



Compliance versus preference: Understanding salesperson response to contests[☆]

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ABSTRACT

Firms use sales contests to motivate salespeople; however, knowledge of their impact on salespeople is scarce. Acceptance of the contest, according to goal-setting theory, is essential for a contest to motivate salespeople (Hile-Hart et al., 1989). Yet attitude toward (or preference for) the contest is an important factor in motivating effort (Murphy and Dacin, 1998). In an experiment with financial services salespeople, this study examines the compliance effect (Chowdhury, 1993) and propositions that Murphy and Dacin (1998) suggest. Results support goal-setting theory, but also the importance of salesperson's attitude to the contest. While the study partially confirms Chowdhury's (1993) results regarding the influence of contest difficulty, his suggestion that difficulty leads to goal acceptance was not. Valence for winning does not relate to attitude significantly in the study here, contrary to Murphy and Dacin's (1998) propositions. The article develops an integrative model with implications for research and practice.

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1. Introduction

Many organizations use sales contests to stimulate sales over a short period (Murphy et al., 2004). A sales contest is a form of goal setting (Hile-Hart, 1984) through a special incentive program for motivating salespeople to pursue goals beyond the range of performance generated by their compensation package (Murphy and Dacin, 1998). Sales contests can act as a catalyst for significant increases in sales (Wildt et al., 1980/81), but strategic use can orient salespeople toward a company's short-term objectives such as support for the launch of a new product (Wotruba and Schoel, 1983).

Research on sales contests is scarce (Murphy and Dacin, 1998). As Murphy and Dacin (1998, p14) conclude, "Unfortunately, even with numerous reports in the trade and academic press, managers often remain 'in the dark' when it comes to knowing how to design effective sales contests." In the ten-plus years since that conclusion, relatively few studies are available to bring managers into the light.

Murphy and Dacin (2009) demonstrate that salesperson's preference for contest elements can influence effort intentions. Yet, sales contests are part of the work environment and a salesperson must follow managerial directives whether or not the salesperson prefers to do so. While Murphy and Dacin (2009) observe a relationship be-

tween preference and effort intentions, the question of compliance with managerial directives needs answering.

Goal-setting theory (Locke, 1968) provides a broader approach to the question of effort and contest design. Hile-Hart (1984) successfully predicts effort using goal-setting theory in an experimental study of contest design. While Murphy and Dacin (1998) conceptually discuss goal-setting theory when developing their contest response model, concepts are not explicitly integrated from goal-setting theory. This paper attempts to integrate the two approaches of goal-setting theory and the contest response model to more fully explained effort.

To accomplish this objective, this article reviews Locke's (1968) goal-setting theory and its application to sales contests. The article then integrates Chowdhury's (1993) compliance effect and Murphy and Dacin's (1998) contest response model with its centrality of attitude through the development of hypotheses. An experiment involving financial services sales representatives tests the hypotheses.

1.1. Goal-setting theory and the compliance effect

Goal-setting theory (Locke, 1968) posits that a) higher goals produce higher levels of performance, b) specific goals are more effective than ambiguous goals, and c) intentions regulate behavior. Further, an individual must accept the goals in order for these propositions to hold (Locke et al., 1981).

The theory is quite simple. To increase performance, raise the level of specific (as opposed to ambiguous) goals and secure the salesperson's commitment to – or acceptance of – the goals. Hile-Hart (1984), in an experiment involving salespeople and a sales contest,

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reports a significant perceived goal difficulty–effort relationship, particularly if contest goals are accepted. Goal acceptance is also independently predictive of effort and performance, but the combination of perceived contest difficulty and acceptance yields the highest levels of effort and performance.

Sales contests represent a form of goal setting, whether the format calls for a winner based on ranking or winners based on an attainment of a quota. Thus, goal-setting theory (Hile-Hart et al., 1989) could provide a solid foundation upon which to build an integrative model of motivation during a sales contest (see Fig. 1). The challenge lies in understanding acceptance (Hile-Hart, 1984).

The Murphy and Dacin (1998) salesperson response to a contest model (or contest response model for short) is an integration of two other approaches to motivation. At its core is expectancy theory (Vroom, 1964), with various elements of the sales contest leading to or triggering perceptions of expectancy (perceived linkage between effort and performance), instrumentality (perceived relationship between performance and attainment of reward), and valence (perceived desirability of said reward). These perceptions then lead to the formation of an attitude toward the sales contest which, in an environment influenced by social norms and other organizational and individual variables, yields intentions and subsequent behavior. Thus, the contest response model also integrates the attitudes–intentions–behavior approach to understanding behavior that is well accepted in marketing (e.g. Bagozzi, 1992) and originally developed by Fishbein and Ajzen (1975).

The importance of the contest response model lies in the specification of the process by which preferences become effort. As identified earlier, what managers believe is important to salespeople may not be what salespeople want (e.g. Cozzani et al., 2005). Most sales contest research uses an input/output approach; i.e., an assumption that certain design formats yield certain performance outcomes (c.f., Murphy et al., 2004). The assumption underlying these studies is that salesperson preference for contest formats leads to associated outcomes due to increased effort (e.g. Beltramini and Evans, 1988; Caballero, 1988), an assumption that Murphy and Dacin (2009) confirm in a study of salespeople.

That same research, however, observes that preference varies by setting and by personal variables. Designing contests that meet everyone's preferences may be difficult. Further, goal-setting theorists would suggest that acceptance is necessary, not preference. Compliance with a manager's request, for example, may not reflect preference for the associated reward (or a desire to avoid any penalty for failure to comply). Thus, a broader perspective integrating the two theoretical approaches seems appropriate. At the broadest level, this integration could be summarized as comparing the relative effects of compliance to preference on intentions to make an effort (to win a

sales contest). The following section develops hypotheses guiding the study.

1.2. Hypotheses

The contest response model represents a major advance in thinking about contests; however, the potential contributions of goal-setting theory regarding the roles of perceived difficulty and acceptance are assumed rather than specified. Further, the role of acceptance is not developed in the contest response model, and perhaps more importantly, acceptance in goal-setting theory simply means that one is committed to the goal and does not imply or require preference for associated rewards. Thus, acceptance may be contrary to contest response model premises.

The missing ingredient in goal-setting theory, according to Chowdhury (1993) and derived from Garland (1984), is expectancy. Chowdhury (1993) states that expectancy moderates the effects of sales quota on intentions because as quota increases, perceptions of expectancy change thus changing intentions. Chowdhury (1993) proposes a relationship such that at low quota levels, change in quota has very little effect on expectancy, but as quota continues to increase, expectancy becomes more sensitive to changes in quota. At some point when quota is raised too high, sharply lower expectancy estimates result. Finally, if quota is raised further, the salesperson enters another “zone of certainty” (Chowdhury, 1993 p. 31) in which the quota is rejected and effort may be reduced. Murphy and Dacin (1998) agree that difficulty is related to expectancy, (see Fig. 1).

H1. As sales contest difficulty increases, expectancy decreases.

The next hypothesis embodies the direct conflict between goal-setting and expectancy that has been identified (e.g. Chowdhury, 1993). As noted earlier, Chowdhury (1993) suggests a curvilinear relationship between perceived sales contest difficulty and intentions, such that intentions would increase as the challenge increased, to the point where a salesperson no longer believed the goal would be obtainable. In a study on sales contests specifically, Hile-Hart et al. (1989) report a direct relationship between difficulty and effort. The hypothesis follows goal-setting theory (e.g. Hile-Hart et al., 1989); if the curvilinear relationship is more accurate, a post-hoc test following failure to reject the null associated with H2 will ensue. The combination of H1 and H2 allow for testing the moderated relationship.

H2. As sales contest difficulty increases, effort intentions increase.

Instrumentality, the link between performance and reward, is held constant. The performance needed to win the contest and receive the award is specified in the scenario. Since the relationship between

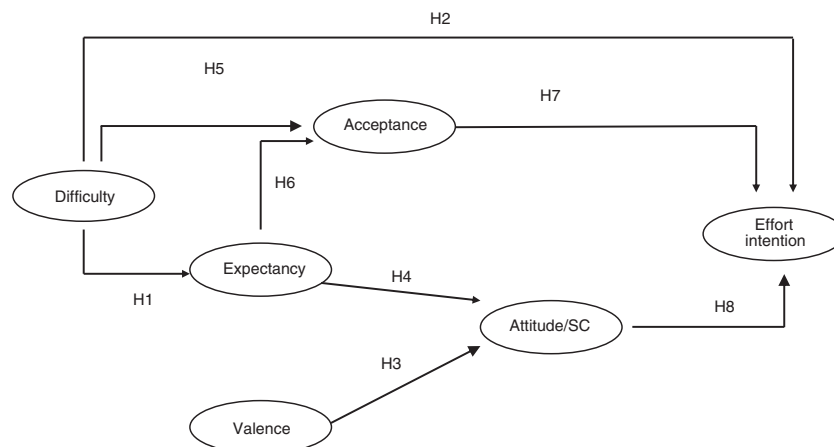


Fig. 1. Integrative model of response to a sales contest.

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