Sales Network and Performance: A Longitudinal Study of Network Dynamics

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Sales are recognized as a strategic function that creates and delivers value for firms (Geiger and Guenzi, 2009). Intra-organizational aspects of the sales force are recognized as an under-researched area (Geiger and Guenzi, 2009), and a growing body of literature has been recently exploring these issues (e.g. Gonzalez, Claro and Palmatier, 2014). Intra-organizational studies in the sales area draw on social network theory (SNT: Granoveter, 1983; Burt, 1992), and on the idea that sales people can use firm’s resources (e.g. intra-sales force or inter-departments) to enhance their performance (Üstüner and Godes, 2006; Üstüner and Iacobucci, 2012). The structural and relational characteristics of intra-organizational social networks have been found to condition the effectiveness of KT (e.g. Reagans and McEvily, 2003; Tang et al., 2008). Considering the sales intra-organizational network, it is key to understand a particular dynamic status for two reasons. First, social networks are always evolving due to relational changes (Doreian and Stokman, 1997; Snidjers, 1996). Second, sales people have the need to adapt to the ever changing conditions of the environment and the firm (Geiger and Guenzi, 2009; Jones et al., 2005). The question then is: how does the social network of salespeople evolve over time? The aim of this paper is to contribute to the growing body of research on intra-organizational studies of sales management, investigating how the patterns of interaction amongst sales people may be expected to evolve over time. The analysis focuses on the structural and relational dynamics of networks. Our hypotheses uncover these two distinct levels of analysis, be the within salespeople (Hypotheses 1-4) and across networks (Hypotheses 5 and 6).

Marco Teórico
Sales force performance can be expected to have a considerable impact on a firm’s short and long term performance (Avlonitis and Panagopoulos, 2010; Evans et al., 2012). One important area of study is intra-organizational aspects of the sales role, i.e., how salespeople manage their internal resources and networks of relationships (Üstüner and Godes, 2006; Wiliams and Plouffe, 2007). This area of research draws on network theory (Burt, 2000; Granoveter, 1983; Scott, 2000), which posits that social actors are connected by ties (Cross et al, 2003, 2005; Iacobucci and Hopkins, 1992). This relational dimension is a cornerstone for social network analysis, as relationships are perceived as instruments for transferring resources, such as information and knowledge (Wasserman and Faust, 1994; Scott, 2000). The interactions between actors can be of different nature, namely work related or friendship (Bell, 2005). The organization should therefore be understood as a source of useful resources that sales people have access to and can manage to improve their overall performance (Burt, 1992; Pfeffer and Salancik, 1978). The management of these resources and the capacity to mobilize decision-making authority and shape policies is recognized as key for a successful sales: “…salespeople need to be able to work well within their own organization in order to get what they need to satisfy the ever-increasing demands of their customers…” (Plouffe et al., 2010, p. 539). For example Plouffe and Barclay (2007) showed how intra-organizational behavior or interactional patterns of sales people are correlated with their sales performance. Result of their social nature, the network of relationships between salespeople within a firm’s sales force is expected to evolve over time (Doreian and Stokman, 1997; McPherson e al., 1992). Social networks are not static but instead “dynamic by nature” (Snijders et al., 2010, p. 44). Actors try to improve their position in the network by initiating, changing or discontinuing relationships with other actors (Brass and Burkhardt, 1993). Moreover, as a result of the underlying structural embeddedness of networks, a change in a specific point of
the network may have an (indirect) impact over actors or relationships that are elsewhere in
the network (Granovetter, 1985; Uzzi, 1996). The dynamics of social networks can be
analyzed by the ego-network approach that consists of a focal actor or the ego, and its
neighbors or alters (Freeman, 1982; van de Bulte and Wuyts, 2007). Several studies can be
found on intra-organizational social network dynamics. However, there is a lack of studies
and empirical evidence in the context of sales forces. Drawing on SNT and the sales literature,
we put forward six hypotheses on sales force dynamics, and that draw mainly either on
resource dependence theory (Pfeffer and Salancik, 1978) or on inter-personal balance theory
(Cartwright and Harary, 1956; Davis, 1963).

Método de investigação se pertinente
We tested our hypotheses with evidence collected in a longitudinal survey format. The
respondents, salespeople, are part of a business-to-business firm that distributes a broad mix
of industrial products (e.g., equipment, chemical supplies, technical services). Each
salesperson has its own territory and accounts with sales target for the annual year sales cycle.
Salespeople’s compensation includes a fixed salary and a commission based on sales
performance. This firm is well suited for testing our hypotheses, because the sales force is
responsible for providing integrated solutions that require technical expertise, and they deal
with both relationally complex relationships and transactional exchanges. The 34 salespeople
of the firm responded the questionnaire administered in three waves at the beginning of every
next sales year. A name-generating questionnaire was employed following prior measures of
intrafirm network for friendship (Podolny & Baron, 1997) and work related issues
(Krackhardt & Stern, 1988). Friendship and work related networks served as co-dependent
variables in the analysis and were assessed at three time points with a time lag of one year.
Our hypotheses uncover two distinct levels of analysis, be the within salespeople (Hypotheses
1-4) and across networks (Hypotheses 5 and 6). The complexity of our research questions
requires such an approach specifically designed for longitudinal social networks analysis. We
use an actor-based approach that models the co-evolution of several social networks and
behavioral dynamics (i.e. sales performance). Network researchers have used the Simulation
Investigation for Empirical Network Analysis (SIENA), to carry out the statistical estimation
of models for repeated measures of social networks (Snijders et al., 2010). SIENA has been
applied to analysis of friendship and gossip in the workplace (Ellwardt et al., 2012) and ties
formed after job mobility in investment banking (Checkley & Steglich, 2007). There has
recently been a growing popularity that drives continuous development by social network
researchers (Snijders et al., 2013). All data were processed with the software RSiena in R
(Ripley et al., 2013), which estimates dynamic actor-based models for the evolution of social
networks.

Resultados e contribuições do trabalho para a área
This paper unravels how sales force networks are expected to evolve over time, investigating
in particular the relational strategies used by individual sales people to enhance their sales
performance. Building up on the sales exploratory navigation concept (Sujan, 1999; William
and Plouffe, 2007), we reinforce that individual effort on the right network building activities
is key to access firm’s resources and capabilities that in turn compensates in increasing
performance. First, when analyzing the evolution of the overall sales force in a firm, we found
that salespeople have a tendency over time to form selective, trustworthy and intimate,
reciprocated, non-similar and closed networks. For example, an increased selectivity and in
reciprocity reflects how sales people choose to have less counterparts and increasingly
reciprocated ties, showing an investment in improving the levels of trust in his existing ties
(Larson, 1992). Increased reciprocity results in less arduous and closer relationships,
facilitating KT between interacting partners (Szulanski, 1996). Second, analyzing network evolution for top performers versus low performers, we found that networks of high performers follow exactly the path taken by the firm and the sales force as a whole. The main difference with low performers is the intensity of changes in pattern as top performers tend to intensify the selectivity, intimacy, ties to high performers and closed networks. Finally, the analysis of the evolution of networks and potential association with increasing performance lead to a third important implication for management: particular patterns of dynamics in the formation, maintenance and discontinuing of network ties by individual salespeople were identified. We identified a particular strategy to manage networks: salespeople with increasing sales invested in the work related direct ties and not being reciprocated in the friend ties. Additionally, these increasingly top performing sales individuals reduced ties with friends that are connected to each other. This paper contributes to the growing body of research on intra-organizational sales studies and sales effectiveness, focusing on salespeople’s internally oriented behavior. We investigate how the patterns of interaction amongst sales people may be expected to evolve over time. We also analyze how specific structural network characteristics and connected relational dimensions may condition the success of KT processes amongst sales team members. We show how social network analysis is a useful tool to understand the networking strategies adopted by salespeople and which seem to condition their sales effectiveness. Practitioners are provided with a clearer view on the type on networking strategy that lead to model sales performance. Moreover, practitioners become aware of how difficult it is for low performing sales people to get access to the expertise held by top performers. Mechanisms can this way be put into place by the management team in order to promote a stronger interaction between the two groups of salespeople, contributing to the management of these internal networks in order to enhance the sharing of best practices and to increase the effectiveness of knowledge transfer within sales forces.

Referências bibliográficas