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# The differential effects of functional vis-à-vis relational customer orientation on salesperson creativity

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#### ABSTRACT

Drawing on creativity theory, this study investigates how customer orientation (CO) affects salesperson creativity and subsequent sales performance. The research distinguishes two types of CO, functional and relational CO, and examines how their effects on creativity may depend on contextual factors such as transformational leadership and team-based task environment. Data from a cross-sectional sample of business-to-business salespeople lend support for the theoretical framework. First, relational CO and functional CO have a positive interactive effect on creativity. Second, relational CO positively affects creativity only when the sales manager exhibits a higher level of transformational leadership, whereas functional CO is more impactful when the sales unit has a higher level of outcome interdependence. Third, salesperson creativity has a stronger positive effect on sales performance when the salesperson engages in customer-directed extra role behavior. Finally, results indicate that the effect of functional CO on sales performance is fully mediated by salesperson creativity.

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#### 1. Introduction

Creativity has been touted as the cornerstone of business innovation, market success, and organizational effectiveness (Amabile, 1996). Peter Drucker (1954) stated six decades ago: "Because it is its purpose to create a customer, any business enterprise has two - and only these two - basic functions: marketing and innovation" (p. 37). Despite the critical role of creativity and innovation in the modern enterprise, an under-studied area in creativity research is the sales creativity. This is unfortunate as the sales force is a critical part of the go-to-market strategy for business-to-business firms, and researchers have argued that creativity of the sales force is a major reason for success in customer value creation and relationship management (Bradford & Weitz, 2012). Because research on creativity in the sales setting is surprisingly lacking (Evans, McFarland, Dietz, & Jaramillo, 2012), the understanding of antecedents and outcomes of creativity in sales is very limited and has to be improved.

In addition to creativity, the other basic function of the business enterprise is marketing (Drucker, 1954). Perhaps nothing captures the essence of the marketing function better than the concept of market orientation (Narver & Slater, 1990). A central element of market orientation is customer orientation (CO) because it is the implementation of the marketing concept when serving customers, which is considered

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especially important in the boundary-spanning occupations such as salespeople and frontline service employees (Saxe & Weitz, 1982). Although a rich body of literature has demonstrated the positive association of CO and important outcomes such as market performance (Siders, George, & Dharwadkar, 2001) and customer satisfaction (Brady & Cronin, 2001), an extensive review of prior work uncovers no studies that have ever examined the link between customer orientation and salesperson creativity, two of the most critical factors in sales and business success, as suggested by Drucker (1954).

Against this backdrop, this study sets out to investigate the relationships among customer orientation, creativity, and performance in the sales setting (Fig. 1). The research makes three contributions. First, CO has traditionally been studied as a global construct without differentiating its underlying dimensions. Recently, Homburg, Muller, and Klarmann (2011) suggest that the salesperson can engage in two types of CO during customer interactions: functional CO and relational CO. Functional CO involves task-oriented sales behaviors to help solve the customer's functional business problems, while relational CO aims at establishing a strong personal relationship with customers. Homburg et al. (2011) demonstrate that the two types of CO have differential effects on customer loyalty under varying customer contexts. Given the qualitatively different nature of functional vis-àvis relational CO, it is reasonable to expect that they motivate creativity under different conditions. This study examines how functional and relational CO may differentially and jointly affect salespeople's creative behavior, thus offering a richer and more insightful view of the CO-creativity relationship.

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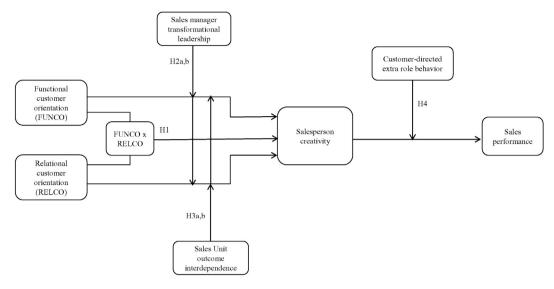


Fig. 1. The differential roles of functional customer orientation and relational customer orientation in salesperson creativity.

Second, creativity theory suggests that creativity is a product of both internal and external factors, and that external factors at group or organizational levels can have significant influences on creativity (Amabile, 1996). Research has demonstrated that leadership style and team environment have fundamental impacts on individuals' creativity (Gilson & Shalley, 2004; Shalley & Gilson, 2004). Consistent with creativity theory, this study examines the interplay between functional and relational CO as internal motivational forces and transformational leadership and team-based performance evaluation as external contextual factors in jointly affecting salesperson creativity. These contextual factors are theoretically and managerially important as they (1) reveal boundary conditions under which functional or relational CO becomes particularly impactful on creativity and (2) are directly actionable by the management.

Third, findings of the effect of creativity on job performance have not been consistent in creativity research, although it is often assumed that by definition creativity should have a positive impact (Gong, Huang, & Farh, 2009). As the nature and degree of creativity required of employees differ greatly across jobs, the effect of creativity on performance will likely depend on factors idiosyncratic to the job. In the sales setting, job performance is attributed to, in large part, the quality of customersalesperson relationship. Given the nature of their job, salespeople often need to go beyond the call-of-duty to help customers, and such discretionary behavior can enhance customer trust, which motivates customer intelligence sharing and reduces customer's perceived risk associated with creative solutions (Hughes, Bon, & Rapp, 2013). Therefore, this study considers salesperson's customer-directed extra role behavior (CDERB) as a moderator in the creativity-performance relationship, which may amplify the positive effect of salesperson creativity on sales performance.

#### 2. Background literature

#### 2.1. Creativity theory

Workplace creativity is typically viewed as the generation of ideas and approaches that are both novel and useful (Amabile, 1996; Scott & Bruce, 1994). To be considered creative, ideas must be new and unique compared to what is currently in use or available (Shalley, Zhou, & Oldham, 2004), and have the potential to create additional value for the firm (George, 2007). While employees can have a creative personality as a stable trait (Gough, 1979), this study views creative performance as a state that can be encouraged or inhibited by certain

cognitive styles, abilities, and situational contexts (Lassk & Shepherd, 2013; Shalley et al., 2004).

Creativity theory posits that a variety of factors at individual, team, and organizational levels can influence creativity (Amabile, 1988, 1996; Shalley & Gilson, 2004; Woodman, Sawyer, & Griffin, 1993) and that employee creativity is a contextualized outcome that depends on the capabilities, pressures, resources, and sociotechnical systems in which employees work (Csikszentmihalyi, 1988, 1999; Mumford, Scott, Gaddis, & Strange, 2002). That is, external factors (e.g., leadership style) will likely interact with internal factors (e.g., employee domain-specific knowledge) to either foster or dampen employee creativity. Investigating effects of those internal or external factors in isolation of one another yields an incomplete picture as they can complement each other in affecting knowledge and skill acquisitions (Bandura, 1986). For example, external factors such as leadership behaviors are considered critical boundary conditions in influencing creative behavior on the job (Amabile, Schatzel, Moneta, & Kramer, 2004; Shalley & Gilson, 2004). In particular, transformational leadership, with its emphasis on intellectual stimulation, inspirational motivation, and individual consideration, can cultivate an environment conducive to learning and motivate employees to apply their internal resources (e.g., customer orientation) in generating creative ideas and solutions (Gong et al., 2009).

#### 2.2. Customer orientation

The salesperson's customer orientation (CO) is one of the most important salesperson characteristics which has received intensive research interest (Franke & Park, 2006; Grizzle, Zablah, Brown, Mowen, & Lee, 2009). Customer-oriented selling is a manifestation of the marketing concept at the individual level. During salespersoncustomer interactions, CO is reflected in a set of behaviors characterized by the salesperson's genuine concern for customer interests to ensure long-term customer satisfaction (Saxe & Weitz, 1982). In other words, the primary goal of CO is the creation of long-term, mutually beneficial relationships with customers via low-pressure and problem-solution selling approaches (Keillor, Parker, & Pettijohn, 2000; Saxe & Weitz, 1982). While no study seems to have explicitly investigated the effect of CO on creativity, recent research suggests a positive association between CO and salesperson creativity. For example, Hughes et al. (2013) demonstrate that CO can motivate customers to share high quality competitive intelligence with the salesperson, which gives the salesperson an edge by adaptively utilizing such information. Therefore, in the relational era of customer value creation, CO assumes an even

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