

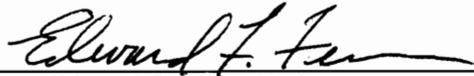
**The Salesperson-Manager Exchange Relationship:
The Impact of Competence, Latitude and Loyalty**

by

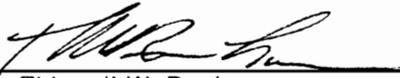
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Doctor of Philosophy
in
Marketing

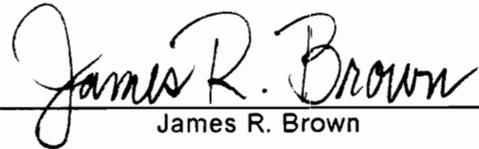
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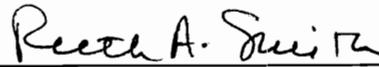
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(ABSTRACT)

Sales management researchers apply various leadership measures and theories taken from conventional work-group settings. These applications may be questionable given the unique boundary-spanning context in which the field sales force must operate. This study raises the questions and offers an approach which may be more appropriate. Specifically, this study questions the assumption that the manager acts and the salesperson reacts, and the focus of sales management studies which study managerial behavior in isolation from those of the salesperson he or she is supervising. The Leader-member Exchange theory (and the basis for this theory, social exchange) is offered as an approach which may be more consistent with the work-setting and obstacles faced by the field sales manager. This study offers a conceptual model of salesperson-manager relationships as a guide to explaining effective leadership in the field sales setting.

A study was conducted on a subset of this conceptual model. Using the survey responses of industrial field salespeople and their managers, this study tested (1) the exchange relationships between the perceived behaviors of both the manager and salesperson, (2) the degree to which these exchanges influence the salesperson's overall assessment of the salesperson-manager relationship, (3) the degree to which this assessment affects job-related outcomes and (4) the impact of environmental uncertainty on this boundary spanning link between salesperson and manager.

The results of this study provides some support for the notion of an exchange relationship between the salesperson and manager. An exchange relationship may exist between the

salesperson's competency and the manager's latitude. The salesperson's assessment of the working relationship is based on the latitude received and the loyalty felt toward the manager (rather than his or her contributions of competency). This approach to studying the effects of leader behavior was effective in explaining salesperson satisfaction levels. It was less effective in predicting the goal achievement levels of the field sales force. Finally, the results of this study indicate the amount of uncertainty in the environment may have a direct effect on goal achievement levels of the salespeople, but lacks a moderating influence over the link between salesperson-manager relationships and outcomes.

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Chapter I

INTRODUCTION

The field sales manager must perform basic managerial activities and he or she must do so without the benefit of a conventional working environment. The sales manager must evaluate the performance of subordinates without the benefit of directly observing the sales call. The sales manager must motivate a salesperson without the benefit of frequent face-to-face contact. Similarly the salesperson must contend with an unusual task environment. The salesperson must work independently, and is frequently isolated from members of his or her own organization. While both the salesperson and manager are responsible for executing and managing, the circumstances surrounding these activities are unlike other work settings.

Rather than explicitly examine the effects of these circumstances, sales management researchers apply leadership theories and measures which are based on conventional settings (i.e. work settings in which the subordinate and superior share face-to-face contact and interact within work groups). As a result, the findings concerning the impact of sales managers is varied, contradictory and confusing. Some authors claim the sales manager is a crucial role set member and others conclude there is little the manager can do to reduce role conflict (Churchill, Ford & Walker 1976; Kohli 1989; Pruden & Reese 1975; Teas 1983). Fre-

quently a specific managerial style is recommended by some studies and refuted by others. For example, some studies claim participative rather than directive managerial styles are best suited to the complicated and autonomous nature of the selling task (Behrman & Perreault 1984; Futrell, Swan & Todd 1976; Teas 1983; Tyagi 1982, 1985). Pointing to those same task characteristics, other studies state the manager needs to provide structure, be directive and reduce ambiguity (Dubinsky & Yammarino 1985; Churchill, Ford & Walker 1976). Still others claim that some styles will be useful under certain conditions (Kohli 1985). The precise conditions or contingencies have yet to be established (Kohli 1989). Extensive organizational behavior research within non-sales settings has failed to fulfill the promises offered by a contingency approach to leadership. In fact, the decade or more of contingency testing has been best described as "the mad dash for moderators" (House & Filley 1971).

This lack of consistency and clarity are symptoms of four basic problems. The critical review of the sales management literature is organized around these four problems. These problems include: (1) the simplistic causal assumptions made, (2) a focus restricted to the individual, (3) the failure to adequately describe sales manager behaviors and (4) the exclusion of the boundary spanning context. Based on these four problems, this review argues in favor of a social exchange perspective. A social exchange approach to leadership assumes the behaviors of both the superior and subordinate are influential, expands the focus to include both the salesperson and the manager, and attempts to describe nature of this dyadic relationship. Leader-Member Exchange theory adopts a social exchange perspective, and the proposed model is based on this theory.

While Leader-Member Exchange (LMX) theory may be particularly applicable to the field sales setting, it does suffer from some weaknesses. LMX is applicable because it makes more appropriate assumptions and takes a dyadic focus. The weaknesses rest with the description of the dyadic relationships. LMX research describes dyadic relationships in terms of managerial behavior alone. In social exchange terms, LMX explains differences in dyadic exchange relationships as the varying degrees of managerial resources or contributions. LMX views subordinate resources as an afterthought. The proposed model, therefore, attempts to rectify

this weakness by applying the principles of social exchange theory and integrating concepts from leadership and boundary role theories. Applying the principles of social exchange theory to LMX, this model explores both salesperson and sales manager resources. Further, the proposed model considers those resources relevant to the boundary spanning position occupied by the salesperson and manager.

Another weakness in LMX is the definition and measurement of the vertical dyad exchange relationship. While the LMX definition focuses on one managerial contribution, the measures seem to tap several separate contributions. The proposed model seeks to delineate and define these separate salesperson and manager contributions. Leadership and boundary role theory suggest eight contributions may be particularly influential: trust, information, competence, loyalty, support, latitude, access to buyers (or upper management), and control over rewards. These resources (or contributions to the Leader-Member Exchange relationship) possess either a personal or positional nature. Some contributions are more closely associated with the person occupying that organizational position and others are more closely aligned with the responsibilities of the position. The personal or positional nature of the contribution influences how the working relationship is evaluated. The quality of the salesperson-manager relationship (i.e. how the working relationship is evaluated) is described here as a function of the contributions exchanged between salesperson and manager. Based on the number and nature of these exchanged contributions, high quality relationships are distinguished from low quality working relationships. Propositions are offered regarding these distinctions, the resultant impact on job-related outcomes and moderating affect of the boundary spanning environment.

In order for these propositions to be tested, several research steps are required. The first step will be the focus of this research effort. This research effort will conduct an empirical investigation of critical contributions to the salesperson-manager relationship: managerial latitude, salesperson competence and salesperson loyalty. While managerial latitude has been touted as the conceptual cornerstone of LMX, the measures have evolved and expanded to the point where the connection between the conceptual and operational level is obscured.

This study, therefore, develops and tests scales which focus on and are consistent with the LMX conceptual definition.

In addition, this study will examine salesperson contributions which influence (and are influenced by) managerial latitude. Results from previous LMX studies point to the importance of latitude. No study to date, however, has explained the dyadic factors which influence the level of managerial latitude. According to social exchange theory, sales managers establish their contributions based on the perceived contributions of the other dyad member. In this case, the manager may grant more latitude to some salespeople based on the perceived contributions of that salesperson. Conceivably a sales manager may restrict or expand latitude to salespeople based on his or her perception of their competence or loyalty. Since the salesperson values managerial latitude, he or she may attempt to prove themselves worthy of it and develop competencies or demonstrate loyalty. Thus these contributions form reciprocal response (or influence) patterns. These patterns become the basis for each member's assessment of the overall working relationship. The exchanges of latitude, loyalty and competence, through these reciprocal influence systems provide the basis for evaluating the overall working relationship.

If managerial latitude, salesperson loyalty and competence are crucial to the salesperson-manager relationship, then one would expect job-related outcomes to be affected. This study, therefore, will examine the link between these three factors and the quality of the relationship. Further, this study will explore the link between the quality of salesperson-manager relationship and two job-related outcomes (satisfaction and performance). Since this vertical dyad is located toward the boundary of the organization, the nature of the external environment may influence these relationships, acting as a moderator to the link between outcomes and the quality of the relationship.

The organization of this dissertation begins with a review of the current approach used to studying sales manager behavior. This review is organized around four criticisms. The third chapter presents an alternative approach to studying the salesperson-manager relationship. The fourth chapter focuses on the portion of the proposed model to be tested in this research

effort, discusses the exchange relationships among three contributions and offers testable hypotheses. These hypotheses will be tested using a CALIS analyses of survey data from industrial salespeople and their managers. The fifth chapter discusses the planned methodology. This chapter is followed by a description of the results, and the final chapter discusses these results, their implications and limitations.

The contributions of the conceptual model and the empirical test are as follows:

1. The conceptual model offers an approach based on the dyadic nature of the salesperson-manager relationship. This model does not assume there is one best managerial style and explores the dyad as a source of variance.
2. The conceptual model describes this vertical dyad relationship as it relates to the field sales setting. The model includes specific contributions which are relevant to the boundary spanning nature of this vertical dyad.
3. The conceptual model recognizes the personal and positional nature of the contributions made by both dyad members.
4. The conceptual model offers specific distinctions between various quality levels of an exchange relationship.
5. The empirical investigation develops and tests a measure of managerial latitude which is consistent with the LMX conceptualization.
6. The empirical investigation examines salesperson contributions which are related to managerial latitude. Specifically, this study will test perceived salesperson competence and loyalty and the exchange relationship with managerial latitude.
7. The empirical investigation examines the impact these three contributions (latitude, loyalty and competence) have on the quality of salesperson-manager relationship.

In addition to these research contributions, the conceptual model and empirical test offer insights for the practitioner. The dyadic approach taken by the model dispels the idea that there is one best managerial style to use for all salespeople. The proposed model may be used as a diagnostic tool. As such, it draws the attention of the sales manager (and for that matter, the salesperson) to the analysis and description of the salesperson-manager relationship. In effect the model calls for each member of the dyad to examine their perception of the other dyad member. These perceptions and their subsequent contributions may build

or detract from a high quality working relationship. The empirical investigation may provide guidelines to the sales manager on effectively granting or restricting the salesperson latitude. If perceived salesperson competence and loyalty are the effective determinants of latitude, then the sales manager may be justified in using these perceptions as a basis for allocating the time and risk associated with granting increased latitude to salespeople.

Both the research and practitioner contributions are based on the need for a change in the way we currently study the impact of the sales manager. The next chapter reviews this current approach to the study of the salesperson-manager relationship.

Chapter II

A Critical Review of The Salesperson-Manager Relationship

The task environment of the salesperson and manager is unique. Unlike conventional non-boundary spanning positions, the field salesperson performs his or her task independently, without co-workers (or work-groups), and without frequent face-to-face contact with his or her manager.¹ Salespeople do, however, rely on the manager as their primary contact within the organization. As such, the manager acts as a powerful role set member (Pruden & Reese 1975). The field salesperson's isolation, boundary spanning role and resultant lack of daily contact with his or her manager are all factors unique to the manager-salesperson relationship.

Despite these factors, sales management studies describe manager behaviors using traditional leadership theories.² Traditional leadership theories do not explicitly consider the

¹ The team approach to selling is an exception. In these situations the salesperson's work environment does include co-workers and frequent "team-captain" or managerial contact.

² This includes all the sales management studies identified through a literature search. See Appendix A for a description of the literature review and comparison methodology.

boundary spanning context. Traditional leadership theories are based on a more conventional work setting involving a proximity between subordinates and manager and the existence of work groups (i.e. co-workers). Given the unique context of the field sales setting and the basis for these leadership theories, the application of these traditional leadership theories may not be appropriate to the field sales setting. As a result, the application of these leadership theories may impede our understanding of the salesperson-manager relationship. The purpose of this review, therefore, is to discuss these impediments and propose alternative approaches to the study of the salesperson-manager relationship.

This review is organized around four issues. 1. The **first** issue concerns the causal assumptions. Sales management research assumes the sales manager's behavior is independent of his or her relationship with the salesperson. Sales management research also assumes the behaviors of the manager directly affect job-related outcomes.³ This assumption is criticized as restrictive and simplistic, and a social exchange perspective is proposed as an alternative. 2. The **second** issue concerns the focus of these studies or the level of description. Sales management studies focus on the individual salesperson rather than the salesperson-manager relationship. This focus restricted to the individual gives an incomplete explanation, and this section presents arguments in favor of a dyadic focus. 3. The **third** issue concerns the descriptions of manager behavior. The descriptions of manager behaviors used in these studies fail to specify the degree to which the manager is indiscriminate, restrictive or negative. Because the descriptions do not adequately describe the behavior, the precise impact of these behaviors remains unknown. 4. The **fourth** and final issue concerns the boundary spanning context of the salesperson-manager relationship. Studies examining the impact of the sales manager's behaviors borrow measures from non-sales settings, ignoring the unique contextual factors. Based on evidence from sales management, organizational behavior and leadership literature, this final section calls for the inclusion of contextual factors. For each of these four issues, this review describes the current approach taken in the

³ Job-related outcomes include role clarity, role conflict, satisfaction, motivation, performance, etc.

sales management literature, presents criticisms and proposes alternative approaches. The next section describes, criticizes and presents an alternative approach to the causal assumptions used in the study of sales manager behaviors.

Causal Assumptions Underlying the Impact of Sales Manager Behaviors

Sales management studies assume the manager's behaviors are independent of his or her relationship with the salesperson being supervised. Further, sales management studies assume the manager's behaviors cause job-related outcomes. By classifying managerial behavior as an independent variable and employee motivation, satisfaction, role conflict, and performance as dependent variables, researchers assume the sales manager acts and the salesperson reacts.⁴ As further evidence of this assumption, numerous authors call for the experimental manipulation of managerial behavior and the measurement of subordinate's responses (Hampton, Dubinsky & Skinner 1986; Teas 1983; Tyagi 1985). The classification of variables and the call for experimental designs indicate what assumptions are being made, and their validity is questionable.

It is unrealistic and restrictive to assume independence between sales manager behaviors and salesperson behaviors, or to assume the sales manager behaviors directly impact job outcomes. These assumptions are unrealistic as they overstate the passivity of the salesperson and the power of the manager. The salesperson can and does engage in influence tactics aimed at his or her superior (Kipnis, Schmidt & Wilkinson 1980; Porter, Angle & Allen 1981; Wayne 1987). The salesperson may in fact "manage the boss" (Drucker 1987; Evans 1988; Gabarro & Kotter 1980). Further, these assumptions restrict the vision of the researcher. Researchers focus on measuring the managers' behavior without considering the salesperson's behaviors. The impact of subordinate behavior on the superior has been sub-

⁴ An exception to this is Dubinsky & Yammarino (1985) who categorize salesperson's effort levels as an independent variable.

stantiated with empirical evidence from numerous leadership studies (Crouch & Yetton 1988; Crowe, Bochner & Clark 1972; Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Greene 1975; Herold 1977; Kim & Organ 1982; Liden & Graen 1980; Lockwood 1987; Lowin & Craig 1968).

A social exchange perspective offers an explanation for the empirical evidence offered in these leadership studies. According to social exchange, the subordinate and superior influence each other's behavior. This viewpoint contends the outcomes of work-related activities are explained by the behaviors of both participants. Social exchange theory assumes that a person will select their behavior based on the value (or rewards) of the behavior shown to them. If a person thinks he or she is being rewarded by another's behavior, he or she will try to behave in such a manner as to ensure a reward (House & Marcus 1973). Thus the behaviors of both members of this vertical dyad are interdependent as each seeks and offers rewards. In the salesperson-manager exchange, the managerial rewards can be described as participation in decision-making, recognition, or promotion. The salesperson rewards the manager with increased effort levels, accurate and timely information, or loyalty. Rather than a singular causal direction, social exchange theory assumes the behaviors are reciprocal.

Evidence of this reciprocity can be found in two sources: the interpretations of sales management findings and the results from leadership studies that have examined subordinate-superior exchange relationships. This section offers a discussion of sales management literature, then turns to the leadership research. Sales management studies use what appear to be similar variables to describe managerial behavior. (See Table 1 on page 195.) Results using these apparently similar variables are contradictory. The reasons for these contradictions may rest with some subtle differences in these variables. This section argues that these subtle differences can be found in the notion of reciprocity. Two examples of these contradictory findings are discussed next.

One such contradiction concerns sales management studies which examine the effect of managerial granted autonomy and participation. The conceptual definition of each of these variables is very similar. Autonomy was described as the degree to which the sales manager

would allow the salesperson to implement five kinds of changes (Dubinsky & Yammarino 1985). Participation is defined as the degree to which the salesperson is able to influence decisions about his or her job (Teas 1980, 1981, 1983; Teas & Horrell 1981; Teas, Wacker & Hughes 1979). Both autonomy and participation were expected to result in improved job-related outcomes (Behrman & Perreault 1984; Churchill, Ford & Walker 1976; Dubinsky & Yammarino 1985; Futrell, Swan & Todd 1976; Teas 1983; Teas & Horrell 1981; Tyagi 1982; Tyagi 1985). Results using measures of participation fulfilled those expectations, autonomy measures did not. According to Dubinsky & Yammarino's (1985) results, autonomy does not result in positive job-related outcomes. When a salesperson is granted more autonomy, he or she is likely to experience more role ambiguity, diminished levels of motivation and organizational commitment. These counter-hypothesized findings may be attributable to the difference in items measuring autonomy and those measuring participation. (See Appendix B **Manager Behavior Scales Used in Sales Management Studies** for listing of items in participation and autonomy scales.) Participation items reflect reciprocity and autonomy does not. Items within the autonomy scales measure the degree to which the sales manager would allow the salesperson to implement specific changes. Items within the participation scales measure the degree of salesperson influence (Teas 1980; 1981; 1983; Teas & Horrell 1981; Teas, Wacker & Hughes 1979). The exertion of influence may be based on a two-way flow of influence attempts (Homans 1953). The autonomy variable does not involve reciprocity, and focuses on the manager's actions (i.e. degree to which he or she allows changes). Role ambiguity may not be reduced by simply gaining concessions to requests for changes. Reducing role ambiguity is more likely to be accomplished through a two-way flow of influence inherent in the participation process. Similarly, other job-related incomes such as organizational commitment and motivation are less likely to be increased through concessions than exchanges (Dubinsky & Yammarino 1985). Organizational commitment may be increased when the subordinate is involved in the decision process, not simply given a "yes" or "no" in response to requested changes (Dubinsky & Yammarino 1985). Participative styles which are

characterized by exchanges or the participation of both the manager and the salesperson are more likely to follow hypothesized directions.

Similarly, the concept of reciprocity or exchange may explain the findings with respect to the amount of consideration and attention given to the salesperson. The conceptual definition of each of these variables is very similar. Consideration is defined as the degree to which a sales manager is supportive, friendly and considerate of his or her subordinates. Attention is the amount of attention the sales manager gives subordinates on nine dimensions which include regard for the subordinates' needs, regard for the subordinate's feelings, support for ideas or support for actions. Based on the similarity of conceptual definitions, one might expect similar outcomes for the consideration and attention.

The results of previous research, however runs counter to this expectation. Higher levels of managerial attention are associated with higher levels of salesperson role ambiguity (Dubinsky & Yammarino 1985). Consideration, on the other hand, shares an inverse relationship with role ambiguity (Dubinsky, Childers, Skinner & Gencturk 1988; Hampton, Dubinsky & Skinner 1986; Teas 1983). While both consideration and attention scales include items relating to subordinate-superior communication, these communication items differ. (See Appendix B **Manager Behavior Scales used in Sales Management Studies** for items from the consideration and attention scales.) Items within the consideration scale measure the degree of open communication between salesperson and manager. Items within the attention scale measure the degree to which the manager explains his or her reasons. Open communication involves both manager and subordinate and the exchange of information. Managerial explanations, on the other hand, refer only to the manager's communications. Attention seems to focus on the manager (a one-way flow of information) and consideration items seem to refer to both participants (a two-way flow of information). Attention has a negative effect on role perceptions and consideration has a positive effect. One may infer from these differences that the actions of both the manager and subordinate (i.e. the exchange of information) are more likely to reduce role ambiguity. Rather than infer from discrepant findings, leadership studies have explicitly examined the reciprocal nature of subordinate-superior behaviors.

According to leadership research, the behaviors of the subordinate and superior are related in a reciprocal manner. A subordinate who exerts above average effort levels tends to be the recipient of higher levels of managerial attention (Greene 1975; Lowin & Craig 1968). Managerial support is exchanged for the subordinate's strong willingness to contribute (Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Liden & Graen 1980). Other studies have explored the reciprocal nature of trust within the vertical dyad (Butler 1983; Lagace 1987). According to this body of evidence the behaviors of one dyad member are influenced by the behaviors of the other. These behaviors can be described as the exchange of rewards; effort, attention, support or trust.

In summary, the social exchange between the manager and subordinate may be implied within the sales management findings and evidenced in leadership research. The majority of sales management studies assume managerial behavior causes the subordinate's performance, satisfaction, role perceptions, etc. These studies assume the manager acts and the subordinate reacts. It is may be more realistic and less restrictive to assume the behaviors of each member of this dyad are affected by the other. Adopting an exchange perspective widens the scope of inquiry. Rather than focusing on the manager's behaviors, researcher's should include the salesperson's behaviors as well. The social exchange perspective assumes dyadic behaviors rather than individual behaviors are causal factors. This suggested change in assumptions may necessitate a change in the focus of sales management studies. This focus is discussed next.

A Focus Restricted to the Individual

Empirical studies exploring the impact of the sales manager focus on the individual manager (or on the individual salesperson's perceptions of the manager) rather than the relationship between the salesperson and manager. Typically, sales management studies survey salespeople, asking them to describe their managers. These perceptions are then

aggregated without consideration for the effect of the salesperson's behaviors on the manager. Meaningful information may be lost in this aggregation and measurement. Variation in managerial style or action may be related to subordinate behaviors or characteristics. Leadership studies indicate manager and subordinate's behaviors are related in a systematic manner. These systematic differences are uncovered using a dyadic level of analyses and lost with an individual level.

The individual focus may be the problem which contributes to 1) a weak nomological validity surrounding sales manager variables, 2) a lack of convergent findings, and 3) inconsistencies in the level of analyses and conclusions. Because the individual level focuses on only one member of the salesperson-manager relationship, it may be providing an incomplete explanation. This incomplete explanation, in turn, results in a lack of convergent findings and a weak nomological network. The discussion of these two problems (a weak nomological network and lack of convergent findings) precede the discussion of the third problem, the inconsistencies between the level of analysis and conclusion.

Weak Nomological Validity

Sales management studies focus on the individual and in doing so, exclude the actions of the other dyad member. This exclusion weakens our ability to explain the effect of manager behavior; it weakens the nomological network.

A comparison of bivariate effect sizes and a comparison of multivariate regression equations reveal weaknesses in the nomological validity of managerial behavior measures. First, a comparison of bivariate effect sizes shows that dissimilar management styles result in the similar outcomes. If all managerial styles produce the same outcomes, one may question the validity of these measures. Second, multivariate regression results imply managers use more than one style, but these analyses fail to show how or when various styles lead to outcomes. The relationship between managerial styles and outcomes is unspecified and questionable. This section describes these issues in the sales literature and presents an alternative approach based on Leader-Member Exchange theory.

Before discussing the comparisons of bivariate and multivariate results, a brief description of the literature review method is presented. (For a more detailed description see Appendix A.) Relevant studies are defined as those which examined the impact of sales manager behaviors on various job-related outcomes such as role clarity, performance, satisfaction, and organizational commitment. This comparison includes 21 sales management studies published in journals issued from 1972 to 1990. In order to facilitate a comparison of findings, sales manager behavior variables were categorized by the similarity of managerial variable.

This categorization is based on the similarity of conceptual definitions and scale items. The categories are shown on Table 1 on page 195. Table 1 categorizes these studies and provides a list of the studies, names of variables and conceptual definitions of each. The managerial behaviors described in these studies were categorized as general styles (directive, participative or supportive) or specific actions (giving information, challenges, recognition or interacting with subordinates or superiors).

Using this categorization scheme the effect sizes of the respective studies were tested for homogeneity. Effect sizes are based on bivariate correlations between the managerial behavior and the job-related outcome. (See Table 2 on page 196.) A summary of these comparisons is presented on Table 3 on page 198. Pulling and comparing effect sizes based on correlations, rather than regression test statistics, was appropriate and relevant to this comparison. F- statistics reported in these studies reflect the impact of a wider range of variables (i.e. organizational variables and task variables) than those of interest here.

The test of significance in regression analyses for any one predictor variable is influenced by the number and type of other predictors in the equation. There was such a diversity among these 21 studies that comparisons of regression test statistics for manager behavior variables would be misleading. These studies used as many as eight and as few as three variables to predict outcomes, and these variables spanned as many as three general categories of predictors and as few as one. While effect sizes are not based on multivariate analyses, these regression equations were used in this comparative literature review. Results

using multivariate analyses were compared based on the way each equation was specified (e.g. explanatory power with equations using one or many managerial variables, etc.). See Table 4 on page 199. Effect sizes were computed by converting bivariate correlations to Fisher Z scores.⁵ The similarity of effect sizes was tested using Chi-square test statistic. A significant Chi-square indicates significant differences in effect sizes exists and conversely insignificant Chi-square statistics show homogeneity of findings. (See Table 2 on page 196.)

Generally all managerial variables are associated with either participative or directive styles.⁶ Participative managerial styles emphasize participation between subordinate and superior, while directive emphasizes the directions of the superior. There is a tendency for a participative leader to also demonstrate supportive behavior, sharing information, giving recognition and encouraging subordinate interactions (Miller 1973; Yunker & Hunt 1976). A manager who engages in participative decision making considers employee welfare, asks the subordinate for suggestions, treats her as an equal and remains approachable. A directive manager tends to be achievement-oriented, administering punishments and providing challenges. The manager who engages in directive decision making announces his decisions without consulting the subordinate, assigns tasks and goals in detail, and delivers criticisms without considering the feelings of his subordinates.

One would expect, given the differences in these two styles, that the job-related outcomes would differ depending on the style of the manager. However, research in the sales setting indicates that the outcomes are the same regardless of managerial style. A comparison of findings across the sales management studies shows that both directive or participative styles can decrease role conflict and increase satisfaction and organizational commitment. (See Table 2 on page 196 and Table 3 on page 198.) Role conflict is decreased when the sales manager is participative or directive. Satisfaction is increased when the manager is supportive or directive. Higher levels of organizational commitment are associ-

⁵ The formula for Fisher Z is identical to the computation for the bivariate correlation effect size recommended by Rosenthal 1984 and Rosenthal & Rosnow 1984 (i.e. $r/(1-r^2)^{1/2}$).

⁶ This notion has been supported by hierarchical factor analyses (Bass 1981).

ated with higher levels of supportive or directive styles. According to these studies, role conflict, satisfaction or organizational commitment can be enhanced if the sales manager can employ two styles. A manager must exclude the salesperson from decision-making or consideration (i.e. use a directive style) and consider their needs or encourage their participation. These contradictions call into question the validity of the management measures. If different manager styles result in the same outcome, then the measures of the different managerial styles may be questionable.

An alternative view to this apparent contradiction is the contingency approach. This viewpoint holds that both leader measures are valid and are used effectively by a manager depending upon the circumstances. A comparison of regression results partially supports this viewpoint. A comparison of regression equations using four predictor variables shows the average R^2 value increases with the number of managerial variables included. (See Table 5 on page 200.) Among the equations using a total of four predictor variables, those using only one managerial variable explained approximately 9% of the variation in job-related outcomes. Those using two of the four predictors as managerial variables explained 21% and those devoting all four to managerial variables explained 33%. Within these equations (i.e. those using a total of four predictors) the explanatory power of a regression equation significantly increases with the number of managerial variables. Apparently one managerial style does not provide a complete explanation. Sales managers, like their other functional counterparts, may be using more than one style. Hill & Schmidt (1977) and Bass & Valenzi (1974) found only 8% and 2.4% of managers use the same style. While one may conclude the managerial variables are valid and the manager tends to use more than one style, the problem with specifying the relationship between managerial style and outcome remains. Sales literature to date (like leadership contingency theories) has not been able to describe the circumstances under which each style is effective. Thus, the research to date in the sales management area has not established a nomological network.

The Leader-Member Exchange theory suggests the explanation for different outcomes and different managerial styles rests with an explanation and understanding of the

subordinate-superior relationship. The Leader-Member Exchange theory contends the relationship between managerial actions and job-related outcomes is based on the manager's tendency to develop different relationships with different subordinates. In an attempt to use her limited time well, a manager develops relationships based on the value of her time investment. A manager may use a less time-intensive method (i.e. directive style which involves giving orders rather than information) with subordinates who require explicit instructions and use more time intensive methods (i.e. participative) with more experienced or competent subordinates.

Using a dyadic focus, tests of the leader-member exchange theory show that relationships between manager and subordinate differ. These dyads differ in terms of high versus low levels of leader attention, sensitivity, member effort and the amount of subordinate self-determination. "In-group" dyads, those involving members with whom the leader develops closer relationships, are characterized by high levels of both leader and member contributions. (Blau 1988; Cashman, Dansereau, Graen & Haga 1976; Crouch & Yetton 1988; Dansereau, Graen & Haga 1975; Graen & Ginsburgh 1977). Others contend there is some meaningful middle ground and have found significant differences in terms of higher, moderate and low levels of member time and effort spent on work-related activities, manager's sharing of inside information, support, and consideration (Graen & Schiemann 1978; Liden & Graen 1980; Scandura & Graen 1984; Vecchio & Gobdel 1984). More expert and referent power is used with some subordinates (called "in-group" members) than with others (called "out or middle-group" members). More coercive power is used with "out-group" members or lower quality dyadic relationships (Graen & Cashman 1975). As one might expect, lower perceived inequity is associated with higher quality dyads or "in-group members" (Vecchio, Griffeth & Hom 1986).

These dyadic differences provide a viewpoint missing with the individual focus. Using an approach which focuses on the individual, results from the sales management literature cast questions on the nomological validity of managerial behavior variables. Using a dyadic approach, opposing managerial styles can be explained in terms of differences in

subordinate-superior relationships. Managers use different styles within different relationships. If we can explain and describe the relationships, we may be able to improve our predictions of job-related outcomes. Our ability to predict job-related outcomes is inhibited by a lack of convergent findings and this issue is addressed next.

2. *Lack of Convergent Findings*

If the behaviors of the manager are related to the behaviors of the salesperson, describing one set of behaviors without consideration for the other is incomplete. Because these studies consider the actions of only one dyad member, the findings across studies are rarely consistent. This section discusses the comparison of sales management studies and the lack of convergent results. Further, this section contends that more consistent findings may be found with a more complete explanation. An explanation offered by Leader-Member Exchange theory may offer the promise of a more complete explanation.

A comparison of bivariate effect sizes (between each category of managerial behavior and outcomes of role conflict, satisfaction, performance, motivation, etc.) indicates the majority were heterogeneous. Twenty-six bivariate relationships were tested. Of the possible 26 relationships 15 were significantly different. (See Table 4 on page 199.) Conclusions regarding heterogeneity must be taken as tentative, given the number of studies per relationship studied.⁷

Even with this caution in mind, the contradictory findings stand out. For example, two studies using the same variable (i.e. participation)⁸ in a sales setting found significant positive ($r = +.471$) and negative ($r = -.316$) associations with satisfaction (Teas & Horrell 1981 and Teas 1983 respectively). The focus of these studies was restricted to the individual salesperson's perceptions of the managers behaviors. This focus on the individual restricts the researcher's ability to explore - and possibly explain these contradictions - in terms of both dyad members behaviors. The results of participative management may be related to

⁷ See Table 2 on page 196. The maximum number of studies exploring any one relationship was five. See, for example, the directive-satisfaction relationship.

⁸ See Table 1 on page 195. Participation is generally described as the degree to which the salesperson is able to influence decisions about his/her job.

the behavior of the salesperson. Participative managerial practices may result in positive or negative outcomes depending upon the competency or loyalty level of the salesperson. A disloyal salesperson may use his or her influence in a self-serving manner and negatively affect sales performance indices. A competent salesperson may make more judicious recommendations and positively affect performance measures. These possibilities remain elusive with a focus restricted to the individual behaviors rather than dyadic behaviors.

One category of managerial variables does show homogeneity of results. Studies measuring supportive leadership styles are similar with respect to role conflict (Average $r = -.31$), satisfaction with supervisor ($r = +.79$), performance ($r = +.05$) and motivation ($r = +.29$). These findings share directional agreement regarding the relationship between supportive styles and overall satisfaction and organizational commitment. (See Table 2 on page 196.) If this degree of convergence existed with any other category of variable, there would be room for optimism. Measures of supportive styles, however, do not contain socially neutral items (i.e. leader is friendly, approachable, develops work climate of respect). As a result, these measures are susceptible to leniency effects, and this effect has been demonstrated (Schriesheim, Kinicki & Schriesheim 1979).⁹ Consistent with this leniency effect, measures of supportive styles are more highly correlated with affective variables. Supportive styles in sales research share a stronger association with affective measures (satisfaction with supervision and role perceptions) and a weaker one with objective measures (performance includes some objective measures). This one area of agreement is contaminated by social desirability and the remaining areas show little agreement.

A comparison of multivariate regression results shows the same diversity in findings (See Table 4 on page 199). Regression equations generally use three categories of variables to predict job-related outcomes: managerial variables, task characteristics and individual salesperson factors. The explanatory power decreases with the diversity and number of variables used. The average R^2 of equations using only managerial variables was .273. The

⁹ Respondents tend to rate the managerial behavior in lenient terms and are influenced by the lack of social neutrality in these items (i.e. friendly, approachable, etc.).

average R^2 of equations using managerial and one other type (either individual or task characteristic) was .272. The average R^2 of equations including all three categories (managerial, task and individual characteristics) was .185. (See Table 6 on page 201.) Apparently increasing the diversity of explanatory factors does not increase the power of the explanation. The average R^2 decreases as the diversity of predictor variables increases.

Further, this comparison of regression equations seems to imply managerial behaviors alone can improve the explanatory power of the equations. Regression analyses which rely solely on managerial behavior variables explained more variance than all other combinations of predictor variables (See Table 6 on page 201.) Regression equations which improve on the managerial variables may provide an efficient increase in the amount of variation explained.

A dyadic focus may provide such efficiencies. If a dyadic approach provides a more complete description of managerial behavior, then one might expect increased predictive power. These results have been realized in organizational behavior research using dyadic analyses. Significant dyadic differences have been found in non-sales settings (Blau 1988; Cashman, Dansereau, Graen & Haga 1976; Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Graen & Ginsburgh 1977; Graen & Scheimann 1978; Graen, Novak & Sommerkamp 1982; Kim & Organ 1982; Liden & Graen 1980; Scandura & Graen 1984; Vecchio & Gobdel 1984; Vecchio, Griffeth & Hom 1986). Variations in both individual leader behavior as well as variations in dyadic leader-member relationships explain work-related outcomes. Some competitive tests of individual and dyadic approaches indicate the dyadic approach is a more significant predictor of outcomes (Ferris 1985; Graen, Liden & Hoel 1982; Katerberg & Hom 1981). *3. Inconsistencies between level of analyses and conclusion*

A final argument in support of the dyadic focus is based on the need for consistency between the level of analyses and level of conclusions. Typically analyses are performed at the individual level and conclusions drawn at the dyadic level. Measures of managerial behavior are based on the perceptions of individual salespeople. Based on the analyses of these individual perceptions, conclusions are offered to the sales manager on how to conduct dyadic interactions. While interacting with subordinates sales managers "should play a key

role in defining goals" (Tyagi 1985), "should be supportive friendly, consultative and encouraging" (Dubinsky et al. 1988), or "should cultivate the expert and referent power bases and avoid the coercive" (Busch 1980). If we are to offer advice to sales managers on how to relate to subordinates, given the fact that subordinate needs differ and the possibility that the behaviors of the dyad members may be interrelated, the level of analyses should be at the relationship or dyadic level.

The current approach to studying the salesperson-manager relationship aggregates individual responses. The variability of these responses is analyzed in terms of how it relates to job-related outcomes, not to the individual salesperson. Sales management studies describe managerial behavior in terms of average values. In effect this assumes the leader behaves in the same manner to all subordinates. There is evidence from non-sales settings that managers do not behave in the same manner to all subordinates (Crouch & Yetton 1988; Dansereau, Alutto, Markham & Dumas 1982; Duchon & Taber 1986; Graen & Cashman 1975; Graen & Ginsburgh 1977; Graen, Liden & Hoel 1982; Graen, Novak & Sommerkamp 1982; Seers & Graen 1984; Vecchio 1982; Vecchio & Gobdel 1984).

Let us assume, for arguments' sake, that a manager does behave in the same manner to all subordinates. By aggregating the salesperson's perceptions of manager behavior, one now assumes that one manager's style can be accurately and consistently described by all of his or her followers. This assumption may be an unsound one. Respondents may report their implicit theories and stereotypes about managers and leadership rather than the behavior of the specific leader (Rush, Thomas, & Lord 1988).¹⁰ Raters evaluating a hypothetical leader frequently produce ratings with factor structures very similar to those derived from ratings of real organizational superiors. This is a reflection of rating errors or biases produced by raters' implicit leadership theories (Phillips 1986). The results from sales man-

¹⁰ In situations where the respondent is reporting implicit theories and where there is an element of subjectivity in the scoring, Nunnally (1978) recommends alternative forms of the measure scored by different persons. This is a common approach in Leader-Member Exchange theory tests. Respondents (either members of the dyad or third parties) describe each subordinate-superior relationship. Reliability measures in this stream of research are not limited to internal consistency (which can reflect systematic sources of variance such as implicit theories) and include multiple source and form.

agement research may tell us more about the subordinate than the leader being rated. Conclusions which offer advice to the managers may be inappropriate or misleading.

A focus on the salesperson-manager relationship may provide some clarity. This dyadic relationship, tested in non-sales settings has been found to be an important source of variation in various job-related outcomes. Significant differences in the subordinate-superior dyads hold the promise of explaining contradictory findings and efficiently increasing researcher's ability to explain job-related outcomes in the field sales setting. The dyadic relationship of the salesperson and manager, like the behaviors of the sales manager may be influenced by the field sales setting. Complete descriptions of the relationship and of managerial behavior, therefore, may improve research efforts. The current approach to describing sales manager behaviors is addressed next.

Descriptions of Sales Manager Behaviors

Conflicting findings across sales management studies may be attributable to a failure to adequately describe the salesperson-manager interaction. Findings concerning participative, directive and informative management styles are mixed. The contradictory findings of these three managerial behaviors can be explained in terms of their incomplete or inadequate descriptions. These three sets of behaviors include (1) participative, (2) directive and (3) informative.

A participative managerial style may result in an opportunity offered or a burden imposed upon the salesperson. Higher levels of participation were associated with lower levels of satisfaction by Teas & Horrell (1981). Other studies have uncovered a positive relationship between participation and satisfaction (Churchill, Ford & Walker 1976; Behrman & Perreault 1984; Futrell, Swan & Todd 1976; Teas 1983). It has been inferred that a participative style, used indiscriminately, is seen as a burden rather than an opportunity. Precisely what constitutes discriminate use of this practice is not described in these measures. The measures of

participation, for example, do not specify the content area of the participative decision (See Appendix B). Indiscriminate use of participative methods may include asking the salesperson to assist with managerial level responsibilities. In this case, the salesperson may feel this is an additional and inappropriate responsibility, resent exploitation and experience lower levels of job satisfaction.

A directive managerial style may provide guidance for problem solving or it may restrict the salesperson in negotiations. Directive styles (i.e. the degree to which the manager initiates structure) share a positive correlation with performance according to Behrman & Perreault (1984). Dubinsky, Childers, Skinner & Gencturk (1988) and Hampton, Dubinsky & Skinner (1986) found a negative correlation between performance and initiating structure. Directive styles also show mixed results with respect to role conflict. Higher levels of managerial directions are associated with lower levels of role conflict (Behrman et al. 1984; Churchill, Ford & Walker 1976; Dubinsky et al. 1988; Hampton et al. 1986). Teas (1983) found higher levels of managerial structure increase role conflict. Explanations offered for both sets of findings usually refer to the task characteristics facing the salesperson. Because the salesperson must deal with complex problems and develop creative solutions, directive styles result in useful guidelines in dealing with ambiguous and unstructured tasks. Others claim the salesperson requires flexibility in dealing with diverse and complex situations. Both sides invoke the task characteristic as the distinguishing factor. A more meaningful explanation for these different results may rest with an adequate description of directive managerial styles. These measures do not, for example, assess the flexibility or appropriateness of the directives (See Appendix B). If directives take the form of well-planned guidelines, the salesperson has structure in dealing with ambiguous situations. If the directives are too restrictive, the salesperson's flexibility in addressing the buyer's problems are inhibited.

A third example is provided by the mixed results regarding information. Contrary to hypotheses, providing information does not seem to reduce role ambiguity or conflict (Behrman & Perreault 1984). Churchill, et al. (1976), Teas (1983), and Teas, Wacker & Hughes (1979) found managerial information was associated with positive outcomes (such as reducing

role conflict, role ambiguity and increasing performance). The information provided by a sales manager may emphasize criticisms or provide clarity for the salesperson. The majority of studies did not include items measuring the clarity or content of information (See Appendix B.).¹¹ The mixed results may be attributable to the quality of performance feedback. When the sales manager provides vague or inconclusive performance evaluations, the salesperson may be more confused than informed. If the sales manager consistently provides critical or negative feedback (rather than constructive or positive feedback), the salesperson is uninformed regarding needed changes in work methods. Job related outcomes can be favorably affected by clarity of information and damaged through vague or negative information.

The manner with which directives, participation and information are delivered may separate positive job outcomes from negative. The measures used in sales management studies do not consider the content area of participative decisions, the flexibility of directives nor the clarity of information. These measures may be too global and as a result inapplicable to the field sales setting. The effects of participation or directives may be better understood when market researchers develop and test measures which consider this context. Perhaps boundary spanning theory can provide insights to more complete and appropriate descriptions of sales manager behaviors.

The Boundary Spanning Context

Most of the sales management studies reviewed recognized the context of boundary spanning in the conceptual development. This recognition, however, was not incorporated into the measurement or testing of managerial behaviors.¹² For example, it is common prac-

¹¹ Exception being Futrell et al. (1976) study that measured the clarity of information. Using this measure, the authors found a significant correlation with performance.

¹² One exception is Churchill, Ford & Walker's (1976) use of the Frequency of Communication variable.

tice to recognize the impact boundary spanning has on the salesperson's role conflict. There is reason to believe boundary spanning affects more than the role conflict experienced by the salesperson. The purpose of this section is to explain how this context affects the study of the salesperson-manager relationship. The context of boundary spanning may influence the salesperson perceptions of managerial actions, the effectiveness of managerial actions, and the salesperson-manager relationship. Boundary spanning differs from other roles in terms of the tasks performed (i.e. the sales function) and the environment (i.e. the distance between the salesperson and the organization) in which they are performed. The ensuing sections will draw upon the sales management and leadership literature in discussing the impact of these two boundary spanning factors: function and distance.

As a boundary spanning function, the sales department engages in different tasks and carries different responsibilities than other organizational functions. Studies show functional differences influence managerial actions (Adams 1976; Downey, Hellriegel, Phelps & Slocum 1974; Fleishman & Peters 1962). Managerial actions conducive to one function may be inappropriate for another (Downey, Hellriegel, Phelps & Slocum 1974). Further, the perception of the same leader behavior may differ from one function to another. In managerial or executive functions, initiation of structure is seen as planning, innovating and coordinating. In production functions, initiation of structure is seen as emphasizing standard methods and pushing for production (Fleishman & Peters 1962). Measures of managerial behavior which were originated within the more insulated, non-boundary spanning context of the production floor, therefore, may not be appropriate to the sales setting.

In addition to function, distance is a factor unique to the boundary role. In the industrial field sales setting, the salesperson and manager do not have daily face-to-face contact and must often contend with both physical and psychological separations.¹³ This distance can af-

By measuring the frequency of communications, the authors recognize the lack of day-to-day proximity and the surrogate use of communication. Subsequent studies did not refine nor expand this idea, but replaced it, borrowing leadership variables from other settings.

¹³ Sales to individual consumers usually involves more buyers than sales to organizational selling. Since there are more consumers than organizational buyers, field salespeople are more likely to be less geographically dispersed than their industrial counterparts. For example, personal insurance,

fect both the salesperson as well as the manager's perceptions. Churchill, Ford & Walker (1976) propose that the sales manager may, because of physical and psychological distance, have an unrealistic view of field sales conditions and inaccurate role expectations. This proposal is equally possible for the salesperson. The salesperson may have an unrealistic view of the manager's workload or involvement. As a result, the salesperson can mistake a laissez-faire style of management for a participative one.¹⁴ The sales manager may believe he or she is granting a salesperson a high degree of influence in the decision making process by allowing them to set their own guidelines. The salesperson may mistake this managerial style for inactivity or a laissez-faire style.

Distance may influence reality as well as perceptions. The amount of physical separation between the subordinate and superior may affect the actual style used by the manager. One might expect that with increased distance a sales manager must rely on the salesperson's judgements. A manager may be forced to use a participative style, or she may attempt to compensate for the distance by increasing monitoring activities (Adams 1976). These expectations remain untested since the impact of distance in the boundary spanning role is not considered.

One may infer from the findings of previous sales management studies that distance is a factor in the effectiveness of a managerial style. The directive styles do not have as strong an effect as the participative styles. (See Table 2 on page 196.) The average correlation between directive styles and job-related outcomes is .18. The average correlation between participative styles and job-related outcomes is .32. The weaker effect of directive styles may be attributable to the boundary spanning context of the salesperson. The salesperson, as a boundary spanner, is subject to conflict inherent in buyer-seller interactions (Adams 1976;

and any form of retail sales is characterized by sales offices housing both management and salesperson. Manufacturers sales representatives selling to retail establishments or through distributor networks will usually maintain separate locations for regional or district sales managers and field sales people.

¹⁴ Laissez-faire style of leadership is one characterized by very low levels of leader involvement or interference and low levels of interaction with subordinates. Laissez-faire has been described as the lack of leadership (Bass 1981).

Aldrich & Herker 1977; Clopton 1984; Frey & Adams 1972). The salesperson-manager relationship may be affected by this inherent conflict. This conflict moderates the extent to which directive (initiating structure) and participative (consideration) will be effective (Katz 1977). According to Katz (1977) participative styles are most effective when a work unit is faced with external conflict. External conflict inherent in the boundary spanning function of sales may create a climate in which directive styles are less effective than participative. Because directive styles may be marginally effective in the boundary spanning context, findings tend to show smaller correlations (See Table 2 on page 196).

Comparative effect sizes of sales management studies support the effect of distance. If distance has an impact, one might expect effect sizes to be larger in settings where the salesperson has closer contact with his or her manager. Larger effect sizes would be expected in retail settings than insurance. Weaker effect sizes would be expected for industrial field sales than insurance or retail settings. A comparison of studies verifies these expectations. (See Table 7 on page 202.) A significant linear relationship exists between these three settings and the impact managerial behaviors (consideration and initiating structure) have on salespeople's role conflict.

Leader-member exchange theory may be more appropriate to the boundary spanning context than theories based on a conventional work setting. Leader-member exchange theory does not assume the existence of a conventional work group and focuses on the vertical dyad. The salesperson-manager relationship is less influenced by work group dynamics and more affected by the boundary spanning context. Thus, the application of this theory allows the researcher to focus on the unique characteristics of the boundary spanning dyad. These characteristics include the previous mentioned distance between superior and subordinate and functional influences (such as inherent conflict and problem-solving nature of the sales tasks). The model proposed in the next section builds on this theory incorporating these unique characteristics.

Summary of Sales Literature Review Issues

This critical review of sales management studies argues in favor of four changes to the current approach to studying the impact of sales manager behaviors. The first one concerns the underlying assumptions. Studies examining the impact of sales manager behaviors assume the manager behaviors are independent of the salesperson's behaviors and causally related to job outcomes. These assumptions may be restrictive and unrealistic. Social exchange theory is based on a different set of assumptions and contends job-related outcomes are affected by both the manager and the salesperson. The second issue concerns the focus of these studies. Studies focus on the individual level, examining one side of a dyadic relationship. As a result, the individual level of description and analyses provides an incomplete explanation. The incomplete explanation is evidenced by contradictory and inconsistent findings. These contradictions and inconsistencies have been explained using the dyadic level of analyses adopted by Leader-Member Exchange Theory. The third issue concerns the failure to adequately describe behaviors. The descriptions of participative, directive or informative manager behaviors fail to specify the degree to which the manager is indiscriminate, restrictive or negative. Because the descriptions do not adequately describe these behaviors, the precise impact of these behaviors remains unknown. The fourth and final issue concerns the context of the salesperson-manager relationship. Studies examining the impact of the sales manager's behaviors borrow measures from non-sales settings. This approach ignores the unique contextual factors, and this section discusses the impact of these factors. Leader-Member Exchange theory makes compatible assumptions and focuses on the behaviors of both dyad members. Adequate descriptions of both dyad members should recognize the boundary spanning context of this vertical dyad. The next section reviews relevant leadership literature and proposes a model based which integrates leader-member and boundary spanning theory.

Chapter III

A Model of the Salesperson-Manager Relationship

This chapter proposes a model of the salesperson-manager relationship (See Figure 4 on page 189). The following chapter describes the portion of the model which will be tested. The proposed model of the salesperson-manager relationship is described in the following four sections. The **first** section provides the theoretical framework for the proposed model. This framework is based on the integration of concepts from social exchange, leadership and boundary role theories. This section describes how each of these theories is used in building this model. Building on social exchange theories, this model explains the salesperson-manager relationship in terms of dyadic exchanges. The currency of these exchanges include the personal or positional resources of the salesperson and manager. The **second** section describes the currency of this exchange (i.e. the contributions made by the salesperson and manager). Each of these contributions is defined, and a rationale for its inclusion in the model is offered. The exchange relationship among some of these contributions has been the subject of leadership research and this section reviews these findings. The **third** section defines the quality of exchange relationship. Propositions are offered which differentiate a high quality relationship from a low quality relationship. The **fourth** section describes the linkage

between the quality of exchange relationship and job-related outcomes of performance and satisfaction. In addition, this section explores the possible moderating effect environmental uncertainty. In short, this model describes what is exchanged, how a high quality exchange relationship differs from a low quality exchange relationship, and how this exchange relationship effects outcomes. The model is primarily based on Leader-Member Exchange theory, incorporates concepts from social exchange and boundary role theory and these theories are addressed next.

Theoretical Framework: Leader-Member Exchange Theory

The purposes of this section are to provide a general description of LMX theory, to discuss the advantages of LMX, and to address some of the weaknesses in the LMX theory. LMX theory is based on social exchange theory and may be particularly applicable to the salesperson-manager relationship. This theory, however, does suffer some weaknesses. The model developed here attempts to rectify these weaknesses by integrating principles and concepts from other relevant theories. The general description and advantages of LMX are discussed next.

A. LMX: Description and Advantages

LMX is a subset of social exchange theory and may be particularly applicable to sales management. A general description of LMX theory precedes the discussion of its applicability to the field sales setting.

1. Description of LMX

LMX is a subset of social exchange theory. Social exchange theory is a general theory which explains behaviors in various types of dyadic relationships. LMX theory is more specific and attempts to describe behaviors of the subordinate and superior in a vertical dyadic relationship. LMX applies general social exchange principles to this vertical dyad. These principles include the following: (1) interpersonal relationships can be characterized as ex-

change relationships, (2) each dyad member is seeking rewards and (3) each dyad member makes contributions based on the rewards offered by the other dyad member. Social exchange theory applied to the leadership setting calls attention to the way in which the subordinate's behaviors (or contributions to the exchange relationship) affect the leader.

Leader-Member Exchange theory focuses on the relationship between the leader and member. This relationship, according to LMX, is best characterized as one of exchange. Leader-Member Exchange theory (also called Vertical Dyad Linkage Theory) considers the study of leader behavior alone as incomplete. In order to gain an accurate description and understanding of leadership, the behaviors of both the leader and follower should be explained. The behaviors of the leader and the member are interrelated (Crouch & Yetton 1988; Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Greene 1975; Graen, Novak & Sommerkamp 1982; Herold 1977; Kim & Organ 1982; Liden & Graen 1980; Seers & Graen 1984). Both members of the dyad are seeking valuable outcomes and make contributions (Homans 1958).

The manager, for example, is seeking an effective way to deal with time constraints. In doing so, he or she will rely on certain subordinates; granting more decision latitude to a few selected subordinates (Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Graen, Novak & Sommerkamp 1982; Liden & Graen 1980; Seers & Graen 1984). The salesperson is seeking rewards such as career advancement or management support. In order to acquire these rewards, the salesperson may exert more effort; keeping the manager informed about strategic events in the external environment or exhibiting high levels of loyalty. A dyadic exchange, rather than the actions of one person, can explain the phenomena of leadership. Thus, Leader-Member Exchange theory focuses on the dyadic exchange relationship. As a result, LMX offers particular advantages to the field sales setting.

2. Advantages of LMX

LMX is particularly applicable to this setting since it focuses on the dyad and assumes the behaviors of the dyad members are related. Unlike other leadership theories, LMX theory claims the emphasis should be placed on describing a leader-member (dyadic) relationship

rather than simply the leadership styles of a manager. Because LMX focuses on the dyad, it may be particularly applicable to the field sales setting. Since the salesperson and manager are usually isolated from other organizational co-workers and interact more frequently as a dyad than within a work group, the dyadic focus of LMX seems well suited to the field sales setting. Further, LMX assumes the behaviors of both leader and follower are affected by each other. This assumption is less restrictive and possibly more realistic than the current approach taken in sales management studies. Since LMX takes a dyadic approach and makes more appropriate assumptions, it may hold promise for an improved manner of studying the field sales personnel.

Results from LMX studies support the notion that a manager interacts differently with his or her subordinates and that these subordinate-superior dyads are significantly different in terms of productivity, satisfaction, etc. (Backer & Ganster 1985; Cashman, Dansereau, Graen & Haga 1976; Crouch & Yetton 1988; Dansereau, Alutto, Markham & Dumas 1982; Dienesch 1987; Duchon, Green & Taber 1986; Graen & Cashman 1975; Graen & Ginsburgh 1977; Graen, Liden & Hoel 1982; Graen, Novak & Sommerkamp 1982; Heneman, Greenberger & Anonyuo 1989; Herold 1977; Katerburg & Hom 1981; Kim & Organ 1982; Rosse & Kraut 1983; Scandura, Graen & Novak 1986; Seers & Graen 1984; Snyder & Bruning 1985; Vecchio 1982, Wakabayashi & Graen 1984). These different dyadic relationships have been titled "In-group" or "Trusted cadre" versus "Out-group" or "Hired Hand". Measures used to describe these dyadic relationships have demonstrated acceptable levels of various forms of reliability. (Internal, Test-retest, multiple method and multiple source reliabilities are summarized on Table 8 on page 203.)¹⁵

The majority of LMX studies offer evidence and descriptions of dyadic differences. Unfortunately, interpreting this evidence is hampered by a lack of conceptual development. This weakness of LMX is addressed next.

¹⁵ Internal reliability of LMX measures range from .62 to .92. Test- retest reliabilities range from .37 to .90. The reliability between leader and follower responses range from .09 to .68.

B. LMX: Weaknesses and Remedies

While LMX seems appropriate to the field sales setting and a promising area for research, it is not without some problems. This section describes the weaknesses of LMX and describes how the proposed model attempts to rectify these weaknesses. Remedies take the form of integrating concepts from social exchange, leadership and boundary role theory. This discussion first describes the problems then discusses the three theories used to rectify the problems.

1. Weaknesses of LMX

The primary weakness of LMX is a lack of a conceptual development of the Leader-Member Exchange relationship (Dienesch & Liden 1986). A review of the LMX empirical studies indicates that the scales measuring LMX have grown in items without the benefit of conceptual development. The scales measuring LMX have grown from a two-item scale (Dansereau et al. 1975; Graen & Cashman 1975; Cashman et al. 1976) to the currently popular seven item scale (Graen et al. 1982; Novak 1984; Scandura et al. 1986; Lagace 1987; Kozlowski & Doherty 1989; Vecchio & Sussman 1989). (See Table 9 on page 204 which replicates the items in each of the various LMX measures.) These scales have demonstrated acceptable levels of internal, test-retest and multiple-source reliabilities. Further, these measures have predicted performance levels (Dansereau et al. 1975; Graen, Novak & Sommerkamp 1982; Liden & Graen 1980; Scandura & Graen 1984; Vecchio 1982) and turnover (Graen, Liden & Hoel 1982). The reliability and predictive ability of LMX measures seems to indicate the scales are consistently measuring something important in the vertical dyad relationship. A description of what is being measured, however, is lacking.

The majority of LMX researchers describe a dyadic relationship as a unidimensional concept. LMX measures usually use the seven item scale as the total description of the relationship and the sum of the seven items is the operationalization. The seven items, however, relate to different and distinct aspects of (or exchanges in) the relationship. The items in the 7-item version include "Regardless of how much formal authority your immediate supervisor has built into his position, what are the chances that he would be personally in-

clined to use his power to help you solve problems in your work?", and "I have enough confidence in my immediate supervisor that I would defend and justify his decisions if he or she were not present to do so." These items in LMX seem to tap concepts such as support and loyalty respectively. Using this measure of LMX, studies examine the relationship between LMX and leader attention, leader sensitivity and leader support of the member (Dansereau et al. 1975; Liden & Graen 1980). The LMX measure contains items which are closely related to these dependent variables. For example, leader sensitivity and support are closely aligned with LMX items which ask "How well do you feel your immediate supervisor understands your problems and needs?" or "Regardless of the amount of formal authority your supervisor has, to what extent can you count on him to bail you out?". Because a conceptual description of LMX is lacking, the relationships explored in these studies are unclear.

2. Remedies to LMX weaknesses

These weaknesses are addressed in this model by specifying and defining the various contributions made in the salesperson-manager exchange. By delineating the various contributions and testing the exchanges between these contributions, we can gain insight to the dyadic relationship. A complete description of the subordinate-superior relationship will recognize and explain each of the various concepts reflected in the LMX items. These concepts, according to the social exchange perspective, represent each dyad member's contributions to the exchange. The model proposed here builds on the LMX approach by developing and explaining relevant contributions.

The model proposed here attempts to provide a complete description of the salesperson-manager relationship by identifying each of the contributions and describing how these contributions are interrelated (or exchanged). Further, this model attempts to capture the unique problems of a vertical dyad which is located at the boundary of the organization. The proposed model describes the contributions relevant to the salesperson-manager relationship. In order to provide a complete description of the salesperson-manager relationship, three areas of literature were consulted: social exchange, leadership and organizational boundary role theory.

Each of these bodies of literature were used to provide a description of the relevant contributions and the exchange relationships between the contributions. Social exchange theory explains dyads, LMX explains vertical dyads and boundary role theory holds some implications for vertical dyads which are located at the perimeter of the organization, such as the salesperson and manager. Social exchange theory provides the general principles regarding dyadic relationships. LMX and leadership theories explores how these principles apply to a vertical dyad. Using the categorization schemes suggested in the leadership literature, these behaviors were organized into personal and positional contributions to the exchange relationship. According to boundary role theory, some of these personal or positional contributions may be particularly meaningful in the field sales setting. Thus, literature concerning boundary role theory provided some insights to determining the relevancy of subordinate and superior contributions. By integrating social exchange, leadership and boundary role theory, the proposed model describes the salesperson-manager relationship.

At this point it may be appropriate to offer the reader a very brief description of boundary role theory (Katz & Kahn 1978). This theory distinguishes the role expectations and behavior of various organizational members based on their proximity to the boundaries of the organization. Conceptually an organization contains a core, layers and a boundary that distinguishes it from other organizations. In order for a business organization to survive it must be able to effectively interact with the external environment. Transactions between organizations (e.g. selling and buyer organizations) are required so that organizations may obtain necessary inputs and dispose of their outputs. The acquisition and disposal functions of organizations requires specialized organizational roles (Katz & Kahn 1978). These specialized functions are called boundary roles. These are commonly the roles of marketing, sales personnel, purchasing agents, public relations, etc.

The activities of these specialized roles place them at organization boundaries for the purpose of effecting transactions with the environment. The activities of the boundary role person are differentiated from the role activities of persons operating more or less entirely within an organization, such as persons engaging principally in production and maintenance

activities. Boundary positions have a number of unique properties deriving from their structural relationship to other roles and from the fact that occupants of these positions must effect transactions with external agents. The occupant of a boundary role position is more distant from other members of his organization than they are from each other, and he is closer to the external organization. He represents his organization to the external environment and is his organization's agent of influence over the external environment (Adams 1975). One might expect the salesperson-manager working relationship (where the manager must evaluate without observing the performance of the selling task and motivate without frequent face-to-face contact) to be different from other functional counterparts. To gain insight to dyadic factors (or contributions) which are relevant to sales, concepts from boundary role theory were used. The proposed model applies LMX theory to this boundary spanning context. LMX and boundary spanning literature suggest the salesperson and manager make numerous contributions such as information, support, loyalty, trust, access to either an internal or external constituency, competence and control over pay, task or territory assignments. Each of these contributions and their exchange relationship is defined and described. Preceding this discussion, a categorization scheme for these various contributions is offered.

These contributions can be categorized as either personal or positional. This categorization scheme has been applied to the description of leader contributions but not to subordinate contributions (Bass 1981; McCall 1978). If the social exchange phenomena applies to the vertical dyad, this categorization scheme should also apply to the subordinate member of the vertical dyad.

Positional contributions differ from personal contributions. Positional contributions are associated with assigned responsibilities or formal organizational roles. For example, the sales manager's responsibilities may include decisions regarding salary increases, territory assignments and delegation of responsibility. Unlike positional contributions, personal contributions are not inherent in the occupational role. Personal contributions such as trust, competency, support and loyalty share a stronger association with the person than their occupational role (Foa & Foa 1980). Thus, personal contributions are inseparable from the con-

tributor (i.e. the salesperson or manager). In short positional contributions are associated with the organizational role and the personal contributions are associated with the specific person who occupies that role. Personal contributions of the sales manager include trust, competence, and support. Personal contributions of the salesperson include trust, competence, loyalty and latitude. Positional contributions of the sales manager include information, access to internal constituents, latitude and control over pay, promotion and task assignments. Positional contributions of the salesperson include information and access to external constituent groups. The model proposed here contends both the salesperson and the manager make personal and positional contributions to the exchange.

Because this exchange takes place within a vertical dyad, the positional contributions of the dyad members are not identical. A vertical dyad is comprised of two members from different hierarchical levels: one subordinate and the other superior. The salesperson occupies a position lower in the hierarchy and his or her positional contributions will be substantially different from those offered by the sales manager (Porter, Allen & Angle 1981). For example, the positional contributions of the sales manager includes salary increases, task assignments, promotions and access to higher levels of management. These positional contributions are valued by the salesperson, and according to LMX theory, influence the level and nature of the salesperson contributions. Similarly, the salesperson positional contributions which are valued by the sales manager may include the receipt of strategic information from the external environment (key accounts, competitors, distributors) or ready access to the salesperson's key buyers.¹⁶ The salesperson occupies a boundary spanning position and as such has frequent contact with external information and external constituents such as buyers, competitors and distributors. Information from and interaction with these influential external forces can

¹⁶ Other tasks required of the sales position, such as generating revenue, making sales calls and controlling expenses are also valued by the manager. The manager values the competent (even superior) fulfillment of these tasks. The manager is more likely to be influenced by how well these tasks are accomplished, not simply the fulfillment of these positional requirements. Because the sales manager carries the authority to require fulfillment of these tasks, they are not a positional resource of the salesperson. The competent fulfillment of these required tasks is, however, valued by the manager. The fulfillment of these tasks is a matter of personal competence rather than a positional contribution. The level of competence is associated with the person fulfilling that position, not the position itself.

enhance the sales manager's status within his sales organization. Thus, the positional contributions of the salesperson arise from their boundary spanning role and include information and access to external constituency.

The personal contributions of the salesperson are less restricted by his or her subordinate position within the vertical dyad. In fact, the personal contributions of the salesperson and manager are similar. The salesperson's personal contributions include their level of competency, loyalty, latitude and trust of the superior. The sales manager's personal contributions include competency, support and trust. Both dyad members may base their contributions on the perceived competency, trust or support of the other. For example, sales managers may base their contributions of positional resources (such as latitude or exposure to higher levels of management) based on their perceptions of the salesperson's competency or support. The salesperson may make similar judgments; basing their level of trust or information on the perceived positional and personal contributions of the manager.

High levels of manager positional as well as personal contributions are the traditional prescription for success. Leadership theories (which take an "average leadership style" rather than a dyadic approach) have long contended that managerial personal contributions are crucial to success (Bass 1981). The Ohio State series of leadership studies (also called the Two-Factor theory of leadership behavior) have shown that success is not restricted to simply providing information and structure (i.e. positional contributions). The successful manager must also provide personal contributions such as support, trust and competency (Evans 1970; House & Filley 1971; Stogdill 1963).

In effect these prescriptions for success ignore any part the subordinate might play. The proposed model contends both the manager and the subordinate play a part in formulating the relationship by making contributions to the exchange. Conceptually, this model extends the findings and prescriptions offered to managers; contending the same is true for the member as well as the leader. Personal and positional contributions of both vertical dyad members define the exchange relationship. These contributions are the currency of the exchange relationship such as that between a salesperson and manager. An exchange relationship can

be described in terms of this currency. For example, an exchange relationship which is based only on information will differ from one which is based on the exchange of trust, support, loyalty and information. The quality of a dyadic relationship is determined by the exchange of these contributions. The balance of this section discusses the separate contributions and how they combine to determine the quality of the dyadic relationship. The next section defines each contribution and describes the exchange relationships. Following the discussion of the separate contributions, a model of the quality of the relationship is presented.

Contributions to the Exchange Relationship

Previous research in the areas of Leader-Member Exchange and boundary role theory point to the importance of eight contributions to the salesperson-manager relationship. Some of these contributions are common to both the salesperson and manager, and others are unique to either the salesperson or the manager. Both the salesperson and his or her manager contribute trust, competence, latitude, information and access to a constituent group. Unique contributions include salesperson loyalty, manager support and managerial control over pay, promotion and task assignments.

This section defines each of these contributions, presents rationale for their inclusion in the model, and discusses the exchange relationships among these contributions. First, the definitions and importance of each of the eight contributions is presented. Second, the literature regarding the exchange relationships between these contributions is presented.

A. Types of Contributions

A definition of the personal contributions common to both members (trust and competence) is presented first. This is followed by the definition and discussion of personal contributions unique to each member (salesperson loyalty and managerial support). Because this dyad is a vertical one, granting latitude is a positional contribution of the manager and a personal contribution of the salesperson. This distinction is explained in detail within the de-

definition of latitude. The balance of this section describes the positional contributions of information, access and managerial control over pay, promotion and task assignment. The first personal contribution presented is trust.

1. Trust

Trust is defined as the degree to which a person commits himself to a possible loss depending upon the subsequent behavior of a specific-other person (Lagace 1987). An example of this might be a dyad member who confides in the other, sharing personal information. One member of the dyad confides in the other with the belief that this personal information will not be used against him or her. Through his or her confidences, one dyad member has committed to a possible loss. The possible loss in this case might include the detrimental use of the confidential information. The subsequent behavior in this case is a dyad member's retaining or revealing of the confidences.

This definition focuses on the trust placed in another specific person, not on the general tendency of one person to trust all others. This definition taps the cognitive and situational nature of trust, rather than a general dispositional nature. Previous studies testing trust in vertical dyads as well as other relationships have found trust of a specific-other person is a more powerful measure than the general dispositional measure. Generalized trust as a personality trait has been used in buyer-seller dyads. Evidence from these applications indicate generalized trust may be important in initial meetings or first-time sales interactions. It is less useful in explaining ongoing dyadic relationships. Lagace (1987) found measures of generalized trust were not significant in predicting LMX nor role stress. Trust measures which referred specifically to the salesperson or manager, however, were significant. Similarly Scott (1983) found specific-other trust measures exhibited stronger effect sizes than generalized measures.¹⁷ Trust of a dyadic partner, specifically the salesperson or manager, is an important part of the Leader-Member Exchange.

¹⁷ Specific-other trust measures were able to explain 11% of the variation and generalized measures explained only 8.4 and 2.7% (Scott 1983).

Accordingly, the success of the exchange process between a leader and follower is, to a large degree, dependent upon trust of the leader (Jennings 1967; Sgro, Worchel, Pence & Orban 1980). With trust the members of the dyad are willing to take risks and tolerate possible costs. Without trust subordinates feel they must be confrontational and make demands for their rights. Without trust leaders feel they must resort to assertions of authority (i.e. the reliance on positional contributions) (Hollander 1978). Trust may be even more important within the boundary spanning context of sales. Because the sales manager cannot directly observe the subordinate performing the task, he or she must place trust in the salesperson. The organizational goals of the seller and buyer may be in conflict, and in order to conclude a transaction the boundary role person may have to make concessions. These concessions have been associated with the sales manager's distrust (Adams 1976). If the sales manager believes the concessions are too numerous, trust levels may decline. According to experiments conducted in negotiation, if salespeople believe their manager distrusts them, they are likely to take a tough bargaining position and give fewer concessions to the buyer (Frey & Adams 1972). Trust affects the behaviors of both the superior and subordinate - especially if this vertical dyad is located near the organizational boundaries.

A few studies have explored differences between superior and subordinate trust. The average level of a subordinate's trust is significantly higher than the superior's trust. Using secretary-boss dyads as well as saleswoman-manager dyads, studies uncovered significant differences between subordinate and superior's trust of each other (Butler 1983; Lagace 1987). Butler's (1983) study found significantly higher trust levels among subordinates than superiors ($t = 3.42$; $p < .001$). Lagace's (1987) found the differences between saleswoman and manager trust of each other to be significant with a t value of 2.76 and $p < .005$. This difference is not surprising given the sales manager's authority over the salesperson. The salesperson is more dependent upon the sales manager and trust of the sales manager may be more important to the relationship than the sales manager's trust of the salesperson.

Reciprocity of trust may be important to the superior but not to the subordinate. Lagace (1987) examined trust between salespeople and their managers and found reciprocity of trust

was important to the sales manager but not the sales person. Lagace (1987) measured both trust of and trust from the specific vertical dyad member. The sales manager's perception of the quality of dyadic relationship includes both trust of and trust from the subordinate. The salesperson, however, does not perceive reciprocity to be important.¹⁸ Unlike Lagace, Butler (1983) measured trust of each vertical dyad member. He found significant relationships and concluded trust of the superior (subordinate) was affected by trust of the subordinate (superior). These mixed findings may be attributable to the exclusive focus on trust. Factors other than reciprocity of trust may determine the level of trust in a vertical dyad member. For example, trustworthiness of another dyad member may be based on their perceived competency level. As a result, the model proposed here includes other related factors, one of which is competence.

2. Competence

Competence is the perception of the amount, direction and quality of work-oriented activity each member of the dyad puts forth toward the mutual goals of the dyad (Dienesch 1987). Due to the boundary spanning nature of this vertical dyad, each member interprets the work-oriented activity differently. The salesperson's perception of the manager's relevant work-oriented activities is discussed next followed by the manager's perceptions of salesperson competency.

According to LMX, a subordinate evaluates his or her manager's competence based on the degree to which a manager represents subordinates, facilitates the accomplishment of goals, and coordinates efforts (Jacobs 1971). Subordinates evaluate the superior in terms of their success in obtaining resources or benefits for the work unit (Bass 1981). Leaders who establish high quality exchanges with their own bosses were seen by their subordinates as more technically competent and as possessing greater reward potential (Graen & Cashman 1975). Thus, part of managerial competence is based on the perceived quality of the relationship between the managers and their superiors (Cashman et al 1976).¹⁹ Just as superior

¹⁸ Trust of the superior was important, but trust from the superior did not enter the salesperson's model.

¹⁹ Dienesch & Liden (1986) argue this is moderator of exchange. According to these authors when

competence is judged based on the manager's ability to fulfill management responsibilities and acquire resources, the subordinate's competence is judged based on the manner in which he or she fulfills the assigned tasks.

Subordinate competence includes the superior's perception of their effort level, ability and skills. According to Hollander (1978) the leader evaluates competence of his or her followers in terms of their initiative. The more competent member takes the initiative; putting forth ideas and setting their own goals. From the manager's perspective, taking the initiative requires more effort and skill. The less competent member is passive, will not exert effort and may not possess the skills necessary for taking initiatives. The less competent subordinate will ask for detailed instructions which they follow without question rather than initiate action. Thus competence as perceived by the superior includes a level of initiative in the fulfillment of the assigned tasks. A certain (minimal) level of subordinate competence is expected by the manager. If the salesperson does not fulfill the basic task requirements, the manager has grounds for termination. As a result, subordinate competence is not as likely as the manager's competence to be perceived as a frequent reward unless it is truly exceptional (Porter, Allen & Angle 1981). While the required competence levels may vary, competence of both the manager and subordinate can influence the contributions of the other dyad member.

Previous LMX research has not examined the specific effects of perceived competence. Evidence from studies examining other perceptions, however, implies competence may be a factor in the exchange relationship. Characterizing the exchange relationship as either contractual (poor working relationship) or social (good working relationship) Kim & Organ's (1982) study supports the notion that the relationship is affected by perceived subordinate competence. According to their results, a leader is inclined to engage in a noncontractual social exchange with a subordinate who had the most to offer. If the superior believes the subordinate can and will contribute to task success beyond the minimal contractual obligations, then

leaders have access to resources they have more organizational power with which they can dole out the positional resources. This may be redundant. The degree to which a leader can acquire the positional resources is part of the leader's contribution. Other studies have shown managerial access to resources is an aspect of the manager's competence.

the superior is more willing to develop a social exchange. Contributing to task success may be based on perceived subordinate competence. In addition to subordinate competence, the competency level of the manager may be part of the exchange relationship. The purpose of the exchange between the leader and member is attainment of goals. Therefore, a crucial factor in the exchange is that the leader be seen to be competent in producing results (Hollander 1978; 1980). If the salesperson believes the manager has a successful track record and can contribute to his or her own success, the salesperson's other contribution levels may be favorably affected. The other contributions made by a salesperson include loyalty.

3. Loyalty

Loyalty is defined as the expression of public support for the goals and personal character of the manager (Dienesch 1987; Graen & Scandura 1987). Loyalty is demonstrated when a salesperson protects the manager from forces outside the dyad's immediate environment (Dienesch 1987). A subordinate expresses loyalty when she supports, defends or justifies the superior's decisions in their absence.

Both boundary spanning and social exchange theory point to the importance of salesperson loyalty. From a social exchange perspective, loyalty is seen as a form of social approval, and one way to reward a superior (Marcus & House 1973). Leaders often differentiate subordinates based on their loyalty, developing a more dependent and crucial relationship with the most loyal (Graen & Cashman 1975; Jennings 1967). From a boundary role perspective, the salesperson's loyalty is important given her distance from the sales manager. The salesperson serves two organizations; one with which she shares daily contact and the other she does not. The proximity to the external environment (i.e. daily contact with buyers) and the role conflict experienced by the salesperson may serve to erode her loyalty (Adams 1976; Miles 1980). The expression of support for (or defense of) the sales manager is seen as a valuable salesperson contribution and may play a part in the exchange relationship. Managerial support is similar to salesperson loyalty and issues regarding this similarity are addressed within the next section defining managerial support.

4. Support

Since the manager carries more positional power, the subordinate must feel certain this power will be used in a supportive rather than undermining manner. Managerial support of his or her subordinates has repeatedly been described as an element crucial to leadership (Bass 1981). Manager support is defined as readiness to assist the subordinate beyond what is organizationally required (Graen & Cashman 1975). It is the degree to which a superior stands behind the activities of his subordinate, especially in a high pressure situation (Dienesch 1987; Graen & Scandura 1987). The supportive manager will stand up for a subordinate even if it makes her unpopular. Further, the supportive manager exhibits behavior that enhances the subordinate's feelings of personal worth and importance (Dansereau et al. 1975; Jones, Lawrence & Bruni 1975).

In a high quality exchange relationship, the salesperson would be loyal to the manager and the manager would be supportive of the salesperson. Both subordinate loyalty and manager support are personal contributions and involve the defense of the other. The difference between these two contributions is attributable to the vertical nature of this boundary spanning dyad. As a follower, the salesperson upholds or is loyal to the manager. The salesperson is dependent upon the manager for support. Because the salesperson represents the firm to the external environment, his or her loyalty represents a major contribution to the quality of the superior-subordinate relationship. Managerial support of the subordinate is important both outside the confines of the dyad (i.e. to upper levels of management) as well as within the dyad (i.e. assurances from an authority or expert). For these reasons salesperson loyalty and manager support are unique to each dyad member. Latitude, however, is a contribution that can be made by either member of the dyad.

5. Latitude

Latitude is defined here as the degree to which one dyad member allows the other member flexibility.²⁰ This definition differs from others previously used in LMX theory testing as it

²⁰ This contribution is called latitude rather than flexibility for two reasons. First, the term and concept of latitude is consistent with LMX literature. Second latitude describes the dyad member's contribution to the relationship. Granting a dyad member latitude implies the dyad member is open or receptive to a dyad member's suggestions, actions or methods. The term flexibility does not carry the same implications.

applies to both the follower and the leader. The manager occupies a more powerful position within the hierarchy and can withhold or allow the salesperson latitude in the performance of tasks. The manager grants varying degrees of latitude to subordinates when negotiating the subordinate's role expectations (Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Graen & Ginsburgh 1977; Liden & Graen 1980; Graen & Scandura 1987). The manager is not completely independent of the subordinate, however. In order to be effective, he or she requires the cooperation and acceptance of the subordinate. If the manager employs unconventional techniques or violates norms of behavior, the subordinate may withhold their acceptance. Thus, it is possible for the subordinate to tolerate managerial deviations from norms or accepted standards by giving their acceptance. Salesperson latitude is evidenced by the degree of leader acceptance or cooperation granted (Hollander 1978; Jacobs 1971). Latitude can be granted by either the salesperson or the manager and allows the other member discretion in how to perform their respective jobs.

The concept of latitude is the cornerstone of Leader-Member Exchange theory. LMX studies defined latitude as the degree to which the superior was willing to negotiate role expectations with the subordinate. Organizational roles are ambiguously or incompletely specified and must be completed by organizational participants (Katz & Kahn 1978). Due to the hierarchical structure of most organizations, the salesperson's immediate supervisor will be extremely influential in this process. Unstructured, informal negotiating takes place between the superior and the subordinate (Dienesch & Liden 1986).

Initially LMX studies considered this one contribution, latitude, to be the sole indicator of the quality of the subordinate-superior relationship. The degree of latitude granted to a subordinate distinguished high quality exchanges from low quality exchanges. In a low quality exchange the manager dictated to rather than negotiated with a subordinate (Graen & Cashman 1975). Studies have consistently found manager-subordinate dyads differ significantly with respect to latitude granted by the manager (Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Cashman, Dansereau, Graen & Haga 1976; Graen & Ginsburgh 1977; Graen & Schiemann 1978; Liden & Graen 1980; Graen, Novak & Sommerkamp 1982; Rosse &

Kraut 1983; Scandura & Graen 1984; Vecchio & Gobdel 1984). Other than latitude, however, the specific subordinate contributions which explain differences in dyads, however, remain unexplored. Further, these dyadic differences have not yet been explored in the field sales setting. The field sales setting carries other contributions which either member of the dyad holds, information about or access to an internal or external constituent group.

6. Information

For the purposes of the proposed model, information is defined as knowledge that is strategic in nature and that goes beyond the facts each member of the dyad needs to know in order to perform basic positional responsibilities. Basic supervisory responsibilities, such as informing the subordinate about job limitations and performance feedback, do not demonstrate a consistently significant positive relationship to LMX (Graen & Ginsburgh 1977; Liden & Graen 1980). However, when information is described as "inside information (e.g. information regarding the rationale in support of policies or information about what is likely to happen in the future) a different picture unfolds. Significant relationships exist between strategic or "inside" information and the quality of the exchange relationship (Graen & Cashman 1975). One recent study examined the exchange of "inside" or confidential information within vertical dyads. This type of information exchange correlated significantly with measures of the quality of the Leader-Member Exchange relationship (Kozlowski & Doherty 1989).²¹ Based on these results one would expect a high quality exchange relationship to be characterized by the sharing of valuable (not simply the quantity of required) information.

The exchange of strategic information is especially important to the boundary spanning context. Each member of the salesperson-manager dyad has access to a valuable source of information. The salesperson, through their daily contact with the external environment, provides information needed for strategic, managerial and technical decisions (Aldrich & Herker 1977; Brown 1966; Dollinger 1984; McCall 1978; Miles 1980). The sales manager has access to higher levels of the internal organizations hierarchy and contributes "inside" in-

²¹ Measures of Leader-Member Exchange and Information Exchange shared a .73 correlation (Kozlowski & Doherty 1989).

formation about the organization's plans and problems (Graen & Scandura 1987). Both members of the dyad can provide information about what is likely to occur in the future either internally (sales manager contributed information) or externally (salesperson contributed information). Similarly, each dyad member controls access to either an internal or external constituent group.

7. Access to Constituent Group

Access to a constituent group is defined as the degree to which the salesperson or manager encourages or facilitates contact with either the buyers (in the case of the salesperson) or with higher levels of management (in the case of the sales manager). The buyers are part of the salesperson's external constituency and higher levels of management are part of the manager's internal constituency. The salesperson and manager span the organizational boundaries of the firm and serve both internal and external constituents (Anderson 1982). The field salesperson serves the buyers, an external constituency, representing the concerns and interests of the buyers in his or her attempt to satisfy their long-term needs. The salesperson, through their daily contact and/or long-standing relationships with buyers, controls access to this external constituency. The sales manager is part of the managerial hierarchy and thus is part of the internal constituent group (i.e. management). The sales manager, as part of the management hierarchy, controls access to the internal constituency, higher levels of management. Each member of the salesperson-manager dyad can benefit from access to the other's constituency.

Access is facilitated when a dyad member encourages "face-to-face" contact between her constituents and the other dyad member. For example, the field salesperson can schedule appointments such that the manager accompanies him or her frequently or infrequently on key account calls. The sales manager's visibility with or access to buyers (especially key account buyers) can increase their firsthand knowledge of the marketplace, as well as their power and influence within the organization (Miles 1980). Similarly, the sales manager can delegate responsibilities to the salesperson that will increase his or her opportunity to interact with upper management (i.e. conducting regional seminars, making headquarter presenta-

tions, etc.) (Jennings 1967). This exposure can increase the salesperson's stature within the firm and their opportunities for career advancement. This direct access or face-to-face contact is valued by both dyad members.

Access to the constituent group can also be shared in an indirect manner; one that does not require face-to-face interaction. The salesperson or manager can make the constituent group aware of the dyad members' activity or influence. For example, during a sales call the salesperson can invoke (or ignore) the authority or expertise of the sales manager. The sales manager can relay (or suppress) reports of a subordinate's success to higher levels of management. A salesperson's visibility with or access to higher levels of management can increase the salesperson's status or career advancement (Jennings 1967). When the constituent is made aware of the dyad members' influence, authority, efforts or successes, the sharing of access is indirect. Through these direct or indirect methods, the salesperson or manager controls access to a valued constituency.

While both dyad members control access to a constituent group, it is unlikely that the subordinate's control will carry the same weight as the superior's. By virtue of her position on a higher rung of the ladder, the sales manager can demand access to the salesperson's constituency. If managers must assert their authority and demand access, one would expect the working relationship between salesperson and manager to be strained. Demanding access implies a lesser quality of exchange relationship exists between salesperson and manager. The definition proposed here captures this by specifying the degree to which the salesperson **facilitates or encourages** contact rather than responding to a demand for contact. The salesperson who facilitates and encourages contact between his buyers and his manager is not responding to demands, but sharing access. A higher quality exchange relationship should be characterized by fewer barriers to the constituent group and higher levels of facilitation.

The salesperson can circumvent the manager in gaining access to higher levels of management. The salesperson can contact his or her manager's superiors without the approval or even knowledge of the manager. If, however, the salesperson were to independently

and consistently maintain this contact, it is likely this would erode the quality of the working relationship. In effect the salesperson is ignoring the hierarchy or chain of command. The sales manager is no longer sharing access to his or her superiors. In this case the manager has not shared access and has not facilitated or encouraged contact. Just as the sales manager can demand access to the external constituency, the salesperson can bypass the manager and gain access to the internal constituency. In both of these cases one would expect the quality of exchange relationship will be damaged when the dyad member does not facilitate or encourage contact. While both salesperson and manager control access to a constituent group, not all positional contributions are shared. The sales manager exerts control over pay, promotion and task assignments.

8. Control Over Pay, Promotion and Task Assignments

The positional contributions of the sales manager includes control over pay (i.e. merit pay increases), promotion recommendations and the assignment of tasks (territories or accounts) to subordinates. Typically in the field sales setting these contributions are awarded on a competitive basis, and the sales manager is responsible for evaluating personnel and allocating the rewards. Salespeople, to varying degrees, perceive these contributions to be valuable rewards for their personal and positional contributions.

While the manager's control over these resources has not been explicitly studied within the LMX stream of research, evidence suggests this contributions is an important factor. Perceptions of inequity in pay is significantly inversely related to LMX (Vecchio, Griffeth & Hom 1986). According to this study, it is the perceived inequity of the manager's execution of the rules, rather than the rules themselves which are related to LMX. The quality of the salesperson-manager relationship may depend more on the manner with which the manager controls pay, promotion and task assignments than on the corporate policies.

Herold (1977) found leader control over pay affected member's behavior and performance. Within the boundary spanning setting, the manager's control over pay may affect the salesperson's behavior. The manager of a boundary role person competes with external organizations for control or influence over the subordinate (Adams 1976). One form of control

is financial remuneration. Sales commissions reflect the control of the external environment. The internal organizational environment controls through the use of salary increases based on merit (i.e. superior evaluations). Thus, the sales manager's control over salary increases will affect the quality of vertical exchange.

The speed of a subordinate's promotion is significantly correlated with the quality of vertical exchange (Wakabayashi & Graen 1984). Career advancement (i.e. the manager's recommendations for an employee's promotion) is an especially valuable contribution for the salesperson. The salesperson, within their boundary spanning role, experiences a high degree of conflict. Career advancement is seen as the pay-off or counter balance for this degree of experienced conflict he or she must bear (Aldrich & Herker 1977; Miles 1980). If a manager controls (or is highly instrumental in) the promotion of the salesperson, this control will be perceived as a positional contribution to the exchange relationship.

The effects of a manager's assignment of tasks are associated with LMX. Vecchio, Griffeth & Hom (1986) found an inverse relationship between perceived inequity in task assignment and the quality of leader-member exchange.²² Task assignment can represent an opportunity for professional growth, skill acquisition or achievements which promote visibility with upper echelons (Graen & Scandura 1987). As a result, task assignment is perceived as a manager's positional contribution. Task assignments within the field sales setting might include key account responsibilities, assigning territories, performing market or competitive activity analyses, or conducting sales training seminars. These positional resources held by the manager may influence the salesperson's personal and positional contributions and the specific exchange relationships between contributions is addressed next.

B. Types of Exchange Relationships: Literature Review

Theoretical and empirical evidence suggests these eight contributions are part of the exchanges between members of a vertical dyad. The purpose of this section is to provide sup-

²² Task assignment was measured by work pace and rule administration.

porting evidence from boundary role theory and leadership research for the notion of exchange between these contributions. Studies have explored the following exchange relationships: 1) trust for competence, information, loyalty, support or latitude, 2) competence for latitude, 3) loyalty for latitude support or trust, and 4) support for information.

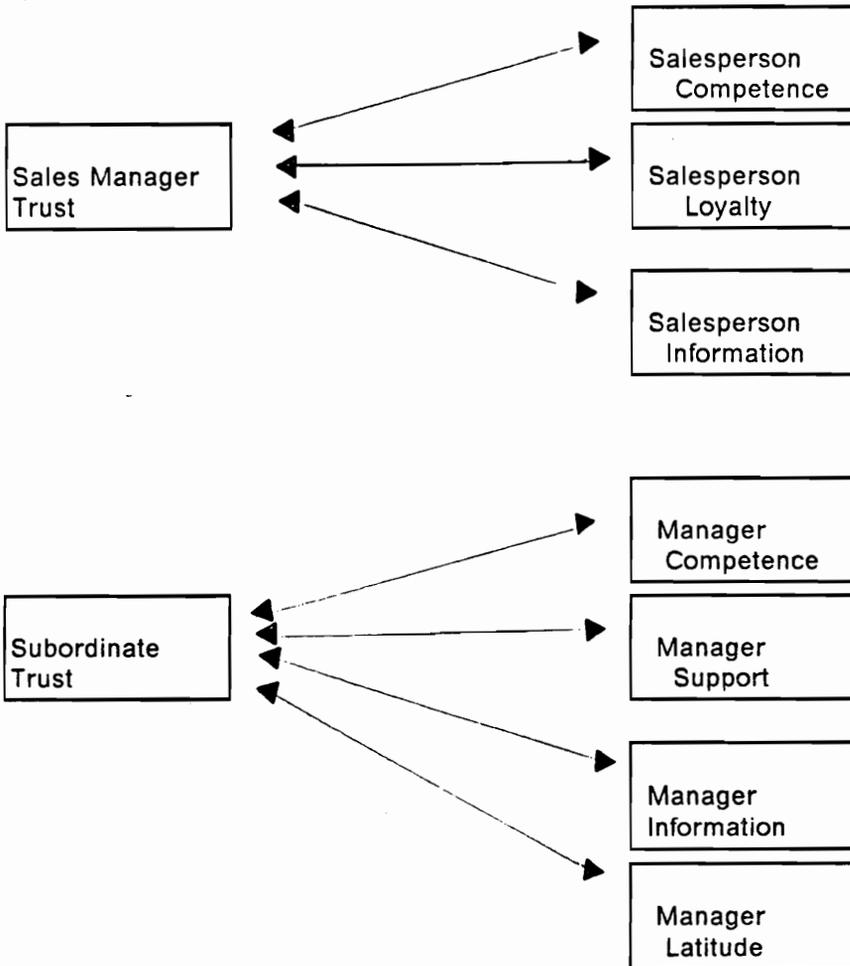
1.Literature review: Trust for Competence, Information, Loyalty, Support or Latitude

There is evidence to suggest that a dyad member determines their level of trust based on personal and positional contributions. Competence and loyalty may act as cues for both the superior and subordinate trust (Butler & Cantrell 1984; Jennings 1967; Wall & Adams 1974). Similarly, information (openness or the willingness to share information) may act as an antecedent to the subordinate's trust of the superior (Butler & Cantrell 1984; Gabarro 1978). One might infer from these studies that each dyadic member bases his or her level of trust upon the other dyad member's contributions such as competence, loyalty and information. Studies examining the antecedents to vertical dyad trust, however, are few.

The majority of studies examine correlates, rather than antecedents to trust. Trust is associated with the increase in the amount and nature of information exchanged. Under conditions of vertical dyad trust, there is less likelihood of filtering out unfavorable information and increased likelihood of conveying appropriate information (O'Reilly & Roberts 1974; Zand 1972).²³ Thus one may conclude that trust can act as a catalyst for (or facilitating factor in) the exchange of information between salesperson and manager. Further, trust of the manager is associated with managerial contributions of support and latitude. Trust of the manager is related to the amount of supportive behavior (Atwater 1988; Jones, Lawrence & Bruni 1975) and the amount of participation or latitude granted the subordinate (Atwater 1988; Driscoll 1978; Zand 1972). Mutual trust and trust of the leader influence the nature of the information exchanged as well as the level of managerial support and latitude. Trust, like the other contributions such as competence, affects the levels of other contributions. The following figure

²³ Appropriate information in these studies was defined as information which was useful for strategic managerial decision making. It was accurate, unbiased and timely.

is offered as a summary of the contributions which, according to some studies are affected by trust.



2.Literature review: Competence for Latitude

Competence and latitude may be exchanged by both the subordinate and the superior. Latitude was defined as the degree to which one dyad member allows the other dyad member discretion in performing their tasks. The manager grants latitude to the salesperson in the form of increased authority or less monitoring of activities. The salesperson grants latitude to the manager by tolerating unconventional methods and cooperating with the managerial changes. Both members of this exchange may grant latitude based on the perceived level of competence of the other party. Theoretically, the subordinate will be more tolerant and accepting of a leader he or she sees as more competent (Hollander 1978). The manager may

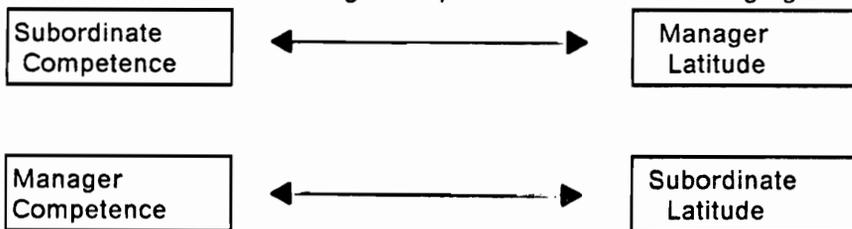
make similar judgments and grant the more competent subordinate additional latitude. This section presents the theoretical rationale in support of this exchange relationship.

According to social exchange theory subordinates will be more tolerant (e.g. grant more latitude) of unconventional methods (or behaviors) of a leader if they believe he or she is more competent (Hollander 1978; 1980).²⁴ Subordinates will tolerate, accept and continue to follow a competent leader. In effect, this allows the leader latitude in his or her behavior. As long as the manager demonstrates above average abilities and successes, subordinates have little reason to protest. Even though the subordinate may not agree with the methods employed by the manager, the subordinate will comply with managerial directives and give the manager their cooperation, acceptance and support. If the sales force is oriented toward goal achievement and leader direction results in attainment of these goals, salespeople will perceive the cost of granting latitude to the manager as worthwhile. If, for example, subordinates believe the superior did not exert sufficient effort or acted to satisfy his or her own personal needs at the sacrifice of the subordinate, then the leader took benefits without proper reciprocation. Under these circumstances the subordinate will resist leadership efforts and refuse to comply unless the leader adheres to expected or conventional behavior. This resistance has the effect of restricting the leader's behavior or reducing his or her behavioral latitude (Jacobs 1971). Competency of the manager provides a bases for granting or denying that manager some latitude.

Managers, like subordinates, value competence and may grant or deny the salesperson latitude based on perceived competence. Results from Steel & Mento's (1987) study indicated self-ratings of subordinate task competence may have some effect on participative decision making styles used by their managers. Participative methods have the effect of involving the subordinate and thus allowing the subordinate input and flexibility in performing their task assignments. Participative methods involve a higher cost to the manager than simply being directive. The costs to the manager associated with participative methods include time for

²⁴ The basic postulates of this theory have been tested using informal small groups. Based on the literature reviewed here, this part of the theory has not been tested in a formal work environment.

implementation and the assumption of more risk. These costs are perceived to be worthwhile given the competency level of the subordinate. Managers believe a lower quality business decision will result from granting latitude to a less competent employee (Maier 1963; Rosen & Jerdee 1977). In an experiment with confederate subordinates trained to act in a competent or incompetent manner, researchers found the more competent subordinates were given less structure from the subject managers (Greene 1975). Judgments as to how much latitude should be granted, therefore, are based on the perceived competency level of either the salesperson or the manager. In terms of social exchange of LMX, competence is contributed for latitude and this exchange is represented in the following figure:



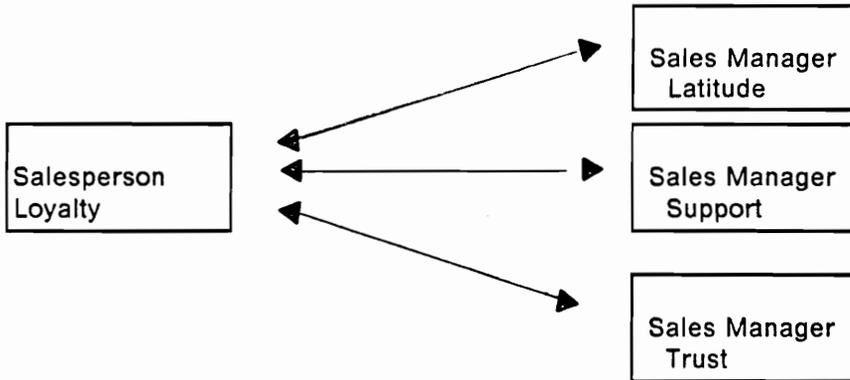
3.Literature review: Salesperson Loyalty for Managerial Latitude, Support or Trust

According to one study, loyalty is related to leader behavior and leader perceptions. Atwater (1988) found loyalty to the leader predicted subsequent supportive and participative leader behaviors such as accepting and incorporating worker suggestions, allowing workers freedom in how they work and supporting opportunities for improvement of workers. Some research has explored loyalty within the boundary role position and found a relationship between loyalty, performance and trust.

In an experiment based on the field sales setting, Wall (1972) found that in organizations that lost money, salespeople were perceived by the subjects (assuming the role of a sales manager) as much less loyal than salespeople in organizations that made money.

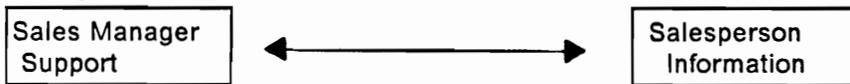
It is possible that the subjects believed the salespeople made too many concessions, were more loyal to the buyers than the sales organization and contributed to the loss in revenues. The subjects were also less likely to trust disloyal salespeople. If sales managers share the views of these experimental subjects, one might expect perceived loyalty of the salesperson

to be associated with lower trust and competency levels. In summary, loyalty has been linked to managerial support and latitude.



4.Literature review: Sales Manager Support and Information

Managerial support may be related to various aspects of information. Research in organizational communication links perceptions of leader support to more open and accurate exchange of information (Burke & Wilcox 1969; O’Reilly & Roberts 1977; Zand 1972). Support has been expressed as a function of the rate of work-focused communication to superiors, from superiors and the duration of communication to superiors (Kirkmeyer & Lin 1987). Thus, manager support is intertwined with subordinate information.



In summary; the salesperson can be rewarded with the positional resources such as pay, promotion, tasks, latitude, information or exposure to higher levels of management. The contributions of the manager extend beyond those associated with his or her position. The sales manager also provides personal support, competency and trust. The salesperson’s contributions include positional (information and access to his or her external constituency) as well as personal (trust, competence, latitude and loyalty). (See Figure 1 on page 186 for summary of personal and positional contributions of the salesperson and manager.) According to social exchange theory, the contributions of one dyad member are based on the contributions of the other dyad member. This notion is supported by evidence of exchange

relationships between subordinate and superior contributions of trust, competence, loyalty and support.

The proposed model of the salesperson-manager relationship is based on these contributions and exchange relationships. The dyad member's evaluation of the working relationship is determined by the type of contribution (personal or positional) and the source of the contributions (salesperson or manager). Further, one might expect favorable evaluations of the vertical dyadic relationship will have positive effects on job-related outcomes. Since this vertical dyad occupies a boundary spanning position, the environment may moderate the effect of the working relationship on job-related outcomes. Before discussing the outcomes and possible moderators, a description of the salesperson-manager relationship is offered.

Quality of Salesperson-Manager Relationship

The proposed model of the salesperson-manager relationship builds on LMX theory and attempts to rectify previously mentioned weaknesses associated with the LMX concept. Specifically, this model includes both personal and positional contributions of each dyad member and offers a description of the quality of a working relationship based on various combinations of these exchanges. This section will first discuss the problems with the current approach to defining LMX and how the model proposed here addresses these problems. This discussion is followed by the description of the proposed model.

As Dienesch & Liden (1986) conclude in their review of the LMX stream of research, a complete conceptual description of LMX is lacking. Earlier works that did offer a description, described LMX in terms of only negotiating latitude. According to this definition, a high quality of a leader-member exchange relationship exists when the manager is willing to negotiate (rather than dictate) role expectations with the subordinate (Graen et al. 1976; Graen & Cashman 1975). While negotiating latitude may be crucial, it is one of many contributions exchanged in this vertical dyad. Subsequent LMX studies (those after 1980) added items to

the LMX (or negotiating latitude) scale without offering conceptual support. As a result, the current 7-item LMX scale includes items which seem to measure more than negotiating latitude. (See Table 8 on page 203 for items from the various LMX scales.) Further, if social exchange principles apply to this vertical dyad, describing a dyadic exchange in terms of only the manager's contribution of latitude seems inconsistent. What about the latitude granted by the subordinate? The model proposed here, therefore, expands on the contributions made by both dyad members. The eight contributions defined in the previous section represent personal and positional resources of the salesperson and manager.

The effect of these contributions has been addressed by Dienesch & Liden (1986) and Graen & Scandura (1987). Dienesch & Liden (1986) claim the vertical dyad relationship will develop in terms of mutual contributions. The quality of the relationship can be described in terms of mutual contributions such as trust, affect, and loyalty. Given the vertical nature of the dyad, however, these contributions may not carry the same weight or be reciprocal. Graen & Scandura (1987) provide a thorough description of dyadic behaviors (or contributions) and describe the relationship as the emergence of "sets of interlocked behavior cycles that are mutually reinforcing" and claim "the dyadic relationship develops around interlocked behaviors". While this is intuitively appealing, an explicit description of the cycles, interlocked behaviors or exchanged contributions is not provided. It is unclear what managerial contribution leads to (or is associated with) what subordinate contributions - and how the resultant exchanges effect the overall relationship. The model proposed here attempts to provide this explanation.

The description of the salesperson-manager relationship proposed here includes both subordinate and manager contributions.

These contributions are particularly important to the boundary spanning context and provide the basis for the proposed model of the salesperson-manager relationship. These contributions represent the personal or positional nature of each dyad member's resources. The exchanges of these personal or positional contributions explain the overall quality of the exchange relationship. A vertical dyad relationship can develop as a result of personal and/or

positional contributions of the vertical dyad members. The subsequent sections describe the quality of salesperson-manager relationship in terms of these contributions.

A. Quality of Relationship and the Exchanged Contributions

The quality of the salesperson-manager relationship is a subjective judgment made by a dyad member. It is a dyad member's judgment about the overall excellence or superiority of the working relationship. This judgment is based on the contributions exchanged within this dyadic relationship.

The contributions are part of this reciprocal influence pattern in which a contribution of one dyad member evokes contributions from the other. These reciprocal influence patterns are described by Graen & Scandura (1987) as interlocked behavior cycles (i.e. reciprocal influence system through which behaviors of dyad members become interdependent). The dyadic relationship develops around these interlocked behaviors (Graen & Scandura 1987). The contributions are made by each member of the dyad, become associated with that member and by implication to the leader-member relationship. Through a common history (as described by Graen & Scandura's (1987) role development model) the members of a vertical dyad have built up a set of perceptions and expectations about the other person and the relationship (Dienesch 1986). Such patterns are the basic units for describing interpersonal influence and relationships (Hollander 1979). When a dyad member evaluates the working relationship, they do so in terms of these contributions.

The personal and positional contributions previously discussed in this chapter are particularly important to the field sales setting. The overall judgment of the salesperson and manager's working relationship reflects the various possible combinations of the dyad members' contributions. The model of the salesperson-manager relationship proposed here adopts a social exchange perspective, and contends a dyad member's overall judgment about the quality of the relationship is a function of the contributions exchanged.

Specifically, the quality of the relationship depends on how many contributions and which types of contributions (either salesperson personal, salesperson positional, sales manager personal or sales manager positional) are exchanged. Exchange relationships can be de-

scribed in terms of the number of contributions exchanged. These descriptions (or levels of exchange relationships) include dyads characterized by the exchange of two, three or four types of contributions. Within each of these levels different combinations are possible. (For example the exchange of two contributions could include salesperson personal for sales manager positional or salesperson personal for sales manager personal.) The quality of the relationship within each of these levels may depend upon **which** contributions are exchanged and the **number** of the contributions.

The personal or positional contributions of the manager and salesperson do not have the same effect on determining the quality level. Within the sales organization, the manager and salesperson do not occupy the same hierarchical position and as a result the manager-salesperson dyad is a vertical one. Because this dyad is a vertical one, the positional and personal contributions of the members may not have the same effect on a dyad member's assessment of the exchange relationship. The sales manager occupies a higher position within the hierarchy, and his or her positional contributions outweigh the subordinates' (Porter, Allen & Angle 1981). The salesperson occupies a subordinate position in this vertical dyad, and their positional contributions may not have the same impact as their personal contributions. As the subordinate, the salesperson is required to fulfill job requirements (i.e. those required in their position as a sales employee). Because the manager can dismiss the salesperson for nonperformance of positional requirements, he or she is more likely to be influenced by the competency, loyalty or trustworthiness of a particular salesperson. The salesperson's major contribution, as the subordinate in this vertical dyad, consists of personal resources and their positional resources are usually subordinate to the managers (Graen & Cashman 1975; Graen & Schiemann 1978). Given the nature of the various contributions made by each member of the vertical dyad, the quality of relationship may not be judged the same for all combinations of exchanged contributions.

Generally, a dyad member assesses the working relationship based on the type (positional or personal) and source (salesperson or manager) of the contribution made. Based on the two types and two sources, this model will refer to four categories of contributions: sales

manager personal, sales manager positional, salesperson personal, and salesperson positional. The quality of the relationship will depend upon whether the salesperson or manager is making the contribution, whether the salesperson or manager is making a personal or positional contribution and the total number of contributions exchanged by both dyad members. The total number of contributions exchanged (either 2, 3 or 4 categories of contributions) will determine the level of the exchange relationship. Within each level, the nature of the contributions exchanged (type and source) will determine the quality of working relationship. The balance of this section will discuss the levels of exchange relationship and the differences within each level. This discussion and the description of the quality of salesperson-manager relationship is based on the following general proposition.

Proposition 1

The quality of the relationship is positively related to the number and types of contributions exchanged.

Both the type and number of contributions are important. The ensuing discussion first addresses the number of (how many) contributions then turns to the effects of the nature of (which) the contributions.

B. Levels of Exchange Relationship: The Number of Contributions

Based on the number of contributions exchanged (i.e. salesperson personal and/or positional contributions exchanged for manager personal and/or positional contributions), the quality of exchange can be described in terms of three levels. The first level is limited to the exchange of one type from each dyad member. An example of this first level might include the exchange of salesperson positional resources for sales manager positional. This level of relationship is symmetric as both the salesperson and the manager are contributing one type of resource. Because each dyad member contributes one rather than two types of resources, this first level represents a partial exchange. The second level includes exchanges of two types of contributions from one dyad member for one category of contributions from the other dyad member. This level of exchange is asymmetric as one dyad member is contributing two types of resources and the other dyad member is contributing one type of resource. For ex-

ample, the sales manager may exchange personal and positional for salesperson personal contributions. The third level is the most comprehensive form of exchange involving all categories from both the salesperson and manager. The exchange of both types of contributions from both dyad members is described as a completely symmetric exchange relationship. The figure on the following page represents the combinations for each of the previously described levels.

Figure A: Types of Resource Exchanges Within Quality Levels

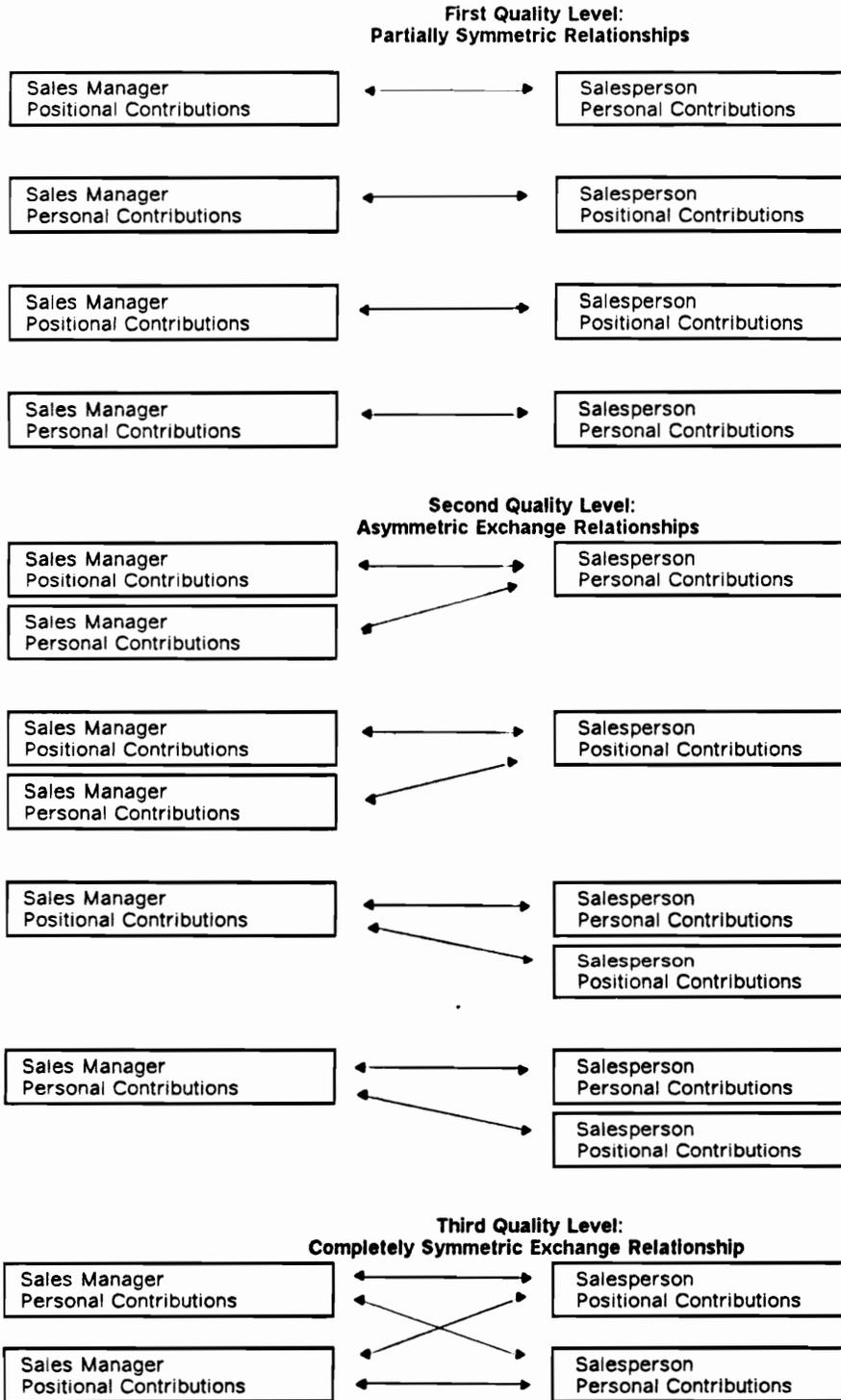


Figure A: Types of Resource Exchanges Within Quality Levels

The balance of this section describes each of these levels beginning with partial symmetric, then asymmetric and finally complete symmetric relationships.

1. First Level: Partially Symmetric Exchange Relationships and the Type of Contributions Exchanged

The first level exchange is restricted to one type of contribution (either personal or positional) from each member. This level of relationship includes only two of the four contributions and is labeled partial symmetry. (The four contributions include two types of contributions - personal and positional from two sources - the salesperson or manager.) The combinations at this level include: both members making only positional contributions, both members making only personal contributions or the exchange of salesperson personal and sales manager positional contributions. (See Figure 2 on page 187.) Each of these combinations are described and compared in terms of quality level of the relationship.

When only positional contributions are exchanged, the relationship is lacking a relational dimension (Graen & Schiemann 1978; Lagace 1987).²⁵ For example, information is given only when the dyad member has received information rather than volunteered out of trust or loyalty. The salesperson's positional contributions are exchanged for the tangible rather than personal rewards offered by the manager. The salesperson offers information as part of their job requirements, for which they are reimbursed (i.e. the manager's positional control over pay). Results from laboratory experiments indicate that lower levels of worker competencies are associated with contractual (as opposed to noncontractual social) exchanges between vertical dyad members (Kim & Organ 1981). If competencies of the dyad members are lower in this type of exchange, one would expect lower quality levels in terms of satisfaction or performance. According to LMX theory and research results, then, one would expect the exchange of only positional contributions to be inferior to those which include one member's personal contribution.²⁶

²⁵ A relational dimension was defined as the degree to which the manager responded in a sensitive and supportive manner to the personal needs of the subordinate Graen & Schiemann 1978; Lagace 1987). According to the principles of social exchange, relational dimension could also apply to the subordinate member of this dyad and refer to the degree to which the salesperson is sensitive to the personal needs of the manager.

²⁶ Exchanges which include one member's personal contributions are exchanges of salesperson per-

The exchange of only personal contributions may occur when the sales manager occupies a weak position within the organization. The manager does not have sufficient authority to award promotions or task assignments, or is not privy to inside information. Therefore, the manager must fall back on personal contributions to the relationship (e.g. trustworthiness, competency, etc.). Realizing the limitations, the salesperson may respond with favorable personal contributions (e.g. trust and loyalty), however, does not find the sharing of information or granting access to key account buyers rewarding.²⁷ The limitations of an exchange restricted to personal contributions would not be evaluated as favorably as an exchange which included both personal and positional resources.

The exchange of sales manager positional contributions and salesperson personal contributions has been described as the "basic form" of exchange (Graen, Novak, Sommerkamp 1982; Kim & Organ 1982). Each dyad member fulfills the basic requirements of the subordinate-superior relationship. The sales manager exerts authority (positional contributions) and the salesperson expends personal efforts, trusts the hierarchy, etc. The manager occupies a position higher in the hierarchy and controls more positional resources than the subordinate (Porter, Allen & Angle 1981). Further, leadership and LMX research consistently point to the importance of subordinate contributions of trust, competency, loyalty and latitude (Dansereau, Graen & Haga 1975; Graen & Cashman 1975; Greene 1975; Kim & Organ 1982; Liden & Graen 1980; Rosse & Kraut 1983; Scandura & Graen 1984; Wakabayashi & Graen 1984).

Because this exchange involves both personal and positional contributions, it does not suffer from the weaknesses of exchanges restricted to one category of contributions. Exchange of only positional contributions lacks a relational aspect. Exchange restricted to personal contributions implies the manager lacks authority. Given the positional power of the

sonal for sales manager positional, sales manager personal for salesperson positional and salesperson personal for manager personal.

²⁷ Another possible response by the salesperson is to simply lose respect for the sales manager or act in condescending manner. In this case the salesperson is withholding support and reducing their personal contribution to the relationship. The sales manager contributes his or her personal contributions and the salesperson does not.

manager and the importance of the salesperson's personal contributions, the exchange of salesperson personal contributions and managerial positional is superior to the other types of exchange within this first level. Based on this logic the following proposal is offered.

Proposition 1.1

The quality of the relationship within the first level (partially symmetric exchange relationships) is determined by the nature of the exchanged contributions. The exchange of manager positional for salesperson personal contributions is of higher quality than other first level relationships (partially symmetric relationships).

2. Second Level:

Asymmetric Exchange Relationships and the Nature of the Exchanged Contributions

The previously described first level of exchange is based on the exchange of two categories (one from each member). This second level is based on the exchange of three categories of contributions. One member of the vertical dyad contributes both personal and positional resources and the other member contributes only one category. The possible exchanges at this level include those which require both resources from the manager (sales manager personal and positional for salesperson personal contributions or sales manager personal and positional for salesperson positional) and those which require both resources from the salesperson (salesperson personal and positional for sales manager positional or salesperson personal and positional for the sales manager's personal contributions). (See Figure 3 on page 188.) These exchange relationships are unbalanced or asymmetric as one member contributes more to the exchange than the other dyadic member.

Leadership theories and empirical evidence from vertical dyad studies suggest an asymmetric exchange can be considered a high quality relationship. Specifically, an asymmetric exchange in which the sales manager is contributing both personal and positional resources may be a high quality relationship since the superior member of this dyad is making the contributions. Leadership theories such as two-factor and situational approaches, claim the manager should provide both personal and positional contributions to the vertical exchange. The two-factor theory of leadership contends the successful manager uses both personal and

positional resources (Bass 1981). The situational theory of leadership contends the leader must be ready for all contingencies and be able to focus on both positional requirements of the task and satisfy the personal needs of the subordinate (Bass 1981). These notions may be part of the implicit leadership theories held by both subordinate and superior (Phillips 1986). Members of this vertical dyad may expect the manager to provide both types of contributions. The dyad members may evaluate the overall leader-member relationship with this expectation in mind. In effect, the vertical nature of the dyad influences the expectations of each member's contributions. Because the manager occupies a superior position in the dyad, he or she is expected to carry the burden of both contributions.

The salesperson, on the other hand, occupies a subordinate position and is not subject to the same expectations. Evidence comparing vertical dyad member's trust and competency levels seems to support this notion. The trust and competency levels of the subordinate member of the vertical dyad are not the same as the superior. The manager has authority over the subordinate and thus we find trust levels among subordinates differ from those of the manager (Butler & Cantrell 1983; Lagace 1987). Similarly, competency levels are not the same in vertical dyads (Snyder & Bruning 1985). When the subordinate member of the vertical dyad contributes both types of contributions and receives one in return, this may be seen as a case of exploiting the subordinate. According to social exchange theory, both members of this dyad (the exploited subordinate and the "over-benefitted" superior) will evaluate the relationship unfavorably (Emerson 1987).

As a result one might expect asymmetric exchanges which are based on the both salesperson personal and positional contributions to be deemed exploitative and of poor quality. Asymmetric exchanges which are based on both sales manager personal and positional contributions, however, reflect dyad members expectations regarding the superior and are of higher quality. Accordingly, the following proposition is offered regarding asymmetric exchanges.

Proposition 1.2

The quality of the relationship within the second level (asymmetric exchange relationships) is determined by the nature of the exchanged contributions. The exchange of manager positional and personal contributions for either salesperson personal or positional contributions is of higher quality than other second level (asymmetric exchange) relationships.

3. Third Level:

Completely Symmetric Exchanges versus Partial or Asymmetric Exchanges

The third level is characterized by exchanges of all possible combinations of contributions. (See Figure 4 on page 189.) At this extreme, the dyadic members base their contributions on both the personal and positional contributions of the other. For example, the salesperson makes positional contributions such as granting access to key account buyers and strategic information based not only on the positional rewards the manager can offer but because the salesperson values his or her manager's trust and competency levels. The sales manager is fulfilling his or her "leadership" responsibilities by contributing both types of resources and in return he or she is receiving both subordinate personal and positional resources. In the complete symmetric exchange relationship the basis for each member's contributions is not restricted to specific types of contributions. The personal and positional contributions of one dyad members reinforces the contributions of the other.

This quality of exchange is similar to the "Noncontractual Social Exchange" proposed by Kim & Organ (1982). This type of exchange relationship occurs when both dyad members are making personal and positional contributions and expanding their interdependencies beyond the contractual obligations of the employee and employer. Both the salesperson and manager have exceeded the contractual obligations of the vertical dyad and have developed a comprehensive exchange relationship. In contrast, the contractual exchange is typified by the first level exchange of managerial positional for salesperson personal contributions. While both contractual and noncontractual social exchanges are functional, they represent two different points in the quality continuum. Fulfilling contractual obligations will result in continued employment. The dyad members, however, restrict their exchanges and limit the quality of

the relationship. Going beyond the positional requirements, however, will increase the dyad member's overall assessment of the working relationship. Thus, one would expect complete exchange to be of higher quality than all other levels of exchange relationships. Based on this expectation, the following proposal is offered.

Proposition 1.3

The quality of a relationship will be higher for third level relationships (completely symmetric exchange) than first (partially symmetric) or second (asymmetric) level relationships.

Increases in the quality of relationship will result from increases in the number diversity of the exchanged contributions. Increases in the quality of the relationship should result in favorable job-related outcomes. Since the salesperson is responsible for generating revenue his or her performance and satisfaction are of particular interest. The job-related outcomes addressed in this proposed model, therefore will include salesperson performance and satisfaction.

Increases in the quality of relationship will result from increases in the number diversity of the exchanged contributions. Increases in the quality of the relationship should result in favorable job-related outcomes. Since the salesperson is responsible for generating revenue, his or her performance and satisfaction are of particular interest. The job-related outcomes addressed in this proposed model, therefore will include salesperson performance and satisfaction.

The Quality of Exchange Relationship's Impact on Salesperson

Satisfaction and Performance

This section discusses the link between the quality of salesperson-manager exchange relationship and job-related outcomes. Based on a review of leadership studies (both LMX and

non-dyadic approaches) propositions regarding the quality of exchange relationship and salesperson satisfaction and performance are offered.

A. Performance

This discussion of the link between the quality of salesperson-manager relationship and performance first describes research results using the LMX measure then presents rationale in support of a positive link between the quality of salesperson-manager relationship presented here and sales performance.

LMX studies have found consistently positive, if not significant relationships between LMX and various measures of subordinate performance. Managerial assessments of the subordinate's performance share a significant and positive relationship to managerial assessments of their relationships with subordinates (Blau 1988; Dansereau et al. 1975; Graen & Ginsburgh 1977). The manager is evaluating both the performance of the subordinate and his or her relationship (i.e. LMX scales). These significant relationships may, in part, be attributable to common method and source variance. While LMX has predicted these subjective measures of performance, it does not consistently predict objective measures of performance. Vecchio (1982) and Vecchio & Griffeth (1984) failed to find significance. Graen, Novak, & Sommerkamp (1982) and Seers & Graen (1984) did uncover a significant increase in productivity following LMX training. While these studies show directional agreement on the LMX-performance relationship, they were based on dyads located in conventional work settings.²⁸ According to boundary role theory (Adams 1976) this vertical dyad is unique as the manager and subordinate do not share frequent, daily contact. The salesperson enters into negotiating or problem-solving sessions with buyers and must perform these tasks independently. The manager must motivate and direct the sales staff without directly observing the execution of the sales tasks. This creates a situation where each dyad member must rely on the quality of the working relationship to perform effectively. When both members are

²⁸ Dyads used include university public housing employees (Dansereau et al. 1975), clerical personnel of a university (Graen & Ginsburgh 1977), maintenance personnel of a university (Liden & Graen 1980), bank tellers (Vecchio 1982), hospital employees (Vecchio & Griffeth 1984), and computer processors (Graen, Novak & Sommerkamp 1982) .

making both positional and personal contributions, the working relationship is a source of information, support, competencies, etc. needed by both members.

Boundary role theory and evidence from sales management studies suggest a positive relationship exists between the quality of salesperson-manager relationship (as described in this proposed model) and sales performance. Sales performance consists of specific sales behaviors, goal achievement and the overall performance (Avila, Fern & Mann 1988). Specific sales behaviors include time and territory management or the use of adaptive selling techniques. Goal achievement refers to the degree to which the salesperson was able to achieve specific goals such as dollar quota or order-to-call ratios. The overall performance assessment refers to the sales manager's perceptions of the quality and quantity of the salesperson's performance. The ensuing sections describe the effect of the quality of the relationship on these three aspects of sales performance.

Specific sales behaviors are likely to suffer when the quality of the relationship is poor. The salesperson's negotiating methods will suffer if he or she does not have the support, trust or latitude of the manager. If the salesperson is not trusted by his or her manager, they are more likely to negotiate in a competitive manner, even with a cooperative opponent (Adams 1976; Miles 1980). In effect the distrusted salesperson may not want to give the appearance of siding with the buyer, giving concessions to the buyer or appearing disloyal to the sales firm. Rather than trying to solve problems with the buyer, the distrusted salesperson pressures the buyer. These competitive techniques tend to suboptimize bargaining results, lead to counter-productive behaviors and thus erode goal achievement (Adams 1976).

The sales manager's assessment of overall performance and goal achievement dimensions of sales performance may be affected by the exchange of information. As Churchill, Ford & Walker (1976) have pointed out, the field sales managers may form unrealistic expectations because they do not share the salesperson's proximity to the external environment. When the field salesperson provides strategic information regarding the external environment, the manager is more likely to form an accurate assessment of performance requirements (i.e. setting realistic obtainable goals and make appropriate demands on the salesperson) (Miles

1980). The strategic information provided by the sales manager to the salesperson may affect the sales manager's assessment of performance. Results from a laboratory experiment reveal that subordinate decisions were significantly more accurate when subjects used a supervisor as a primary information source (O'Reilly 1977). Given the problem-solving tasks involved in sales, one may infer from these findings that the information provided by the sales manager improves the problem-solving behaviors of the salesperson. Thus, both salesperson provided information and sales manager provided information can affect sales performance.

Exchanges of information and trust, like the exchanges of other personal and positional contributions, provide needed resources to each dyad member and increase the quality of the relationship between salesperson and manager. The salesperson receives not only the tangible contributions of manager positional resources but the support and nurturing of his or her personal resources. If the salesperson is making similar contributions, the manager is receiving timely strategic information, gaining access to key buyers and can depend upon the loyalty, trust and competent efforts of his or her subordinates. Thus, increases in the quality of relationship will lead to increases in the use of effective sales behaviors, the achievement of goals and overall performance assessments. Based on this logic the following proposal is offered:

Proposition 2

Higher levels of the quality of salesperson-manager relationship will lead to higher levels of sales performance.

B. Satisfaction

Job satisfaction is usually defined as characteristics of the job itself and the work environment which salespeople find rewarding, fulfilling and satisfying (Churchill, Ford & Walker 1974). Studies within the leader-member exchange area of research have examined the link between job satisfaction and LMX. The majority of studies did find LMX to be an important factor affecting overall satisfaction as well as satisfaction with supervision, the work itself, pay, and promotion (Graen & Cashman 1975; Graen, Novak & Sommerkamp 1982; Rosse & Kraut

1983; Seers & Graen 1984; Vecchio, Griffeth & Hom 1986). Two studies failed to reveal a significant relationship between LMX and the subordinates' satisfaction with the work itself (Graen & Ginsburgh 1977; Liden & Graen 1980). Since LMX attempts to measure concepts relevant to the manager and subordinate, one would expect to find consistently significant relationships between the quality of leader-member exchange and the member's satisfaction with supervision. Contrary to this expectation, Liden & Graen (1980) did not find a significant relationship. These mixed findings have been attributed to the restricted definition of LMX (Dienesch & Liden 1986). LMX is defined as negotiating latitude and ignore other possibly relevant contributions such as trust, support and information. Satisfaction may depend on contributions which previous LMX measures have not tapped.

The personal and positional dimensions of the exchange relationship proposed here include factors which are related to subordinate satisfaction. Empirical investigations into the latitude (a sales manager positional contribution), trust (personal contribution) and perceived competency levels (personal contribution) of vertical dyad members are few in number but consistent in their findings. Dyads characterized by high levels of negotiating latitude are more likely to result in higher levels of overall satisfaction (Graen & Cashman 1975; Seers & Graen 1984).

The link between vertical dyadic trust and subordinate satisfaction is rarely studied. Leadership studies from other areas, however, claim interrelated concepts such as trust, support and openness affect job satisfaction (Goldhaber, Yates, Porter & Lesniak 1978; Hellreigel & Slocum 1974; Schnake 1983). Perceived leader competency also plays a vital role in subordinate satisfaction. According to lab experiments that manipulated leader competence, the perceived competence of the leader explained 23% of the variance in morale²⁹ of work group members (Hamblin, Miller & Wiggins 1961). These findings imply a subordinate and superior relationship characterized by latitude, competence and trust will be associated with high levels of subordinate satisfaction. These contributions include both personal and

²⁹ Morale, as defined in this study, is degree to which members of the group were satisfied with the task environment.

positional contributions. One might expect as these contributions become a part of the relationship and as the quality assessment of the relationship increases, satisfaction will be affected. Based on this logic the following proposition is offered.

Proposition 3

Higher levels of the quality of exchange relationship between salesperson and manager will lead to higher levels of subordinate satisfaction.

C. Moderating Effect Of Environmental Uncertainty

Since the salesperson-manager dyad must contend with the unique characteristics of the boundary spanning context, one might expect the stability or volatility of the environment might be influential. The nature of the environment spanned may moderate the relationship between quality of exchange and job-related outcomes. Environmental uncertainty is defined as the perceived inability to predict the actions of various environmental sectors (Hrebniak & Snow 1980; Liefer & Delbecq 1978; Leifer & Huber 1977; Milliken 1987). The sectors relevant to the sales and marketing functions include competitors, customers and distributors. Under conditions of environmental uncertainty, the actions of these sectors are not predictable, sources of information are diverse and changing and environmental sectors are less cooperative (Leifer & Huber 1977). These conditions may affect the salesperson-manager relationship.

Increased uncertainty in the environment will create situations where the dyad members must rely on other organizational members (other than the superior or subordinate member of this vertical dyad) for various contributions (or information, competencies, access to external or internal constituencies). By increasing their exchanges with other organizational members, both the salesperson and manager increase the receipt of contributions like information, support, etc. These resources help them deal with the uncertainty. The quality of the working relationship is still evaluated in terms of exchanged information, support, trust, etc. The dyad members may feel they have a high quality relationship and are exchanging all the contributions available to vertical dyad members. The uncertainty in the environment causes

the dyad members to seek more contributions from other dyadic relationships, like horizontal dyads (with other external or internal organizational members). These other exchange relationships may effect outcomes. Thus environmental uncertainty will moderate the effectiveness of the vertical dyadic relationship. Environmental uncertainty may create so much noise (and other dyadic relationships) that it downplays the importance of the vertical dyad. On the other hand, uncertainty may create a situation where the salesperson-manager relationship is a crucial link in an organization's ability to deal with the environment. In this case, environmental uncertainty increases the link between outcomes and the relationship.

The exact nature of this moderating effect is unknown. There are arguments which support either a strengthening or weakening effect. Both arguments are presented here beginning with environmental uncertainty as a moderator which weakens the link between quality of the relationship and outcomes.

According to strategic contingencies theory, the boundary spanning departments will gain positional power through their ability to cope with the critical problems (Hickson et al. 1971; Hinings, Hickson, Pennings & Schneck 1974; Slancik & Pfeffer 1977).³⁰ The organization will be more dependent upon the boundary spanners for information and the prediction or control of problems (Schwab, Ungson & Brown 1980). Typically, this individual or department receives resources commensurate with the responsibilities and derives power and influence reflecting that centrality and resource base (Hrebniak & Snow 1980). When the environment is uncertain both the sales manager and the person gain in positional power. One might argue because the salesperson benefits from daily face-to-face contact with the external environment (buyers and competitors), the salesperson is closer to the important (and turbulent) environmental influences. Given the importance of this environmental sector, the salesperson's gain may outpace the manager's. The salesperson may use this increased power to develop other exchange relationships. The satisfaction and performance of the salesperson may now be

³⁰ Strategic contingencies theory explains organizational phenomena. Specifically this theory contends all organizations must deal with numerous external influences. In some situations certain influences will be more important than others. These important influences are vital to the organizations survival, they are strategic. The successful organization is able to identify and deal with the most important external influences.

influenced by factors other than the vertical dyad relationship. The demands of the unstable environment or the need to develop relationships with other organizational members may create a situation where the effect of the subordinate-superior relationship is weakened.

Alternatively, in an unstable environment there is increased importance on the ability to adapt to external influences (Aldrich & Herker 1977). However, the organization also wants to maintain control over their operating units. In the case of the sales department, the organization will need to generate revenue but want to control the bargaining techniques of the sales department. As previously mentioned, environmental uncertainty is characterized by uncooperative sectors. The goals and expectations of the buyer and seller firms are likely to be in conflict. To cope with high levels of conflicting expectations, the sales function may insulate its activities. They may try to seal off the boundary transaction system from intrusion and surveillance by the organization they represent in order to preserve the flexibility and autonomy necessary to maintain exchange or reach an agreement (Miles 1980). In this case the salesperson-manager relationship becomes the lifeline for both vertical dyad members. The performance and satisfaction of the salesperson is positively influenced by this crucial dyad in a turbulent environment. Either argument is plausible and thus the following proposition is offered.

Proposition 4

Environmental uncertainty moderates the link between salesperson-manager relationship and job related outcomes.

D. Summary of Proposed Model

The review of marketing researcher's current approach to studying the impact of sales manager behavior revealed four problem areas. These four problems include (1) assuming the sales manager behaviors are independent of the sales persons' behaviors, (2) focusing on the individual sales manager, (3) failing to adequately describe the behaviors of the sales manager and (4) failing to incorporate the boundary spanning nature of the field sales setting. The proposed model incorporates those changes as it (1) adopts a social exchange perspective and assumes the behaviors of the salesperson and manager are related, (2) focuses ef-

forts on describing the dyadic relationship, (3) expands the previous descriptions of dyadic relationships by inclusion of both salesperson and manager contributions and (4) incorporates the contributions that are relevant to the boundary spanning context and considers the nature of that environment as a moderator.

The model proposed here is based on Leader-Member Exchange theory. While LMX may be particularly appropriate to the field sales setting, it does suffer some weaknesses. This model attempts to rectify those weaknesses by integrating concepts from social exchange, leadership and organizational boundary spanning theory. Consistent with LMX and social exchange, the salesperson-manager relationship is described in terms of exchange. Based on a review of leadership and boundary role theory, the currency of this exchange includes eight contributions.

These contributions include trust, competence, latitude, information, access to constituent group, support, loyalty and control over pay, promotion and task assignments. Trust is defined as the degree to which the manager commits him/herself to a possible loss depending upon the subsequent behavior of the other dyad member. Competence is the perception of the amount, direction and quality of work-oriented activity of the other dyad member. Managerial support is the manager's readiness to assist the salesperson beyond what is organizationally required. Salesperson loyalty is the expression of public support for the goals and personal character of the manager. Latitude is the degree to which the dyad member allows the other member flexibility; giving either freedom (the manager) or acceptance (the salesperson). Since the salesperson and manager occupy a boundary spanning position, they each have access to external constituents (i.e. buyers, distributors) or internal constituents (higher levels of the sales organizations management). As a result the salesperson and manager can contribute information about or access to these groups. Information is the frequency with which the dyad member provides strategic information regarding either the internal or external constituencies. Access to constituent group is the degree to which the dyad member shares access or increases visibility with his or her internal or external constituency. Finally, the

manager has control over pay, promotions and task assignments and this contribution, like the others, are valued by dyad members.

Leadership and boundary spanning theory and research describe exchange relationships between these contributions. These exchange relationships were described and offered as support for the notion that salespeople and their manager's contributions are interrelated. The exchange relationships discussed in this section include manager trust and salesperson competence, loyalty or information, salesperson trust and manager support, information and latitude, competence and latitude, salesperson loyalty and manager latitude, support or trust, and finally, manager support and salesperson information. These exchanges and the eight contributions may have a different effect on the overall quality of the working relationship. This different effect may be attributable to the underlying nature of these contributions or resources. These eight contributions to the exchange relationship can be categorized as personal or positional resources. Positional resources such as information, access to constituent groups or control over pay arise from the organizational role or position the salesperson or manager occupies. Personal resources, such as trust, loyalty and support are attributes of a particular person, rather than the organizational position they occupy. Combining the two types of contributions (personal and positional with the two sources of the contributions members (salesperson and manager) creates four categories.

The quality of the working relationship is the dyad member's assessment of the overall excellence or superiority of the dyadic relationship. Since the contributions represent the currency of this social exchange relationship, the overall assessment of the relationship is based on the currency. The quality of the working relationship is a function of the combination of the four categories of contributions. Specifically, the nature and number of the contributions made in a social exchange between salesperson and manager indicate the resulting quality level of the relationship. An exchange relationship can be based on the exchange of two, three or four categories of contributions. The number of contributions represent three levels of exchange relationships. The exchange of one category from each dyad member is partially symmetric as both members contribute. The exchange of three categories occurs when one

member contributes both types of resources. This level of exchange relationship is asymmetric. The third and final level of exchange relationship is completely symmetric. The quality of the exchange relationship, as proposed in this model, should be significantly higher in completely symmetric exchange relationships than partially symmetric or asymmetric exchange relationships.

Within the first and second level exchanges, various combinations of salesperson personal or positional and sales manager personal or positional contributions are possible. Within the possible combinations at the first level, the exchange of managerial positional resources and salesperson personal resources is likely to be the highest quality relationship. Relationships which include two categories of contributions from one vertical dyad member are considered to be of a higher quality level. Leadership theories suggest the higher quality relationships within the second level will consist of both personal and positional contributions of the manager.

Higher quality levels will lead to higher levels of salesperson satisfaction and performance. This proposal was based on research studies testing a dyadic approach to leadership (i.e. the Leader-Member Exchange theory) as well as traditional leadership approaches. LMX, dyadic trust, and the dyadic exchange of information have all been linked to performance levels. In addition, the exchange of subordinate competence for latitude granted by the manager has been found to be a significant factor in subordinate performance. The vast majority of studies in both LMX and other leadership theories support the connection between satisfaction and latitude, trust and managerial competence. While these studies support the proposed link between quality levels of the vertical dyad relationship and job-related outcomes, they did not consider the unique boundary spanning context of the field salesperson and manager.

Environmental uncertainty may act as a moderator to this link. Environmental uncertainty was defined as the perceived inability to predict actions of relevant environmental sectors such as competitors, customers and distributors. Environmental uncertainty may enhance or weaken the effect of the working relationship on job-related outcomes. In situations of en-

environmental uncertainty the dyad members may seek additional contributions such as information, support, etc. and create exchange relationships with other internal and external organizational members. Environmental uncertainty and the resultant relationships may either downplay or emphasize the importance of the vertical dyad and impact of the working relationship on job-related outcomes. The moderating effect of environmental uncertainty is the final proposal offered. In summary the propositions offered by the proposed model are as follows:

Proposition 1

The quality of the relationship is determined by the number and nature of the contributions exchanged.

Proposition 1.1

The quality of the relationship within the first level (partially symmetric exchanges) is determined by the nature of the exchanged contributions. The exchange of manager positional for salesperson personal contributions is of higher quality than other first level relationships (partially symmetric relationships).

Proposition 1.2

The quality of the relationship within the second level (asymmetric exchanges) is determined by the nature of the exchanged contributions. The exchange of manager positional and personal contributions for either salesperson personal or positional contributions is of higher quality than other second level (asymmetric exchange) relationships.

Proposition 1.3

The quality of relationship is determined by the number of contributions included in the exchange. The quality of a relationship will be higher for third level relationships (completely symmetric exchange) than first (partially symmetric) or second (asymmetric) relationships.

Proposition 2

Higher levels of the quality of salesperson-manager relationship will lead to higher levels of sales performance.

Proposition 3

Higher levels of the quality of exchange relationship between salesperson and manager will lead to higher levels of subordinate satisfaction.

Proposition 4

Environmental uncertainty moderates the link between salesperson-manager relationship and job related outcomes.

Research Agenda

Several research tasks must be accomplished in order to test all of the above listed propositions. First, measures for the contributions must be developed and validated. While measures of salesperson and manager trust have been developed (Lagace 1987), the balance of the contributions require either modification or development. Specifically, salesperson (external) information, sales manager (internal) information, salesperson access to external constituency, sales manager access to internal constituency, salesperson latitude, sales manager latitude, salesperson competency, and sales manager competency must be developed and validated. Salesperson loyalty, sales manager support and control over pay, promotion, etc. have been developed within the vertical dyad setting and must be modified to fit the field sales setting.

While a few of the exchange relationships have been tested, many links between salesperson and manager contributions remain unexplored. Thus, the next step in a research agenda is the testing of exchanges between contributions. If these exchanges do exist, empirical tests can verify the relationship between these exchanges and the quality of the relationship. To further validate the model, the impact of the quality of the relationship on job-related outcomes should be explored. Further, the boundary spanning context as a moderator can be tested. Examining job-related outcomes and moderators can be performed on a subset of the model (one which includes a subset of the eight contributions) or on the entire model.

Once measures have been developed for all of the contributions, confirming the underlying personal or positional nature of the contributions can be addressed. Finally, research confirming the differences in quality of the working relationship from one level (partial symmetric, asymmetric and complete symmetric exchange relationships) and within levels can be conducted.

The research effort planned here will provide the first steps in the suggested research agenda by testing a subset of the proposed model. This research will focus on the exchange of a positional contribution of the sales manager (latitude) and personal contributions of the salesperson (competence and loyalty), develop measures for latitude and competence, and test the link between these contributions, the quality of working relationship, job related outcomes and environmental uncertainty. The next chapter presents the purpose of and hypotheses for this research effort.

Chapter IV

The Impact of Managerial Latitude, Salesperson Competence and Loyalty.

This study will test the impact of three exchange contributions on the of the judged quality of a dyadic relationship between sales managers and salespeople. The three contributions studied are managerial latitude, salesperson competence and salesperson loyalty. These three contributions fall under the categories of managerial positional and salesperson personal contributions. Specifically, this study will test these three contributions as determinants of the quality of the salesperson-manager relationship. Further, this study will examine the impact of the quality of the salesperson-manager relationship has on job-related outcomes of performance and satisfaction and environmental uncertainty as a moderator to this link. By focusing on three contributions, this study can develop and test measures of managerial latitude and salesperson competence. In effect, these three contributions are part of what has been described in the previous chapter as a partially symmetric relationship as it tests contributions from one category from each dyad member. This development and initial test of these contributions lays the groundwork for a complete test of all contributions.

The purpose of this chapter is to provide a rationale for focusing on these three contributions, to review the literature regarding the exchange relationships among the contributions and to offer testable hypotheses. 1. The next section will discuss the importance of managerial latitude, salesperson competence and salesperson loyalty. 2. Following this discussion of the importance of the three contributions, the exchange relationships among them are described. The description of each exchange (i.e. latitude for competence and latitude for loyalty) states why each contribution is valued and how, from the perspective of each dyad member, these contributions are interrelated. In effect these contributions influence each other and create reciprocal influence patterns between dyad members. These patterns and contributions become the basis for evaluating the overall relationship. 3. The description of each exchange, therefore, is followed by a section describing how these contributions determine the overall relationship (i.e. the quality of the salesperson-manager relationship). 4. Finally, the effects of job-related outcomes of performance and satisfaction as well as environmental uncertainty are addressed.

Crucial Contributions to the Exchange Relationship: Latitude, Competency and Loyalty

This initial test will include one contribution which is central to the LMX theory, negotiating latitude. LMX theorists claim negotiating latitude is a crucial factor in determining the quality of a vertical dyad exchange (Graen & Scandura 1987). Longitudinal studies indicate negotiating latitude granted by the manager is established fairly early in the relationship, remains stable throughout the duration of the dyadic relationship, and can predict subsequent subordinate behaviors (Dansereau, Graen & Haga 1974; Duchon, Green & Taber 1986; Wakabayashi & Graen 1984).

Two problems exist with these results. First, while these studies claim negotiating latitude is the conceptual cornerstone to LMX, the measures seem to include items which seem to be tapping other constructs. This study will attempt to rectify this problem by creating a measure of managerial latitude that is consistent with the conceptual definition offered by LMX literature. Second, while these studies point to the importance of managerial latitude, they fail to specify which subordinate contributions are the basis for differences in latitude. These studies claim vertical dyads differ in terms of latitude and that managers will grant more latitude to some subordinates than others. No study to date has tested the subordinate contributions which are part of this particular exchange. Based on a review of the social exchange, leadership and boundary role theory, two subordinate contributions appear to be important. Subordinate competence and loyalty, it is argued here, are exchanged for latitude. This exchange and the causal connections between latitude and the subordinate contributions is reciprocal. (A detailed discussion of these causal connections will be presented in subsequent sections of this chapter.)

The concept of managerial latitude has also been a point of controversy in the sales management literature. Sales management studies fail to agree on the effects of participative decision making by sales managers. Latitude and participative management are similar concepts. In fact, managerially granted latitude, as defined here, represents one dimension of participatory decision making (Cotton, Froggat, Jennings, Lengnick-Hall & Vollrath 1989).

Sales management studies fail to find consistent results with respect to satisfaction, role conflict and extrinsic or intrinsic motivations. Teas & Horrell (1981) found higher levels of participation were associated with lower levels of satisfaction. Other studies claim a positive relationship exists (Churchill, Ford & Walker 1976; Behrman & Perreault 1984; Futrell, Swan & Todd 1976; Teas 1983). According to Churchill, Ford & Walker (1976) participative leader behavior does not reduce role conflict. Some studies claim participation can reduce role conflict (Behrman & Perreault 1984; Teas 1983). Some contend participation is related more toward intrinsic than extrinsic aspects of needs and motivations (Teas, Wacker & Hughes 1979). This pattern is not supported by sales management studies. Participation has signif-

icant influence over extrinsic valences and instrumentalities (Tyagi 1985). Further, participative leader behavior does not consistently predict intrinsic satisfaction (Teas 1981), nor valences (Tyagi 1985). Teas & Horrel (1981) offer some insight to this controversy, claiming the results are mixed because of the complexity of this concept. Participation is a complex variable that can involve salesperson participation in a wide variety of decisions. In some studies participation relates to day-to-day operational decisions. In other studies participation relates to a narrower range of topics. Studies in the sales management literature call for a measure of participation that specifies the content area of the participation - and specifies the content such that it is relevant to the sales setting (Teas & Horrel 1981; Teas 1983). This study will develop a measure of managerial latitude which addresses these concerns. A more meaningful measure of managerial latitude, however, is one part of the problem.

This lack of agreement in the sales management literature may also be attributable to a failure to consider subordinate factors. Salesperson factors such as competency and loyalty share an exchange relationship with latitude. Testing only managerial variables taps one side of the vertical dyad or leader-member exchange relationship. This study, therefore, will explore these exchanges.

The Contributions of Managerial Latitude and Salesperson Competence

This section describes the exchange relationship between the contributions of managerial latitude and subordinate competence. This description is accomplished by first discussing why each dyad member perceives latitude or competence as a contribution or reward. Next, the exchange of these valued contributions is presented from the managerial perspective (exchanging latitude for competency) and then from the subordinate perspective (exchanging competency for latitude). Based on these two perspectives, a hypothesis regarding latitude and competence is offered.

Managerial latitude and subordinate competence have been described as rewards or valued contributions, and as a result these contributions influence the behaviors of dyad members (Graen & Scandura 1986). Evidence from Hite & Bellizzi's (1986) survey of salespeople revealed strong preferences for managerial styles characterized by a consultation and autonomy. Managerial latitude is similar to these managerial styles since granting latitude results in autonomy and the process of negotiating latitude is based on consulting or interacting with the subordinate. Latitude may be valued by the salesperson because it allows the salesperson flexibility in their interactions with buyers or because it provides opportunities for job enrichment (Adams 1976; Teas, Wacker & Hughes 1979). Just as managerial latitude is a valued contribution to the salesperson, subordinate competence is a valued contribution to the manager. Since the sales manager, in part, is evaluated on meeting district or regional sales quotas or distribution goals, the more competent salesperson may be seen as highly instrumental in the accomplishment of those goals. Thus, the competency level of the sales subordinate is a contribution valued by the manager. In effect the rewards for the members of this vertical dyad exchange include managerial latitude and salesperson competence.

There is some support for the notion that this exchange - from the manager's viewpoint - is based on the salesperson's competency level. Literature exploring the practice of participatory decision making has recently turned its attention toward the impact of subordinate competence on manager latitude.³¹ Reviews of participatory decision making studies claim one important contextual factor that has not received attention is subordinate competence (Locke & Schweiger 1979). While this review claims competence moderates the link between participatory decision making and performance, the empirical evidence from Steel & Mento's (1986) study of military personnel is more consistent with the social exchange perspective. These authors found the main effects significant and the interaction of PDM (e.g. the subordinate's perceptions of the degree of influence over decisions that affect them or

³¹ Managerially granted latitude, as defined here, represents one dimension of participatory decision making. Managerial latitude is an informal (rather than formal) form of participation which is based on the interactions (rather than documented procedures) between the employee and his or her immediate supervisor (as compared to organizationally supported PDM such as quality circles) (Cotton, Froggat, Jennings, Lengnick-Hall & Vollrath 1989, 1990).

their work) and subordinate competence insignificant in predicting performance. Competence accounted for much of the shared variance between PDM and performance.³² A comparison of the partial correlations for the six military installations included in this study show 5 of the 6 correlations of PDM and performance decrease when competence is controlled. Using meta-analytic procedures to obtain summary statistics for the partial correlation analysis, Steel & Mento (1987) found significant reductions in the overall correlations when competence was controlled. These results provide partial support for the notion that competence is used as a basis for managerial latitude: the more competent subordinates receive more latitude.

The support is partial and the implications are tentative for three reasons. First, the tests of significance performed on cumulated data of Steel & Mento 's study may be misleading because they capitalize on statistical power associated with very large sample size (the total sample size of the six installations was 838). Second, the armed forces personnel are managed along traditional authoritarian lines and their reaction to PDM may not be representative of the private sector where a degree of decision latitude is expected. Third, this study used subordinate's feelings of competency rather than the manager's perceptions of subordinate competency. While the Steel & Mento (1987) study provides some interesting insights to the impact of subordinate competence and partial support for LMX, additional studies are required. In order to test the exchange between competence and latitude, studies should use measures of the contributions taken from the viewpoint of the recipient, should use a relevant population (e.g. the field sales setting), and analysis should be based on a smaller sample size ³³ If LMX is a valid explanation of the vertical dyad relationship, the manager's perception of subordinate competence should share a positive and systematic association with the subordinate's perceptions of managerial latitude.

³² If competence was a moderator one might expect to find that PDM enhances performance of more competent, but fails to accentuate performance of less competent.

³³ Smaller than the size used in the Steel & Mento (1987) study of 838.

The subordinate's perceptions of managerial latitude may influence their competency levels. LMX studies have explored the effect of negotiating latitude on various subordinate activities. Other studies have explored the influence tactics used by subordinates. Each of these areas of research (LMX and upward influencing tactics) offer some indirect evidence of a latitude to competence causal relationship. The subsequent paragraphs will address LMX research then upward influence research.

Typically LMX studies use respondents' scores on the negotiating latitude scales to divide dyads into high or low quality and examine over time various subordinate's behaviors or attitudes. These studies claim latitude is an early indicator and precedes certain subordinate behaviors. Specifically, these studies have found subordinates who received high levels of negotiating latitude expressed a higher willingness to give extra time and effort to various tasks (Liden & Graen 1980). University service employees in high negotiating latitude dyads reported more time performing administrative decision making and communication activities (Graen & Schieman 1978). Dansereau, Graen & Haga (1975) also found differences in the time and energy devoted toward various activities between high and low negotiating latitude dyads in university housing departments. The willingness to give extra time and effort and the time devoted to performing certain tasks or activities may be related to subordinate competence. Increased repetition and effort devoted toward a task or activity may increase the ability level of the subordinate. The willingness to give extra time and the other activities may favorably influence actual or perceived competency. The implication from these LMX studies is that latitude precedes and influences the subsequent behaviors of the subordinate. These behaviors may enhance subordinate competency levels. Thus the causal direction implied in these studies is from managerial latitude to subordinate competence.

This implication is further explained and explored in the organizational behavior research on upward influence tactics. Kipnis, Schmidt & Wilkinson (1980) compared various influence tactics used by the subordinate to influence his or her superior given different goals. When the goal was to implement change (one possible change might include the increase in latitude) the subordinate was likely to use rational appeals. These rational appeals included

"demonstrating competence to him or her before making my request".³⁴ Perhaps subordinates, in an attempt to increase managerial latitude (i.e. implement this one type of change) perceive competence as a valued contribution and use it accordingly.

Further, evidence from Wayne's (1987) study seems to suggest the salesperson may attempt to influence the managers' perception of their competence in light of the manager's lack of direct observation of task. She examined the effect of various types of impression management used by subordinates. One of the types included job-focused impression management, defined as the degree to which the subordinate plays up the value of a positive event for which s/he has taken credit or takes credit for success for which s/he is not totally responsible. Wayne examined the effect of this variable on performance appraisals in the laboratory as well as field setting. Apparently this tactic is unsuccessful in the field setting where the manager is capable of directly observing the performance of a task and can uncover the misrepresentation of the subordinate. The laboratory setting did not permit the manager the opportunity to observe performance, and as a result job-focused impression management was perceived as additional useful information. Unlike the field setting, studies conducted in the laboratory setting found positive relationships between the subordinate's overstatements of their competencies and the manager's assessments of their performances.

This carries some interesting applications to the field sales setting where the sales manager cannot directly and frequently observe the sales calls. The sales manager who relies on the salesperson's report of negotiating tactics used in a sales call or the success of his or her persuasive strategies may be in a similar situation. The salesperson may be increasing their worth to the manager by increasing their perceptions of their competencies. Both Wayne's (1987) study and Kipnis et al. (1980) show that subordinates recognize the importance of competencies. Further, it is plausible that salespeople may attempt to increase the perception (or reality) of this contribution in order to obtain other valuable contributions such as managerial latitude.

³⁴ These items were first generated by open ended questions asking subjects "How do you get your way?" Factor analyses resulted in the aforementioned factor of rational appeals. Other influence tactics were titled assertive, ingratiation, sanctions, blocking, coalitions, etc.

Just as the salesperson values managerial latitude, the manager values subordinate competence. This exchange of valued contributions has been discussed from the viewpoint of both recipients. There is evidence that partially supports both viewpoints. Research in participatory decision making has recently focused on subordinate competence. The evidence to date provides some support for the idea that manager's establish latitude based on the subordinate's competency level. From a social exchange theoretical viewpoint, the manager attempts to reduce his or her risk in granting latitude by selecting more competent subordinates who are more likely to use this latitude successfully. The reverse causal direction (increased latitude leading to increased competency) has received some support as well. Research in LMX area implies managerial latitude leads to higher levels of subordinate competencies. Upward influencing literature shows the subordinate recognizes the value of demonstrated competency and may try to increase the perception of this contribution to gain more latitude. Both perspectives, from manager and subordinate's viewpoint, seem to point to an exchange relationship and thus the following hypothesis is offered.

Hypothesis 1

Salesperson competence and managerial latitude are exchanged contributions in vertical dyads and will be positively related.

The Contributions of Managerial Latitude and Salesperson Loyalty

This section describes the exchange relationship between the contributions of managerial latitude and subordinate loyalty. This description is accomplished by first discussing why each dyad member perceives latitude or loyalty as a contribution or reward. Next, the exchange of these valued contributions is presented from the managerial perspective (exchanging latitude for loyalty) and then from the subordinate perspective (exchanging loyalty for latitude). Based on these two perspectives, a hypothesis regarding latitude and loyalty is offered.

Managerial latitude and subordinate loyalty have been described as rewards or valued contributions, and as a result these contributions influence the behaviors of dyad members (Graen & Scandura 1986). Evidence from Hite & Bellizzi's (1986) survey of salespeople revealed strong preferences for managerial styles characterized by a consultation and autonomy. Latitude may be valued by the salesperson because it allows the salesperson flexibility in their interactions with buyers or because it provides opportunities for job enrichment (Adams 1976; Teas, Wacker & Hughes 1979). Just as managerial latitude is a valued contribution to the salesperson, subordinate loyalty is a valued contribution to the manager. Loyalty is seen as a form of social approval and one way to reward a superior (Marcus & House 1973). The loyal subordinate's behavior may be more predictable than the disloyal subordinate's behavior. This predictability of behavior may be seen as an asset to the manager since the manager must rely on the subordinate for completion of tasks. The manager gains assurances regarding the manner in which those tasks will be completed by a loyal subordinate. This may be especially important in a boundary spanning position (Adams 1976). Since the field sales manager cannot directly observe the sales call, he or she relinquishes a degree of control over the sales call. The loyalty of a salesperson, therefore, may compensate for this lack of proximity and control. Loyalty of the subordinate, therefore, may act as a basis for granting managerial latitude.

From the managers' perspective granting more latitude to loyal subordinates reduces the risks that accompany granting latitude. If the sales manager grants latitude and allows the salesperson freedom to make decisions autonomously or with little managerial input and the salesperson abuses his or her freedom, the result (e.g. failure to achieve objectives or the waste of resources) reflects poorly on the manager. The loyal salesperson, by definition, defends and supports the managers' interests and is less likely to abuse the freedom granted through increased managerial latitude. Since the loyal salesperson reflects the manager's interests, the manager can more readily predict his or her behavior. This increased predictability reduces the risks incurred by allowing latitude. In social exchange terms, the contribution of subordinate loyalty influences the exchange and provides a basis for the manager's

contribution. A few studies have examined this perspective and provide qualified support. Other studies have examined the reverse causal direction of increased latitude leading to increased loyalty.

Graen & Cashman (1975) categorized dyads into high and low managerial latitude and compared measures of dyadic loyalty. These authors contend negotiating latitude is an early indicator of dyadic differences. One of these dyadic differences may include the level of loyalty. The Graen & Cashman (1975) study was an important one as it was the first to provide some empirical evidence regarding dyadic differences. The problem with this important study, however, rests with the distinction between latitude and loyalty. The scales measuring loyalty seems to include items tapping the negotiating latitude concept.³⁵ For example one item of the latitude scale asks the member to assess "How flexible do you believe your supervisor is about evolving changes in your job activity structure?" One item of the loyalty scale asks the members to assess the degree to which they "shares ideas with his or her supervisor." Another example includes the latitude item which asks "Regardless of how much formal authority your supervisor has built into his position, what are the chances that he would be personally inclined to use his power to help you solve problems in your work?" and the loyalty item which asks the member to indicate the degree to which your "supervisor will defend my decisions." It is not clear how these items are measuring the separate constructs of loyalty and latitude. The loyalty scale does include some items that appear to be appropriate and distinct (such as "member will defend leader's decisions" or "member will not expose superior's mistakes"). While this initial study of vertical dyad relationships indicates dyadic differences may exist with respect to loyalty to a superior, the link between latitude and loyalty are as yet unsure. Other studies have explored the link between other leader behaviors and subordinate loyalty.

Atwater (1988) examined the effect of increased levels of subordinate loyalty on participative leader behaviors. Based on her analyses, Atwater (1988) found subordinate

³⁵ Some of the items in the loyalty measure are consistent with the conceptual definition proposed by others. Taken as a whole measure of loyalty, however, these scales are not distinct from latitude.

loyalty significant in predicting participative leader behaviors such as accepting and incorporating worker suggestions, allowing workers freedom in how they work (Atwater 1988). This study, however, was based on questionable analysis methods. The author specified the regression equation based on the bivariate correlation tables computed prior to any regression analyses (i.e. the predictor variables which did not correlate significantly with the dependent variable were not included in the regression analysis). In this manner, the author capitalizes on chance twice. First, in preselecting the predictors from a larger set, she is capitalizing on chance. Some of these variables would have high correlations with the dependent variable because of sampling error, and consequently their correlations would tend to be lower in another sample. Second, the mathematical maximization involved in obtaining the multiple correlation involves capitalizing on chance (Stevens 1986). Any claims of significant predictors, therefore, are suspect. While there is ample theoretical and even intuitive support for the managerial practice of allocating latitude based on loyalty, flaws in the empirical studies prevent their substantiation.

Two other studies have examined the link between subordinate loyalty and autocratic leadership behaviors. Blau & Scott (1962) found authoritarian supervisory behavior did not relate to subordinates' loyalty. These findings were based on a sample of welfare agency employees. In a study of teachers and their principals, however, Hoy & Reese (1974) found a positive relationship. The authors attribute this difference in findings to the sample characteristics. Teachers work in closed rooms, can be observed only with difficulty, and often make strong claims for professional autonomy. Close supervision by principals may be seen as an infringement on that autonomy. Authoritarian principals had significantly less loyal teachers than less authoritarian ones. Teachers, unlike the welfare workers, may demand full autonomy in terms of client control. If, in fact, the difference in these results is attributable to the autonomy of the subordinate, we might expect similar results in the field sales setting. The salesperson may require autonomy or managerial latitude in dealing with buyers. Increases in managerial latitude for the salesperson may be accompanied by increased feelings of loyalty.

Just as the salesperson values managerial latitude, the manager values subordinate loyalty. This exchange of valued contributions has been examined from the viewpoint of both recipients. There is evidence that partially supports both viewpoints. The manager may establish the degree of latitude based on the expectation of loyal behavior. Initial studies of dyadic loyalty uncovered dyadic differences and one study tested loyalty as a predictor of leader behavior. While the findings of these studies support the LMX notions, these studies suffer from methodological problems.³⁶ Two studies have explored the relationship between latitude and loyalty from the subordinate's viewpoint. The difference in findings may be attributable to differences in the sample characteristics and a study using field sales personnel may verify the degree to which subordinates engaged in autonomous tasks respond to increased latitude with increased loyalty. In summary, the sales manager may be influenced by the salespersons' loyalty in setting latitude and the salesperson may be influenced by managerially granted latitude in his or her display of loyalty. Both perspectives, from manager and subordinate's viewpoint, seem to point to an exchange relationship and thus the following hypothesis is offered.

Hypothesis 2

Salesperson loyalty and managerial latitude are exchanged contributions in vertical dyads and will be positively related.

Various approaches to studying leadership have examined the causal connections between these contributions. The manager may attempt to reduce the risks associated with granting high levels of latitude (or he may attempt to maximize the returns on such a contribution) by granting latitude to the more competent and loyal subordinates. From the manager's viewpoint, these subordinates possess the skills, abilities and allegiances that assure positive results from latitude. From the salesperson's viewpoint, increased managerial latitude increases competency levels as it allows him the freedom to develop various skills. In-

³⁶ In the case of the Graen & Cashman 1975 study, the measures of loyalty and latitude were redundant. Subsequent studies need to distinguish both conceptually and operationally latitude from loyalty. The Atwater (1988) method of preselecting the predictor variables was highly questionable.

creased latitude carries with it the endorsement of the manager and as a result, the subordinate may respond in kind, supporting the manager and displaying increased levels of loyalty. The loyalty, latitude and competency of these dyad members are part of a reciprocal response pattern. The behaviors of one dyad member are contingent upon the other dyad member. In social exchange terminology, latitude, loyalty and competence are the currency of this vertical dyad exchange relationship. The members of the vertical dyad evaluate the overall relationship in terms of the exchanged contributions. This link between the quality of the relationship and each of these three contributions is discussed next.

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The Quality of Salesperson-Manager Relationship and the Contributions

Latitude, loyalty and competence form a reciprocal influence pattern in which contributions of one dyad member evoke contributions from the other. The contributions of subordinate competence and loyalty are influenced by managerial latitude. The contribution of managerial latitude is influenced by subordinate competence and loyalty. These reciprocal influence patterns are described by Graen & Scandura (1987) as interlocked behavior cycles (i.e. reciprocal influence system through which behaviors of dyad members become interdependent). The contributions are made by each member of the dyad, become associated with that member and by implication to the leader-member relationship. When dyad members evaluate the working relationship, they do so in terms of these contributions. Thus, one might expect latitude, competence and loyalty to be related to the quality of salesperson-manager relationship. This section describes the link between each of these contributions and the dyad members' judgment about the overall excellence or superiority of the working relationship.

1. Managerial Latitude and The Quality of the Relationship

As discussed previously managerial latitude is one contribution which is part of a reciprocal influence pattern that includes competence and loyalty. with increased loyalty, competency levels and may feel the working relationship is a beneficial one. Similarly, the manager granting latitude may consider the contributions of the salesperson as justification and the overall working relationship is judged as excellent or superior. This notion is partially supported by one study. Scandura, Graen & Novak (1986) found LMX (the 7-item scale) accounted for 29% of the variance in the subordinate's perception of the degree of their decision influence. Decision influence was defined as the extent to which the superior involves him/her in nontrivial decisions facing the superior and potentially affecting the subordinate. The conceptual definition of decision influence is consistent with the measurement items used in this study. The same cannot be said of LMX. As previously mentioned, it is unclear precisely what

is being measured with this seven item LMX scale. For example, one item in this LMX scale seems to refer to support ("to what extent can you count on your supervisor to bail you out at his expense?). Another item in this LMX scale seems to refer to loyalty ("I would defend and justify my supervisor's decisions if he or she were not present to do so."). Because the LMX measure is so ambiguous, the connection between latitude and LMX (or the quality of the relationship) is unconfirmed. In order to test the impact of latitude as part of the reciprocal response patterns (or exchange relationship), then the following hypotheses is offered: **Hypothesis 3**

Contributions of managerial latitude will have a positive effect on the quality of salesperson-manager relationship.

2. Competence and The Quality of Relationship

As discussed previously salesperson competence is one contribution which is part of a reciprocal influence pattern that includes managerial latitude and salesperson loyalty. As levels of salesperson competence increase the manager responds favorably with increased latitude and may feel the working relationship is a beneficial one.

Similarly, the manager granting latitude may consider the contributions of the salesperson as justification and the overall working relationship is judged more favorably.

Three studies have tested concepts similar to subordinate competence and their relationships to the Quality of Leader-Member Exchange Relationship. Using student subjects as managers and subordinates in a laboratory simulation of business tasks, Dienesch (1987) did not find subordinate competence to be a significant factor in the quality of a leader-member exchange relationship. Two other studies (one based on a laboratory experiment and the other a field survey), however, claim subordinate competence is a significant determinant of LMX. Kim & Organ (1982) studied manipulated subordinate competence and measured the degree to which the student subjects (acting as supervisors) were willing to engage in a noncontractual social exchange or contractual exchange with each subordinate. Noncontractual social exchange was defined as a relationship based on trust, and norms of social exchange. Contractual exchange relationship was defined as a relationship based on

hierarchical authority, contractual expectations and obligations. According to their results a leader is inclined to engage in noncontractual social exchange with a subordinate who had the most to offer.³⁷

Rather than measure noncontractual social exchange, Snyder & Bruning (1985) used the four-item version of LMX. Researchers' measured respondent's feelings of competency. Using these different measures in a field survey, Snyder & Bruning (1985) found competence explained 5.88% of variation in LMX. While both studies provide some insight to the importance of competence, the problem of LMX (or Noncontractual social exchange) remains. A conceptual definition of either concept is lacking - and the measurement items seem to include various concepts such as trust and latitude. Further, these studies do not seem to be consistent with social exchange theory which claims each dyad member is influenced by the perceptions of the other member. Testing the relationship between a subordinate's feelings of competence and the subordinate's feelings about sundry aspects of the leader-member relationship does not seem to be consistent with the exchange perspective. In order to provide a more meaningful test of the overall assessment of the relationship and subordinate competence, then, the following hypothesis is offered.

Hypothesis 4

Contributions of subordinate competence will be associated with judgements of higher quality salesperson-manager relationships.

3. Loyalty and The Quality of the Relationship

As discussed previously salesperson loyalty is one contribution which is part of a reciprocal influence pattern that includes managerial latitude and salesperson competence. As levels of salesperson loyalty increase the manager responds favorably with increased latitude. As a result the salesperson evaluates the relationship favorably. Similarly, the manager granting latitude may consider salesperson loyalty as justification and the overall working relationship is judged to be of higher quality. While the empirical evidence from leadership

³⁷ The found 17% of the variance in noncontractual social exchange was explained by competence.

studies is mixed with respect to the link between loyalty and the quality of relationship, theories (both leadership and boundary role) tend to be supportive. Two studies explored LMX and subordinate loyalty. Testing the impact of loyalty in a two hour business simulation, Dienesch (1987) found student subjects' assessment of the subordinate-superior relationship was unaffected by loyalty. These findings were not consistent with earlier studies based on university employees and managers (Graen & Cashman 1975).

While the empirical evidence is mixed, both leadership and boundary role theories argue for the importance of loyalty in working relationships. Jennings (1967) believes leaders often differentiate between subordinates based on their loyalty and will develop more dependent and crucial relationships with the more loyal subordinates. These subordinates become the "inner circle" for the manager and the manager will place more reliance and rewards in the hands of these loyal subordinates. This same theme is repeated in theories explaining the behavior of the person occupying the organizational boundary spanning role. The proximity to the external environment (i.e. daily contact with buyers) and role conflict experience by salesperson may serve to erode loyalty (Miles 1980; Adams 1976). As the salesperson's loyalty is decreased, the manager may feel the salesperson is representing the buyer's interests rather than managerial interests. Based on this belief the manager will attempt to monitor the salesperson's activities more closely and decrease his or her latitude. Theoretically the overall working relationship will be evaluated in terms of this contribution and the cycle of interlocked behaviors. According to both leadership and boundary role theory, subordinate loyalty will determine the quality of the salesperson-manager relationship. Based on these theories, the following hypothesis is offered.

Hypothesis 5

Contributions of subordinate loyalty will be associated with higher judged quality of salesperson-manager relationship.

The Quality of Exchange Relationship and Job-Related Outcomes

This section discusses the link between the quality of salesperson-manager exchange relationship and job-related outcomes. Based on a review of leadership studies, hypotheses regarding satisfaction and performance are offered.

Satisfaction

Job satisfaction is defined as the degree to which characteristics of the job itself and the work environment are judged by salespeople to be rewarding, fulfilling and satisfying (Churchill, Ford & Walker 1974). LMX studies have explored the impact of their measures of Leader-Member Exchange Relationship and various aspects of satisfaction. Findings regarding overall satisfaction are mixed: Scandura & Graen 1984 found LMX significant but Graen, Novak & Sommerkamp 1982 did not. According to a study done by Vecchio et al. (1986) LMX predicts satisfaction with pay and promotion. Seers & Graen's study (1984) did not find this relationship to be a significant one. While results regarding satisfaction with overall satisfaction, satisfaction with pay, and satisfaction with promotion are mixed, the majority of studies claim LMX significantly influences satisfaction with supervision and with work itself (Dansereau, Graen & Haga 1975; Katerburg & Hom 1981; Kozlowski & Doherty 1989; Lagace 1987; Novak 1984; Seers & Graen 1984; Scandura & Graen 1984; Vecchio, Griffeth & Hom 1986; Vecchio & Gobdel 1984; Vecchio & Sussman 1989). Based on the results of these studies one might conclude the current LMX measures consistently related to some aspects of satisfaction (supervision and work itself) but are less than consistent in their relationship with other aspects of satisfaction (overall, pay and promotion).

One possible explanation for these inconsistencies is the LMX measure itself. While LMX claims to be a unidimensional concept, items in this measure seems to tap various concepts

such as loyalty and latitude. If each dyad member evaluates the overall working relationship (and the quality of the leader-member exchange relationship) in terms of these contributions, then one might expect a model that considers the effects of these separate contributions may improve predictive ability of LMX.

The model to be tested here focuses on three contributions and their impact on the quality of working relationship. Loyalty, competence and latitude each affect the dyad member's overall assessment of the relationship. The salesperson's working relationship with the sales manager may be especially important, given the boundary spanning nature of the salesperson's task. The sales manager provides a crucial link to the sales organization for the salesperson. A working relationship characterized by high levels of loyalty, latitude and competence may be a filter through which the salesperson assesses various aspects of his or her job. Based on this logic the following hypothesis is offered.

Hypothesis 6

Higher levels of the quality of salesperson-manager relationship will lead to higher levels of salesperson satisfaction.

Performance

Sales performance includes both goal achievement (objective measures of performance) and the sales manager's overall assessment of the salesperson (subjective measures of performance). Both of these aspects of performance have been examined within LMX research. The findings regarding the supervisor's assessments of performance are, as one might suspect, significantly related to the supervisor's assessment of the exchange relationship (Blau 1988; Dansereau et al. 1975; Graen & Ginsburgh 1977). The results of LMX studies are less conclusive regarding the ability of LMX to predict objective measures of performance. Graen, Novak & Sommerkamp (1982) and Seers & Graen (1984) found significant increases in productivity followed LMX training administered to subordinates and managers. The results

of field surveys have not, to date supported the relationships uncovered in aforementioned quasi-experimental designs used by Graen et al. (1982) (Vecchio 1982; Vecchio & Griffeth 1984). Because the results concerning objective measures are less conclusive, this study will focus on this aspect of sales performance.

Goal achievement is an integral part of sales performance and the working relationship between the manager and salesperson may influence the level of achievement. The reciprocal response patterns increase the levels of loyalty, latitude and competence levels of the vertical dyad. The salesperson may be developing his or her skills or aligning him or herself with the goals of the sales manager in order to gain more latitude. Increased levels of latitude may provide the salesperson flexibility to enter into problem solving with customers and negotiate solutions. Under these circumstances, the salesperson evaluates the overall working relationship favorably. As a result, the working relationship with the sales manager is seen as instrumental or facilitating in the accomplishment of these goals. Based on this logic, the following hypothesis is offered.

Hypothesis 7

Higher levels of the quality of salesperson-manager relationship will lead to higher levels of salesperson performance as assessed using objective measures.

Environmental Uncertainty as a Moderator

The nature of the environment in which the salesperson must perform and achieve goals may moderate the relationship between the quality of exchange and job-related outcomes. Specifically, environmental uncertainty may act as a moderator. Environmental uncertainty is defined as the perceived inability to predict the actions of various environmental sectors (Hrebniak & Snow 1980; Liefer & Delbecq 1978; Liefer & Huber 1977; Milliken 1987). The sectors relevant to the sales and marketing functions include competitors, customers and distributors. Under conditions of environmental uncertainty, the actions of these sectors are

not predictable, sources of information are diverse and changing, and environmental sectors are less cooperative (Liefer & Huber 1977). Under these conditions, both the salesperson and manager may become more reliant on other organizational members for latitude, loyalty or competency than when the environment is stable and predictable.

In an attempt to deal with the lack of predictability and to insulate themselves from the inherent risk in an uncertain environment, the salesperson and manager may increase their exchanges with other organizational members. In this way, they can increase their needed flexibility to deal with the environment or count on the loyal support or competency levels of other organizational members. Other dyadic relationships (like horizontal dyads with other external or internal organizational members) may gain in importance. These contributions help them deal with uncertainty. The quality of the working relationship is still evaluated in terms of exchanged latitude, loyalty and competence. Under conditions of environmental uncertainty the importance of this relationship (and the impact of the quality of the relationship on job-related outcomes) may change.

It is possible that environmental uncertainty may either weaken the effect or strengthen the effect of the quality of the relationship on job-related outcomes. The dyad members may come to rely on the other exchange relationships and thus the impact of the vertical dyad exchange is less important. As the environment becomes more uncertain, the salesperson may develop and depend upon the dyadic relationships with his buyers rather than the sales manager. In this case achieving sales goals is less a matter of salesperson-manager relationship than the salesperson's relationship with the buyer. Satisfaction levels also may be influenced since the salesperson has been able to better control the work environment. Another possibility is that environmental uncertainty intensifies the impact of the salesperson-manager relationship. The salesperson-manager relationship becomes a vital link connecting the salesperson to the organization. Under conditions of environmental uncertainty the salesperson (and manager) may find the exchange of contributions to be integral part of achieving goals or a source of satisfaction. Thus, the following hypothesis is offered.

Hypothesis 8

Environmental uncertainty moderates the link between the quality of the salesperson-manager relationship and job-related outcomes.

Summary and Contributions

This study will test the impact of managerial latitude, salesperson competence and loyalty on the quality of salesperson-manager relationship, the impact this relationship has on job related outcomes (performance and satisfaction), and the degree to which environmental uncertainty moderates the link between salesperson-manager relationship and job-related outcomes.

These three contributions were selected as they represent important concepts to both LMX and sales management literature. LMX has long contended negotiating latitude is the conceptual cornerstone of LMX. Measures and explanations for the dyadic differences in negotiating latitude have been lacking. Sales management studies fail to agree on the impact of participative leader behaviors, and this may be due in part to a lack of a meaningful measure. The lack of convergent findings in sales literature may also be due to the fact that these studies assume the participative managerial behaviors are independent of the managers relationship with the salesperson. This study attempts to fill the gaps in both LMX and sales management literature by providing a conceptually consistent measure of latitude and to explore two subordinate contributions related to latitude. The relationship between these contributions is one of exchange.

Latitude and competence are exchanged from both the manager's perspective and the salespersons. The manager may allow higher levels of latitude to salespeople she considers capable of making accurate and effective decisions. While the manager can allow latitude to her sales staff she is still ultimately responsible for the achievement of district or regional sales goals. In an attempt to maximize results, the manager may grant latitude based on her perceptions of the salesperson's competency level. The salesperson may increase their compe-

tency level in order to achieve increased latitude from the manager. Studies in upward influence tactics imply subordinates recognize the value of this contribution and may use competency to influence their immediate supervisors. Thus, the levels of each contribution influence the levels of the other. This reciprocal influence pattern may also exist between managerial latitude and salesperson loyalty.

Latitude and loyalty are exchanged from both the manager's perspective and the salespersons'. The manager may attempt to decrease the risks inherent in allowing salespeople latitude by granting more or less latitude to salespeople based on their loyalty. If the subordinate is loyal, his behavior may be perceived to be more predictable. In a boundary spanning position where the manager cannot observe the sales calls, this predictability may be especially relevant. Thus risks of allocating more latitude are reduced because the manager feels certain she knows how the salesperson will operate in her absence. Latitude and loyalty are related from the salesperson's viewpoint as well. The autonomous nature of the sales task places importance on being granted operating latitude and the salesperson is likely to be more supportive and loyal to the manager who grants him the needed latitude.

The exchange of latitude and loyalty and the exchange of latitude and competence create reciprocal response patterns. Latitude, loyalty and competence form a reciprocal influence pattern in which contributions of one dyad member evokes contributions from the other. The contributions are made by each member of the dyad, become associated with that member and by implication to the leader-member relationship. When a dyad member evaluates the working relationship, they do so in terms of these contributions. Thus, one might expect because latitude, competence and loyalty are reciprocal, will be contributions which help determine the quality of salesperson-manager relationship.

Further, the quality of the relationship may have an impact on salesperson satisfaction and performance. Given the boundary spanning nature of the salesperson's task environment, the salesperson's working relationship with the sales manager may be especially important. The sales manager provides a crucial link to the sales organization for the salesperson. A working relationship characterized by high levels of loyalty, latitude and competence may be a filter

through which the salesperson assesses various aspects of his or her job. Thus one might expect that the more favorably the working relationship is evaluated, the more satisfied the salesperson. Similarly, the working relationship may influence the goal achievement aspect of sales performance.

The reciprocal response patterns increase the levels of loyalty, latitude and competence levels of the vertical dyad. The salesperson may be developing his or her skills or aligning him or herself with the goals of the sales manager in order to gain more latitude. Increased levels of latitude may provide the salesperson flexibility to enter into problem solving with customers and negotiate solutions. Under these circumstances, the salesperson evaluates the overall working relationship favorably. As a result, the working relationship with the sales manager is seen as instrumental or facilitating in the accomplishment of these goals.

The accomplishment of these goals must take place in the context of spanning organizational boundaries. Thus, it stands to reason that the nature of the environment spanned should play a part in the link between job-related outcomes and the quality of the salesperson-manager relationship. Environmental uncertainty may act as a moderator. Arguments supporting either a strengthening or a weakening effect exist and are equally plausible. The hypothesis concerning the moderating effect of environmental uncertainty reflects these possibilities.

The hypotheses and figure of the relationships to be tested are summarized below.

Hypothesis 1

Salesperson competence and managerial latitude are exchanged contributions in vertical dyads and will be positively related.

Hypothesis 2

Salesperson loyalty and managerial latitude are exchanged contributions in vertical dyads and will be positively related.

Hypothesis 3

Contributions of managerial latitude will have a positive effect on the quality of salesperson-manager relationship.

Hypothesis 4

Contributions of subordinate competence will be associated with judgements of higher quality salesperson-manager relationships.

Hypothesis 5

Contributions of subordinate loyalty will be associated with higher judged quality of salesperson-manager relationship.

Hypothesis 6

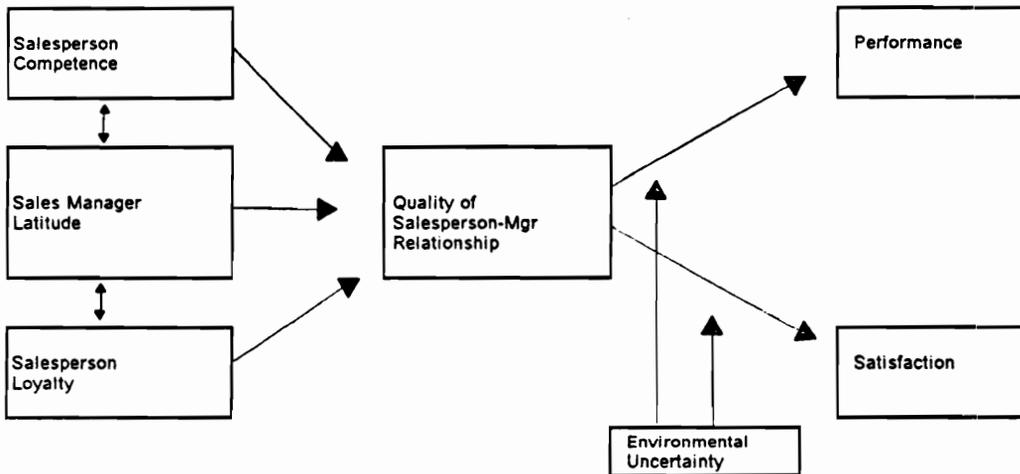
Higher levels of the quality of salesperson-manager relationship will lead to higher levels of salesperson satisfaction.

Hypothesis 7

Higher levels of the quality of salesperson-manager relationship will lead to higher levels of salesperson performance as assessed using objective measures.

Hypothesis 8

Environmental uncertainty moderates the link between the quality of the salesperson-manager relationship and job-related outcomes.



Chapter V

Methodology

The relationships hypothesized were tested using a cross-sectional survey of sales managers and their salespeople. Focusing on the salesperson-manager dyad, questionnaires were administered to both the sales manager and his or her salespeople. The analysis is based on both factor analysis (used to develop the competency and latitude scales) and Covariance Analysis of Linear Structural Equations (used to test the model). This design allows the researcher the opportunity to examine causal relationships in the field setting. The salesperson-manager relationships in the field sales setting are actual, pre-existing and ongoing relationships. In this setting one might expect more stable exchange relationships to exist between salesperson and manager (Deinesch 1987; Wakabayashi & Graen 1988; Wayne 1987).

Sample and Data Gathering

The sample consisted of 270 salesperson-manager dyads from 52 manufacturing firms. Participating firms provided names and addresses of the field salespeople and sent prenotification letters (See Appendix Table 11 on page 206. Personalized letters on university letterhead, questionnaires and self-addressed stamped envelopes were used both in the initial mailing and the follow-up.

(See Table 12 on page 207.) Follow-up procedures consisted of both mail and phone contact. Follow-up mailings to nonrespondents were sent three weeks after the initial mailings (See Table 13 on page 208.). In addition to mailings, follow-up procedures included telephone calls.

Data gathering instruments consisted of three questionnaires: one for the salesperson, one for the sales manager and one for the marketing executives.³⁸ The salesperson and manager forms included items measuring aspects of their relationship.³⁹ The executive forms included items measuring aspects of the firm (sales, method of compensation, etc.). For purposes of this study and analysis the respondents for each of the variables in question are as follows:

Variable	Respondent
Managerial Latitude	Salesperson
Salesperson Competence	Sales Manager
Salesperson Loyalty	Sales Manager
Quality of Relationship	Salesperson
Performance	Sales manager
Satisfaction	Salesperson
Environmental Uncertainty	Mktg Executive

The next section describes the measures of each of the above mentioned variables.

³⁸ Marketing executives included either the President or Vice- President of either sales or marketing.

³⁹ The sales manager's form requested responses as they related to a particular salesperson. The survey forms for both the salesperson and manager were identified with a series of numbers. This identification method allowed the researcher to match dyadic responses.

Measures

Managerial Latitude

LMX research has defined managerial latitude as the degree to which the sales manager allows the salesperson flexibility in various aspects of his or her task environment. The scales measuring this concept have evolved in the LMX stream of research. Each researcher has added items to the scale, offering no conceptual support for these additions. This study, therefore used the original conceptual definition, created a measure of latitude and tested this measure.

Using the paradigm suggested by Churchill (1979) the development of a managerial latitude measure first sought to specify the domain of the construct. (See Table 14 on page 209.) Based on a literature review, the relevant managerial and marketing the domain of this concept was established as informal (rather than formal) methods of salesperson-manager, one-on-one, negotiated decision making (rather than work-group and manager negotiated decision making). Further, the specific content areas of the decisions were delineated (Leana, Lock & Schwieger 1990). Content will include those decisions which affect the subordinates' tasks. These content areas which can be informally negotiated might include those related to territory management, account management or call management. A list of items was pretested and edited.

The resultant scale used in the survey asked salespeople to assess the degree to which their manager allows flexibility or latitude in making changes in 23 activities (6 territory management activities, 8 account management activities and 9 call management activities). This assessment was made on a seven point scale with 1 indicating "I am granted **no latitude**", to 7 indicating "I am granted **complete latitude** in making changes in these areas." (See Table 15 on page 210.)

This measure was based on the salesperson's responses since, according to social exchange theory, he or she is the recipient of this positional resource held by the manager. If

the recipient's behavior is influenced by their perception of received resources, then his or her perceptions should be central. Similarly, the manager's perceptions of the salesperson's resources (competency and loyalty) were the basis of operationalization.

Salesperson Competence

While measures of self-perceived competency have been developed, validated and used in LMX studies, no studies reviewed here attempted to measure other-perceived competency (Morse 1976; Snyder & Bruning 1985; Wagner & Morse 1975). If one dyad member bases their behavior on the perceived rewards offered by the other dyad member, then self-perceived competency is inappropriate. A measure of how a sales manager assessed the competency of his or her sales personnel is needed and was used in this study to test this social exchange theory.

Using the paradigm suggested by Churchill (1979) the development of perceived competence measure first sought to specify the domain of the construct. (See Table 16 on page 211.) The domain of this construct centers around the conceptual definition offered by Dienesch (1989). Competence has been defined as the perception of the **amount, direction and quality of work-oriented activity** the salesperson puts forth toward the mutual goals of the dyad. These three components relate to the manager's perceptions of the salesperson effort levels (*amount*), efficiency levels (*direction*) and the skills and knowledge (*quality*) the salesperson brings to these activities. Efficiency levels include items assessing the judgment, resourcefulness and dependability of the salesperson. Skills and knowledge items assess perceived product knowledge and sales abilities. Perceptions of effort, efficiency and abilities are based on the subjective perceptions of the manager. Further, these perceptions relate to the future or expected abilities of the salesperson. A manager's assessments of competencies differ from manager's evaluations of performance. Competence differs from performance evaluations in terms of time frame and degree of subjectivity. Competence is a measure of what the manager believes future or possible contributions are from this salesperson, and performance evaluations focus on previously executed tasks. Performance evaluations in-

clude both objective and subjective measures. Competency, as defined here, is entirely subjective.

The manager's perceptions of competencies may be influenced by the type of selling situation. Churchill, Ford, Hartley & Walker (1985) found issues relating to ability (sales aptitude) were more important in industrial sales than consumer sales. For example, industrial and consumer sales use different selling techniques (Hite & Bellizzi 1985). One might expect the manager's perception of competence to reflect required skills and abilities for selling to organizations or to consumers. The items assessing abilities, skills and knowledge are appropriate to industrial sales rather than consumer sales. The items were reviewed by industrial sales managers (i.e. building materials distributor, precision tool cutting manufacturer and a toiletries manufacturer) during a pretest.

The competency scale contained three components; one measuring the direction of work-oriented activities (13 items), one measuring the amount of work-oriented activities (3 items) and one measuring the quality of work-oriented activities (13). The direction and amount components posed statements and asked respondents to rate each salesperson on a seven-point Likert scale. Statements assessing the direction and amount of work-oriented activities included "This salesperson will devote above average amounts of time on his or her sales responsibilities." (amount) or "This salesperson is able to overcome obstacles by finding new solutions to problems." (direction). A more direct response scale was used to assess the quality dimension of competency. A list of skills, abilities and knowledge was generated during interviews with industrial sales experts. Sales managers rated each salesperson on a scale of 1 (indicating an inferior or inadequate level of competency) to 7 (indicating a superior level of competency) with respect to various skills such as decision making and organizational skills.

(See Table 17 on page 212.)

Loyalty

Loyalty has been defined as the expression of public support for the goals and personal character of the manager. The scale measuring loyalty is a seven item scale. These seven items represent a composite of selected items from studies measuring subordinate-superior dyadic loyalty (Atwater 1988; Dienesch 1987; Graen & Cashman 1975; Hoy & Rees 1974). Items were selected which focused on the subordinate's behavior. Behavioral items were selected for two reasons. First, behavioral aspects of loyalty (i.e. expressing public support) are consistent with the conceptual definition. Second, previous studies have found behavioral items significantly predicted the quality of leader-member exchange (Graen & Cashman 1975). Reliabilities associated with the behavioral aspects have been .74 and .837 for manager reported and .74 and .734 for subordinate. (Graen & Cashman 1975⁴⁰ Reliabilities associated with active behaviors such as vocalizing support or concealing the manager's weaknesses fall within a satisfactory range. Atwater (1988) and Dienesch (1987) used 3 and 5 item scales respectively. The coefficient alpha for manager respondents were .74 and .837. The perceived loyalty scale includes modified behavioral items from these measures. (See Table 18 on page 213.)

Quality of Relationship

The quality of the exchange relationship was operationalized as the salesperson's assessment of the working relationship. According the model proposed in the previous chapter, the quality of the relationship is judged based on numerous contributions from both members of the dyad. This research effort is focusing on a few of the possible contributors. The testing of the relationship between perceived loyalty, perceived competence, managerial latitude and the quality of relationship may be strengthened by inclusion of a direct measure of this construct. Direct measures used in previous LMX studies include a single item asking the re-

⁴⁰ Two behavioral items significantly differentiated exchange levels. "Superior will defend focal's decisions." and "Focal will not expose superior's mistakes." differentiated high from low exchange relationships at the .001 level.

spondent to indicate his/her assessment of the relationship between him/herself and the other member of the dyad (Deinesch 1987; Vecchio & Gobdel 1984).

This study included direct measures of this concept by asking salespeople to rate (on a seven point scale) the degree to which their relationship with their sales manager is cooperative or competitive, friendly or hostile, excellent or poor, intense or superficial, formal or informal, close or distant, social or task oriented, compatible or incompatible, and superior or inferior. (See Table 19 on page 214.) These items were pretested through in-depth experiential interviews with sales managers and their subordinates. These interviews consisted of open-ended questions exploring the concepts of interest, discussions focused on the survey instrument and questionnaire items, and timed responses. (See Table 14 on page 209 and Table 16 on page 211 for specific information regarding pretest participants.)

Job-Related Outcome:

Satisfaction

Comer, Machleit & Lagace (1989) have explored the psychometric properties of a reduced version of the INDSALES scale for measuring sales force satisfaction. This study will use the 24 item version comprised of six subscales; four items measuring the salesperson's satisfaction with supervision, job, company policy, promotion, pay, and customers. Comer et al. found reliabilities of the reduced scale exceed .75. The coefficient alpha in the Comer, Machleit & Lagace study were as follows:

Satisfaction with job	.87
Satisfaction with supervision	.85
Satisfaction with company	.84
Satisfaction with promotion	.83
Satisfaction with pay	.77
Satisfaction with customers	.81

Cross-validation using LISREL produced goodness of fit indices in excess of .80. Further, the reduced version was found to be inversely related to role ambiguity and propensity to leave. These inverse relationships are consistent with previous research findings and theories. Because this measure of satisfaction behaved as expected (i.e. shared the anticipated

relationships with role ambiguity and propensity to leave), this measure may be seen as a valid one. The effect sizes using the reduced version and the complete measure were virtually identical. Based on these results the 24 item scale will be used to measure salesperson satisfaction. (See Table 20 on page 215.)

Job-Related Outcome:

Performance

The operationalization of performance sought to emphasize the objective dimension of performance. This study operationalized performance as the percent of quota achieved by the salesperson for all products in their assigned territory. The sales manager reported the **actual** percent of quota achievement for the previous six months and for last year and the **expected** quota achievement for the next twelve months. (See Table 21 on page 216.)

This measure was chosen for two reasons. The first reason concerns the predictive ability of the model. If the measure of competency focuses on the subjective judgements of the sales manager - and the performance measure includes subjective judgements as well, the predictive ability of the model may be suspect. In order to test the effects of managerial perceived competency, therefore, objective measures of sales performance are preferable. The second reason concerns the profile of the sample. The participating firms represent a variety of industries (from textiles to security systems) and the objective measure common to all participants was the percent of quota achieved. In order to test the proposed model with this sample the objective performance measure of quota achievement was used.

Moderator:

Environmental Uncertainty

Environmental uncertainty is defined as the perceived inability to predict the actions of various environmental sectors (Hrebniak & Snow 1980; Liefer & Delbecq 1978; Liefer & Huber 1977; Milliken 1987). The sectors relevant to the sales and marketing functions include competitors and customers. Measures of perceived environmental uncertainty were reported by

each firm's marketing executives. Executive responses were sought for two reasons; (1) to avoid inflating the length of the sales manager's questionnaire and (2) to ensure consistency with boundary spanning research. Research in role theory and the role of the boundary spanning salesperson has shown that various industries face significantly different levels of environmental uncertainty (Hrebniak & Snow 1980). In order to be consistent with the approach taken in boundary spanning theory, therefore, environmental uncertainty was reported by a level of management with an overall industry viewpoint (such as the marketing executive), rather than a localized regional or district market viewpoint.

This concept was operationalized as the marketing executives' perceptions of his or her organization's ability to predict various changes in two environmental sectors; competitors and customers. Respondents rated on a seven point scale (1 = Very low predictability and 7 = Very high predictability) the degree to which they could predict changes in the marketing strategies of their competitors (4 items) and the changes in their customers' preferences (4 items). (See Table 22 on page 217.)

Analysis

The hypotheses will be tested using the CALIS (Covariance Analysis of Linear Structural equations). The model of interest, shown in Figure 5 on page 190, is a causal model. Cause-effect relations are proposed based on prior empirical research and theory. However, the set of variables have been collected at one point in time. In order to test the causal assumptions, equations implied by the arrows are solved, thereby yielding estimates of the magnitudes of the linkages shown.

The independent variables are managerial latitude, salesperson competence and loyalty. The dependent variables are the quality of the relationship, performance and satisfaction. As shown in Figure 5 on page 190., gamma (γ) is used to indicate a structural coefficient of a

causal relation between an exogenous variable (i.e. independent variable) and an endogenous variable (i.e. dependent variable). Beta (β) is used to indicate a structural coefficient of causal relation between two endogenous variables. The amount of shared variances between contributions is estimated by the ϕ parameters. The hypotheses to be tested using CALIS are as follows:

Hypothesis	Parameter
H1. Salesperson competence and managerial latitude will be positively related	ϕ_{21}
H2. Salesperson loyalty and managerial latitude will be positively related	ϕ_{32}
H3. Contributions of managerial latitude will determine the quality of salesperson-manager relationship.	γ_{12}
H4. Contributions of salesperson competence will determine the quality of salesperson-manager relationship.	γ_{11}
H5. Contributions of salesperson loyalty will determine the quality of salesperson-manager relationship.	γ_{13}
H6. Higher levels of the quality of salesperson-manager relationship will lead to higher levels of salesperson satisfaction.	β_{31}
H7. Higher levels of the quality of salesperson-manager relationship will lead to higher levels of salesperson performance.	β_{21}
H8. Environmental uncertainty moderates the link between the quality of the salesperson-manager relationship and job-related outcomes.	Two Group Analyses Comparing Each Model's $\beta_{31} \beta_{21}$

RESULTS

The purpose of this chapter is to present a description of the respondents and the results of the analyses (scale development as well as model testing). Profiles of the firms, salesperson, sales manager, and dyads participating in this survey are reported in the first section of this chapter. Next, the empirical portion of the scale development for the measures of each variable is presented. Finally, the results of the CALIS model (both the measurement and the structural portion) are discussed.

Profile of The Sample: Firms, Salespeople, Managers and Dyads

A total of 215 usable salesperson and 197 sales manager surveys were returned. Responses were received from 215 salespeople. Of these individual responses, 155 were matched (or dyadic) responses. Matched responses were received from both the salesperson and their respective manager. Response rates, therefore, are as follows:

	Sent	Received	Response Rate
S.Person	270	215	79.6%
S.Manager	270	197	73.0%
Dyad	270	155	57.4%

The participating firms were engaged in the manufacturing of various products (See Table 23 on page 218.). Responses were received from 47 out of the 52 firms which agreed to participate. The participating firms varied in terms of type of product manufactured as well as size (as indicated by annual revenues).

Annual Sales	Percent of Participating Firms
Less than \$50,000,000	42%
\$50,000,000 to 200,000,000	25%
Over \$200,000,000	33%

The majority of firms used some form of combination method for compensating salespeople as well as sales managers. A combination of salary and commission or salary and bonus was used as a salesperson compensation method for 88% of the firms. A combination of salary and bonus or commission was used as a sales manager compensation method for 92% of the firms. Based on the method of compensation, these participating firms are highly representative of the actual population of industrial field sales forces (Sales & Marketing Management; 1991).

Data concerning the income, education, and experience levels of the respondents was also gathered. The majority (82%) of the salespeople responding earned a college degree or attended some college. The average number of years of sales experience was 16, and on average 9.77 of those years consisted of sales experience with their current employer. Given this level of experience, the reported income levels are representative of industrial goods salespeople. An industrial goods salesperson of mid-level experience, according to a recent selling cost survey, earns an average of \$41,266 (Sales & Marketing Management 1991). Within this sample 50.9% earned between \$30,000 and \$60,000. (See Table 26 on page 223.)

The sales managers demographics included education, income, experience and managerial span of control. The majority of sales managers earned a college degree or attended

RESULTS

some undergraduate or graduate work (87.6%). The average number of salespeople supervised was 7. Approximately half of the sample of managers reported incomes of less than \$80,000.⁴¹ The average sales manager respondent had a total of 17.9 years of sales experience and had been a sales manager for 10.5 of these years. Of the 17.9 years of total sales experience, the average manager had experienced 12.2 of those years with his or her current employer. (See Table 27 on page 224.)

In addition to individual and firm demographics, information regarding the duration of the salesperson-manager relationship was gathered. The average length of these relationships was 3.5 years, and over half of the salesperson-manager relationships had existed for less than 2.6 years. Respondents were asked to report the length of time in years and months and the results are as follows:

Sp-SM Relationship	Percent of Dyads
Under 1 year	24.5%
1.0 to 2.5 years	10.0%
2.5 to 2.8 years	28.4%
2.8 to 5.0 years	21.9%
5 to 9 years	10%
10 to 20 years	5.2%

Sample Sizes for Analyses: model analysis and measure development

Dyad responses (i.e. those matched responses received from both the salesperson and his or her manager) provided the basis for the analysis of the model. Individual responses (i.e. both matched and unmatched salesperson or sales manager responses) were used for the development of the measures. Competence, loyalty and performance measures were reported by the sales manager and the sample size for the analysis of the measures was 197 (155 matched and 42 unmatched responses). Latitude, quality of the relationship and satisfaction measures were reported by the salesperson and the sample size for the analyses of these measures was 205 (155 matched and 50 unmatched responses).

⁴¹ *Sales & Marketing Management Survey of Selling Costs* does not report the various experience and income levels of managers. The average salary of sales managers reported was \$83,670.

By using unmatched as well as matched responses, a larger sample could be used in developing the measures. If, however these responses were significantly different (matched compared to unmatched responses), then the use of matched responses for model test and unmatched for scale development would not be viable. A comparison of means between the dyad and the individual responses was made. This comparison may reveal response bias (unmatched responses may indicate problems with the relationship between the salesperson and manager--or may be due to random events.) The quality of the salesperson-manager relationship was not significantly different. Significant differences were defined as those with p-values lower than .025. The .025 cut off was used because of the repetitive nature of these comparisons (27 comparisons were made).. (See Table 28 on page 227.) Out of the 27 comparisons, only two were significant. Neither of these differences have any substantive impact on the analyses. The majority of comparisons were not significant.

For these two reasons, response bias between the dyadic (matched) and individual (unmatched) groups did not appear to be a concern. The analyses of the measures, therefore, was based on the combination of individual and dyadic responses. These measures will be addressed next.

Scale Development: Factor Structure and Reliability Analyses

Competence

The analyses of this scale included (1) factor analyses to verify the dimensions of competence, (2) reliability analysis to assess the internal consistency of the measure and (3) analyses (both factor and correlational) to explore discriminant and convergent validity issues. This discussion will follow this order, beginning with a discussion of the factor analysis of all of the competence items.

A principal components factor analyses of the competence items was conducted to verify the originally proposed three dimensions of this concept. Principal component method of

analyses was used. Factor solutions with Eigenvalues greater than 1 were then examined and compared to the originally proposed dimensions of competence. The principal components extracted are variates designed to maximize variance accounted for, not designed for interpretability (Stevens 1986). To better interpret (and compare the factors to the originally proposed dimensions) Varimax rotation method was used. These loadings, the Eigenvalues (rotated and unrotated), and the percent of variance explained for each factor are reported on Table 30 on page 229. The critical value for interpretation of the rotated factor loadings was .36 (p -value $< .01$). This cutoff (of .36) is selected for two reasons: (1) it reflects the impact of the sample size, and (2) principal component method and varimax rotation tends to overstate the loadings (Stevens 1986).

An interpretable three factor solution was extracted. These three factors, however, differ from those originally proposed. The three dimensions proposed included the amount, direction and quality of work-oriented activities. The factor solution suggests competence in the field sales setting includes amount of work-oriented activities (effort), quality of general or managerially-oriented activities (general) and the quality of specific selling-oriented activities (selling). Each of these factors, the loadings and the interpretation will be addressed next.

The direction and amount of work-related activities were clearly important as these items explained 57.6% of the variation in the competence items. (Table 29 on page 228.) Items such as "This salesperson will devote above average amounts of time on his or her sales responsibilities." and "This salesperson will be concerned about doing things as efficiently as possible." dominated this factor. Sales managers in this sample apparently perceived these two elements of competence (such as the amount of time and the effective use of time) to be similar. The factor loadings imply that sales managers in this sample combine the dimensions of working hard (amount) and working smart (direction) into the total effort of the salesperson. Items which cross-loaded on other factors were deleted from this scale. The items which did not cross-load were then used for reliability analysis. By first exploring the dimensions of the scale through factor analyses (and dropping the items which are inconsistent with the dimensions extracted), then testing the internal validity of these items, the resultant subscales

were independent of each other and internally consistent. The items deleted due to cross-loading included items 32 to 37. (See Table 29 on page 228.) This first factor, therefore, is the effort dimension of competence. While this factor was important empirically (explaining 57.6% of the variance), the remaining components extracted carry practical and substantive significance. This significance and the interpretation of these factors are addressed next.

The second and third factors share similarities. Both factors load heavily on the manager's assessment of competency levels in terms of general skills such as decision-making, problem solving, organization, and analysis. Both of these factors describe skills that relate to the general management of a sales territory (or, for that matter, business endeavor). Decision making, problem solving, organizational, analytical and communication skills are applicable to the management of any function or unit, not just the sales function applied to the territorial salesperson. It is possible that these two factors are a result of order effect.⁴² For these two reasons (order effect and substantive similarities), the second and third factor were combined to create one dimension, quality of general managerial skills.

The last factor solution described the quality of competence in terms of specific selling skills. This set of items on which competency is assessed includes interpersonal skills, general selling skills, assertiveness skills and the salesperson's knowledge of the product, customer and competition. Thus the items in the quality of work-oriented scale split into two factors: general managerial skills and specific sales skills.

The reliability of each of these subscales was assessed using Cronbach alpha. Based on the average pairwise correlation of items within each of the subscales, specific questionnaire items were deleted. Those items which reduced the overall reliability of the scale were dropped. Using this criteria, two items (#24 and #27) in the "Effort" subscale were deleted. The reliabilities of each of the subscales and examples of scale items are as follows:

⁴² Three selling related items (#52, 53 and 54) were located within the items loading on these factors.

Items	Factor Name	Reliability
	Competence - Effort	.90
#25	This salesperson will devote above average amounts of time on his or her sales responsibilities.	
#29	This salesperson will be concerned about doing things as efficiently as possible.	
#38	This salesperson is resourceful.	
	Competence - General	.91
#49	Decision making skills	
#50	Organizational skills	
#51	Problem-solving skills	
	Competence - Selling	.88
#52	Product knowledge	
#59	Assertiveness skills	
#61	Interpersonal skills	

Nomological validity was tested by comparing the competence subscales to other measures, such as performance, latitude and loyalty. This discussion of validity will focus on the relationship between competence subscales and (1) performance, (2) loyalty and (3) latitude.

Support for the discriminant validity of the competence scale is based on a comparison of performance and competence questionnaire items.⁴³ Results of a factor analysis of both performance and competence items implies this distinction was made. The first three factors were clearly related to competence and the fourth (and final) factor was characterized by substantial loadings (or coefficients) from the performance measure. (See Table 30 on page 229.)

The item-to-item correlation of these measures provides specific support for the validity of these scales. The correlation of nineteen competence items to the three performance items indicates the "selling skills" item (Question #53, "customer knowledge") share the highest correlation with the percent of previous quota achievement ($r = .35$). (See Table 31 on page 230.) The factor analysis and correlation tables indicate competence items were measuring a concept distinct from performance.

⁴³ As stated in the previous chapter, competence is the potential the salesperson possesses -and performance is the actual outcome of efforts expended. Assessments of competence are based on the subjective judgements of the manager, whereas assessments of performance include both a subjective and objective element.

Similarly, the factor analysis of competence and loyalty items illustrated a distinct factor structure. A five factor solution was extracted. The first three factors extracted represent a linear combination of competence items, and the final two are based on loyalty items. (See Table 32 on page 231.) This factor structure supports the notion that these two salesperson resources, competence and loyalty, are separate constructs. While there is some evidence to support the discriminant validity of this measure, discriminant validity alone is not sufficient. The next section explores an investigation of nomological validity.

Based on social exchange theory, one would expect the shared variance of salesperson competence and sales manager latitude to be higher than that between the two salesperson resources (competence and loyalty). If reciprocal influence patterns or "exchanges" are occurring between dyad members, salesperson competence should covary with sales manager latitude. This covariance between dyad members' resources should be higher than the covariance between two resources from the same dyad member (i.e. salesperson competence and salesperson loyalty). This expectation was not fulfilled. Competence subscales demonstrated a higher shared variance with the loyalty items than with latitude. Covariances between competence and loyalty ranged between 11 and 17. Covariances between competence and latitude ranged between 2 and 10. (See table below.) Two possibilities may explain these results. 1. Both salesperson contributions, competence and loyalty, were assessed by the sales manager. Latitude, however, was assessed by the salesperson. The shared variance between competence and loyalty may, in part, be due to this "common source". Perhaps sales managers' bias inflated these covariances. (i.e. Managers may generally value a competent employee, and this may influence their assessments of loyalty.)⁴⁴ 2. A second reason may be due to conceptual, rather than methodological issues. The exchange of managerial latitude for salesperson competence may not be a one-to-one exchange. The exchange of latitude may include other resources such as information, trust, and other resources. To expect latitude to be exchanged solely for one resource, such as loyalty, may be overstating this

⁴⁴ The potential effect of "common source" is explored further in the structural portion of the CALIS analysis.

relationship.⁴⁵ The actual correlations between competence and the other contributions are as follows:

Correlations: Competence and Loyalty

Dimension	Correlation	Significance
Competence (Effort)	.45	(.0001)
Competence (General)	.30	(.0001)
Competence (Selling)	.32	(.0001)

Correlations| Competence and Latitude

N = 155

Correlation/(Significance)

	Latitude over Devlpmntl. Activities	Latitude over Maintnce. Activities	Latitude over Sales Call Activities
Competence (Effort)	.13 (.11)	.18 (.03)	.17 (.04)
Competence (General)	.08 (.33)	.14 (.07)	.16 (.05)
Competence (Selling)	.17 (.03)	.22 (.01)	.21 (.01)

Regardless of the possible (and post hoc) explanations for the counter-expected findings, the measures of the competence construct did not behave precisely as expected. This portion of the scale development has raised some concerns about the competence subscales. The CALIS procedure discussed in the "Model" section will explore these concerns (i.e. measurement error and the network of expected relationships) further. Because the competence subscales demonstrated satisfactory discriminant validity, face validity (as per pretest results), and reliabilities, these three subscales were used in the model.

Latitude

⁴⁵ Results of the CALIS analyses indicates that the covariance between competence and latitude is larger and possibly more significant than the covariance between latitude and loyalty.

The analyses of this scale included (1) factor analyses to verify the dimensions of competence, (2) reliability analysis to assess the internal consistency of the measure and (3) analyses (both factor and correlational) to explore discriminant and convergent validity issues. This discussion will follow this order, beginning with a discussion of the factor analysis of all of the latitude items.

A factor analyses of the latitude items was conducted to verify the originally proposed three dimensions of this concept. Principal component method of factor analyses extracted three factors with eigenvalues greater than 1. Varimax rotation was used in comparing the loadings of these factors with the dimensions originally proposed. Latitude was previously defined as the freedom to change either territory, account or sales call related activities. The first factor solution extracted explains 38.6% of the variation in the items, and clearly reflects the freedom to change activities related to the sales call. The remaining two factors, however, differ slightly from those originally proposed. (See Table 33 on page 233.) These two factors described the purpose rather than the level of activities (i.e. territory level or individual account level).

The second factor was characterized by items relating to maintenance activities (such as allocating time to selling and administration, servicing existing accounts, and administration). The third factor was characterized by items relating to developmental activities (such as developing leads, trade relations, and the customer base). These two factors apparently describe latitude over activities aimed at **maintaining** or **developing** the sales accounts and territory. As a result, these dimensions were called Latitude over Maintenance Activities and Latitude over Developmental Activities. The next section describes the analyses of internal consistency of each of these three dimensions: latitude over sales calls, latitude over maintenance activities and latitude over developmental activities.

Items which decreased the Cronbach alpha were dropped from the respective subscales.⁴⁶ Within the latitude over sales call scale, the items describing latitude over the

⁴⁶ Reliabilities were assessed initially on the 9 items loading on the first factor, the 8 items of the second and the 6 items of the third. (See Table 33 on page 233.)

use of visual aids and product demonstrations were not consistent with other items. This may have been due to the variability of customary sales presentation techniques used in each industry. Depending on the nature of the product and customer, visual aids or demonstrations may be mandatory or impractical. Similarly, reliability was increased with the deletion of the item #3 (establishing sales territories). This maintenance activity did not seem to be relevant to this scale. Latitude over territorial boundaries remains the primary responsibility of the sales manager. The average response on this item was significantly lower than the average response to any other in this scale. Finally, the developmental activities scale demonstrated a higher Cronbach alpha with the deletion of the second item (developing trade relations).

As a result of these deletions, the reliability estimates are .92 (latitude over sales calls), .78 (latitude over developmental activities) and .84 (latitude over maintenance activities). (See Table 35 on page 235.)

In addition to reliability, validity issues were explored. Evidence of convergent validity was found in the correlation of each item to an overall measure of latitude. The overall measure (item #66) was a Likert statement "I have a lot of freedom in operating my territory." All items selected for the measurement of the three latitude subscales were significantly correlated to the overall measure. (See Table 35 on page 235.)

The relationship between latitude and other variables provided further evidence of the validity of this measure. As anticipated (See Table 14 on page 209.), latitude shares a positive correlation with other exchange and outcome variables. The relative sizes of these correlations are consistent with those anticipated. The average correlation between latitude and the quality of the relationship is .34. The average correlation between competence subscales and outcome variables is .22. The average correlation between competence subscales and loyalty is .13. While these three correlations do not expected. These relationships provide some support for the nomological validity of the latitude measure.

Loyalty

RESULTS

Based on the factor analyses and prior conceptualizations, loyalty appears to be a unidimensional scale. A two factor solution was extracted, however all of the items in the scale loaded substantially on the first factor (See the Unrotated Factor Solution on Table 35 on page 235.) The second factor apparently reflects the impact of negatively worded items since the positively worded items all loaded negatively on this second factor. Positively worded items include "gives good reports about me to others" and "supports my viewpoint. Negatively worded items include "criticizes my work to others" and "does not support my decisions." Because of these patterns reflect the reversed wording of the items, loyalty was measured as a unidimensional concept. Two items (#48 "Adopts and supports my viewpoints" and #47 "Tends to blame management") did not substantially add to the Cronbach alpha and were deleted from this scale. The measure of loyalty, as a result, was comprised of seven items with a Cronbach alpha of .84.

Quality of Relationship

One factor was extracted from the nine items measuring the quality of exchange relationship. (See Table 36 on page 236.) The deletion of the task- oriented versus socially-oriented item substantially increased the internal consistency of this measure. This pair of adjectives may not have provided distinct opposites. The salesperson-manager relationship may include both task and social orientation. These orientations may not be mutually exclusive. Based on this possibility and the empirical results, this item was deleted and the quality of relationship was measured by the scores on eight items and exhibited a Cronbach alpha of .92.

Satisfaction

The satisfaction measure performed as anticipated. A six factor solution was extracted, and the loadings were consistent with the definition. (See Table 37 on page 237.) Reliabilities of the six satisfaction subscales fell into acceptable ranges (from .91 for satisfaction with the job to .71 for satisfaction with promotion).

Performance and Environmental Uncertainty

The reliabilities of the performance and environmental uncertainty scales fell within acceptable ranges (.81 and .70 respectively). Further, the reliability analysis did not indicate any improvement with the deletion of items. As a result, performance was measured by the sum of scores on three items and the environmental uncertainty by the sum of the scores on the original eight items. The performance measure was rescaled; converting the original range of 54% to 200% to values of 1 to 11.

Covariance Analyses of Linear Structural Equations (CALIS)

The proposed model of the relationships between these variables was analyzed using the CALIS procedure. (See Figure 6 on page 191. for the model tested.) This SAS procedure evaluates the network of relationships (or equations) simultaneously. This section will first describe the overall model indicators, then address the specific relationships within the model. Because the overall model indicators (i.e. χ^2 , GFI, AGFI, and incremental fit indices) were not significant, the discussion of the specific relationships within the model focuses on residual diagnostics and modification indices. The overall fit indices used to evaluate this model were the chi-square statistic, adjusted goodness-of-fit index and root mean square residuals. The next section presents the results of each of these overall fit indices.

Overall Fit Indices

RESULTS

Incremental Fit - Bentler & Bonett (1980) Index

Normed and nonnormed fit indices were proposed by Bentler and Bonett (1980) to compare the tested model to a null model. (A null model specifies no relations among variables, no latent variables, no covariances and all variances are estimated.) Both indices (normed and nonnormed) describe the incremental improvement in fit for the hypothesized model relative to the null. In effect this measure asks the question| Is the improvement resulting from the hypothesized model as opposed to the null substantial or notable relative to the total amount of fitting to be done? The nonnormed index may be a better indicator since it is less dependent on sample size and degrees of freedom.⁴⁷ The normed index for the hypothesized model is .8296 and nonnormed is .8902. A model with a nonnormed index lower than .90 according to Bentler and Bonett (1980, p 600) "can usually be improved substantially". The nonnormed index comes close to this cutoff and given the exploratory nature of this study indicates the hypothesized model holds some promise.

Chi-Square Test Statistic

The analysis based on the covariance matrix (See Table 40 on page 241.) and the resultant chi-square statistic was 158.17 (df=85 and p=.0001).⁴⁸ Based on this chi-square statistic, the predicted model is not sufficiently close to the observed model. The validity of this statistic, however, is weakened when the sample size is not sufficiently large. A sample size of over 200 is needed with complex models (Anderson & Gerbing 1984; Bollen 1989; Bone, Sharma & Shimp 1989). The model was based on the responses of 155 salesperson-manager dyads. Because the actual sample size fell short of the required, the overall fit statistics may

⁴⁷ Normed does not control for the degrees of freedom and can be inflated by adding indicators.

⁴⁸ Covariance matrix, rather than correlation matrix was analyzed since the chi-square statistic is not accurate when a correlation matrix is analyzed (Joreskog & Sorbom 1986).

be influenced.⁴⁹ There is a tendency to reject the hypothesized model more often than would occur by chance when the sample size is insufficient (Bearden, Sharma & Teel 1982).

GFI and AGFI

The adjusted goodness-of-fit index is less dependent on sample size.⁵⁰ The GFI was .88 and the AGFI was .82. While the AGFI and GFI do not have a known sampling distribution, the standard acceptable level for AGFI is above .85. The AGFI indicates a less than satisfactory amount of variance and covariance jointly accounted for by the model. While this index is less sensitive to sample size, it is not immune to the effects of a small sample size. Results of Anderson & Gerbing's (1984) simulations suggest that the mean GFI and AGFI values are affected by model complexity in smaller samples. The lack of fit may, in part, be attributable to (1) incorrect model specifications and/or (2) sample size. To explore these possibilities, (1) residuals and modification indices were examined and (2) jackknife procedures employed. A diagnosis of the residuals helps highlight some problem areas in the model, and the modification indices provide a more stringent test of specific relationships within the model. The residuals are used to examine the overall model, and they are discussed next.

Following this discussion of the overall model, this chapter turns to the specific relationships within the model. The specific relationships are tested using jackknife procedures (to test the stability of the parameter estimates) and modification indices (to test the applicability of the parameter estimates).

Since it is possible that the chi-square and goodness-of-fit may be due to an inaccurately specified model, the size and pattern of the residuals were examined. The root mean square residual for this model was 2.72. The RMR is a measure of the average residual variances and covariances and acts as a goodness-of-prediction index. The RMR does not tell which part of the model is weak. Normalized residuals can reveal some of those weaknesses.

⁴⁹ The ratio of free parameters to data points is 4.4 (155/35). A ratio of 5 to 10 is recommended by Bentler & Chou 1988.

⁵⁰ The goodness-of-fit index and adjusted goodness-of-fit index are computed within the CALIS procedure by the formulas proposed by Joreskog & Sorbom 1985.

It was interesting to note that despite the sample size, 93.4% of the residuals fell within two standard deviations of zero. If only random errors exist in the residuals, one would expect approximately 95% of the residuals to fall within two standard deviations of zero. (See Figure 7 on page 192.) Further, the pattern of the residuals is logical and consistent with some leadership theories. (See Table 41 on page 242.)

Two problem areas seem to emerge from the pattern of the residuals: (1) the model underpredicts the relationship between exchange variables (i.e. latitude and competence) and outcome variables and (2) the satisfaction measure lacks distinct dimensions. Because normalized residuals are a simple, rough test, these three issues will be explored further using modification indices and parameter estimates. The next section discusses these estimates and indices.

Measurement Portion of the Model

Measurement parameters for competence, latitude and satisfaction factors were estimated. (See Table 42 on page 243.) The measurement equations for these three multidimensional concepts were evaluated in terms of the modification indices. These results indicate few significant correlations between the error terms for exchange variables (competence and latitude), but substantial correlation between the measurement error for the dimensions of satisfaction. (See modification indices Table 44 on page 245.)

The results for competence and latitude measurement equations are presented next, followed by a discussion of the satisfaction measure.

Latitude

The parameter estimates for the dimensions of latitude are significant, and the error terms associated with each of the three dimensions are not significantly correlated. Modification indices for the covariance between error terms were not significant.⁵¹ Latitude over

⁵¹ A modification index for a given parameter tells how much the chi-square value would decrease if the model were re-estimated with modifications on that parameter, and all previously estimated pa-

maintenance activities seem to be distinct from latitude over sales call or developmental activities. This measure performed as expected.

Competence

While the measurement errors between the effort dimension and the each of the skills (specific and general) was not significant, the error terms between general managerial and specific selling skills were marginally significant. The modification index for the covariation between error terms for effort and general skills was .112 ($p = .74$) and 3.68 ($p = .055$) for effort and selling skills. The modification index between the error terms for the two types of skills (specific selling and general managerial) of competence is 3.95 ($p = .047$). This may be due to a concept common to both (skills). General managerial skills and specific selling skills are, as one might expect, closely related.

Satisfaction

The error terms are correlated and the pattern of these intercorrelations imply an underlying structure may exist. Satisfaction has frequently been conceptualized as having an intrinsic and an extrinsic dimension. Satisfaction with the customer is unrelated to the other dimensions of satisfaction and the customer may be an extrinsic element of satisfaction.⁵² The error variance of satisfaction with the company is related to other facets of satisfaction which are internal or intrinsic (such as the job itself, pay, promotion and supervision). See the table below of the probability values associated with the modification indices.

**Significance of the Modification Indices
(p-values < .05)**

Correlation of Error Terms: Satisfaction Dimensions

	Job	Pay	Pro	Sup	Co	Cus
Pay		NS				
Pro		.004	.000			
Sup		NS	NS	.02		
Co		.009	.013	.001	.000	

Parameters were held fixed at their estimated value. Modification indices smaller than 4.0 provides an insignificant improvement in fit. (Herting and Costner 1985)

⁵² Extrinsic and intrinsic satisfaction have been defined differently by various sales management researchers. Some contend factors which are not inherent to the performance of the actual work task are extrinsic (Churchill, Ford & Walker 1974). Others contend extrinsic satisfaction includes aspects of the work environment which are outside of the firm itself (Tyagi 1985). The results for this analysis are consistent with the latter.

Cus NS NS NS NS NS

In order to test the dimensions of satisfaction, additional measures tapping the extrinsic aspects of satisfaction are needed. Lacking these measures, a model with correlated error terms was compared to the originally specified model. The resultant overall fit indices are as follows:

Index	Model	Original Error Terms	Model with Satisfaction Correlated ⁵³
	Chi-Square	158.17	132.86
	p-value	.0001	.0034
	df	85	92
	GFI	.88	.90
	AGFI	.82	.86
	RMR	2.72	2.60
	χ^2/df ⁵⁴	1.862	1.44

Correlating the measurement errors (within the satisfaction measure) results in a model that is more consistent with the data. This modification, however, has not been substantiated conceptually. Additional modifications and their conceptual underpinnings are explored within the structural portion of the model. These modifications and their implications for the hypothesized relationships are discussed next.

Structural Portion of the model

Since the overall fit indices indicate the observed covariances differ significantly from those predicted from the model, this section explores some possible causes for this lack of fit. Modification indices, residuals and parameter estimates were used to explore the possibility of model misspecification. Residuals provide rough estimates and are a simple test of the differences between observed and predicted covariances. Modification indices are based on partial derivatives and indicate the rate at which the fit would change if particular coefficients were changed. Jackknife procedures were used to explore the possibility of unstable parameters and the effect of the sample composition. The parameter estimates and modification indices are discussed next.

Exchanges between Salesperson and Manager: Hypotheses 1 and 2

The ϕ_{21} and ϕ_{32} parameters provide a test of the exchange relationship between salesperson and manager's resources. The covariance between the competence and latitude

⁵³ Correlated error terms are between job and promotion, promotion and pay, company and job, company and pay, promotion and supervisor, promotion and company and company and supervisor.

⁵⁴ This comparison is made since the expected value of a chi-square variate is its degrees of freedom. The ratio of chi-square to degrees of freedom estimates how many times larger the chi-square estimate is than its expected value when $(N-1) * F$ for maximum likelihood methods approximate chi-square variates. Recommendations on a "good" fit range from 3, 2 or less to as high as 5. (Bollen 1989)

factors (ϕ_{21}) is significant. The covariance between latitude and loyalty (ϕ_{32}), however, is not significant. (See Table 43 on page 244.) The implication of these results may be that the field sales managers' decision to grant or deny latitude is influenced more by the salesperson's competence level than their loyalty. Based on these estimates and this model, hypotheses 1 is partially supported and 2 is not supported.⁵⁵

None of the modification indices (LaGrange Multiplier Modification Indices) concerning hypotheses 1 or 2 were significant. The lack of fit, therefore, may be attributable to one of the other hypothesized relationships. The hypothesized relationships between the contributions and the quality of the relationship is examined next.

Quality of Relationship Components: Hypotheses 3, 4 and 5

Of the three contributions, sales manager's latitude and salesperson loyalty are significant predictors of the quality of the relationship. Salesperson competence was not a significant causal factor. Based on these estimated parameters, hypotheses 3 and 5 receive partial support. Hypothesis 4, however, is not supported.

Analyses of residuals and modification indices show this portion of the model requires few significant changes. The quality of relationship does not emerge as part of a frequently overstated or understated covariance. (See Table 41 on page 242.) A positive residual indicates the tested model understates a relationship (i.e. covariance between indicators) and a negative residual is indicative of an overstated relationship. No significant residuals, either positive or negative (concerning these hypothesized relationships) emerged.

This same pattern occurs in the modification indices. Few significant modification indices exist between the contributions of competence, latitude or loyalty. (See Table 44 on page 245.) The modification indices are second-order derivatives and estimate the effect a modification (i.e. changing the hypothesized model) would have on the χ^2 statistic. A modification index larger than 4 will result in significant changes to the χ^2 . None of the modification indices point to changes regarding these hypothesized relationships. However, both residuals and

⁵⁵ Given the overall fit indices of this model, comments regarding the parameters are tenuous. The jackknife procedure results presented later give evidence of the stability of these parameters.

modification indices point to substantial changes in terms of the outcome variables which are discussed next.

Impact on Performance and Satisfaction Outcomes: Hypotheses 6 and 7

The parameter estimates seem to imply that the quality of relationship **is** a causal factor in determining satisfaction and **is not** a causal factor in determining performance. These parameter estimates provide partial support for hypothesis 6 but fail to support hypotheses 7.

The modification indices and residuals suggest significant changes in this portion of the model may be appropriate. This section will focus on the patterns which exist in the modification indices and residuals. Three patterns which emerge are (1) a direct rather than mediated relationship between the contributions (competence, latitude or loyalty) and the outcomes (performance and satisfaction), and (2) a causal relationship between latitude and satisfaction, and between competence and performance, and (3) problems with the supervisor aspect of satisfaction.

(1) Direct relationship

The majority of normalized residuals (those greater than 1.0) indicate the proposed model understates the relationships between the outcome variables and the contributions. (See Table 41 on page 242.) The pattern uncovered by the residuals is repeated in the modification indices. These indices imply that the fit could be significantly improved with modifications made to the relationship between competence and performance and between latitude and satisfaction. (See Table 44 on page 245.) A possible cause for this result may reside within the quality of relationship portion of the model. If the quality of relationship is a function of various contributions (only three of which are tested here), this concept may not be fully defined in this model. As a result, a model which stipulates the quality of relationship as the one unifying factor through which competence, loyalty and latitude effect the outcomes may be incomplete.

Alternatively, the implication here may be that the quality of relationship is not a mediating concept, and the model would fit the data if direct relationships were specified. To explore this

possibility CALIS procedure was performed on a modified model (one without the quality of relationship measures, and with direct causal links between each of the contributions and each of the outcome variables). The GFI, AGFI and chi-square results are as follows:

Model	GFI	AGFI	χ^2	df	p	χ^2/df
Modified Model (Without Quality of Relationship)	.92	.88	91.37	70	.0441	1.305
Hypothesized Model (With Quality of Relationship)	.88	.82	158.17	85	.0001	1.861

The model specifying direct relationships between contributions and outcomes ⁵⁶ is more consistent with the data. The direct model does not result in a significant chi-square statistic. Improvements in the chi-square come at the cost of the degrees of freedom. The ratio of chi-square to degrees of freedom falls from 1.861 to 1.305. While the quality of relationship may not be a significant mediating step, neither is the alternative of a direct relationship.

(2) Latitude predicting satisfaction and competence predicting performance

It is interesting to note the pattern of the direct relationships suggested by this analyses. Modification indices between satisfaction with the job and all three dimensions of latitude are significant (ranging from 5.7 to 8.9). (See Table 44 on page 245. Modification index of 4.0 is significant at the .05 level.) Modification indices between performance and all three dimensions of competence are significant (ranging from 4.8 to 7.7). According to these indicators, salesperson competence predicts performance, and salesperson latitude predicts satisfaction.

(3) Satisfaction with supervisor

This dimension of satisfaction (i.e. satisfaction with supervisor) is empirically and conceptually redundant. This redundancy includes the salesperson’s satisfaction with his or her supervisor and the salesperson’s perceived quality of their relationship with his or her

⁵⁶ Performance = f(competence + latitude + loyalty) and Satisfaction = f(competence + latitude + loyalty).

supervisor. The modification index for the relationships between the quality of the relationship and the salesperson's satisfaction with the supervisor is 62.3. (See Table 44 on page 245.) The error terms of these two variables are significantly correlated. The LaGrange multiplier for the correlation of error terms is 32.96. One variable measures the salesperson's reactions to the manager's actions (satisfaction with managerial behaviors and policies) and the other variable measures their working relationship. According to social exchange theory, one would expect the salesperson's assessment of the overall working relationship to be influenced by the behaviors of the sales manager. Based on this logic and the empirical evidence, a model without the satisfaction with supervisor dimension was analyzed. The comparison of fit criterion is as follows:

Index	Hypothesized Model	Model without Satisfaction with Supervisor Variable
Chi-Square	158.17	116.48
p-value	.0001	.0133
df	85	85
GFI	.88	.91
AGFI	.82	.87
RMR	2.72	2.72
χ^2/df	1.861	1.37

While the chi-square test statistic and the AGFI are improved with the deletion of this variable, the diagnostics of this modified model still show problems with the satisfaction measure. Rather than make the modifications suggested by these indices (and thus achieve a model that is consistent with the data and conceptually questionable), another model was tested which predicted performance outcomes only. This model produced a significant chi-square at the cost of the degrees of freedom.

Index	Hypothesized Model	Model without Satisfaction
Chi-Square	158.17	37.1697
p-value	.0001	.2060
df	85	31
GFI	.88	.96
AGFI	.82	.92
RMR	2.72	2.62
χ^2/df	1.861	1.199

Environmental Uncertainty as a Moderator: Hypothesis 8

The moderating effects of environmental uncertainty were tested using the two group analyses. Two groups, low environmental uncertainty and high environmental uncertainty were stacked together for simultaneous estimation. This simultaneous estimation of both groups allows some of the effect coefficients to be constrained to be equal between the groups while other coefficients vary. In this case, those relationships which may be effected by environmental uncertainty (ie. Quality of Relationship →Performance and Quality of Relationship→Satisfaction) are allowed to vary and all other relationships in the model are constrained to be equal between groups.

The observations were split into two approximately equal groups (Low environmental group n=79 and High environmental group n=76).⁵⁷ The analyses is run on the variance/covariances of each set of groups. The means and standard deviations of these groups are as follows:

Variable	Mean		Standard Deviation		Diff.Means t-statistic
	Low n=79	High n=76	Low n=79	High n=76	
Competence-Effort	34.4	32.6	5.7	6.4	1.85 (.04)
Competence-General	37.2	35	7.0	7.1	2.7(.01)
Competence-Sell	33.5	33.0	6.0	5.0	.42
Latitude-Developmtl	28.8	30.1	4.9	5.0	1.63(.06)
Latitude-Maintenance	37.5	36.9	8.9	8.7	.37
Latitude-Call	42.9	43.7	5.9	6.4	.81
Loyalty	39.9	39.2	6.4	6.3	.69

⁵⁷ The low environmental group consisted of observations with an environmental uncertainty value of 38 or less and high environmental uncertainty group consisted of those with a value of 39 or more.

Quality of Relationship	44.2	44.7	7.5	8.2	.40
Performance	12.1	11.5	6.6	6.7	.56
Satjob	23.0	23.2	4.8	4.3	.27
Satpay	18.4	17.0	5.0	6.1	1.56(.07)
Satpro	17.7	17.2	4.8	5.1	.63
Satsup	23.2	21.9	4.5	6.0	1.52(.07)
Satco	17.8	19.1	5.3	5.2	1.52(.07)
Satsup	20.0	18.8	3.9	4.6	1.75(.05)

The test of moderating effects is a comparison of two models: one in which the parameters of each group are estimated, and one in which only the relationships which are moderated are estimated. Since the moderating effect has been hypothesized as influencing the links between the quality of the relationship and job outcomes, the β_{21} and β_{31} parameters were estimated in both models. The variant model is the model in which the properties of each group are assumed to be different between each group. The parameter estimates of the variant model are identical to what would be obtained if each group was analyzed separately. The invariant model assumes the only difference between the two groups is the β s and constrains other estimates to be equal over the groups. Both models are analyzed on the same variance-covariance matrices. A comparison of the changes in the χ^2 and degrees of freedom, therefore is appropriate. The results of this comparison is as follows:

Standardized Estimates from CALIS Group Analyses

Hypothesized Model without Moderating Effects n = 155	Low Group n = 79	High Group n = 76	
Proposed Linkages			
VARIANT MODEL			
β_{21} Quality of Relationship→Performance	.093	.1617	.0114
β_{31} Quality of Relationship→Satisfaction	.809*	.8436*	.8219*
χ^2	158.17	278.22	
df	85	170	
INVARIANT MODEL			
β_{21} Quality of Relationship→Performance	.093	.0858	.0445
β_{31} Quality of Relationship→Satisfaction	.809*	.8220*	.8270*
χ^2	158.17	361.79	
df	85	203	

$\Delta \chi^2$ 83.57
 Δ df 33
p-value \approx .0000

The difference between the χ^2 's and d.f.'s is a test of whether the freeing of the moderated coefficients gave a significant improvement in fit. The resultant χ^2 of 83.57 with 33 degrees of freedom indicates no significant improvement in fit resulted. According to these results environmental uncertainty does not have a moderating effect on the link between the quality of the relationship and either job-related outcome tested here.

Jackknife Procedures

Since the sample size was less than the 200 expected, jackknife techniques were used to examine the stability of the parameter estimates. This procedure involves splitting the sample into 154 equal sized subsets of one dyad each. Next, 100 new samples (of 154 each) were formed by omitting each subset in turn.⁵⁸ The CALIS procedure was used iteratively to estimate the proposed model. The distribution of the resultant estimators (or pseudovalues) for each parameter is used to develop test statistics. The mean and standard deviation of these pseudovalues can be used to compute a test statistic. (See table below.) The test statistic is based on the t-distribution with N-1 degrees of freedom (in this application, the degrees of freedom are 99). This test statistic is adjusted for possible interdependence between pseudovalues (Fenwick 1979).

⁵⁸ The size of the subsets was based on recommendations made by Fenwick (1979).

Parameter	Analysis Applied to Entire Sample	JACKKNIFE ESTIMATES			Std.Dev	Test Statistic
		MinMax Est	Est	Mean		
γ_{11}	.088	.049	.118	.088	.009	-.55
γ_{12}	.488	.049	.506	.479	.044	.66
γ_{13}	.160	.136	.180	.161	.007	.26
β_{21}	.093	.053	.112	.092	.007	-.58
β_{31}	.809	.783	.828	.809	.005	-.19
β_{41}	.063	.033	.082	.063	.082	-.21
ϕ_{21}	.239	.187	.276	.239	.009	-.06
ϕ_{32}	.073	.056	.110	.073	.007	.05

t_{99} with p value of .10 is 1.29

The tests of the significance of the pseudovalues show these parameters are stable against changes in the sample composition. The results of the originally proposed model and its parameters hold true against changes in the cases within this sample. These results and the diagnostics of the model are summarized next.

Summary

This analyses was based on responses from industrial salespeople. Responses from individual salespeople (215) and individual sales managers (197) was used in the scale development portion of the analyses. Responses from salespeople and the managers to whom they report (i.e. matched responses) constituted dyadic responses. These matched or dyadic responses totaled 155 and the model was analyzed based on these matched responses.

The scale development portion of this analyses confirmed a three dimensional structure to competence and latitude. The description of these dimensions, however, differed from those originally proposed. Competence dimensions included effort (a combination of the originally proposed amount and direction of effort), quality of managerial skills and quality of

selling skills. Latitude dimensions included the originally proposed latitude over decisions related to the call, latitude over developmental activities and latitude over maintenance activities.

The factor analyses of the satisfaction items confirmed the dimensions proposed by Comer, Machliet & Lagace 1989. As a result the multidimensional concepts included satisfaction, competence and latitude. The unidimensional concepts included loyalty, the quality of the relationship, performance and environmental uncertainty. All of these measures demonstrated acceptable reliabilities and were used in the CALIS procedure. (See Table 38 on page 238.)

The overall fit indices of the tested model fail to show significance. Because the overall model failed to satisfactorily represent the data, the residuals and modification indices were examined. The discussion of the hypothesized relationships within the model focused on these diagnostics (residuals and modification indices). These diagnostics reveal problems in the satisfaction portion of the measurement model. The error terms of five of the six aspects of satisfaction are significantly correlated. This same pattern emerged within the structural portion of the model.

According to the parameter estimates, latitude and competence factors share significant covariance. The parameter estimates indicated a lack of significant covariance between the latitude factor and the measure of loyalty. The quality of the relationship (as reported by the salesperson) is influenced by the latitude granted by the manager and the degree of sales manager perceived loyalty. Salesperson competence, however, had little impact on the quality of the relationship. According to a test of the originally proposed model the quality of the relationship is a significant predictor of satisfaction, but not of performance. Environmental uncertainty does not moderate the relationship between outcomes and the quality of the relationship. Modified models indicate environmental uncertainty may have a direct effect on the outcomes of performance and satisfaction. The stability of these parameter estimates was explored using jackknife procedures, and all estimates were found to be stable against fluctuations within this sample.

RESULTS

The conclusions, applications and limitations of these results and this study are explored in the final chapter.

DISCUSSION AND CONCLUSIONS

This study applied social exchange theory to the field sales setting, explored the exchange of salesperson and manager contributions, and the results provide support for the importance of examining the behaviors of both the sales managers and their subordinates. The specific behaviors tested included managerial latitude, salesperson competence and salesperson loyalty. The measures of these behaviors were created and tested within the unique setting experienced by field sales people. This chapter will discuss the major findings, the implications of those findings for sales management applications, the implications for research and the limitations. The major findings of this study include topics relating to the measurement of concepts as well as the relationships between these concepts, and these findings are discussed in that order.

Major Findings

Measures

The standard measures of leader behavior continue to plague sales researchers with counter-hypothesized results (Butler & Reese 1991; Johnston, Parasuraman, Futrell & Black

1990). These measures are taken from conventional work-group settings and may not apply to the field sales setting. The measures developed in this study explicitly consider the selling task and the field sales context. Further, many studies call for more specific measures which tap the various dimensions of behavior (Teas & Horrel 1981; Teas 1983; Van). This study provided just such measures of sales manager latitude and salesperson competence.

Managerial latitude is comprised of three dimensions; each dimension relating to different areas of decision-making. The three aspects of latitude include: latitude over decisions relating to each sales call, latitude over decisions regarding the maintenance of sales (within either a territory or within an account), and latitude over decisions regarding the development of sales (within either a territory or an account). This measure of latitude demonstrated convergent validity, and nomological validity. Consistent with Leader-Member Exchange theory, the managerial latitude was found to have a substantial influence on the quality of the salesperson-manager relationship. Consistent with job-enrichment theory, latitude has a significant effect on the salesperson satisfaction levels. This measure of latitude provides a nomologically valid measure which is based on the dimensions of the sales task environment.

Competence was also developed and tested within the task environment experienced by industrial field sales people. This study found sales managers tend to evaluate the competency of their field salespeople in terms of three dimensions: the level of effort the salesperson invests in job-related activities, the quality of their (general) managerial skills and the quality of their (specific) selling skills. Based on the results of this study, sales managers tend to combine their judgements of the degree to which the salesperson is "working hard" and "working smart" to assess the effort dimension of competency (Weitz, Sujan & Sujan 1986). The managers in this sample also distinguish competency over general business related skills and those skills which relate to the specific function of sales. These distinctions and the resultant multidimensional measure of sales competency may contain some interesting practical implications. Further, this measure answers the call in recent popular literature for a focus on competency-based assessments of sales personnel (Van Clieaf 1991). In addition to the development and testing of salesperson competency and sales manager lati-

tude, the abbreviated form of salesperson satisfaction measure proposed by Comer, Machleit and Lagace (1989) was tested. The results failed to support those of Comer et al. The six dimensions of satisfaction (as measured by the version proposed by Comet et al) share some relationship to each other. The analysis suggests that some underlying dimension of satisfaction may not be adequately represented. Moreover, the dimensions of satisfaction may be related through the extrinsic or intrinsic nature of satisfaction. Finally, the exchange relationships between the contributions, their relationship to the quality of salesperson-manager relationship and job-related outcomes.

Exchanges of Contributions

Studies within the LMX stream of research consistently point to the importance of latitude, but do not clarify which subordinate contributions are exchanged for latitude. Results of this research effort provided partial support for an exchange relationship between sales manager latitude and salesperson competence. The relationship between salesperson and manager contributions may be one of exchange. These findings and possible exchange relationships support the notion that the manager may grant or deny latitude based on the perceived competency levels of a particular salesperson. An exchange may also hold true for the salesperson's perspective. The salesperson may respond the managerial latitude with competent behavior.

The relationship between managerial latitude and salesperson loyalty, however, was not supported. The results of this study are consistent with those of Dienesch's (1986) experiments using student subjects. Apparently a sales manager is less influenced by loyalty than competency of a subordinate. Perhaps the risks inherent in delegating authority to the salesperson are justified more on the basis of the likelihood of success (of a competent salesperson) than on the predictability of support (from a loyal salesperson).

While the exchange relationships between the salesperson and sales manager contributions (i.e. competence and latitude) may exist, the contributions may not be crucial to assessing the overall quality of the salesperson-manager relationship.

Contributions and the Quality of Exchange Relationship

The salesperson's competence may be instrumental in acquiring higher levels of latitude, but latitude and loyalty (and not salesperson competence) are significant predictors of the salesperson's assessment of his or her relationship with the sales manager. Previous studies have measured the quality of the leader-member exchange relationship in terms of negotiating latitude alone. The results of this study calls this practice (i.e. measuring the quality of the relationship in terms of negotiating latitude alone) into question. The overall assessment of the working relationship between the salesperson and the manager is a function of more than simply negotiating latitude. The findings here indicate salesperson loyalty may play a part in this assessment.

The lack of significant effects from competence may be attributable to an incomplete model. For example, Adams (1976) proposes trust may interact with loyalty to influence the boundary role persons' assessments of competence. The combined effect of competence, trust and loyalty may be an important part of the quality of the salesperson-manager relationship. Since other contributions are lacking, the effects of the competence may not surface.

Quality of Relationship and Outcomes

This study tested a subset of the variables which may play a part in the exchange relationship between salesperson and manager. The quality of relationship as tested in this study provided an improvement on previous attempts to explain the variation in industrial salespeople's satisfaction. Frequently sales management studies contend the sales manager has little effect on the industrial salesperson and claim this is attributable to the independent nature of the selling task. The results of this study call this contention into question. Perhaps it is the relationship between the salesperson and the manager (rather than the behaviors of the manager alone) which has an effect on satisfaction levels.

The proposed model explained a substantial amount of variance in the satisfaction measure. The R^2 for satisfaction was .65. (See Table 4 on page 199 for results of previous

studies reviewed.)⁵⁹ Undeniably, a portion of that explained variance is attributable to the redundancy introduced by the satisfaction with supervisor dimension. Possibly, the results may be due to advantages in adopting a dyadic viewpoint and testing the impact of both salesperson and sales manager related behaviors. Recent studies tend to support this notion (Lagace 1990, 1991).

The quality of the relationship did not predict all outcomes equally well. The salesperson's assessment of the relationship did not significantly effect his or her performance levels as measured in this study. The quality of the relationship and a salesperson's satisfaction level may both be categorized as affective measures. Performance, however, was measured by objective measures of goal achievement. The lack of significance may cast some doubt on the efficacy of the quality of relationship concept - or on the measure of performance used in this study. Since the quality of relationship was originally conceptualized as a function of eight different contributions (and three of which were tested here), conclusions regarding its lack of efficacy may be premature. Given the fact that quota achievement may be attributable to factors beyond the salesperson's control and these measures may reflect inequalities of territories, of product lines and customer accounts, it may be appropriate to question the performance measures. Quota achievement alone may not be sufficient. In practice, the majority of firms do not rely exclusively on this measure to evaluate thier field sales force. The combination of objective indicators mirrors the practices of most firms and may, therefore, be more appropriate to future studies.

Moderators

Environmental uncertainty, as measured in this study, did not effect the relationship between the quality of the relationship and job-related outcomes. This lack of moderating effect may be attributable to methodological or conceptual issues. Methodologically, the perspective used to assess the degree of environmental uncertainty may have been inappropriate. The marketing or sales executives (not the sales managers nor salespeople) assessed the

⁵⁹ Ranges of previous studies are from 29% to 54%.

degree of environmental uncertainty. The uncertainty perceived at a national or overall industry level may have less impact on the individual districts or markets of the field sales personnel.

Conceptually, environmental uncertainty may have little effect on the interpersonal working relationship of the salesperson and his or her manager - and more of a direct effect on achieving quota (performance levels) or on satisfaction levels. Under conditions of environmental uncertainty, the predictability of customers and competitors decreases and the ability to plan a successful selling strategy diminishes. The fit indices from a modified model (one stipulating a direct effect of environmental uncertainty on job-related outcomes) provided a marginally improved model.

Based on these results the salesperson and manager may not respond to a lack of predictability in the environment with either increased insulation (increasing the importance of the quality of their relationship with his or her sales manager) nor with increased exchanges with other organizational members (so as to decrease the impact of the quality of the salesperson-manager relationship). The lack of significance may imply that other coping mechanisms are employed or that the field salesperson is impervious to environmental uncertainty.

Limitations

Certain limitations are inherent in a study of this nature. Among these limitations are sample size, sample profile, cross-sectional design, and the use of perceptual measures (from the perspective of the salesperson, the sales manager and executives).

The most notable limitation is the inability to draw causal inferences since all the variables were measured simultaneously. The time sequence of the relationships among the variables

cannot be ascertained with certainty. This research effort questioned the causal assumptions underlying previous sales management research, but has not provided a stringent test of causal relationships. Unlike previous sales management studies, this study proposed some reciprocal causal directions - and like its predecessors relied on causal inferences. These inferences are especially troublesome given the sample size.

The CALIS procedure was performed on a sample size of 155 and this may have been insufficient. The sample size has an effect on goodness-of-fit indices (Bone, Sharma & Shimp 1989). The chi-square statistic does not follow the chi-square distribution for sample sizes smaller than 200 and the GFI, AGFI and RMR statistics are attenuated with smaller sample sizes and model complexity. Several simulation studies have examined the effects of model characteristics and sample size on parameter estimates and have found that parameter estimates are not affected by sample size (Anderson and Gerbing 1984; Bearden, Sharma & Teel 1982). The results of the jackknife procedure conducted on the parameter estimates of this study are consistent with these simulation studies. Given the sample size, parameter estimates should be interpreted cautiously.

Measures of performance, the contributions and the quality of the relationship may suffer some limitations as well. Performance measures were reported by the sales manager rather than directly from each firm's personnel files. While the questionnaire items and survey format were designed to reduce reporting bias, this type of bias probably cannot be eliminated. If the sales manager reported performance measures from memory, rather than reference to documentation, these measures may not accurately represent the sample.

The contributions of the salesperson and manager were based on the perceptions of either the salesperson or the manager. Social exchange theory contends the manager will base his or her behavior on the perceived amount of loyalty received. As a result, it is theoretically consistent to measure the manager's perceptions of salesperson loyalty. Conclusions regarding the actual behavior, however, are limited since the measures are all perceptual.

The salesperson assessed the quality of the working relationship with his or her manager. This assessment may have been especially susceptible to social desirability. Since the

salesperson is part of that relationship, they may not have been willing to admit to less than satisfactory relationships and a restricted range may have resulted.

The factor structures underlying the dimensions differed slightly from those originally proposed. A limitation of these measures, therefore, is their lack of validation using a new sample. While the measures of competence and latitude demonstrated satisfactory reliability and initial validity, they have yet to be thoroughly tested.

Implications for Research

The results of this study carry implications for future research within each of the aforementioned topics; the measures of salesperson and manager contributions, the relationships between these contributions, their impact on the quality of the relationship and resultant job-related outcomes.

Measures of Salesperson and Manager Contributions

Future research efforts could include validating the measures offered in this study and the development of others. While this study offers a measure of salesperson competence and sales manager latitude, the scales require additional validation. The factor structures suggested by this sample should be validated with another sample.⁶⁰ If the salesperson judges the overall working relationship in terms of the number and nature of contributions, then additional measures must be developed for contributions (such as access to constituent group, salesperson information, etc.).

Exchanges of Contributions

⁶⁰ Alternatively, the same measures could be tested using the other dyad member's perceptions. If, for example the same factor structure was uncovered using the sales manager's perceptions, then the measure would gain some validity.

The findings of this study create opportunities for related investigations. (1) The relationship between salesperson competence and managerial latitude has emerged from this study as a significant one. Future research might explore the possibility that the same exchange (competence for latitude) exists for the latitude granted by the salesperson. The salesperson may grant the sales manager more latitude if the manager is seen as exceptionally competent. In effect, this would be a test of Hollander's proposals regarding idiosyncratic credit (Hollander 1978). Hollander contends followers of a particular leader will be more tolerant of that leader's idiosyncracies if the follower perceives the leader is very talented, competent, or knowledgeable. (2) Similarly, managerial latitude has emerged as an influential factor. What other sales person behaviors (other than competence) are exchanged for this valued contribution (i.e. latitude)? Recent studies concerning dyadic trust may have some interesting applications here (Lagace 1991, 1990). Study results indicate both trust and latitude may be important issues in the salesperson-manager relationship. Do these two exchange variables share the relationships hypothesized in earlier chapters? If salesperson trust of the manager is low but managerial latitude granted that salesperson is high, will the overall relationship be judged as inferior and carry negative outcomes in terms of performance and satisfaction? Examining these exchange variables in the context of the entire model may validate the conceptual model proposed in Chapter Two.

This study uncovered some possible exchange relationships. Additional studies could explore how the reciprocal influence patterns of competence and latitude emerge. Longitudinal designs or designs which compare initial to long-standing salesperson-manager relationships may be illuminating. This design can verify the causal directions and confirm that higher levels of latitude preceded higher levels of relationship assessment, and that the quality of exchange relationship preceded job-related outcomes. It may be possible that a salesperson's satisfaction level affects his/her assessment of the working relationship. A longitudinal study which tracks the dyad may provide stronger confirmation of the sequence of events tested in the CALIS model.

DISCUSSION AND CONCLUSIONS

Contributions and The Quality of The Relationship

According to this study the salesperson's contribution of competence does not influence the quality of the relationship. The quality of the relationship may be assessed in terms of the receipt of some resources (like latitude) and the contribution of others (like loyalty). If this is the case, different results may be expected with each perspective (i.e. who is receiving and who is contributing). In this study the quality of the relationship was based on the salesperson's assessment. Additional studies might explore the sales manager's assessments of the relationship. It seems likely that competence would be a significant factor to the sales manager but the impact of latitude and loyalty are not clear.

Using the similarity of attitude paradigm, a comparison of dyad member's assessments may constitute another possible study. The degree of agreement or disagreement between the salesperson and the manager's assessment of the quality level may be relevant to contributions or to outcomes.

Quality of Relationship and Outcomes

The results of this study give rise to additional questions concerning the link between the quality of the salesperson-manager relationship and job-related outcomes. The satisfaction measure could be altered. A satisfaction measure which taps the intrinsic and extrinsic dimensions may be more appropriate. One might expect the quality of the relationship to have differential effects on intrinsic or extrinsic satisfaction. Extrinsic satisfaction measures the degree to which a salesperson's satisfaction is dependent upon factors outside of the actual execution of the sales task. Factors such as the receipt of bonus monies, commendations, or promotion would qualify as outcomes of the sales task. Intrinsic satisfaction measures the degree to which a sales person's satisfaction is dependent upon factors inherent in the execution of the sales task, such as the enjoying the challenge of persuading the intransigent buyer. Extrinsic satisfaction is more influenced by tangible outcomes and rewards. One might expect the quality of a working relationship may not be as important to a salesperson who is more influenced by extrinsic satisfaction dimensions.

Other outcomes such as adaptive selling or customer orientation may be influenced by the quality of the salesperson- manager relationship. If the manager acts as an important link between the salesperson and the sales firm, the quality of this relationship may influence how the salesperson interacts with buyers. A recent study (using the seven item measure of LMX) found LMX was positively related to the use of customer oriented selling (O'Hara, Boles & Johnston 1991). The mechanism through which LMX has this effect has yet to be clarified. Using the model proposed here, additional studies might examine the link between competence, latitude, the quality of the relationship, and the degree to which the salesperson engages in adaptive selling.

Moderators

The selling context may, in some manner, moderate the effect of the quality of the relationship. This study examined environmental uncertainty and did not find a significant moderating effect. Additional studies could explore other possible moderators (unique to the field sales setting) such as distance or method of compensation.

DISCUSSION AND CONCLUSIONS

The salesperson and manager, unlike conventional subordinate- superior relationships, do not interact on a daily, face-to-face basis. This distance may act as a moderator. One might expect as the distance between salesperson and manager increases, the causal link between the quality of their working relationship and job- related outcomes would diminish. Both the salesperson and the manager may feel they have an excellent working relationship, but because of distance both must operate independently. The salesperson's day-to-day activities (and as a result job-related outcomes) may not be effected. As distance decreases (and frequency of contact increases) the quality of the relationship may have more impact on the salesperson's satisfaction or performance levels.

Another possible moderator is the compensation method. Recent studies have shown that the method of compensation can effect the behavior of the salesperson (Jaworksi & Kohli 1991). The same may also be true of the sales managers behavior and resultant working relationship between manager and salesperson. Under conditions of straight commission, one might expect weaker links between the quality of the relationship and job-related outcomes.

The results of this research effort may also hold some implications for field sales managers, as well as researchers.

Implications for Sales Management Application

Sales management research efforts have tried to offer suggestions regarding "the best leadership style." Recent tests of popular leadership approaches have not lived up to expectations (Butler & Reese 1991). These authors claim "a theoretical avenue that seems to offer more promise than situational leadership models is Leader-Member Exchange." Results from this study may provide some support for this notion and may begin to offer some useful perspectives to the field sales manager.

The manager should focus less on identifying "one best style", and turn perhaps to understanding the reciprocal nature of the subordinate-superior relationship. The behaviors

of the manager rarely occur in isolation and may share some significant relationship to the behaviors of the salesperson. For example, the degree of latitude granted to a salesperson may be influenced by the manager's perception of the salesperson's competency. Rather than employing "one best" level of latitude, it may be expedient to consider the capabilities of the salesperson.

On a more general level, it may be more advantageous to diagnose the working relationship between each salesperson (or the salesperson's assessment of that working relationship) rather than diagnosing only leader behaviors or styles. Results from this study seem to indicate the quality of the working relationship may be an important factor in salesperson's satisfaction level. These indications, are, of course tempered by the limitations of this study.

This study may hold some practical implications for salespeople as well. Salespeople may benefit from viewing their relationship with their manager as one which should be managed, directed and as a result, valued. If the salesperson wishes to cultivate the relationship, their actions as well as the managers, may be important. The development of competency levels may influence their manager's likelihood of granting them additional latitude. The salesperson may find his or her work environment more satisfactory when they take an active role in the relationship.

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**Appendix A. APPENDIX A: LITERATURE REVIEW
METHODOLOGY**

The purpose of this appendix is to explain in detail the selection and comparison of the 21 studies reviewed in chapter two of this dissertation. The first section addresses issues concerning the selection of these 21 studies and the second section addresses issues concerning the comparisons of these studies' results.

Sample Selection

Empirical studies which included at least one variable relating to the sales manager were reviewed in Chapter 2. Sales manager variables were defined as those which described the behavior, attributes or actions of the salesperson's immediate supervisor. A study was included in the review if either the conceptual definition of a sales manager variable or the items in its scale referred directly to the immediate supervisor.

Using indices and tracing bibliographies from relevant studies, empirical sales management studies spanning the period of time from 1972 to 1989.⁶¹ Using various business indices⁶² studies were taken from marketing, management and psychological journals. These journals include: Journal of Marketing, Journal of Business Research, Management Science, Journal of Personal Selling and Sales Management, Journal of Marketing Research, Academy of Management Journal, Journal of Risk & Insurance, Journal of Applied Psychology, Organizational Behavior and Human Performance, Group & Organization Studies, Psychological Reports, Journal of the Academy of Marketing Science, Industrial Marketing Management, Administrative Science Quarterly, and Academy of Management Journal.

From the literature listed in these sources the author selected empirical studies which included at least one sales manager factor in its investigation. A sales manager factor, as mentioned previously, was defined as a variable which described the salesperson's immediate supervisor. The items in the measurement scale of this variable (or variables) had to refer directly to the immediate sales manager; describing his behavior, attributes, or managerial style. Using this criteria and these sources, 20 published studies were uncovered. In addition, dissertation abstracts in both marketing and management were used to identify relevant studies conducted between 1985 and 1990. One dissertation (Lagace 1987) fit the criteria for inclusion in this review of sales management literature and thus the total number of sales management studies reviewed were 21.

Comparison of Studies:

Categorizing the Managerial Variables

Twenty eight variables were used to describe the sales manager. These variables were categorized based on the similarity of **both** the conceptual definitions and the measurement items. For example, consideration as defined by Stogdill (and used in sales management

⁶¹ This review was updated with sales management studies published in the Journal of Marketing and Journal of Marketing Research during 1990. Prior to 1972 sales management studies did not investigate the impact of the sales manager on job-related outcomes in any consistent or quantitative manner.

⁶² Indices include Work & Employment Index, Business Periodicals Index, Psych Abstracts, Infotrac and Comer & Dubinsky's *Managing the Successful Sales Force*.

studies performed by Dubinsky et al. 1988, Hampton et al. 1986, Kohli 1989, Teas 1981, Teas 1983 and Teas & Horrell 1981) as the degree to which a sales manager is supportive, friendly and considerate of subordinates. Tyagi (1982) also uses a variable called consideration, but the operational definition differs from those previously mentioned. Tyagi (1982) defines consideration as the degree to which the sales manager seeks the salesperson's ideas and opinions in decision making. This definition of consideration was compatible with participative rather than supportive styles. (See Table 1 on page 195.) The judged similarity of these variables was initially made by the author. The author's judgment was verified by a Virginia Tech faculty member using a card sorting method.⁶³

The resultant categories are listed on Table 1 and include directive styles, participative styles, supportive styles, giving information, giving recognition, giving punishments, providing a challenge, interacting with subordinates and interacting with superiors. Styles refer to more global descriptions. Giving recognition, punishments, etc. refer to more specific behaviors. Categories were created based on the similarity of the measures. By using this basis, conclusions about the efficacy of any one managerial practice would, hopefully, be more useful, specific and credible. The next step was to examine the empirical results of these variables (judged to be similar). If the results are significantly similar, then combining results and offering comments regarding the efficacy of any one managerial style or action may be appropriate. If, however, the results are significantly different, the comparison of the studies is more appropriate.

Comparison of Studies:

Testing studies for similarity of results

The majority of these studies explained job-related outcomes using task-related, individual-related or managerial-related predictors. A few studies did not explore job-related outcomes, but simply tested for the frequency of using a managerial style or the preference for a managerial style. These studies did not lend themselves to a comparison and were used in the narrative portion of the review. After eliminating these studies, the quantitative review included approximately 16 studies. Many of these studies included more than one manager variable.

These studies used more than simply manager variables to explain the variation in job-related outcomes. Task characteristics, individual salesperson characteristics as well as managerial factors were used as predictors. The focus of this review is restricted to the managerial variables. This review is attempting to compare and possibly combine results of managerial behaviors. It was inappropriate, therefore, to use overall F statistics or R² since these were based on the inclusion of variables other than managerial variables. In order to compare these results the reviewer had to use a statistic which is consistently reported. Partial correlations and F-statistics which focused on the impact of sales manager behaviors were not consistently reported. Bivariate correlations, however, were published and facili-

⁶³ Ed Fern - summer 1988

tated comparisons. Bivariate correlations were converted to effect sizes using the formula recommended by Rosenthal (1984) and Rosenthal & Rosnow (1984) (i.e. $r / \sqrt{(1-r^2)}$).

Nine categories of managerial variables include participative styles, supportive styles, giving information, giving recognition, interacting with subordinates, directive styles, giving punishments, giving challenges and interacting with superiors. The seven outcomes include role conflict, role ambiguity, satisfaction, satisfaction with supervision, performance, organizational commitment and motivation.

These converted correlations between the nine categories of manager variables and various job-related outcomes created a 9 by 7 grid. (See Table 2 on page 196.) As noted on Table 2 some cells contain five effect sizes (see Directive Styles) and others contain only one.

For each cell with more than one study the average effect size was computed. This average (See Table 2 **Avg. Fischer Z** or See Table 3 for summary of these comparisons.) may or may not represent the convergence of findings. If these results vary significantly, then the average effect size is not meaningful (i.e. does not justify combining these studies). In order to test for this possibility the standard deviation of each cell was computed and is reported under the Average Effect size. Using the standard deviation and the average effect size, a Chi-Square test for heterogeneity of results was computed. The degrees of freedom for the Chi-Square is the number of studies compared in that cell minus 1 (Rosenthal & Rosnow 1984). In formula form this test statistic is as follows:

K = number of studies compared Z_j = Fisher Z score for j study

N_j = sample size for j study Z = Average Fisher Z score

$$[(N_j - 3)(Z_j - Z)] = \text{Chi-Square (df=K-1)}$$

A significant Chi-Square test statistic indicates the effect sizes are significantly different. Combining these effect sizes is not meaningful and these results should be compared. An insignificant Chi-Square test statistic indicates the effect sizes are not significantly different. Combining effect sizes in this case is appropriate. Because so few studies were being compared a p value less than .05 was considered to be significant.

Twenty-six cells contained more than one study and were compared using a Chi-Square statistic. Of these 26 bivariate relationships, only 6 were not significant (i.e. were homogeneous).

Appendix B. APPENDIX B: MANAGER BEHAVIOR SCALES USED IN SALES MANAGEMENT STUDIES

Autonomy Scale

Study using this measure:

Dubinsky & Yammarino 1985

In general would your immediate sales supervisor tend to let you implement:

"minor" changes that you wanted to make in your job?

"minor" changes that you wanted to make in your job as long as those changes involved little cost to other areas outside the sales department?

"minor" changes that you wanted to make in your job if you had previously spoken to him about those changes?

"minor" changes that you wanted to make in your job even if you had not previously spoken to him/her about those changes?

"minor" changes that you wanted to make in your job as long as they had little impact on how he/she did his/her job?

Responses: 4 = "certainly" to 1 = "no chance"

Attention Scale

Study using this measure:

Dubinsky & Yammarino 1985

How much input do you receive from your sales supervisor into decisions that affect your work?

How much information do you receive from your sales supervisor about his/her assessment of your job performance?

How much assurance do you receive from your sales supervisor that he/she has confidence in your integrity, motivation and ability?

How much attention do you receive from your sales supervisor about your feelings and needs?

How much information do you receive from your sales supervisor about the current and future state of your sales manager's sales force and your position in the sales force?

Responses: 5 = "a great deal" to 1 = "almost none"

Participation Scale

Studies using: Teas 1980, 1981, 1983

Teas & Horrell 1981

Teas et al. 1979

When faced with a problem, my supervisor consults with his subordinates.

Before making decisions, my supervisor gives serious consideration to what his subordinates have to say.

Before taking action, my supervisor gives serious consideration to what his subordinates have to say.

My supervisor asks his subordinates for their suggestions concerning how to carry out job assignments.

My supervisor asks his subordinates for their suggestions on what job assignments should be made.

Responses: A 5-point scale ranging from "very true" (coded 1) to "very false" (coded 5).

Consideration Scale

Studies using: Dubinsky et al. 1988

Hampton et al. 1986

Kohli 1989

Teas 1981, 1983

Teas & Horrell 1981

My supervisor is friendly and approachable.

My supervisor treats all the salesmen he supervises as his equal.

My supervisor helps make my job more pleasant.

My supervisor does little things to make it pleasant to be a

member of the sales force.

My supervisor gives advance notice of changes.

Responses: A 5-point scale ranging from "very true" (coded 1) to "very false" (coded 5).

Participation Scales

Studies Using: Teas 1980, 1981, 1983

Teas & Horrell 1981

Teas, Wacker & Hughes 1979

When faced with a problem, my supervisor consults with his subordinates.

Before making decisions, my supervisor gives serious consideration to what his subordinates have to say.

Before taking action, my supervisor gives serious consideration to what his subordinates say.

My supervisor asks his subordinates for their suggestions concerning how to carry out job assignments.

My supervisor asks his subordinates for their suggestions on what job assignments should be made.

Directive Styles

Initiating Structure Scales

Version 1

Studies using: Dubinsky et al. 1988

Hampton et al. 1986

Kohli 1989

Spiro & Weitz 1990

Teas 1981, 1983

Teas & Horrell 1981

My supervisor decides what shall be done and how it shall be done.

My supervisor explains the way tasks should be carried out.

My supervisor schedules the work to be done by the salespeople.

My supervisor asks that the salespeople follow standard rules and regulations.

My supervisor maintains definite standards of performance.

Version 2

Study using: Teas 1980

My supervisor rules with an Iron hand.

My supervisor criticizes poor work or ideas.

My supervisor expresses his attitudes, opinions or ideas to the group.

My supervisor emphasizes the use of uniform procedures.

My supervisor lets individual salesmen know what is expected of them.

My supervisor makes certain his job (as sales supervisor) is clearly

understood by the sales personnel.

Informative Styles

Feedback Scales

Studies using: Teas 1981, 1983

Teas & Horrell 1981

Teas, Wacker & Hughes 1979

The supervisor of this job almost never gives me any feedback about how well I am doing in my work.

Supervisors often let me know how well they think I am performing on the job.

To what extent do managers or other salespeople let you know how well you are doing on your job?

Appendix C. FIGURES

SALES MANAGER POSITIONAL CONTRIBUTIONS

Information: the frequency with which the sales manager provides "inside information" regarding strategic changes or policies.

Access to Constituent Group: degree to which the sales manager shares access to or increases salesperson visibility with higher levels of management.

Latitude: the degree to which the manager permits the salesperson flexibility; negotiating rather than dictating role expectations and granting authority.

Control over Pay, Promotion & Task Assignments

SALESPERSON POSITIONAL CONTRIBUTIONS

Information: the frequency with which the salesperson provides strategic information regarding the sectors of the external environment such as competitors, distributors, or customers.

Access to Constituent Group: degree to which the salesperson shares access to or increases manager visibility with buyers.

SALES MANAGER PERSONAL CONTRIBUTIONS

Trust: degree to which the manager commits him/herself to a possible loss depending upon the subsequent behavior of the salesperson.

Competence: the perception of the amount, direction and quality of work-oriented activity the manager puts forth toward the mutual goals of the dyad.

Support: the manager's readiness to assist the salesperson beyond what is organizationally required

SALESPERSON PERSONAL CONTRIBUTIONS

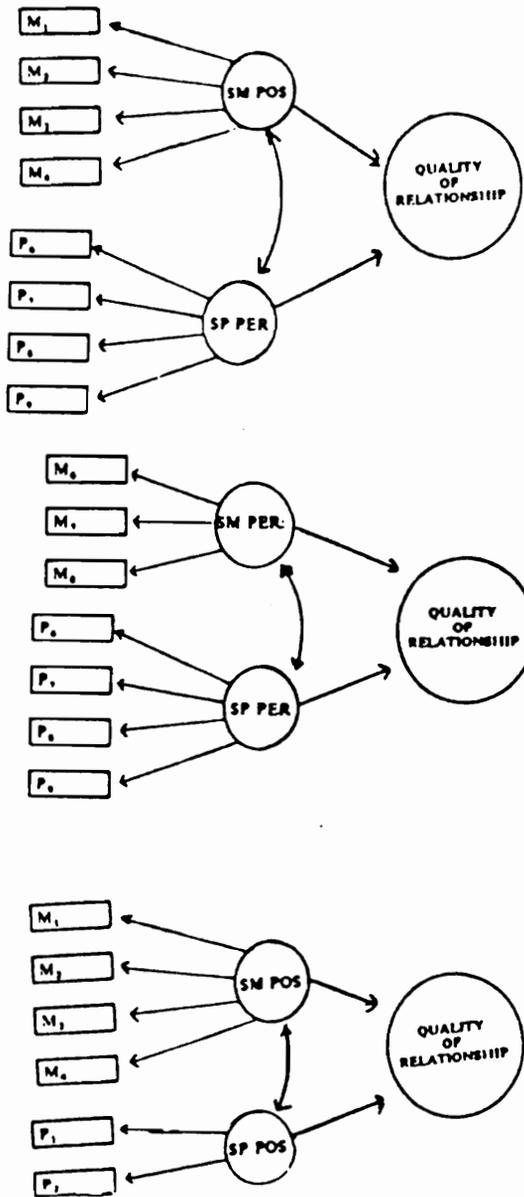
Trust: degree to which the salesperson commits him/herself to a possible loss depending upon the subsequent behavior of the manager.

Competence: the perception of the amount, direction and quality of work-oriented activity the salesperson puts forth toward the mutual goals of the dyad.

Loyalty: the expression of public support for the goals and personal character of the manager.

Latitude: the degree to which the salesperson allows the manager flexibility in behavior; the degree of leader acceptance or cooperation offered.

Figure 1. Positional and Personal Contributions.



KEY

- | | |
|---|--|
| M ₁ = Sales Manager Information | P ₁ = Salesperson Information |
| M ₂ = Sales Manager Access to Constituent Group | P ₂ = Salesperson Access to Constituent Group |
| M ₃ = Sales Manager Latitude | |
| M ₄ = Sales Manager Control Over Pay, Promotion & Task Assignments | |
| M ₁ = Sales Manager Trust | P ₁ = Salesperson Trust |
| M ₂ = Sales Manager Competence | P ₂ = Salesperson Competence |
| M ₃ = Sales Manager Support | P ₃ = Salesperson Loyalty |
| P ₄ = Salesperson Latitude | |
| SM POS = Sales Manager Positional Contributions | SP POS = Salesperson Positional Contributions |
| SM PER = Sales Manager Personal Contributions | SP PER = Salesperson Personal Contributions |

Figure 2. First Quality Level: Partially Symmetric Exchange Relationships

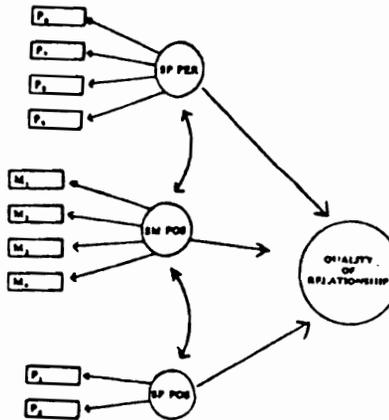
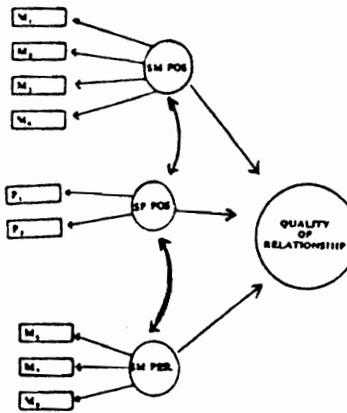
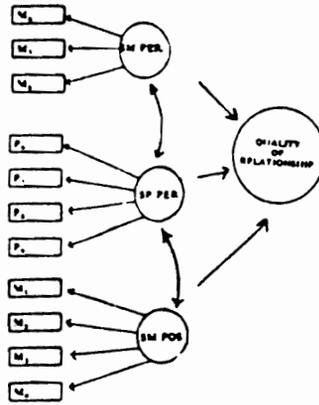
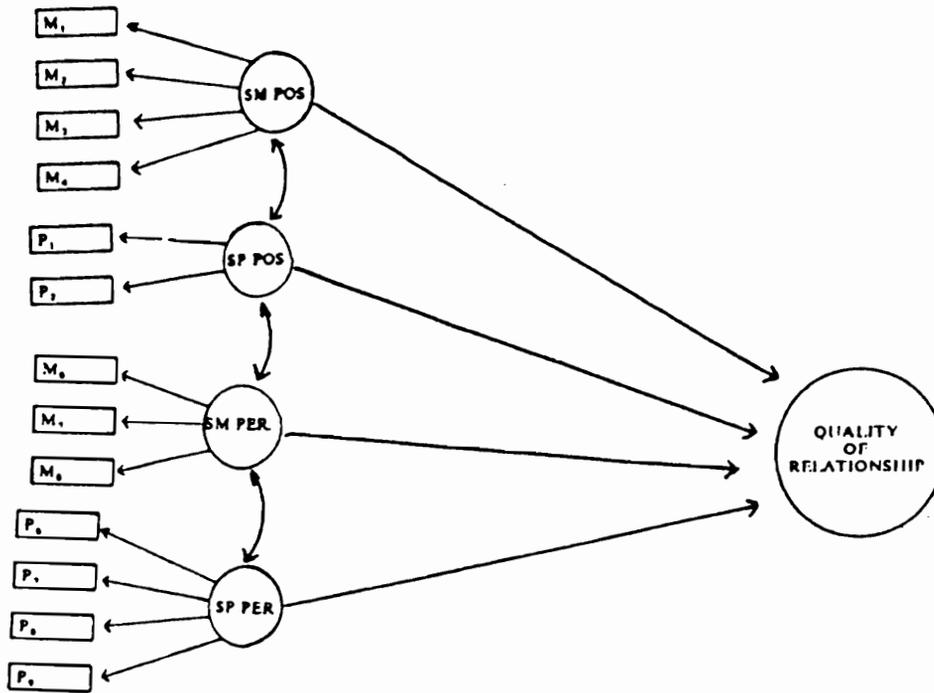


Figure 3. Second Quality Level: Asymmetric Exchange Relationship



KEY

M₁ = Sales Manager Information
 M₂ = Sales Manager Access to Constituent Group
 M₃ = Sales Manager Latitude
 M₄ = Sales Manager Control Over Pay, Promotion & Task Assignments

P₁ = Salesperson Information
 P₂ = Salesperson Access to Constituent Group

M₅ = Sales Manager Trust
 M₆ = Sales Manager Competence
 M₆ = Sales Manager Support

P₃ = Salesperson Trust
 P₄ = Salesperson Competence
 P₄ = Salesperson Loyalty
 P₄ = Salesperson Latitude

SM POS = Sales Manager Positional Contributions
 SM PER = Sales Manager Personal Contributions

SP POS = Salesperson Positional Contributions
 SP PER = Salesperson Personal Contributions

Figure 4. Third Quality Level: Completely Symmetric Exchange Relationship

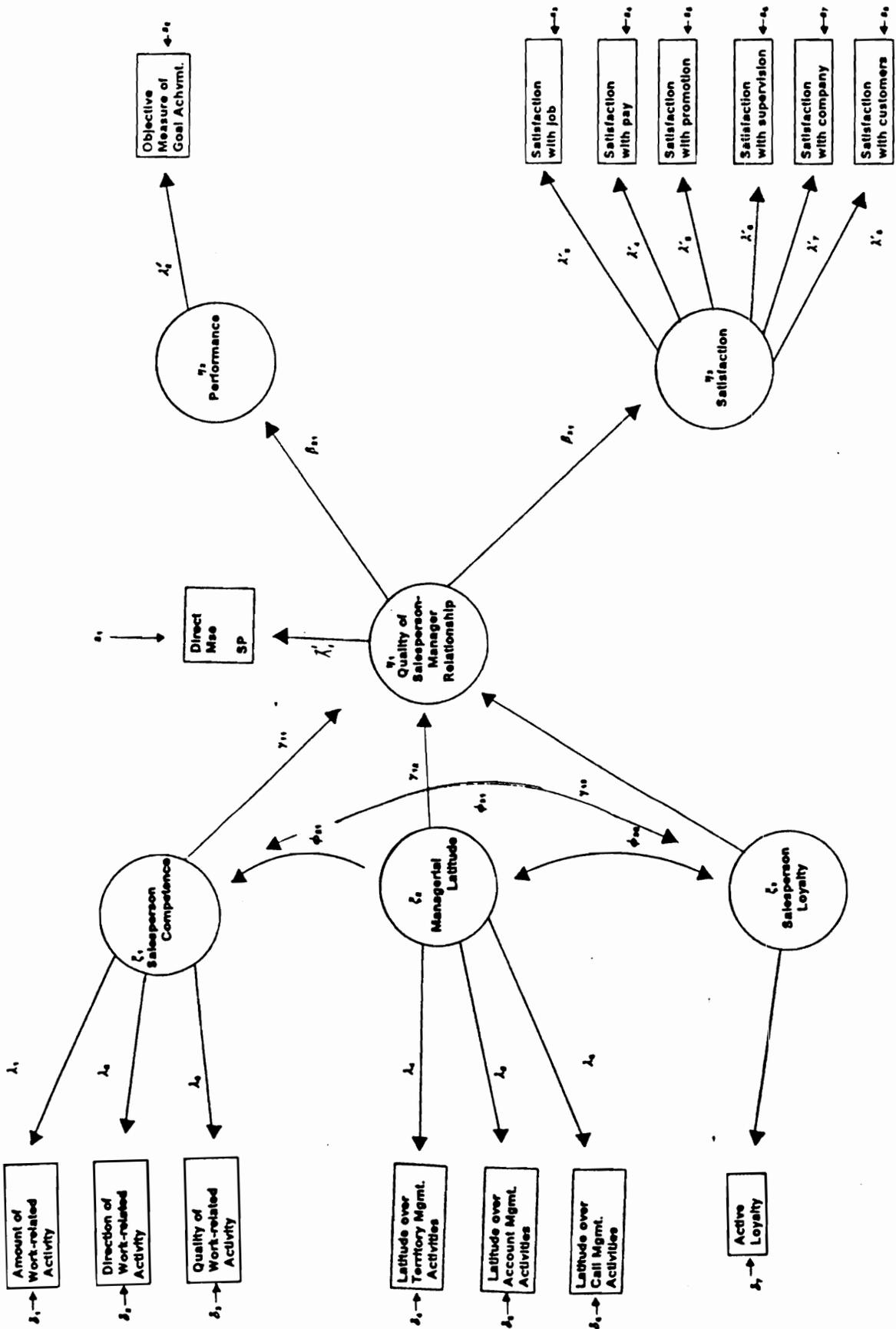


Figure 5. CALIS MODEL PROPOSED

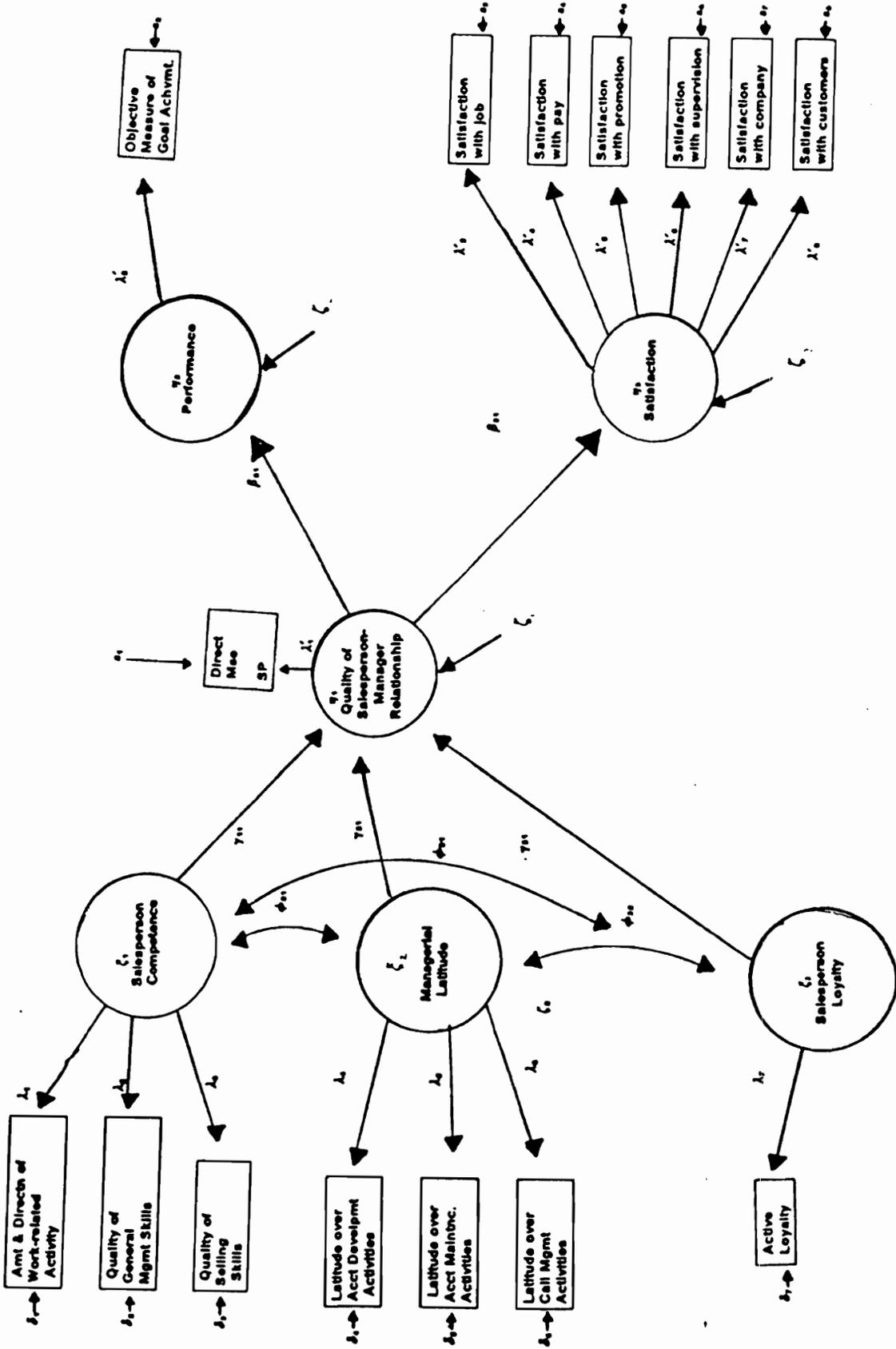


Figure 6. CALIS MODEL TESTED

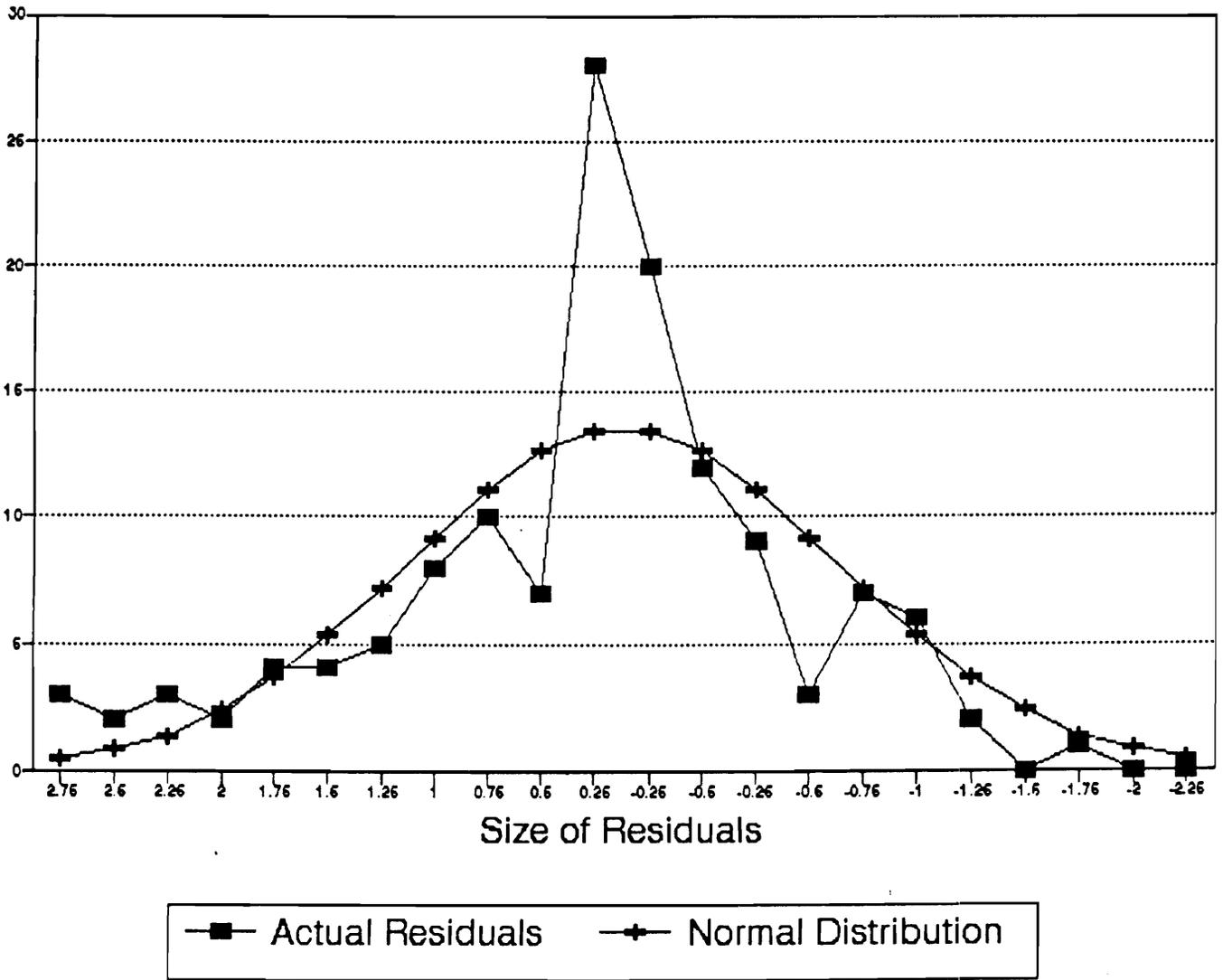


Figure 7. DISTRIBUTION OF RESIDUALS

Appendix D. TABLES

Table 1. Sales Manager Variables Categorized

VARIABLE	DEFINITION	STUDIES
CATEGORY: Initiating Structure	DIRECTIVE Degree to which a leader structures and defines their roles and the roles of their subordinates in job-related activities (e.g. specifying procedures).	Dubinsky et al '88 Hampton et al '86 Teas '80 Teas '81 Teas '83 Teas & Horrell '81 Behrman et al '84 Churchill et al '76 Hite & Bellizzi '86
Closeness of Supervision	Level of monitoring or structuring of the salesperson's activities by the sales manager.	
Hostile Dominant Style	Sales manager rarely involves salesperson in planning, very closely supervises and pushes, demands or drives.	
CATEGORY: Participation	PARTICIPATIVE Degree to which salesperson is able to influence decisions about his/her job.	
Influence Over Standards	Degree of influence salesperson has over the selling activities involved in the job and the criteria for evaluating goal attainment.	Teas '80 Teas '81 Teas '83 Teas & Horrell '81 Teas et al '79 Behrman & Perreault '84 Churchill, Ford & Walker '76 Futrell, Swan & Todd '76 Tyagi '82 Dubinsky & Yammarino '85
Individual Control & Influence Consideration Autonomy	Degree of employee control and influence over job dimensions and work situations. Sales manager seeks salesperson's ideas and opinions in decision making. Degree to which sales manager would allow salesperson to implement five kinds of changes.	
Warm-Dominant Style	Consults with salespeople when their thinking might help. Attempts to develop collaborative & interdependent relationships with salespeople.	Hite & Bellizzi '86
Psychological Influence	Extent to which salesperson feels their ideas and opinions are sought by sales manager and taken into consideration.	Tyagi '85
CATEGORY: Consideration	SUPPORTIVE Degree to which a sales manager is supportive, friendly and considerate of subordinates.	
Management Concern & Awareness Attention	Extent to which sales managers attempt to assess and respond to subordinates' needs and problems. Amount of attention sales manager paid on nine dimensions (i.e. information provided, support given for ideas, actions, etc.)	Dubinsky et al '88 Hampton et al '86 Teas '81 Teas '83 Teas & Horrell '81 Tyagi '82
Trust and Support	Extent to which a salesperson has feelings of trust and confidence in a supervisor and to which supervisor is aware and responsive to needs of the salesperson.	Dubinsky & Yammarino '85 Tyagi '85
CATEGORY: Feedback	GIVING INFORMATION Degree to which organizationally mediated performance feedback is provided to the salesperson or degree to which salesperson receives information in a timely manner which indicates the quality of performance.	
Communication Frequency	Estimates of monthly face-to-face, telephone and written communication from manager and from sales person to each other.	Teas '81 Teas '83 Teas & Horrell '81 Teas, Wacker & Hughes '79 Behrman & Perreault '84 Churchill, Ford & Walker '76 Futrell et al '76
Clarity of Control System	Degree to which goals are specified, time deadlines set, and result measures are agreed on.	
CATEGORY: Contingency Approving Status Pay	GIVING RECOGNITION Giving recognition and approval contingent on effective effort and or performance. Sales manager provides public acknowledgement; attention manager calls to the outstanding characteristics and achievements of the salesperson.	
CATEGORY: Arbitrary & Punitive	ADMINISTERING PUNISHMENTS Autocratic, ensures conformity to work methods they prescribe and uses punishment to increase productivity. Criticizes, needles and gives negative feedback. Perception that the sales manager has the capacity to remove rewards or administer punishments.	Kohli '85 Pruden, Cunningham & English '72
Coercive Power		Kohli '85 Busch '80
CATEGORY: Achievement Oriented	PROVIDING A CHALLENGE Degree to which sales manager sets challenging goals, expects high levels of performance and expresses confidence that subordinates will meet these goals. Emphasizes high standards of performance and exhibits behavior which helps goal attainment.	
Goal Emphasis & Work Facilitation		Kohli '85 Tyagi '85
CATEGORY: Interaction Facilitation	INTERACTING WITH SUBORDINATES Behavior which encourages the development of close, mutually satisfying relationships within the work group. Freedom sales manager grants his or her subordinates to interact with manager. Perceived attraction of members in a relationship to one another.	
Privilege Pay Referent Power		Tyagi '85 Pruden et al '72 Busch '80
CATEGORY: Upward Influencing	INTERACTING WITH SUPERIORS Behavior directed at maintaining good rapport with superiors and influencing them to act favorably on behalf of the sales manager's work unit. Degree to which salesperson feels their supervisor is successful in getting management to recognize their problems and successes.	
Hierarchical Influence		Kohli '85 Tyagi '85

Table 2 (continued)

SALES MGR VARIABLE	STUDY	N	R/CNFLT	R/AMBIG	SATIS	SATIS W/SUPV	PERF	ORG COMMIT.	MOTIVTN.
INTERACTING W/ SUBORDINATES Interaction Facilitation	Tyagi '85	94			+ .13		+ .46		+ .19 (in)
	Pruden et al '72	100				+ .56			+ .36 (ex)
	Busch '80	477				+ .50			
						+ .45			
Privilege Pay						+ .5725			
						.0181			
						2.267			
						NS			
Referent Power									
DIRECTIVE Initiating Structure									
Closeness of Supervision									
PUNISHMENTS Arbitrary & Punitive Coercive Power									
CHALLENGE Achievement Oriented Goal Emphasis									
INTERACTING W/ SUPERIORS Upward Influencing Hierarchical Influence									

Converted all reported bivariate correlations to Fisher Z scores. Fisher Z scores reported above. Tested for similarity of findings for each category of managerial variable using Chi-Squared Test. Formula:
 $Z = \frac{1}{2} \ln \left(\frac{1+r}{1-r} \right)$
 r = individual study
 Z = Fisher Z score
 N = sample size
 χ^2 = Chi-Square Test Statistic (df = K-1) $\left[\frac{(N-3)(Z)^2}{3} \right]$ = = = > Significance implies heterogeneity of findings = = = > Nonsignificance implies homogeneity of findings.

Table 3. Summary of Tests for Convergence: Sales Management Studies

Average Effect Sizes¹
and
Tests for Significant Variations in Results of Studies²

Managerial Variable	Role Conflict	Role Ambiguity	Satisfcn	Satisfcn w/Supervs	Perfrmnc	Orgnzi Commit	Motivn
Participative Styles							
Avg. Effect Size	-.12	-.16	+.31		+.41	-.10	+.17
Heterogeneity Test	S	S	S		S	S	S
Supportive Styles							
Avg. Effect Size	-.31	-.23	+.66	+.79	+.05	+.24	+.26
Heterogeneity Test	NS	S	S	NS	S	S	S
Informative Styles							
Avg Effect Size	-.03	-.19	+.08		+.49		
Heterogeneity Test	S	S	S		S		
Interacting with Subordinates							
Avg Effect Size		-.20		+.57			
Heterogeneity Test		NS		NS			
Directive Styles							
Avg Effect Size	-.16	-.28	+.45		+.00	+.24	
Heterogeneity Test	S	S	S		S	NS	
Punitive Styles							
Avg Effect Size		+.07	-.16				
Heterogeneity Test		S	NS				

KEY

S = average is based on significantly heterogeneous results.
NS = average is based on homogeneous results.

Blanks for column entry indicates relationship was not studied or only one study examined this relationship and thus no test for convergence.

¹See Table 2 for Computation of Effect Sizes and Complete List of Studies

²See Table 2 for computations. Significant test statistic indicate the results of these studies are heterogeneous. Nonsignificance indicates results are homogeneous.

Table 4. A Comparison of Regression Results: Variables, R² and Shrinkage Estimates

STUDY	# of S.MGR VAR	# of TASK VAR	# of INDIVID VAR	TOTAL # OF VAR (K)	N/K	R ²	ADJUSTED R ²
DEPENDENT VARIABLE: ROLE CONFLICT							
Dubinsky et al'88	2			2	294	.077	.069
Hampton et al'86	2			2	58	.12	.081
Churchill et al'76	3	2	1	6	44	.026	-.024
Teas'83	4		1	5	23	.26	.184
Behrman & Perreault'84	1	2	1	4	49	.12	.081
DEPENDENT VARIABLE: ROLE AMBIGUITY							
Kohli '85	4			4	28	.35	.295
Teas et al'79	2			2	53	.46	.434
Hampton et al'86	2			2	58	.17	.133
Churchill et al'76	3	2	1	6	44	.13	.085
Teas '83	4		1	5	23	.34	.272
Behrman et al'84	3		2	5	39	.408	.373
Dubinsky et al'85	2	1	1	4	29	.217	.146
Dubinsky et al'88	2		1	3	196	.160	.149
DEPENDENT VARIABLE: SATISFACTION							
Teas et al. '81	4			4	24	.417	.360
Churchill et al.'76	3	2	3	8	33	.424	.385
Teas '83	4		3	7	16	.470	.393
Kohli '85	4		1	5	23	.310	.239
Dubinsky et al.'88	2		3	5	117	.539	.530
Behrman et al.'84			5	5	39	.418	.384
Teas '80 (Extrinsic Satisfaction)	2		2	4	31	.290	.236
Teas '80 (Intrinsic Satisfaction)	2		2	4	31	.474	.434
Behrman et al.'81	1	2	1	4	48	.220	.182
Lagace'87	1	2	3	6	29	.154	.082
INDEPENDENT VARIABLE: PERFORMANCE							
Tyagi '85	5			5	19	.319	.230
Hampton et al. '86	5			5	23	.090	-.004
Dubinsky et al.'88	2		2	4	147	.053	.038
Behrman et al.'81	1	2	1	4	48	.063	.017
Dubinsky et al.'85	2		1	3	39	.104	.047
Lagace	1		2	3	29	.094	.017
INDEPENDENT VARIABLE: MOTIVATION							
Tyagi '85 (intrinsic)	5			5	19	.160	.051
Tyagi'85 (extrinsic)	5			5	19	.380	.300
Tyagi'82 (intrinsic)	2	2	3	7	15	.360	.256
Tyagi'82 (extrinsic)	2	2	3	7	15	.190	.058
Hampton et al'86	2		4	6	19	.330	.247
Dubinsky et al'85	1	1	1	3	39	.099	.042

N = Sample Size
K = Number of Predictors
Adjusted R² = [(N-1)/(N-K-1)] * [(N+K+1)/N] * (1-R²)

Table 5. Explanatory Power of Managerial Variables - Comparison of Adjusted R²

**A Comparison of Regression Equations
With a Total of Four Predictor Variables**

Number of Managerial Variables	Average¹ Adjusted R²
One of the 4 predictors is Managerial Variable	.09
Two of the 4 predictors are Managerial Variables	.21
All of the predictors are Managerial Variables	.33

Test for linearity - Contrast is significant
Test Statistic is Z = 3.29 p value is .0005

¹Specific studies comprising these averages are as follows:

One Managerial Variable: Lagace 1987
Behrman & Perreault 1984
Behrman et al. 1981

Two Managerial Variables: Dubinsky et al. 1988
Dubinsky et al. 1985
Teas 1980

Four Managerial Variables: Kohli 1985
Teas et al. 1981

Table 6. Average R² of Regression Equations Using 1, 2 or 3 Types of Predictors

Types of predictors include: Managerial Variables
Task Variables
Individual Variables

Regression Equation Specification	Average¹ Adjusted R²
Average R ² of Equations Using only Managerial Variables	.273
Average R ² of Equations Using Managerial Variables and one other type of variable (either task or individual)	.272
Average R ² of Equations Using Managerial Variables and two other types of variables (task and individual)	.185

¹See Table 4 for lists of studies and equation specifications.

Table 7. Comparative Effect Sizes: Retail, Insurance and Industrial Sales

LEADER BEHAVIOR	ROLE CONFLICT
Consideration	
Retail	-.3615
Insurance	-.2883
Industrial	-.1878

Test for linearity significant at $p = .0016$ level
 Test Statistic is $Z = -2.936$

Initiating Structure	
Retail	-.3030
Insurance	-.1977
Industrial	-.0920

Test for linearity significant at $p < .0001$ level
 Test Statistic is $Z = -3.567$

Effect sizes are bivariate correlations
 Studies include:
 Retail: Hampton, Dubinsky & Skinner 1986
 Insurance: Dubinsky, Childers, Skinner & Gencturk 1988
 Tyagi 1982
 Industrial: Churchill, Ford & Walker 1976
 Teas 1983

Table 8. Summary of LMX Reliabilities

LMX Reliabilities for Leader (Ldr), Member (Mem) and Other¹ (Othr) reports

Number of Items	Study	Internal Reliability			Test-retest Reliability			Multiple-source Reliability			Multiple method Reliability
		Mem	Ldr	Othr	Mem	Ldr	Othr	Mem-Ldr	Mem-Othr	Othr-Ldr	
2	Densereau et al 1975	.82 at T ₁			.58 (2 mo. intervals)						Map + scale M .43 L .53 O .51
		.71 at T ₂									
	Graen & Cashman 1975	.66 at T ₁			.70 (6 mo. interval)						
		.72 at T ₂									
3	Blau 1968	.87	.78	.72							
4	Graen et al 1978	.76 at T ₁			.90 (3 mo. intervals)						
		.80 at T ₂									
	Liden et al 1980	.84 at T ₁			.75 (3 mo)						
5	Rosse et al 1983	.66	.62								
	Vecchio et al 1984	.64									
	Vecchio et al 1985	.75									
	Snyder et al 1985	.682	.555								
	Dienesch 1987	.80									
	Graen, Liden & Hoel 1982	.83									
	Ferris 1985	.82									
	Vecchio et al 1986	.76									
	Duchon et al 1986										
7	Graen, Novak & Sommerkamp 1982	.86 at T ₁	.65 at T ₁		.67 (6 mo.)						
		.84 at T ₂	.79 at T ₂								
	Novak 1984	.86	.63								
	Standura et al 1988	.86	.63								
	Lacaze 1987	.90	.92								
	Kozlowski et al 1989	.86									
13	Vecchio & Sussman 1989	.85									
	Wakabayashi et al 1984	Range .87-.92 (Over 3 yrs)									
15	Kim & Orqan 1982	.893	.71								
	Dienesch 1987	.899	.32								

¹ Others may include either peer report or personnel mgr. report.

Table 9. LMX Scales

Two Item Scale
Member Form

1. How flexible do you believe your supervisor is about evolving changes in your job activity structure?
(Response categories:
He sees no need for change.
He sees little need for change.
He is lukewarm about the need for change.
He is enthusiastic.)
2. Regardless of how much formal authority your supervisor has built into his position, what are the chances that he would be personally inclined to use his power to help you solve problems in your work? (Response categories: No chance.
Might or might not.
Probably would.
Certainly would.)

Three Item Scale
Member Form

1. How well do you feel the leader understands your job problems and concerns?
2. How well do you feel you leader understands your job requirements and needs?
3. How effective is your working relationship with your leader?

Four Item Scale
Member Form

1. How flexible do you believe your supervisor is about evolving change in your job?
2. Regardless of how much formal organizational authority your supervisor has built into his position, what are the chances that he would be personally inclined to use his power to help you solve problems in your work?
3. To what extent can you count on your supervisor to "bail you out" at his expense when you really need him?
4. How often do you take your suggestions regarding your work to your supervisor?

Five Item Scale
Member Form

1. How flexible do you believe your supervisor is about evolving change in your job?
2. Regardless of formal organizational authority of your supervisor what are the chances he would be personally inclined to use his power to help you solve problems in your work?
3. To what extent can you count on your supervisor to bail you out at his expense when you really need it?
4. How often do you take suggestions regarding your work to your supervisor?
5. How would you characterize your working relationship with your supervisor? (Response range effective-ineffective)

Seven Item Scale
Member Form

1. Do you usually feel you know where you stand? Do you usually know how satisfied your immediate supervisor is with what you do?
2. How well do you feel your immediate supervisor understands your problems and needs?
3. How well do you feel your immediate supervisor recognizes your potential?
4. Regardless of how much formal authority your immediate supervisor has built into his position, what are the chances that he would be personally inclined to use his power to help you solve problems in your work?
5. Again, regardless of the amount of formal authority your immediate supervisor has, to what extent can you count on him to bail you out at his expense?
6. I have enough confidence in my immediate supervisor that I would defend and justify his decisions if he or she were not present to do so.
7. How would you characterize your working relationship with your immediate supervisor?

Thirteen Item Scale
Member Form

- Questions measure:
- approachability & flexibility of supervisor toward subordinate
 - supervisors willingness to use his authority to help subordinate solve problems.
 - clarity of supervisor's expectations of subordinate
 - clarity of supervisor's feedback to subordinate
 - subordinate's latitude to influence his superior
 - subordinate's latitude to change his role situation
 - opportunity of subordinate to share after-hour social & leisure activities.

Fifteen Item Scale
Two Versions

- NonContractual Social Exchange**
Taps noncontractual social exchange with specific leader behaviors toward a particular subordinate. For example, the leader would indicate on a 7 point Likert the extent to which they would display the behavior represented by the item.
- I would give him personal favors.
 - I would initiate discussions of his personal problems to help him.
 - I would keep myself aloof from personal involvement (reverse scr)
 - I would permit him to organize his task as he pleases.
 - I will not make changes in his duties without first talking it over with him.

- Multidimensional LMX**
Measures LMX as three mutual dimensions
- (1) contributions
 - (2) loyalty
 - (3) affect

See preceding table for studies using each scale.

Table 10. Comparison of Increased Reliabilities

Size of Scale	Actual Average Reliability	Prescribed ¹ Reliability	Difference
2 Item Scale	.768	---	---
4 Item Scale	.691	.868	-.18
5 Item Scale	.817	.74	+.08
7 Item Scale	.806	.862	-.06
15 Item Scale	.858	.899	-.04

¹Nunnally offers a computation for judging whether the addition of items to a scale is justified. This prescribed increases in reliabilities are based on the following formula.

Formula for computing prescribed reliability

Source: Nunnally page 243

Computing the amount of expected increases in reliability (R) where k = ratio of items in larger scale to items in smaller and r = reliability with smaller scale.

$$R = kr/[1 + (k-1)r]$$

Estimates are conservative as they examine small increases in the number of items. Increasing the scale from 2 to 15 items, for example, would result in an estimated reliability of approximately .92.

Table 11. Example of Prenotification Letter

MEMO

To: All VM Sales Reps
From: Keith Rosenfeld
Date: November 14, 1990
Subject: Survey you will receive from a PhD candidate

I have agreed to provide your names and addresses to Susan DelVecchio, a PhD candidate at Virginia Tech. She is earning her doctorate based upon research in leadership theories. The principal area of her research is problems faced by field sales managers.

The surveys are short, only 3 pages, and they take approximately 20 minutes to complete. Susan will be contacting you within a few weeks.

I hope you can find the time to help her. Any of you who have known a PhD candidate know how difficult it is to bring all of the pieces together within the 4-5 years most programs provide.

If we can all help her by completing the surveys promptly, we shall all surely go to heaven. If we all complete the surveys and improve our VM numbers by 20%+ next year, we may not only go to heaven, but even have a shot at owning the place. (Yes...I know Bob...it will take new products to do that.)

Susan
Hope this helps.
Keith

Table 12. Cover Letter



THE R. B. PAMPLIN COLLEGE OF BUSINESS

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Blacksburg, Virginia 24061-0209

September 27, 1990

^Fname^
^Faddress^

Dear ^Fsalname^:

You are part of a specially selected group of sales people who have been asked to participate in this research project. This research project is part of my degree requirements for a Ph.D. Your participation in this study is completely voluntary and will be greatly appreciated.

Please take a few moments to complete the enclosed survey. It is a survey to obtain information about the work sales people do and the feelings they have about their work. It is not a test. There are no right or wrong answers to any of the questions. I am interested in your personal thoughts.

These surveys have been coded for purposes of analyses only. The analyses will be conducted on aggregated responses and reported in summary form. Your candid responses are of value and will be held in strictest confidence. No one from your organization will have access to your individual responses. Please return the completed survey to me in the enclosed envelope.

Sincerely,

A handwritten signature in cursive script that reads "Susan DeVecchio".

Susan DeVecchio
Ph.D. Candidate

Enclosure

Table 13. Follow-up Cover Letter



THE R. B. PAMPLIN COLLEGE OF BUSINESS

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Blacksburg, Virginia 24061-0209

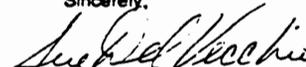
October 16, 1990

Dear Salesperson,

Recently you were sent a survey form which is part of my research project. My graduate research project focuses on the problems facing field sales personnel. I specifically selected field salespeople employed by manufacturers. Your name has been provided through my contacts with the management of your organization and they have approved of this project. You, therefore, are part of a specially selected group of sales people who have been asked to participate. Your response is crucial to the study design.

I have not yet received a response from you and thought perhaps you may have some questions regarding this survey. If I can be of any assistance please feel free to contact me at either (919) 299-5558 or at North Carolina A&T State University (919) 334-7656.

Sincerely,


Susan DelVecchio
Ph.D. Candidate

Enclosure

Table 14. Stages in Measure Development: Managerial Latitude

Step 1

SPECIFY THE DOMAIN OF THE CONSTRUCT

Definition

Managerial latitude is the degree to which the manager permits the salesperson flexibility. Latitude is defined as the negotiating rather than dictating role expectations.

Distinctions

Inclusions and exclusions of this domain:

*Managerial latitude is informal rather than formal form of participatory decision making.

*Managerial latitude is established at the salesperson-manager level rather than the organizational level.

*Managerial latitude is based on the nature of salesperson-manager interactions (i.e. forming a consensus or negotiating expectations) rather than explicit set or rules.

Dimensions

The three dimensions of latitude include the flexibility granted to the salesperson regarding:

- (1) territory level decisions,
- (2) account level decisions, and
- (3) the individual sales call.

Step 2. GENERATE SAMPLE OF ITEMS

Stage 2.1 Generate Sample

Literature sources included:

Management literature: Participatory Decision Making
Leadership literature: Leader-Member Exchange Theory
Marketing: Sales Management texts (Idrship/PDM issues)

Experience Surveys conducted:

- Sales management within Building Supply Industry
(Ron Seeno - Universal Supply)
(distributor of windows & doors)
- Sales management within Machine Tool Industry
(Craig Montalbano - Hertel Inc.)
(manufacturer of taps & dies)
- Sales personnel within Consumer Pkcg Goods
(Jerry Sheets - Gillette SRD)
(manufacturer of health & beauty aids)

Step 2.2 Edit Items

Revised items which were double barreled.
Grouped items by level of activity.

Step 3. PURIFY THE MEASURE

Step 3.1

Coefficient Alpha for each dimension
Coefficient Alpha for sales manager reported latitude
Coefficient Alpha for salesperson reported latitude

Step 3.2

Correlation of Salesperson-Manager Responses

Step 3.3

Confirmatory Factor Analysis

(Perform this step third as there is tendency to create more dimensions than can be conceptually defined.)

Step 4. ASSESS RELIABILITY WITH NEW DATA

This step is not practical given the limited funds.

Step 5. ASSESS CONSTRUCT VALIDITY

Step 5.1 Correlates with other measures of the same thing.

Convergent validity: Positive correlation between latitude over each level and a direct measure of overall latitude.

Step 5.2 Measure behaves as expected: Two indicators include

(1) positive correlation between latitude and all other concepts, and (2) somewhat higher correlations with perceived salesperson loyalty and competence than with performance and satisfaction.

Table 15. Latitude Scale Items

Questionnaire instructions

For each job activity please circle the response which best describes the latitude your sales manager gives you in making changes in the listed activities.

Seven Point Response Scale

1 = I am granted no latitude in making changes.

7 = I am granted complete latitude in making changes.

Territory Management Activities

1. Developing leads
2. Developing trade relations
3. Establishing sales territory boundaries
4. Developing the customer base
5. Time allocated to selling activities
6. Time allocated to administrative activities

Account Management Activities

7. Account coverage
8. Account service levels
9. Developing sales proposals
10. Account penetration levels
11. Estimating account potential
12. Account activity reports
13. Method of account record-keeping
14. Extent of account record-keeping
15. Method of pre-call preparation

Call Management Activities

16. Extent of precall preparation
17. Approach methods used
18. Selection of persuasive tactics
19. Selection of presentation format
20. Use of visual aids
21. Use of product demonstrations
22. Techniques for meeting objections
23. Techniques for closing the sale

Table 16. Stages in Measure Development: Perceived Competence

**Step 1
SPECIFY THE DOMAIN OF THE CONSTRUCT**

Definition

Competence is the perception of the amount, direction and quality of work-oriented activity the salesperson puts forth toward the mutual goals of the dyad.

Distinctions

Inclusions and exclusions of this domain:

*Perceived competence is the expectation that a salesperson can perform. It is not a measure of actual performance levels of the salesperson.

*Perceived competence emphasizes expected future performance over past performance.

*Perceived competence relies on subjective judgments of the salesperson's capabilities rather than objective measures of previously executed tasks.

Dimensions

Three aspects of this perception include:

(1) the amount of work-related activity (the quantity of effort and time invested),

(2) the direction of work-related activity (the efficiencies with which the salesperson works), and

(3) the quality of work-related activity (the skills and knowledge base of the salesperson).

Step 2. GENERATE SAMPLE OF ITEMS

Stage 2.1 Generate Sample

Literature sources included:

Marketing Literature: Sales Management texts
Practitioner Periodicals (SM&M; Training)

Experience Surveys conducted:

Sales management within Building Supply Industry
(Ron Seeno - Universal Supply)
(distributor of windows & doors)

Sales management within Machine Tool Industry
(Craig Montalbano - Hertel Inc.)
(manufacturer of taps & dies)

Sales personnel within Consumer Pkcg Goods
(Jerry Sheets - Gillette SRD)
(manufacturer of health & beauty aids)

Step 2.2 Edit Items

Revised items which were double barreled.

Grouped items by level of activity.

Step 3. PURIFY THE MEASURE

Step 3.1

Coefficient Alpha for each dimension

Step 3.2

Confirmatory Factor Analysis

(Perform this step third as there is tendency to create more dimensions than can be conceptually defined.)

Step 4. ASSESS RELIABILITY WITH NEW DATA

This step is not practical given the limited funds.

Step 5. ASSESS CONSTRUCT VALIDITY

Step 5.1

Discriminant validity: factor analysis of both perceived competency items and loyalty items should result in clean loadings on two dimensions. Factor analysis of both perceived competency items and objective performance measures should result in clean loadings on two dimensions.

Step 5.2 Measure behaves as expected: Little to no shared variance between loyalty and competence. Substantial shared variance between competence and managerial latitude. Positive correlations between perceived competency and objective performance measures.

Table 17. Competence Scale Items

Dimension: Amount of work-oriented activity

- 25. This salesperson will devote above average amounts of time to his or her sales responsibilities.
- 27. This salesperson is willing to invest the effort required to excel.
- 28. This salesperson will maintain a high level of energy.

Dimension: Direction of work-oriented activity

- 24. This salesperson will be very time conscious.
- 26. This salesperson is capable of judging how much time to spend on an account.
- 29. This salesperson will be concerned about doing things as efficiently as possible.
- 30. I expect this salesperson will exercise good judgment in many business situations.
- 32. This salesperson possesses the ability to deal effectively with a diversity of responsibilities.
- 33. This salesperson will accurately assess and react to a diversity of selling situations.
- 34. I believe this salesperson will perform well under pressure.
- 35. If an emergency arose, I would count on this salesperson to handle it effectively.
- 36. This salesperson is dependable.
- 37. This salesperson is able to overcome obstacles by finding new solutions to problems.
- 38. This salesperson is resourceful.
- 39. This salesperson has the ability to uncover new product applications and selling opportunities.

(Respondents indicated their degree of agreement on a seven point Likert scale.)

Dimension: Quality of work-oriented activity

Sales managers assessed the competency level of the following:
Assessments were made on a seven point scale.

7 = Superior 1 = inferior

- 49. Decision making skills
- 50. Organizational skills
- 51. Problem-solving skills
- 52. Product knowledge
- 53. Customer knowledge
- 54. Competitive knowledge
- 55. Analytical skills
- 56. Presentation skills
- 57. Written communication skills
- 58. Verbal communication skills
- 59. Assertiveness skills
- 60. General selling skills
- 61. Interpersonal skills

Table 18. Loyalty Scale Items

40. This salesperson gives unwavering support to me when interacting with customers, even though he/she personally may not agree with me.
41. This salesperson can be counted on to go along with my decisions on most occasions.
42. This salesperson would be likely to criticize my work to other people without telling me that he/she was unhappy with it.*
43. This salesperson would generally be likely to give me credit for my ideas when talking to others.
44. This salesperson would not support my decisions. *
45. I can count on this salesperson to give good reports about me to others.
46. This salesperson would come to my defense if customers criticized me.
47. This salesperson tends to blame sales management for factors which affect his or her customers unfavorably. *
48. This salesperson adopts and supports my viewpoint regarding all business matters.

*Reverse scored

Table 19. Quality of the Relationship Scale Items

Semantic Differential Scale
(7 point)

Questionnaire Instructions

Please check the space that indicates which of the adjectives in each of the following pairs best describes your relationship with your sales manager.

Questionnaire

Item Number Anchors

69.	Cooperative Competitive
70.	Friendly Hostile
71.	Intense Superficial
72.	Informal Formal
73.	Close Distant
74.	Social oriented Task oriented
75.	Compatible Incompatible
76.	Excellent Poor
77.	Superior Inferior

Table 20. Satisfaction Scale Items

Dimension: Satisfaction with the Job

- 24. My work gives a sense of accomplishment.
- 26. My work is satisfying.
- 30. My job is exciting.
- 32. I am really doing something worthwhile in my job.

Dimension: Satisfaction with pay

- 25. My pay is low in comparison with what others get for similar work in other companies.*
- 35. In my opinion, the pay here is lower than in other companies.*
- 37. My income is adequate for normal expenses.
- 41. I am paid fairly compared with other employees in this company.

Dimension: Satisfaction with supervisor

- 27. My sales manager really tries to get our ideas about things.
- 43. My sales manager gives us credit and praise for work well done.
- 46. My sales manager has always been fair in dealings with me.
- 47. My sales manager lives up to his/her promises.

Dimension: Satisfaction with the company

- 28. Top management really knows its job.
- 29. This company operates efficiently and smoothly.
- 31. Salespersons in this company receive good support from the home office.
- 36. Management is progressive.

Dimension: Satisfaction with promotion

- 33. The company has an unfair promotion policy.*
- 34. I have a good chance for promotion.
- 39. There are plenty of good jobs here for those who want to get ahead.
- 45. My opportunities for advancement are limited.*

Dimension: Satisfaction with customers

- 38. My customers live up to their promises.
- 40. My customers are trustworthy.
- 42. My customers are loyal.
- 44. My customers are understanding.

Table 21. Performance Scale Items

72. Percent of Quota achieved last year (Jan-Dec 1989) _____%

73. Percent of Quota achieved during the first six months of this year
(January to June 1990) _____%

74. Expected quota achievement this year (Jan-Dec 1990) _____%

Scaled responses as follows:

1 = 0 to 60%

2 = 61 to 80.99%

3 = 81 to 90.99%

4 = 91 to 95.99%

5 = 96 to 100.99%

11 = 201 to 998

6 = 101 to 105.99%

7 = 106 to 110.99%

8 = 111 to 120.99%

9 = 121 to 150.99%

10 = 151 to 200.99%

Table 22. Environmental Uncertainty Scale Items

Questionnaire Instructions

Industries seem to differ in terms of their rate of change and the resultant ability of participating firms to predict or anticipate change. The following items ask you to **circle** the number which best reflects the predictability of:

1. Changes in your competitor's mix of products
2. Changes in your competitor's sales strategies
3. Changes in your competitor's sales promotions
4. Changes in your competitor's advertising
5. Changes in customer preferences in product features
6. Changes in customer preferences in brands
7. Changes in customer preferences in product quality
8. Changes in customer preferences in product prices

Seven point response scale

1 = Very low predictability

7 = Very high predictability

Table 23. Participating Firms: Business Description and Response Rates

Company ID #	Description of Business	SENT Number of Dyads	RECEIVED		
			Dyad	SM only*	SP only*
101	Process meat products	3		3	
102	Mfg furniture	8	2		3
103	Mfg rubber fittings	8	2	2	1
104	Mfg steel bldg. materials	5	2	1	2
105	Mfg office furniture	5	1	3	1
106	Mfg pumps	11	9	2	
108	Mfg sewing notions	12	8	4	
109	Process dairy products	9	8		1
110	Mfg yarn	6	4	1	1
111	Mfg signs	4	3	1	
112	Mfg window frames	10	8	1	1
113	Yarn processor	6	4	1	1
114	Mfg mattresses	2		1	
115	Mfg apparel	14	14		
116	Poultry processor	2	2		
117	Mfg textile products	4	4		
118	Mfg apparel	14	9	1	4
119	Mfg packing material	7	6	1	
121	Mfg mattresses	2		2	
122	Foundry (steel)	6	5	1	
123	Mfg pckgd food products	4	1	1	2
124	Mfg yarns	4	2	1	
125	Mfg cigtte	25	7	2	5
107	Yarn Processor	1			
First Set Subtotal:		169	95	22	37

*Responses received from a Sales Manager (SM) and not his or her salesperson
or
Responses received from a Salesperson (SP) and not his or her sales manager.

Continued on Next Page

Table 24. Participating Firms: (Continued)

Company ID #	Description of Business	SENT Number of Dyads	RECEIVED		
			Dyad	SM only*	SP only*
200	Mfg building materials	2	2		
202	Mfg plastic moldings	1		1	
204	Mfg yarns	2	1	1	
205	Mfg filters	2	2		
206	Mfg generators	10	10		
207	Mfg casting materials	1	1		
208	Mfg tobacco pipes	2	2		
209	Mfg doors	2	1		1
210	Mfg urethane products	2	2		
211	Mfg electrical surveillance equip.	2	1		1
213	Process organic fibers	1	1		
214	Mfg dyeing equip.	2	1	1	
215	Mfg woodworking equip.	2	2		
216	Mfg clothing labels	2	1		
217	Mfg textile equip.	3	2		
218	Mfg building materi	2	1	1	
219	Mfg carpet backing	2	1	1	
220	Mfg optical equip	6	3	2	1
222	Mfg mining equip	5	4		1
223	Mfg aluminum prdts	4	3	1	
224	Specialty chemicals	6	1	3	2
225	Mfg thermometers	2	1	1	
226	Mfg industrial equip	10	4	2	6
228	Mfg material handling equip	20	13	4	1
201	Mfg building materi	2			
203	Mfg aeronautical equip	3			
212	Textile processor	1			
221	Mfg building materi	2			
Second Set Subtotal		101	60	20	13
TOTAL		270	155	42	50

*Responses received from a Sales Manager (SM) and not from his or her salesperson or Responses received from a Salesperson (SP) and not from his or her sales manager.

Table 25. Participating Firms: Sales and Compensation Methods

Annual Sales of Participating Firms (1990)	
Less than \$50,000,000	42%
\$50,000,000 to \$200,000,000	25%
Over \$200,000,000	33%

Method of Field Sales Personnel Compensation

Salesperson Compensation Method	
Straight Salary	10%
Straight Commission	2%
Salary and Commission	46%
Salary and Bonus	42%

Sales Manager Compensation Method	
Straight Salary	8%
Straight Commission	0%
Salary and Commission	29%
Salary and Bonus	63%

Table 26. Salesperson Profile: Education, Income & Experience

Salesperson Level of Education

High School	9.7%
Some College	31.0%
College Degree	51.0%
Some Graduate Work	5.2%
Graduate Degree	2.6%
Missing	.6%

Salesperson Income

Less than \$10,000	.6%
\$10,000-19,999	3.2%
\$20,000-29,999	7.1%
\$30,000-39,999	14.2%
\$40,000-49,999	20.6%
\$50,000-59,999	16.1%
\$60,000-69,999	17.4%
\$70,000-79,999	6.5%
\$80,000 or more	13.5%
Missing	.6%

Number of Years of Sales Experience With Current Firm

Avg 9.77 yrs Std Dev 8.42 yrs

1-2 years	22.6%
3-7 years	27.1%
8-12 years	18.0%
13-21 years	21.3%
Over 21 years	11.0%

Number of Years Sales Experience in Total

Avg 17.07 yrs Std Dev 11.44 yrs

1-7 years	25.8%
8-15 years	31.0%
16-22 years	21.3%
Over 22	21.9%

Table 27. Sales Manager Profile: Span of Control, Education, Income & Experience

Span of Control	
(Number of Salespeople Supervised)	
Average 7.5 Standard Deviation 5.4	
Number of Salespeople	Percent of Sales Managers
1-3	23.2%
4-7	31.6%
8-11	22.6%
12-23	10.4%
Over 23	.6%
Sales Manager - Education	
High School	5.8%
Some College	22.6%
College Degree	45.2%
Some Graduate Work	20.0%
Graduate Degree	5.8%
Missing	.6%
Sales Manager - Income	
Less than \$20,000	
\$20,000-29,999	4.5%
\$30,000-39,999	1.9%
\$40,000-49,999	4.5%
\$50,000-59,999	10.3%
\$60,000-69,999	16.1%
\$70,000-79,999	7.7%
\$80,000-89,999	17.4%
\$90,000-99,999	9.0%
\$100,000 or more	24.5%
Missing	2.6%
Number of Years of Sales Management Experience with Current Firm	
Average 7.6 years Standard Deviation 6.1 years	
Number of years	Percent of Sales Managers
1-3	27.7%
4-7	26.5%
8-12	25.2%
13-35	20.6%
Number of Years of Sales Management Experience in Total	
Average 10.5 years Standard Deviation 7.5 years	
Number of years	Percent of Sales Managers
1-4	23.9%
5-9	25.8%
10-14	24.5%
15-35	25.8%
Number of Years of Sales Experience with Current Firm	
Avg 12.2 Yrs Std Dev 7.5 Yrs	
Number of years	Percent of Sales Managers
1-7	25.8%
8-12	31.0%
13-17	23.0%
18-38	20.2%
Number of Years of Sales Experience in Total	
Average 17.9 years Standard Deviation 8.8 years	
Number of years	Percent of Sales Managers
1-10	22.6%
11-18	32.2%
19-24	18.5%
25-41	26.7%

Table 28. Comparison of Means: Dyadic and Individual Responses

Variable	Dyadic Responses		Individual Responses		t-test	Appx. p-value
	Mean	Std Dev	Mean	Std Dev		
Competence-(Dim 1)	33.39	6.4	31.20	7.6	1.70	.04716
Competence-(Dim 2)	36.47	7.0	33.83	7.2	2.09	.02502*
Competence-(Dim 3)	32.65	5.6	30.88	5.7	1.77	.04262
Latitude-(Dim 1)	29.40	5.0	29.89	4.9	-.54	.29218
Latitude-(Dim 2)	37.27	8.8	37.63	9.0	-.14	.44051
Latitude-(Dim 3)	43.46	6.0	43.95	6.9	.42	.34529
Loyalty	39.57	6.2	37.68	7.4	1.5	.06943
Quality of Relationship	37.48	7.0	35.74	8.3	1.24	.10808
Performance	12.63	6.1	10.97	5.5	1.65	.05208
Satisfaction w/job	23.05	4.5	23.09	5.2	-.04	.48015
Satisfaction w/pay	17.68	5.6	17.34	6.6	.30	.38261
Satisfaction w/promotion	17.40	5.0	16.41	4.9	1.13	.12735
Satisfaction w/supervision	22.46	5.3	21.21	5.9	1.24	.10808
Satisfaction w/company	18.39	5.3	17.88	7.0	.46	.32717
Satisfaction w/customers	19.46	4.3	19.41	5.7	.06	.48014
S Mgr Income	7.21	2.4	8.0	1.8	-2.19	.01997*
S Mgr Education	2.97	1.0	3.16	1.5	-.69	.24332
S Mgr Exp w/Firm	7.69	6.1	6.12	4.8	1.71	.04716
S Mgr Exp Tot	10.59	7.5	9.83	7.0	.60	.27538
S Mgr Sales Exp w/Firm	12.73	7.2	11.83	7.7	.64	.25909
S Mgr Sales Exp Tot	18.04	8.7	16.47	10.4	.86	.19935
Span of Control	2.77	1.4	2.53	1.5	.89	.18586
S Person Education	2.60	.8	2.83	1.0	-1.41	.0833
S Person Income	5.88	1.9	5.6	1.7	-.84	.19935
S Person Exp w/Firm	9.77	8.4	9.6	9.0	.11	.46034
S Person Exp Tot	16.17	11.4	17.70	12.7	-.72	.24332
S Person Time						
With Current SalesMgr.	3.52	3.9	3.75	5.5	-.26	.40172

Low p-value implies means are significantly different
 * Given repetitive nature of comparisons, significant differences are defined as p-values lower than .025.

Table 29. Competence Scale Development: Rotated Factor Loadings

n = 197 Loadings (> .36)**

Item #	Factor 1 Effort	Factor 2 Genrl	Factor 3 Genrl	Factor 4 Sell
24 Time conscious	.62	.24	.05	.21
25* Above avg amt of time	.87	.14	.24	.25
26* Judging amt. of time	.79	.27	.22	.35
27 Willing to invest effort	.65	.19	.33	.07
28* Maintain energy level	.86	.14	.35	.10
29* Concerned with efficiency	.84	.34	.22	.11
30* Judgment in situations	.78	.35	.14	.24
31* Exceptional organization	.34	.68	.10	.09
32 Ability to deal w/diversity	.61	.28	.40	.27
33 Assess and react to diversity	.55	.34	.33	.37
34 Perform under pressure	.56	.32	.34	.36
35 Handle emergencies	.53	.35	.33	.38
36 Dependable	.55	.30	.43	.28
37 Overcome obstacles w/ new solutions	.48	.35	.45	.28
38* Resourceful	.64	.34	.35	.24
39 Uncover new product applications & oppty	.55	.28	.35	.41
49* Decision Making	.34	.56	.33	.24
50* Organizational skills	.31	.73	.18	.16
51* Problem solving skills	.33	.62	.36	.34
52* Product knowledge	.19	.15	.21	.75
53* Customer knowledge	.34	.20	.20	.69
54* Competitive knowledge	.21	.19	.28	.74
55* Analytical skills	.25	.33	.64	.34
56* Presentation skills	.18	.35	.76	.34
57* Written communication	.06	.35	.62	.22
58 Oral communication	.16	.34	.59	.38
59* Assertiveness skills	.32	.12	.35	.57
60* General selling skills	.32	.25	.35	.72
61* Interpersonal skills	.31	.16	.19	.51
Unrotated				
Percent of Variance Explained	57.6%	5.4%	4.5%	3.7%
Eigenvalue	16.7	1.5	1.3	1.1
Rotated				
Percent of Variance Explained	26.6%	14.9%	14.2%	15.5%
Eigenvalue	7.7	4.3	4.1	4.5

*Item used in competence measure

** The critical value for a coefficient, given this sample size is .36.
This critical value has an alpha level of .01 (Stevens 1986 page 344).

Table 30. Competence and Performance: Factor Loadings

(n = 197)
Loadings > .36

Item #	Factor 1 Cmpt	Factor 2 Cmpt	Factor 3 Cmpt	Factor 4 Perf
25 Above avg amt of time			80	
26 Judging amt. of time	39		77	
28 Maintain energy level	43		65	
29 Concerned with efficiency			67	
30 Judgment in situations		45	65	
38 Resourceful		52	68	
31 Exceptional organization		57	52	
49 Decision Making skills	46	79		
50 Organizational skills		54	42	
51 Problem solving skills	53	81		
55 Analytical skills	46	59		
56 Presentation skills	66	58		
57 Written communication	41	54		
52 Product knowledge	71	67		
53 Customer knowledge	74			
54 Competitive knowledge	72	45		
59 Assertiveness skills	68			
60 General selling skills	79			
61 Interpersonal skills	59			
72 Performance (Actual 12 mo.)				95
73 Performance (Actual 6 mo.)				97
74 Performance (Expected 12 mo.)				92
Percent of Variance Explained	49%	12%	5%	5%
Eigenvalue	11.2	2.7	1.3	1.1

** The critical value for a coefficient,
given this sample size is 36.
This critical value has an alpha level of .01 (Stevens 1986 page 344).

Table 31. Competence and Performance: Item-to-Item Correlations

Item #	Correlations (n = 197)		
	Perf Item #72	Perf Item #73	Perf Item #74
Effort Dimension			
25 Above avg amt of time	.07	.08	.05
26 Judging amt. of time	.03	.02	.02
28 Maintain energy level	.08	.08	.05
29 Concerned with efficiency	.05	.06	.08
30 Judgment in situations	.02	.01	-.03
38 Resourceful	.23	.00	.14
General Managerial Skills Dimension			
31 Exceptional organization	.09	.11	.10
49 Decision Making skills	.08	.06	-.01
50 Organizational skills	.11	.12	.10
51 Problem solving skills	.20	.21	.16
55 Analytical skills	.17	.17	.14
56 Presentation skills	.08	.07	.01
57 Written communication	.10	.12	.06
Specific Selling Skills Dimension			
52 Product knowledge	.12	.10	.06
53 Customer knowledge	.35	.06	.13
54 Competitive knowledge	.08	.07	.03
59 Assertiveness skills	.06	.05	-.001
60 General selling skills	.12	.10	.03
61 Interpersonal skills	.06	.06	-.01

Table 32. Competence and Loyalty: Factor Loadings

(n = 197)
Loadings (> .36)

Item #	Factor				
	1	2	3	4	5
25 Above avg amt of time			71		
26 Judging amt. of time	40		60		
28 Maintain energy level	46		56		
29 Concerned with efficiency		56	57		
30 Judgment in situations		48	53		
38 Resourceful	37	52			
31 Exceptional organization		80			
49 Decision Making skills	48	56	37		
50 Organizational skills		81			
51 Problem solving skills	54	61			
55 Analytical skills	47	61			
56 Presentation skills	68	52			
57 Written communication	43	63			
52 Product knowledge	72				
53 Customer knowledge	78				
54 Competitive knowledge	73				
59 Assertiveness skills	69				
60 General selling skills	79				
61 Interpersonal skills	61				
40 Gives unwavering support				68	38
41 Go along w/ decisions				67	
42** Criticize w/out telling me					79
43 Give me credit				65	
44** Would not support					73
45 Give good reports about me				72	
46 Come to my defense				76	
47** Tends to blame sales mgmt					68
48 Adopts and support my viewpoint				71	
Percent of Variance Explained	43%	11%	4%	4%	4%
Eigenvalue	12.4	3.3	1.2	1.2	1.1

**Negatively worded question

** The critical value for a coefficient, given this sample size is 36. This critical value has an alpha level of .01 (Stevens 1986 page 344).

Table 33. Latitude Scale Development: Rotated Factor Loadings

(n = 205)
Loadings > .36

Item #	Factor 1	Factor 2	Factor 3
15* Method of pre-call preparation	.78	.27	.11
16* Extent of pre-call preparation	.77	.24	.15
17* Sales call approach method	.82	.15	.18
18* Sales call persuasive tactics	.76	.20	.20
19* Sales call presentation format	.79	.09	.17
20 Sales call visual aids	.63	.19	.14
21 Sales call product demonstrations	.60	.02	.41
22* Meeting objections during sales call	.66	.04	.35
23* Closing the sale	.79	.10	.34
3 Establish sales territory boundaries	-.09	.37	.16
5* Time allocated to selling	.33	.50	.26
6* Time allocated to administration	.35	.57	.10
7* Account coverage	.10	.58	.45
8* Account service levels	.12	.53	.42
12* Account activity reports	.19	.60	.16
13* Method of record-keeping	.21	.82	.05
14* Extent of record-keeping	.19	.84	.08
1* Developing leads	.32	.12	.51
2 Developing trade relations	.27	.11	.37
4* Developing customer base	.10	.26	.71
9* Developing sales proposals	.27	.25	.62
10* Account penetration levels	.22	.35	.64
11* Estimating potential	.26	.07	.66
Unrotated			
Percent of Variance Explained	38.6%	10.0%	5.9%
Eigenvalue	8.87	2.29	1.36
Rotated			
Percent of Variance Explained	24.6%	15.7%	14.2%
Eigenvalue	5.65	3.60	3.27
Coefficient Alpha	.92	.84	.78
*Item used in latitude measure			

** The critical value for a coefficient, given this sample size is 36.
This critical value has an alpha level of .01 (Stevens 1986 page 344).

Table 34. Latitude Items and Overall Latitude Item Correlations

(n = 205)

Overall Latitude Item #66
 "I have alot of freedom in operating my territory."

Latitude over Sales calls
 (Coefficient Alpha = .92)

Item	Correlation
15 Method of pre-call preparation	.42
16 Extent of pre-call preparation	.40
17 Sales call approach method	.47
18 Sales call persuasive tactics	.35
19 Sales call presentation format	.42
20 Sales call visual aids	.38
21 Sales call product demonstrations	.43
22 Meeting objections during sales call	.43
23 Closing the sale	.46

Latitude over Maintenance Activities
 (Coefficient Alpha = .84)

Item	Corr
3 Territory boundaries	.18
5 Time allctd to selling	.49
6 Time allctd to admin	.40
7 Account coverage	.35
8 Acct service levels	.29
12 Acct activity reports	.37
13 Method of recrd-keep	.38
14 Extent of recrd-keep	.37

Latitude over Developmental Activities
 (Coefficient Alpha = .78)

Item	Corr
1 Develop leads	.41
2 Develop trade reltns	.33
4 Develop cust base	.35
9 Develop sis proposals	.36
10 Acct penetration levels	.45
11 Estimating potential	.37

All of the above correlations are significant (p < .001) except
 *Territory boundaries correlation of .18 which carries a p value of .013.

Probability values are obtained by treating $\sqrt{(n-2)*r^2/(1-r^2)}$
 as coming from a t distribution with n-2 degrees of freedom, where r is
 the correlation.

Table 35. Loyalty Scale Development: Factor Loadings

(n = 197)

Unrotated Factor Loadings

Item #	Factor 1	Factor 2
40 Gives unwavering support	83	-.06
41 Go along w/my decisions	75	-.04
42* Criticize my work	62	55
43 Give me credit	66	-26
44* Not support my decisions	62	52
45 Give good reports about me	67	-35
46 Come to my defense	82	-24
47* Tends to blame mgmt	63	40
48 Supports my viewpoint	55	-42
Percent of Variation Explained	46.5%	13.1
Eigenvalue	4.28	1.17

Rotated Factor Loadings

40 Gives unwavering support	69	47
41 Go along w/my decisions	61	43
42* Criticize my work	14	81
43 Give me credit	68	20
44* Not support my decisions	16	79
45 Give good reports about me	74	13
46 Come to my defense	79	32
47* Tends to blame mgmt	24	71
48 Supports my viewpoint	69	02
Percent of Variation Explained	34.2%	26.5
Eigenvalue	3.1	2.4

* Reverse scored - Strongly disagree=7 and strongly agree=1.

Table 36. Quality of Relationship Items: Factor Loadings

(n = 205)

Item # and Description	Factor 1
69*Cooperative/Competitive	75
70*Friendly/Hostile	77
71*Intense/Superficial	70
72*Informal/Formal	64
73*Close/Distant	87
74 Social/Task-oriented	61
75*Compatible/Incompatible	88
76*Excellent/Poor	89
77*Superior/Inferior	83
Percent of Variation Explained	60.4%
Eigenvalue	5.44

Coefficient Alpha for final scale = .92

See table

Table 39 on page 240

*Item used in quality of relationship scale.

Table 37. Satisfaction Items: Rotated Factor Loadings

(n = 205)

Item #	Factr JOB 1	Factr SUP 2	Factr CUS 3	Factr CO 4	Factr PAY 5	Factr PRO 6
24 SATJOB	83					
26 SATJOB	84					
30 SATJOB	81					
32 SATJOB	74					
27 SATSUP		75				
43 SATSUP		81				
46 SATSUP		82				
47 SATSUP		79				
38 SATCUS			84			
40 SATCUS			84			
42 SATCUS			78			
43 SATCUS			77			
28 SATCO				80		
29 SATCO				73		
31 SATCO				68		
36 SATCO				73		
25 SATPAY					84	
35 SATPAY					87	
37 SATPAY					66	
41 SATPAY					71	
33 SATPRO						56
34 SATPRO						82
39 SATPRO						54
45 SATPRO						71
Unrotated 6-Factor Solution						
Percent of Variation						
Explained	34.6%	10.4%	7.7%	6.8%	5.9%	4.9%
Eigenvalue	8.3	2.5	1.8	1.6	1.4	1.1
Coefficient Alpha	.91	.88	.85	.85	.83	.71

Table 38. Measures: Summary Information

Variable	Rspndnt	Nmbr of			Mean	Rel
		Items	Range			
CMPEFF	SM	6	8-42	33.4	.90	
CMPGEN	SM	7	18-49	36.5	.91	
CMPSELL	SM	6	12-42	32.6	.88	
LATDEV	SP	5	9-35	29.4	.78	
LATMAIN	SP	7	11-49	37.3	.84	
LATSALES	SP	7	7-49	43.5	.92	
LOY	SM	7	22-49	39.6	.84	
Q REL	SP	8	13-56	44.4	.92	
PERF	SM	3	3-28	12.6	.81	
SATJOB	SP	4	6-28	23.1	.91	
SATPAY	SP	4	4-28	17.7	.83	
SATPRO	SP	4	4-28	17.4	.71	
SATSUP	SP	4	4-28	22.5	.88	
SATCO	SP	4	5-28	18.4	.85	
SATCUS	SP	4	4-28	19.5	.85	
ENV	EXEC	8	26-50	37.6	.70	

Table 39. Correlations

	CMP EFF	CMP GEN	CMP SELL	LAT DEV	LAT MAIN	LAT CALL	LOY	Q-REL	PERF	SAT JOB	SAT PAY	SAT PRO	SAT SUP	SAT CO	SAT CUS
C-EFF	.90														
C-GEN	.75	.91													
C-SELL	.73	.72	.88												
L-DEV	.13	.08	.17	.78											
L-MAIN	.18	.14	.22	.60	.84										
L-CALL	.17	.16	.21	.59	.54	.92									
LOY	.45	.30	.32	.01	.11	.05	.84								
Q-REL	.26	.19	.24	.38	.39	.40	.23	.92							
PERF	.20	.19	.24	.10	.12	.13	.03	.09	.81						
S-JOB	.07	.01	.07	.41	.40	.39	.01	.44	.09	.91					
S-PAY	.09	.13	.11	.23	.23	.14	-.01	.26	.18	.34	.83				
S-PRO	.07	.07	-.03	.17	.18	.10	.00	.24	.01	.43	.41	.71			
S-SUP	.25	.20	.23	.34	.42	.30	.28	.75	.08	.50	.31	.32	.88		
S-CO	.14	.02	.02	.22	.25	.20	.15	.45	.02	.50	.39	.45	.44	.85	
S-CUS	.10	.07	.04	.12	.18	.18	.16	.16	.02	.16	.00	.13	.15	.24	.85

Cronbach Alpha reported on the diagonal.

Table 40. Covariances-Variiances

	Comp EFF	Comp GEN	Comp SELL	Lat DEV	Lat MAIN	Lat CALL	LOY	Q-REL	PERF	Sat JOB	Sat PAY	Sat PRO	Sat SUP	Sat CO	Sat CUS	
C-EFF	40.4															
C-GEN	34.8	53.4														
C-SELL	25.7	29.1	30.5													
L-DEV	4.1	2.8	4.7	30.5												
L-MAIN	9.9	9.3	10.9	26.3	76.9											
L-CALL	6.4	6.9	7.0	17.8	29.0	37.6										
LOY	17.9	13.8	11.2	.4	6.2	1.9	39.6									
Q-REL	12.9	10.9	10.2	14.7	26.6	19.0	11.2	61.2								
PERF	8.4	9.1	8.7	3.2	6.8	5.2	1.1	4.6	44.0							
S-JOB	2.0	.3	1.88	9.3	16.1	10.9	-.1	15.5	2.7	20.7						
S-PAY	3.2	5.3	3.3	6.4	11.5	4.9	-.3	11.6	6.7	8.7	31.8					
S-PRO	2.2	2.4	-.9	4.1	7.8	3.1	.0	9.5	.2	9.7	11.6	24.6				
S-SUP	8.5	7.8	6.6	9.0	19.3	9.8	9.5	31.2	2.7	12.1	9.4	8.4	28.2			
S-CO	.5	.6	.7	5.9	11.5	6.4	4.9	18.7	.7	12.0	11.7	11.9	12.3	28.3		
S-CUS	2.8	2.2	.9	2.5	6.9	4.8	4.3	5.4	.5	3.2	.1	2.7	3.4	5.5	18.4	

Variiances on the diagonal

Table 41. Normalized Residuals

(1 < Normalized residuals > -1)

Normalized Residual	Covariance Between	Residual Applicable to the Following Hypothesis							
		H: 1	H: 2	H: 3	H: 4	H: 5	H: 6	H: 7	H: 8
2.7	Perf - Cmpsell								✓
2.7	Satpro - Satpay	This residual relates to the measurement of Satisfaction							
2.5	Satjob - Latmain						✓		
2.5	Satjob - Latdev						✓		
2.4	Satjob - Latcll						✓		
2.2	Perf - Compeff								✓
2.1	Satco - Satpro	This residual relates to the measurement of Satisfaction							
2.1	Perf - Cmpgen								✓
1.8	Perf - Satpay								
1.8	Satsup - Latmain						✓		
1.7	Satpro - Satjob	This residual relates to the measurement of Satisfaction							
1.6	Satco - Satpay	This residual relates to the measurement of Satisfaction							
1.6	Satsup - Loy						✓		
1.5	Satcus - Comeff						✓		
1.4	Satcus - Latmain						✓		
1.4	Satcus - Satco	This residual relates to the measurement of Satisfaction							
1.3	Satco - Satjob	This residual relates to the measurement of Satisfaction							
1.2	Satpay - Latdev						✓		
1.1	Satpay - Latdev						✓		
1.0	Perf - Latmain							✓	
1.0	Satsup - Compeff						✓		
-1.0	Latdev - Compgen	✓							
-1.1	Satco - Compsell						✓		
-1.1	Satpay - Loy						✓		
-1.1	Satpro - Loy						✓		
-1.2	Satco - Compgen						✓		
-1.3	Satco - Compeff						✓		
-1.4	Satco - Compsell						✓		
-1.4	Satpro - Qrel						✓		
-1.5	Satjob - Loy						✓		

NOTE:

✓ indicates this residual carries implications for the above noted hypotheses. Positive residuals imply the model underestimates the relationship and negative residuals imply the model overestimates the relationship. For example, 2.7 residual implies the covariation between sales performance and selling competency is understated in the model tested.

Table 42. Parameter Estimates: Measurement Model

Parameter	Relationship	Std Estimate	Non-Std Estimate	Std Error	t-Value
λ_{11}	Cmpeff←COMPETENCE	.891	1.0	-	-
λ_{21}	Cmpgen←COMPETENCE	.844	1.089	.084	12.97*
λ_{31}	Cmpsel←COMPETENCE	.834	.813	.064	12.79*
λ_{42}	Latdev←LATITUDE	.791	1.0	-	-
λ_{52}	Latmain←LATITUDE	.750	1.67	.2	8.32*
λ_{62}	Latcall←LATITUDE	.738	1.15	.14	8.24*
λ_{73}	Loy←LOYALTY	a	1- α	-	S.I.
λ'_{11}	Qrel←QLTY OF RELATIONSHIP	a	1- α	-	S.I.
λ'_{22}	Perf←PERFORMANCE	a	1- α	-	S. I.
λ'_{33}	Satjob←SATISFACTION	.6297	1.0	-	-
λ'_{43}	Satpay←SATISFACTION	.426	.838	.18	4.65*
λ'_{53}	Satpro←SATISFACTION	.452	.838	.18	4.91*
λ'_{63}	Satsup←SATIFACTION	.842	1.56	.2	7.86*
λ'_{73}	Satco←SATISFACTION	.609	1.13	.18	6.3*
λ'_{83}	Satcus←SATISFACTION	.213	.32	.13	2.4*
		Wt.	Variance		t-value
$\theta(\delta_{.11})$	Cmpeff	.455	40.4		4.65*
$\theta(\delta_{.22})$	Cmpgen	.536	53.4		6.06*
$\theta(\delta_{.33})$	Cmpsel	.552	30.5		6.3*
$\theta(\delta_{.44})$	Latdev	.611	24.7		5.31*
$\theta(\delta_{.55})$	Latmain	.662	76.9		6.11*
$\theta(\delta_{.66})$	Latcall	.675	37.6		6.31*
$\theta(\delta_{.77})$	Loyalty	.159	39.6	S.I.	
$\theta(\epsilon_{.11})$	Qrel	.128	61.2	S.I.	
$\theta(\epsilon_{.22})$	Perf	.152	44.0	S.I.	
$\theta(\epsilon_{.33})$	Satjob	.777	20.7		7.8*
$\theta(\epsilon_{.44})$	Satpay	.905	31.0		8.4*
$\theta(\epsilon_{.55})$	Satpro	.892	24.6		8.4*
$\theta(\epsilon_{.66})$	Satsup	.539	28.2		4.9*
$\theta(\epsilon_{.77})$	Satco	.793	28.3		7.9*
$\theta(\epsilon_{.88})$	Satcus	.977	18.4		8.7*

*Significant - Asymptotic t value at 1.92 has p = .023.

a Constrained, not estimated.

S.I. = Single Indicator

Table 43. Standardized Parameter Estimates: Structural Model

	Relationship	Non-Std Estimate	Std Error	t-value
γ_{11}	Competence→Qlty Reltnship	1.51	1.49	1.01 H_4
γ_{12}	Latitude→Qlty Reltnship	11.91	2.18	5.47* H_3
γ_{13}	Loyalty→Qlty Reltnship	.4	.2	1.99* H_5
β_{21}	Qlty Reltnship→Performance	.033	.03	.14 H_7
β_{31}	Qlty Reltnship→Satisfaction	.024	.003	7.82* H_6
ϕ_{21}	Competence-Latitude Covariance	5.34	2.18	2.45* H_1
ϕ_{32}	Latitude-Loyalty Covariance	11.18	13.8	.81 H_2
ϕ_{31}	Competence-Loyalty Covariance	95.67	20.69	4.62*
ζ_{11}	Disturbance term Qlty Reltnship	6476.29	816.15	7.94*
ζ_{22}	Disturbance -Performance	1182.09	137.4	8.6*
ζ_{33}	Disturbance Satisfaction	2.83	.8	3.52*
R^2	η_1	.31		
R^2	QREL (y1)	.983		
R^2	η_2	.01		
R^2	PERF	.977		
R^2	η_3	.65		

*Asymptotic t = 1.99 p = .023.

a Constrained, not estimated.

Table 44. Modification Indices

	Cmp Eff	Cmp Gen	Cmp Sell	Lat Dev	Lat Mnt	Lat Call	Loy	Qly RelPrf	Sat Job	Sat Pay	Sat Pro	Sat Sup	Sat Co	Sat Cus	η Sat	
C-Eff	5.6				7.7											
C-Gen	6.2															
C-Sell	5.6	6.2														
L-dev																
L-Mnt												4.0				
L-call																
Loy	7.0															
Qrel				5.8	8.1				15.4	7.2	10.8	11.1		4.4		
Perf	5.1	4.8	7.7							4.3						
Satjob			8.9	5.7	8.4	5.7	7.7					6.9				
Satpay								5.4				6.2				
Satpro								12.5	8.2	12.7		5.1	11.3			
Satsup	4.0						9.1	62.3					13.1			
Satco									6.8	6.2	13.3					
Satcus																
η Sat				5.7	10.9			6.6	7.3	5.3	12.5	62.7				
TOT	21.7	11	19.5	20.4	24.8	8.4	22.5	94.7	0	37.7	35.7	29.2	100.7	37.7	0	6.7

A modification Index (LaGrange Multiplier) of 4 is significant at the .05 level.

Modification index indicates a significant change in the χ^2 associated with the modification of a specific parameter.

Vita

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Dissertation Abstract

The Salesperson-manager Relationship: An Empirical Investigation Of The Leader-Member Exchange Model

This dissertation creates and tests a model of the salesperson- manager relationship. Building on leader-member exchange theory, the proposed model describes this dyadic relationship in terms of social exchange. Using causal model analysis (CALIS), tested the relationships between exchanges of salesperson and manager resources, the effect of these exchanges on the quality of the salesperson-manager relationship, and the effect of the relationship upon job-related outcomes.

Status: Final defense Spring 1992.

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Associate Professor Department of Business Administration (1990-present). Full responsibility for teaching upper division courses in Marketing Principles, Personal Selling and Sales Management.

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Part-time Instructor. Department of Management and Marketing Department (Fall, 1985). Instruct and evaluate undergraduate business majors in foundation level courses; Principles of Management and Organizational Behavior.

Research Assistant. Business Administration Department (1983-1985). Served as assistant to Nicholas Williams and Cameron Williams. Assisted marketing faculty members with secondary and primary research efforts.

Adams-Millis Corporation (High Point, NC)

Director of Marketing.

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The Gillette Company (Boston, MA)

District Merchandise Manager. Retail Merchandising Service Force Division (1980 - 1983). Hire, train and manage staff of corporate merchandisers. Create and coordinate merchandising service programs to support divisional sales efforts in numerous geographic markets.

Territory Sales Representative. Safety Razor Division (1976-1980). Sales responsibility for territory composed of wholesale and retail accounts.

Faber, Coe & Gregg, Inc. (Clifton, NJ)

Sales Representative. Pittsburgh Branch Wholesale Division (1974 - 1976). Sales of import and domestic tobacco products to retail establishments.

Administrative Assistant. Pittsburgh Branch (1971-1974). Prepare inventory and financial control reports for Vice President. Held position part time during undergraduate studies, then full time upon graduation.

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Advanced Topics in Marketing (I and II): (Edward F. Fern); Seminars covering the theoretical and methodological aspects of current research efforts in marketing.

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Advanced Marketing Research: (Kent B. Monroe); Aspects of research design in laboratory and field research; questionnaire construction, manipulation of independent variables, ethical issues in research, scaling techniques.

Quantitative Analysis For Marketing Decisions: (Kenneth Granzin); Applications and interpretations of multivariate techniques such as canonical correlation, MANOVA, discriminant, factor and cluster analysis.

Advanced Quantitative Marketing Methods: (George Franke); Analysis of statistical techniques: regression, LISREL, factor analysis, discriminant analysis, and cluster analysis.

Industrial Marketing Transactions: (Stephen Clopton); The industrial transaction, focusing on models of organizational buying behavior.

***Sales Management:** (Nicholas Williamson); Techniques of sales analysis and evaluation, sales forecasting and salesperson motivation.

***Marketing Research:** (Martha E. McEnally); Problem formulation, research design, survey instrumentation; sampling and scaling methods.

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Organizational Behavior Seminar: (T.W. Bonham); Classic theories of behavior with emphasis on instrumentality-expectancy theory, role theory and group dynamics.

Advanced Topics in Organizational Behavior: (T.W. Bonham); Critique of current research in the areas of job attitudes, job design, and leadership.

Human Resource Management: (F.S. Hills); Procedures and techniques used in manpower planning, recruitment, selection, evaluation, compensation and training of employees.

Work and Motivation Seminar: (S. J. Zaccaro - Psych Dept); Review of classic models and critique of current research in the areas of cognitive and operant theories of motivation, absenteeism, turnover, and organizational commitment.

Independent Studies: Leadership Theory and Research (T. W. Bonham); Each of the major groups of leadership theories were reviewed and applied to the personal sales setting. Special emphasis placed on leadership substitutes and the social exchange theories of leadership.

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