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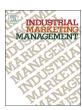
Industrial Marketing Management xxx (xxxx) xxx-xxx

ELSEVIER

Contents lists available at ScienceDirect

Industrial Marketing Management

journal homepage: www.elsevier.com/locate/indmarman



Sales team formation: The right team member helps performance[☆]

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ABSTRACT

This research uses quasi-experimental, control group design to examine the performance and behavioral impact of team design on sales performance. We assess team versus individual performance and team composition. Drawing on motivation gain literature, we evaluate the impact of team composition based on the relative ability of the team members. The research is in a field sales setting in collaboration with a major insurance provider, providing the first example of assessing *Group Motivation Gain (GMG)* in a sales setting through a field experiment. Our paper extends previous research in this domain by considering outcome interdependence, not merely task interdependence, evaluating the performance of both team members, assessing motivation gain in the context of a task over a longer duration, and building the related nomological network. The findings demonstrate improved overall performance for the team and the individual members of the team, the gains were particularly pronounced when members have moderate levels of difference in ability, rather than small or large differences in ability. We discuss managerial implications of our findings and suggest further research directions.

Employing teams for selling tasks has become increasingly common (Johnston & Marshall, 2013). Firms regularly assign tasks to teams to elicit greater participation from individual members and to motivate them towards better performance (Mesmer-Magnus & DeChurch, 2009). Work groups and teams are commonplace in a broad range of organizational tasks such as human resource deployment, problem solving, counseling, committees, social work, politics, law enforcement, and customer service. Sales management trends indicate that corporations see the team approach as a way to develop greater strength and exspecific situations (Ingram, LaForge, Schwepker, & Williams, 2004) which also increases overall performance. Teams comprising of peers, domain-specific experts, crossfunctional specialists, and key account managers handle varied goals such as addressing the increasing demands of customers, managing customer relationships, delivering customer value, and motivating members of the salesforce (Cron & Decarlo, 2006; Jackson, Widmier, Giacobbe, & Keith, 1999; Jones, Dixon, Chonko, & Cannon, 2005; Piercy, Cravens, & Lane, 2001).

Although the sales literature has investigated sales teams (Homburg, Workman, & Jensen, 2002; Weitz & Bradford, 1999), few studies have addressed optimal team design and composition issues. In addition, there is limited understanding of whether this motivates better performance of individual members within a team or work group (Galea,

2005; Perry, Pearce, & Sims, 1999). Albers (2002) calls for better understanding of the methods to motivate team members. This paper focuses on the individual abilities of team members and their interdependence as one element of team composition which can optimize overall sales performance of the team (Menguc, Auh, & Uslu, 2013).

Social contagion (Burt, 1987) and theories of motivation (Vroom, 1964) provide some of the theoretical underpinnings of the performance gains for individuals on sales teams. On the contrary, social loafing suggests individual team members might exert less effort towards the team activities (Karau & Williams, 1993). Other issues with sales teams include lack of collaboration and cooperation (Johnston & Marshall, 2013; Perry, Pearce, & Sims, 1999). In some cases, forming teams may actually reduce overall performance as individuals misdirect their efforts (Podsakoff & MacKenzie, 1994). In the sales context, research has focused on the challenge of motivating all team members (Weitz & Bradford, 1999). Several aforementioned theories suggest similar impacts on all members due to the existence of the team. Some research points to the need for more work investigating the differential impact on the weaker sales team members (Dwyer, Hill, & Martin, 2000). Yet, in the sales literature, team structure rarely appears as a possible explanation of the many conflicting findings (e.g. Podsakoff & MacKenzie, 1994; Podsakoff, MacKenzie, & Bommer,

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http://dx.doi.org/10.1016/j.indmarman.2017.06.007

Received 8 January 2017; Received in revised form 27 April 2017; Accepted 15 June 2017 0019-8501/ © 2017 Elsevier Inc. All rights reserved.

^{*} The authors thank the team of executives in the Marketing Department of the corporate partner firm, especially the President and Chief Executive Officer, the Director of Marketing Programs and the Vice President of Marketing, for their assistance with this research.

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1996). Despite the growing importance and prevalence of teams, empirical research seems to offer little insight into the proper *composition* of sales teams (Jones, Dixon, Chonko, & Cannon, 2005; Weitz & Bradford, 1999).

Motivation Gain literature provides a framework for investigating team composition (Hertel, Kerr, & Messé, 2000; Messé, Hertel, Kerr, Lount, & Park, 2002). Motivation gain has its foundations in psychology based on a phenomenon called the Köhler Effect. This effect suggests, under certain conditions (moderate difference in ability of team members), an individual will work harder as a member of a team than when working alone. The essence of this research is that teamwork can be successful, however, that team success varies based on the meaning the team has for its members (van Dick, Tissington, & Hertel, 2009), Interdependence of the team members has been the key factor in extant research; however, researchers speculate that other factors such as valence, coaching, and impression management may be at play. This research explores the phenomenon of motivation gain in the sales context for several reasons. Experiments in motivation gain research and sales teams have many similarities including social comparison between members and the interdependence of the team members. In addition, several behavioral factors of motivation gain are also relevant to the sales literature (such as coaching, impression management, and self-efficacy). Finally, research on sales teams does not equivocally state the impact of the motivation gain on the overall performance of the sales team (Haines & Vehrig, 2012; Hertel, Geister, & Konradt, 2005; Kerr & Hertel, 2011; van Dick, Tissington, & Hertel, 2009).

Extant research posits that the motivation gain effect, primarily documented in physical tasks, would also persist in sales settings (Kerr & Hertel, 2011). We build from two psychological mechanisms in this area, one involving social comparisons and a second on the interdependence of group members. We apply these underpinnings of motivation gain research in a competitive sales setting. To investigate these concepts we employ quasi-experimental, control group design to examine the performance and behavioral impact of motivation gain on sales performance. Where previous research has been in a laboratory assessing the impact of two-person groups, we employ the quasi-experimental field setting as an extension of past research. We also mimic the two-person interactions of extant motivation gain research. Thus we have a team of individuals, "who share responsibility for outcomes, who see themselves and who are seen by others as an intact social entity embedded in one or more larger social systems, and who manage their relationship across organizational boundaries" (Cohen and Bailey, 1997, p. 241).

This design allows us to test the issue of team composition in a sales team setting, where the relative ability of the team members is also considered. We conduct our research in a field sales setting in collaboration with a major insurance provider, providing the first empirical example of *motivation gain* in a sales setting. By investigating outcome interdependence, as opposed to task interdependence, we are able to evaluate the performance improvement of both team members. Our empirical research builds the nomological network by reflecting on several constructs shared in the motivation gain and team sales literatures. The primary findings demonstrate improved performance for the group when members have moderate levels of difference in ability rather than small or large differences in ability.

The next section reviews the relevant literature and proposes several related hypotheses. We then describe our data setting and field experiment involving a collaborative partner in the insurance industry. Finally, we present our findings and discuss managerial implications and avenues for future research.

1. Literature review and hypotheses

1.1. Team performance

Sales teams are typically formed to stimulate the output of

individual members and thereby the entire team. Teams may be a mechanism by which superior performers can share advice with others (Galea, 2005; Sullivan, 1995). However, the relationship between the use of teams and overall performance is tenuous, particularly in sales environments.

Some research indicates positive effects in teams emanate from motivational forces such as social facilitation, social compensation, and social contagion (Burt, 1987). Other researchers talk of countervailing forces such as social loafing (Karau & Williams, 1993) and activities that result in a detriment to team performance (Podsakoff & MacKenzie, 1994). Factors such as reduced individual evaluation (Harkins & Szymanski, 1989), redundancy of team member efforts (Harkins & Petty, 1982), and the perception of reduced meaningfulness of individual efforts in teams (Kerr & Bruun, 1983) have been associated with motivation and performance losses.

Motivational models commonly discuss factors such as indispensability, instrumentality, and identifiability (Szymanski & Harkins, 1987). These models suggest an increase in any of these factors for the individual will have a positive impact on motivation and performance (Karau & Williams, 1993). For example, individuals improve in motivation and performance if they perceive their effort as indispensable to the team. Improvements in performance of team members have been associated with effects of social facilitation or social compensation. Social facilitation suggests team members will perform better in the presence of others (Allport, 1924; Zajonc, 1965). Social compensation occurs when a team member increases effort to compensate for a weaker member, who may be unwilling or appears unable to perform at desirable levels (Williams & Karau, 1991). Identifiability of individual effort is well-documented in sales research as an important component to enhance interdependence and drive individual performance within the team. Yilmaz and Hunt (2001), providing the context of sales teams in car dealerships, define identifiability in sales team performance simply as individual results or task contributions which are easy to assess or are more visible. Menguc, Auh, and Uslu (2013) provide an example of less identifiable results in sales teams where team members feel less indispensable and thus can reduce their efforts within the team.

Kozlowski and Bell (2003) define several criteria, which help identify teams. These include having team level goals that hinge on team performance – a specific operationalization of outcome interdependence, in that it takes both team members to be able to earn the reward. Rapp, Ahearne, Mathieu, and Rapp (2010) show sales goals that hinge on team-level performance (outcome interdependence) is key to sales team formation and these "action processes" have a positive impact on team commitment and performance. Weingart and Weldon (1991) show that shared team goals improve interdependence and facilitate team performance. Hertel et al. (2004) show that task and outcome interdependence in a sales setting is positively related to effectiveness of sales teams.

Menguc, Auh, and Uslu (2013), point out that sales team structures that promote low outcome interdependence can lead to less identifiable results and reduced efforts. Price, Harrison, and Gavin (2006) draw on social loafing theory to come to a similar conclusion. Therefore, a higher sense of indispensability of team members will overcome the tendency to engage in negative social behaviors such as social loafing. The setting of our research includes outcome interdependence in the reward given to the sales team. This setting, similar to other sales environments, promotes identifiability because sales results of the team are open to everyone. Thus, we state:

 $\boldsymbol{H_{1a}}.$ Individuals in team tasks will perform better than those in individual tasks.

Other research suggests there is merit in evaluating performance differences among individual group members (cf. Bell, 2007). Research has shown that group leaders can have positive effects on the effort and coordination of other group members (Sy, Côté, & Saavedra, 2005). Williams and Karau (1991) find that interdependence is important to

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