

Exploring the influence of sales management practices on the industrial salesperson: A multi-source hierarchical linear modeling approach[☆]

George J. Avlonitis^{*}, Nikolaos G. Panagopoulos¹

Athens University of Economics and Business, Department of Marketing & Communication, Evelpidon 47 & Leykados 33, Athens 113 62, Greece

Received 1 April 2005; received in revised form 1 January 2007; accepted 1 February 2007

Abstract

Despite the importance of sales management practices (e.g., compensation, organization design) as critical determinants of salespeople's role stress, attitudes and outcomes, remarkably very few studies are available in the area. Unless the effects of sales management practices are determined, sales practitioners may rely on less efficient and less effective practices. The vast majority of previous studies relies on single-source data and has overlooked the multilevel nature of organizations when modelling relationships of interest. To address these gaps, this study examines the behavioral and psychological effects of sales management practices by applying a multilevel analytic approach to data gathered from two different data sources, sales managers and salespeople, respectively.

© 2007 Elsevier Inc. All rights reserved.

Keywords: Sales management; Hierarchical linear modeling; Training; Compensation; Territory design; Salesperson performance; Sales organization; Role stress

1. Introduction

Sales management practices (e.g., training, selection, evaluation) constitute a crucial aspect of the sales manager's work, as they exert influence on the salesperson's motivation, satisfaction and performance (Churchill et al., 2000). Indeed, the literature (e.g., Bartol, 1999) is replete with provocative speculations regarding the impact of sales management activities on the sales force attitudes and performance. Considering that the sales function is the source of revenue for the majority of industrial companies (Cespedes, 1990), its effective management becomes a relentless necessity. Paradoxically, this recognition comes with the realization that although the relevant literature seems voluminous, remarkably very few

empirical studies are available that directly address this important issue (e.g., Chonko, 1982). More analytically, three major turning points collectively underscore the importance of examining the consequences of sales management practices for industrial salespersons. First, in their groundbreaking model of motivation and performance, Walker et al. (1977, 1979) propose that organizational factors exert influence on the role stress levels as well as on the performance and attitudes of salespeople. Second, and perhaps somewhat ironically, Churchill et al. (1985) meta-analysis of the determinants of salesperson performance reports that the authors were able to trace only five studies that directly examine the impact of organizational/environmental variables on performance. Third, Brown and Peterson's (1993) meta-analytic study of job satisfaction antecedents and consequences acknowledges the important effect of organizational variables on the job satisfaction of salespeople. However, one of their main findings was that very few studies had examined the relationship between organizational variables and salesperson outcomes, and these studies have considered primarily supervisory behaviors and job/task characteristics. For this reason, Brown and Peterson did not include organizational variables in their model because of the limited number of study effects available. Unfortunately, the

[☆] The authors thank David A. Hofmann for his earnest encouragement and valuable suggestions regarding hierarchical linear modeling issues. The authors thank Arch Woodside (editor-in-chief), Hans Mühlbacher (associate editor) as well as the two anonymous JBR reviewers for their many helpful comments.

^{*} Corresponding author. Tel.: +30 2108231931; fax: +30 2108203607.

E-mail addresses: avlonitis@aub.gr (G.J. Avlonitis), npanag@aub.gr (N.G. Panagopoulos).

¹ Tel.: +30 2108203853; fax: +30 2108203851.

paucity and the need for further research on the area are still apparent (Babakus et al., 1996b; Grant et al., 2001). Unless the effects of sales management practices are determined, sales practitioners may rely on inefficient and ineffective practices.

From a methodological standpoint, previous sales management studies suffer from two major drawbacks. First, studies utilizing different data sources to investigate relationships among the constructs of interest are extremely rare. As a result, much of the empirical research in marketing/sales suffers from common method bias, which may lead to the artificial inflation of the studied relationships (Summers, 2001). Second, past studies have overlooked the natural nesting of salespeople within sales units that is neither accidental nor ignorable (Hox, 2002). In most of the studies, researchers draw conclusions by pooling together salespeople from different companies into a single sample. However, such an approach overlooks the fact that the context (i.e. sales unit) exerts significant influence on salespeople as well as the potentially meaningful individual variance within each sales unit (Jedidi et al., 1997; Kohli, 1989); thus, this approach erroneously assumes that salespeople comprising each sales unit will feel and behave similarly (Glick and Roberts, 1984). Importantly, salespeople within the same sales unit are very likely to perceive and respond in a differential manner to sales management activities (Brown et al., 1998; Oliver and Anderson, 1994; Shoemaker, 2003; Vink and Verbeke, 1993). In addition, ignoring the multilevel nature of data collected from salespeople nested within sales units, may result in serious violations of the “independence” assumption (Hox, 2002), which constitutes a prerequisite for employing many of the statistical procedures applied to sales research (e.g., structural equation modeling, ordinary least squares regression). Failure to properly account for the nested structure of data may lead to small standard errors, large test statistics and biased estimated coefficients, as disturbance errors are highly correlated within groups (Hox, 2002). Relatively recently, scholars in the organizational behavior (e.g., Hofmann et al., 2000) and sales management literature (Vink and Verbeke, 1993; Yammarino, 1997) have underlined the importance of conducting multilevel research.

This study contributes to sales management research in three important ways. First, by focusing on four important sales management practices (i.e., sales organization, territory design, training, and compensation), this study provides an in-depth investigation of their often overlooked consequences for salespeople’s role stress, attitudes and outcomes, thereby offering new insights both to sales practitioners and researchers. Second, by utilizing two different data-sources, this study takes a critical step towards minimizing the common method bias of estimated relationships. Third, the present study introduces a new methodological approach, namely, hierarchical linear modeling (HLM) to sales research. This statistical method is developed elsewhere (Bryk and Raudenbush, 1992) but the method is useful for studying the sales management effects that this article explores. Specifically, the HLM approach appropriately models the multilevel nature of sales organizations, thereby offering more robust results pertaining to the consequences of sales management practices.

2. Background and hypotheses development

2.1. Theoretical rationale

Walker et al. (1977, 1979) model identifies a set of organizational variables (e.g., sales management practices) that may influence a salesperson’s role stress, attitudes and performance levels. In the present investigation we concentrated on the impact of four sales management practices on the salesperson’s role stress, attitudes, and outcomes: (1) sales organization structure, (2) sales territory design, (3) sales training, and (4) sales compensation. The selection of these variables was based on the following compelling reasons: (a) numerous recent studies have underscored that sales organization (e.g., Babakus et al., 1996b; Piercy et al., 1998), sales territory design (e.g., Babakus et al., 1996a; Baldauf et al., 2001; Zoltners and Lorimer, 2000), sales training (e.g., El-Ansary, 1993; Johnston et al., 1989; Morris et al., 1994; Piercy et al., 1998), and sales compensation (e.g., Anderson and Oliver, 1987; Churchill and Pecotich, 1982; Churchill et al., 2000, p. 411) are among the most important managerial activities, (b) empirical research on the area is strikingly limited (Babakus et al., 1996a; Churchill et al., 2000, p. 403), (c) companies spend an overwhelming amount of dollars in training, allocating, and compensating salespeople each year (Leach and Liu, 2003; Zoltners and Lorimer, 2000), and (d) world-class consulting firms have conducted studies that further elevate the importance of these practices for enhancing the effectiveness of the sales organizations (e.g., Forum Corporation, 1998).

The present study focuses on the consequences of sales management practices for salespeople’s role stress (role ambiguity and role conflict), attitudes (job satisfaction and organizational commitment) and outcomes (job performance, and turnover intentions). Brown and Peterson (1993) elevate the importance of studying these criteria in their meta-analytic study. Following Brown and Peterson, several scholars examine these variables in their research endeavors (e.g., MacKenzie et al., 1998; Singh et al., 1996). Consequently, an explicit examination of these variables could add to the existing body of knowledge, by investigating a series of different antecedent factors, and could allow for a direct comparison of the results of the present study with the results of previous research.

2.2. The influence of horizontal and vertical sales organization structure

The design of sales organizations involves two crucial decisions pertaining to horizontal and vertical structure, respectively (Churchill et al., 2000). With respect to the horizontal structure, sales managers have to decide on how they should allocate the selling effort. Sales scholars propose the following basic forms of organizing the sales force: a) geographic organization, b) product organization, c) customer/market organization, and d) combination of the three aforementioned forms of organization. Paradoxically, the impact of the various forms of horizontal structure on salespeople constitutes

Download English Version:

<https://daneshyari.com/en/article/1018766>

Download Persian Version:

<https://daneshyari.com/article/1018766>

[Daneshyari.com](https://daneshyari.com)