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Sales Target and Ethical Behaviour of Marketing Executives in the Nigerian Banking Industry *(Pp. 212-225)*

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Abstract

This study examined sales target for marketing executives in Nigerian banks its influence on marketing executives' ethical dilemma. To achieve this purpose, research questions were raised, and a review of literature was made. To gather the necessary data for this study, a set of questionnaire was administered on one hundred and nineteen (119) marketing executives from banks operating in Port Harcourt, the Rivers State capital and the data generated from the study were analysed with the simple percentages. Our findings revealed that sales targets for marketing executives in the Nigerian banks are usually established by executive opinion and such targets are realistically unattainable. In a bid to achieve the high sales target marketing executives' exhibit one form of unethical behaviour or the other such as indecent dress mode and industrial espionage. It was therefore recommended that sales targets should not be established through executive opinion but territorial sales potentials and certain legislations should be enacted and enforced to prevent marketing executives from unethical practices. Those that fall prey of the law should be prosecuted.

Introduction

Since the de-regulation of the banking industry in Nigeria, the industry has become very competitive. Competition in the industry has brought about innovations in terms of new product development, service delivery, customers' relationship among others. Consequently, banks are adopting marketing and sales techniques and strategies to sell their products and remain afloat in business. They have realized that providing quality services and waiting for customers in the banking hall for business can no longer guarantee optimum results. According toe Stanton (1981), organizations hoping to record high level of success must give recourse to meaningful marketing effort to increase profitable sales. One of the popular marketing techniques used by banks to secure customers' patronage is through the engagement of sales force, commonly described as marketing executives.

Stanton and Spiro (1999) described the sales force as sales people who are gainfully employed to locate prospective buyers of a company's product, convert the prospects to customers, and ensure that they are continually satisfied so that they would make repeat purchase. Considering the competitive nature of today's Nigerian banking industry, the role of sales force (marketing executive) is very crucial to the growth and survival of the industry. Marketing executives demonstrate aggressive selling efforts to push the bank services to the market, to win favourable market response and persuade prospective customers to accept their offers. In discharging their responsibilities, marketing executives are expected to operate within the tenets of business ethics. According to Post, Lawrence and Weber (1999), ethics is a conception of right and wrong conduct. It tells us whether our behaviour is moral or immoral and deals with fundamental human relationships of how we think and behave toward others and how we want them to think and behave towards. Ethical principles are guides to moral behaviour. For example, in most societies lying, stealing, deceiving, cheating, and harming others are considered to be unethical and immoral. Honesty, keeping promises, helping others, and respecting the rights of others are considered to be ethically and morally desirable behaviour. Such basic rules of behaviour are essential for the preservation and continuation of organized life everywhere.

Although marketing executives like other professionals are expected to demonstrate ethical behaviour in discharging their responsibilities, it has been observed that the ethical conduct of marketing executives in the

Nigerian baking (sales quota) set before them. According to Stanton and Spiro (1999), the performance goal assigned to a marketing unit for a specific period of time. The marketing unit may be a marketing executive, a branch office, a district, a region, a dealer or distributor. The sales target may be stated in monetary value, product units, or selling activities. In order to achieve the sales target set before them, marketing executives adopt unethical selling methods. The female fold takes to indecent dress mode to seduce their male prospects, other are engaged in high pressure selling outright deception and other shady deals. It is against this backdrop that this study is conducted to examine the following questions:-

(i) Are the sales targets set for marketing executives in the Nigerian banking industry realistically attainable?

(ii) What is the basis for establishing sales targets for marketing executives in the Nigerian banking industry?

(iii) What are he unethical behaviours exhibited by marketing executives in Nigerian banking industry?

(iv) To what extent does a sales target influence the ethical conduct of marketing executives in the Nigerian banking industry?

Establishing Sales Quatas for Marketing Executives

According to Okwandu (2002), a sales quota is that portion of the sales forecast which is allocated to a particular sales person, territory, or sales group during a specified time period. When marketing executives achieve their quota, they often receive some sort of reward for their performance. Management usually establish sales quotas so that their total equals the sales budget. Thus, if the entire marketing executive reached their quotas, the sales budget would be met. Sales quotas help in planning and evaluating sales force activities. There re different types of sales quota. These include sales volume quota, profit quota, expense quota and activity quota (Wotruba, 1981; Welch and Lapp, 1983).

The most frequently used types of sales quota are as follows:-

1. **Sales Volume Quota:** Undoubtedly, this is the most widely used type of sales quota. It is based on a certain unit of output. A sales volume quota may be established for a geographical area, a product line, a customer, a time-period, or a combination of these bases.

The advantages of sales volume quota include: -

a. They are easy to understand and control

b. They are consistent with corporate revenue goals

c. Even when a company sells a large number of products, it may be feasible to group them into a few broad lines and then set unit quotas for each line.

The disadvantages of using sales volume quota are: -

a. They do not reflect profitability. The profit generated by the salespersons effort cannot be indicated.

b. They are often inequitable. Quota are based on historical sales and therefore, do not reflect differences in territorial potential.

c. They may be too conservative to effectively motivate salespeople to greater performance.

2. **Profit Quota**: Many companies set quota.. based on gross margin or net profit in order to overcome the weakness associated with sales volume quotas. For each product, a unit profit margin is calculated. Management then directs salesperson's activity towards those products that contribute most to profit.

The significant drawbacks of profit quota include:

a. The possibility of friction may arise between management and the salespeople. The salespeople may not understand how their quotas were calculated, and they may not be able to measure their progress during the quota period.

b. Products of low profit margin may not be sold since emphasis is on profit level.

c. The salespeople have no control over some of the factors on which the quota is based. For example, unexpectedly high production lost may leave the company with little or no profit on a certain product.

1. **Expense Quota:** Some companies attempt to encourage a profit consciousness by establishing a quota based on the salesperson's travel and other expenses. These quotas are usually stated as percentage of sales volume or can be given as an absolute naira

value. While its purpose is to control excessive spending, an expense quota might encourage an excessive cutting of expense than to boosting the sales of profitable products. If expense quota are used, they should be flexible and responsible to varying needs of different territories.

2. **Activity Quota:** One way of decreasing the over emphasis on sales volume is to establish a quota based on activities. Management may select form such tasks as-daily calls, development of new accounts, number of demonstrations, sales penetration of existing accounts, and development of displays and other dealer sales aids.

An activity quota properly established and controlled can do much to stimulate a fully balanced sales job. This type of quota is particularly valuable for use with missionary salespeople. Probably the principal difficulties in administering an activity quota are, first, to determine whether the activity actually was performed and, second, to find out how effectively it was done. The logic of sales quota based on activity is sound. It suggest that sales result from doing a lot of things right-making many calls on the right people, giving demonstrations, opening new accounts, suggesting new or additional products. Thus, if the manager wants to build the sales volume, a way must be found to encourage salespeople to do the basic things that result in sales.

Research findings revealed that salespeople are quota achievers and therefore, primarily attempt to attain quota instead of maximize income or sales volume. If quotas are set too low, sales people will only work had enough to achieve quota. On the other hand, if quotas are set too high, there is a risk that the quota will lose meaning and not serve as an effective motivational tool. Infact, inability to achieve quota may be a source of demotivation.

Whatever form of sales quota that is established for marketing executive, Stanton and Spiro (1999) revealed that the objectives are:-

1. **To indicate strong or weak spots in the selling structure:** When accurate quotas are established for each territory, management can determine the extent of territorial development by whether or not the quota is being reached. If the sales total significantly exceeds the predetermined standards, management should analyze the reasons for this variance. if the sales in a district fail to meet the quota, this

failure tells management that something has gone wrong. Of course, it does not tell why the failure occurred. it may be that competition is stronger than expected, the salespersons have not done a good selling job, or the potential was over-estimated.

2. **To furnish goals and incentives for the sales force:** In business, as in any other walk of life, individuals usually perform better if their activities are guided by standards and goals. It is not enough to say to a salesperson, "we expect you to do a good selling job." It is much more meaningful to express this expectation in a specific quota consisting of a given naira sales volume or the number of new accounts to be acquired during the next stated period. Without a standard of measurement, salespeople cannot be certain their performance is satisfactory.

3. **To control salespeople's activities:** A corollary to the preceding point is that sales quotas enable sales managers to direct the activities of sales force effectively than would otherwise be possible. Through the use of the appropriate type of quota, executives can encourage a given activity such as selling high-margin items or getting orders from new customers. The salespeople are not likely to know which area of activity should be stressed unless management tells them.

4. **To evaluate productivity of salespeople**: Quotas provide a yardstick for measuring the general effectiveness of a sales force. By comparing a salesperson's actual performance to his or her quota, management can evaluate the sales person's productivity. Quota performance also provides guidance for field supervisors by indicating areas of activity where the sales force needs help. Decisions on whether to give salespeople promotions or raises are often based largely on their performance in relation to their quotas.

5. **To improve effectiveness of compensation plans:** A quota structure can play a significant role in a sales compensation system. Quotas can furnish incentives to salespeople who are paid straight salary. A salesperson knows, too, that a creditable performance in meeting assigned quotas reflects favourably on him or her when it is time for salary review. In some cases, salespeople receive a bonus if

they achieve a certain quota or they may receive a commission on all sales above some present level of sales.

6. **To control selling expenses:** Management can often encourage expenses control by the use of expense quotas alone, without trying them to the compensation plan. Some companies gear payments for the salespeople's expenses to a quota.. For instance, a business may pay all the expenses of a salesperson up to 8 percent of sales. Other companies may set an example quota and let the salespeople know their effectiveness is being judged in part by how well they meet it.

7. **To evaluate sales contest result:** Sales quotas are used frequently in conjunction with sales contest. Salespeople rarely have equal opportunities in a contest unless management makes some adjustments to compensate for variation in territorial potentials and workloads. Using the common denominator of a quota, management can ensure each participate a reasonably equal chance of winning, provided the quota has been set accurately.

According to Dugbe and Ikomin (2004), for a sales quota to achieve its objectives, it must meet the following characteristics:-

1. Realistically Attainable: If a quota is to spur the sales force to maximum effort, the goal must be realistically attainable. If it is too far out of reach, the salespeople will lose their incentive.

2. Objective: Regardless of what type of quota management uses, it should be related to potentials. Executive judgment is also required, but it should not he the sole factor in the decision.

3. Ease of Understanding and Administration: A quota must be easy for both management and the sales force to understand. Also, the system should be economical to administer.

4. Flexibility: All quota system needs adequate flexibility. Particularly if the quota period is a long as a year; management may have to make adjustments because o changes in market conditions.

5. Fairness: A good quota plan is perceived as fair to the people involved. The workload imposed by quotas should be the same for all salespeople. However, this does not mean that quotas must be

equal. Differences in potential, competition and salesperson's abilities do exist.

Establishing optimum sales quota is difficult because of the numerous variables and trade-off which impact on the decision. Stanton and Spiro (1999) opined that sales quotas must be set high enough to motivate performance, but not set too high to loose meaning. They further highlighted the following bases of establishing sales quota:- territorial sales potentials; historical sales records; jury of executive opinion; compensation plan; sales force judgement.

Ethical Behaviour of Marketing Executives

From the point of view of many members of the society, marketing practices in today's banking industry are associated with unethical practices. Marketing executives are seen as people who are consumed with the zeal of mere satisfaction of products sales revenue needs. As a result of this, marketing executives have over the years been variously branded as narrow-minded, exploiters, opportunists and profiteers who have no genuine interest in the welfare of consumers and little regard for social values. Marketing executives are expected to exhibit a high level of ethical behaviour to fulfill public expectation, prevent harming others in the society, promote personal morality in society, and improve business relationship among others.

According to Olakunori (1993), the ethical behaviour expected to be demonstrated by marketing executives include:-

(i) Marketing executives are expected to sell only safe and good quality products. They should not sell defective, dangerous or adulterated products, as this may injure customers and others.

(ii) Dangers or precautions associated with product usage are expected to be made known by marketing executives to the consumers even before sale.

(iii) Marketing executives are not expected to pressurize or force prospective buyers to accept their product offer.

(iv) Marketing executives are expected to be decent in their dress mode, manner of approach and negotiation terms with prospective customers.

(v) Arbitrary of frequent price increase should not be entertained by marketing executives even if the product has become scarce and demand drastically increased.

(vi) Marketing executives are expected not to take an undue advantage of the ignorance, mistakes, weaknesses or circumstances. Surrounding the consumer.

(vii) Marketing executives are expected to do their utmost best to meet obligations and fulfill promises and guarantee arrangements entered into with customers.

Marketing executives often admit that they feel pressure at work which often lead them to unethical behaviour. A study released by the Ethics Officer's Association (EOA) and two professional groups in the United States sometime ago claimed that over half of the workers felt some pressure to act unethically on their jobs. Nearly half of the workers about 46% reported that they had engaged in unethical or illegal actions during the past year and attributed their actions to work place pressure. Other factors that contribute to pressure to act unethically as reported in the study are:-

(i) Balancing work with family demands
(ii) Lack of recognition for achievement
(iii) Increasing working hours/work overload
(iv) Insufficient organizational resources (Marcus, 1996).

According to Nwaeke (2005), some of the main reasons for ethical problem in business generally include:-

(i) Personal gains and selfish interest
(ii) Competitive pressures on profits
(iii) Business goals versus personal values
(iv) Cross-cultural contradictions.

Some of the unethical behaviours exhibited by marketing executives in Nigerian business environment include:-

(i) Improper use of company assets – some marketing executives use the company's resources such as car for personal purpose other than for official assignment.

(ii) Indecent dressing by female marketing executive thereby resulting to sexual harassment of their male prospects.

(iii) Using bribes to secure a sale – some marketing executive offer bribes and kickbacks to prospective customers in order to persuade them to accept their offers.

(iv) Unpredictable price increases and profiteering – some marketing executives arbitrarily increase product prices particularly when demand exceeds supply thereby generate excess profit.

(v) Deceptive and misleading claim of product benefits to the consumers.

(vi) Some marketing executives use industrial espionage to discover trade secrets of their competitors.

(vii) Some marketing executives collude with a third party to engage in fraudulent practices of their company.

(viii) In their sales presentation, marketing executives promote materialism, which in turn wets people's appetites and breed crimes.

(ix) Environmental pollution – the polluting affect of some promotional activities embarked upon by marketing executives is quite alarming. (Gamade, 2005; Adetokunbo, 2001).

Methods

In order to generate the necessary data for this study, the researchers administered a set of questionnaire on one hundred and twenty-five (125) marketing executives in those banks operating in Port Harcourt. Before the administration of the questionnaire, it was subjected to a face and content validity and its reliability was tested using the split-half method. The Kendall co-efficient of concordance was adopted to compute a reliability co-efficient of 0.79.

The data generated from the study were analysed using the simple percentages.

Analysis and Results

Out of 125 copies of questionnaire administered on marketing executives in banks operating in Port Harcourt, 119 copies were found usable thereby representing 95.20% response rate.

The respondents were asked to indicate whether the sales targets set for them are realistically attainable, and their responses were presented in the table 1:

The questionnaire analysis revealed that 13(10.92%) of the respondents strongly agreed that the sales targets et for marketing executives are realistically attainable; 20 (16.81%) agreed; 7 (5.88%) were undecided; 31 (20.05%) disagreed; while 48 (40.34%) strongly disagreed. This implies that the sales targets set for marketing executives are not realistically attainable.

The respondents were used to indicate the basis fo establishing their sales targets, and their responses were presented in the table 2;

The data presented in the table 2 revealed that 32(26.89%) of the respondents indicated that their sales targets are set on the basis of sales potentials; 23(19.33%) identified the historical sales basis; 51(42.86%) stated the executive opinion basis; 11(8.24%) asserted the compensation plan basis; while 2(1.68%) indicated that their sales targets are established on the basis of salesforce judgement. This implies that sales targets for marketing executives are established on the basis of executive opinion.

The respondents were asked to indicate the commonest unethical behaviour exhibited by marketing executives in the Nigerian banking industry, and their responses were presented in the table 3;

From the data presented table 3, we observed that 33927.73%) of the respondents identified indecent dress mode as the commonest unethical behaviour exhibited by marketing executives in Nigerian banks; 16(13.45%) stated the improper use of bank assets; 27(22.69%) indicated the use of bribes and kickbacks to secure a sale; 4(3.36%) identified industrial espionage; 8(6.72%) indicated unpredictable price increase and profiteering; 25(21.01%) stated deceptive and misleading product claims; and 6(5.04%) identified environmental pollution. This implies that indecent dress mode is the commonest unethical behaviour exhibited by marketing executives in Nigerian banks.

The respondents were asked to indicate the extent to which sales targets influence their ethical behaviour, and their responses were presented in the table 4.

Analysis of the questionnaire shows that 32(26.89%) opined that sales targets influence the ethical behaviours of marketing executives to a very large extent; 47(39.50%) stated a large extent; 3(2.52%) were undecided;

20(16.81%) asserted a low extent; while 17(14.29%) indicated a very low extent. This implies that sales targets influence the ethical behaviour of marketing executives in Nigerian banks. A high sales targets breeds unethical behaviours while a low sales targets thought it allows marketing executives to ethically conduct themselves, it does not generate enough sales revenue.

Conclusion and Recommendations

The results of our analysis showed that there are different bases of establishing sales targets for marketing executives in the Nigerian banking industry, but the common basis of establishing such sales targets is through executive opinion. The sales targets are usually not realistically attainable because executive opinion is very subjective and always aim at a very high target. In a bid to meet such high sales targets, marketing executives exhibit one form of unethical behaviour or the other, such as indecent dress mode to seduce male prospects, improper use of banks assets, using bribes and kickbacks to secure a sale, industrial espionage, unpredictable price increases and profiteering, deceptive and misleading product claims, and environmental pollution.

The level of sales targets established for marketing executives influences their ethical behaviours. While a very high sales target creates room for unethical behaviour, a very low sales target makes marketing executives to b ethically conscious. But very low sales targets cannot generate enough sales revenue.

Based on the above, the following recommendations have been advanced:-

(i) To ensure that the sales targets established for marketing executives in Nigerian banks are realistically attainable, they must be based on territorial sales potential and not on executive opinion.

(ii) Compensation plan based on sales commission should be disallowed because marketing executives are meant to discharge other responsibilities other than sales presentation.

(iii) Optimum level of sales targets should usually be established for marketing executives.

(iv) Certain legislations should be enacted by the government to prevent marketing executives from unethical practices and those that fall prey of the law should be made to face legal prosecution.

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Table 1: Respondents' opinion as to whether the sales targets set for marketing executives are realistically attainable

Responses	Frequencies	Percentages
Strongly Agree	13	10.92%
Agree	20	16.81%
Undecided	7	5.88%
Disagree	31	26.05%
Strongly Disagree	48	40.34%
Total	119	100

Source: Survey Data, 2010

Table 2: Respondents' opinion on the basis of establishing sales targets for marketing executives

Responses	Frequencies	Percentages
Sales Potentials	32	26.89%
Historical Sales	23	19.33%
Executives Opinion	51	42.86%
Compensation Plan	11	9.24%
Sales Force Judgement	2	1.68%
Total	119	100

Source: Survey Data, 2010

Table 3: Respondents' opinion on the commonest unethical behaviour exhibited by marketing executives in Nigerian banks

Responses	Frequencies	Percentages
Indecent dress mode	33	27.73%
Improper use of bank assets	16	13.45%
Using bribes and kickbacks to secure a sale	27	22.69%
Industrial espionage	4	3.36%
Unpredictable price increases and profiteering	8	6.72%
Deceptive and misleading product claims	25	21.01%
environmental Pollution	6	5.04%
Total	119	100

Source: Survey Data, 2010

Table 4: Respondents' opinion as the extent to which sales targets influence the ethical behaviours of marketing executives

Responses	Frequencies	Percentages
Very Large Extent	32	26.89%
Large Extent	47	39.50%
Undecided	3	2.52%
Low Extent	20	16.81%
Very Low Extent	17	14.29%
Total	119	100

Source: Survey Data, 2010