

The Effects of Power, Influence, and Interdependence on the Effectiveness of Marketing Manager/Sales Manager Working Relationships

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Abstract

This paper examines three contextual drivers of relationship effectiveness between Marketing Managers and Sales Managers. Specifically, how the power of the Sales unit, the manifest influence of the Sales Manager, and the level of interdependence between these managers influences conflict, and the perceived effectiveness of that relationship. Our results show that the greater the Sales unit power, the greater the conflict between these managers, and the lower the relationship effectiveness. In addition, where a Sales Manager has high influence, this is associated with greater effectiveness in Marketing/Sales relationships, but not with lower conflict. In contrast, the level of interdependence between these managers does not affect either conflict, or the perceived effectiveness of this important working relationship.

Keywords: Marketing/Sales interdependence relationships, power, influence, conflict, and effectiveness

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Introduction

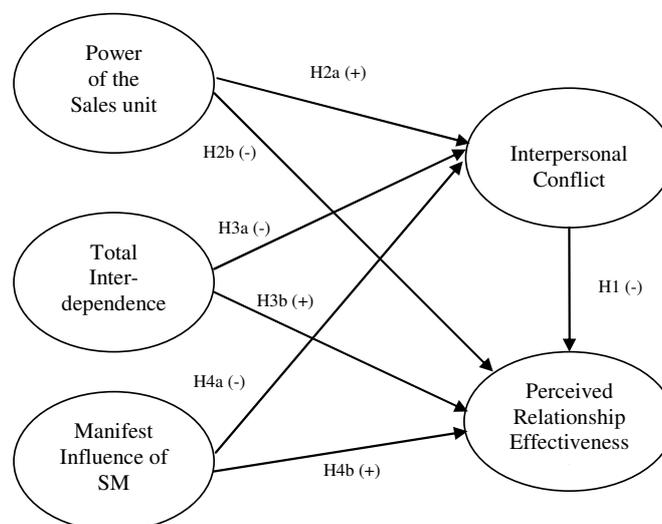
Until relatively recently, the academic literature was largely silent on the topic of Marketing Manager/Sales Manager cross-functional working relationships (CFRs). This was unusual given the manifest importance of this CFR to internal coordination, and to the effective servicing of external customers (Dawes and Massey 2005; Guenzi and Troilo 2007; LeMeunier-FitzHugh and Piercy 2007) This current research focuses on the CFR between Marketing Managers (MMs) and Sales Managers (SMs) and adds to the growing body of literature on this important interface. Specifically, it examines the effects of Sales department power, the level of MM/SM interdependence, and the manifest influence of the SM, and how these variables affect the level of conflict, and the perceived effectiveness of this CFR.

Theoretical Framework

Resource-dependence theory (cf. Pfeffer and Salancik 1978) is the primary theoretical framework used to specify the research model, because it is concerned with the effects of power, influence, and interdependence in exchange relationships. This theory suggests that the success of individual managers and their departments depends in part, on their abilities to access and control resources. Those who control those resources have power and influence over others within the firm, and an important aspect of managerial life for interdependent managers is to develop effective CFRs with those who control these resources. Hence we include these three key variables from resource dependence theory (power, influence, and interdependence) in the model and use them to predict the level of dysfunctional conflict, and perceived relationship effectiveness in Marketing/Sales CFRs.

The article is structured as follows. First, the conceptual framework is presented, the key constructs defined and justified. Next, the structural model is presented and the hypotheses developed. Then the research methods are described, the results presented, and the implications of the research, its limitations, and possible topics for future research are discussed.

Figure 1: Conceptual Model



Antecedent Variables.

Power of the Sales Unit. Here the power of the Sales department/unit is examined (e.g., Hickson et al., 1971) rather than French and Raven's (1959) five bases of interpersonal power. The power of the Sales unit is defined as the relative importance of that unit to the firm. As Kohli argued (1989), a resource-dependence view of firms suggests that different units have varying degrees of power because of their differential ability to obtain critical resources. Consistent with Kohli (1989) unit power is viewed as an individual resource available to SMs. Hence, the greater the Sales unit's control over critical resources/power, the more able it is to influence the actions of other units and individuals within the firm.

Total Interdependence between the MM and the SM

Managers and their departments are often highly interdependent as each unit relies on others for inputs and support to carry out their tasks, and in turn provide inputs and support for downstream activities. Hence greater interdependence requires greater effort to coordinate those units (Thompson 1967). CFRs are emergent phenomena resulting from this interdependence, and the need to coordinate a firm's internal activities. This study examines the total dependence of MMs on their counterpart SMs, and vice versa, and this construct is included for various reasons. First, interdependence is the key internal variable affecting marketing's interaction with other departments (Ruekert and Walker 1987). Second, and consistent with a resource-dependence view of the firm, because MMs do not have all the resources necessary to do their jobs, they must seek them out from personnel in other departments. As Marketing and Sales operate in similar domains, have similar objectives, with closely related tasks and skills, total dependence is likely to have strong effects within this CFR.

Manifest Influence

Consistent with other studies examining intra-firm influence (e.g., Atuahene-Gima and De Luca 2008; Kohli 1989) manifest influence is defined in terms of the actual effect a manager had on a specific decision, in changing the opinions and behaviours of other members in the firm. This variable is relevant because informal influence is associated with an increased flow of resources, work, and assistance between personnel in different departments (Ruekert and Walker 1987). Further justification is provided by resource dependence theory which views firms as coalitions with varying interests, and often incompatible preferences and goals. The interests of those with the power and influence to secure and control required resources will tend to prevail. Organizations are therefore internal markets in which influence and control are exercised (Pfeffer and Salancik 1978). Moreover, as Yukl (2002) has noted, the effectiveness of managers depends in part on their influence over peers, hence manifest influence is germane within Marketing/Sales CFRs.

Dependent Variables: Dysfunctional Conflict and Perceived Relationship Effectiveness

There are two broad types of CFR outcomes, first, "task outcomes", e.g., the accomplishment of departmental, and joint goals, second, "psychosocial outcomes," two of which are examined here. These outcomes are individual-level variables, and include the extent to which managers believe that their CFR is effective (i.e., perceived relationship effectiveness), and the level of conflict in the CFR. Psychosocial outcomes are important within firms and have been explicitly linked to task outcomes as far back as Ruekert and Walker's (1987) landmark article on Marketing's CFRs, justifying their use as the dependent variables.

Hypotheses Development

The Effects of Dysfunctional Conflict

A significant body of literature has linked dysfunctional conflict to negative psychosocial and task outcomes. Jaworski and Kohli (1993) for example found that conflict was associated with reduced market orientation, intelligence dissemination, and organizational responsiveness. Similarly, Menon et al. (1996) found that dysfunctional conflict reduces the quality of marketing strategy formulation and implementation, while more pertinently, Ruekert and Walker (1987) found high dysfunctional conflict to be associated with low perceived relationship effectiveness. Accordingly, managers in CFRs with high dysfunctional conflict are likely to perceive their relationships to be ineffective. We therefore hypothesise:

H1: The greater the dysfunctional conflict, the lower the perceived relationship effectiveness

The Effects of the Power of the Sales Department

The link between the power of the Sales unit and outcome variables has received scant attention in the literature. Research in the US and Germany however, shows that Sales had high intra-firm influence across a range of issues (Homburg et al. 1999). Hence, where the Sales unit's power is high, i.e., it has control over critical resources, the more able it will be to influence outcomes within the firm. Though there is little empirical evidence draw on, when the Sales unit is influential, they are in a powerful position to implement their preferred options through executive fiat, rather than via consultation and collaboration with Marketing. This is therefore likely to be a cause of Marketing's disaffection with Sales, and lead to dysfunctional conflict between the managers of these units. Moreover, in these circumstances, the MM is likely to consider their working relationship with the powerful SM to be ineffective. We therefore hypothesise:

H2: The greater the power of the Sales unit, the greater the (a) dysfunctional conflict, and (b) the lower the perceived effectiveness of the relationship

The Effects of Total Interdependence

Bilateral deterrence theory posits that a partner's desire to engage in conflict is a function of their fear of retaliation and expectation of attack (Lawler and Bacharach 1987). Hence as total interdependence increases, retaliation poses a greater threat for both managers. Since each manager fears retaliation and knows that the other has similar fears, the expectation of being attacked is low. As Kumar, Scheer, and Steenkamp (1995) argue, when total interdependence is high, both managers are less likely to instigate conflict. In addition, total interdependence is likely to positively influence CFRs because research on selling partners has found that greater interdependence increases perceived relationship effectiveness. This is probably because interdependence increases group cohesion and commitment (Smith and Barclay 1999). We therefore predict:

H3: Greater total interdependence will lead to (a) lower interpersonal conflict, and (b) higher perceived relationship effectiveness.

The Effects of the Sales Manager's Manifest Influence

Though there may be some conflicts of interest between Sales and Marketing, when the SM is more effective in being able to change the opinions and behaviours of others within the firm, the MM is likely to perceive their CFR with the SM to be more effective. SMs with high

manifest influence may secure a greater portion of the available resources, which they then share with the MM. This sharing is likely because of the need to build coalitions in cross-functional teams (Conrad 1990). It therefore seems reasonable to expect the MM to view their CFR with the SM to be effective. Moreover, a SM is likely to share these resources with the MM because they have a high domain similarity compared to other marketing dyads (e.g., Marketing/Finance). Ruekert and Walker (1987) argue for example that the amount of resource flows between Marketing and other functional areas is positively related to the degree of domain similarity between them. Such resource flows are likely to lead a manager to believe their CFR is more effective, and lead to lower conflict. We therefore hypothesise:

H4: The greater the manifest influence of the SM, the lower the (a) dysfunctional conflict, and (b) the greater the perceived effectiveness of the relationship

Methodology

A self-administered, pretested questionnaire was mailed to MMs in Australian firms and usable responses were received from 100 MMs (R.R.= 22.3%). Tests of nonresponse bias and key informant competence indicated the data was acceptable. Four reflective multi-item scales, and one formative scale (i.e., “total interdependence”) were used to measure the constructs in Figure 1. Items with loadings > 0.7 were retained to avoid problems with convergent and discriminant validity (Fornell and Larcker 1981). SmartPLS 2.0 (Ringle et al. 2005) was used to analyse the measurement and structural models, because of its ability to model formative scales, and use small samples. Also no assumptions are made about univariate or multivariate normality, and the main aim is to predict the endogenous variables (Chin, 1998; Diamantopolous and Winklhofer, 2001; Fornell and Bookstein, 1982).

Principal components analysis revealed that the measures are unidimensional. Convergent validity was established as the average variance extracted (AVE) of the reflective measures was > 0.5 (Bagozzi and Yi, 1988). Reliability was established as the composite reliability for each scale was > 0.7. Discriminant validity was established, because the squared correlation for any pair of constructs was less than the AVEs of each construct (Fornell and Larcker, 1981). As the measures are self reports the presence of common method bias was examined using principal components analysis. No single factor emerged, and no one factor accounted for more than 50% of the variance (Podsakoff et al. 1984), so no evidence of common method bias was found.

Results and Discussion

The R^2 results for perceived relationship effectiveness and conflict are .598 and .104 respectively, therefore the antecedents predict 59.8% and 10.4% of the variance in these two output variables.

Table 1: PLS Structural Model Results

Linkages in the Model	Hyp. No.	Hyp. Sign	Std. Beta
Conflict → PRE	H1	-	-.633***
Sales unit power → Conflict	H2a	+	.217*
Sales unit power → PRE	H2b	-	-.125*
Total interdependence → Conflict	H3a	-	-.225
Total interdependence → PRE	H3b	+	.089
SM's Manifest influence → Conflict	H4a	-	-.028
SM's Manifest influence → PRE	H4b	+	.242***

R^2 for Conflict = .104; R^2 for PRE = .598

* Sig. <.05 (one tailed test); *** Sig. <.001

Perhaps the most important finding is that the power of the Sales unit clearly accrues to the SM. This is important, because this power has important effects on the CFR, as it both increases the perceived effectiveness of the CFR, but also reduces the level of conflict. Moreover, given the very the very strong negative relationship found between conflict and perceived relationship effectiveness, this would suggest that it is unwise to allow the Sales unit to become much more powerful than the Marketing unit.

The results for the SMs manifest influence are somewhat different, and suggest that the possession of high influence by a SM is perceived as a good thing by MMs, as it is associated with greater perceived relationship effectiveness. Again this is consistent with the view we expressed earlier, that SMs with high manifest influence are likely to control resources that are important to MMs in carrying out their jobs. Moreover, that these resources are likely to be shared with the MM, and the CFR is perceived as more effective, as a SM with high manifest influence is in a better position to help the MM get the job at hand done.

Conclusions and Directions for Future Research

This research demonstrates the potentially damaging role of departmental power in CFRs, and suggests that it is unwise to have large power imbalances between such departments. Future research could examine this issue, in particular, to examine the effects of power asymmetry within these CFRs. In contrast, the effects of total interdependence seem benign, though again, under conditions of highly asymmetric dependence, detrimental effects may arise in this CFR. Future research could therefore examine the effects of dependence asymmetry in these CFRs.

Last, the possession of manifest influence by a manager, is likely to be a positive thing in a CFR in which the two managers have to work together closely. Higher influence is associated with better working relationships, and is likely to provide conditions conducive to getting the job done.

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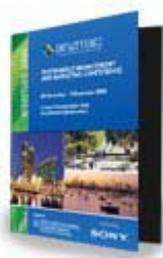
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