teamwork and try to delegate their own tasks to others in the team who are helpful and demonstrate a willingness to be good team members. Studies examining the dark side of teamwork (e.g., overreliance, excessive dependence on other, lack of effective control, and setting high expectations) and how ethical climate may play in attenuating such side might also be of interest to academics and practitioners.

In their study, Evans et al. (2012) pointed out the need for further research that examine various aspects of sales performance, including team selling and ethics. In this study, we examined ethical climate effects of job satisfaction, which in turn affects sales performance in team selling context. This is important for sales research as findings based on studies conducted at the individual salesperson level may not be applicable sales team-level-related relationships (Ahearne et al. 2010). The growing trend of using sales teams is becoming a more important strategy that selling organizations are employing due to the advantages provided by teams. Based on this research, it is important to test new hypotheses and replicate some others that were not tested in team selling setting.

This study shows that managers and sales directors do directly influence behaviors of salespeople through the process of socialization. Manager–salesperson relationship

is critical when it comes to ethical climate effectiveness. To overcome the limitation of studying the effect of ethical climate (e.g., Fournier et al. 2010; Briggs et al. 2012) and managers (e.g., Agnihotri and Krush 2015; Grisaffe et al. 2016) on attitudes and behaviors of salespeople separately, researchers are called for more research that jointly study the simultaneous role of ethical climate and leadership, thus examining complementary effects of these variables, to explain more variance in salespeople's attitudes and behaviors (e.g., Jaramillo et al. 2015; Schwepker and Schultz 2015; Neubert et al. 2009).

Finally, the emerging role of virtual technology in selling is providing salespeople with greater opportunity to work away from office and spend more time in the field. Virtual work might create superior environments for ethical misconduct and workplace isolation. Future studies can focus on the changes technology is bringing to the workplace, and selling process such as remote work, and how ethical climate can be used by organizations to attenuate any unfavorable effects. We hope this study serves as a foundation for future research and application.

#### Compliance with Ethical Standards

**Conflict of interest** The authors declare that they have no conflict of interest.

**Ethical Approval** All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki Declaration and its later amendments or comparable ethical standards.

**Informed Consent** Informed consent was obtained from all individual participants included in the study.

## Appendix

Latent variables and items description	Items loadings
<b>Ethical climate</b> —Golden Rule (CR = .78; Cronbach's $\alpha$ = .73; AVE = .65)	
The Golden Rule gives guidance about acceptable ethical behaviors	.93
The founder of the business follows the Golden Rule which provides cues about acceptable ethical behaviors	.66
Socialization (CR = .70; Cronbach's $\alpha$ = .63; AVE = .55)	
My sales director provides guidance about acceptable ethical behaviors	.89

Latent variables and items description	Items loadings
I learn about acceptable ethical behaviors from other salespeople	.55
<b>Teamwork</b> (CR = .80; Cronbach's $\alpha$ = .78; AVE = .58)	
I operate as a team player when performing in groups	.63
I always fulfill my obligations to other salespeople	.77
I am willing to do my part for the good of any team that I am a part of	.87
<i>I prefer to conduct my out-of-office (company name) activities accompanied by other salespeople</i>	
<b>Workplace isolation of colleagues</b> (CR = .81; Cronbach's $\alpha$ = .78; AVE = .52)	
I have other salespeople available whom I talk to about day-to-day problems (R)	.68
I have other salespeople available whom I can depend on when I have a problem (R)	.70
I have close friends within the (company name) sales force (R)	.52
I have enough people available within the (company name) sales force with whom I can talk about my (company name) business (R)	.92
<i>My sales director is available when I need to talk about day-to-day problems (R)</i>	
<b>Job satisfaction</b> (CR = .91; Cronbach's $\alpha$ = .91; AVE = .78)	
My (company name) business is satisfying	.82
I am doing something worthwhile as a salesperson	.91
My (company name) business gives me a sense of accomplishment	.91
<b>Sales performance</b> (CR = .96; Cronbach's $\alpha$ = .97; AVE = .84)	
October–March	.87
April–September	.94
October–March	.92
April–September	.94
<b>New recruits</b> (CR = .90; Cronbach's $\alpha$ = .78; AVE = .69)	
October–March	.79
April–September	.82
October–March	.85
April–September	.86

Items in italics were deleted. All items loadings are significant at  $p < .01$ . Reversed coded = (R)

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