

The Quality of Sales Manager – Salesperson Exchanges Under Problem Resolution Conditions

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Abstract

Building on social exchange theory and qualitative inquiry, managerial responsiveness, caring, and aggressiveness were uncovered as three key social exchange dimensions used by sales managers when dealing with problem situations in the salesforce. We used Australian data to develop measures of these three constructs. Results of the development process indicate that the measures show good validity. Further to this, we also provide examination of the relationship of the three exchange dimensions with key organizational outcomes. Overall the findings suggest that the three constructs are important in sales manager problem resolution exchanges, and that they may ultimately influence the success of sales organizations.

Keywords: Sales Management, Measurement, Social Exchange, Problem Resolution

Introduction

Leadership literature suggests that the quality of the sales manager-salesperson relationship has a major impact on the success of managers' efforts to control the salesforce. Underpinning most such models – the most popular of which is the Leader-Member Exchange (LMX) model – is the notion of social exchange. Social exchange-based theories posit that leaders provide for example social and other rewards in exchange for contributions from subordinates such as performance and obedience (for reviews, see Graen and Uhl-Bien 1995; Schriesheim, Castro and Cogliser 1999). It has been shown that salesperson-manager relationship quality is related to a number of key salesforce outcomes (e.g. DelVecchio 1998; Flaherty and Pappas 2000; Lagace, Castleberry and Ridnour 1993; Swift and Campbell 1995)

However, there is a need to investigate further the specific exchange factors (or 'contributions') which influence the quality of relationships between sales managers and salespeople, especially in situations when problems arise with the salesforce, (cf., DelVecchio 1998, p. 45). This is surprising given the relative frequency with which sales managers are placed in problem resolution situations. For instance, recent work by Lilly, Porter and Meo (2003) demonstrated the diversity of problem situations faced by sales managers on a day-to-day basis. In order to resolve such problems, managers need to engage with salespeople and administer directives in order that inadequate performance can be remedied, marginal performance raised to new heights, and poor performance prevented in the future.

Therefore, the purpose of the present study is to examine the social exchange context of sales manager problem resolution, and determine the most salient exchange factors available to sales managers. We use a combination of literature and qualitative research to explicate the sales-manager salesperson relationship within problem resolution situations, and then a quantitative approach to develop and validate measures of key exchange contributions available to sales managers, also the relationships between the key exchange factors and several important salesperson outcomes such as role ambiguity and job satisfaction.

Social Exchange and Sales Manager-Salesperson Relationships

LMX theory, while popular has not been without criticism. In particular there appears confusion over the ‘components’, and the ‘quality’ of, the exchange (e.g. DelVecchio 1998; Liden and Maslyn 1998). In terms of contributions, the most commonly-studied managerial contribution is ‘latitude’, or the freedom or autonomy granted to subordinates by managers (see DelVecchio 1998; Sparrowe and Liden 1997). Subordinates support the goals of the manager by exchanging competence and loyalty for latitude granted by the manager.

However, no research to date has focussed on the types of contributions which managers can offer under conditions of problem resolution. This is surprising since it seems likely that managers’ ability to offer latitude may be compromised by their response to the problem. In fact they may have to *reduce* latitude by providing directives and guidance to solve any problems. It seems that DelVecchio realised this, and called for specific research into the types of contributions used by sales managers in problem resolution situations. In response, we undertook a qualitative and quantitative study, to explicate the possible salient exchange contributions.

Methods and Results

The first stage of our study was observational. We gained access to a small office products company, employing 25 salespeople in 5 regional offices. For 3 months one of the authors acted as a participant observer in 2 of the offices. Following this period, field notes were written up and integrated with relevant literature to develop a tentative typology of sales manager-salesperson social exchange in problem resolution situations. Subsequently, we took the findings of the observation and designed a programme of in-depth interviews with sales managers (11) and salespeople (9).

During the observational study, it became clear that both managers used very different approaches to problem resolution situations. Manager A was very ‘hard-hitting’ and tough, often verbally confrontational to those who needed “a kick up the butt”. It was clear that this manager was not liked by all staff, and there was a noticeable climate of fear in the team. By contrast, Manager B was softly-spoken, considerate, and appeared to be concerned for the welfare of his team members. He was well-liked, but also considered a little too ‘soft’ or ‘hands-off’. He also tended to avoid situations where he needed to challenge or reprimand team members.

In light of the above, Liden and Maslyn (1998) describe a concept of ‘contributions’ which we term here ‘problem resolution responsiveness’. We define the latter as a sales manager’s *problem*

resolution-oriented contributions to the sales manager-salesperson relationship (e.g. time, effort and the like). Clearly, the Manager A showed greater willingness to make these contributions. Data from our interviews supported the idea that different managers could show differential levels of responsiveness, e.g. “I put my foot on problems straight away”, and “some managers think that if they don’t deal with problems, then they’ll just go away”.

Secondly, many theories of relationships have included a ‘nurturance’ dimension (Allinson, Armstrong and Haynes 2001), which we here term ‘caring’. Caring concerns the amount of emotional and affective resources sales managers contribute to the relationship (such as empathy, support, and concern). Here, Manager B in the observational study showed a higher level of caring contributions in his relationships with salespeople. Findings from our interview study also indicated that caring was a salient factor in sales manager problem resolution interactions, where caring sales managers were characterized as showing concern and compassion (empathy) for sales unit members when they were faced with problem situations, and being perceived as exhibiting a genuine interest in helping individuals to avoid future problems. Interviewees’ typically described caring sales managers as “considerate” and “understanding”, while caring managers’ focus was on “talking through problems”, and “working things out together”. However, managers low in caring were characterized as “ruthless”, being more concerned with the raw facts of target achievement “irrespective of what’s going on at home”, i.e. “if you don’t achieve your sales figure targets, then you’re fired – I’m not interested in why”. Interestingly, respondents talked about caring as an individual difference factor, discussing ‘caring’ or ‘ruthless’ managers, rather than on a situational basis.

Finally, conceptualisations of relationships have also focussed on the idea of ‘dominance’ (Allinson, Armstrong and Haynes 2001), which we term ‘aggressiveness’. Aggressiveness is concerned with the amount of noxious or unpleasant stimuli into a problem resolution exchange relationship (such as verbal hostilities and threats). It can be seen that in our observational work, Manager A was clearly the more aggressive of the two. Synthesizing the interview findings, aggressive sales managers were described as ones who, during the course of problem resolution, are physically or otherwise demonstrative or intimidating towards individuals within the sales unit. Descriptions of aggressive sales managers were evocative, such as “fiery” and “throws cups at walls”. Non-aggressive themes were by contrast “professionalism” and “honest... level headed and calm... keeping personalities and emotions out of it”. It was especially intriguing to note that most sales managers characterized aggression as fundamentally negative, whereas a significant proportion of salesperson respondents mentioned that they actually appreciated some aggression since, as one put it “you know what you are expected to do”.

Drawing from the qualitative work, as well as existing literature in related fields, one can generate some tentative hypotheses about the likely influence of the three constructs proposed above, which will aid in assessing their validity. First, it seems likely that increased responsiveness will reduce role ambiguity, since responding to problems is essentially feedback, which sends clear messages to salespeople about what is an isn’t acceptable behaviour (cf. Singh 1993). Secondly, increased responsiveness should also increase salesperson organisational citizenship, since this should increase feedback and performance expectations (cf. Podsakoff et al. 2000). In terms of caring, we propose that higher levels of caring shown by sales managers when resolving problems should increase job satisfaction, since the support and consideration implicit in caring should enhance positive job attitudes in general (see Sager 1998) and

satisfaction in particular. Moving to aggressiveness, we argue that higher sales manager aggressiveness should increase salespeople's emotional exhaustion, due to the increase in actual and expected threatening interactions with their manager – leading to a climate of fear (e.g. O'Driscoll and Cooper 1996). Finally, we expect that higher aggressiveness by sales managers should also lead to reduced organisational commitment, since salespeople will not wish to stay in a negative environment such as that created by a highly aggressive manager (e.g. Tepper 2000)

Quantitative Methods and Measure Development Results

A questionnaire was mailed to 350 sales reps working in Australian organizations. A response rate of approximately 43% (i.e. 152 useable respondents) was obtained. The scales were developed using both exploratory and confirmatory factor analysis (cf. Gerbing and Anderson 1988; Churchill 1979), and were also analysed for the presence of social desirability bias (cf. King and Bruner 2000). As a result of the measure development process, we were left with scales consisting of six (responsiveness), eight (aggressiveness) and three (caring) items. The results of the final stage of the scale development process (CFA) can be seen in Table 1, which also reports the model fit statistics, composite reliability, and average variance extracted values (cf. Bagozzi and Yi 1988; Fornell and Larcker 1981).

As can be seen, our model returns acceptable fit in terms of heuristic indices, and all loadings of relevant items on constructs are significant. As well as this, the reliability and variance extracted of each construct are acceptable at this early stage of the research (cf. Fornell and Larcker 1981). However, it should be noted that the low variance extracted for caring is something of a concern, and should be subject to specific consideration in the future.

In order to provide a further test of the validity of our constructs, we tested a structural model of the hypotheses presented earlier, in an attempt to gain an indication of nomological validity. In order to maintain an acceptable ratio of sample size to parameters estimated, we operationalised each construct by way of a single indicator, by fixing error variance of the indicator as recommended in Kelloway (1998), among others. We also included a number of control paths between the consequence constructs which had been previously supported by research (e.g. job satisfaction and organisational commitment). Table 2 reports the path loadings and results for the structural model. As can be seen, all relevant hypotheses were supported, providing evidence as to the nomological validity of the measures of our exchange constructs.

Conclusions, Limitations, and Directions for Future Research

We used social exchange theory, coupled with a two stage observational and interview-based qualitative inquiry, to conceptualise three potential aspects of social exchange which may be important in sales manager-salesperson problem resolution contexts. These three constructs were termed sales manager responsiveness, caring, and aggressiveness, and they appear likely to extend previous conceptualisations of social exchange in managerial problem resolution, which previous authors have called for (e.g. DelVecchio 1998). We also used exploratory and confirmatory factor analysis to develop measures of the three constructs, and their nomological validity was suggested by the results of a structural equation model test. We believe that these

three measures can now be used in future research designed to examine social exchange in salesforce problem resolution contexts.

Table 1: CFA Results

Items (reduced wording): Manager...	Standardised Factor Loading (t-value)		
	Responsiveness	Aggressiveness	Caring
needs to be forced to deal with problem	0.77 (fixed)		
passes the buck	0.81 (10.50)		
believes prob. will go away if ignored	0.77 (9.84)		
waits to deal with problem	0.80 (10.29)		
will avoid dealing with the situation	0.87 (11.40)		
sits on a problem for a month	0.80 (10.34)		
<i>is a bully</i>		0.67 (fixed)	
<i>demands rather than requests</i>		0.77 (8.48)	
<i>tends to shout a lot</i>		0.69 (7.69)	
<i>can be quite brutal</i>		0.80 (8.81)	
<i>is prone to 'flying off the handle'</i>		0.78 (8.58)	
<i>can say hurtful things</i>		0.83 (9.08)	
<i>can be quite harsh</i>		0.86 (9.36)	
<i>can be quite threatening</i>		0.86 (9.30)	
can put himself in others' shoes			0.45 (fixed)
is sensitive			0.66 (4.24)
is considerate			0.73 (4.25)
Composite Reliability	0.91	0.93	0.65
Average Variance Extracted	0.64	0.62	0.40
Chi Sq. = 199, 116df (p = 0.0) RMSEA = 0.069 (p = 0.03) GFI = 0.87 IFI = 0.97 CFI = 0.97			

Table 2: Model Test Results

Predictors	Criterion Variables							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Aggress. (1)</i>					-0.16†		0.37†	
<i>Respons. (2)</i>						0.56†		0.2†
<i>Caring (3)</i>				0.11*				
<i>Job Sat. (4)</i>					0.69†			0.31†
<i>Org. Com. (5)</i>								0.43†
<i>Role Amb. (6)</i>				-0.58†				
<i>Emot. Exh. (7)</i>				-0.09	-0.1*			
<i>OCBs (8)</i>								
*sig. at 10%, †sig. at 5% (1-tailed). Chi Sq. = 58.81, 14df (p = 0.00), RMSEA = 0.15 (p = 0.00), GFI = 0.91, IFI = 0.92, CFI = 0.92 (bold italic values are hypotheses, normal text are controls).								

However, one limitation of the present study may be the single geographical context, as well as the fact that we used a relatively small sample. While our sample was drawn from a broad range of industries and companies, further replication is needed to ensure confidence in the stability and

ultimate generalisability of our findings. Furthermore, additional work may need to be carried out on the measure of sales manager caring, to improve its properties and ensure it adequately taps the relevant construct.

Our study has provided some preliminary evidence that the three exchange constructs of sales manager responsiveness, caring, and aggressiveness are salient in problem resolution situations, and that they also have impacts on key salesforce outcomes such as role ambiguity and job satisfaction. However, a primary goal of future research should be to further establish the link between our exchange constructs and salesforce well-being and ultimately performance. Consequently, if the constructs are found to have important consequences, research will need to identify why certain problem resolution activities are perceived as responsive, aggressive, or caring, and also whether or how managers can manage these perceptions. Although the present research is an important step in our comprehension of sales manager-salesperson exchange relationships in problem resolution contexts, additional work is needed to explore and understand this important and under-researched area.

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