

The Impact of Performance Management and Empowering Leadership on Personal Motivation: A Study Case of Sales Force Performance in Retail Market

by Andre Setiawan Hatane Semuel Serli Wijaya

Submission date: 31-Aug-2022 07:49AM (UTC+0700)

Submission ID: 1889708449

File name: 2022-INSYMA_19th-Omarhadi-Semuel-Wijaya-Full_Paper.pdf (201.13K)

Word count: 3187

Character count: 18909

The Impact of Performance Management and Empowering Leadership on Personal Motivation: A Study Case of Sales Force Performance in Retail Market

Andre Omarhadi^{1*}, Hatane Samuel², Serli Wijaya³

²¹
123Faculty of Business and Economics, Petra Christian University, Surabaya
Jalan Siwalankerto 121-131 Surabaya, 60254 East Java Indonesia
*Andre Omarhadi. Email: D21210015@john.petra.ac.id

ABSTRACT

The global Covid-19 pandemic has brought the world into a new era that has prompted demands for changes in various sectors, including the management of sales forces in retail stores. Changes in consumers' habits due to the pandemic have raised challenges for sales force management to increase its sales forces' personal motivation to encourage optimal work behavior. This study aims to identify the impact of performance management and empowering leadership on constructing the personal motivation of the sales forces in the retail market. The survey of this research was conducted on 223 sales forces from various sectors, such as food & beverages, personal care, home care, etc., who work in retail stores in East Java, Indonesia. The data obtained in this study were discussed in two parts, the first is a descriptive analysis, and the second is an analysis of the relationship between concepts. The results of this study reveal that performance management and empowering leadership directly and significantly affect personal motivation of the sales forces in the retail market.

Keywords: *performance management, empowering leadership, personal motivation.*

1. INTRODUCTION

In the increasingly fierce competition in the business world, a promotion strategy is one factor that determines the success of business sustainability. One of the promotion strategies commonly implemented in the business world is a personal selling strategy. The aforementioned strategy is widely applied by various companies, one of which is the placement of sales forces in a number of retail stores to increase the sales of the company's products.

The global Covid-19 pandemic is one of the factors that has caused many companies to question the effectiveness of the personal selling strategy through the sales force. The Covid-19 pandemic, which has been spreading since early March 2020 in Indonesia, has encouraged people to live a 'stay at home' lifestyle [1]. The emergence of this phenomenon has caused a shift in the number of consumers who prefer to shop online. The phenomenon of changing the way of shopping indeed has

the potential to reduce the number of visitors who directly shop at retail stores.

This change phenomenon requires the company's management to evaluate the implementation of this strategy. However, declining this strategy also has the potential to increase the number of unemployed, which will negatively impact the national economy. In addition, the personal selling strategy is also beneficial as a means for companies to build direct relationships with customers. This dilemma encourages the company's management to be agile learners. Increasing the company management's understanding of various factors that may improve the sales forces' performance is very important to provide the best solution in increasing the effectiveness of the sales forces placed in retail stores.

One of the theories related to efforts in improving employees' performance is the self-determination theory. Self-determination theory is a theory that offers an evidence-based framework to company management on

how to motivate employees effectively [2]. Based on this theory, humans are said to have three psychological needs consisting of autonomy, competence, and attachment, which are matters needed in constructing motivation that encourages optimal work behavior [3]. Thus, it is necessary to conduct research to dive into the various factors that can increase the sales forces' work motivation.

In an effort to drive an increase in the sales forces' work motivation, there are two dimensions of manageable management roles, namely performance management and social support [4]. One of the leadership types considered capable of providing social support for its members is empowering leadership [5]. According to the various theories presented above, this research then aims to analyze the impact of performance management and empowering leadership on the construction of the personal motivation of the sales forces in the retail shops.

2. LITERATURE REVIEW

In an effort to create an organization's competitive excellence, it is necessary to fulfill the sales forces' basic needs to encourage them to construct personal motivation in performing their work responsibilities [6]. Personal motivation was defined as a form of inner strength that encourages individuals to expend effort in performing works [7]. Various studies indicate that motivated employees can act as engines for marketers to acquire, use, and share explicit knowledge about customers, products/services, and markets to meet customers' expectations. Higher motivation would encourage employees' willingness to acquire new knowledge and learn in the workplace [8]. More motivated employees was stated that could help companies to create organizational value [9].

One of the influencing factors in encouraging the construction of personal motivation is the performance management applied by the company. Performance management can be defined as an integrated human resource management process in setting goals, assessing, reviewing, and encouraging employees to create a company's competitive excellence [10]. Through performance management, the company management needs to make decisions related to sales force planning, including determining goal setting, financial reward structures, training, monitoring, and evaluation [11]. An example of sales performance management implementations that are quite closely related to the construction of sales forces' motivation is the policy on financial rewards determination. Each different financial reward policy will undoubtedly have a different impact on employee motivation as well. For example, implementing an achievement-based reward system tends to allow employees to be more motivated, seek more opportunities and work harder because they see that their efforts lead to clear rewards [12]. Based on the relationship between sales performance management and

the sales forces' personal motivation, the following research hypotheses are generated:

H₁: Performance management has a significant influence on sales force' personal motivation.

In addition to performance management, social support was stated as another factor that drives the motivation increase [4]. One type of leadership considered capable of providing social support for its members is empowering leadership [5]. Empowering leadership was defined as a process in which the leader delegates decision-making power to employees, expresses confidence in the employees' ability to handle tasks, makes employees responsible, increases meaning in their works, and provides resources for employees, including support in performing their job responsibilities [13]. The empowering leadership implementation can generate employees' four cognitions of psychological conditions, such as meaning, competition, self-determination, and impact [14]. Empowering leadership has an impact on increasing the level of motivation for everyone involved [15]. Empowering leadership also allows organization members to feel more meaningful; thus, it may increase employees' motivation to make some efforts to help the organization or company in achieving its goals effectively and efficiently [5]. Based on the relationship between empowering leadership and personal motivation from such studies, the following research hypotheses were generated:

H₂: Empowering leadership has a significant influence on sales force' personal motivation.

The following figure is the model of this research:

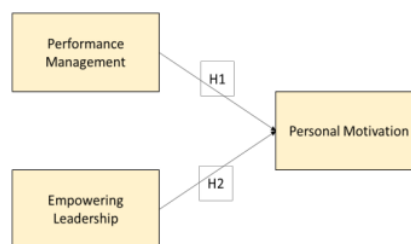


Figure 1 Research Model

3. RESEARCH METHOD

This study is quantitative research. In this study, sales forces working in East Java retail stores are the target population. The sampling method used in this research is non-probability sampling with purposive sampling technique, where research samples are selected based on certain predetermined criteria, such as sales forces are still actively working, based in the East Java area, and working for sales promotion of foods & beverages, home care, or personal care products in retail stores.

Primary data is obtained through an online survey in the form of a questionnaire filled by the respondents via Google Form. Through the distributed online questionnaire, each respondent is instructed to fill in with Likert scale answers, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) for the variables of performance management, empowering leadership, and personal motivation. Furthermore, the primary data collected is processed using Smart PLS software.

The performance management variable in this study is defined operationally as an integrated sales force management process in setting goals, assessing, reviewing, and motivating sales forces to create a company's competitive excellence [10]. Furthermore, the empirical indicators used in this performance management variable are as follows [11]:

PM1. The company sets performance targets that are understandable for sales forces.

PM2. The company establishes a benefit structure in line with the sales forces' expectations.

PM3. The company provides valuable training for sales forces.

PM4. The company optimally conducts sales forces' performance monitoring process.

PM5. The company optimally evaluates the sales forces' performance.

For the empowering leadership variable, empowering leadership in this study is defined operationally as a form of leadership characterized by the division of authorization by the company management to encourage sales forces to have decision-making autonomy and participate in voicing opinions; thus, sales forces can foster a sense of ownership over their roles and work results [16]. Besides, the empirical indicators used in this empowering leadership variable are four cognitions of employee psychological conditions, which include meaning, competence, self-determination, and impact [14]. Empirical indicators of empowering leadership variables used in this study are:

EL1. The leader encourages sales forces to feel meaningful in their work.

EL2. The leader encourages sales forces competency improvement as needed.

EL3. The leader provides autonomy or freedom for sales forces in performing their work responsibilities.

EL4. The leader supports various sales forces' inputs that may positively impact the company.

Then, the personal motivation variable in this study is defined operationally as a form of energy strength within the sales forces and is influenced by the work environment, which encourages sales forces to expend efforts to improve their performance [7].

Furthermore, the empirical indicators used in this personal motivation variable are as follows [7]:

PMTV1. The sales force enjoys the work they do.

PMTV2. The sales force feels that they are the company's representatives.

PMTV3. The sales force feels capable of fulfilling all their job responsibilities.

PMTV4. The sales force doesn't mind performing a particular task, even if it involves extra effort to complete that task.

4. RESULT

4.1. Profile of Respondents

In this study, 223 respondents had filled out the questionnaire completely and were confirmed to be included in the predetermined respondent criteria. The majority of respondents are female (88.3% of the total respondents) and 22-39 years old (90.6% of the total respondents). Almost half of the total respondents (40.4%) stated that they have been working as sales forces in retail stores for more than five years. Most of them (75.8% of the total) work in companies operating in the food & beverages business.

4.2. Pilot Study

In this study, all questions used to measure empirical indicators have gone through a testing construct validity process, namely the process of formulating questions based on several previous studies that have been through contextual adjustments in the sales force world carried out several experts in this field. Besides, in an effort to test the validity and reliability of the empirical indicators in this study, the research instruments were also tested on 30 respondents. Based on this test result, the corrected item-total correlation (rcount) of all empirical indicators in this study exceeded the critical r of 0.3. Then, the cronbach's alpha value of all variables also exceeded the minimum value of cronbach's alpha; value 0.7. Thus, all valid and reliable empirical indicators can be used to test the suitability of the research model using the PLS-SEM statistical technique.

4.3. Discussions

The results of the analysis of the relationship between concepts in this study are shown in Table:

Table 1 Path Analysis Result

Path Model	Path Coefficient	t statistics	p values	Information
PM → PMTV	0.452	5.775	0.000	H1 is approved
EL → PMTV	0.432	5.249	0.000	H2 is approved

Based on the significance test results on the relationship between performance management and personal motivation variables, it was found that performance management had a significant impact on the construction of sales forces' personal motivation. This aligns a previous research which stated that performance management is a process to assess, monitor, and motivate employees to achieve performance goals [10]. Most research efforts related to performance management, specifically the sales force, have focused on sales and behavioral performances from both motivational and control perspectives [17]. A previous research also state that one of the most influential factors on sales performance is the personal element, including role perceptions, talents, skill levels, and motivation levels [18].

One example of the performance management implementation which is quite closely related to the construction of sales forces' motivation is the policy on financial rewards determination. Each company must have a different financial reward policy tailored to the company's strategy. Each different financial reward policy will certainly have a different impact on employee motivation as well. For example, implementing an achievement-based reward system tends to allow employees to be more motivated, seek more opportunities and work harder because they see that their efforts lead to clear rewards [12]. Another example of the performance management implementation that also impacts motivation is the goal-setting strategy, where the goals set by management are usually used to motivate and direct sales efforts and provide the basis for performance standards. In addition, a series of training, monitoring, and evaluation systems in performance management are also encouraged to construct sales forces' motivation to work better.

Furthermore, based on the significance test results on the relationship between the empowering leadership and personal motivation variables, it is also found that the empowering leadership variable had a significant impact on the construction of sales forces' personal motivation. It is in accordance with the statement of previous research, which stated that empowering leadership allows organization members to feel more meaningful; thus, it increases employees' motivation [5]. Empowering leadership can increase the level of motivation for all organization members involved [15].

The influence of empowering leadership on the construction of sales forces' personal motivation is also evident from the characteristics of the four cognitions of psychological conditions created by empowering leadership, which include meaning, competence, self-determination, and impact [14]. These four cognitions of psychological conditions will be able to encourage sales forces to understand the importance of their positions within the team, involve team members in the decision-

making process, instill self-confidence; thus, the increase in sales forces' personal motivation can be realized [13].

5. CONCLUSION & RECOMMENDATION

This study concludes that performance management and empowering leadership are two variables that directly and significantly affect personal motivation of the sales forces in the retail market. The results of this study confirm the self-determination theory, which states that humans have three psychological needs consisting of autonomy, competence, and attachment, which are the matters needed to construct motivation [3]. In relation to motivation, there are two types of motivation, namely autonomous and controlled motivation [2]. The empowering leadership implementation will produce an autonomous type of motivation that encourages certain behavior determined by each individual. Meanwhile, the performance management implementation within a company will produce a controlled motivation that may promote the determined contingent behavior. This study indicates that these two types of motivation are equally needed; thus, they need to be harmonized for sales forces.

The results of this study provide managerial input that the company's management needs to encourage the involvement of sales forces in developing a performance management system, so the system could assist in constructing sales forces' personal motivation. One example is determining the employees' wage structure. In determining the wage structure, the company's management needs to benchmark towards companies operating in similar industry categories to ensure that the set wage structure is able to construct sales forces' motivation.

Moreover, companies also need to encourage the creation of empowering leadership forms of each leader by developing an open and participatory organizational culture, so it can be an umbrella that unites all company members with the same values, assumptions, habits, and beliefs. In an effort to construct sales forces' personal motivation, leadership in company management also needs to encourage the interpersonal relationships between management and sales forces. One of the procedures to create interpersonal relationships is a mentoring program that is commonly conducted. The company can prepare this mentoring program to provide support for sales forces to continue to grow.

REFERENCES

- [1] Yuswohady, Industry Megashift 2021 After Pandemic. Invent.ure, Jakarta, 2021.
- [2] Ryan, R.M. and Deci, E.L., Chapter four – brick by brick: The origins, development, and future of self-determination theory, In Elliot, A.J. (Ed.) Advances in motivation science (Vol. 6), Elsevier, 2019

- [3] Deci, E. and Ryan, R.M. The importance for universal psychological needs for understanding motivation in the workplace. In M. Gagne, (Ed.), *The Oxford handbook of work engagement, motivation and Self-Determination theory*, Oxford University Press, New York, 2014.
- [4] Ghoshal, S., & Bartlett, C. A., Linking organizational context and managerial actions: The dimensions of quality of management, *Strategic Management Journal*, 15, 91-112, 1994.
- [5] Zhang, X., & Bartol, KM, Linking Empowering Leadership and Employee Creativity : The Influence of Psychological Empowerment, Intrinsic Motivation, and Creative Engagement Process. *Academy of Management Journal*, 53 (1), 2010, pp. 107-128.
- [6] Van den Broeck, A., Ferris, D.L., Chang, C.H. and Rosen, C.C., A review of self-determination theory's basic psychological needs at work, *Journal of Management*, 42(5), 2016, pp. 1195-1229, doi: 10.1177/0149206316632058.
- [7] Oren, Lior, Aharon Tziner, Yulia Nahshon, and Gil Sharoni, Relations Between Ocb's, Organizational Justice, Work Motivation And Self-Efficacy, *The Protection of Consumer Rights in the Field of Economic Services of General Interest no. XV (34)*, 2013, pp. 505-516.
- [8] Noe, R.A., Tews, M.J. and Dachner, A.M., Learner engagement: a new perspective for enhancing our understanding of learner motivation and workplace learning, *Academy of Management Annals*, Vol. 4 No. 1, 2010, pp. 279-315.
- [9] Lee, M.T., Raschke, R.L. and St. Louis, R., Exploiting organizational culture: configurations for value through knowledge worker's motivation, *Journal of Business Research*, Vol. 69 No. 11, 2016, pp. 5442-5447.
- [10] Aguinis, H., *Performance Management*, Pearson/Prentice Hall, Upper Saddle River, NJ, 2007.
- [11] Sudhahar, J. Clement, *Sales Force Management, Strategic Marketing Management in Asia*, Emerald Group Publishing Limited, Bingley, 2016, pp. 447-473. <https://doi.org/10.1108/978-1-78635-746-520161016>
- [12] Grigoruta, M. V., Change in Romanian organizations: A management culture approach, *Journal of Organizational Change Management*, 19, 747, 2006.
- [13] Ahearne, M., Mathieu, J. and Rapp, A., To empower or not to empower your sales force? An empirical examination of the influence of leadership empowerment behavior on customer satisfaction and performance, *Journal of Applied Psychology*, Vol. 90 No. 5, 2005, pp. 945-955.
- [14] Thomas, KW, & Velthouse, BA., Cognitive Elements of Empowerment : An "Interpretative" Model of Intrinsic Tsk Motivation, *Academy of Management Review*, 15, 1990, pp. 666-681.
- [15] Srivastava, A., Bartol, K.M. and Locke, E.A., Empowering leadership in management teams: effects on knowledge sharing, efficacy, and performance. *Academy of Management Journal*, Vol. 49 No. 6, 2006, pp. 1239-1251.
- [16] Chen, G., Sharma, P.N., Edinger, S.K., Shapiro, D.L. and Farh, J., Motivating and demotivating forces in teams: cross-level influences of empowering leadership and relationship conflict, *Journal of Applied Psychology*, Vol. 96 No. 3, 2011, pp. 541-557.
- [17] Fang, E., Evans, K. R., & Zou, S., The moderating effect of goal-setting characteristics on the sales control systems-job performance relationship, *Journal of Business Research*, 58, 2005, pp. 1214-1222
- [18] Cheung, Yu Ha and Florea, Liviu C., The Application of Performance Management in the Salesforce: A Chinese and Romanian Perspective, *Journal of Euromarketing* 18(3), 2009, pp. 139-156 <https://doi.org/10.1080/10496480903146524>

The Impact of Performance Management and Empowering Leadership on Personal Motivation: A Study Case of Sales Force Performance in Retail Market

ORIGINALITY REPORT

10%

SIMILARITY INDEX

6%

INTERNET SOURCES

8%

PUBLICATIONS

1%

STUDENT PAPERS

PRIMARY SOURCES

- 1** Yu Ha Cheung. "The Application of Performance Management in the Salesforce: A Chinese and Romanian Perspective", *Journal of Euromarketing*, 07/2009 2%
Publication
- 2** lutpub.lut.fi 1%
Internet Source
- 3** pu.edu.pk 1%
Internet Source
- 4** Hanan AlMazrouei. "Empowerment leadership as a predictor of expatriates job performance and creative work involvement", *International Journal of Organizational Analysis*, 2021 1%
Publication
- 5** Khawaja Khalid Mehmood, Shahbano Saeed. "Exploring the Nexus between Empowering Leadership and Work Engagement through Employee Resilience during Times of Covid" 1%

19", Sustainable Business and Society in Emerging Economies, 2021

Publication

6	Garuda.Kemdikbud.Go.Id Internet Source	1 %
7	redined.mecd.gob.es Internet Source	1 %
8	Submitted to Coventry University Student Paper	<1 %
9	positivepsychologyprogram.com Internet Source	<1 %
10	Ad de Jong, Jeroen J.L. Schepers, Cristiana R. Lages, Selma Kadić-Maglajlić. "The role of the service manager's perceived career success in frontline employees' learning processes and service improvement", Journal of Business Research, 2021 Publication	<1 %
11	Journal of Chinese Human Resource Management, Volume 2, Issue 1 (2012-08-06) Publication	<1 %
12	Y A Priastiwi, Muhrozi, B H Setiadji, R B K Adi. "Effect of trass substitution in sand on the compressive and flexure strength of concrete", IOP Conference Series: Earth and Environmental Science, 2022 Publication	<1 %

13	cswim.s3-website-ap-northeast-1.amazonaws.com Internet Source	<1 %
14	cyberleninka.org Internet Source	<1 %
15	www.researchgate.net Internet Source	<1 %
16	apaxresearchers.com Internet Source	<1 %
17	isarder.org Internet Source	<1 %
18	rabida.uhu.es Internet Source	<1 %
19	Muhammad Arshad, Neelam Qasim, Omer Farooq, John Rice. "Empowering leadership and employees' work engagement: a social identity theory perspective", <i>Management Decision</i> , 2021 Publication	<1 %
20	Zhengwei Li, Chenye Qiu, Kai Zeng, Feirong Wang. "Gain or loss: the double-edged effect of empowering leadership on employees' innovative behaviours", <i>Chinese Management Studies</i> , 2022 Publication	<1 %
21	journalofethnicfoods.biomedcentral.com	

Exclude quotes On

Exclude matches < 5 words

Exclude bibliography On