Intangible sales team resources: Investing in team social capital and transactive memory for market-driven behaviors, norms and performance

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Complex offerings and evolving customer needs increase the demand for market-driven salespeople. Yet many of today’s managers struggle to effectively deploy this selling approach. In light of this reality, we develop and test a multi-level market capabilities framework to examine team-level drivers and boundary conditions of market-driven salesperson behaviors, norms, and performance. Data collected in a lagged, multi-source, cross-level field study of 246 salespeople nested within 54 sales teams provide evidence that investments in team social capital (ITSC) support the self-correcting, customer-centric, learning behaviors needed for performance. Results show that managers’ ITSC are positively associated with team goal monitoring, commitment to service quality, and learning effort. Further, goal monitoring and learning effort increase commitment to service quality, which helps drive sales performance. We also find that transactive memory systems (TMS) can be an efficient team knowledge resource that strengthens the learning effort-to-performance and service quality-to-performance relationships.

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1. Introduction

In response to increasing customer complexity, sales and marketing leaders must continually adjust to changing market contingencies (Ahearne, Mathieu, & Rapp, 2005; Ulaga & Reinartz, 2011) requiring a broadly focused and flexible approach (Ramaswami, Srivastava, & Bhargava, 2009; Tuli, Kohli, & Bharadwaj, 2007). This added emphasis on customer sensing and responsiveness has shifted the salesperson activities and resources necessary to compete at the salesperson-customer interface (Chonko & Jones, 2005; Roberts & Grover, 2012; Ulaga & Loveland, 2014). Critical, here, is a dependence on more dynamic salesperson capabilities.

For example, a recent survey of 1200 sales executives indicated that in order to improve performance, sales forces should: 1) create internal accountability, 2) support continuous improvement, and 3) improve customer experiences (Accenture CSO Insights, 2013). This emphasis represents a fundamental shift away from formally mapped tactics toward a self-corrective, learning-oriented, customer-centric approach (Bell & Kozlowski, 2002; Sujan, Weitz, & Kumar, 1994). Importantly here, these facets are reflective of a market-driven capability within the sales force (Day, 1994).

Day (1994) defined capabilities as “…complex bundles of skills and accumulated knowledge, exercised through organizational processes, that enable firms to coordinate activities and make use of their assets” (p. 38). When focused on customers, a market-driven capability catalyzes sales performance, particularly as customers’ needs become more complex. Three facets define a market-driven capability: 1) inside-out processes, 2) outside-in processes, and 3) boundary-spanning processes (Day, 1994). Inside-out processes focus on internal oversight, control, and integration activities that generate value when activated by external needs and opportunities. Outside-in processes, in contrast, reflect an ability to sense what customers need and determine how to satisfy those needs. Finally, boundary-spanning processes facilitate integration of inside-out and outside-in processes, often through customer service delivery.

We offer that these processes can be operationalized using specific salesperson norms and behaviors to drive sales performance in this dynamic context. Team-goal monitoring, for example, is reflective of an inside-out process. Team goal monitoring is defined as a team self-regulatory activity (Kozlowski, Gully, McHugh, Salas, & Cannon-Bowers, 1996) that facilitates evaluation of disparities between goal progress and goal achievement. This self-regulatory mechanism drives members’ awareness of goal progress and increases task and
performance accountability (Marks & Panzer, 2004). Learning effort, reflective of an outside-in process, helps salespeople to anticipate market requirements. Salesperson learning effort is defined as engagement in activities that improve sales-related skills and knowledge (Bell, Mengüç, & Widing, 2010). Finally, commitment to service quality reflects a spanning process linking outside-in and inside-out processes. Commitment to service quality, defined as engagement in continuous improvement to benefit customers (Hartline & Ferrell, 1996), integrates goal monitoring and learning effort to satisfy customers and generate loyalty.

It is the integrative functioning of these processes in conjunction that is reflective of a market-driven capability. In isolation these processes do not in and of themselves represent a capability (Roberts & Grover, 2012). For example, although enhanced awareness of goal progress and performance can improve team execution, it is anticipation of market requirements that facilitates correct – and ongoing – alignment of performance targets. Likewise, while anticipation of market requirements can help teams to align their efforts with critical contingencies, competent execution depends on progress accountability. Finally, while both operational competence and correct targeting are crucial, ultimately it is a specific focus on customers’ idiosyncratic, dynamic needs that channels these two processes. However, this focus alone is an insufficient factor. Both operational effectiveness and market insight are a sine qua non to satisfying customers’ needs. Although in isolation team goal monitoring, learning effort, and customer focus can play an important role in generating performance returns, it is their operational alignment that underlies market driven capabilities.

An inherent obstacle associated with this market-driven approach is that it depends heavily on salespeople expending scarce personal resources. The flexibility necessary to function in this setting is operationally “expensive” for the salesperson (Robinson, Marshall, Moncrief, & Lassk, 2002). Motivating salespeople to adopt this strategic burden also can be financially expensive, requiring targeted incentives (Johnson, Friend, & Agrawal, 2016). Owing to the inherent risks and costs of this approach, we propose that salespeople’s organizational relationships can offer explicit points of leverage (Baldwin, Bedell, & Johnson, 1997) that both enable – and encourage – them to expend these resources. These “leveraged” relationships can generate the intangible resources salespeople need to execute market-adaptive behaviors, and create value in uncertain exchange environments (Palmatier, Dant and Grewal 2007). In this research, we examine two intangible resources that can drive and enable execution of market-driven sales activities, respectively: Investments in Team Social Capital (ITSC) and Transactive Memory Systems (TMS).

We examine ITSC as a team-level intangible resource that enables – and encourages – salespeople to enact market-driven behaviors. The model we propose represents one of the first studies to show how sales managers’ ITSC – which is defined as actions taken to make authentic connections between individuals, engender interpersonal trust, and foster cooperation (Pruskas & Cohen, 2001) – acts as a resource to support team goal monitoring, learning effort, and commitment to service quality (Fig. 1). This echoes Hitt and Ireland (2002) who argued that investing in social capital is equivalent to developing a strategic resource. Research suggests that retail employee customer service orientation and store creativity are positively influenced by social capital (Merlo, Bell, Mengüç, & Whitwell, 2006), which is consistent with research reporting benefits of helping employees to forge productive work–related relationships (e.g., Seibert, Kraimer, & Liden, 2001). Thus, distinct from the construct of social capital per se, defined by Adler and Kwon (2002) as the resources embedded within networks of social relationships, ITSC are managerial interventions fostering strong social relationships.

This expectation coincides with Pruskas and Cohen (2001) who argued that trust, quality relationships, and cooperation – core to agile and dynamic sales-team capabilities – can develop “...when people know one another.” (p. 88). Robert Putnam described the process of investing in social capital in this way: “Successful collaboration in one endeavor builds connections and trust — social assets that facilitate future collaboration in other, unrelated tasks. As with conventional capital, those who have social capital tend to accumulate more...” (Putnam, 1993 p. 37). Consistent with the premise that management intervention plays a critical role in nurturing market-driven capabilities (Mengüç, Auh, & Shih, 2007), we develop the case that ITSC is a critical, distal, sales catalyst.

Further, although market-driven salespeople are positioned to gather a great amount of customer insight and information, there are inherent trade-offs associated with maintaining such broad and deep knowledge (March, 1991). Thus, we further propose that salespeople embedded in teams operating a transactive memory system (TMS) are likely to benefit more from market-driven capabilities. TMS is a shared cognitive directory of team members’ expertise that facilitates cooperative information encoding, storage, and division of expertise that can be identifiable associated with particular members (Lewis & Herndon, 2011) and applied toward work activities (Lewis, 2003).

TMS is typified by three principle characteristics. The first, differentiated expertise reflects the degree that members have specialized knowledge of distinct, complimentary aspects of team tasks (Lewis, 2003). The second is mutual reliance on member experts for domain-specific knowledge. The third is the degree that differentiated expertise can be coordinated in the execution of team goals (Lewis, 2003). In sales teams with high TMS, information search is likely to be faster, allowing salespeople to apply knowledge and adapt to customer needs more efficiently. Task-critical information also is less likely to be ignored or forgotten as it can be expeditiously assigned to appropriate members. Reliance on other members for maintenance of discrete areas of expertise also increases the volume of knowledge available to the team as a whole, increasing team performance (e.g., Austin, 2003; Lee, Bachrach, & Lewis, 2014; Lewis & Herndon, 2011). Thus, we theorize that TMS moderates the relationships between learning effort, commitment to service quality and performance outcomes (Fig. 1).

With this focus, we seek to make three distinct contributions. First, we examine how ITSC can generate market-driven capabilities. Prior research on market-based capabilities such as selling agility (Chonko & Jones, 2005) have been primarily conceptual, offering little guidance for managerial actions to support dynamic capabilities. The current study is among the first studies of which we are aware to examine the role of an intangible resource such as ITSC as an actionable approach to enhance salespersons’ capacity to satisfy market contingencies. Despite the increasing prevalence of sales teams, much of the extant research in this space is conceptual (Rapp, Ahearne, Mathieu, & Rapp, 2006).
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