

## Ambidextrous Sales Force Management in Retail Stores

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### Abstract

*The digital transformation has created various changes in the retail industry, such as changes in consumer shopping behavior. These changes present challenges for marketing managers to innovate in sales force management to remain competitive. The concept of individual ambidexterity is considered an alternative intervention strategy in sales force management. Individual ambidexterity behavior includes explorative behavior that continues to look for new opportunities and exploitative behavior that increases routine operational efficiency. This research examines the influence of performance management and empowering leadership on the formation of individual ambidexterity behavior which encourages sales force performance. The survey in this research was conducted on 223 salespeople who work in retail stores in various food and beverage, personal care, cosmetics, and pharmaceutical sectors in East Java, Indonesia. The research results show that empowering leadership has a direct positive effect on the formation of individual ambidexterity, while performance management has no direct positive effect on the formation of individual ambidexterity. This study also shows that individual ambidexterity directly influences sales force performance and mediates the relationship between empowering leadership and sales force performance.*

**Keywords:** Empowering Leadership; Individual Ambidexterity; Performance Management; Retail Stores; Sales Force.

### 1 Introduction

In the increasingly fierce competition in the business world, promotional strategies are one of the factors that determine the success of business continuity. One promotional strategy that is quite often used in the business world is the personal selling strategy. One form of implementing a personal selling strategy that is often carried out by various companies is placing sales personnel in a number of retail stores to help increase sales of the company's products.

The digital transformation is one of the factors causing many companies to question the effectiveness of personal selling strategies through the sales force. The digital transformation has caused a shift in a number of consumers who prefer to shop online. This phenomenon of changing the way of shopping certainly has the potential to reduce the number of visitors who shop at retail stores offline.

This change phenomenon requires company management to evaluate this strategy choice. However, the choice to abandon this strategy also has the potential to increase the number of unemployment which will certainly have a negative impact on the national economy. Apart from that, the personal selling strategy is also advantageous as a means for companies to build relationships directly with customers. Humans are still seen as having advantages in the form of high empathy and contextual thinking that cannot be replaced by technology. The existence of this dilemma encourages company management to become agile learners. Increasing company management's understanding of various factors that can improve the performance of sales personnel is very important to be able to provide the best solutions to increase the effectiveness of sales personnel placed in retail stores.

To find a solution, Ghoshal and Bartlett (1994) introduced a concept of individual ambidexterity believed to improve individual performance. Individual ambidexterity is a concept of combining explorative and exploitative abilities in an individual. Exploration is often related to looking for variations in existing routines that may lead to the creation of new things. In practice, this explorative behavior cannot stand alone and must be balanced by an exploitative behavior. In contrast to exploration, exploitation is often associated with the search for improvements and enhancements to existing forms of service, where the nature of the change is generally small and in service of the same consumers or markets (O'Reilly & Tushman, 2008).

In creating individual ambidexterity to support sales force performance, companies need to build a management system that encourages the creation of individual ambidexterity in each sales force. Ghoshal and Bartlett (1994) group two dimensions related to the role of management that can be carried out to encourage the creation of individual ambidexterity behavior in organizational members, namely performance management and social support. In implementing performance management to manage sales force performance, management can be more comprehensive in managing organizational efforts and resources to increase productivity and develop sales force competitiveness. One type of leadership that is considered capable of providing social support for its members is empowering leadership. Zhang and Bartol (2010) define empowering leadership as leadership that allows leaders to share power with members of their organization. This division of power is carried out through the process of conveying an optimal job description, providing greater autonomy in making decisions, and increasing the self-confidence of organizational members so that they can overcome various obstacles.

Furthermore, to provide the best solution for company management regarding the implementation of sales force placement strategies in retail stores, this research will discuss in more depth the influence of performance management and empowering leadership in encouraging the creation of individual ambidexterity in sales personnel to support increased sales force performance. In fact, a number of studies on various variables that can encourage the creation of individual ambidexterity to support sales force performance have been carried out in various fields, such as public employees (Luu et al., 2017), health services (Malik et al., 2017), and software technology (Lindskog et al., 2021). However, no research has been found on creating individual ambidexterity in the context of sales force management in retail stores.

The shift in consumer habits towards online shopping presents a challenge for sales personnel working in offline retail stores to develop individual ambidexterity behavior that balances exploration behavior looking for new opportunities and exploitation

behavior to increase the efficiency of existing operational routines. Through this research, it is hoped that the results obtained will be able to provide additional knowledge regarding various sales force management practices needed to encourage the creation of individual ambidexterity behavior in sales personnel so that solutions can be produced for management regarding more effective and efficient sales force management in this digital transformation era.

## **2 Literature Review**

### **2.1 Self Determination Theory**

One important component of effective sales force management is understanding how to improve performance through various influential antecedents. The quality of sales force performance can be managed through improvement of their overall well-being, motivation, and engagement in work (Gagné et al., 2014; Kuvaas et al., 2017). One theory related to efforts to improve employee performance is the self-determination theory. Ryan and Deci (2019) stated that self-determination theory is a theory that offers an evidence-based framework on how to effectively motivate employees to company management. Based on this theory, humans are said to have three psychological needs consisting of autonomy, competence, and attachment, which are the ingredients needed to create optimal motivation, well-being, and work behavior (Deci & Ryan, 2014). This self-determination theory has a substantial function for company management who are looking for guidance on how to motivate their employees because these three basic psychological needs describe environmental dimensions that facilitate positive motivational outcomes (Baard et al., 2004).

Another theory that shows the relationship between management behavior and employee responses as individuals is social exchange theory. A social exchange relationship is a long-term relationship invested jointly between management and employees, that is characterized by the exchange of economic and social-emotional resources (Rupp and Cropanzano, 2002). Thus, the fulfillment of economic and social-emotional resources by company management will encourage an employee to expend greater effort in carrying out their work responsibilities (Shore et al., 2006).

In this research, the performance activities of sales personnel can be divided into two types, namely exploitation and exploration behaviors. March (1991) stated that exploitation is a variety of processes that include production, efficiency, selection, implementation, refinement, and execution. Meanwhile, exploration is the search, diversification, risk taking, experimentation, flexibility, discovery, and innovation. The balance between these two contradictory behaviors is known as individual ambidexterity. Raisch et al. (2009) stated that individual ambidexterity is an important component needed to achieve increased performance through the simultaneous exploitation of existing resources and exploration of new opportunities. In an effort to create individual ambidexterity behavior, it is necessary to satisfy the basic psychological needs of salespeople to encourage the creation of motivation and commitment in carrying out job duties and responsibilities (Van den Broeck et al., 2016).

In an effort to create individual ambidexterity behavior to encourage increased performance in sales personnel, Ghoshal and Bartlett (1994) grouped two dimensions of management roles that could be managed, namely performance management and social support. The application of performance management to manage sales force performance allows management to be more comprehensive in managing organizational efforts and resources to increase productivity and develop sales force competitiveness (Cheung et al., 2009). The role of management behavior in shaping employee behavior is also recorded in social learning theory, which states that ambidextrous leaders can serve as role models for employees to imitate exploratory and exploitative behavior, which leads to the formation of individual ambidexterity in employees (Bandura, 2001). This ambidextrous leadership can be achieved through leaders who are not only able to determine appropriate performance management, but also provide social support in the form of support and trust to organizational members (Ghoshal and Bartlett, 1994). One type of leadership that is considered capable of providing social support for its members is empowering leadership (Zhang and Bartol, 2010). Through the various theories that have been presented, this research will then analyze the relationship between performance management and empowering leadership variables and the formation of individual ambidexterity behavior, which is expected to be able to encourage increased sales force performance.

### **2.2 The Relationship between Performance Management and Individual Ambidexterity**

Performance management of the sales force is one of the important aspects that determines the success of a company. Aguinis (2007) defined performance management as the process of assessing, monitoring, and motivating employees to achieve company goals. Meanwhile, McKenna and Beech (2008) defined performance management as the process of aligning various employee-related activities to achieve company goals. This approach to the process of aligning employee activities is also supported by Chase and Fuchs (2008) who stated that performance management is an integrated system where management and employees work together to set goals, assess, and review processes to encourage better performance. Thus, sales force performance management requires the ability to interpret abstract goals at the management level to become clearer and more practical operational goals at the employee level.

In this research, the performance activities of sales personnel can be divided into two types, namely exploitative and explorative behavior. March (1991) stated that exploitative is a variety of processes that include production, efficiency, selection, implementation, refinement, and execution. Meanwhile, explorative consists of search, variation, risk taking, experimentation, flexibility, discovery, and innovation. The balance between these two contradictory behaviors is known as individual ambidexterity. Gibson & Birkinshaw (2004) stated that individual ambidexterity is an individual's behavioral capacity to pursue conflicting demands, such as exploitative and explorative simultaneously. In an effort to create individual ambidexterity behavior, Ghoshal and Bartlett (1994) stated that performance management is one of the influencing antecedents. He & Wong (2004) also stated that creating a balance of exploitative and explorative requires substantially different structures, processes, strategies, capabilities, and cultures. Thus, it can be said that sales performance management will act as an input that determines the results of exploitative and explorative behavior produced in a sales activity. Based on the relationship between sales

performance management and the exploitative and explorative behavior of the sales force, the following research hypothesis was generated:

H<sub>1</sub>: Performance management influences the formation of individual ambidexterity.

H<sub>2</sub>: Performance management influences sales force performance.

## 2.3 The relationship between Empowering Leadership and Individual Ambidexterity

Another challenge in sales force development efforts is empowerment. Traditional management cultures of paternalism and authoritarianism often lack trust between managers and employees. In response to these challenges, some company management is developing new strategies to create changes in organizational culture and management practices (Dalton & Kennedy, 2007). One of these strategies is developing empowering leadership. Ahearne et al. (2005) stated that empowering leadership is a process in which the leader delegates decision-making power to employees, expresses confidence in the employee's ability to handle tasks, makes employees responsible, increases the meaningfulness of work, and provides employees with resources including support in carrying out their job responsibilities. Zhang and Bartol (2010) also defined empowering leadership as a form of leadership where management shares power with employees by providing a significant overview of work, providing greater autonomy in making decisions, growing employee self-confidence, and removing various obstacles to improve employee performance. Furthermore, Kleine et al. (2019) stated that empowering leadership is a dimension of leadership that empowers participation of organizational members in decision making and accountability in an effort to increase a sense of meaning and provide learning opportunities in an effort to self-develop organizational members to encourage optimal performance from members of the organization.

Apart from performance management, Ghoshal and Bartlett (1994) stated that social support is another antecedent in creating individual ambidexterity behavior. One type of leadership that is considered capable of providing social support for its members is empowering leadership. Zhang and Bartol (2010) stated that the application of empowering leadership will encourage leaders to give confidence to the ability of teams or organizational members to make decisions, including eliminating various administrative obstacles. This will certainly provide opportunities for flexibility in selecting exploitative and explorative according to the situation faced by the individual. Based on this relationship, the following research hypothesis is generated:

H<sub>3</sub>: Empowering leadership influences the formation of individual ambidexterity

H<sub>4</sub>: Empowering leadership influences sales force performance.

## 2.4 Relationship between Individual Ambidexterity and Sales Force Performance

In the concept of individual ambidexterity, exploitative and explorative behavior are two different variables that are both needed to support sales force performance. Holmqvist (2004) stated that exploitative behavior is needed to support performance in relation to increasing productivity and improvement. Meanwhile, explorative behavior is also needed regarding the creation of new variations or innovations through experimentation. Newell (2015) stated that in exploitation, salespeople access available knowledge to optimize performance. Examples of exploitative behavior in the context of the sales force include increasing the understanding of products and operational systems, as well as improving sales presentation skills (Locander et al., 2014). Meanwhile, during exploration the sales force will access new knowledge to produce something new. Examples of exploratory behavior in the context of salespeople include exploring customer needs and input to generate ideas for improvements for the company in the future. In the context of salespeople, Gibson & Birkinshaw (2004) stated that a salesperson who has ambidextrous abilities will be considered more able to survive in a dynamic environmental condition. Ambidexterity has long been viewed as an important driver of long-term performance (Raisch & Birkinshaw, 2008) which also leads to organizational survival (March, 1991). Based on the description of the relationship between these variables, the following research hypotheses are prepared as follows:

H<sub>5</sub>: Individual ambidexterity influences sales force performance

Furthermore, this research model also produces a mediating influence between variables as indicated by the following hypotheses:

H<sub>6</sub>: Individual ambidexterity mediates the relationship between performance management and sales force performance.

H<sub>7</sub>: Individual ambidexterity mediates the relationship between empowering leadership and sales force performance.

## 2.5 Research Model

Based on the relationship between variables in this research, the following is an image of the model in this research:

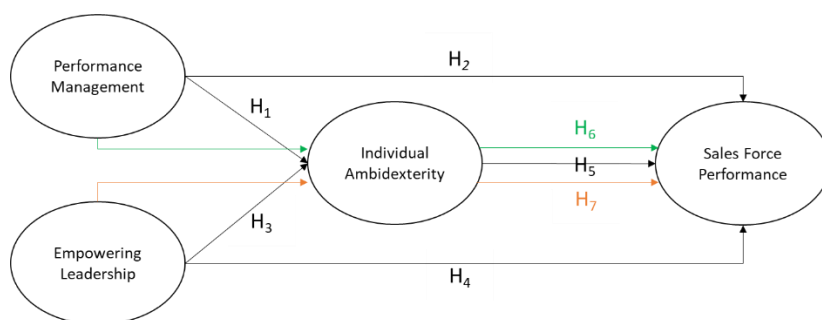


Figure 1. Research Model

### 3 Methodology/Materials

The type of research carried out in this research is explanatory quantitative research. This type of research will study causal relationships between variables by testing hypotheses that have been determined through analysis of numerical data using statistical techniques. In this research, we chose sales personnel who work at retail stores in East Java as the population. The sampling method used in this research is non-probability sampling with a purposive sampling technique, where research samples are taken based on certain predetermined criteria, which are sales personnel still actively working to date, currently living in the East Java region, and working in the field of sales promotions for Foods & Beverages, Home Care, or Personal Care products in retail stores.

In this research, the primary data source comes from an online questionnaire distributed to research respondents using Google Form. Through the distributed questionnaires, each respondent was asked to fill out with answers in the form of numbers on a Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) for the performance management, empowering leadership, individual ambidexterity and sales force performance variables.

Based on the results obtained, this research will then analyze the research data through descriptive analysis of research respondent profiles, descriptive analysis of research variable indicators, and analysis of relationships between concepts. Analysis of the relationship between concepts will begin with the testing of the validity and reliability of the research instrument, continued with the testing of research model suitability using the SmartPLS program. In hypothesis testing, the significance level set is 5%, which means that the error threshold for rejecting or accepting the hypothesis is at a maximum of 5%.

## 4 Results and Findings

### 4.1 Descriptive Analysis of the Research Respondent Profile

In this study, there were 223 respondents who had filled out the questionnaire completely and has been confirmed to fall within the predetermined respondent criteria. The following is respondent profile table from this research:

**Table1:** Research Respondent Profile

Variable	Description	Frequency	%
Gender	Male	26	11,7%
	Female	197	88,3%
Age Group	19-22 years old	15	6,7%
	22-39 years old	202	90,6%
	>39 years old	6	2,7%
Highest Education	Senior High School	177	79,4%
	Associate Degree	2	0,9%
	Bachelor Degree	44	19,7%
Family Status	Not Married	53	23,8%
	Married with no children	32	14,3%
	Married with children	138	61,9%
Business Field	Food & Beverages	169	75,8%
	Personal Care	25	11,2%
	Cosmetic	21	9,4%
	Pharmacy	6	2,7%
	Home Care	1	0,4%
Length of Work	Electronic	1	0,4%
	< 1 year	19	8,5%
	1-3 years	68	30,5%
	3-5 years	46	20,6%
	> 5 years	90	40,4%

### 4.2 Descriptive Analysis of Research Indicator Variables

Based on respondents' answers to each indicator question, this study calculated the average value of each indicator and variable in this study. Next, the mean value obtained will be used to determine the response category for each indicator and variable. Based on the mean values obtained in this study, most of the indicator mean values are included in the strongly agree category (4,2-5,0), and the rest are in the agree category (3,4-4,19).

**Table2:** Research Variable Descriptive Indicator Analysis Results

Indicator	Mean	SD	Indicator	Mean	SD
PM1	4,27	0,65	IA1	4,21	0,73
PM2	4,12	0,85	IA2	4,43	0,59
PM3	4,48	0,64	IA3	4,4	0,59
PM4	4,4	0,64	IA4	4,45	0,57
PM5	4,35	0,68	IA5	4,33	0,68

<b>Mean</b>	<b>4,33</b>	<b>0,69</b>	IA6	4,59	0,57
EL1	4,43	0,61	IA7	4,59	0,57
EL2	4,35	0,62	IA8	4,53	0,58
EL3	4,31	0,64	IA9	4,5	0,58
EL4	4,29	0,72	IA10	4,51	0,59
<b>Mean</b>	<b>4,34</b>	<b>0,65</b>	<b>Mean</b>	<b>4,45</b>	<b>0,61</b>
PMTV1	4,43	0,74	SFP1	4,41	0,59
PMTV2	4,15	0,8	SFP2	4,37	0,63
PMTV3	4,51	0,64	SFP3	4,42	0,62
PMTV4	4,24	0,74	SFP4	4,4	0,58
PMTV5	4,22	0,76	SFP5	4,3	0,72
<b>Mean</b>	<b>4,31</b>	<b>0,74</b>	SFP6	4,21	0,71
			<b>Mean</b>	<b>4,38</b>	<b>0,63</b>

### 4.3 Outer Model Testing

In this research, model testing was carried out through convergent validity average variance extracted (AVE), composite reliability and discriminant validity testing (Hair et al., 2014). Composite reliability testing is used to evaluate the internal consistency reliability of the construct. The following are the results of calculating the outer loading for each indicator, average variance extracted, composite reliability and Cronbach's alpha values in this research:

**Table3:** Measurement Model, AVE, Composite Reability, Cronbach's alpha

Variable	Items	Loading	Cronbach's alpha	Composite Reability	AVE
<b>Performance Management</b>	PM1	0,805	0,87	0,906	0,659
	PM2	0,76			
	PM3	0,767			
	PM4	0,868			
	PM5	0,853			
<b>Empowering Leadership</b>	EL1	0,843	0,892	0,925	0,756
	EL2	0,876			
	EL3	0,882			
	EL4	0,875			
<b>Individual Ambidexterity</b>	IA1	0,628	0,938	0,948	0,647
	IA2	0,847			
	IA3	0,824			
	IA4	0,838			
	IA5	0,768			
	IA6	0,828			
	IA7	0,814			
	IA8	0,84			
	IA9	0,795			
	IA10	0,838			
<b>Sales Force Performance</b>	SFP1	0,864	0,931	0,946	0,746
	SFP2	0,902			
	SFP3	0,883			
	SFP4	0,898			
	SFP5	0,797			
	SFP6	0,833			

Based on Table3, all indicators have an outer loading value of more than 0.7. These results indicate that all indicators in this research have met convergent validity. Furthermore, in calculating the average variance extracted (AVE), all variables in this study also had an AVE value more than the minimum limit of 0.5. Thus, all variables in this research can be declared valid (Hair et al., 2017). In composite reability testing, all variables in this study have a composite reliability value of more than 0.7,

which is very satisfactory. Apart from that, all variables in this study also had Cronbach's alpha values exceeding the minimum standard of 0.7. Therefore, it can be said that all variables in this study are in the reliable category (Sarstedt et al., 2017). The next testing in this research is discriminant validity testing. Discriminant validity testing is the result of calculating the Fornell Larcker Criterion values and cross loading of the variables in this study:

**Table4:** Fornell Larcker Criterion Calculation Results

Variable	Empowering Leadership	Individual Ambidexterity	Performance Management	Sales Force Performance
Empowering Leadership	0,869			
Individual Ambidexterity	0,78	0,804		
Performance Management	0,766	0,666	0,812	
Sales Force Performance	0,723	0,834	0,656	0,863

**Table5:** Cross Loading Value Calculation Results

Variable	Empowering Leadership	Individual Ambidexterity	Performance Management	Sales Force Performance
EL1	0,843	0,698	0,585	0,64
EL2	0,876	0,666	0,653	0,606
EL3	0,882	0,669	0,71	0,61
EL4	0,875	0,677	0,716	0,655
IA1	0,6	0,828	0,492	0,689
IA2	0,594	0,814	0,471	0,662
IA3	0,619	0,84	0,551	0,704
IA4	0,603	0,795	0,598	0,731
IA5	0,666	0,838	0,606	0,767
IA6	0,606	0,628	0,425	0,524
IA7	0,66	0,847	0,583	0,682
IA8	0,647	0,824	0,555	0,666
IA9	0,643	0,838	0,539	0,638
IA10	0,633	0,768	0,509	0,613
PM1	0,598	0,557	0,805	0,537
PM2	0,563	0,447	0,76	0,48
PM3	0,636	0,541	0,767	0,505
PM4	0,661	0,617	0,868	0,602
PM5	0,647	0,524	0,853	0,528
SFP1	0,626	0,777	0,572	0,864
SFP2	0,625	0,751	0,549	0,902
SFP3	0,679	0,749	0,559	0,883
SFP4	0,643	0,763	0,58	0,898
SFP5	0,581	0,624	0,581	0,797
SFP6	0,586	0,639	0,566	0,833

Based on Table4, all research variables have a higher correlation with their own variables compared to other research variables. Thus, all variables in this study have met the Fornell-Larcker Criterion value criteria (Hair et al., 2017). Furthermore, based on Table5, all the empirical indicators that make up each variable in this study also have higher loading values than with the cross-loading values of other variables. Thus, it can be said that all variables in this study have met the discriminant validity standards (Hair et al., 2017).

#### 4.4 Inner Model Testing

The inner model testing begins with determining the coefficient of determination ( $R^2$ ) and cross-validated redundancy ( $Q^2$ ). The coefficient of determination ( $R^2$ ) values for the exploitation, exploration, personal motivation, and sales force performance variables are in between 0.50 - 0.75, which indicates that the prediction accuracy is in the medium category (Hair et al., 2014). Furthermore, in calculating the cross-validated redundancy ( $Q^2$ ) value, it was obtained that the cross-validated redundancy ( $Q^2$ ) values for the exploitation, exploration, personal motivation, and sales force performance variables had exceeded the minimum

$Q^2$  value of 0. This result shows that the relevance of the model predictions paths across all constructs of this research are acceptable (Hair et al., 2014). The following are the results of calculating the coefficient of determination ( $R^2$ ) and cross-validated redundancy ( $Q^2$ ) values in this study:

**Table6:** Coefficient of Determination ( $R^2$ ) & Cross-Validated Redundancy ( $Q^2$ )

Variable	Q Square	R Square
<b>Empowering Leadership</b>		
<b>Individual Ambidexterity</b>	0,395	0,62
<b>Performance Management</b>		
<b>Sales Force Performance</b>	0,528	0,717

#### 4.5 Significance Test

In this study, significance testing was carried out using non-parametric bootstrapping techniques. This bootstrapping technique is carried out by taking a number of subsamples from the original data and making model estimates from each subsample (Hair et al., 2014). The number of bootstrapping samples used was 5,000 samples, resulting in 5,000 PLS path model estimates. This bootstrapping method can be used for statistical testing of research hypotheses, namely the t test. With a significance level of 5%, if the calculated t value is  $> 1.96$  (t table), then there is a significant relationship between the related constructs. Apart from that, the p value is also used to determine whether a hypothesis is accepted or rejected. With a significance level of 5%, the p value must be less than 0.05 indicating that the relationship between constructs is significant and that the hypothesis is accepted (Hair et al., 2017).

In this research, the relationship between variables is not only direct, but there is also an indirect relationship which indicates the mediating role of the variables. Testing of the mediation is carried out through calculating the Variance Accounted For (VAF) value. VAF shows the size of the mediating variable capable of absorbing direct influence. If the VAF value is  $> 80\%$  then the mediating variable can be said to be in full mediation. Meanwhile, if the VAF value is between 20% -80% then the mediating variable is said to be in partial mediation. Furthermore, if the VAF value is  $< 20\%$ , it can be said that there is no mediating role (Hair et al., 2017). The following are the results of the calculation of the direct influence significance test:

**Table7:** Direct Influence Significance Test Calculation Results

Hypothesis	Path Coefficient	t-statistics	p-values	Decision
<b>PM --&gt; IA</b>	0,166	1,767	0,077	H <sub>1</sub> rejected
<b>PM --&gt; SFP</b>	0,138	1,918	0,055	H <sub>2</sub> rejected
<b>EL --&gt; IA</b>	0,653	7,777	0	H <sub>3</sub> accepted
<b>EL --&gt; SFP</b>	0,097	1,106	0,269	H <sub>4</sub> rejected
<b>IA --&gt; SFP</b>	0,667	10,605	0	H <sub>5</sub> accepted

Meanwhile, the following are the results of the calculation of the significance test of the mediation effect carried out on this research model:

**Table8:** Mediation Significance Test Calculation Results

Hypothesis	Path Coefficient (SIE)	Path Coefficient (TE)	t-statistics	p-value	VAF	Decision
<b>PM --&gt; IA --&gt; SFP</b>	0,111	0,248	1,809	0,07	45%	H <sub>6</sub> rejected
<b>EL --&gt; IA --&gt; SFP</b>	0,435	0,532	5,393	0	82%	H <sub>7</sub> accepted

Based on the results of significance testing in this research, the results showed that research hypotheses H<sub>1</sub>, H<sub>2</sub>, H<sub>4</sub> and H<sub>6</sub> were rejected, but H<sub>3</sub>, H<sub>5</sub>, and H<sub>7</sub> were accepted. These results indicate that both performance management and empowering leadership variables do not have a direct effect on sales force performance. This is because both performance management and empowering leadership implemented by company management will not affect the performance of the sales force without shaping their behavior.

Furthermore, the results of this research also show that performance management has no direct effect on the formation of individual ambidexterity behavior in sales personnel. The absence of a direct influence from performance management on individual ambidexterity behavior can be explained using self-determination theory which is related to efforts to improve employee performance. Based on this theory, humans are said to have three psychological needs consisting of autonomy, competence, and engagement, which are the ingredients needed to create motivation, well-being, and optimal work behavior (Deci and Ryan, 2014). When the basic psychological needs of salespeople have been met, the salespeople will tend to be independently motivated, where they are willing to be actively involved in their performance activities voluntarily (Deci and Ryan, 2014). Through this theory, it appears that performance management will not actually be able to encourage certain work behavior, including individual ambidexterity behavior, without fulfilling these three basic psychological needs. The absence of a direct influence from the performance management variable on the individual ambidexterity variable also causes the

rejection of hypothesis H6, where the individual variable ambidexterity does not have a mediating effect on the relationship between the performance management variable and sales force performance.

Furthermore, the results of this research also show that the empowering leadership variable has a direct influence on the formation of individual ambidexterity behavior. Conversely, individual ambidexterity behavior also has a direct influence on sales force performance. These results lead to a full mediation effect from the individual ambidexterity variable on the relationship between empowering leadership and sales force performance.

## **5 Conclusion**

### **5.1 Conclusion & Theoretical Contribution**

One of the basic theories used in this research is the social exchange theory which shows the relationship between management behavior and employee responses as individuals. Rupp & Cropanzano (2002) stated that a social exchange relationship is a long-term relationship invested jointly between management and employees, which is characterized by the exchange of economic and social-emotional resources. Furthermore, Shore et al. (2006) stated that the fulfillment of economic and social-emotional resources by the company will be able to encourage an employee to expend greater effort in carrying out their work responsibilities (Shore et al., 2006). However, the results of this research show that social exchange theory needs to be implemented together with self-determination theory to encourage an employee to expend greater effort in carrying out his work responsibilities. Deci & Ryan (2014) stated that based on the self-determination theory, humans have three psychological needs consisting of autonomy, competence, and attachment, which are the ingredients needed to create motivation, well-being, and optimal work behavior. Thus, the fulfillment of economic and social-emotional resources carried out in social exchange relationships needs to fulfill three psychological needs autonomy, competence, and attachment to be able to encourage greater efforts from employees in carrying out their work responsibilities.

The relationship between social exchange theory and self-determination theory is demonstrated by the results of this research, where the application of performance management, which includes social exchange between management and employees, apparently has no direct effect on the formation of individual ambidexterity behavior in salespeople. This is because the social exchange relationships that occur in the implementation of performance management do not necessarily fulfill the three psychological needs which include autonomy, competence and attachment, which are able to encourage greater efforts in carrying out work responsibilities. Meanwhile, in contrast to the performance management variable, the other independent variable in this research, namely the empowering leadership variable, turns out to have a direct influence on the formation of individual ambidexterity behavior, which includes exploitative and explorative behavior. This is because the application of empowering leadership, which is characterized by the formation of meaning, competition, self-determination, and impact on employees, can fulfill the three psychological needs contained in self-determination theory so as to encourage greater efforts in carrying out work responsibilities.

The results of this research can be explained by the statement of Deci & Ryan (2000) which stated that there are two types of motivation, namely autonomous motivation, and controlled motivation. The application of empowering leadership will produce a type of autonomous motivation that encourages behavior determined by the individual himself. Meanwhile, implementing performance management in a company will produce a more controlled type of motivation that will encourage specified contingent behavior (Deci and Ryan, 2000). The results of this research show that in managing sales forces in retail stores, the formation of autonomous motivation through the application of empowering leadership will have a greater influence on performance in the context of sales forces.

This research also shows the influence of individual ambidexterity behavior, which includes exploitative and explorative behavior, on sales force performance. The results of this research are in accordance with Holmqvist's (2004) statement which stated that in the concept of individual ambidexterity, exploitative behavior and explorative behavior are two contradictory variables that are needed to support sales force performance. The current conditions have accelerated changes in customer desires and needs, such as the development of new technology, the emergence of new communication channels, increased consumer knowledge, increased customer expectations and demands, which of course have a special impact on the overall customer experience. These changes have challenged the existing sales force model to balance exploitative behavior with explorative to respond to the various demands of these changes.

### **5.2 Managerial Implication**

The results of this research provide various managerial implications that can be useful for increasing management understanding in managing sales forces. In managing the sales force, many companies focus more on implementing a performance management system which is used as a direction for the sales force to move in accordance with organizational goals. However, performance management systems that lead to organizational goals are often not in accordance with the needs or desires of the sales force, so they do not necessarily have an effect on the performance of the sales force.

The results of this research also show the influence of implementing empowering leadership in shaping the individual behavior of sales force ambidexterity. This form of empowering leadership requires the existence of shared values that are agreed upon by each company leader so that each leader is able to implement this form of empowering leadership in the company consistently. Therefore, it is necessary to have a company culture as an umbrella that unites every member of the company with the same values, assumptions, habits, and beliefs. In this case, companies need to develop an open and participative organizational culture, so that it is able to encourage the creation of meaning, competition, self-determination and impact within the sales force.

In an effort to support the implementation of empowering leadership, company management certainly needs to provide support and trust to the sales force to act more freely. However, too much freedom certainly has a negative impact on the company. In fact, granting autonomy without supervision can have an impact on reducing sales force performance because it allows the



sales force to move freely according to their own volition but this may not be towards company goals. Therefore, companies must also balance the freedom offered by this empowering form of leadership with technology-based control systems. One example is the use of a reporting application that can help the online sales force monitoring process.

The results of this research show that individual ambidexterity behavior has a greater influence on sales force performance. Company management needs to balance exploitative and explorative behavior to be able to answer various challenges of change in the digital era. As one of the explorative efforts, company management can also develop new service innovations that aim to provide added value for consumer satisfaction. One example of a new service that is very suitable for this era is the home delivery service. The form of home delivery service can certainly be one of the explorative behaviors carried out by companies to be able to increase consumer satisfaction.

Additionally, the explorative behavior carried out also needs to be balanced by exploitative behavior so that it can influence the performance of the sales force. One example of aligning explorative and exploitative behavior can be done by utilizing new consumer data that has been obtained through home delivery services such as through membership programs providing various beneficial offers for consumers who become members. Through this membership program, it is hoped that the company can retain the new consumers it has acquired so that they do not switch to other competitors' products.

### 5.3 Limitations and Suggestions for Future Research

This research is limited in that it only considers various antecedents that encourage increased sales performance from the management side, but does not take into account various external factors from the sales force's work environment that are able to support the sales force. This can be considered for future research on various factors in the work environment that support the performance of sales personnel in retail stores. Knowledge of various external factors in the work environment that can support sales force performance will also be valuable knowledge for management in determining sales force investment in certain stores.

In this research, the application of the concept of individual ambidexterity in salespeople which aligns exploitative and explorative behavior to support increased sales force performance is only seen from the salesperson's perspective. This research has not looked at the influence of sales force individual ambidexterity behavior on consumer satisfaction. This can be input for further research to see the impact of implementing the individual ambidexterity concept on consumer satisfaction. This consumer satisfaction will certainly have a positive impact on the company because it positively influences consumers' intentions to continue purchasing products from the company.

Furthermore, this research also has limitations by only being conducted in the context of salespeople in retail stores. Various conclusions obtained from the results of this research regarding the influence of performance management and empowering leadership on the formation of individual ambidexterity behavior that supports sales force performance need to be tested in other fields. This can be input for further research to test various conclusions obtained from the results of this research in the context of human resource management in other fields.

This research also has limitations in that it has not been carried out specifically in the context of a particular company or brand. The reputation and value factors of a particular company or brand also have the potential to influence the results of the research conducted. This can be input for further research to test various results from this research specifically in the context of certain brands.

The results of this research have also shown the influence of explorative behavior on increasing sales force performance. One of the challenges related to this exploratory behavior is technological developments which present challenges for salespeople to optimize the use of this new technology. This research has not discussed the application of technology in an effort to support sales force activities. This encourages further research regarding the form of application of technology in the context of sales force which can have a greater influence on improving the performance of the sales force.

Furthermore, this research provides results that the formation of autonomous motivation through empowering leadership has more influence on increasing sales force performance than controlled motivation. Therefore, further research is needed on various antecedents that are able to generate autonomous motivation in salespeople working in retail stores.

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