The role of uncertainty and sales control in the development of sales manager trust

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Abstract

Purpose – The purpose of this paper is to extend previous research on trust and sales control to develop and test an argument that links informational uncertainty to the development of managerial trust in the salesperson.

Design/methodology/approach – Hypotheses are developed suggesting that shared goals and length of attachment reduces uncertainty, which has the effect of promoting managerial trust in the salesperson. In addition, it is hypothesized that sales control will have a (negative) moderating effect on these uncertainty-trust relationships. Data were collected from 100 sales managers to measure their: sales control strategies, degree of trust, goal congruence, and the relationship tenure with three of their salespeople. An ordinary least squares regression analysis was used to test a model of hypothesized relationships.

Findings – The results supported a direct and positive relationship between lower uncertainty (via goal congruence and relationship tenure) and managerial trust in the salesperson. Furthermore, the results confirmed that sales control had a negative moderating effect on these relationships.

Research limitations/implications – These study findings are important to researchers because the literature strongly suggests that trust is critical in the relationship between sales manager and salesperson and so furthering the understanding of trust-building strategies is an important advancement to academic sales research.

Originality/value – Managers can use this study to understand and recognize factors that impact trust development while avoiding the potential risks of salesperson opportunism. Examples are provided as to how practitioners can operationalize these findings to build more productive relationships with their salespeople.

Keywords Sales management, Trust, Sales force, Employee relations

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

When does a sales manager trust his/her salespeople? The answer to this question is important since a manager's trust has been shown to positively impact salesperson job satisfaction (Boles *et al.*, 2007; Brashear, Boles, and Brooks, 2003; Brashear, Manolis, and Brooks 2003; Dirks and Ferrin, 2002), commitment to the relationship (Morgan and Hunt, 1994), cooperative behavior (Jones and George, 1998), attitudes (Dirks and Ferrin, 2002), retention (Dirks and Ferrin, 2002), and bottom line performance (Atuahene-Gima and Li, 2002; Brashear, Manolis, and Brooks, 2003; Dirks and Ferrin, 2002). Because trust produces such benefits, managers need to develop and implement strategies to build trusting relationships with their salespeople in order to maximize organizational effectiveness and minimize costs. However, managers must be careful when trusting salespeople. This is because trust, by its very nature (Blau, 1964; Ouchi, 1979; Williamson, 1985), involves less dependence on formal controls and as such, exposes the manager (and sales organization) to potential opportunism on the part of the salesperson. For example, by choosing not to require a salesperson to submit a weekly activity report, a manager has no assurance that the salesperson's day will be spent on pursuing new business opportunities rather than developing his/her driving skills at the golf course. This poses the question of how can a manager trust a salesperson while still protecting himself/herself from the perils of opportunism.

Theory suggests that the best protection against salesforce opportunism is to reduce uncertainty using sales control systems (Anderson and Oliver, 1987; Oliver and Anderson, 1994). Using sales control, managers balance approaches to maximize salesforce effectiveness, customer relationships, and firm growth (Pelham, 2006). Research suggests that sales

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managers may use two primary sales control mechanisms: outcome-based and behavior-based (Anderson and Oliver, 1987). In particular, it is theorized that when uncertainty in a salesperson's capabilities, motives, and goals are low then a "hands-off" management approach (i.e. outcome-based sales control) that relies heavily on rewards to drive performance may be the best governance option (Williamson, 1985; Krafft, 1999). Given the nature of this control approach, it appears reasonable to conclude that managers may also be more inclined to trust salespeople when uncertainty is low. This is because when a salesperson over time has demonstrated a track record of performance, there is reason to believe that subsequent performance will be consistent (i.e. less uncertainty in future outcomes). Thus, sales control may be viewed as playing a moderating (i.e. relationship changing) role between salesforce uncertainty and trust. Though intuitively this makes sense, more empirical work is needed to confirm these relationships. We attempt to provide further insights into this issue by addressing the following questions: when uncertainty is low, can a manager more safely trust a salesperson? If so, how then does sales control impact the development of that trust?

In this study, we extend previous research on trust and sales control to develop and test an argument that links informational uncertainty to the development of managerial trust in the salesperson. We develop and test hypotheses relative to the direct effects of uncertainty and the moderating influence of sales control on a manager's trust in the salesperson. To date, little research has been done to study these effects. Moreover, this study fills an important void in the literature by examining the construct of trust from the sales manager's perspective. This is important since we show that a manager's willingness to trust a salesperson stems, in part, from his/her ability to manage uncertainty. We test our proposed theoretical argument using a sample of sales managers. Our results demonstrate the important role that uncertainty and sales control play in the development of managerial trust in the salesperson.

Theory and hypotheses

Sales force governance

Researchers have used a number of theoretical frameworks to study sales force governance (Anderson, 1985; Anderson and Oliver, 1987; Eisenhardt, 1989; Krafft, 1999; Oliver and Anderson, 1994, 1995; Ouchi, 1979; Williamson, 1985, 1996). One in particular, transaction cost analysis (TCA) suggests that sales managers will attempt to implement governance mechanisms that economically address their knowledge and information processing limitations and reduce potential salesperson opportunism (i.e. to use deception to further own self-interests). Sales managers use a variety of sales force governance mechanisms (such as employment contracts, quotas, sales reports, and commission compensation, etc.) to discourage salesperson opportunism. More specifically, opportunism is managed by reducing uncertainty (Williamson, 1985) and in sales force governance, sales control systems (Anderson and Oliver, 1987; Krafft, 1999; Oliver and Anderson, 1994) are often used to do so.

There is a well-established body of literature (Anderson and Oliver, 1987; Krafft, 1999; Oliver and Anderson, 1994, 1995) suggesting that managers rely on sales control methods that focus on performance outcomes (using commission compensation and monitoring of units sold, revenues generated, or sale profitability) when they know the salesperson and believe that he/she can be trusted to do their professional duties. However, at higher levels of uncertainty (i.e. the manager knows little about the salesperson or how he/she will act), research (Anderson and Oliver, 1987; Krafft, 1999; Oliver and Anderson, 1994) suggests that managers may rely on behavior-based control strategies to better ensure that the salesperson properly performs his/her duties. This mode of sales control involves direct monitoring, close supervision, and salary compensation. In support of this perspective, Krafft (1999) found a positive relationship between high levels of uncertainty and managers' use of behavior-based sales control. Given this relationship, we ask what role uncertainty plays in a manager's selection of alternative methods of salesforce governance (e.g. trust). To address this question, we first examine the relationship between sales control and trust.

Sales control and trust

Williamson (1985) suggests that when a manager chooses to trust a subordinate, he/she is exposed to higher risk and economic cost. Consistent with this perspective, Ouchi (1979) concluded that in order to engage in cooperative behavior, people must balance the degree to which they monitor and to trust each other. Both researchers agree that sales control and trust are different and that the risks to managers (who choose to trust) are much greater based on the inability to know whether a subordinate is doing his/her job. In other words, for a manager to confidently be able to trust a salesperson, he/she must have good reason to do so (Lewis and Weigart, 1985). A key point from this body of literature is that if trust is high, sales control can be lower; however, without trust, sales control must exist to reduce uncertainty. Total dependence on trust is unlikely to ever occur due to potentially high exposure to risk. To better understand the circumstances in which managerial trust in a salesperson is warranted, it is necessary to discuss the interpersonal nature of trust.

Rotter (1967, 1971, 1980) defines trust as an expectancy held by a person that the word, promise, oral or written statement of another individual can be relied on. Consistent with Rotter, trust in the sales manager – salesperson context has been defined as the belief on the part of the sales manager that a particular salesperson will fulfill his/her obligations (Swan *et al.*, 1985). An example here is a manager may trust that his/her salesperson will spend the day making sales calls as opposed to playing golf or shopping. Trust, unlike sales control (where various mechanisms may be used to ensure/verify performance), is a cognitive or affective state that needs to develop between two exchange members and develops from repeated social and exchange interactions, future obligations, and the belief that each party will fulfill its obligations in the long-run (Blau, 1964). However, similar to sales control, a manager's decision to trust a salesperson will be based on the belief that he/she will act in a predictable manner. This is exemplified by Porter *et al.* (1975, p. 497) who suggests, "... where there is trust there is the feeling that others will not take advantage of me ..." Thus, for a manager to place trust in a salesperson there must be the basis for utmost certainty that the salesperson will fulfill his/her commitments. This typically stems from previous interactions and experiences with that salesperson (i.e. "...this salesperson has never let me down before...").

Prior research suggests that sales force management may involve tradeoffs between sales control and trust (Williamson, 1985). In support of this position, McAllister (1995, p. 30) states that "...where one person, interdependent with another, cannot count on that individual to be dependable and reliable (i.e. trust), he/she can take steps to manage the uncertainty inherent in the situation (i.e. sales control)..." Thus, there is evidence in the literature that suggests that uncertainty is a consideration for both trust and sales control in the decisions of sales managers. More specifically, the need to reduce uncertainty becomes an important determinant in managing salespeople. So what then are some important factors for managers to consider when assessing uncertainty? The answer to this question has important ramifications in determining whether a manager should trust a salesperson.

Uncertainty and trust

The sales literature identifies a number of factors that impact uncertainty which then directly affect trust development. Prior research found that knowledge of salesperson trust-relevant work experiences (Lines *et al.*, 2005) and shared values/goal congruence (Lewicki *et al.*, 1998; Morgan and Hunt, 1994; Whitener *et al.*, 1998) reduce uncertainty while simultaneously facilitating higher levels of trust between managers and salespeople. Trust studies in other domains support this position in that opportunistic behavior and trust are found to be negatively related (Morgan and Hunt, 1994). Here, the risk of opportunism results from the lack of knowledge one exchange partner has about the other (or the knowledge that he/she had behaved opportunistically in the past). This results in higher uncertainty and decreased trust. Consistent with this perspective, McAllister (1995) identifies shared values, goals, and length of attachment as main sources of trust. If we focus our study on these main trust elements, the question now becomes, how do managers view these factors relative to the core concept of uncertainty? Furthermore, what is the impact of reducing uncertainty (via such factors) on the development of managerial trust (in the salesforce)?

We propose that shared goals (i.e. goal congruence between manager and salesperson) and length of attachment (i.e. relationship tenure) reduces uncertainty, which has the effect of promoting managerial trust in the salesperson. Furthermore, we propose that sales control will have a moderating effect on the sales manager-salesperson relationship that, if not properly managed, may impede trust development.

Hypotheses development

According to Anderson and Schmittlein (1984), uncertainty is an important consideration in managerial governance decisions. In the sales domain, such decisions represent the tools that sales managers use to enhance salesperson performance (Oliver and Anderson, 1994). Since salesperson performance motivators are dependent on individual goals and group/cultural norms (Lewin and Johnston, 1997), performance may vary from salesperson to salesperson. Thus, a primary role of the sales manager is to utilize the information that they have about a particular salesperson to establish strategies designed to maximize his/her performance (Ingram *et al.*, 2006). Examples of such information include the length of the manager-salesperson relationship, knowledge of salesperson's experience or expertise, and knowledge of the salesperson's goals (to mention a few). According to Williamson (1985), these represent informational uncertainty in that they encompass the knowledge that one exchange partner has about the other. Given such knowledge, a sales manager can decide how to best manage the salesperson to achieve optimum levels of performance. For example, by knowing that a particular salesperson has a personal goal and the expertise to be a top revenue producer, a manager may employ a more "hands off" strategy thereby allowing the salesperson freedom to generate sales on own and to establish a foundation for trust to develop.

Thus, the information about the salesperson's ability and intent (to produce sales) reduces uncertainty and provides the manager assurance that the salesperson will focus on those selling tasks needed to generate sales revenues (a goal that is also acceptable to the sales manager). Because lower levels of uncertainty encourage higher levels of trust, this suggests that higher levels of uncertainty may impede the development of trust. The extant sales literature on trust appears to support this position (Brower *et al.*, 2000; Castleberry and Tanner, 1986; DelVecchio, 1998; Lewicki *et al.*, 1998; Morgan and Hunt, 1994; Rich, 1998; Whitener *et al.*, 1998). In this study, we will focus on two specific factors, relationship tenure and goal congruence, that are posited to have a direct impact on informational uncertainty and managerial trust.

Relationship tenure

The length of time that a salesperson has reported to the same sales manager, identified here as relationship tenure, represents a source of informational uncertainty to the sales manager and as such is one factor that the manager can base his/her trust in the salesperson. This has been tested in the organizational setting by Lines *et al.* (2005) who showed that trust perceptions are based on trust-relevant work experiences and that an individual with a long history working with another organizational member has experienced more relevant episodes to base his/her trust. Other studies show that trust emanates from the length of attachment between parties as this serves to enhance effective communications (McAllister, 1995). For example, Perrone *et al.* (2003) show that tenure is key component in the development of trust between a specific supplier representative and a specific purchasing representative. Furthermore, Van Dam *et al.* (2008), discuss the important role of organizational tenure in the trust building process between a leader and subordinate. Another argument, as presented by Jackson *et al.* (2006) is that salespeople who remain in the particular manager's organization longer become privy to career development opportunities. By investing in the skill and capability development of these salespeople, managers are demonstrating increased levels of trust in salespeople as a valued organizational resource.

The sales inference from these studies suggests that relationship tenure is a trust building component that acts to mitigate informational uncertainty (to the manager) because more is known about the salesperson (e.g. performance record, behavior tendencies, level of skill and expertise, etc.). Furthermore, as the length of time that a salesperson has reported to the same manager increases, chances are that the salesperson's performance is consistent (they would not still be in the job if they were not performing). In turn, managerial trust in the salesperson should develop as the length of attachment between the two increases. Relative to relationship tenure, we hypothesize:

H1. Salesperson relationship tenure will be positively related to managerial trust in the salesperson.

Goal congruence

A second source of informational uncertainty involves the degree to which the sales manager and salesperson have common or congruent goals. Jackson and Tax (1995) reported that the degree to which a worker's values are congruent with those of the organization helps predict important outcomes such as job satisfaction and reduced turnover. When a person knows another individual well enough to identify their goal structure, they have the ability to evaluate if goal congruence exists or is possible. Goal congruence is an important uncertainty variable from the sales manager's perspective because when divergent goals are evident (i.e. one may desire to increase company profit margins while the other is primarily focused on increasing personal income), the manager will have to conclude that undesirable behavior is likely to result. Alternatively, when the manager's and salesperson's goals are aligned (e.g. both are focused on increasing profitability), they are more likely to forge productive working relationships, share information, and do things necessary to achieve those common goals (Rindfleisch and Heide, 1997). As a result, uncertainty as to where the salesperson's efforts will be devoted is lower since the manager has higher levels of confidence in the salesperson's intent to reach specific (shared) goals. The result is that the manager can assign a higher probability that the salesperson will exhibit selling behaviors leading to the attainment of common sales goals and trust may be used to supplement or possibly replace sales control. Therefore, we hypothesize that:

H2. Goal congruence between the manager and salesperson will be positively related to managerial trust in the salesperson.

Moderating impact of sales control

We propose that sales control has a moderating effect on the development of trust. This is because sales control is designed primarily to prevent partner opportunistic behaviors (Williamson, 1985). This stands in sharp contrast to trust which results from an expectation based on past behavioral experiences and confidence in future behaviors (Rotter, 1971). While guarding against opportunism may serve to ensure salesperson performance, there is no basis to suggest that sales control alone impacts trust. In fact, based on Williamson's (1985) argument sales control and trust should be negatively correlated (i.e. a manager employing high levels of control does so because there exists lower levels of trust). For instance, if sales control is used to govern a salesperson where informational uncertainty is already low (e.g. relationship tenure is high or goals are congruent), then the inference is that there must be another reason why the manager deems sales control necessary (i.e. "... if I know you so well but still insist on controlling you, then I must not trust you ..."). As a result, the salesperson becomes unsure of the manager's intentions and spends more time identifying ways to protect himself/herself resulting in high levels of frustration and perceived conflict. Thus, "over controlling" the salesperson and can be expected to reverse the positive effects of trust by creating conflict or salesperson rebellion. An important aspect of managerial trust development is not just saying "I trust you" but providing credible signals in the form of consistent and appropriate managerial behaviors (e.g. giving the salesperson room to operate). DelVecchio (1996) provides evidence of this notion in her study of how salespeople perceive managerial sales control. She asserts that one way that managerial trust in the salesperson can be demonstrated is through the amount of control afforded to the salesperson (by the manager) in a sales situation.

More recently, Mallin and Pullins (2009) found evidence that managerial sales control strategy serves to alter the direction of the relationship between organizational and interpersonal factors. They found that when a manager utilizes a sales control strategy based on monitoring sales activity (e.g. activity control) the effect on commission-based salesperson (intrinsic) motivation changes from positive to negative. In essence, the salesperson viewed the sales control as manipulative and over-controlling, thus negatively impacting motivation. In such circumstances, a manager is less likely to trust a salesperson that may choose to spend time on tasks irrelevant to accomplishing work goals. This leads us to hypothesize the following moderating relationships between sales control, relationship tenure, and goal congruence:

H3a Sales control will negatively moderate the effect of salesperson relationship tenure on managerial trust in the salesperson.

H3b. Sales control will negatively moderate the effect of goal congruence (between manager and salesperson) on managerial trust in the salesperson.

Other situational factors

To more fully specify our managerial trust model, we include two situational factors, the manager's ability to measure performance and his/her knowledge of the salesperson, to better examine the effect of uncertainty on trust. The ability to measure performance has an important impact on the effectiveness of governance mechanisms to offset salesperson opportunism. Essentially, when the sales manager is unable to identify when a salesperson has behaved opportunistically, he/she must rely more heavily on behavior-based sales control (Anderson and Oliver, 1987). Alternatively, when a manager has the ability to measure performance, less monitoring and supervision (i.e. an outcome-based sales control approach or even trust) may be used. Thus, a manager's ability to measure performance represents uncertainty relative to his/her ability to identify if a salesperson is performing their job functions (i.e. performance ambiguity). If the ability to measure performance is high, then uncertainty should be reduced facilitating higher levels of trust in the salesperson. This leads us to our fourth hypothesis:

H4. The ability to measure performance will be positively related to managerial trust in the salesperson.

A manager's general knowledge of the salesperson is another important factor that may impact managerial trust in the salesperson. Such knowledge (e.g. via a friendship, colleague in a non-direct reporting capacity, etc.) provides a strong basis for assigning confidence or predicting future salesperson behavior. Whereas trust has a cognitive foundation, individuals will decide if someone is trustworthy based on evidence or good reason (Lewis and Weigart, 1985). Such evidence serves as the basis for a reduction of uncertainty leading to trust decisions (Luhmann, 1979). Since the source of this general knowledge may come from other (non direct reporting manager-salesperson) relationships, there is a need to include this as a conditioning situational factor in our managerial trust model. We consider a manager's general knowledge of the salesperson different from relationship tenure because it involves knowing the salesperson outside of the manager-employee (direct report) setting. Here, a manager can gain additional insight into the trustworthiness of the salesperson (e.g. identifying the salesperson's personal belief and value system). Therefore, we expect that:

H5. The manager's general knowledge of the salesperson will be positively related to managerial trust in the salesperson.

Figure 1 is provided to summarize these hypothesized relationships.

Method

Sample

A questionnaire was provided to sales managers across different firms and industries and was designed to capture sales managers' perceptions relative to their use of sales force governance involving relative diverse sales organizations. Prior to administering the questionnaire, a sample of ten sales managers was selected to pre-test the survey. Managers were asked to complete the survey and provide comments on length of time to complete, instruction and question clarity, and overall survey flow. Based on their feedback, changes were made to clarify instructions and reduce the time needed to complete the survey.

On revising the questionnaire, a sample of sales managers was drawn from a sampling frame consisting of a directory of sales and marketing executives located in northeast Ohio (members of a local chapter of Sales and Marketing Executives International – SMEI). We contacted sales managers by phone (or in some cases in person) to solicit their participation. Those managers who agreed to participate in the survey were either provided with a paper version or a weblink to an online version of the survey. Paper surveys were provided to 85 sales managers of which 53 were returned completed for a response rate of 62 per cent. Also, 109 managers were sent an e-mail that had a weblink to an online version of the survey; 47 were returned for a response rate of 43 per cent. Overall, of the 194 sales managers who expressed interest in participating in the study, 100 usable responses were obtained for a response rate of 52 per cent. Based on membership information obtained from the director of the local SMEI chapter, the demographic profile of our sample respondents closely parallels that of the SMEI membership.

Consistent with Levin and Cross's (2004) sampling methodology (four subordinates to one manager in their case), sales managers were asked questions pertaining to any three individual (manager-identified) salespeople within their sales force. To ensure that the manager was providing information on three different salespeople (versus the same one), we asked for a ranking of each salesperson (1 = highest to 3 = lowest) relative to his/her output, behavior, and overall performance. This allowed us to gather information for a broader cross-section of salespeople relative to their level of performance.

Table I shows the demographic breakdown of the respondents. We tested for differences resulting from multiple data collection methods (paper versus online). We used the *t*-test for metric scales and non-parametric tests such as Wilcoxon-Mann-Whitney and Chi-squared test of equal proportions for non-metric scales and found no significant differences between subjects responding to our paper versus our online questionnaire. To test for non-response bias, we used the procedure outlined by Armstrong and Overton (1977) and found no significant differences between early and late responders for each of the variables used in the study.

Figure 1 Hypothesized relationships

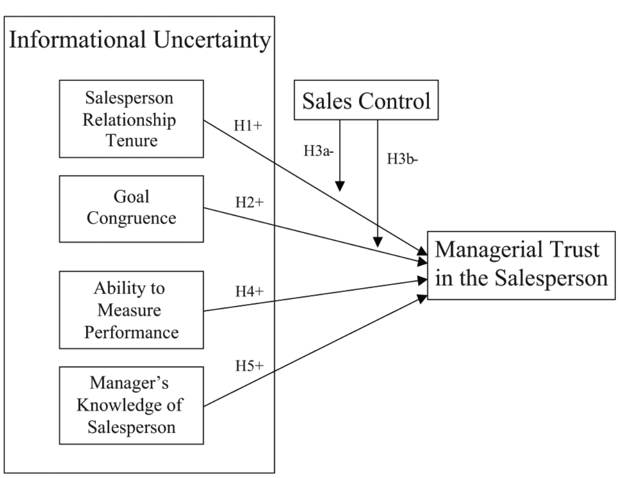

Table I Demographics of sample

	Mean	Per cent of total
Gender of sales manager		
Male		65
Female		12
Not specified		23
Average numberof SP reporting to sales manager	10.9	
Average years salesperson reporting to SM	3.3	
Primary customers are		
Businesses		74
Resellers		24
Consumers		2
Primary industry is		
Telecommunications		26
Publishing/printing		18
Financial services		15
Business services		13
Transportation services		10
Real estate services		6
Health care		5
Other (advertising, promotion, manufacturing)		7

Measures

Measurement items were drawn from existing scales. We used existing or slightly adapted measures to better conform to our study. The scales used along with the reliability estimates for each scale are included in the Appendix (Figure A1). The dependent variable managerial trust was measured for each salesperson by averaging four seven-point Likert scale items adapted from Zaheer *et al.* (1998). This measure seemed appropriate for our study because it combined two items directly measuring trust with two items measuring the manager's ability to confidently predict future behavior based on past experiences. Given the high reliability estimate for this scale (Cronbach's alpha = 0.87), the latter two items suggest that past experiences provide a foundation for the manager to base his/her trust in the salesperson.

Sales control was measured using the control index methodology developed by Krafft (1999). This method adapted from Cravens *et al.* (1993) and also utilized by Oliver and Anderson (1994), produces a formative index that reflects the predominant sales control approach (more outcome-based or more behavior-based) that the manager uses to govern his/her sales force. Four components were used to compute this index:

1. the reporting that managers use to monitor their salespeople;
2. the information and measures that managers use to evaluate their salespeople;
3. the percentage of salesperson compensation that comes from salary; and
4. the number of salespeople reporting to the manager (i.e. span of control).

Each component was converted to its z-score equivalent and the average of the three components was used to compute the overall sales control index for the sales manager sample (see Krafft, 1999). This scale ranged from -6.67 to $+4.76$ with more outcome-based control being depicted by negative values and more behavior-based control by positive values.

Two uncertainty variables and two situational factors were also measured and computed. Goal congruence was measured by asking sales managers questions adapted from Jap's (1999) study (see Appendix, Figure A1). A high score indicated that the sales manager perceived that he/she and the individual salesperson had congruent goals. The second uncertainty variable, salesperson relationship tenure (the length of time that salesperson has worked for the manager), was a direct measure. The situational factor, ability to measure performance was measured by adapting two scales developed by Krafft (1999). Here, managers were asked three questions relative to their ability to measure salesperson outcomes and three questions relative to their ability to measure salesperson behaviors. By averaging the results of all six items, a composite score for this variable was generated. The second situational factor, knowledge of the salesperson was measured by averaging the manager's response to two items based on past experiences with the salesperson. The Cronbach's alphas for all measures exceeded 0.70 (see Table II) thereby demonstrating acceptable levels of internal consistency (Nunnally, 1978).

Validation of measures

Descriptive statistics, correlations, and reliability measures for the variables in this study are identified in Table II. Convergent validity of the independent variable measures was examined by computing the average variance extracted (AVE). These values are reported with the descriptive statistics in Table II. All AVE values exceeded the 0.50 limit recommended by Fornell and Larker (1981); moreover, all of the items had significant loadings on their corresponding constructs. Thus, we concluded that our measures had acceptable levels of convergent validity. We also tested for discriminant validity by confirming that no single item loaded more highly on another construct than it did on the construct it was intended to measure (Fornell and Larker, 1981). Overall, our results suggest that our measures exhibited acceptable levels of convergent and discriminant validity. Confirmatory factor analysis (CFA) was used to assess the measurement model. These statistics suggested the model was a reasonable fit. Finally, all variables were tested for excessive skewness and kurtosis. None of these indices fell outside of acceptable limits (Avlonitis and Panagopoulos, 2006).

Analysis

Prior to our analysis, all variables were mean-centered and examined for multicollinearity (Hair *et al.*, 1998). Aiken and West (1991) recommend mean centering data when testing for interaction effects so that the main effects represent the effects of each predictor at the mean level of the other. As Table II shows, no unreasonably large correlations were observed between any of the independent variables and the largest Variance Inflation Factor (VIF) was 1.45 (for the manager's knowledge of salesperson), which is substantially smaller than the largest limit of ten specified by Neter *et al.* (1996).

The relationship between managerial trust and our variables of interest was investigated using OLS regression models. This method of analysis was deemed appropriate based on the work of Krafft (1999) who used a similar approach for investigating the antecedents to sales control using the sales control index method described here[1]. First, we developed a model for our entire sample (100 managers reporting on 296 salespeople[2]) to examine the importance of relationship tenure, goal congruence, and the moderating effects of sales control on trust while conditioning for two situational factors: manager's knowledge of the salesperson and the organization's ability to measure performance.

To test the moderator effects, we compared both the direct and interaction effects on trust. Evidence of a moderating effect exists when the moderator variable changes the form of the relationship between another independent variable and the dependent variable (Aiken and West, 1991; Hair *et al.*, 1998). To explore the form of the interaction, a simple slope test was conducted (Aiken and West, 1991; Cohen *et al.*, 2003).

To gain additional insight into the moderating effect of sales control we then divided the sample into managers that used predominantly outcome-based sales control and those that used behavior-based sales control and developed separate trust models for each. For all effects, standardized beta coefficients are reported for each variable in order to better assess the relative importance of each variable on managerial trust.

Table II Descriptive statistics, correlations among variables, and reliability estimates

Construct	1	2	3	4	5	6
1 Managerial trust	(0.87)					
2 Ability to measure performance	0.15*	(0.71)				
3 SM knowledge of SP	0.69*	0.08	(0.83)			
4 Salesperson relationship tenure	0.21*	0.08	0.20*	1		
5 Goal congruence btw SM and SP	0.59*	0.04	0.50*	0.03	(0.79)	
6 Sales control	0.06	−0.06	0.07	−0.01	0.03	1
Mean	5.78	4.29	5.92	3.27	5.35	0.00
Standard deviation	1.17	0.90	1.06	2.17	1.31	0.60
Avg. variance extracted (AVE)		0.51	0.69		0.62	

Notes: * Correlation is significant at the 0.01 level (two-tailed); $n = 296$ salespeople reported by 100 sales manager respondents; Cronbach's alpha reliability scores are reported in parentheses along the diagonal

Results

The results of the regression models used to test the impact of our variables of interest on managerial trust are shown in Table III[3]. The model explained 60 per cent of the variance in managerial trust (R-squared $= 0.60$; adjusted R-squared $= 0.59$; model F-value $= 48.06$; $p < 0.01$). Relationship tenure was found to have a positive and significant impact on managerial trust ($b = 0.09$, $p < 0.05$). Thus, our results support *H1*. Similarly, goal congruence between the manager and salesperson was also found to have a positive and significant impact on managerial trust ($b = 0.34$, $p < 0.01$), which supports *H2* as well as McAllister's (1995) assertion that shared goals and length of attachment is a main source of trust development.

The moderating impact of sales control on trust was tested by separately computing the interaction effects of sales control * relationship tenure ($b = -0.12$, $p < 0.01$) and sales control * goal congruence ($b = -0.12$, $p < 0.01$) on managerial trust. Figure 2 graphically illustrates these effects using a simple slope test (Aiken and West, 1991; Cohen *et al.*, 2003). In the first graph (see Figure 2, the slope of the relationship between relationship tenure on trust at high and low levels of sales control were estimated (i.e. one standard deviation above for high and one standard deviation below for low). The results are plotted using unstandardized estimates. This analysis indicates relationship tenure has a positive impact on trust at low levels of sales control but not at high levels. Thus, sales control will negatively moderate the relationship between salesperson relationship tenure and managerial trust. A similar test showing similar effects using goal congruence illustrates support for both *H3a* and *H3b*. The results of our two hypotheses involving the effects on trust of ability to measure performance ($b = 0.10$, $p < 0.05$) and manager's knowledge of the salesperson ($b = 0.49$, $p < 0.01$) were also supported (i.e. *H4* and *H5*).

To gain additional insight as to how our results might differ depending on the predominant sales control strategy used by sales managers, we split the sample and examined managerial trust for managers that used more outcome-based sales

Table III Regression models of managerial trust in the sales force

Independent variables	Entire sample model		OBSC portion model		BBSC portion model	
Intercept	0.00		0.00		0.00	
Ability to measure performance	0.10*	(2.41)	0.11	(1.19)	0.14	(1.57)
SM knowledge of SP	0.49**	(10.33)	0.36**	(4.87)	0.64**	(10.09)
Relationship tenure	0.09*	(2.11)	0.04	(0.46)	−0.03	(−0.21)
Goal congruence btw SM and SP	0.34**	(7.42)	0.57**	(5.41)	0.32**	(3.50)
Sales control	0.05	(1.11)	0.03	(0.54)	−0.04	(−0.65)
Rel. tenure * Sales control	−0.12**	(−2.76)	−0.22*	(−2.04)	0.04	(0.26)
Goal congruence * Sales control	−0.12**	(−2.95)	0.11	(1.07)	−0.19*	(−2.02)
Sample size[a]	296	(100)	151	(51)	145	(49)
F-value for model	48.06**		22.54**		27.95**	
R-square	0.60		0.60		0.65	
Adjusted *R*-square	0.59		0.57		0.62	
Avg. sales control system profile						
Average number of obsc boxes checked[b]	1.9		2.1		1.7	
Average number of bbsc boxes checked[b]	4.2		3.6		4.7	
Average percentage of comp from salary	49.4		29.8		65.9	
Average managerial span of control	10.9		16.0		6.7	

Notes: [a] Sample size is salespeople reported on by sales managers (in parentheses); [b] boxes check relative to type of measures/reporting and information/evaluation; * $p < 0.05$, ** $p < 0.01$; Depended variable = Trust; reported values are standardized betas (t-values reported in parentheses)

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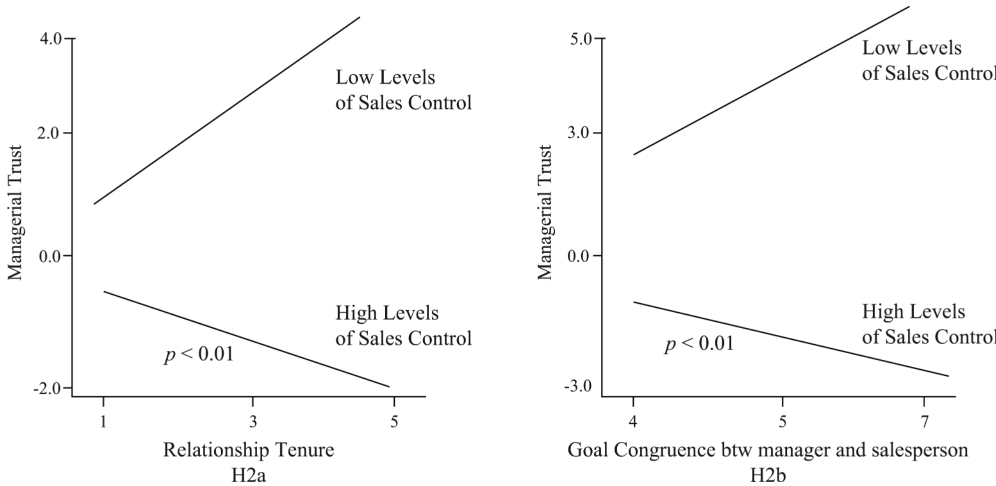
Figure 2 Interaction of sales control and relationship tenure/goal congruence on managerial trust



control ($n = 51$ managers; 151 salespersons) and those that used more behavior-based sales control ($n = 49$; 145 salespersons). The outcome-based model (see Table III – OBSC portion model) explains 60 per cent of the variance in managerial trust (R-squared $= 0.60$; adjusted R-squared $= 0.57$; model F-value $= 22.54$; $p < 0.01$). Here, managerial trust was positively related to goal congruence ($b = 0.57$, $p < 0.01$) and negatively related to the interaction term, relationship tenure * sales control ($b = -0.22$, $p < 0.05$). The behavior-based model (see Table III – BBSC portion model) explains 65 per cent of the variance in managerial trust (R-squared $= 0.65$; adjusted R-squared $= 0.62$; model F-value $= 27.95$; $p < 0.01$). However, in contrast to the outcome-based model, managerial trust was positively related to goal congruence ($b = 0.32$, $p < 0.01$) and negatively related to the interaction term, goal congruence * sales control ($b = -0.19$, $p < 0.05$).

Discussion

In this study, we develop and test a series of hypotheses linking informational uncertainty to the development of managerial trust in the salesperson. Our results suggest that sales control plays a moderating role by actually reducing managerial trust in the salesperson. Support for each of our hypotheses was found across the entire sample of sales managers. These findings confirm that managerial trust develops when a sales manager can reduce uncertainty through his/her relationship with a particular salesperson (i.e. relationship tenure) and by identifying if the goals of that salesperson match those of the firm (i.e. goal congruence). Furthermore, managerial trust deteriorates if sales controls are used in conjunction with conditions where trust is warranted (e.g. relationship tenure and goal congruence are high).

In *H1* and *H2*, we argue that trust develops via a reduction in informational uncertainty. Our results suggest that low levels of relationship tenure are a source of uncertainty to sales managers. In the beginning stages of the manager-salesperson relationship (when relationship tenure is low), the two have had limited interactions. This impedes managerial trust because there is no basis for the manager to establish expectancy, which increases the uncertainty in knowing how the salesperson is likely to react in sales situations. However, as relationship tenure increases, the manager becomes more familiar with the salesperson, (possibly through joint calls and assessment of skill levels) which reduces uncertainty and encourages higher levels of managerial trust. Since in practice a manager has limited control over relationship tenure (i.e. time is the determining factor), support of *H1* has more theoretical than managerial relevance.

As it becomes apparent to the manager that the salesperson is striving to achieve sales goals that are congruent with their own, it is speculated that information sharing and cooperation are more likely to occur in order to reach mutually desirable goals. This would have the effect of reducing the uncertainty (to the manager) regarding how the salesperson is likely to act since it is in the salesperson's best interest to achieve the sales manager/firm goals. Support of *H2* indicates that when this happens, managerial trust increases.

To better understand if the moderating effect of sales control differed based on whether control was more outcome-based or behavior-based, we split the sample into two groups (managers using a predominantly outcome-based control and predominantly behavior-based control strategy). We found that the effects differed based on the predominant sales control strategy used. When managers use sales control to govern salespeople whom they have had a longer direct-reporting relationship with (i.e. greater relationship tenure), managerial trust is lower. This effect was confirmed via the interaction between relationship tenure * outcome-based sales control but not for the interaction between relationship tenure * behavior-based sales control. One explanation for this is that relationship tenure may be considered a function of the organizational reporting structure and outcome-based sales control represents a system of controls that are primarily established by the sales organization (i.e. the compensation plan, organizationally developed performance measures, and evaluation format and frequency). For example, while attempting to generate more sales, a manager decides to leverage the compensation plan by increasing the salespersons' percentage of pay from commission to 60 per cent (from 40 per cent). For the salespeople whom he/she has the longest relationship tenure, this can be a signal that he/she has lower levels of trust in those salespeople's ability to generate sales without having to impose added (outcome-based) control mechanisms. The implication of this particular decision is that by signaling lower trust to these (longer tenured) salespeople, a decline in salesperson organizational commitment, satisfaction with the manager, and trust in the manager may result. This explains and illustrates our findings that support *H3a*.

Support for *H3b* suggests that when a manager acknowledges that he/she and the salesperson share the same goals but still feels the need to utilize sales control, trust is diminished. We confirmed this by showing the negative relationship between trust and the interaction term goal congruence * behavior-based sales control. Because of the relational nature of behavior-based sales control (focus is on supervision, coaching, salesperson development, etc.) more "hands on" management is required to ensure that selling activities are executed in pursuit of harder to measure goals such customer satisfaction, high quality proposals, and presentations (to mention a few).

For situational factors, the manager's ability to measure performance was found to be an important consideration when determining whether a salesperson can be trusted. Without this ability, managers cannot be certain that salespeople will not behave opportunistically (Anderson and Oliver, 1987; Williamson, 1985). Confirmation of *H5* suggests that if ability to measure performance is high, then uncertainty should be reduced leading to higher levels of trust in the salesperson. Furthermore, for trust to flourish some checks and balances need to be in place. By shear nature of its availability, performance measures may act as a deterrent to salespeople acting opportunistically. Knowing this, managers may be more apt to trust salespeople when they can readily measure performance. Second, the manager's general knowledge of the salesperson, which considers the manager's personal relationship (friendship, colleague in a non-direct reporting capacity, etc.) with the salesperson, was also found to have an important impact on trust because it serves to reduce informational uncertainty. Overall, based on the explanatory power of our models, the variables and interaction effects used in our study do a good job in explaining a sales manager's trust in his/her salesforce.

Managerial implications

This research has practical implications for sales managers seeking to develop strategies to build trusting relationships with their salesforce. First, because of the many positive consequences associated with trust (e.g. salesperson job satisfaction, relationship commitment, cooperative behavior, performance, etc.), managers can use this study to understand and recognize factors that impact trust development while avoiding the potential risks of salesperson opportunism. Furthermore, our study indicates that when managers use an improper balance of sales control with trust, the resulting impact on trust development may be felt in terms of increased costs and lower efficiency. We think this latter point is important because a critical aspect of managerial trust is not just saying "I trust you" but also providing "credible" signals in the form of behaviors demonstrating this. In salesforce management such behaviors are evident when managers allow the trusted salesperson the space to do their job and provide them support only when needed and requested.

Managerial implications relative to relationship tenure and goal congruence suggest that when a manager has had limited exposure to a salesperson (i.e. relationship tenure is low) there is a fundamental need for the manager to sit down with the salesperson to understand his/her goals and selling motivation. In practice, this can be handled through regular and periodic account and performance reviews, strategy planning sessions, and discussions about joint expectations. If, during these discussions, it is determined that the salesperson's goals are aligned with the manager's, then there is a basis for trust to develop. If not, then trust may not be advised. This can be illustrated using an example. A manager, recognizing that he/she and his/her salesperson share the same sales goals, feels that the salesperson requires more skill development to be more effective in reaching those goals (e.g. information gathering techniques, effective proposal development and presentation techniques, etc.). Although goal congruence provides the basis for managerial trust, this trust is somewhat diminished based on the perceived need to still provide coaching, mentoring, and monitoring to improve the salesperson's skill level (i.e. a behavior-based sales control strategy). The implication of this decision is that a manager can trust the salesperson whose goals match those of the organization as long as they feel the salesperson has adequate skills and capabilities needed to achieve those goals.

Conclusion

To our knowledge, this is one of a few studies that examine the influence of uncertainty and sales control strategies on managerial trust. To address this void we study trust from the sales manager's perspective and find that a manager's willingness to trust a salesperson (and collectively his/her sales force) results, in part, from his/her ability to manage uncertainty. Furthermore, we show that managers who use sales control under conditions of low informational uncertainty are less likely to trust their sales force. We think this is the case because managers who chose sales control to govern their salespeople when there is a basis for trust, risk creating conflict and salesperson rebellion – both detriments to relationship development.

This study has important implications to sales researchers because the literature strongly suggests that trust is critical in the relationship between sales manager and salesperson and so furthering our understanding of trust building strategies is an important advancement of this body of academic research. However, to date, uncertainty has been studied relative to its use in choosing a sales control strategy and has been all but ignored in studies explaining its effect on managerial trust. Our research extends the study of uncertainty to show that (like sales control) managers must assess and mitigate informational uncertainty in order to determine if trust in a salesperson is warranted.

While our study may benefit sales research and the practice of sales management, it does have a few methodological limitations that should be pointed out. First, each of the managers used in our study provided information on three of their salespeople to represent their entire sales force. We recognize that this is surrogate sales force measure and may cause some concerns relative to violating the independence assumption of the (regression) analysis method used. We chose this method primarily to keep the survey length reasonable and to be consistent with other studies that used a similar data collection approach (Levin and Cross, 2004). Second, we asked for managers to rank each of the three salespeople to ensure that they are reporting on different salespeople. Based on this, we have no guarantees that the three were not all high (or low) performers. Subsequent studies could ask managers to choose a high, medium, and low sales performer and think of those individuals when responding to the study survey questions. Doing so would provide a more identifiable sample of the manager's salesforce and would also enable further trust studies that compare our hypothesized trust relationships across varying levels of salesperson performance. Finally, based on our method of computing the sales control index using a z-score of our measure (from Krafft, 1999), caution must be used when generalizing our findings for *H3a* and *H3b* to a larger population beyond our sample. Other analytical techniques may be considered for future research, which include conducting a path analysis (using PLS or SEM – dependent on the sample size obtained) to test for any mediating effects of sales control between trust and its antecedents. Doing this would help to generalize our findings to a larger population and shed further light on the role that sales control plays in managerial trust of their salespeople.

We hope this study will pave the way to more research on managerial trust in the sales force area. Since there are many benefits of trust in the manager-salesperson relationship, both researchers and practicing sales managers stand to gain from incremental knowledge in this area of sales force management.

Notes

1 Oliver and Anderson (1994) originally conceptualized the sales control index as a formative indicator consisting of four dimensions. To better understand the weighting of these components on the sales control index, we replicated the analysis using Visual PLS. This provided the following percentage weightings: monitoring (reporting) -0.18, evaluating -0.20, rewarding (salary %) -0.30, and directing (span of control) -0.32. This analysis indicates that the measure of sales control is not excessively weighted by any one of the four components.
2 Four salespeople were removed from the sample due to missing data values.
3 We randomly selected one salesperson record from each manager's reported data and reran the analysis to determine if, based on the sampling approach used (three salespeople reported on by each sales manager), violation of the independence assumption needed for regression analysis skewed our results. Based on this test, no significant differences in the mean values for our variables of interest were found.

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Appendix

Figure A1

Sales Control Index – component 1 (**Source:** Krafft 1999)
(Check all the boxes that apply)

What are the measures that you use to evaluate your salespeople?
- ❑ Number of sales calls [b]
- ❑ Qualitative aspects of selling (e.g. product knowledge, presentation skills, etc..) [b]
- ❑ Servicing of customers (e.g. customer satisfaction) [b]
- ❑ Performance (sales units & volume) [a]

What kind of information do you receive from your salespeople?
- ❑ Number of sales calls [b]
- ❑ Sales in units and volume [a]
- ❑ Sales promotion activities [b]
- ❑ Knowledge/activities of competitors [b]

[a] item indicative of outcome-based sales control [b] item indicative of behavior-based sales control

Sales Control Index – component 2 (**Source:** Krafft 1999)
Approximately what percentage of your salespeople's cash compensation comes from fixed salary?
______ %

Sales Control Index – component 3 (**Source:** Krafft 1999)
How many salespeople report directly to you? ____

Managerial Trust items: (**Source:** Zaheer, McEvily, and Perrone 1998; Cronbach's alpha = 0.87)
(7-point Likert scale anchored by 1="strongly disagree" to 7 = "strongly agree")

	Salesperson 1 ______ ID	Salesperson 2 ______ ID	Salesperson 3 ______ ID
1. I trust this salesperson			
2. This salesperson is trustworthy			
3. I know how this salesperson is going to act			
4. This salesperson can always be counted on to act as I expect			

Goal Congruence items: (**Source:** Jap 1999; Cronbach's alpha = 0.77)
(7-point Likert scale anchored by 1="strongly disagree" to 7 = "strongly agree")

	Salesperson 1 ______ ID	Salesperson 2 ______ ID	Salesperson 3 ______ ID
1. This salesperson and I have different goals (reversed)			
2. This salesperson and I have compatible goals			
3. This salesperson and I support each other's objectives			

Manager's Knowledge of Salesperson items: (**Source:** new scale; Cronbach's alpha = 0.83)
(7-point Likert scale anchored by 1="strongly disagree" to 7 = "strongly agree")

	Salesperson 1 ______ ID	Salesperson 2 ______ ID	Salesperson 3 ______ ID
1. Based on my past experiences with this salesperson, I know how he/she will act.			
2. Based on my past experiences with this salesperson, I feel that I know him/her.			

Ability to Measure Performance items: (**Source:** Krafft 1999; Cronbach's alpha = 0.71)
(7-point Likert scale anchored by 1="strongly disagree" to 7 = "strongly agree")

1. Outcome measures (such as overall sales) precisely represent the actual effort of my salespeople
2. One can precisely infer each of my salesperson's actual individual selling effort from the outcome measures (such as overall sales)
3. There are many factors beyond the control of my salespeople that influence the selling outcome (reversed)
4. It is possible for me to closely supervise my salespeople
5. It is difficult for me to evaluate how much effort my salespeople really put into this job (reversed)
6. I travel so much that close supervision of my salespeople is impossible (reversed)

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Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefits of the material present.*

Give me one good reason why I should trust you? The trouble with you is that you are far too trusting. Trust me, I know what I am doing. If you cannot trust me, who can you trust? We have all lots to say about trust. It is important to the way we live our lives, and for all the safeguards and controls we can build to protect ourselves from danger, disappointment or deceit, there has to be an element of trust.

In business, managers might trust their staff to do a good job but might be failing in their own job if they relied merely on trust and did not have any control systems – whether carrots or sticks – to encourage efficiency. But how do you strike the right balance? That is a particularly important question for sales managers who couldnot operate effectively without affording their salespeople a degree of trust and autonomy.

Sales managers use a variety of sales force governance mechanisms (such as employment contracts, quotas, sales reports, and commission compensation etc) to discourage salesperson opportunism. However, opportunism can be managed by reducing uncertainty. When a manager knows the salesperson and believes that he or she can be trusted to do their professional duties, sales control methods can focus on performance outcomes.

Most sales managers will have a degree of uncertainty about the effectiveness of their staff. However, when that uncertainty in the salesperson's capabilities, motives and goals is low, a "hands-off" management approach (i.e. outcome-based sales control) that relies heavily on rewards to drive performance might be the best governance option.

The more you trust, however, the more opportunity there is for that trust to be abused. Yet the less you trust, the less likely you are to achieve the benefits which can come from a contented salesperson determined to live up to the manager's trust. There has to be some sort of trade-off. For a manager to be able to trust a salesperson, he or she must have a good reason to do so. Such trust-building aspects of the relationship may involve, for instance, relationship tenure (the length of time the salesperson has reported to the same sales manager) and goal congruence (the degree to which they have common goals).

Achieving that all-important balance is considered by Michael Mallin *et al.* in "The role of uncertainty and sales control in the development of sales manager trust." When managers use an improper balance of sales control with trust, the resulting impact on trust development may be felt in terms of increased costs and lower efficiency. A critical aspect of managerial trust is not just saying "I trust you" but also providing credible signals in the form of behaviors demonstrating this. In sales force management such behaviors are evident when managers allow the trusted salesperson the space to do their job and provide them support only when needed and requested.

Because of the many positive consequences associated with trust (for example, sales person job satisfaction, relationship commitment, cooperative behavior, performance, etc.), managers must understand and recognize factors that impact trust development while avoiding the potential risks of salesperson opportunism. When a manager has had limited exposure to a salesperson (i.e. relationship tenure is low) there is a fundamental need for the manager to sit down with the salesperson to understand his/her goals and selling motivation. In practice, this can be handled through regular and periodic account and performance reviews, strategy planning sessions, and discussions about joint expectations. If, during these discussions, it is determined that the salesperson's goals are aligned with the manager's, then there is a basis for trust to develop. If not, then trust may not be advised.

A manager, recognizing that he/she and his/her salesperson share the same sales goals, feels that the salesperson requires more skill development to be more effective in reaching those goals (e.g. information gathering techniques, effective proposal development and presentation techniques, etc.). Although goal congruence provides the basis for managerial trust, this trust is somewhat diminished based on the perceived need to still provide coaching, mentoring, and monitoring to improve the salesperson's skill level (i.e. a behavior-based sales control strategy). The implication of this decision is that a manager can trust the salesperson whose goals match those of the organization as long as they feel the salesperson has adequate skills and capabilities needed to achieve those goals.

The study found that a manager's willingness to trust a salesperson (and collectively his/her sales force) results, in part, from his/her ability to manage uncertainty. Furthermore, managers who use sales control under conditions of low informational uncertainty are less likely to trust their sales force. Managers who chose sales control to govern their salespeople when there is a basis for trust, risk creating conflict and salesperson rebellion – both detriments to relationship development.

(*A précis of the article "The role of uncertainty and sales control in the development of sales manager trust". Supplied by Marketing Consultants for Emerald.*)