Increasing Salesperson Performance With Social Capital: The Impact of Centrality, Tie Strength and Network Diversity

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Introduction

The role of the salesperson continues to evolve as sales organizations implement and maintain relationship marketing programs. In this dynamic context, marketing scholars have recently suggested that in order to effectively manage customer relationships, a salesperson draws on the contributions of diverse organizational members to create distinctive customer solutions (Jones et al., 2005; Weitz and Bradford, 1999). Becoming less of a lone wolf, these high performing salespeople span their firm’s internal boundaries in order to: 1) understand their firm’s capabilities and what it can do for their customers, and 2) motivate exchange with individuals who can provide the resources needed to fashion customer solutions.

The goal of our paper is to investigate relationship selling through the lens of social capital theory. Intrafirm social capital is the social structure created within the firm by salespeople in order to secure resources for the purpose of providing value to and managing relationships with customers (Coleman, 1990). Our framework centers on four key social capital characteristics that have direct implications for a salesperson’s ability to manage relationships with customers. These include network structure based on closure, network structure based on bridging structural holes, the strength of ties with network members, and the resources of a salesperson’s network members,. By drawing on relationship selling and social capital theory, we provide a unique perspective from which to understand a salesperson’s ability to leverage firm resources in order to create and deliver value to customers.

The remainder of the paper is organized in three parts. First, we take up the social capital perspective and its role in relationship selling. Next, we develop a conceptual framework for the role of social capital in salesperson performance. Last, we present the results of an empirical study from complete network data, or census data, involving over 500 employees, of which 101
are salespeople, from an agricultural inputs vendor. We discuss the implications of the results for marketing theory and practice, and future research possibilities are presented.

**Relationship Selling and Social Capital**

As the primary link between the buying and selling firm, the salesperson is responsible for establishing and maintaining high-performing customer relationships. The practice of relationship selling shifts a salesperson’s attention from the exchange benefits that their firm gains to the exchange benefits that the dyadic buyer-seller relationship gains (Bradford and Weitz, 1999). Moreover, as customer needs become increasingly sophisticated, salespeople must be able to motivate and coordinate the resources from a diverse set of individuals in their organization in order to assist selling efforts and provide service to customers over a long period of time (Jones et al., 2005). Very recently, research in relationship marketing has recognized the potential of social network theory for describing interfirm performance (Palmatier, 2008). While there is also a recognition in the sales literature of the importance of intraorganizational navigation of a firm’s “white” spaces to uncover resources or capabilities, there exists a dearth of empirical research (Plouffe and Barclay, 2007).

Built on Coleman’s (1988) discussion, social capital consists of a structure of social ties that facilitate certain actions of salespeople within the structure. The social structure is formed by persons or corporate actors, who have control over some resources (i.e. information) and interests in certain resources and events. Therefore, social capital constitutes a particular kind of resource available to an actor. Social capital is productive, making possible the achievement of certain goals that in its absence would not be possible (Adler and Kwon, 2002; Coleman, 1988). This is especially true as personal selling continues to evolve toward customer advocacy where the primary responsibility is identifying and providing customer value by relating to a wide
variety of individuals with diverse expertise and skills within the firm. One’s position in the structure can produce resources such as information that can be converted to economic advantages (Adler and Kwon, 2002). Research demonstrates that this value is generated through the sympathy, trust, and forgiveness offered to salespeople by network members that makes available the resources of information, influence, and solidarity (Adler and Kwon 2002).

The core idea is that some networks and network positions confer more advantages to salespeople than others (Van Den Bulte and Wuyts, 2007). A central issue then is which network characteristics allow a sales manager to improve performance? For example, a network composed of incidental communication links, such as a mechanical “How do you do?” may not be as rich in relevant information as a network composed of critical advice relationships. Recently, scholars have suggested several social capital components as central for the study of marketing. These include network closure (high degree centrality), network brokerage (high betweenness centrality), tie strength, and the resources of direct contacts (Van Den Bulte and Wuyts, 2007).

**Centrality: Degree and Betweenness**

Closure and structural holes have been the foundational concepts studied in social network research. In closure, it can be said that people are always doing things for each other. These densely knit networks facilitate the mobilization of support and resources as common third parties maintain the emergence and enforcement of norms. Closure depends on two elements: trustworthiness of the social environment – which means that obligations will be repaid – and the actual extent of social norms (Coleman, 1988). Social norms arise as salespersons attempt to limit negative external effects and/or encourage positive ones. Closure of the social structure is
important not only for the existence of effective norms but also for another form of benefit: the trustworthiness of social structures that allows the proliferation of obligations and expectations.

Recent literature suggests the use of degree centrality to capture closure in research (Krackhardt, 1990). Formally, degree centrality refers to the maximum possible degree that falls on the geodesics (i.e. the shortest path between points on the space) between the largest possible number of other points, and since it is located at the minimum distance from all other points, it is maximally close to them (Freeman, 1979). Put more simply, degree centrality represents the extent to which a salesperson connects to all other people in their network. It is reasonable to assume that a salesperson who is in a position that permits direct contact with many others should begin to see himself and be seen by others as a major channel of information. He is likely to develop a sense of being in the mainstream of information flow in the network (Burt, 2007). As a result of closure, members of a salesperson’s network are more highly motivated to share the resources necessary to maintain customer relationships, especially complex and highly tacit information.

Structural holes are gaps in information flow between clusters of connected people. A structural hole between two groups means that some people are not connected to or are unaware of other people. The extent to which a salesperson has an information advantage or access to novel information depends on their ability to span structural holes, or uniquely link separate parts of their network (Burt, 19992). The argument underlying structural holes is the participation in and control of the information sharing process. This represents a brokerage opportunity (Freeman, 1977). Structural holes separate non-redundant sources of information, sources that are more complementary than overlapping. Sales managers connected across structural holes have broader access to varied information because of the diversity of their contacts. Betweenness
centrality allows sales managers to get timely access to novel information from dispersed knowledge pools. There is also the potential for control advantages. The holes among a salesperson’s contacts mean that he can broker communication while displaying varying beliefs and identities to each contact. A person in such a position can influence the group by withholding or distorting information in transmission. In order to offer value to customers, the managers will create bridges between clusters separated by holes.

Figure 1 presents a simplified depiction of a social network. Sales manager D is connected to several individuals who are connected with each other. D holds the higher score for degree centrality. On the other hand, sales manager H is the only linkage between one side and the other of the network. In this case, H has the highest betweenness centrality.

Figure 1: Degree and Betweenness Centrality

The literature on how these centrality positions might influence a saleperson’s performance is mixed. The classic finding on boundary-spanning positions is that actors with high betweenness centrality play an important role in the flow of ideas (Burt, 2007). However, recent marketing research demonstrates that access to many other members in the network, especially through strong ties, positively impacts job performance (Bond et al., 2004). Consequently, we directly test the competing impacts of degree and betweenness centrality on saleperson performance.
**H1:** Sales manager with higher degree centrality (i.e. closure structure) in an advice network achieve higher performance.

**H2:** Sales manager with higher betweenness centrality (i.e. structural holes) in an advice network achieve higher performance

**Strong ties and network diversity**

Tie strength attracted significant research attention after Granovetter’s (1973) seminal work about the strength of weak ties. Tie strength refers to the intensity of a tie by means of the depth of friendship. Recent research has emphasized the importance of tie strength (Burt, 2007). All things being equal, strong ties are more valuable than weak ties. Generally, strong ties provide two kinds of benefits; 1) improved access to network member resources via opportunity, ability, and motivation, and 2) coordination of activities between members through richer information transfer and higher expectations for reciprocity (Van Den Bulte and Wuyts, 2007).

Strong ties come complete with intimacy, animosity and emotional closeness. People feel more comfortable when they are among friends. Consequently, sales managers may get access to valuable information in his or her group of close friends. Ustuner and Godes (2006) and Krackhardt and Hanson (1993) argue that the closer people are, the more likely they are to share a similar perspectives. Strong ties may allow for easy cross-checking of the reliability of information and the details with close friends. Therefore, we hypothesize that:

**H3:** Sales managers with more strong ties achieve higher performance

The resources possessed by one’s direct contacts also affect the benefits received from social capital. Customers face a variety of problems that require diverse resources to solve them. As a result, sales managers may achieve performance benefits by maintaining a diverse network. Network diversity is a configuration that encompasses a set of contacts from diverse areas. This
configuration provides access to diverse information and capabilities and thus reduces redundancy. Previous studies in the biotech industry (Powell, Koput and Smith-Doerr, 1996) and startups (Baum, Calabrese and Silverman, 2000) have found that a diverse set of contacts proved to be beneficial for firm performance. Ustuner and Godes (2006) argue that contacts must go beyond the sales department. There is a benefit to being connected to experts in other fields. As the sales process becomes more customized to individual customer needs, sales people need to have the ability to bring precious, hard-to-find resources to customers. Also, sales managers may use network diversity as a way to deal with complex commercial solutions that involves people in departments like finance, legal and IT. Therefore, we hypothesize that:

\[ H4: \text{Sales managers with greater network diversity achieve higher performance} \]

In addition to social network variables, we, intuitively, expect that other factors may impact performance. The salesperson’s age might influence his performance positively: one might suggest that with aging he gains experience and becomes better prepared for the selling challenges. Years with the firm can impact performance by the same reasons as age and, additionally, salespeople more familiar with the firm’s procedures tend to learn and use more efficient ways to deal with the system. Education level is also expected to have a positive impact on performance. Salespeople are required to engage in before and after sales activities. Most of the activities are related to complex technical methods related to the products. We do not develop specific hypotheses for each of these three factors, though they are included in the model estimation as covariates.

**Methodology**

Complete network or census data was collected from over 500 personnel of a vendor of agricultural input products in Brazil. The mix of products contains chemical, fertilizer, seed,
irrigation equipment, animal feed, veterinarian drugs and general farm accessories. The firm purchases products from major national and international brands to sell in its shops for producers of agricultural products (i.e. mainly soy, corn, coffee, sugar cane, dairy and cattle). The retailer has its own brands in several lines of products: animal feed, fertilizer and seeds. Overall, the firm’s net sales in 2007 were over 300 million dollars serving 1,100 clients. This retailer was selected due to the nature of the business, its territorial coverage and number of salespeople.

In this industry, information is critical. Sales managers are frequently consulted for technical advice. They visit clients in order to identify specific needs and the array of inputs needed for the whole cycle of the clients’ products. There are 23 divisions with independent shops for each. A typical shop has a manager in charge of operations and sales and 5-7 salespeople with internal (i.e. at the shop and by telephone) and external (i.e. visits to clients firms) activities. Each division has its own infrastructure and inventory to conduct sales independently and, in a certain way, competes with each other. There is a monthly meeting with division managers to evaluate results and update them on operational and strategic issues. The Commercial Director oversees the 23 divisions with the assistance of two Heads of Business Unit (i.e. Animal Business and Agriculture Business). In total there are 148 sales people geographically spread over 4 states. Salespeople earn a fixed annual salary and their bonus based on their own annual net sales and also on the division’s annual net sales. To test our hypotheses, we considered the sub-sample of field and shop salespeople (salespeople that work only in the shops) summing up to 101 individuals. Two performance measures were used: annual individual sales (US$) and sales growth (US$) over the past 3 years, 2005 through 2007.

Network structure is operationalized using two centrality measures (i.e. degree and betweenness). To identify an employee’s advice network, the following questions were asked:
Whom do you go to for help or advice at least once a week? Whom do you talk to when you miss a work-related meeting? Whom do you look for to gather information for an important project? We considered the first ten names in order to guarantee the relevance of the contacts mentioned by respondents. All names were entered in UCINET 6 to draw the network and estimate the two centrality measures. To estimate degree centrality we followed the procedure of Borgatti, Everett and Freeman (2002). It considers the number of direct contacts to a given point in the network (i.e. number of persons) in a symmetric graph. This allows for the estimation of the number of ties received by the given point in the network and the number of ties initiated by the given point. The degrees (in and out) then consist of the sums of the values of the ties. The estimate, expressed as a percentage, is normalized by dividing it by the maximum possible degree. The measure for betweenness centrality also follows the procedure of Borgatti, Everett and Freeman (2002): considering $b_{jk}$ as the proportion of all geodesics linking vertex $j$ and vertex $k$ which pass through vertex $i$. The betweenness of vertex $i$ is the sum of all $b_{jk}$ where $i$, $j$ and $k$ are distinct. Betweenness is a measure of the number of times a vertex occurs on a geodesic. The normalized betweenness centrality expressed as a percentage is the betweenness divided by the maximum possible betweenness.

The measure of tie strength represents the intimacy and closeness of a specific tie. While reporting names for the advice network, we asked respondents to identify the persons who they use to discuss personal matters or the ones to whom they confide private concerns. The tie strength measure represents the number of strong ties within the network with whom the respondent maintains an emotional connection and was normalized to be included in the regression estimations.
The measure of network diversity captures the multiplicity of information sources established by salespeople. As salespeople maintain ties with others in different departments (where 7 is the total number of departments: Sales, Finance, HR, Logistics, IT, General management, and Manufacturing), we calculated the index of qualitative variation (IQV). Marsden (1987) puts forward IQV to measure egocentric network diversity. For $i$th ego with $N$ alters, where the alters are classified into $K$ discrete or ordered categories, considering the squared of the proportion ($p^2_j$) of alters in the $j$th category. For example, a sales manager with 5 ties in three different departments would score $\frac{1-[(2/5)^2+(2/5)^2+(1/5)^2]}{3} = 0.19$.

We included four control variables. The measure of age represents the number of years from the date of birth to the date of the data collection. The variable years with firm is the number of years since the first day at work in the firm. Education level is a categorical variable ranging from analphabet (0) to graduate (8). There is a dummy variable for the kind of salesperson. We coded 1 for the sales people that are primarily in charge of field sales (i.e. visits clients in loco), while 0 represents sales managers that mainly stays at the shop. The correlation matrix and descriptive statistics are shown in table 1. The correlations between the measures do not suggest problems of pairwise colinearity that would preclude the use of any constructs in the estimation.
Table 1: Correlation Matrix and Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>IS</th>
<th>SG</th>
<th>DC</th>
<th>BC</th>
<th>TS</th>
<th>ND</th>
<th>A</th>
<th>YwF</th>
<th>Ed</th>
<th>Fi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Sales (IS)</td>
<td>2.399</td>
<td>3.103</td>
<td>.62**</td>
<td>.13</td>
<td>.11</td>
<td>.04</td>
<td>.02</td>
<td>.37**</td>
<td>.12</td>
<td>.29**</td>
<td>.26**</td>
<td></td>
</tr>
<tr>
<td>Sales Growth (SG)</td>
<td>806.2</td>
<td>1.828</td>
<td>-.62**</td>
<td>-1.13</td>
<td>-.10</td>
<td>-.01</td>
<td>-.02</td>
<td>-.19</td>
<td>.19</td>
<td>.25*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>7.28</td>
<td>4.43</td>
<td>.13</td>
<td>-.13</td>
<td>1.0</td>
<td>.66**</td>
<td>-.63**</td>
<td>.27**</td>
<td>.08</td>
<td>.38**</td>
<td>.12</td>
<td>.22*</td>
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<tr>
<td>BC</td>
<td>286.36</td>
<td>625.71</td>
<td>.11</td>
<td>-.10</td>
<td>.66**</td>
<td>1.0</td>
<td>-.38**</td>
<td>.13</td>
<td>-.01</td>
<td>.182</td>
<td>.16</td>
<td>-.09</td>
</tr>
<tr>
<td>Tie Strength (TS)</td>
<td>1.00</td>
<td>1.00</td>
<td>.04</td>
<td>-.01</td>
<td>-.63**</td>
<td>-.38**</td>
<td>1.0</td>
<td>-.35**</td>
<td>.08</td>
<td>-.21*</td>
<td>.01</td>
<td>.21*</td>
</tr>
<tr>
<td>Network Diversity (ND)</td>
<td>0.12</td>
<td>0.13</td>
<td>-.02</td>
<td>.01</td>
<td>.27**</td>
<td>.13</td>
<td>-.35**</td>
<td>1.0</td>
<td>-.05</td>
<td>-.01</td>
<td>-.11</td>
<td>-.16</td>
</tr>
<tr>
<td>Age (Ag)</td>
<td>33.76</td>
<td>8.72</td>
<td>.37**</td>
<td>-.02</td>
<td>.08</td>
<td>-.01</td>
<td>.08</td>
<td>-.05</td>
<td>1.0</td>
<td>.43**</td>
<td>-.11</td>
<td>.05</td>
</tr>
<tr>
<td>Years with firm (YwF)</td>
<td>5.99</td>
<td>4.31</td>
<td>.12</td>
<td>-.19</td>
<td>.38**</td>
<td>.18*</td>
<td>-.21*</td>
<td>-.01</td>
<td>.43**</td>
<td>1.0</td>
<td>-.24**</td>
<td>.36**</td>
</tr>
<tr>
<td>Education (Ed)</td>
<td>7.12</td>
<td>1.08</td>
<td>.29**</td>
<td>.19</td>
<td>.12</td>
<td>.16</td>
<td>.01</td>
<td>-.11</td>
<td>-.11</td>
<td>.24**</td>
<td>.10</td>
<td>.38**</td>
</tr>
<tr>
<td>Field (Fi)</td>
<td>0.33</td>
<td>0.47</td>
<td>.26**</td>
<td>.25*</td>
<td>-.22*</td>
<td>-.09</td>
<td>.206</td>
<td>-.16</td>
<td>.05</td>
<td>-.36**</td>
<td>.38**</td>
<td>1.0</td>
</tr>
</tbody>
</table>

a. DC: Degree Centrality; BC: Betweeness Centrality.
** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Results

We mapped 1,944 ties in the whole firm’s advice network. The ego-network (i.e. contains only the 101 salespeople) of each salesperson was drawn representing 774 ties. Figure 2 shows the sales force network. The advice network reveals the concentration of ties on the experts: people like Business Unit Sales Head (#23 and #26), Sales Director (#62) and supporting staff (Logistics Manager #295, Credit Manager #15, IT Manager #117 and Inventory Manager #50) are at the center of the network. This shows the importance of commercial information and also shows the value of information from critical supporting positions within the network.
Table 2 summarizes the results of the ordinary least square regression analysis. This table presents the standardized coefficients of the estimated regression model. The standardized coefficient allows comparison of “coefficient size” because all measures are in the same metric, namely, standardized normal deviates. The equations were statistically significant below the .01 level in the F-test. The adjusted $R^2$ for the significant equations are .429 and .244, which indicates that the results of the estimated model present a robust explanatory power. The explanatory power of the equations supports the examination of individual coefficients testing the effects of each individual variable.
Table 2: Results of the regression analyses

<table>
<thead>
<tr>
<th></th>
<th>Individual Sales Model 1</th>
<th>Sales Growth Model 2</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Degree Centrality</strong></td>
<td>0.49**</td>
<td>0.35†</td>
<td>H1</td>
</tr>
<tr>
<td></td>
<td>(3.24)</td>
<td>(1.74)</td>
<td></td>
</tr>
<tr>
<td><strong>Betweenness Centrality</strong></td>
<td>-0.22*</td>
<td>-0.23</td>
<td>H2</td>
</tr>
<tr>
<td></td>
<td>(2.01)</td>
<td>(1.55)</td>
<td></td>
</tr>
<tr>
<td><strong>Tie Strength</strong></td>
<td>0.42**</td>
<td>0.24</td>
<td>H3</td>
</tr>
<tr>
<td></td>
<td>(3.43)</td>
<td>(1.55)</td>
<td></td>
</tr>
<tr>
<td><strong>Diversity</strong></td>
<td>0.25**</td>
<td>0.25*</td>
<td>H4</td>
</tr>
<tr>
<td></td>
<td>(2.75)</td>
<td>(2.14)</td>
<td></td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.39**</td>
<td>0.25*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4.28)</td>
<td>(2.25)</td>
<td></td>
</tr>
<tr>
<td>Years with firm</td>
<td>-0.18</td>
<td>-0.16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.57)</td>
<td>(1.11)</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td>-0.22†</td>
<td>0.19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.97)</td>
<td>(1.26)</td>
<td></td>
</tr>
<tr>
<td>Field Sales</td>
<td>0.23*</td>
<td>0.24†</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.17)</td>
<td>(1.81)</td>
<td></td>
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<tr>
<td>R²</td>
<td>0.482</td>
<td>0.331</td>
<td></td>
</tr>
<tr>
<td>R² Adj</td>
<td>0.429</td>
<td>0.244</td>
<td></td>
</tr>
<tr>
<td>ΔF</td>
<td>9.064**</td>
<td>3.831**</td>
<td></td>
</tr>
</tbody>
</table>

†p < .10; *p < .05; **p < .01, n = 101. Regression coefficients are standardized coefficients (β) and |t-test| within parentheses.

We find support for hypothesis 1. Sales managers with degree centrality in advice network achieve high annual sales (β = .49, p < .01), and a moderate impact on sales growth (β = .35, p < .10). This result suggests that sales managers prefer to maintain a great number of ties, which sustains Coleman’s (1988) rationale of network closure.

There is a significant negative impact of betweenness centrality and annual sales (β = -.22, p < .05), as opposed to hypothesis 2. In line with the impact on annual sales, there is also a negative impact of betweenness centrality on sales growth, though it is not significant. Sales managers in a brokerage position have a decrease in performance. These results seem to suggest that the resources available to salespeople are most effectively leveraged through direct ties with many individuals.
The results of the estimations show a significant impact of tie strength on annual sales (\( \beta = .42, p<.01 \)). This is in accordance with our hypothesis 3. There is no significant impact of tie strength on sales growth, though the coefficient is positive. One might suggest that in the long run maintaining strong ties does not necessarily imply on sales increase. The paradox here lies on the nature of strong ties: intimacy and emotional bonds. To build a strong tie, a sales manager may need time to develop trust. It appears that sales managers that are quick in developing strong ties explore its benefits in the short term, as it is shown in the positive impact of strong ties on annual sales. Network diversity had a positive on both annual sales (\( \beta = .25, p<.01 \)), and sales growth (\( \beta = .25, p<.05 \)). Hypothesis 4 was supported.

Age influences significantly the two performance measures. The older the salesperson is the higher the annual sales (\( \beta = .39, p<.01 \)) and sales growth (\( \beta = .25, p<.05 \)). There is no significant effect of years with firm on the performance measures. Interestingly, both coefficients are negative, which suggest that the longer the period a sales manager is with the firm, the lower its performance. One might suggests a decay effect of time on performance. Additionally, there is a marginal positive impact of education on performance. The higher the level of education, the higher annual sales (\( \beta = .22, p<.10 \)). On the other hand, education does not significantly impact the long term measure of performance (i.e. sales growth). One might suggest that constant training and update is necessary for sales managers. Our dummy variable for field sales is significantly related with annual sales (\( \beta = .23, p<.05 \)) and sales growth (\( \beta = .24, p<.10 \)). Sales managers that are able to pay visits to clients appear to perform better than the ones staying in the shops.

**Discussion**
Our study investigated the effects of a salesperson’s social network on performance. The contributions made in this paper to marketing theory emerge as a result of the coalescing of relationship selling theory with social capital theory. These implications begin with the very different effects found for betweenness and degree centrality. For annual sales, the results reveal that salespeople central in closed network structures achieve higher performance, while those occupying a brokerage position experience negative effects on performance. These results suggest that a closely knit network structure allows sales managers to rely on social norms and trust for mobilizing firm skills and expertise possessed by individual members. The closer the salesperson’s contacts are with each other, more opportunity exists for resource exchange and network members are more motivated to assist the salesperson, thus resulting in better sales performance. In this way, high-performing salespeople more effectively serve their customers.

Next, sales managers who maintain strong ties appear to perform well in the short term. This result seems to suggest that salespeople leverage strong ties in order to quickly increase sales and margin opportunities. The non-significant effect of strong ties on sales growth is a more interesting result to contemplate. Work on tie-strength in management may shed light on these results. Research suggests that while strong ties are useful for acquiring complex information, they may be less useful for capturing novel information (Hansen, 1999). In essence, weak ties are better for search, while strong ties are better for transfer. Because sales growth entails market and account development, it requires the kind of novel information that might be best suited to weak ties.

Finally, the results uncover an enduring effect of network diversity on performance. A diverse set of contacts appear to influence sales performance in both the short term and over time. It is unlikely that one person can provide a salesperson the resources needed to manage customer
relationship given their complex work environment. Salespeople with ties to a number of distinct knowledge pools can call upon a large array of unique skills, knowledge, and resources, thus enhancing their problem-solving capabilities. This access has positive effects on the quality of the resources that can be acquired from the social network. Moreover, these results suggest that knowledge heterogeneity (network members who do not know the same things) provide salespeople strategic knowledge about their firm’s capabilities for solving immediate customer problems and maintaining relationships.

The implications of our study should also be viewed within the context of a practice oriented approach aimed at increasing knowledge of firm capabilities and sales performance. For management the study results reveals the necessity for firms to promote a configuration of relationships within the firm that brings to bear the firm’s competencies form managing customer relationships. Without this, any evaluation of the costs and benefits of alternative response to customers can be misguided. More specifically, if managers either under or overestimate the potential positive impact of the information obtained in their close group of contacts, their sales effort response can reap negative results. More time and effort should be focused on assisting salespeople in forming closely knit networks that will be more highly motivated to share resources. Firms can foster salesperson initiatives toward improving relationships with select organizational members through such practices as job rotation, and team selling.

Our study is based on data gathered within a single firm, limiting the generalizability of our findings. Counterbalancing this concern is the usefulness of the single-firm method for probing a complex organizational phenomenon and theory building. In future studies, the effects of centrality can be further explored. Specifically, there may be moderating variables that cause a
brokerage position to have a positive effect on performance. For example, differences in the industry in which the selling and buying firm practice may impact this finding. Highly turbulent, complex, or technologically dependent industries may influence salespeople to establish networks characterized by structural holes. The resources of direct contacts can also be more deeply explored. We focused on advice and knowledge as resources possessed by network members, but other kinds of resources such as financial, physical, and human may be studied. The literature on network multiplexity (Mitchell, 1969) may result in interesting findings in the context of a sales force. Last, since it is possible that social capital can result in outcomes that do not aid the selling organization, the “dark” side of social capital can be more fully explored. For example, betweenness centrality was shown here to be counterproductive to sales performance. Some salespeople might acquire resources and support at the expense of other salespeople, thus causing customer dissatisfaction in other parts of the firm.

References


