Factors Influencing Salespeople Motivation and Relationship with the Organization in b2b Sector

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Motivated and committed sales people could become long-term success and competitive advantage that can be counted on even during life-threatening crisis of the firm. Sales person turnover is one of the key factors influencing negatively productivity, sales, customer loyalty, and unpredicted expenses. Recent year’s survey indicates that almost three quarters of all employees are considering leaving an organization in two years and the majority of these employees are sales people. The opinion prevails that sales people are motivated mainly by financial rewards thus to find other effective motivational factors is crucial as well as link the financial rewards with the results. Survey conducted in 1971 (Jensen, McMullen & Stark, 2008) by RIA (Research Institute of America) showed that 24 % of surveyed organizations changed the sales people financial reward system. Repeated survey in 2000 indicated the fact that organizations are still searching for the appropriate sales people financial reward system. Thus, the objective of the paper is to advance the understanding of the relationship between sales people motivation dimensions and their relationship with the organization in B2B sector. The study was designed to investigate the nature of salespeople-organization long-term relationship dimensions (commitment to the organization and psychological contract) and motivation dimensions’ (personal growth and ability, recognition of effort and results, financial compensation and incentives, leadership support, employee autonomy, and team work) relationship within B2B environment. A survey was conducted involving 105 salespeople working in B2B sector at telecommunication and financial companies. Research findings indicate that salespeople relationship with the organization is determined mainly by two motivation dimensions positive feedback from the immediate supervisor about salespeople behaviour and decision making autonomy. The study extends prior literature highlighting the positive impact of employee autonomy on employees’ psychological contract, their satisfaction with personal growth, and their effort and results. Specifically, the employee autonomy dimension - decision making autonomy - demonstrated the strongest relationship with psychological contract.

Keywords: motivation, psychological contract, organizational commitment, B2B sector, salespeople, Lithuania.

Introduction

Sales people working in B2B area motivation and retention is crucial for organizations since they manage a very important financial, product and customer information which could easily be transferred from one company to another (Doyle & Shapiro, 1980). Therefore, sales people motivation and commitment to the organization are critical factor in the long-term success of organizations. Empirical studies (Payne et al., 2001) indicate that salespeople retention leads to increased service value and thus increased sales. Moreover, motivated and committed salespeople may become long term and unique competitive advantage for the organization (Pfeffer, 2005, Kazlauskaite & Buciuniene, 2008, Korsakiene, 2009). Employee loyalty is recognized to be an important determinant of customer loyalty and ultimately the success of an organization (Heskett et al., 1994).

The purpose of this study is to explore what factors influence salespeople motivation and relationship with the organization. This research paper contributes to the exploration of the understanding of the relationship between sales people motivation dimensions and their relationship with the organization in B2B sector. In the paper salespersons’ relationship with the organization was assessed on two major dimensions: organizational commitment and psychological contract. The measured salespeople motivation dimensions were personal growth and ability, recognition of effort and results, financial compensation and incentives, supervisory feedback, employee autonomy, and team work.

Research method. The quantitative research was conducted involving 105 Lithuanian salespeople working in B2B sector at telecommunication and financial companies. Multiple regression analysis was applied to investigate the impact of salespeople motivation dimensions on the organizational commitment and psychological contract.

Organizational commitment and psychological contract as reflection of salespeople-organization relationship

Given its multidimensional nature, employee relationship with the organization is viewed as a construct of two components: organizational commitment and psychological contract (Restuborg et al., 2006). Therefore organizational commitment and psychological contract constructs will be employed in the present study to measure employee relationship with the organization.

Organizational commitment is a force that binds an individual to a course of action that is of relevance to a particular target (Meyer & Herscovitch, 2001). Commitment as a function of beliefs about organization is described by
The psychological contract concept has received quite substantial support from scholars and managers who see it as an important tool for recruiting, retaining and motivating employees (Coyle-Shapiro et al., 2004; Guest and Conway, 2002; Kabanoff, Jimmieson & Lewis, 2000; Shore et al., 2004). Researchers have described the psychological contract as an individual’s beliefs regarding the terms and conditions of the reciprocal exchange agreement between that employee and the employing organization (Rousseau, 1989). The key issue of the psychological contract is an employee expectation that the organization will fulfill its promises. The breach of psychological contract leads to a negative effects on employee attitudes and behaviours, such as job satisfaction (Turnley & Fieldman, 1998), organizational commitment (Guzzo et al., 1994), and trust in the organization (Deery et al., 2006; Robinson, 1996). Psychological contract develops from feelings of mutual obligation to support one another’s interests at work, fostering mutual trust, commitment, and loyalty for the involved parties (Rousseau & Tijorwala, 1999). Thus, psychological contract becomes crucial in maintaining and enhancing employee motivation and strengthening their relation with the organization.

**Factors determining sales people motivation**


**Personal growth and ability**

The absence of salespersons perceptions of conflict with themselves influences their motivation. It is necessary that a salesperson be certain that he likes his job that he understands sales process, that he has the information and personal abilities necessary to perform his job adequately and maintain his intrinsic motivation (Hackman & Oldham, 1976). It is difficult for salespeople to like their job and achieve feelings of personal achievement and growth when they are uncertain about their ability to satisfy the demands of management. Systematic accumulation of sale’s experience, the analysis of mistakes and failures help to reach good sales results in short time (Doyle & Shapiro, 1980). The training and constant learning are critical factors that enhance salespersons’ motivation and work quality (Modrick, 1986). The knowledge that obtained assumption will assist in reaching good results increases salespeople motivation. Ayas (1996) argues that salespeople have to constantly improve their professional knowledge, behavior, decision-making and time management skills. Archer (1998) claims that learning abilities and procedure are the most powerful salespeople motivational factors. Permanent personal growth, dissemination of the gained knowledge for the team members, and competencies development (Savaneviciene, Stukaite & Silingiene, 2008) assist in achieving good performance results and maintain motivation for a long time.

**Recognition of effort and results**

Walker (1986) claims that salespeople are motivated by achieved results. This finding is supported by “Hay Group Europe” (Jensen, McMullen & Stark, 2008) research showing that salespeople are motivated by their own results. Moreover, they are motivated by the appraisal and recognition of their results. Being appreciated through recognition employees develop a positive self-concept and it meets their needs for esteem, self-actualization, growth and achievement (Lussier, 1997). Therefore employers must realize that recognition for work done can have positive motivational effects (Levesque, 1987) and that all employees should be recognized for the work they do. Moreover, recognition for workers contribution is often among the top motivators of employee performance (Koch, 1990) and strengthens a company’s reputation for caring about its employees’ professional development (Dawson & Dawson, 1990).

**Financial compensation and incentives**

Hay Group Europe survey (Jensen, McMullen & Stark, 2008) indicated that almost three quarters of all employees are considering leaving an organization in two years and the majority of these employees are salespeople. The main factors influencing this decision and poor job motivation are poor career possibilities and low financial compensation. Studies show that salespeople value pay raises more than any other performance reward, including promotion opportunities, fringe benefits, and recognition awards (Chonko, Tanner, & Weeks, 1992; Churchill, Ford, and Walker, 1979; Cron, Dubinsky, & Michaels, 1988; Ford, Churchill, & Walker, 1985; Ingram & Bellenger, 1983; Money & Graham, 1999). However, this does not mean that salespeople expect to receive the highest monetary award rather they expect a fair level of reward relative to their performance (Denton, 1991; Livingstone, Roberts, & Chonko, 1995). Thus, if every salesperson received the same award regardless of performance, it not
only would raise issues of inequity and distress but also would likely undermine salespeople’s motivation to raise their effort and performance level (Denton, 1991) as well as to keep strong relationship with this organization. Moreover, fair pay decisions not only strengthen salespeople’s long-term relationship and attachment to their organization but also encourage reciprocity with functional behaviors, including less opportunism (Ramaswami, Srinivasan, & Gorton, 1997).

Leadership support and supervisor feedback

Leadership support is defined as the degree of support and consideration a person perceives from his/her immediate supervisors. Research on motivation shows that psychological support by management plays a critical role on commitment and employees’ relationship with the organization (Ramaswami, 1993). The positive relationship between salespeople and managers enhance employees’ motivation. The immediate supervisor has a critical role of creating facilitating conditions that generate positive attitudes towards the organization, and willingness to stay with it. Jaworski and Kohli (1991) emphasize leadership feedback as a key factor influencing salespersons’ motivation and commitment to the organization. Ramaswami (1993) claims that manager’s ability to create supportive working climate, trust, friendliness and respect enhance salespeople commitment to the organization. Boyle (1997) determines salespeople job satisfaction as one of the main components of salespeople commitment to the organization which depends on how much support the employee receives from the supervisor and sees the supervisor as the source of financial and environmental work improvement.

Jaworski and Kohli (1991) found that salespeople want to receive feedback from their supervisors. Although feedback about their behavior, work methods, sales techniques and strategies were stronger associated with salespeople motivation than feedback on their results, however, studies have failed to show negative leadership feedback impact on salespeople motivation.

The findings of Buciuniene and Skudiene (2008) study reveal that transformational leadership style has positive association with the dimensions of employee commitment and satisfaction and that transformational and transactional leadership are important in relation to employees’ organizational commitment. Such findings clearly exemplify the important role of supervisor-employee relationship, which leads to employee motivation, and relationship with the organization enhancement.

Employee autonomy

Research to date suggests that employees who have higher autonomy are more satisfied with their jobs (Clark, 2001; Hackman & Oldham, 1976; Parasuraman & Alutto, 1984). Autonomy, task delegation, bigger responsibility, and trust enables employees to perform better, increase their investment in the organization and their sense of responsibility to the organization. Employees feel more accountable for actions in their job. In turn, organizational commitment and relationship with the organization may increase as well. This assumption is supported by the successful “Google” HR management model (Vise & Malseed, 2007) which claims that supervisors should allow employees to participate in decision making process. Van Dyne et al. (1994) indicate enhancing perceived control results in strengthening the emotional bond between the employee and the company. Increasing the autonomy of employees will foster a greater relational contract with the employer and organizational commitment.

Team work

The demands of the twenty-first century require business organizations to use employee talent to create, share and utilize information as part of the competitive strategy. The use of teams continues to grow to meet the challenges organizations face today. As salespeople work is rather individual, there is no evidence whether team work is important for maintaining salespeople relationship with the organization. On the other hand, globalisation of marketplaces, information availability in terms of speed and volume, and increased competitiveness have changed the way organizations function and respond (Katzenbach, 1998). Because teams can better provide a directed and collaborative effort to address complex task concerns, organizations around the world have significantly increased their dependency on teams (Montoya-Weiss et al., 2001; Salas et al., 1992, Zvireliene et al., 2009). Teams could lead to increased production, morale, creativity and innovation (Dress & Miller, 1993; Modrick, 1986). Thus, effective teams may lead to better performance, increased responsibility, initiative, and commitment to the organization. While employee-organization relationship and motivation phenomena are separately quite well researched fields, there has been relatively little attention given to how the two areas combine. This study was designed to investigate the nature of salespeople-organization long-term relationship dimensions (commitment to the organization and psychological contract) and motivation dimensions (personal growth and ability, recognition of effort and results, financial compensation and incentives, leadership support, employee autonomy, and team work) relationship within B2B environment.

Research methodology

A quantitative research was conducted to evaluate the influence of motivational factors on the salespeople’s organizational commitment and psychological contract. The study was accomplished in two telecommunication companies and one financial company working in B2B market in Lithuania. It was sent 150 emails to salespersons with invitation to participate in the web-based survey. 105 filed questionnaires were received. The response rate was 70 per cent.

The measured salespeople motivation dimensions were personal growth and ability, recognition of effort and results, financial compensation and incentives, supervisory feedback, employee autonomy, and teamwork. The salespersons’ relationship with the organization was assessed on two dimensions: commitment and psychological contract.

The quantitative survey was employed to measure the relationships among the salespeople motivation and

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relationship with the organization attributes. Multiple regression analysis was applied to investigate the impact of salespeople motivation dimensions to the organizational commitment and psychological contract. The relationship was considered statistically significant with 0.95 confidence, if \( p < 0.05 \).

All items were measured with ten-point scale, ranging from definitely disagree (1) to definitely agree (10). The validity of the questionnaire was calculated by Cronbach’s alpha coefficient (Frankfort-Nachmias & Nachmias, 2000). Cronbach’s alpha coefficient of questionnaire used was 0.947.

Findings
Survey results show a clear female predominance among the respondents: 62 percent female and 38 percent male. The average age of respondents was 38.9 years. The majority employees had higher university education (89%). The average tenure was 3.6 years. As seen from the data in Table 1, 33 percent employees have stayed with their current employer for two years, the majority 45 percent from two to four years, and only 22 percent more than five years. Following the previously stayed assumption that salespeople tend to create with the organization short-term relationship it can be proposed that the results point to a possible interpretation that salespeople are not motivated to have a long-term relationship with the organization.

The results in Table 1 show the multiple linear regression with the psychological contract as a dependent variable. Two of six salespeople motivation categories - supervisory feedback and employee autonomy - were the strongest predictors among all predictor variables.

Table 1

<table>
<thead>
<tr>
<th>Dependent variable Y</th>
<th>Independent variables X</th>
<th>Regression coefficient ( \beta )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological contract ( R^2 = 0.933 )</td>
<td>Recognition of effort and results</td>
<td>0.102</td>
</tr>
<tr>
<td></td>
<td>Financial compensation and incentives</td>
<td>0.109</td>
</tr>
<tr>
<td></td>
<td>Personal growth and ability</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>Supervisory feedback</td>
<td>0.372(**)</td>
</tr>
<tr>
<td></td>
<td>Employee autonomy</td>
<td>0.314(*)</td>
</tr>
<tr>
<td></td>
<td>Team work</td>
<td>0.102</td>
</tr>
</tbody>
</table>

Table 2 shows the results of the multiple linear regression predicting psychological contract with the independent variables supervisors’ feedback categories and employee autonomy categories. Positive supervisory feedback about salespeople behaviour and autonomous decision making has impact on psychological contract.

Table 2

<table>
<thead>
<tr>
<th>Dependent variable Y</th>
<th>Independent variables X</th>
<th>Regression coefficient ( \beta )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological contract ( R^2 = 0.648 )</td>
<td>Negative supervisory feedback about salespeople results</td>
<td>0.038</td>
</tr>
<tr>
<td></td>
<td>Negative supervisory feedback about salespeople behaviour</td>
<td>0.007</td>
</tr>
<tr>
<td></td>
<td>Positive supervisory feedback about salespeople results</td>
<td>0.081</td>
</tr>
<tr>
<td></td>
<td>Positive supervisory feedback about salespeople behaviour</td>
<td>0.312(*)</td>
</tr>
<tr>
<td></td>
<td>Satisfaction with supervisor’s work</td>
<td>0.111</td>
</tr>
<tr>
<td></td>
<td>Decision making autonomy</td>
<td>0.450(**)</td>
</tr>
<tr>
<td></td>
<td>Low level of control</td>
<td>0.092</td>
</tr>
<tr>
<td></td>
<td>Responsibilities</td>
<td>0.156</td>
</tr>
</tbody>
</table>

The results in Table 3 show the multiple linear regression with the commitment to organization as the dependent variable. Supervisory feedback was the strongest predictor among all six predictor variables. Thus, supervisory feedback category has the most effect on organizational commitment.

Table 3

<table>
<thead>
<tr>
<th>Dependent variable Y</th>
<th>Independent variables X</th>
<th>Regression coefficient ( \beta )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational commitment ( R^2 = 0.906 )</td>
<td>Recognition of effort and results</td>
<td>0.097</td>
</tr>
<tr>
<td></td>
<td>Financial compensation and incentives</td>
<td>0.136</td>
</tr>
<tr>
<td></td>
<td>Personal growth and ability</td>
<td>0.086</td>
</tr>
<tr>
<td></td>
<td>Supervisory feedback</td>
<td>0.492(*)</td>
</tr>
<tr>
<td></td>
<td>Employee autonomy</td>
<td>0.024</td>
</tr>
<tr>
<td></td>
<td>Team work</td>
<td>0.011</td>
</tr>
</tbody>
</table>

Table 4 shows the results of the multiple linear regression with the supervisory feedback category as dependent variable. Positive supervisory feedback about salespeople behaviour was most strongly related to organizational commitment category.
Conclusions and discussion

The study provided support and extending for prior research (Jaworski & Kohli, 1991) that positive supervisory feedback influences not only salespeople’s performance and satisfaction, but also psychological contract, and their commitment to the organization. The study obtained significant data that proves that the more often salespeople receive positive feedback about their behaviour the stronger is their psychological contract with the organization. The results support prior empirical findings that also reported a high importance of supervisors’ role and their leadership style for employee relationship with organization (Ramaswami et al., 1997; Buciuniene & Skudiene, 2008; Kazlauskaitė et al., 2009).

The findings of the present research can be viewed as partially supporting the findings by Vise & Malsseed (2007) who claimed that supervisors should allow employees to participate in decision making process and Deery et al. (2006) and Robinson (1996) survey indicating on psychological contract and trust relationship.

The results of empirical research on the salespeople relationship with the organization in B2B telecommunication and banking industries has lead to the following conclusion: salespeople retention is determined mainly by two motivation dimensions: positive feedback from the immediate supervisor and autonomy. It means that an immediate supervisor’s feedback is a powerful tool to enhance salespeople relationship with the organization.

The study extends prior literature highlighting the positive impact of employee autonomy on employees’ psychological contract, their satisfaction with personal growth, and their effort and results. Specifically, the employee autonomy dimension - decision making autonomy - demonstrated the strongest relationship with psychological contract.

The implication of the study is that organizations should consider carefully the techniques they employ trying to increase salespeople relationship with the organization. Although the results shed new light on salespeople long term relationship with the organization in B2B market, the deeper analysis of the paradigm is necessary. Future research needs to go beyond a static perspective by using longitudinal design that makes possible to examine the dynamics of salespeople long-term relationship with organization construct. Due to evolutions in the economic and social environment, the nature of employment relationship is undergoing fundamental changes that have implications on organizations and their employees. In a highly competitive and unstable economic environment, today’s sales organizations should build processes that focus on long-term relationship with their key employees.

References


Ilona Bučiūnienė, Vida Škudienė

Veiksniai, darantys poveikį pardavimo darbuotojų, dirbančių verslas verslui rinkoje, ryšiui su organizacija

Santrauka


**- p<0,01.**

**– p<0,05;**

Tyrimo rezultatai parodė, kad pardavimo darbuotojų savarankiškumo lygis ir tiesioginio vadovo teigiamas gūstumas ryšys apie pardavėjų elgesį daro statistiškai reikšmingą poveikį psichologinės sutarties su organizacija. Tai yra kuo labiau pardavimo darbuotojai yra patenkinti jiems suteikiamą laisvę ir kuo dažniau pardavimo darbuotojai gauna teigiamą tiesioginio vadovo gūstumą apie savo elgesį, tuo stipresnė jų psichologinė sutartis su organizacija.


Tyrimo rezultatai patvirtino ankstesnių tyrinėjimų rezultatus apie tiesioginio vadovo vaidmens ir vadovavimo stiliaus svarbą darbuotojų ryšiuose su organizacija ir papildė ankstesnius tyrimus, kad teigiamas tiesioginio vadovo gūstumas ryšys apie pardavimo darbuotojų elgesį daro poveikį ne tik pardavimo darbuotojų pasiekimams, bet ir jų įsipareigojimui organizacijai bei psichologinės sutarčiai.

Finansinis skatimas nedarė poveikio nei pardavimo darbuotojų įsipareigojimui organizacijai, nei psychologinei sutarčiai.

Pardavimo darbuotojų, dirbančių telekomunikacijų ir bankų įmonėse verslas versliu sektoriuje, empirinio tyrimo rezultatai leidžia daryti tokias išvadas: pardavimo darbuotojų ilgalaikis ryšys su organizacija yra sąlygojamas dviejų esminių veiksnių: teigiamo tiesioginio vadovo gūstamojo ryšio apie darbo rezultatus ir darbuotojų savarankiškumo, t. y. sprendimų priėmimo laisvęs. Tai rodo, kad tiesioginio vadovo teigiamas gūstumas ryšys yra stipri priemonė, leidanti darbuotojų ryšį su organizacija. Tyrimas paneigė verslo bendruomenėje nusistovėjusią nuomonę, kad materialinis skatimas yra pagrindinis veiksnys, leidantis pardavimo darbuotojų įsipareigojimą organizacijai.

Šio tyrimo rezultatai skatina organizacijas peržiūrėti motyvacijos priemones, kurios taikomos verslas versliu rinkose dirbantiems pardavimo darbuotojams. Šiuolaikiškėje didės konkurencijos verslo aplinkoje organizacijos turi kurti ilgalaikio ryšio su darbuotojais stiprinimo priemones ir jų palaikymo procesų.

Tolesnių tyrimų kryptys. Ateityje reikėtų atlikti tęsinius (longitudinius) tyrimus, siekiant nustatyti pardavimo darbuotojų, dirbančių verslas versliu rinkose, ilgalaikių ryšių su organizacija dinaminę, ištirti išorinių veiksnių, t. y. socialinių, ekonominiių, kultūrinių, įtaką pardavimo darbuotojų ryšiui su organizacija.

Raktožodžiai: motyvacija, psichologinė sutartis, įsipareigojimas organizacijai, verslas-verslui rinka, pardavimo darbuotojai, Lietuva.

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