
ESTABLISHING SALES ETHICS AND ITS IMPACT ON CUSTOMERS IN URBAN BANKING ORGANIZATIONS

Widiya Avianti*

Winaya Mukti University, Bandung, Indonesia

Endang Pitaloka

Piksi Ganesha Polytechnic, Bandung, Indonesia

***Corresponding Author**

Widiya Avianti

widiya@unwim.ac.id

ARTICLE INFO

Article history :

Received:

14 October 2025

Revised:

30 October 2025

Accepted:

26 November 2025

ABSTRACT

To determine how sales incentive systems impact salespeople's ethical behavior, consumer perceptions of the firm, and consumer perceptions of banking products, an investigation was conducted at bank financial institutions. The study was conducted in Indonesian cities. A total of 231 people were surveyed who were aware of the sales force reward system through purposive sampling method. The results of data processing using structural equation models show that the salesperson reward system affects the ethical behavior of salespeople. As this study finds, there is a relationship between marketing management and human resource management. This is the only independent variable related to human resource management. The two variables are the salesperson ethical behavior system and the salesperson reward system, so the strategy of creating consumer perception depends on the company's HR management elements.

Keywords: Ethics; Salesperson's; Reward system; Consumer perception

This is an open access article under the [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.



INTRODUCTION

Employee ethical behaviour is an important factor for organisations in today's highly competitive era. This ethical behaviour uses an approach through ethical marketing practices: building a multidisciplinary perspective in shaping a digitally competent society. (Chaturvedi & Mishra, 2022). In Indonesia as part of the marketing field workforce, salespersons play a central role in marketing performance, so the company strives to encourage every salesperson to act ethically (Adnan, Saher, Naureen, Qureshi, & Khan, 2013).

Several studies have analysed the components that influence and are influenced by the ethical behaviour of sales personnel, conducted as an important part of shaping the ethical behaviour of employees to build product sales relationships with customers. (Chandrarathne & Herath, 2020). It plays a central role in the company's efforts to create positive consumer attitudes and behaviors for the company and the products it offers. Having a good and appropriate sales ethic is key to building an ongoing relationship with the seller (Demirgunes, 2015; Gundlach & Murphy, 1993; Lagace, Dahlstrom, & Gassenheimer, 1991; Lee & Jin, 2019).

Nowadays, every company strives to create consumer attitudes and behaviors that can ensure a sustainable company's financial performance (Chen & Mau, 2009). Customers expect better service quality because of faster officer response times, which indicate speed of service, and a highly profitable online marketing strategy (Pitaloka & Avianti, 2023). This effort can be accomplished by building consumer perceptions of the company and its products. Marketing experts and researchers emphasize the important role of perceptions of consumer attitudes and behavior that support the company's performance now and in the future. Marketers already have a clear idea of how to build the right perception through various marketing strategies and programs.

Sellers marketing banking products are not only responsible for selling their products, but they also have the ethics and responsibility to build long-term relationships with customers, provide financial market education, and offer strategic advice for the development of bank products and services. Their role is crucial in boosting sales, customer loyalty, and the bank's competitiveness amid the increasingly intense competition in the financial industry (Athamneh & Jais, 2024). However, how the company's internal dimensions related to human resource management play a role in determining the formation of the right consumer perception of the company and its products. There is still very little research that raises the question of the ethical behavior of employees in sales and links it to consumers' perceptions of the company and its products.

Perception is an essential element of consumer behavior (Durmaz & Diyarbakirlioglu, 2011). The theory of traditional consumer behavior says that the consumer behavior of an entity is determined by the attitudes and perceptions of the consumer concerned about the entity (Schiffman & Kanuk, 2007). The ethical principles of selling bank products consist of honesty and transparency, sincere and respectful service, keeping promises and professionalism, avoiding unethical practices, behaving well and sympathetically. The

marketing of bank products is intended to help the public manage their finances well and in a planned manner as a form of safe and sustainable investment (Tosun, 2020). It was also said that the consumer's perception of something is often more important than the reality of the thing itself (Keiningham, Vavra, Aksoy, & Wallard, 2005). Hence, the company must create the right consumer perception of the company and its products.

A literature search shows that much of the empirical research on consumer cognition concentrates on how consumer cognition influences consumers' attitudes and behaviors towards companies and their brands. Isik & Yasar (2015) examined the effect of consumer perceptions on brand preferences. Ogonu (2020) further investigated the impact of salesman behavior on consumer behavior, but only focused on the aspect of consumer satisfaction. Kim & Lee (2018) prove that consumer perception influences participation in company management.

However, there are still few studies that investigate how consumer perceptions are determined by internal factors of the human resource management system within the company concerned. From the little research found in the literature search, it turns out that it examines the influence of salesmen on consumer perceptions but only from the perspective of the salesman's personality (Tabasum, Ibrahim, Rabbani, & Asif, 2015). Meanwhile, (Han, Kim, & Nam, 2020) investigated the impact of employee behavior and relationship quality on consumer behavior but did not specifically mention the employee management system factors that will be discussed in this study.

At present, banking financing products in Indonesia are essential for improving welfare. (Pitaloka, Purwanto, Suyoto, Dwianika, & Anggreyani, 2024). Salespeople are aware of this, so they tend to acquire customers by any means. Moreover, banks also offer incentive systems for salespeople. This research can be information for managers, especially in the banking sector, on how to create alignment between employee behavior, sales incentive systems, and work procedures that foster ethical behavior and shape customer perceptions of the company and its brand.

The background of the research described above is interpreted as an effort to investigate how the sales incentive system in Indonesia affects sales ethics behaviour, consumer perceptions of companies, and consumer perceptions of banking products. The theoretical findings of this study help to expand knowledge about consumer behaviour in marketing literature. These findings also expand knowledge about the relationship between consumer behaviour in banking companies and elements of human resource policy and behaviour.

The research results contribute to scientific thinking, can be used as a reference for strategic decision-making, and formulate human resource development plans that have an impact on the field of consumer behavior. Today's functional managers of companies need to do strategic and tactical collaboration, all of which are directed at improving company performance in general. The results of this study provide very valuable insights and recommendations.

This study adopts quantitative research methods aiming to achieve the generalization of research results through empirical testing of hypotheses. With the quantitative approach, the research is carried out in a structured manner where the research uses a relatively large number of research samples and is considered representative of the population being studied (Hair, Black, Babin, & Anderson, 2019). The population are bank consumers who live in urban area and who has used financing banking products such as credit cards, credit loans with collateral or without collateral, and credit loans for houses, apartment, vehicle.

Purposive sampling represents the population, so that the study will produce clear findings from the population from which the sample was taken. This study was conducted in an urban environment and involved 231 respondents from private and state-owned banks. Research data need to be tested for validity and reliability. Researchers conducted a purification of the measurement scale on the measurement scale used. This step aims to achieve construct validity, the process of determining the level of ability of a construct to give meaning both theoretically and empirically. The extent to which measurements obtained with a particular scale are free from error is referred to as reliability. Before conducting hypothesis testing, reliability can be assessed by looking at the internal consistency of items and calculating the alpha reliability coefficient, and this is the first stage of this study.

Relationship Between Sales Reward System and Sales Ethical Behavior.

Previous studies show that incentives not only motivate sales performance, but can also make salespeople feel dangerous if they want to earn compensation at the expense of the company (M. Kim, Sudhir, Uetake, & Canales, 2019). Fleischman, Johnson, Walker, & Valentine (2019) stated that sellers ignore moral considerations of motivation- and goal-driven behavior when the outcome benefits the organization. Participants' morals and outcome orientation are also related to moral judgment and the desire for intervention. Companies use compensation or punishment to encourage or discourage behavior deemed unethical (Vasquez & Arturo, 2019). Sales reward system can be a control system that affect salesperson behavior, which subsequently influence sales performance (Zang, Liu, Zheng, & Chen, 2020). An effective sales compensation plan can boost sales performance and drive sales ethical behavior (Mardhani, 2014). The conceptual model in this study is shown in Figure below:

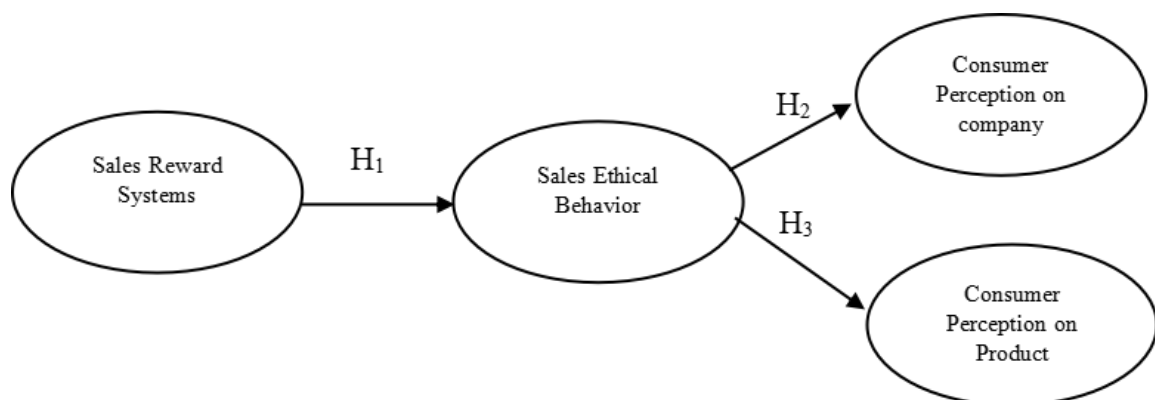


Figure 1. Conceptual Model

RESEARCH METHODS

This study raises the concept of consumer perceptions of the company and consumer perceptions of products that are related to human resources management concepts. This quantitative approach enables this study to examine the relationship sales incentive systems, sales ethics behavior on consumer perceptions of the company and bank products. The researchers believe that consumer perceptions of companies and products can be shaped by a variety of factors that can be rooted in phenomena in the human resources space. The researchers intend to explain the phenomenon of marketing in terms of the phenomenon in the field of human resources. Research shows that ethical behaviour among sales staff has a positive and significant impact on customer satisfaction with core services and the bank as a whole (Csikósová, Čulková, & Janošková, 2016). Based on the literature review above, the authors purpose hypotheses as follow:

a. H1: Sales rewards system has positive and significant influence on sales ethical behavior.

Customer Perceptions of Companies and the Relationship Between Ethical Sales Behaviour and Customer Perceptions of Companies are defined as customers' opinions about company characteristics, such as reputation and image. Several factors, such as security, privacy, absence of fraud, and fulfillment, can affect consumers' perception of a company (Yang et al., 2019). According to Han et al. (2020), the manner in which a company treats its customers through the activities of its employees can positively influence consumer perceptions of the company. Arditto, Cambra-Fiero, Funes-Blasco, Jaraba, & Vázquez-Carrasco (2020) conducted research showing that consumer perception can be influenced by sales expertise behavior. This behavior is characterized by factors such as product knowledge, trusted information, and credibility. According to the study, sales expertise behavior has a substantial impact on consumer perception and trust. As a result, effective customer portfolio management driven by these behaviors can lead to long-term profitability and benefit the company.

b. H2 : Sales ethical behavior has positive and significant influence on consumer perception of the company

Consumer perception of the product is what people think about the attributes attached to the products provided and offered by the company to consumers (Schiffman & Kanuk, 2007). Consumer perception of product related to attributes such as: ethical and trustworthy (Schiano, Harwood, Gerald, & Drake, 2020). Customers' perceived credibility affects how they make decisions. Perceptions of customer credibility also have a different impact on product sales (Wang, Zhang, Li, Mai, & Ma, 2022). Ferguson, Gironda, & Petrescu (2021) conducted research that demonstrates the significance of salesperson attributes and behavior for modern consumers, influencing how they perceive products differently. In addition, this study shows that the nature of the seller is very important in determining the overall customer experience and their level of satisfaction. It was identified that how customers view the ethical treatment of sellers affects the level of customer engagement. (Bateman & Valentine, 2021). Another finding from this study is that the ethical behaviour of salespeople has a positive relationship with trust in salespeople, and trust in salespeople positively influences consumers' purchase intentions because of consumer trust in the product. Overall, these findings indicate that the ethical behaviour of salespeople has a significant impact on consumers' perceptions of products.

c. H3 : Sales ethical behavior has positive and significant influence on consumer perception of the product

From the hypotheses above, the authors believe that consumers' perceptions of companies and consumers' perceptions of products are influenced by sales incentive systems through sales ethics.

RESULTS AND DISCUSSIONS

This study used the Pearson correlation validity test. The validity test results for each variable in the questionnaire are shown below. Each statement item is considered valid if the significance value is 0.05. The development and validation of research instruments requires a lot of data. Data was collected from customers who have used banking financing products. The number of consumer respondents who are willing to provide information amounted to 231 cases. The number of people who answered has met the requirements to test the reliability and validity of the research tool. Please note that the development and validation of this research tool requires the use of Google Sheets for data collection.

Based on the Pearson correlation test results, the significance of each statement item for each variable is 0.00 less than 0.05. The results show that all statement items are valid, which indicates that respondents understand the content of the statement well. The reliability test was carried out to test whether the respondents' interpretations of the statements in the research instrument were consistent with their answers. The variables used in this study were tested for reliability using Cronbach's Alpha. Based on the results of the Cronbach's Alpha calculation, all variables have a reliability value of at least 0.8. Therefore, the variables used in this study can be considered to meet the reliability criteria required to be statistically acceptable. Table 1 shows the results.

Table 1. Results Test

Variable	Pearson Correlation sig.	Cronbach's Alpha
Sales Reward System	0.00	0,82
Sales Ethical Behavior	0.00	0,83
Customer Perception on Corporate	0.00	0,80
Customer Perception on Product	0.00	0,82

Source : Data 2024

Based on the results of hypothesis testing, this study supports three hypotheses as shown in the Table 2:

Table 2. Hypothesis Test

Independent Variable	Standardized beta coefficient	S.E	t _{statistic}	Sig.	Result
Sales Reward System → Sales Ethical Behavior	0.802	0.132	6.086	0.0	Supported
Sales Ethical Behavior → Customer Perception on Corporate	0.622	0.117	5.340	0.0	Supported

Independent Variable	Standardized beta coefficient	S.E	t _{statistic}	Sig.	Result
Sales Ethical Behavior → Customer Perception on Product	0.517	0.148	3.493	0.0	Supported

Source : Data 2024

The results show that the sales incentive system used by banks determines the level of ethical behavior of sales personnel; this ethical behavior then influences consumer perceptions of the company and banking products.

CONCLUSION, SUGGESTION, AND LIMITATION

The findings of this study carry diverse implications and hold substantial consequences for both marketing and human resources management. Based on the research results, integration of sales rewards systems and ethical behavior is needed. Companies could foster ethical behavior among salespersons by designing and implementing effective reward systems. The identified links between ethical behavior and various positive consumer perceptions underscore the need for a holistic approach to marketing strategies. Companies should focus not only on product features but also on cultivating an ethical sales environment to enhance the overall consumer experience. Moreover, training programs and organizational policies should prioritize ethical sales practices to enhance consumer perception.

The research results have theoretical implications for understanding consumer behavior and practical implications for companies, especially those who are responsible for developing reward systems and policies for developing sales person's resources. The theoretical span across marketing and human resources research highlights the interconnected nature of these fields. Organizations should encourage cross-disciplinary collaboration between marketing and human resources departments to develop integrated strategies. This collaboration can foster a synergistic approach where sales incentive systems are designed to align with ethical considerations, bridging the gap between marketing and human resources management.

As a result of the hypothesis testing, three hypotheses were accepted. The sales incentive system has a significant effect on sales ethics behavior. Reward systems enable salesperson to behave ethically when dealing with consumers. The acceptance of the hypothesis indicating a significant effect of the sales incentive system on sales ethics behavior suggests that organizations should strategically align their incentive structures with ethical considerations.

This study concludes that the sales incentive system implemented in banking financial institutions has a strong influence on the ethical behavior of sales personnel. Incentive systems that emphasize aggressive target achievement tend to encourage unethical sales practices, while incentives that are designed in a balanced manner, combining quantitative performance and ethical compliance can improve the integrity of sales personnel. Such ethical behavior has been proven to be an important determinant in shaping consumer perceptions, both of the company and of the banking products offered. The higher the level of ethics in the sales process, the more positive consumer trust, acceptance, and assessment

of banking institutions and the quality of their products. Thus, the effectiveness of the incentive system not only has implications for sales force performance but also directly affects the company's reputation and the success of sustainable banking product marketing.

REFERENCES

- Adnan, A., Saher, N., Naureen, H., Qureshi, S., & Khan, N. (2013). What Shapes Ethical Behavior of Sales Team? A Case Study of Banking Sector of Pakistan. *International Journal of Contemporary Research in Business*, 5(1), 424–442.
- Arditto, L., Cambra-Fiero, J., Funes-Blasco, M., Jaraba, A., & Vázquez-Carrasco, R. (2020). How Does Customer Perception of Salespeople Influence The Relationship? A Study In An Emerging Economy. *Journal of Retailing and Consumer Services*, 54.
- Athamneh, M. H., & Jais, J. B. (2024). Enhancing Employees' Agility in the Financial Sector through Job Satisfaction in the Workplace and Empowerment. *Pacific Business Review International; Udaipur*, 16(12).
- Bateman, C. R., & Valentine, S. R. (2021). Consumers' Personality Characteristics, Judgment of Salesperson Ethical Treatment, and Nature of Purchase Involvement. *Journal of Business Ethics*, 169, 309–331.
- Chandrarathne, W., & Herath, H. (2020). Impact of Organizational Factors on Sales Force Unethical Behavior in the Sri Lankan Life Insurance Industry. *Vidyodaya Journal of Management*, 6(1), 1–27.
- Chaturvedi, C., & Mishra, D. (2022). Competitive Edge Building in Business: An Approach Through Ethical Marketing Practices. *IGI Global*, 248–261.
- Chen, M. F., & Mau, L. H. (2009). The Impacts of Ethical Sales Behaviour on Customer Loyalty in The Life Insurance Industry. *The Service Industries Journal*, 29(1), 59–74.
- Csikósová, A., Čulková, K., & Janošková, M. (2016). Evaluation of Quantitative Indicators of Marketing Activities in The Banking Sector. *Journal of Business Research*, 69(11), 5028–5033.
- Demirgunes, B. (2015). Ethical Behavior of Salesperson: The Impact of Consumer's Perception on Trust, Satisfaction and Repeat Purchasing Behavior. *Turkish Journal of Business Ethics*, 8(1), 26–46.
- Durmaz, Y., & Diyarbakirlioglu, I. (2011). A Theoretical Approach to The Role of Perception on The Consumer Buying Decision Process. *Asian Journal of Business and Management Sciences*, 1(3), 217–221.
- Ferguson, J. R., Gironda, J. T., & Petrescu, M. (2021). Salesperson Attributes That Influence Consumer Perceptions of Sales Interactions. *Journal of Consumer Marketing*, 38(6), 652–663.
- Fleischman, G. M., Johnson, E., Walker, K. B., & Valentine, S. R. (2019). Ethics Versus Outcomes: Managerial Responses to Incentive-Driven and Goal-Induced Employee Behavior. *Journal of Business Ethics*, 158, 951–967.
- Gundlach, G. T., & Murphy, P. E. (1993). Ethical and Legal Foundations of Relational Marketing Exchanges. *Journal of Marketing*, 57(4), 35–46.

- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis* (8th ed.). New Jersey: Prentice Hall.
- Han, C., Kim, K. A., & Nam, H. (2020). an Corporate Philanthropy Change Consumers' Perceptions Of Japanese Multinationals And Reduce Animosity Toward Them? *Asia Pacific Journal of Marketing and Logistics*, 32(1), 65–85.
- Isik, A., & Yasar, M. F. (2015). Effects of Brand on Consumer Preferences: A Study In Turkmenistan. *Eurasian Journal of Business and Economics*, 8(16), 139–150.
- Keiningham, T. L., Vavra, T. G., Aksoy, L., & Wallard, H. (2005). *Loyalty Myths: Hyped Strategies That Will Put You Out of Business and Proven Tactics That Really Work*. New Jersey: John Wiley & Sons.
- Kim, H., & Lee, C. W. (2018). The Effects of Customer Perception and Participation in Sustainable Supply Chain Management: A Smartphone Industry Study. *Sustainability*, 10(7), 2271.
- Kim, M., Sudhir, K., Uetake, K., & Canales, R. (2019). When Salespeople Manage Customer Relationships: Multidimensional Incentives and Private Information. *Journal of Marketing Research*, 56(5), 749–766.
- Lagace, R., Dahlstrom, R., & Gassenheimer, J. B. (1991). The Relevance of Ethical Salesperson Behavior on Relationship Quality: The Pharmaceutical Industry. *Journal of Personal Selling Sales Management*, 11, 39–47.
- Lee, J. Y., & Jin, C. H. (2019). The Role of Ethical Marketing Issues in Consumer-Brand Relationship. *Sustainability*, 11(23), 1–21.
- Mardhani, P. M. (2014). Compensation, Ethical Sales Behavior and Customer Lifetime Value. *Compensation & Benefits Review*, 46(4), 204–218.
- Ogonu, G. (2020). Ethical Employee Behaviour An Deposit Money Banks In Rivers State, Nigeria. *International Journal of Management and Marketing Systems*, 13(7), 18–26.
- Pitaloka, E., & Avianti, W. (2023). Customer Satisfaction Surveys on Organization of Indonesian Food and Drug Authority. *Jurnal Riset Bisnis Dan Manajemen*, 16(1), 7–11.
- Pitaloka, E., Purwanto, E., Suyoto, Y. T., Dwianika, A., & Anggreyani, D. (2024). Bibliometrics Analysis of Green Financing Research. *International Journal of Sustainable Development & Planning*, 19(3), 853–865.
- Schiano, A. N., Harwood, W. S., Gerald, P. D., & Drake, M. A. (2020). Consumer Perception of The Sustainability of Dairy Products and Plant-Based Dairy Alternatives. *Journal of Dairy Science*, 103(12), 11228–11243.
- Schiffman, L., & Kanuk, L. (2007). *Consumer Behavior*. Canada: Pearson Prentice Hall.
- Tabasum, F., Ibrahim, M., Rabbani, M., & Asif, M. (2015). Impact of Salesmen Personality on Customer Perception and Sales. *Global Journal of Management and Business Research*, 14(8), 62–68.
- Tosun, P. (2020). Unethical Sales Practices in Retail Banking. *International Journal of Bank Marketing*, 38(6), 1305–1327.
- Vasquez, P., & Arturo, Z. (2019). Ethical Decision Making in Turkish Sales Management. *Ethical Issues in International Marketing*, 61–86.

- Wang, Q., Zhang, W., Li, J., Mai, F., & Ma, Z. (2022). Effect of Online Review Sentiment on Product Sales: The Moderating Role of Review Credibility Perception. *Computers in Human Behavior*, 133, 107272.
- Yang, Z., Van, N., Q, Chen, Y., Nguyen, C., & Hoang, H. (2019). Does Ethics Perception Foster Consumer Repurchase Intention? Role of Trust, Perceived Uncertainty, and Shopping Habit. *Sage Open*, 9(2).
- Zang, Z., Liu, D., Zheng, Y., & Chen, C. (2020). How Do The Combinations of Sales Control Systems Influence Sales Performance? The Mediating Roles of Distinct Customer-Oriented Behaviors. *Industrial Marketing Management*, 84, 287–297.