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## Influence of Psychological climate on Salesperson- Sales Manager Trust

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### Introduction

In an organizational setting, trust comes up as a element to the issues relating to interpersonal relationship environment. In sales organizations, teams are performance oriented and operational dimensions are largely affected by trust as an underlying variable. Both from practitioner and conceptual point of view, trust needs to be understood and application of this understanding may turn out to be an important determinant impacting the overall performance of the team. Perhaps no other variable so thoroughly influences interpersonal and group behaviors as trust.(Heimovics 1984) Even though the sales manager-salesperson dyad is the revenue generating point in most corporations, there has been little research undertaken to investigate the characteristics and behaviors of this dyad. With the salesperson occupying the boundary position in an organization, it is important to have a firm knowledge of this intraorganisational dyads- the buyer seller interactions. (Lagace, 1991)

Strutton et al. 1993, studied the relationship between Sales Manager- Salesperson trust and psychological climate of the organization. One of their hypothesis could not be supported by empirical evidence. Study could not support the negative relationship between Pressure and Trust. Researchers explained this with an argument that the sales personnel work under continued pressure and therefore it is possible that they do not perceive pressure the way it exists in salesorganizations.

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Received on 20/02/2019 Accepted on 25/02/2019 © HEB All rights reserved	

### Rationale for replication

Research focusing on measuring Job satisfaction, Customer Orientation, Ethics and ethical training

of automotive salespeople in US and Taiwan came up with findings that establishes varying results in changed cultural context. This study found high performance to be linked with high ethical behavior in US but in Taiwan the opposite was found to be true ( Honeycutt, Siguaw,Hunt ,1995). Another study emphasizing on the cultural context variability in research findings is on effects of goal setting on Salesperson behavior and performance. While the US sample supported the finding that extremely difficult goals lead salespeople to reduced motivation level to work hard, China sample established that extremely difficult goals lead to higher level of motivation to work harder. Social norms embedded in culture such as higher level of hard work can lead to achievement of extremely difficult goals has been established as key reasons.(Fang et.al2004)

Therefore, cultural context in measuring pressure may have a significant role considering the social norms around the pressure construct. While in US sales settings, pressure may be an accepted norm of work environment, in China it could lead to increased level of productivity. In Indian sales setting, where pressure is considered aggressive behavior in the social norms, pressure in organizations are likely to be perceived correctly.

### **Research Overview and study Hypothesis**

#### **Trust**

Trust may be defined as an attitude, which allows a person to commit himself to possible loss depending on the subsequent behavior of a specific other person. (Mathews and Shimoff 1979). In popular literature trust is simply explained as a shared awareness of each other's needs, comfort zones and capabilities and trusting is acknowledging the multidimensional person that lives inside one's opposition. This makes trust a function of dependence and risk. Transaction cost economics claims that trust can be based on power, control or deterrence of the trustee as well as control by incentives and dependence. This definition denies the viability of trust beyond calculative self interest (Williamson 1993). Another exchange centric view is that trust involves the belief that an individual's commitment and word are reliable and will be honored in exchange situations.(Blau 1964;Rotter 1967).

Trust is an important aspect of most relationships involving transactions in working teams. In case of a salesperson, he needs to trust his manager for his share of rewards and incentives. Similarly the sale manager needs to trust his salespeople that they are making efforts and utilizing the available resources in terms of time, expense account etc, to achieve the agreed sales objectives. This mutual trust between team leader and team members acts as a variable contributing to the process of dyadic organizational interactions(Graen and Scandura 1987). Without trust, the relationship development either is never initiated or it quickly breaks down (Lagace, 1991).Under conditions of high trust, problem solving is achieved through creativity and productivity, whereas low trust problem solving is ineffective and degenerative (Boss 1978). Sales Manager leadership behaviors construct that influences work motivation is his trust placed on his salespeople( Tyagi 1985).Trust seems important for both effective performance and high satisfaction and managers ignore the crucial role of trust and

may rely instead on more convenient explanations for poor performance or low satisfaction of their subordinate (Barnes, 1981). Salespeople who trust their sales managers have greater job satisfaction, less role conflict, and more favorable opinions of their sales managers. (Lagace1991)

### **Psychological Climate**

While research has demonstrated a positive relationship between salesperson customer orientation and salesperson performance, little research has attempted to understand the boundary conditions of this relationship. One critical aspect of this interaction between salesperson and the environment is the individual perception of his work place (Lopez et al. 2005). Early researchers (Glick 1985, Koys and Decotis 1991) has explained psychological climate in terms of multidimensional construct which can be conceptualized and operationalized at individual level. Individuals create their psychological climate through processes in which the individual perceives the environment and subsequently interprets those perceptions in psychologically meaningful terms rather than objectively accurate terms (James, Hater, Gent and Bruni 1978). It has been suggested to be the most influential factor on the individual behavior (Endler and Magnusson 1976). Though psychological climate is uniquely individual, it can be influenced by others through regular interactions and reinterpretation of situations and events. Therefore psychological climate may vary more for individuals such as outside salespeople who have less interaction with fellow employees than for employees who interact regularly. (Rentsch 1990). Psychological climate perceptions are relatively stable and are widely shared among members of a relevant organizational unit (Campbell et al. 1970; Payne and Pugh 1975).

Quinn and colleagues developed a widely accepted theoretical framework, which was introduced in literature in 1993 by the term, “ Competing Values Framework”. The CVF was originally conceptualized to describe the measures of organizational effectiveness along two dimensions; focus and structure (Quinn and Rohrbaugh 1983). The CVF combines the focus and structure dimensions into a two by two matrix and the resultant matrix produces four quadrants labeled as Clan, Adhocracy, Hierarchy and Market. However for the proposed study we will not take this model as our objective is to indicate relationship between construct of psychological climate with Salesperson-Sales manager trust wherein each dimension of the construct is to be treated as independent variable. Koyes and Decotis (1991) developed eight summary dimensions to construct the psychological climate in organizations. The first seven dimensions were; autonomy, cohesiveness, fairness, innovation, pressure, recognition, and support. Trust was their eighth dimension. Strutton et al. ( 1993) included one more dimension; preeminence of the profit motive as a distinct concept.

They provided a consolidated construct of psychological climate, which is produced below:

<b>Psychological Climate Construct</b>	<b>Definition</b>
Cohesion	A perception of sharing or togetherness within the selling unit, including the unit member's willingness to provide material assistance
Autonomy	Salesperson's perception of their own sovereignty with respect to work procedures, goals and priorities.
Innovation	Salesperson's perception that change and originality are encouraged and valued within the sales organization, including risk taking into new areas or domains where the individual may have little or no prior experience.
Recognition	Salesperson's perception that their contributions to the sales organization are acknowledged.
Fairness	Salesperson's perception that the sales organization's managerial and supervisory practices are equitable and non arbitrary or noncapricious
Pressure	Salesperson's perception that time demands are incongruent with respect to task completion and performance standards.
Preeminence of profit motive	Salesperson's perception that the bottom line takes precedence over any possible ethical consideration.

The necessity to describe psychological climate in terms of multiple dimensions in that organization experience can generally be characterized in multiple ways. For example some salespeople may describe how they are supervised in terms of the ethical/unethical sales behavior their sales manager's supervisory style may foster, some may be more cognizant of the fairness with which their sales manager deal with them, while still others may focus on the autonomy their sales manager grants to them (Strutton 1993). Their can be set of salespeople with a higher need for recognition and they may place lot of value on the receptivity of their manager for their innovative ideas. Finally, pressure may play a critical role in the relationship especially in cultural settings that are not used to such level of productivity measurements.

#### **Research questions of the study**

Salesperson-sales manager trust and it's relationship with psychological climate has been sub studied by Strutton et al. 1993 and their findings were generalized to suggest that dimensions of psychological climate has a significant positive relationship with trust placed by salesperson on his manager except in case of Pressure which had an insignificant relationship. This, the researchers suggest is due to low perception of pressure at work place.

In Indian cultural setting, this may offer a different insight. This paper aims to answer the following questions:

1. Is there a significant relationship with psychological climate and trust between Salesperson-SalesManager?
2. Does this relationship change with cultural settings?
3. What role does Pressure play in this relationship? Negative, positive or noeffect?

### **Hypothesized relationships**

Strutton et al. 1993, in their research paper built hypothesized relationships to measure the relationship with each of the sub dimensions of psychological climate such as Autonomy, Cohesiveness, Fairness, Innovation, Preeminence of profit motive, Pressure and Recognition; with the level of trust that a salesperson places on his sales manager. These relationships were found to be significant in the final results except in case of Pressure which did not exhibit a significant relationship. For this study we are proposing to test these hypothesized relationships in an Indian business setting.

H1: Salesperson perception of autonomy present in the psychological climate of the organization should have a positive association with the level of trust they place in their SalesManagers.

H2: Salesperson perception of cohesiveness present in the psychological climate of the organization should have a positive association with the level of trust they place in their SalesManagers.

H3: Salesperson perception of Fairness present in the psychological climate of the organization should have a positive association with the level of trust they place in their Sales Managers.

H4: The amount of innovation present in the psychological climate of the organization should have a positive association with the level of trust they place in their Sales Managers.

H5: Degree to which profit motive takes precedence over other ethical considerations in the psychological climate of the organization should have a negative association with the level of trust they place in their Sales Managers.

H6: The level of pressure present in the psychological climate of the organization should have a negative association with the level of trust they place in their Sales Managers.

H7: The level of recognition present in the psychological climate of the organization should have a positive association with the level of trust they place in their Sales Managers.

### **Research Methodology**

#### **Sample and Data Collection**

This study took frontline sales executives working in a print media company in India as the sampling population. These executives were from advertising sales as well as circulation sales as both the categories have field sales jobs. Their interaction with the Sales Manager is on a daily basis both on field and in Sales office. Print Media is a highly competitive business and is target driven. Sales must happen on a daily basis as neither advertising space nor the newspaper/magazine can be kept as stock to be sold later. Therefore pressure for performance is significantly high considering a very low shelf life.

Sample for this study was drawn from three leading English newspapers of the country. Convenience sampling was used to identify 125 respondents from advertising sales and 125 respondents from circulation sales. Out of these 95 respondents sent back filled in questionnaires. All respondents were mailed the questionnaire with detailed guidelines for filling up the required fields. They were requested to mark their response using a seven point scale ranging from 1=strongly disagree to 7 strongly agree (For Trust items scale it was 1 to 5; 1=strongly disagree to 5 strongly agree)

### **Measurement of Psychological Climate construct**

We will be using the Strutton et al. scale developed for measuring sub dimensions of psychological construct.

#### **AUTONOMY**

I determine my own work procedure I schedule my own work activities

I organize my work as I see best

I make most of the decisions that affect the way my job is performed I set the organization standard for my job

#### **COHESION**

People tend to get along with each other well in this company There is lot of team spirit in this company

In this company, people help each other out

In this company people take personal interest in each other

#### **FAIRNESS**

I can count on a fair treatment from my Sales Manager My Sales manager sets reasonable objectives

My Sales Manager does not play favorites

If my Sales Manager takes any action against someone, that person probably deserves it

#### **INNOVATION**

My Sales Manager encourages me to develop ideas

My Sales Manager likes me to try new ways of doing my job

My Sales Manager encourages me to improve on his/her methods My Sales Manager adapts new ways of doing things

#### **RECOGNITION**

I get a Pat on the back when I perform well

My Sales Manager knows my strengths and appreciates them My Sales Manager uses me as an example of what to do

#### **PRESSURE**

In this company, too many people in my position feel the pressure to be unbearable I have too much work and too little time to do it

This place does not have a relaxed working environment At home,  
I sometimes keep thinking about office issues

#### PREEMINENCE OF PROFIT MOTIVE

The only code of ethics in this company is making profit

#### Salesperson Trust Construct

Lagace, 1991 used a scale to study reciprocal trust between Sales Person and Sales Manager (STS). Since requirement of our study is to measure trust unidirectional i.e. trust being placed by salesperson in their Sales Managers, we will use part of this scale.

I have complete trust that my Sales Manager will treat me fairly I can count on my Sales Manger for help if I have difficulties in my job If I make a mistake my Sales manager is willing to “forgive and forget”

I feel free to discuss work problems with my Sales Manager without any fear

Mean values were used to classify respondents into categories of Low Trust and high trust.

#### Analysis

Reliability estimates for all the items measuring different variables were obtained by using scale reliability tests. Perason co-relation was calculated to assess correlation of Trust with each of the psychological climate constructs. Discrimant analysis was used to arrive at the discrimating strength and direction of each of the variable with respect to high trust and low trust group. (Mean value of above 4 was grouped as High Trust and mean value of 4 and below was grouped as Low Trustgroup.

#### Results

Scales used for this study were analysed for scale reliability. All results reported in Table I clearly indicates an acceptable alpha score ( $>.70$ )

table I

Variables	Reliabilty
Trust	
Autonomy	0.88
Cohesion	0.77
Fairness	0.75
Innovation	0.74
Recognition	0.75
Pressure	0.7

Table II presents the correlation between trust and other dimensions of psychological climate. Trust is significantly co-related with Autonomy, Cohesion, fairness, Innovation and Recognition. However in case of Pressure and Pre-eminence of profit motive, the correlation with Trust is significant but in negative direction.

TableII

Correlations Matrix									
		Trust	Autonomy	Cohesion	Fairness	Innovation	Recognition	Pressure	Profit Motive
Trust	Pearson Correlation								
	Sig. (2-tailed)								
Autonomy	Pearson Correlation	0.41							
	Sig. (2-tailed)	0.00							
Cohesion	Pearson Correlation	0.52	0.30						
	Sig. (2-tailed)	0.00	0.00						
Fairness	Pearson Correlation	0.67	0.20	0.41					
	Sig. (2-tailed)	0.00	0.05	0.00					
Innovation	Pearson Correlation	0.62	0.23	0.35	0.65				
	Sig. (2-tailed)	0.00	0.03	0.00	0.00				
Recognition	Pearson Correlation	0.52	0.25	0.35	0.52	0.41			
	Sig. (2-tailed)	0.00	0.02	0.00	0.00	0.00			
Pressure	Pearson Correlation	-0.52	-0.05	-0.27	-0.54	-0.32	-0.48		
	Sig. (2-tailed)	0.00	0.63	0.01	0.00	0.00	0.00		
Profit motive	Pearson Correlation	-0.35	-0.08	-0.26	-0.30	-0.17	-0.38	0.54	1.00
	Sig. (2-tailed)	0.00	0.45	0.01	0.00	0.10	0.00	0.00	.

N=95

Correlations significant at .05 levels

Table III presents the results of Discriminant analysis with canonical loadings for each of the variables. This analysis establishes significant strength for each of the variable in discriminating for both the trust groups.



Table III

<b>Test of Relationship between Trust and Psychological Climate</b>			
Group Means			
	Canonical Loadings	Low Trust	High Trust
RECOGNITION	0.67	4.53	5.6
FAIRNESS	0.588	4.64	5.6
PRESSURE	-0.572	4.42	3.35
AUTONOMY	0.509	4.8	5.74
PROFIT	-0.473	4.28	2.84
COHESION	0.43	4.48	5.28
INNOVATI	0.424	4.96	5.64

Results find enough support for all the eight hypothesis that we proposed for the study. Recognition has the highest discriminating correlation followed by fairness, pressure, autonomy, profit motive, cohesion and innovation. These findings strengthen our premise and rationale for replication as it supports a different set of results.

With the changed cultural setting, we had expected a different order among the psychological climate factors in influencing trust of salesperson in his Sales Manger. It is expected that Recognition will have the strongest positive association followed by Cohesion, Autonomy, and Innovation. We expect significantly high negative association for Pressure and Preeminence of profit motive.

### **Discussions and Conclusions**

Need for this study was driven by the growing competition in business and it's resultant impact on rising consumer expectations. In this scenario we argue that organizational effectiveness has taken a shift towards meeting customer needs and employee's confidence to handle customer needs acts as a major driver for achieving desired level of effectiveness. Salespeople who are at the first level contact with the customers fail to meet customer needs due to lack of empowerment resulting in delayed responses. Sales practioners and leaders have found this correlation to be very strong in different business settings. Findings of this study have validated our premise that Salesperson perception of existing pressure in their organizations may change with change in cultural context. Therefore, while in US, Salesperson's accepted pressure as a way of life and under reported, in our study we could establish a significant negative relation between pressure and salesperson Sales Manager trust .Another important finding of this study is in terms of changed discriminating strength of independent variables. Table IV shows the comparative canonical loadings from this study and original work of Struttonet.al.

Test of Relationship between Trust and Psychological Climate( Comparative chart)		
	Present Study	Original research
	Canonical Loadings	Canonical Loadings
RECOGNITION	0.67	0.571
FAIRNESS	0.588	0.90
PRESSURE	-0.572	0.044
AUTONOMY	0.509	0.332
PROFIT	-0.473	-0.119
COHESION	0.43	0.635
INNOVATI	0.424	0.561

Our study suggests strongest correlation for Recognition whereas the original study in US suggested Fairness with strongest correlation.

Findings of this study will help Managers in obtaining deeper insights into the underlying role of each of the psychological construct, which combined together perceived as Work Environment. This study will also help the practitioners to appreciate the importance of seemingly unimportant factors which affects the backbone of relationships i.e. Trust.

#### **Directions for Future Research**

With the growing importance of knowledge sharing among the sales team members, sales Managers find themselves in a facilitator role. Psychological climate may play a very important role in knowledge enhancement activities undertaken by the sales team. Sales team with better knowledge of their markets are more customer oriented and therefore produce better results. Further studies can be done to test the relationship between psychological climate and sales performance with Salesperson customer orientation as a moderating variable.

It will also be interesting to study as to how the psychological climate relates with Sales Manager's trust with his salespeople. This can bring a new dimension to this study.

#### **Limitations**

Interpretation of the results of this study has following limitations:

1. This study has taken print media company sales executives as sample. Results may not be able to generalize the findings.
2. Measurement scales are adopted from previous research (Strutton et al. 1993, Lagace, 1991) and have been used in this study.
3. Psychological climate construct scale has been taken from a previous research done in US. This may bring in some amount of respondent bias due to difference in cultural perspectives. However, we have rephrased many such items to minimize respondent error.
4. The possibility of respondents getting biased while rating the items cannot be ruled out for

the fact that the responses relate to their bosses. In Indian scenario, this may motivate respondents to give socially desirable answers only.

5. This study may appear to have gender bias, as most of the respondents are likely to be male.

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