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Why people quit: Explaining employee turnover intentions among export sales managers

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ABSTRACT

Predictably, sales organizations invest substantial financial and human resources in developing effective salesforces and yet salespeople are among the highest 'risk group' in terms of staff turnover. For export sales settings, the organizational consequences of this form of turnover are even more severe. This study develops a comprehensive conceptual model of seventeen hypothesized relationships among key structural, supervisory-related, and psychological factors, and examines this nomological network that leads to explaining export sales managers' intentions to quit. The findings reveal the favorable impact of formalization and the unfavorable impact of centralization upon both role ambiguity and role conflict. The study finds that both formalization and centralization relate positively to the export sales management behavior control system. Role stressors deleteriously affect export sales managers' job satisfaction, which in turn affects negatively intentions to quit. The study also discovers moderation effects of psychic distance and export sales managers' experience.

> From afar it can appear to be glamorous, jetting off a couple of times per month to faraway, exotic destinations to close major deals. In truth it can be extremely hard work and is not a role for the faint hearted. Many export sales professionals that we've worked with are renowned experts in airport departure lounges and unfortunately see little of the countries to which they travel (an International Recruitment Consultancy, 2011).

1. Introduction

Sales organizations invest substantial financial and human resources in developing effective salesforces (Ahearne, Rapp, Hughes, & Jindal, 2010). To gain maximum return from this investment, organizations must be able to retain competent and experienced salespeople on a long-term basis (Homburg & Stock, 2004). In practice, however, all sales organizations face a certain degree of salesperson turnover. Importantly though, evidence suggests that salespeople are the highest 'risk group' in terms of staff turnover with some estimates between 30% to 70% per annum (JDH Group, 2011). This undesirable phenomenon results in the loss of knowledgeable and experienced salespeople, causes significant replacement costs, and has many other detrimental effects for the organizations (Noble, 2008).

The deleterious effects of salespeople's turnover are even more severe in the case of export sales organizations. In today's highly globalised and competitive international business environment, export sales managers play a critically important role in the development and implementation of effective export sales strategies and tactics. In small and medium sized firms in particular, export sales managers are commonly the only company personnel that travel overseas and make direct contact with foreign customers. Personal visits to foreign markets enable export sales managers to acquire valuable knowledge and first-hand experience regarding local market conditions and export customer requirements and preferences. The literature that informs existing knowledge regarding international sales personnel turnover is limited. Insights exist from expatriate adjustment theories,

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voluntary employee turnover theories, job embeddedness theories as well as domestic sales theories. However, the particular role, intrinsic and extrinsic demands, and contextual determinants that confront the export sales manager mean that these theories, at best, only partially explain the high turnover rates that these personnel are victim of.

Employee turnover presents many challenges for firms from the high replacement costs, demanding training requirements, loss of learning and experience effects, reduced morale among the remaining organizational members and the critical financial performance consequences (Reiche, 2008). Established business relationships may be undermined, and valuable knowledge regarding certain export markets, as well as personal networks, may be lost. In addition, the export sales organizations will incur a significant replacement cost, whereas it may take many years before sales performance reaches previous levels in the affected markets. Thus, export sales organizations can benefit greatly by minimizing turnover rates among these employees. Surprisingly, the relevant literature devotes limited research on the factors the influence the role perceptions, job-related attitudes and behavior, work outcomes, and turnover rates of export sales personnel.

The present study aims to enhance the existing body of knowledge regarding the determinants of export success by focusing on the role of the export sales manager. A review of the pertinent export marketing literature indicates that the vast majority of previous studies on export performance have examined the impact of export marketing strategy elements, firm-specific factors and external/environmental influences (*e.g.*, Cavusgil & Zou, 1994; Leonidou, Katsikeas, & Samiee, 2002; Morgan, Kaleka, & Katsikeas, 2004; Murray, Gao, & Kotabe, 2011). Furthermore, within the rich research stream that examines the performance outcomes of export marketing strategy, attention has focused on the export strategy planning process and the planned export marketing strategy, whereas the implementation of planned export marketing strategy has been largely ignored (Morgan, Katsikeas, & Vorhies, 2012). We propose that export sales managers play a crucially important role in the implementation of export marketing strategies in specific foreign markets, as they are commonly the only company personnel that have direct personal contacts with current and prospective foreign customers/distributors to promote exports and negotiate sales deals. As a result of their personal visits to foreign markets, export sales managers acquire valuable knowledge and first-hand experience regarding foreign customers' needs and preferences and local market conditions, while at the same time have the opportunity to develop successful business relationships. In addition, export sales managers can directly assess export customers' response to the strategic actions enacted by a firm's export marketing plan. Therefore, export sales managers can significantly enhance an exporting firm's *external implementation effectiveness*, as defined by Morgan, Katsikeas, and Vorhies (2012, p. 273).

When an experienced export sales manager quits his/her job, the export organization loses a valuable resource that is extremely difficult, costly, and time consuming to replace, whereas in the meantime established profitable relationships with specific export customers may deteriorate. To safeguard the long-term performance of exporting operations exporting organizations must adopt appropriate management practices that will enable them to retain their most competent export sales managers on a long-term basis. This study aims to fill a notable gap in the extant export marketing literature by offering a comprehensive conceptual framework that explains how export sales managers form intentions to quit the export sales organization. The findings of this study provide useful insights to export executives in terms of the action they can take in order to predict quitting intentions and take appropriate measures in order to reduce this undesirable outcome.

Our study makes also an important contribution to sales management theory by demonstrating that organizational structure and management control systems are distinct but complementary mechanisms that enable the export sales organization to direct the attitudes and behavior of export sales personnel toward desirable outcomes. Previous research, conducted predominantly in a domestic sales context, has focused on sales management control systems which are commonly implemented at the level of field sales managers who are responsible for monitoring, directing, evaluating, and rewarding field salespeople (Anderson & Oliver, 1987; Challagalla & Shervani, 1996). In contrast, less research attention has been devoted on the role of organizational structure, which is an alternative form of control, usually determined at higher levels in the organizational hierarchy, but which can still be very effective in directing, influencing, and shaping the attitudes and behavior of salespeople (Jaworski, 1988). We posit that the role of organizational structure is increasingly important in the case of export sales organizations. The personal interaction between export sales managers (travelling abroad) and their immediate supervisors (based in the home-market) is seriously constrained as a result of the large geographical distances involved, and therefore traditional management control approaches become less effective. Organizational structure can eliminate this flaw by setting the decision-making boundaries for export sales managers, clarifying their lines of responsibility and authority, and determining the nature of their relationship with their immediate supervisors.

Finally, we expand the existing sales management literature by providing empirical evidence regarding the chain-of-effects among key organizational, supervisory-related, and psychological factors that ultimately lead to the reduction of export sales managers' intentions to leave the organization. Our study also theorizes, and empirically confirms, that within the export sales context, it is imperative to consider factors which reflect the inherent complexities in international business activities, or enable managers to deal with this complexity. In this respect, we examine the moderating effects of psychic distance and export sales managers' experience.

The rest of the article is organized as follows. The next section presents the conceptual framework of the study and develops research hypotheses. Section three presents the research methodology, and section five reports the results of statistical analysis. The article concludes with a discussion of the key findings, managerial implications, limitations and directions for future research.

2. Conceptual framework and research hypotheses

Given the ubiquity of empirical studies devoted to employee turnover in the literature, it is incongruous to suggest that still little insight is available into why people quit their jobs (Lee, Gerhart, Weller, & Trevor, 2008). Turnover refers to the actual number of employees that leave an organization within a specified time period (Jaramillo, Mulki, & Boles, 2013). A high turnover rate has significant negative consequences for the firm that include increased costs and reduced effectiveness and efficiency in serving existing customers and prospects (Sager, Varadarajan, & Futrell, 1988). Although salespeople may leave the organization for various reasons, most research attention has been devoted on identifying the factors that drive them to voluntarily resign from their job. Mobley (1977) proposes a model of the turnover process that includes various psychological and behavioral stages that precede an employee's final decision to quit. A key proposition of this model is that a salesperson withdraws from the job and starts exhibiting dysfunctional behavior (*e.g.*, absenteeism, passive job behavior) well before actually quitting the job. Moreover, as Mobley's model suggests, "job attitudes are more directly related

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