

# SALESFORCE TURNOVER AS A FUNCTION OF MANAGEMENT STYLE

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## **Abstract**

This study examined various dimensions of management style as it affects sales force turnover. Using a select sample from banking and other financial institutions, manufacturing, trading companies and government parastatals, data were collected on four independent variables, namely: leader-employee relationship, participation in decision making, freedom of action and independent initiative, work standards and supervision. Using descriptive and inferential statistics, it was established that flexible leadership approach was not only important but was also crucial in reducing turnover among salespeople, particularly as they participate in decision making, given greater latitude of freedom for independent action, improved boss-subordinate relationship and flexible work standards. It was recommended that management should have a romantic view of leadership with her sales employees, with a view to developing self managed teams and groups and should adopt leadership methods that are appropriate under a given situation, bearing in mind the nature of marketing jobs.

## **Introduction**

The experience, background and training of managers appear to have a significant impact on the problem of turnover among employees. Studies have shown that the backgrounds of managers profoundly impact the mobility of people who work for them (Fitz-Enj, 1997, Sheridan, 1985, and Bernard, 1990). A company's work environment is a reflection of the personality and philosophy of its leadership. When an employee leaves, he or she takes away not only knowledge and experience, but also contacts and business portfolio to the competitors; hence people are often seen to leave managers and not companies. How a manager leads will undoubtedly be determined by his or her background, knowledge, values and experience.

Excessive turnover among sales employees is driven by and is the natural and inevitable result of poor management. Generally, organizations fail because of managerial incompetence, poor judgement, poor communication skills, lack of foresight, and a narrowly focused view of the management role and leadership responsibilities. Turnover among employees can involve substantial costs, which may be readily apparent to the organization. The most obvious being that the organization has at least major recruitment, selection and training costs associated with hiring replacement employees especially if employees had performed critical marketing functions (Fitz-Enj, 1997, 2000).

### **Research Hypotheses**

Four hypotheses were formulated to guide this study:

- 1) The greater there is concern for production and efficiency and low or no concern for sales employees, the less likely they will resign (Authoritarian Management Style).
- 2) The greater there is low or no concern for both production and employee morale and satisfaction, the less likely salesforce will resign (Democratic Management Style).
- 3) The higher there is low concern for people and low concern for tasks or production and efficiency, the less likely sales employees will resign (Laissez-faire Management).
- 4) The greater there is low or no opportunity for sales people to manage themselves with little or no formal supervision, the less likely they will resign (Self Managed Team).

### **Theoretical Framework**

In examining the concept of managerial style as it affects turnover, three leadership models which we feel are practically relevant for this study were reviewed. These are:

**(a) Hersey and Blanchard's Situational Leadership Model:** According to this model, the most effective leadership style varies with the readiness of employees. Hersey and Blanchard draw implications of readiness to mean desire for achievement, willingness to accept responsibility and task related ability, skill and experience. In this model, the relationship between a manager and follower moves through four phases as employees develop. In the first phase, employees are instructed in their tasks and familiarized with the organisation's rules and procedures. Hersey and Blanchard maintained that a non-directive manager would cause anxiety and confusion in new followers, while a participatory, high relationship behaviour approach would be inappropriate at this stage because the follower requires a structure to depend on. In the second phase as employees begin to learn their tasks, task-behaviour remains essential because they are not able to function without the structure. However, the leader's trust in and support of employees increases as the leader becomes familiar with them and wishes to encourage further efforts on their part. Ability and achievement motivation begins to surface in the third phase with employees seeking greater responsibility. The leader will no longer need to be as directive as close direction might be resented (Sheridan, 1985). However, the manager will still have to be supportive and considerate in order to strengthen the followers' resolve for greater responsibility. And as followers gradually become more confident, self directing and experienced, the manager can reduce the amount of support and encouragement. It is at this fourth phase, that followers no longer need or expect direction from their manager, because they are increasingly on their own. The motivation, ability and experience of followers must constantly be assessed to

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determine which style combination is most appropriate under flexible and changing conditions. If the style is appropriate, according to Hersey and Blanchard, it will not only motivate employees but will also help them develop professionally.

**(b) Blake and Mouton Managerial Grid:** The managerial grid, developed by Blake and Mouton (1985) was designed to help measure a manager’s relative concern for people and tasks. This grid identifies a range of management behaviours based on the various ways that task-oriented and employee oriented styles (each expressed as a continuum on a scale of 1 to 9) can interact with each other. Please see Figure 1.

(High)	<p><b>1.9 Club Management</b></p> <p>Thoughtful attention to the needs of people for satisfying relationships leads to a comfortable, friendly organization atmosphere and work tempo</p>	<p><b>9.9 Team Management</b></p> <p>Work accomplishment is from committed people, interdependence through a common stake in organizations purpose leads to relationship of trust and respect</p>
	<p><b>5.5 Middle of the Road Management</b></p> <p>Adequate performance is possible through balancing the necessity to get out work with maintaining morale of people at a satisfactory level</p>	

<p><b>1-1 Impoverished Management</b></p> <p>Exertion of minimum effort to get required work done is appropriate to sustain organization membership.</p>		<p><b>9.1 Authority Compliance</b></p> <p>Efficiency in operations result from arranging conditions of work in such a way that human elements interfere to a minimum degree</p>
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(Low)  
(High)

**Fig. I: Managerial Grid**

**Source:** The Leadership Grid by Robert R. Blake and Anne Adams McCanse. Houston: Gulf Pub. p. 29. Reprinted by Permission, 2003.

**Style 1,1 Management:** Blake and Mouton described as impoverished management with low concern for people and low concern for tasks or production. This style is sometimes called laissez-fair management because the leader does not take a leadership role.

**Style 1,9** is described as a country club management with high concern for employees but low concern for production. Its opposite, style 9,1 management, is task or authoritative management which is linked with high concern for production and efficiency but low concern for employees.

**Style 5,5** is described as middle of the road management – an intermediate amount of concern for both production and employee satisfaction.

**Style 9,9** is called team or democratic management – a high concern for both production and employee morale and satisfaction. Blake and Mouton strongly argue that style 9.9 is the most effective management style. Accordingly, they believe that this leadership style will, in almost every situation – results in improved performance, low absenteeism and turnover, and high employee satisfaction.

**(c) Fiedler Leadership Style Model:** The basic assumption of Fiedler’s model of leadership is that it is quite difficult for managers to alter the management styles that made them successful. Fiedler believes that most managers are not very flexible and that trying to change a manager’s style to fit unpredictable or fluctuating situations is inefficient or useless. Since styles are relatively inflexible and since no one style is appropriate for every situation,

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effective group performance can only be achieved by matching the manager to the situation or by changing the situation to fit the manager. Fiedler identified three leadership situations or variables that help determine which leadership style will be effective: leader-member relations, the task structure, and the leader's position power. This according to Fiedler, the quality of leader-member relations is the most important influence on the manager's power and effectiveness. If group members respect the manager for reasons of personality, character, or ability, then the manager might not have to rely on formal rank or authority. On the other hand, a manager who is disliked or distrusted may be less able to lead informally and could have to rely on directives to accomplish group tasks (Fiedler, 1965, 1968).

The second most important is the task structure. A highly structured task is one for which step by step procedures or instructions are available. Employees therefore have a very clear idea of what they are expected to do. But when tasks are unstructured, as in committee meetings and many research and development tasks, group member roles are more ambiguous.

The third most important is the leader's position power. High position power simplifies the leader's task of influencing others, while low position power makes the leader's task more difficult. Fiedler's model then, suggests that an appropriate match of the leader's style to the situation as determined by the interaction of these three variables leads to effective managerial performance (Fitz-Enj, 2000).

### **Methodology**

This study was restricted to a selected sample size of 400 respondents drawn from banking and other financial institutions, manufacturing industries, trading companies and government parastatals engaged in marketing located in Akwa Ibom State. The selection of the sample size of 400 was purely by purposive sampling technique. Data were obtained by means of structured questionnaire administered to the respondents. The questionnaire were distributed to the respondents by the process of personal contact. Both descriptive and inferential statistics were used in analyzing the data. However, respondents were given the option of responding to all the questions in the research instrument or attempting those ones they feel directly affects them in their organizations. This is supported by recent literatures (see Bowerman and O'Connell, 2003, Pelosi, Sandifer and Sekaran, 2001).

### **Data Analyses and Results**

Each hypothesis was tested using the chi-square. The first hypothesis stated that the greater there is concern for production and efficiency and low or no concern for sales employees, the less likely they will resign (Authoritarian Management Style). The result of the test using chi-square reveals as follows:

**Table 1: Quality of Interaction between a Leader-Employee and Turnover**

Response Elements	Observed Frequency	Percentage
Strongly Agree	35	19
Agreed	41	22
Neutral	27	13
Disagreed	53	27
Strongly Disagree	36	19
Total	192	100

From Table 1, we can compute the expected frequencies ( $e_i$ ) as:

$$\begin{aligned} \text{Total response elements} &= 5 \\ \text{Total observed frequencies (Q}_i) &= 192 \\ \text{Therefore, } e_i &= \frac{192}{5} = 38.4 \end{aligned}$$

**Table 2: Computed  $\chi^2$  of Response Frequencies on Quality of Boss-Subordinate Interaction**

$O_i$	$E_i$	$(O_i - e_i)$	$(O_i - e_i)^2$	$\frac{(O_i - e_i)^2}{e_i}$
35	38.4	- 3.4	11.56	0.50
41	38.4	2.6	6.76	0.176
27	38.4	- 11.4	129.96	3.384
53	38.4	14.6	213.16	5.551
36	38.4	- 2.4	5.76	0.15
Total				9.561

Degree of freedom =  $(k - 1) = (5 - 1) = 4$

Significant level = 5%

Calculated  $\chi^2$  = 9.561

Tabulated  $\chi^2$  = 9.49

**Decision Rule**

Reject  $H_0$  where  $\chi^2_{cal} > \chi^2_{tab}$

Accept  $H_0$  where  $\chi^2_{cal} < \chi^2_{tab}$

**Decision**

From the computations,  $\chi^2$  calculated = 9.561 and  $\chi^2$  tabulated at 4 degree of freedom using 0.95 significant level = 9.49.

Since  $\chi^2$  calculated  $>$   $\chi^2$  tabulated, we reject  $H_0$  and accept  $H_1$ .

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**Conclusion**

From the results of the analysis above, we conclude that the greater there is concern for production and efficiency and low or no concern for sales employees, the more likely they will resign.

The second hypothesis states that the greater there is low or no concern for both production and employee morale and satisfaction, the less likely salesforce will resign (Democratic Management Style).

**Table 3: Lack of Participation in Decision Making and Turnover**

Response Elements	Frequencies	Percentage
Strongly Agree	84	21
Agree	114	29
Neutral	36	9
Disagree	122	30
Strongly Disagree	44	11
Total	400	100

From Table 3, we can compute the expected frequencies ( $e_i$ ) as:

$$\begin{aligned} \text{Total response elements} &= 5 \\ \text{Total observed frequencies (O}_i) &= 400 \\ \text{Therefore, } e_i &= \frac{400}{5} = 80 \end{aligned}$$

**Table 4: Computed  $\chi^2$  of Response Frequencies on Lack of Participation in Decision Making**

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> - e <sub>i</sub> )	(O <sub>i</sub> - e <sub>i</sub> ) <sup>2</sup>	$\frac{(O_i - e_i)^2}{e_i}$
84	80	4	16	0.2
114	80	34	1156	14.45
36	80	- 44	1936	24.2
122	80	42	1764	22.05
44	80	- 36	1296	16.2
Total				77.1

$$\begin{aligned} \text{Degrees of Freedom} &= (k - 1) = (5 - 1) = 4 \\ \text{Significant Level} &= 5\% \\ \text{Calculated } \chi^2 &= 77.1 \\ \text{Tabulated } \chi^2 &= 9.49 \end{aligned}$$

**Decision Rule**

Reject Ho where  $\chi^2 \text{ cal} > \chi^2 \text{ tabulated}$

Accept Ho where  $\chi^2 \text{ cal} < \chi^2 \text{ tabulated}$

**Decision**

From the computations,  $\chi^2$  calculated = 77.1 and  $\chi^2$  tabulated at 4 degrees of freedom at 0.95 confidence level = 9.49.

Since  $\chi^2$  calculated >  $\chi^2$  tabulated, we reject  $H_0$  and accept  $H_1$ .

**Conclusion**

From the results of the analysis above, we can conclude that the greater there is low or no concern for both production and employee morale and satisfaction, the more likely sales employees will resign.

The third hypothesis indicated that the higher there is low concern for people and low concern for tasks or production and efficiency, the less likely sales employees will resign (Laissez-Faire).

Tables 5 and 6 present the result as follows:

**Table 3: Observed Response Frequencies on Inadequate Participation and Freedom of Action and Turnover**

Response Elements	Frequencies	Percentage
Strongly Agree	40	20
Agree	66	33
Neutral	18	9
Disagreed	53	26
Strongly Disagree	23	12
Total	200	100

From the table above, we can compute the expected frequencies ( $e_i$ ) as:

$$\begin{aligned} \text{Total response elements} &= 5 \\ \text{Total observed frequencies } (O_i) &= 200 \\ \text{Therefore, } e_1 &= \frac{200}{5} = 4 \end{aligned}$$

**Table 6: Computed  $\chi^2$  of Response Frequencies on Unlimited Freedom of Action and Turnover**

$O_i$	$E_i$	$(O_i - e_i)$	$(O_i - e_i)^2$	$\frac{(O_i - e_i)^2}{e_i}$
40	40	0	0	0
66	40	26	675	16.9
18	40	- 22	484	12.1
53	40	13	109	4.225
23	40	- 17	289	7.225
Total				40.45

Degrees of freedom =  $(k - 1) = (5 - 1) = 4$

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Significant level	=	5%
Calculated $\chi^2$	=	40.45
Tabulated $\chi^2$	=	9.49

**Decision Rule**

Reject  $H_0$  where  $\chi^2$  calculated  $>$   $\chi^2$  tabulated  
 Accept  $H_0$  where  $\chi^2$  calculated  $<$   $\chi^2$  tabulated

**Decision**

From the computations above,  $\chi^2$  calculated = 40.45 and  $\chi^2$  tabulated at 4 degree of freedom and 0.95 confidence level = 9.49.

Since  $\chi^2$  calculated  $>$   $\chi^2$  tabulated, we reject  $H_0$  and accept  $H_1$ .

**Conclusion**

From the results of the analysis above, we can conclude that the higher there is low concern for people and low concern for tasks or production and efficiency, the more likely sales employees will resign.

The fourth hypothesis stated that the greater there is low or no opportunity for sales people to manage themselves with little or no formal supervision, the less likely they will resign. (Self Managed Team).

Tables 7 and 8 present details of the analysis as follows:

**Table 7: Turnover as a Function of Rigid Work Standards and Close Supervision**

Response Elements	Frequencies	Percentage
Strongly Agree	52	26
Agree	67	33
Neutral	20	10
Disagreed	43	22
Strongly Disagree	18	9
Total	200	100

From Table 7 above, we can compute the expected frequencies ( $e_i$ ) as:

$$\begin{aligned} \text{Total response elements} &= 5 \\ \text{Total observed frequencies } (O_i) &= 200 \\ \text{Therefore, } e_i &= \frac{200}{5} = 40 \end{aligned}$$

**Table 8: Computed of Response Frequencies on Inflexible Work Standards and Close Supervision**

$O_i$	$e_i$	$(O_i - e_i)$	$(O_i - e_i)^2$	$\frac{(O_i - e_i)^2}{e_i}$
52	40	12	144	3.6
67	40	27	729	18.225
20	40	- 20	400	10.00
43	40	3	9	0.225
18	40	- 22	484	12.1
Total				44.15

Degrees of freedom =  $(k - 1) = (5 - 1) = 4$

Significant level = 5%

Calculated  $\chi^2 = 44.15$

Tabulated  $\chi^2 = 9.49$

### Decision Rule

Reject  $H_0$  where  $\chi^2$  calculated  $> \chi^2$  tab.

Accept  $H_0$  where  $\chi^2$  calculated  $< \chi^2$  tab.

### Decision

From the table above,  $\chi^2$  calculated = 44.15 and  $\chi^2$  tabulated at 4 degrees of freedom and 0.95 significant level = 9.49. Since calculated  $\chi^2 > \chi^2$  tabulated, we reject  $H_0$  and accept  $H_1$

### Conclusion

From the results of the analysis, we can conclude that the greater there is low or no opportunity for sales people to management themselves with little or no formal supervision, the more likely they resign.

### Discussion of Results

The results of this study confirm that the variables considered in the theoretical framework are important. By focusing solely on tasks, ignoring the quality of boss-subordinate relationship, the organizations are perhaps not harnessing the full potentials of its salesforce, thereby encouraging the rate of quit by employees. It seems worthwhile to investigate into and remedy this situation in Nigeria. It would be useful if our organizations could balance both task with employee relationship. This will help to reduce turnover among sales-employees, and in turn, enhance, the effectiveness of the organization. If sales employees are involved in decisions affecting them, given freedom for independent action, with improved boss-subordinate interaction and allowed to use personal initiative, they would tend to exhibit less stereotypical behaviour and reduce job mobility. Knowing that sales employees bring in different kinds

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of perspective to organizational matters (Mark et al, 1993, Saleznik, 1990; Vroom and Yetton, 1973 and Kouses and Posner (1987). It is quite possible that having your sales personnel as partners of the firm will enhance the organizational effectiveness and leadership prowess while reducing turnover.

#### **Conclusion**

Based on the findings of this study, it can be concluded that management style though multi-dimensional in approach is crucial in salesforce performance and turnover. Therefore, both task and employee orientation is important in harnessing full potential of salespeople. It is also concluded that if management can treat its salesforce as human resource to be valued rather than merely as a source of labour cost to be minimized by the firm, supported with a high level of managerial commitment and motivation would improve overall performance and the ability of the salesforce to stay on course in the organization without considering exit.

#### **Recommendations**

Based on this, it is recommended that management of organizations should have a romantic view of leadership with its sales employees, this romanticized view of management would help them focus on and meet organizational needs and aspirations of sales force.

Secondly, management should develop the culture of “self managed” teams and groups, with leadership freely and openly practiced together with its sales employees – this would serve as a vehicle for reaching hidden potentials of sales employees.

Thirdly, most researches have found that even the best quality programmes are bound to fail if employees are not involved. Therefore, management should know the value of employee involvement. Thus friendly, trusting and respectful relationships with sales employees who are allowed to be involved and participate in decisions affecting them would cause the sales employees to perform the task satisfactorily. However, management can use at least a little of each style, without putting more emphasis on either tasks or employees. With this approach, motivational impact could be created, hence increasing satisfaction and reducing the tendency for sales employees to leave the organization. A shift from managerial focus of cost cutting to realm of humanistic values is quite important. This implies ensuring that people feel they are valued, while influencing them to behave in ways that will satisfy both the organization and individual needs. More specifically, management’s choice of leadership style should be contingent upon various forces of the manager, of the subordinate and of the work situation.

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