

Can B2B Sales Representatives Distinguish between Legal and Illegal Activities: Initial Empirical Evidence

By Robin T. Peterson

This paper presents the results of a study which examined the extent to which a sample of business-to-business sales representatives accurately judged the legality of various federal laws which pertain to them. It reviews the importance of this topic and several strategies and tactics that are particularly prone to regulation. In addition, it evaluates sales representatives' knowledge of relevant federal law. The study revealed that the majority of the subjects did not accurately specify the legal status of the strategies and tactics under study. Further, sales representatives employed by smaller firms were less accurate in their judgments than those employed by larger companies. For the two groups at large more of the respondents judged a legal practice as in violation of the law than judging an illegal activity as legal. Many of the salesperson errors for both groups were in the field of antitrust law.

INTRODUCTION

Business-to-business sales representatives are in need of pertinent insights into the regulatory domain and the need for adherence to federal regulations. Essentially, law reflects the ethics and mores of a particular society (Aksoy, 2013). In turn, law is the formal ordering force of contemporary society which is essential for business performance under conditions of heterogeneity found in most economies (Zane, 2002; Lashgari, 2003). It appeals to the common good of the political economy (Murphy, 2005). This environmental force operates with considerable impact in the United States, as well as in virtually all developed nations (Hamel, 2003). In turn, law is one of the primary avenues through which personnel acquire facts about and metabolize socially responsible versions of behavior (Ostas, 2001). Governmental authorities have found that competition and self regulation are sometimes not sufficient controllers of business activity and legal restraints are needed (Mullin & Cummins, 2008; Bagley, 2003; Chonko, Wotruba, & Loe, 2002). However, many B2B sales representatives may not be knowledgeable about this and erroneously believe that they can gauge which actions are or are not in accordance with the law. When this view exists, the sales representatives may naively subject themselves and their companies and superiors to prosecution and other legal problems, as well as unethical conduct (Petty & Andrews, 2008; Debbles, 2001; Cameron, 2000; Strout, 2001).

B2B sales representatives are confronted with an extended and rapidly accruing mass of federal measures which can affect their actions (Burnett, Pettijohn, & Keith, 2008; Petty, 1999). These restrictions can impact upon numerous sales practices, both for domestic and international business (Andersen, 2012). Federal restrictions prohibit or inhibit activities such as various exclusivity arrangements with distributors (Coughlin & Dede, 2006), collusion with competitors (Peritz, 2002), fraud (Black, 2003), employment (Ballam, 2000) and numerous other categories (Moorhouse, Morris, & Whipples, 1999; Stanley, 2003). The application of the laws become nebulous when requirements produced by one governmental body are in conflict with those set forth by another (Noonan & Goodman, 2007; Stenzel, 2000; Gardner & Lewis, 2000; Hawker, 2002).

Alterations in the regulations and the fashion in which they are executed over a period of time can inject uncertainty on B2B sales representatives' perceptions (Flight, Henley, & Robicheaux, 2008). These modifications are often not easy to predict (Butaney, Gupta, & Hoshower, 2006; Stock, 2003). This is especially the case for consignment sales (Sesser, G.D., & Wallace J., 2014). Even those who do research in this field find that their predictions must be updated continually (Audretsch, Baumol, & Burke, 2001; Edlin, 2002). Surprises can arise, as when sales representatives are accountable of their behavior while gathering data to be used for corporate research (Horen & Peters, 2012). Shifts in the regulations may require continual surveillance of the legal processes at the federal level. Some areas which have experienced

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modifications in the regulations are restrictions on electronic marketing (Noonan & Goodman, 2007), price offers and promotions (Sinha, Chandran & Srinivasan, 1999), bribes in international transactions (McCubbins, 2001), deception of target and actual customers and other parties (Andrews, Burton & Netemeyer, 2000; Aditya, 2000; Waterson, 2003), taping telephone calls (Winston, 2000) and communications between competitors (Strutton, Herndon, & Pelton, 2001; Kuhn, 2001; Guiltinan, 2002).

It cannot be expected that B2B sales representatives will be familiar with all of the federal regulations and their implementation by courts and governmental administrators. Alternatively, extensive comprehension of the law is best left to attorneys who have been retained by the firm. On the other hand, these sales representatives are well-advised to possess some degree of familiarity with the more significant regulations and court decisions and to be vigilant for conditions where a lawyer's interpretations may be advisable or required (Pipes, Blevins, & Kluck, 2008; Delaney, 1999).

This paper presents the results of a study which examined the extent to which a sample of business-to-business sales representatives accurately judged the legality of various federal laws which pertain to them. In turn, the paper sets forth an examination of the importance of this topic and on several strategies and tactics that are particularly prone to regulation. In addition, it describes the results of a study which evaluated the ability of B2B sales representative knowledge of relevant federal law.

RESEARCH QUESTIONS

The study described in this paper investigated the extent to which a sample of B2B sales representatives could accurately distinguish between illegal and legal activities. In this regard it examined two research questions:

1. To what extent can B2B sales representatives correctly identify the legality of a selected set of sales activities.
2. Does the size of the employing firm impact the extent to which B2B sales representatives correctly identify the legality of a selected set of sales activities?

Research Question One: To what extent can B2B sales representatives correctly identify the legality of a selected set of sales activities?

Involvement theory might provide at least a degree of contribution to this area of inquiry. In turn, involvement is inversely related to the cost, effort, or investment involved in an action (Mittal & Lee, 1989). If involvement is high, the individual engages in complex decision making (Hoyer & MacInnis, 2007). For instance wholesale gasoline retailers are highly involved in regulations on pricing at the refinery and wholesale levels (Peltier, Skidmore, & Milne, 2013). Here considerable thought and deliberation comes into play. If involvement is less (called limited decision making), limited thought and deliberation is present and less time is spent with decision making. At the lower end of the continuum is inertia, characterized by relative unimportance to the self image of the individual (Rosenbloom, 2007).

Some B2B sales representatives might be highly mentally involved in legal matters and the ethical dimensions of these matters. This could be because their superiors have instructed them to attend to the regulations, or because individual sales representatives recognize the dangers of legal and unethical entanglements- they perceive the importance of the law. Intra industry and intra firm differences probably are in existence as regards legal involvement, of course. The medical sales industry, for instance, is subject to considerable regulation and sales representative high involvement is a necessity (Hargreaves, S., 2013).

Other B2B sales representatives may be much less mentally involved with the law—they could reside in the realm of limited decision making or even inertia. They might view their role through a task orientation, where the job requirements are to emphasize sales revenue, profits, costs, or other output and input variables, with little regard for regulations and ethical outcomes. In turn, they might perceive legal matters as considerations to be taken up by attorneys retained by the firm and not by sales representatives or other line employees.

The research question is based on the postulate that many B2B sales representatives should be aware of the fact that federal regulations have some impact on many

of the actions which they take in performing their jobs (Debble, 2001). In addition, it seems logical to assume that they should know that failure to comply with the regulations can produce undesirable consequences (Williams & Barrett, 2000). They are likely to be most familiar with these when their strategies are very congruent with the regulations—termed “regulatory fit” (Hong & Lee, 2008). Thus, there should be incentive for B2B sales representatives to familiarize themselves with and to act in conformity with these regulations (Petty, 1999; Gilliland & Manning, 2002). In short, one might expect that complex decision making would take place. In turn, regulatory fit can come about through changes in the environment, as when regulations impose restrictions on competing firms (Davis, 2008). And competition is rigorous in most industries today.

In this study, if more than fifty percent of the respondents correctly identified the legality or legality of an activity, it was assumed that the sample at large had demonstrated a reasonable knowledge of legality. Some researchers might deem that this figure is rather arbitrary. However, The more than fifty-percent correctness criterion derives from the perception that this proportion is the most neutral percentage available and, by default, marks the mid-point between what might be construed as “naive” on the one hand and “knowledgeable” on the other. This criterion has been utilized in previous studies of the ability of personnel to judge the legality of business activities (Peterson, 1998).

Research Question Two: Does the Size of the Employing Firm Impact the Extent to Which B2B Sales representatives Correctly Identify the Legality of a Selected Set of Sales Activities?

The reasoning for the second research question lies mainly in the relative capabilities of large and small companies. B2B sales representatives who are employed by the latter often have numerous and varied responsibilities (Maritz, 2008; Rega, 2000). Many do not have the time or the capability needed to become intimately familiar with federal legislation. Their daily actions are often consumed with overcoming problems, often on an expediency basis (Eddleston, Ontondo, & Kellermanns, 2008). They tend to value independence, flexibility, autonomy, and freedom from bureaucratic controls (Caliendo, Fossen, & Kritikos, 2009; Gray &

Eylon, 1998). Sales representatives in larger firms may be subject to more bureaucratic control over such areas as covering their sales territories according to the status of the customer (Taylor, 2013).

In addition, larger firms might be expected to employ more college graduates for sales positions, although the influence this factor was not measured in the study. College-graduates could have information based on courses in business law, marketing, and personal selling courses that is less likely than for small firms. Also larger companies may conduct more legal training, supervision, and leadership because they have more learning resources and are typically the target of compliance from federal regulatory agencies.

Overall, in light of the factors mentioned above, their level of involvement would be less intense than that experienced by employees of large firms. Their employers may lack the funds required to retain attorneys who are specialized in federal laws or to conduct training programs on the law for their salespersons (Yang & Chen, 2009). Taking these factors into account, it seems logical that employees of smaller firms might be expected to possess a lesser degree of knowledge on federal regulations.

THE STUDY

Cover letters and accompanying questionnaires were mailed to 200 randomly-selected sales managers employed by B2B marketers. The sample frame was the American Marketing Association 2008 membership directory. One half of the questionnaires were directed to Fortune 500 companies and half to non-Fortune 500 firms, in order to provide a demarcation between large and small companies, for analytical purposes.

Each sales manager who was selected was mailed a postcard, approximately one week before the questionnaire arrived, requesting participation in the study and stating that a set of questionnaires would soon be delivered through the mail. Five questionnaires were forwarded to each sales manager, accompanied by requests to furnish these to five randomly-selected sales representatives employed by the company. The sales managers were requested to include only those who had been a sales representative with the company or another B2B firm for at least two years. This restriction

was intended to eliminate from the inquiry neophyte representatives who did not as yet have the opportunity to learn about legal matters from sales training, sales supervision, direct experience, and other means.

The cover letter requested that the questionnaires be completed by the representatives and returned to the sales manager, who would, in turn, mail these back to the researcher in a stamped pre-addressed manila envelope. Two hundred thirty one usable questionnaires were obtained from this mailing. A follow-up postcard was sent to those sales managers whose sales representatives had not responded. This generated seventy four additional usable completed questionnaires, and a final sample size of 305. One hundred seventy-seven of the responses were from Fortune 500 firms (deemed “large companies” in this study) and the remaining one hundred twenty-eight from companies not listed in the Fortune 500 (deemed “small companies”).

In the questionnaires twenty activities with which B2B sales representatives might be involved were defined. A content analysis of chapters dealing with legal regulations, ethics, and social responsibility, appearing in five top personal selling books, produced the list of activities. Two business law professors at the institution where the author was employed, reviewed each of the items on the list, and either approved of it or suggested changes. Where changes were advised, these were undertaken. In turn, the items represented actions which were (1) either legal or not legal and (2) potentially unethical, depending on the circumstances facing the sales representative. Half of the activities are specifically in violation of laws at the federal level or have been interpreted by the courts as being in violation, according to the business law professors. The remaining half are not in violation, according to the business law professors, although some sales representatives might perceive them as unethical or contrary to their social responsibility standards. Appendix A provides a definition of each of these. In turn, the respondents were provided with these definitions in the questionnaire, in order that the reader could comprehend the meaning of each activity.

A pretest, involving six B2B sales representatives was undertaken in order to assess the clarity of the activity descriptions. Based upon input from these responses, some minor alterations in the descriptions were made.

The questionnaires requested the respondents to signify their interpretations of the legitimacy of the activities on a five-point scale anchored by the frames “obviously illegal”, “probably illegal”, “gray area”, “probably legal”, and “obviously legal”, as they related to federal regulations. In this context, “gray area” activities are those which some sales representatives might deem to be unethical but not necessarily legal or illegal. In turn, the respondents were asked to address only the legality question. They were not specifically asked to evaluate the extent to which the activities were ethical or unethical.

In tabulating, quantitative values were allocated to the five units of the scale. The values ranged from five (obviously illegal) to one (obviously legal). The assigned values in each category were multiplied by their respective frequencies and divided by the total frequencies to yield arithmetic means for each of the twenty practices. Thus, a mean value of four for a specific practice would signify that the respondents, taken as a group, believed that the practice was “probably illegal”. Table One sets forth the mean values of each of the twenty activities.

The results of the study do not positively support Research Question 1. The table indicates that the sample members were incorrect in evaluating the legal status of eleven activities. The proportion of these was significantly different from the postulated proportion of fifty percent, according to a *t* test at the .05 level. The incorrect judgments were for:

1. Predatory pricing
2. Price discrimination to similar buyers
3. Suggest that prospects buy now, as prices may rise, but this may not happen
4. Agree to divide market with rivals
5. Tell customers they are getting a price break when this is untrue
6. Aim the marketing effort only on large customers
7. Sell products in throw-away non-degradable containers
8. Preempt potential competition with prices below costs
9. Use tying contracts
10. Agree with rivals to assess identical delivery charges
11. Provide a gift worth \$20 to a good customer

Table 1
Sales Representative Evaluations of the Legality of Selected Activities

Activity	Mean Scale Value	Actual Legal Status
Price Collusion with competitors	3.8	Illegal
Charging higher prices than rivals	0.9	Legal
Basing sales forecasts solely on personal opinion	1.0	Legal
Predatory pricing	2.2*	Illegal
Price discrimination to similar buyers	2.1*	Illegal
Turn in incomplete reports to higher management	2.0	Legal
Suggest that prospects buy now, as prices may rise, but this may not happen	3.6*	Legal
Agree to divide market with rivals	2.2*	Illegal
Steal trade secrets	4.7	Illegal
Tell customers they are getting a price break when this is untrue	2.2*	Illegal
Sell a low quality product	2.1	Legal
Aim the marketing effort only on large customers	3.6*	Legal
Sell products in throw-away non-degradable containers	3.6*	Legal
Preempt potential competition with prices below costs	2.3*	Illegal
Use tying contracts	2.3*	Illegal
Sell unsafe products	4.7	Illegal
Agree with rivals to assess identical delivery charges	2.2*	Illegal
Compare your prices with those of rivals	1.9	Legal
Provide a gift worth \$20 to a good customer	3.8*	Legal
Give price discounts to low cost customers who buy in bulk	2.0	Legal

*Indicates that respondents' mean value on the legality of an activity was in error. Significant differences between mean values and 3.0 were assessed through *Tukey k* tests at the .05 level.

Four of the misjudgments involved evaluating a legal practice as prohibited by the law, when this was not the case. Acting in accordance with this belief, the sales representatives as a group may tend to avoid certain practices that have possible merit, acting on the perception that these are forbidden. Conversely, seven of the misperceptions involved specifying an illegal activity as legal. This view, of course, could lead them into behavior which results in legal difficulties. Hence, both error types could be costly to sales representative achievement and their employers' financial status.

Eight of the salesperson errors were in the field of antitrust law (including the Sherman, Clayton, Robinson-Patman, and Federal Trade Commission statutes) which

can result in very substantial penalties, including treble damages. Further, six of the errors were in the domain of pricing. It appears that the respondents were particularly deficient in their awareness of this legal category. Erroneous beliefs (or lack of knowledge) in these areas could result in practices which may eventually produce misdirected efforts and/or legal sanctions.

A second major segment of this study compared the responses of sales representatives employed by large with those employed by small companies. It was postulated that the former would be more accurate than the latter in assessing the legality of the activities under scrutiny. Table 2 presents data on the legality perceptions regarding these activities, classified by firm size.

Table 2
BTB Sales Representative Evaluations of the Legality of Selected Activities by Size of Firm

Activity	Mean Scale Value		Actual Legal Status
	Large Firms	Small Firms	
Price Collusion with competitors	4.5	3.0*	Illegal
Charging higher prices than rivals	.9	.9	Legal
Basing sales forecasts solely on personal opinion	1.1	.8	Legal
Predatory pricing	2.1*	2.3*	Illegal
Price discrimination to similar buyers	2.0*	2.2*	Illegal
Turn in incomplete reports to higher management	2.2	1.8	Legal
Suggest that prospects buy now, as prices may rise, but this may not happen	3.5*	3.4*	Legal
Agree to divide market with rivals	2.4*	2.0*	Illegal
Steal trade secrets	4.8	4.6	Illegal
Tell customers they are getting a price break when this is untrue	2.3*	2.1*	Illegal
Sell a low quality product	2.0	2.2	Legal
Aim the marketing effort only on large customers	3.2	4.1*	Legal
Sell products in throw-away non-degradable containers	3.2	4.1*	Legal
Preempt potential competition with prices below costs	2.3*	2.4 *	Illegal
Use tying contracts	2.1*	2.5*	Illegal
Sell unsafe products	4.9	4.5	Illegal
Agree with rivals to assess identical delivery charges	2.3*	2.1*	Illegal
Compare your prices with those of rivals	2.0	1.8	Legal
Provide a gift worth \$20 to a good customer	3.8*	3.9*	Legal
Give price discounts to low cost customers who buy in bulk	1.7	2.3	Legal

*Indicates that respondents' mean value on the legality of an activity was in error. Significant differences between mean values and 3.0 were assessed through *Tukey k* tests at the .05 level.

The data in the table furnish some evidence for the research question that B2B sales representatives employed by larger concerns have superior ability in accurately distinguishing between acceptable and prohibited practices, as defined by federal legislation, compared to those employed by smaller companies. For large enterprises, the mean scale value was incorrectly placed in the case of nine of the selected activities. On the other hand, those employed by smaller companies generated twelve incorrect mean responses. These frequencies are significantly different, according to a *t* test at the .05 level. Further, in those cases where the members of both groups produced incorrect evaluations, the mean scale values for employees of smaller firms

were further away in magnitude from the correct response than were employees of larger enterprises. Overall, the study suggests that employees of larger concerns were the superior judges of the legality of the practices.

DISCUSSION

This study was conducted to assess the extent to which a sample of B2B sales representatives employed by large and small companies could accurately differentiate between legal and illegal actions, as prescribed by federal laws. For the total sample, the subjects accurately specified the status of the actions in 45% (9 out of 20) of the cases. This finding does not support Research

Question 1. A comparison of sales representatives employed by large and small firms indicated that those employed by smaller organizations were less accurate than those employed by larger companies. The smaller company representatives generated a sixty percent (12 out of 20 cases) error rate, while this measure was forty five percent (9 out of 20 cases) for the larger enterprises.

For both classes of firms, but especially for smaller concerns, the level of involvement with regulatory matters does not appear to be high. This may be a result of insufficient training and supervision on the part of the company and/or of weak salesperson realization of the significance of the law to the firm and to the individual sales representative. It could be because some things that sales reps believe to be legal may become illegal in due course, and be seen by society as unethical. Or it may be a consequence of sales representative excessive focus on personal achievement and monetary gain and insufficient consideration of the law.

An important implication of the findings is that B2B sales representatives, especially those in the work force of smaller companies, may have serious deficiencies in their insights regarding prescriptions imposed by federal law, as it affects their individual actions and their firms. This leads to the conclusion that these personnel might benefit through a more thorough understanding of this field. If this is not accomplished, the sales representatives may leave themselves and their employers vulnerable to legal constraints and damages levied by the courts and to misdirection in their selling and related efforts.

The focus of this study was on federal regulations. However, some sales representatives may not be any more aware of the lawfulness of their activities, according to state and local laws. These are numerous and far-reaching in many jurisdictions. Other inquiries paralleling the structure of the present study that assess the degree of knowledge relating to these regulations could be of major value.

MANAGERIAL IMPLICATIONS

Several managerial implications would seem to arise from this study. One is that sales managers should take steps to inform themselves about the law. This will

place them in a position to more effectively select, train, supervise, motivate, and control members of the sales force on matters pertaining to regulation. In this regard, educated sales managers can serve as role models and sources of information to sales representatives on regulatory practices.

Additionally, it is recommended that sales representatives and sales managers assess the extent to which the members of the sale force possess at least a general knowledge of the more significant federal, state, and local regulations. Laws other than those examined in the present study, such as those which relate primarily to specific industries and markets, could be considered, depending upon the nature of the business, its competition, and the external environment.

If the sales managers and sales representatives find that the sale force is uninformed, they can undertake programs designed to enhance their state of knowledge. Possible courses of action would be visiting with managers in other firms and departments within the firm, regarding legal problems they have faced and remedial actions which they have successfully pursued; staying apace with legal developments as reported in business magazines and journals; attending seminars sponsored by universities and other organizations; consulting business law and trade association journals; reading law-related books and website content (see, for example: Pack, 2000); and attending management development programs dealing with business law. The outcome of such efforts could be actions that are in closer conformity with the complex and continual growth of the regulations. Of course, when legal issues surface, competent legal counsel should be retained (See: Pipes, Blevins, & Kluck, 2008; Neuser, 2003 for a discussion of recommended policies and procedures).

A second implication arises from the fact that most sales representatives work with other employees, such as secretaries, receptionists, distribution and credit-granting personnel, and staff members, in carrying out their work. The representatives should be aware of the nature of these employees' actions, as they relate to the selling task. The collateral employees can undertake activities which run counter to the law, creating legal difficulties and misdirected effort for the sales

representative and for the company at large. It may be necessary for representatives to provide insights into the appropriate rules and regulations to others and to make them aware of the potential negative consequences of actions which run counter to the laws.

Although governmental bodies have engaged in deregulation of some activities, they continue to administer and interpret laws which have a direct bearing on B2B sales representatives' operations. The law is a fluid field in which representatives are well-advised to continually monitor changes and gain new insights, in order to avert serious difficulties in the future (Davis, 2008). Protection of privacy, for instance, has become a much more serious issue in the past decade than it once was (King, N.J. & Raja, V.T., 2013).

Some sales managers may elect to hire sales representatives who have a workable knowledge of federal legal restrictions or who demonstrate a desire and capacity to develop such insights. These sales managers might, for example, recruit salespersons from firms that train their employees in regulatory matters or whose employees are experienced in dealing with the law in the course of their duties. Another avenue would be recruiting sales representatives who have education and training in legal matters, as through business law courses in colleges and universities. If such qualities are lacking, job candidates who appear to be interested and motivated to learning the law could be sought out.

Other sales managers may see the need for sales force training in fields such as the law of sales and operating within related legal restraints. Signals for the need of such training may be past legal conflicts with customers, rivals, governmental agencies and other constituencies. Another possible signal is when the sales manager observes behavior on the part of some salespersons that appears to be actually or potentially illegal. Examples are predatory pricing and price discrimination. Needed training efforts could include instructors drawn from the ranks of attorneys and experienced sales managers themselves.

Sometimes it might be as simple as reminding/motivating employees to obey the dictates of the law. The sales force should be informed that an important goal is to avoid legal defections in their day-to-day

activities and that adherence to the law is a criterion for their evaluation. This can be reinforced through rewards for exemplary conduct—rewards such as recognition, awards, and promotions.

A final implication relates to control—setting standards for sales representatives and measuring their behavior according to the standards. Sales managers should communicate the standards to members of the sales force and indicate how the conduct is appraised. Some standards may be negative—such as providing rebukes for illegal behavior. Others can be positive and reward those with outstanding track records that are designed to fit into the legal framework.

LIMITATIONS OF THE STUDY

There are limitations to this study. The sample was drawn from firms with sales managers who are members of the American Marketing Association (AMA). It is possible that this sample contained hidden biases which were reflected in the research findings. Presumably, members of the AMA would be expected to know more about the law. Further, the inquiry focused on only a selection of potentially illegal activities. The results could have differed if other activities were examined.

In addition, the degree to which the practices were legal or illegal cannot realistically be ascertained in a deterministic manner. Even legal scholars disagree on the extent to which some practices are legal or not and the circumstances which could change their legal status (Butaney, Gupta, & Hoshower, 2006; Brownell & Reynolds, 2002). Specifically, merging or creating a monopoly may or may not be illegal under new Justice Department guidelines, depending upon market share, degree of integration, and willingness to accept financial risk. Likewise, the legal status of fixing prices is not deterministic, as circumstances may rule it to be either legal or illegal. Preemptive low costs and predatory pricing are difficult to prove. Further, agreements to divide markets with rivals may be legal in the case of legitimate joint ventures.

It is apparent that there are gray areas in the specification of the existence or lack of legality in some of the practices. Generally speaking, however, the departures from the legality designations utilized in this study are exceptions

to the rule and would not apply to the bulk of B2B sales representatives. Further, these exceptions relate to details of the laws which would be known to knowledgeable attorneys but not by most sales representatives. The purpose of the study was to determine if these personnel are generally familiar with the essence of the federal laws, but not intimately acquainted with them. The representatives cannot be expected to be in a position to determine whether certain actions should be taken or not, based upon their detailed knowledge. Rather, they should be cognizant of actions which are regulated and the probable legality of these actions. Once they have identified these, they can consult with attorneys who provide legal advice for the firm.

A possible limitation is that the study did not include designations of the degree to which large and small firms that were included in the sample employed college graduates, especially those whose studies included business topics and specifics on the legal training received by members of the sample. These could be instructive to sales managers who are involved in salesperson recruiting, selecting, training, and supervision. It is recommended that future studies examine these factors.

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APPENDIX

Descriptions of the Activities Which Were Examined in the Study

1. *Price collusion with competitors:* Making agreements with rival sales representatives which stipulate the prices each competitor would charge its customers.
2. *Charging higher prices than rivals:* Assessing company customers higher prices than those assessed by competitors to their customers.
3. *Basing sales forecasts solely on personal opinion:* Using subjective methods, rather than quantitative techniques, to derive expected future sales.
4. *Predatory pricing:* Setting company prices at low levels in order to drive competitors out of business.
5. *Price discrimination to similar buyers:* Charging different prices to different company customers when these customers are essentially alike in terms of the cost of serving them, their competitive situation, and their type of business.
6. *Turn in an incomplete report to higher management:* Purposefully omitting important facts in a report or memorandum to a superior in the company.
7. *Suggest that prospects buy now, as prices may rise, but this may not happen:* Indicate directly or indirectly, that prospects should purchase now or in the near future because prices are about to increase. However, the probability of a price increase is not great.
8. *Agree to divide market with rivals:* Reach an agreement whereby you will not compete in certain markets reserved for competitors and they will not compete in certain markets reserved to your firm.
9. *Steal trade secrets:* Acquire important confidential knowledge possessed by rivals without their knowledge or consent.
10. *Tell customers they are getting a price break but this is untrue:* Falsely informing customers that they are receiving a price that is lower than that charged to other customers.
11. *Sell a low quality product:* Sell a product that is inferior in performance, materials, or workmanship to products sold by competitors.
12. *Aim the marketing effort only on large customers:* Spend most or all of your selling time on customers who provide a large volume of business for your company.
13. *Sell products in throw-away non-degradable containers:* Sell goods in packages that will not break down into natural commodities in a reasonable period of time.
14. *Preempt potential competition with prices below costs:* Keep new firms from entering your market by pricing below costs, making it impossible for new firms to make a profit.
15. *Using tying contracts:* Telling customers that you will not sell one of your products to them unless they also buy another product you sell.
16. *Selling unsafe products:* Offering for sale goods that could damage the health or safety of users.
17. *Agreeing with rivals to assess identical delivery charges:* Entering into agreements with competitors to bill the same freight charges to particular customers and/or customer locations.
18. *Compare your prices with those of rivals:* Tell customers what your prices are and state that they are lower than those of one or more competitors.
19. *Provide a gift worth \$20 to a good customer:* Offering the gift after a sale has been made.
20. *Give price discounts to low cost customers who buy in quantity:* Give lower prices to customers who purchase large quantities of your products, and who cost less to serve, as a result.