

The effect of trust on customer contact personnel strategic behavior and sales performance in a service environment

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Abstract

The involvement of customer contact personnel in the strategy process is a largely unexplored area in both marketing and strategic management. Based on social exchange theory, and in particular, the notion of trust within this context, we examine the nature and extent of strategy participation exhibited by customer contact personnel. Exploring dyadic relationships we found that the extent to which contact personnel trust their supervisors positively influence their willingness to participate in strategic activities. Furthermore, we found that communication and information sharing moderate the relationship between trust and strategic activities. Thus, the more contact personnel are involved in the strategic process, the more likely supervisors are to rate the contact person's selling performance as high.

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The influence customer contact personnel have on the strategy process within the firm remains neither well documented nor well understood. While marketing researchers acknowledge the importance of customer contact employees (e.g., customer service personnel, salespeople), a predominance of the research has focused on a top–down, rather than a bottom–up, approach toward understanding the contributions of these employees. Put differently, research has focused on the *dissemination* of strategy from top managers to customer contact personnel (Hartline et al., 2000). In this paper, we consider the customer contact person as a strategic entity. Given their link between internal and external constituents, contact personnel act as service experts. They also transfer information between the two parties, potentially influencing strategy making.

As boundary spanners, customer contact personnel provide an important link between the organization and its customers and provide a potentially valuable source of strategic information to managers. These employees have access to information regarding

evolving customer needs and possible product or service improvements (Bettencourt and Brown, 2003). Furthermore, frontline sales, operations, and service personnel often have the best vantage point to make quicker and better strategic decisions (Day, 1994). They represent the organization externally, and may influence the organization internally through their communications (Bettencourt and Brown, 2003). Understanding the nature and extent to which customer contact employees are actually involved in the strategy process, as well as the mechanisms allowing for this process, are becoming imperative.

To explore how customer contact personnel participate in the strategy process, we used social exchange theory to examine dyadic relationships between the supervisor and the salesperson. Social exchange theory has been a central within the organization sciences literature as a framework toward predicting loyalty to an employee's superior, compliance to supervisory demands, and reduced conflict between levels (Marcus and House, 1973). According to Blau (1964), social exchange theory is based on the concept of negotiated exchanges between two parties in which people form subjective cost–benefit analyses and the comparison of alternatives. Said differently, if one partner helps, or in any way benefits, the other there is likely to be an expectation that the party

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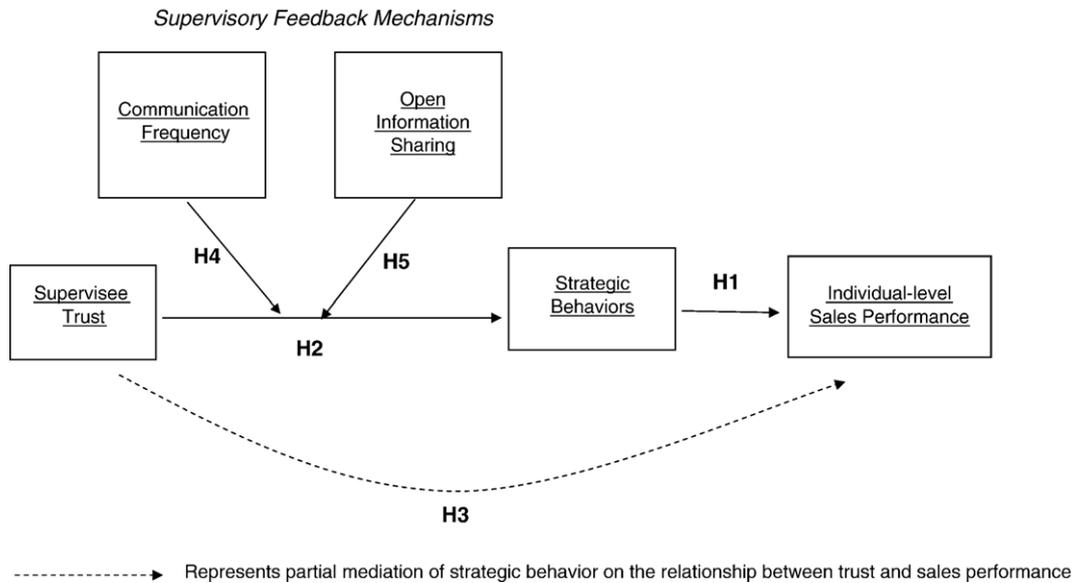


Fig. 1. An exchange model of autonomous strategic behavior at the functional-level.

that benefited will reciprocate. However, the exact nature and timing of the reciprocation is not always clear (Gouldner, 1960). Past research indicates that employees tend to view social exchanges with a long-term view and do not evaluate exchanges individually (Blau, 1964). Over a period of time the pattern of reciprocity will achieve balance between parties (Rousseau, 1998).

Customer contact personnel who trust their supervisors are more likely to have an influence in the organization because they will engage in more fruitful dyadic interactions with supervisors (Sparrowe and Liden, 2005). Social interactions are integral to the process of knowledge generation and strategic development (Floyd and Lane, 2000). A trusting relationship is of utmost importance to a wide variety of exchange relationships (Morgan and Hunt, 1994; Rich, 1997). Salespeople receive perceived benefits from a trusting relationship and, based on social exchange theory, they will feel obligated to repay the organization by offering benefits (such as participation in strategic activity) to the organization. When salespeople participate in strategic activities that benefit the organization, it is likely that over time supervisor-ratings of the salesperson's performance will increase (Floyd and Wooldridge, 1992; Dutton et al., 2001). In essence, research has suggests that more involved employees end up with an improved sense of customer needs and as a result are more successful. Thus, to the extent that salespeople participate in the strategy process, we expect that supervisors' reports of their selling performance will increase.

Research generally suggests that communication is critical to effective strategy implementation (Jaworski, 1988). In fact, trust, communication, and open information sharing between two parties all have the potential to create relational value (Moorman et al., 1992). Behaviors that are perceived to be risky, such as delegating or information sharing, are said to influence the nature of reciprocal trust existing between the leader and the

follower (Lester and Brower, 2003). Thus, in our study, we also explore the extent to which communication variables (i.e., communication frequency and information sharing) moderate the relationship between trust and the strategic activities.

The purpose of this study was to (1) examine the strategic activities of the employees as a potential mediator of the relationship between supervisee trust and increases in supervisor-ratings of individual sales performance, (2) consider how and when customer contact employees will participate in strategic activity, and (3) determine if salesperson strategic activity mediates the relationship between a salesperson's trust in the supervisor and the salesperson's selling performance. Further, we identify two communication-related constructs (frequency of communication between the salesperson and the supervisor and the extent of open information sharing between the salesperson and the supervisor) as key moderators of the relationship between supervisee trust and salesperson participation in strategic activity.

In summary, by exploring the interplay between trust, communication, strategic activities, and individual-level sales performance (Fig. 1), the paper complements the existing work concerning strategic roles and activities that to date has focused on upper and middle-level managers (Floyd and Wooldridge, 1992) by considering how and when employees that do not occupy formal positions of authority but do serve as important boundary spanners participate in these activities. Further, the study extends existing research on trust (Rich, 1997; Atuahene-Gima and Li, 2002) by considering strategic activity as a potential mediator of the trust–performance relationship.

1. Strategic roles at the functional-level

The management literature on strategic process provides a long list of specific roles played by each management level and

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