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## Relationship-Building and Sales Success: Are Climate and Leadership Key?

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# R E S E A R C H      B R I E F S

This section of Academy of Management Perspectives is intended to present research briefs from disciplines and discourses beyond the Management field that inform our own research on how organizations are managed and succeed.

## Relationship-Building and Sales Success: Are Climate and Leadership Key?

*Research Brief by Clive Muir, Associate Professor of Business, Winston-Salem State University*

Success in sales is often attributed to the personal characteristics of salespersons. We often hear clichés (such as “he is a natural” or “she can sell you anything”) precede a description of the ways salespeople establish rapport with clients and obtain outstanding results for their companies. Novice salespersons who lack experience but show potential often can participate in training programs inside and outside of the company. Armed with such training, companies hope that their salespeople will be better able to produce the customer-oriented relationships that they crave.

Indeed, many companies have embraced a customer-oriented, service-based marketing strategy that requires salespeople to work one-on-one with customers. Such a close, intimate interface helps ensure greater satisfaction with the company’s products or services—which in turn produces long-term commitments from customers. It also means that the company and its sales representatives can spend less time and resources courting new customers, and instead focus on building their knowledge and fine-tuning processes to more effectively serve existing customers.

But is the salesperson’s success in building client relationships driven mainly by interpersonal skills, or do organizational factors play a role? Many researchers believe that the salesperson’s work environment plays a much more significant role than is commonly believed. Indeed, how a salesperson or other employees in boundary-span-

ning roles think and behave may be impacted by psychological and leadership characteristics embedded in the company and its managers.

A recent study conducted by Craig A. Martin at Western Kentucky University and Alan J. Bush at the University of Memphis was designed to explore these issues. In particular, Martin and Bush examined whether psychological climate and the leadership styles of sales managers shape the relationships that develop between salespeople and their customers. Their objective was to uncover the key factors that might have the most impact on salespeople’s success in developing strong customer-oriented relationships.

Psychological climate reflects how employees perceive the firm in terms of providing support, recognition, fairness, autonomy, trust, cohesiveness, and innovation. Climate also reflects employees’ feelings about the pressure they experience at work because of performance standards or demands. In turn, climate may contribute to employee perceptions of empowerment and impact their resulting behavior. Empowerment includes the degree of input that employees perceive they possess in decision making. Typically, employees feel empowered if they believe they have some control over the design and execution of their duties, if their skill sets match the tasks they are expected to perform, and if they have meaningful input in the strategic, administrative, and operational decisions facing their company.

In investigating the impact sales managers may have on salespeople’s customer-relationship building success, Martin and Bush emphasized transformational leadership. They assessed whether sales managers embraced a vision for the future and exuded charisma—things that may motivate employees to focus on company goals and strive to

achieve them. Put another way, sales managers with a transformational style may engender a level of trust, confidence, and empowerment among salespeople that ultimately results in higher goal attainment—at least compared to salespeople working under other types of leaders.

In considering how climate and leadership factors influenced salesperson performance, Martin and Bush posed several hypotheses. First, they argued that the sales manager and sales person's perceptions of the firm's psychological climate should influence their feeling of empowerment. They also contended that sales managers' perception of the psychological climate and feeling of empowerment should influence their use of a transformational style of leadership. In turn, transformational leadership by sales managers should positively influence a salesperson's use of customer-oriented selling. Likewise, salespeople's perception of the psychological climate and their feelings about empowerment should influence their focus on customer-oriented selling which, in turn, should enhance overall sales performance.

Martin and Bush relied on survey methods and focused on examining pairs of sales managers and the salespeople that reported to them. In doing so, they sent questionnaires to over 300 sales managers and 1,400 salespeople. Martin and Bush rigorously analyzed their data, producing results that supported most of their hypotheses. Specifically, they found that sales managers' use of transformational leadership, as well as salespeople's feelings about the psychological climate and their own empowerment, strongly affected the use of customer-oriented selling behaviors. Interestingly, the most significant aspects of psychological climate were the level of support, autonomy, and cohesiveness that salespeople perceived was present.

Martin and Bush suggested that their results have some interesting implications for sales managers and their organizations. On a general level, sales managers seeking salespeople who can easily and successfully build customer relationships should be deeply concerned with establishing effective relationships with their sales staff. This would include letting salespeople make decisions in performing their jobs, helping to give them a

sense of self-determination, fostering cohesion, and instilling a sense of *esprit de corps*. Sales managers should also pay greater attention to helping their employees learn and perfect selling techniques that provide significant returns for themselves as well as their customers. That said, for sales managers to feel empowered and become effective transformational leaders in their own right, Martin and Bush suggest that companies have a role to play. In particular, the results highlight the idea that to be effective leaders, sales managers must also be given appropriate support and autonomy while not being subjected to onerous time and performance pressures.

While more research needs to be done to better understand the effects of psychological climate and leadership styles on salespeople, Martin and Bush have given us important advice and food for thought. Indeed, their message to organizations, trainers, managers, and consultants is clear: When firms and managers emphasize relationship-building and empowerment for salespeople, it will help them function effectively as boundary-spanners and builders of successful relationships with customers. And that, as they say, is the bottom line.

*Source:* Martin, C. A., & Bush, A. J. (2006). Psychological climate, empowerment, and customer-oriented selling: An analysis of the sales manager–salesperson dyad. *Journal of the Academy of Marketing Science*, 34(3), 419-438.

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## Tapping the Subjective Values Present in Negotiations: Face, Feelings, and Friendships

*Research Brief by Clive Muir, Associate Professor of Business Administration, Winston-Salem State University*

**W**hat do we seek when we negotiate anything—the price of a car, a starting salary, the corner office, a reduced interest rate? Conventional wisdom suggests that most people seek, and therefore value, the explicit, tangible

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