To Empower or Not to Empower Your Sales Force? An Empirical Examination of the Influence of Leadership Empowerment Behavior on Customer Satisfaction and Performance

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This research focuses on the impact of leadership empowerment behavior (LEB) on customer service satisfaction and sales performance, as mediated by salespeople’s self-efficacy and adaptability. Moreover, the authors propose an interactive relationship whereby LEB will be differentially effective as a function of employees’ empowerment readiness. The authors’ hypotheses are tested using survey data from a sample of 231 salespeople in the pharmaceutical field, along with external ratings of satisfaction from 864 customers and archival sales performance information. Results indicated that contrary to popular belief, employees with low levels of product/industry knowledge and low experience benefit the most from leadership behaviors that are empowering, whereas high-knowledge and experienced employees reap no clear benefit. The authors conclude with directions for future research and application.

Keywords: empowerment, experience, salespeople, self-efficacy, job performance

As the 21st century began, the organizational landscape was transformed. Advances in technology, a global marketplace, NAFTA, the European Union, a sagging economy, and many other factors demanded that organizations get leaner, make practices more cost-effective, move closer to their customers, and otherwise become more efficient. A key ingredient in this transformation has been the empowerment of employees (Forrester, 2000). Empowered employees have greater authority and responsibility for their work than they would in more traditionally designed organizations (Conger & Kanungo, 1988).

Nowhere is this truer than in sales environments, where salespeople work at the outer boundary of the organization—at the interface with customers. Empowerment is thought to unleash employees’ potential, enhance their motivation, allow them to be more adaptive and receptive to their environment, and minimize bureaucratic hurdles that slow responsiveness (Forrester, 2000; Spreitzer, 1995, 1996). Unfortunately, the benefits of empowerment are not always realized, and the inhibiting factors appear to be more attributable to failures of implementation than to design (Ford & Fottler, 1995). Perhaps the biggest challenge to successfully empowering employees lies in the role of external management (Druskat & Wheeler, 2003).

The primary goal of this study was to examine the impact of leaders’ empowering styles of behavior (leadership empowerment behavior [LEB]) in a sales environment. Perhaps two of the most vital salesperson characteristics are self-efficacy and adaptability. Past research demonstrated that high levels of self-efficacy (Chebat & Kollias, 2000; Hartline & Ferrell, 1996; Krishnan, Netermeyer, & Boles, 2002) and adaptability (Chebat & Kollias, 2000; Hartline & Ferrell, 1996; Weitz, Sujan, & Sujan, 1986) are associated with greater customer satisfaction and sales performance. Accordingly, this research focuses on the impact of LEB on customer-service satisfaction and sales performance, as mediated by salespeople’s self-efficacy and adaptability. Moreover, we propose an interactive relationship in which different leader behaviors will be effective for different people, as a function of employees’ empowerment readiness.

Below, we first sculpt a theoretical model encompassing these variables and advance specific linear and interactive hypotheses as summarized in Figure 1. Next, we test our hypotheses using survey data from a sample of salespeople in the pharmaceutical field, along with external customer ratings of satisfaction and archival sales performance criteria. We conclude with a discussion of directions for future research and application.

Leading Empowered Employees

The concept of empowerment has been developed and advanced by several researchers (Chebat & Kollias, 2000; Conger, 1989; Conger & Kanungo, 1988; Hartline & Ferrell, 1996; Hui, 1994; Spreitzer, 1995, 1996; Thomas & Velthouse, 1990). Previous research demonstrated that empowerment is an important driver of organizational effectiveness, and practitioners and researchers alike have identified it as a construct warranting further inquiry (Kanter, 1989; Spreitzer, 1995; Thomas & Velthouse, 1990). Two conceptions of empowerment exist in the literature. One approach roots empowerment in the organizational context and defines it in terms of “a practice, or set of practices involving the delegation of responsibility down the hierarchy so as to give employees in-
creased decision-making authority in respect to the execution of their primary work tasks" (Leach, Wall, & Jackson, 2003, p. 28). A second approach considers empowerment as a four-dimensional psychological state based on employees' perceptions of (a) meaningfulness, (b) competence, (c) self-determination, and (d) impact (Conger & Kanungo, 1988; Spreitzer, 1995, 1996; Thomas & Velthouse, 1990). Leach et al. (2003) aptly distinguished the two approaches and argued that the second approach represents a consequence and necessary adjunct to situational empowerment (Liden & Tewsksbury, 1995). Leach et al. (2003) examined how aspects of the situational view of empowerment, in combination with other variables, influence employee outcomes as mediated by the "central aspect of psychological empowerment . . . namely self-efficacy" (p. 28). We adopt a similar approach in this study and examine how LEB influences employee effectiveness, as mediated by self-efficacy and by employees' adaptability.

Arnold, Arad, Rhoades, and Drasgow (2000) submitted that LEB involves the process of implementing conditions that increase employees' feelings of self-efficacy and control (e.g., participative decision making), removing conditions that foster a sense of powerlessness (e.g., bureaucracy), and allowing them the freedom to be as flexible as circumstances warrant. More specifically, following the work of Conger and Kanungo (1988) and Hui (1994), we argue that LEB involves leader behaviors aligned with the four components outlined above.

With the recent movement toward more empowering and flexible organizational designs, it is fair to say that "leaders appear to be a forgotten group" (Druskat & Wheeler, 2003). Yet, effective leadership is an important driver of the success of empowered organizations (Druskat & Wheeler, 2003; Sims & Manz, 1984). The key point is that the nature of effective leadership is different in empowered settings than it is in more traditional designs. Moreover, LEB may resonate better with some employees than with others. Below, we detail some of the mediating mechanisms linking LEB to employee performance, and we examine how employees' empowerment readiness serves as a moderating factor.

Mediating Effects of Self-Efficacy

Bandura (1986) defined self-efficacy as the "belief in one's capabilities to organize and execute the courses of action required to produce given attainments" (p. 3). The higher one's self-efficacy, the more likely he or she is to engage and persist in task-related behavior (Bandura, 1997; Gist & Mitchell, 1992). Bandura (1986) submitted that self-efficacy can be influenced through positive emotional support, words of encouragement and positive persuasion, models of success with whom people identify, and experience mastering a task (Arnold et al., 2000; Conger, 1989). In terms of Bandura's model, LEB should enhance employees' sense of efficacy. Given the boundary-spanning roles of sales representatives in the current context, such leader–member exchanges are likely to be more dyadic in nature than uniform across representatives. Nevertheless, to the extent that leaders exhibit empowering behaviors, employees should feel more efficacious and freer to adapt their performance strategies as circumstances warrant.

Bateson (1985) argued that boundary-spanning employees are better able to satisfy customers, thereby increasing performance, when they have control over their service encounters. Anglin, Stohlman, and Gentry (1990) noted that the likelihood salespeople will adapt their sales behaviors during or across customer interactions depends not only on their selling abilities and motives, but also on the guidance provided by their managers. Empowered salespeople have more flexibility and can more readily adapt their selling strategies in real time as circumstances warrant than can nonempowered salespeople (Scott & Bruce, 1994). This empower-
ment–adaptability relationship has received tentative empirical support with respect to autonomy and decision making (Niehoff, Enz, & Grover, 1990; Scott & Bruce, 1994) and specific empirical support with respect to empowerment (Chebat & Kollias, 2000). Spiro and Weitz (1990) also found empirical support for a positive relationship between tolerance of freedom and encouragement to adapt. Accordingly, we advanced the following hypotheses.

**Hypothesis 1:** LEB will exhibit a significant positive relationship with salespeople’s self-efficacy.

**Hypothesis 2:** LEB will exhibit a significant positive relationship with salespeople’s adaptability.

**Self-Efficacy → Effectiveness Mechanisms**

The importance of self-efficacy lies in its ability to increase employee performance as employees exert more effort, become more persistent, and learn how to cope with task-related obstacles (Chebat & Kollias, 2000). Similarly, self-efficacious employees should be able to perform better when demanding situations arise during an employee–customer encounter. Indeed, both theoretical arguments (Bandura & Locke, 2003) and meta-analyses (Stajkovic & Luthans, 1998) have confirmed that self-efficacy exhibits robust correlations with subsequent performance across a wide variety of settings, including sales (Brown, Cron, & Slocum, 1998; Renn & Fedor, 2001; Sujan, Weitz, & Kumar, 1994; Wang & Netemeyer, 2002). Therefore, we advanced the following hypothesis.

**Hypothesis 3:** Self-efficacy will exhibit a significant positive relationship with subsequent salesperson job performance.

The effects of self-efficacy on performance may be mediated by other variables in the selling context, such as individuals’ adaptability and customer reactions or satisfaction. Boundary-spanning employees’ self-efficacy should play an important role in developing customers’ perceptions of service satisfaction. Because highly efficacious salespeople tend to work harder and exert more effort (Sujan et al., 1994), it is expected that they will create more positive service encounters than will less efficacious employees. When customers are served by employees who believe strongly in their own capabilities, they are likely to receive high-quality service (Hartline & Ferrell, 1996). Qualitative studies by Bitner (1990) and by Bitner and Tetreault (1990) demonstrated that customers are typically more satisfied with the service encounter when the employee possesses the ability, willingness, and competence to solve problems. On the basis of this reasoning, we formulated the following hypothesis.

**Hypothesis 4:** Self-efficacy will exhibit a significant positive relationship with customer-service satisfaction.

Previous research (Hartline & Ferrell, 1996; McDonald & Siegall, 1992) has suggested that self-efficacy will also exhibit a positive relationship with salespeople’s adaptability. Hartline and Ferrell (1996) defined adaptability as the ability of customer-contact employees to adjust their behaviors to the interpersonal demands of the service encounter. DelVecchio (1998) stated that it might be especially important for managers to allow salespeople more latitude in their decision making when the sales task requires adaptive selling behaviors. This latitude or empowerment removes the restrictions placed on these employees and provides them with room to maneuver as they serve customer needs.

Research supports the premise that salespeople who adapt their behaviors during customer interactions, as circumstances warrant, are more likely to fulfill the needs and requests of their customers and to thereby increase perceptions of service quality (Bitner, Booms, & Mohr, 1994; Humphrey & Ashforth, 1994; Reid, Pulkins, & Plank, 2002). Moreover, significant positive correlations have been found between self-efficacy and adaptability (Jones, 1986). Therefore, we anticipate that more efficacious salespeople will be more capable and more willing to engage in adaptive selling, thereby enhancing customer satisfaction, than will less efficacious people. Accordingly, we formulated the following hypotheses.

**Hypothesis 5:** Self-efficacy will exhibit a significant positive relationship with salespeople’s adaptability.

**Hypothesis 6:** Salesperson adaptability will exhibit a significant positive relationship with customer-service satisfaction.

Given the conceptualization of adaptive selling, positive relationships between salesperson adaptability and sales performance would be expected (Gengler, Howard, & Zoller, 1995; McIntyre, Claxton, Anselmi, & Wheatley, 2000; Porter, Wiener, & Frankwick, 2003; Weitz et al., 1986). In fact, salespeople’s adaptability has been positively associated with self-assessed sales performance (Boorm, Goolsby, & Ramsey, 1998; Spiro & Weitz, 1990). However, adaptability was not significantly correlated with managers’ ratings of sales performance in the Spiro and Weitz (1990) study. Given that both self- and manager ratings of performance are susceptible to a variety of rating biases, we sought to examine this relationship using archival indices of sale performance. Following the theoretical foundation outlined above, we formulated the following hypothesis.

**Hypothesis 7:** Salesperson adaptability will exhibit a significant positive relationship with sales performance.

Cultivating customer satisfaction with services is fundamental to a firm’s success. Customers typically will spend more money with firms and salespeople with whom they are satisfied, relative to alternatives. Such satisfaction determines whether customers make repeat purchases or recommend the product and company to others (Grewal & Sharma, 1991). Customer-relationship theory suggests that companies should enhance customer satisfaction levels and then target satisfied customers with cross-selling and up-selling strategies. Customers will likely buy more from, and spend a higher percentage of their resources with, companies with whom they are more satisfied (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994; Jones & Sasser, 1995). Satisfaction with a service or product also leads to increased positive word-of-mouth publicity (Maxham, 2001; Maxham & Netemeyer, 2003), which is an important source of information for buyers and has been shown to have a major purchasing influence (Grewal & Sharma, 1991;
Soderlund, 2002). Following this logic, we advanced the following hypothesis.

**Hypothesis 8:** Service satisfaction will exhibit a significant positive relationship with salesperson job performance.

The Role of Employee Readiness

Up until this point, we have implied that empowerment will be beneficial for all. Yet a number of researchers have argued that efforts to empower employees do not always yield positive dividends and, in fact, can even be detrimental (Forrester, 2000; Randolph & Sashkin, 2002). At issue, then, is the question of “Who benefits from empowerment?” We submit that the extent to which employees are ready to embrace and use the freedoms afforded by empowerment will act as an important moderator of the effects of leader behaviors. Following the conceptions of experience advanced by several authors (Quinones, Ford, & Teachout, 1995; Tesluk & Jacobs, 1998), we consider employee readiness as a multidimensional composite variable—what Edwards (2001) referred to as an aggregate multidimensional construct—emerging from the confluence of salespeople’s product knowledge, their tenure in the field, and their tenure with the current employer. The logic is that to the extent employees possess an array of attributes that enable them to be successful in an empowered environment, they will respond more positively to empowered environments. Accordingly, we define employee empowerment readiness as the extent to which employees possess an array of task-relevant knowledge and experience that will enable them to benefit from, and to be successful in, an empowered environment.

Individuals who have a wealth of previous related work experiences will likely possess higher levels of self-efficacy than will those with less relevant experience (Bandura, 1997; Chen & Klimoski, 2003; Gist & Mitchell, 1992). Individuals who possess higher levels of relevant knowledge will also have more to draw on and report higher levels of efficacy (Phillips & Gully, 1997). In a similar vein, individuals’ performance adaptability has been associated positively with greater amounts of relevant work experience (Pulakos, Arad, Donovan, & Plamondon, 2000) and knowledge (Leach et al., 2003; LePine, Colquitt, & Erez, 2000). Consequently, we advanced the following two hypotheses.

**Hypothesis 9:** Employee empowerment readiness will exhibit a significant positive relationship with salespeople’s self-efficacy.

**Hypothesis 10:** Employee empowerment readiness will exhibit a significant positive relationship with salespeople’s adaptability.

Although the above two hypotheses pertain to linear relationships, clearly, our primary focus here is on interactions. The notion that situational variables and/or follower attributes moderate relationships between leader behaviors and subordinate criterion behavior has been a fundamental part of many approaches to leadership for over 30 years (Evans, 1970; Fiedler, 1967; Podsakoff, MacKenzie, Ahearne, & Bommer, 1995). The literature addressing substitutes for leadership (Kerr & Jermier, 1978; Podsakoff et al., 1995; Yukl, 1998) provides us with a useful framework for understanding the moderating effect of employee readiness. The literature suggests that certain conditions, such as highly routinized work or professional standards, may serve as substitutes for social sources of leadership (Pearce & Sims, 2002). Manz and Sims (1980) advanced a similar argument and suggested that individuals manage their own behaviors, on the basis of self-evaluations, by setting their own standards, by evaluating their personal performance, and by self-administering consequences.

In their best-selling book on situational leadership, Hersey and Blanchard (1982) contended that not all employees should be managed the same way. Blanchard (1985) concurred and argued that those who are at lower “development levels” should be managed with “directed” and “coached” behaviors, whereas those at higher levels should be managed with “supported” and “delegated” behaviors. According to these authors, the situation (i.e., the experience of the employee) should impact the management style, and the manager should behave much like a professional sports coach, who must assess each player separately and determine how each should be coached. In effect, Hersey and Blanchard argued that less experienced and less knowledgeable employees may be less prepared to “take the ball and run with it” when the manager uses an empowering style of management.

Accordingly, on the basis of the conceptions outlined above and on our experience working with sales forces, we anticipated a pair of interactions between LEB and employee readiness as related to salespeople’s self-efficacy and adaptability. More specifically, we advanced the following hypotheses.

**Hypothesis 11:** The relationship between LEB and self-efficacy will be more positive for employees who report greater empowerment readiness, as compared with those who report less empowerment readiness.

**Hypothesis 12:** The relationship between LEB and adaptability will be more positive for employees who report greater empowerment readiness, as compared with those who report less empowerment readiness.

**Method**

**Sample/Setting**

Data were collected from three separate sources: (a) written salesperson surveys, (b) written customer surveys, and (c) archival job-performance data from company records. Our sample was drawn from the female health care segment of a medium-sized pharmaceutical company. The sales representatives were responsible for marketing directly to physicians, rather than managed-care organizations, government organizations, or hospitals. Each sales representative was responsible for a specific geographical area and six products, including an estrogen replacement drug and several types of female contraceptives. All sales representatives completed training for each of these product lines and received support from top management. On average, about 85% of sales representatives’ compensation derived from their salary; the remaining 15% came from commissions based on individual performance.

All 254 sales representatives of the female health care division of the company were contacted for this study, and usable survey responses were obtained from 231 (91%). All of the respondents completed and returned a copy of a questionnaire mailed directly to them by the researchers. A strong management endorsement of questionnaire completion via e-mail...
and telephone, coupled with two waves of mailings, led to the high response rate. This sample was 40% male, 91% reported their ethnicity as White, and they had an average age of 36.1 years (SD = 8.6). On average, they had previously worked for 2.9 (SD = 3.6) other firms, had 12.3 (SD = 7.8) years of business experience, and 9.7 (SD = 7.6) years of experience in sales. They reported an average tenure with this organization of 6.8 (SD = 7.0) years. Eighty percent of the sample had a bachelor’s degree, and the remaining 20% held an advanced degree.

**Qualitative Grounding of Measures**

We began our study with an extensive literature review, combined with an exploratory qualitative grounding of our measures. Data were collected by means of 10 in-depth interviews with sales representatives, conducted during several field sales trips, and 10 one-on-one interviews with sales managers. The field sales trips lasted an entire day and represented a sales representative’s typical day. All discussions were taped and transcribed, and the content was analyzed using established qualitative data analysis techniques (Miles & Huberman, 1994). The overarching objective of this preliminary phase was to identify construct domains, generate sample items for new measures, check the face validity of existing measures in a sales setting, and assess the nomological “sense” of our conceptual model (Churchill, 1979). The scale development then progressed through two stages. First, existing scales were adapted and extended, to ensure that they were applicable to a pharmaceutical sales representative setting. Second, a draft questionnaire was constructed and pretested with six company managers and representatives, as well as with two industry experts, and minor wording adjustments were made to ensure applicability.

**Measures**

Measures regarding the LEB of sales managers, their self-efficacy, adaptability, and knowledge and experience were all administered directly to sales representatives, as detailed below.

**Leadership empowerment behavior.** LEB was assessed using four multi-item subscales that focused on (a) enhancing the meaningfulness of work (three items, α = .76; example item: “My manager helps me understand how my objectives and goals relate to that of the Company”), (b) fostering participation in decision making (two items, α = .92; example item: “My manager makes many decisions together with me”), (c) expressing confidence in high performance (two items, α = .90; example item: “My manager believes that I can handle demanding tasks”), and (d) providing autonomy from bureaucratic constraints (three items, α = .86; example item: “My manager allows me to do my job my way”). These scales were developed on the basis of the conceptual work of Conger and Kanungo (1988) and the empirical work of Hui (1994) and Thomas and Tymon (1994). The scales were adapted to a pharmaceutical sales context with item stems referring to managers’ behavior toward a sales representative. An unrestricted maximum-likelihood factor analysis of these subscales revealed a single underlying dimension of empowering behaviors. Therefore, we averaged the four scale scores to create a single composite score that exhibited an alpha of .88.

**Self-efficacy** was measured using an eight-item scale developed by Jones (1986). Items focused on the extent to which employees felt confident about their job skills and capabilities (α = .63; example item: “My job is within the scope of my abilities”).

**Adaptability** was measured using a shortened version of the adaptive selling scale originally developed by Spiro and Weitz (1990). Weitz et al. (1986) defined adaptive selling as “the altering of sales behaviors during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation” (p. 175) and as consisting of three components: (a) the motivation and confidence to practice adaptive selling, (b) the ability to practice adaptive selling effectively, and (c) the actual adaptive behavior of salespeople. From Spiro and Weitz’s (1990) original 16-item scale, we selected 7 items specifically applicable to our research sample (α = .77; example item: “When I feel that my approach is not working, I can always change to another approach”).

**Employee empowerment readiness** was operationalized as a multidimensional composite measure of salespeople’s knowledge and experience. Sales knowledge was assessed using five items that referred to knowledge about the company and its products (α = .65). Experience was assessed with three items about (a) length of company employment, (b) total years in sales, and (c) total years of business experience (α = .92). Using the two internal consistencies noted above along with the variances of the two indices and their composite, we calculated the reliability of the readiness composite to be $r_{xx} = .80$ (Edwards, 2001; Nunnally & Bernstein, 1994).

**Sales service satisfaction.** Customer satisfaction surveys were collected by an external market research firm and made available to us. The original purpose of this survey was to assess, for training purposes, the overall customer satisfaction with company sales representatives. The survey included two primary competitors and was blinded so that customers were unaware of the sponsoring company, in order to prevent responder bias. A total of 864 customers completed ratings ($M = 3.8$ per sales representative). Sales service satisfaction was operationalized as the average response to the following question: “Overall, I am currently satisfied with this company’s sales consultants.” On the basis of the average variance across customers per salesperson and using the rectangular response comparison base, we calculated an agreement index of $r_{ag} = .72$ for these ratings (James, Demaree, & Wolf, 1984). We also calculated intra-class correlations (ICCs) that represent the average reliability of individual customer ratings (ICC1) and their average (ICC2; see Bliese, 2000). Our results suggested that the average customer ratings were sufficiently reliable to be used in the structural model (ICC1 = .47; ICC2 = .77).

The terminal criterion variable used in the present study (i.e., sales representative performance) was obtained from company records. The measure used was the percentage of sales quotas achieved across products in the female health care division. Percentage of quota, or total sales divided by expected sales target, is a strong measure of sales representative performance because it controls for potential contaminating factors such as territory size (Churchill, 1979). Sales representatives’ quotas are annually set by a consulting company, in conjunction with corporate sales management, and are based on market information and company records. Quotas are discussed with sales representatives, to ensure that the representative understands the methods used to set his or her annual quota.

**Analytical Procedures**

For use in the structural model tests, each of the constructs was represented by a single factor score. This strategy acts to minimize the number of parameters that need to be estimated in the structural models and simplifies the examination of interactive effects (see details below). Using AMOS (Version 4.02), we first fit a linear effects model, which amounts to the hypothesized model depicted in Figure 1 minus the two interactions (i.e., Hypotheses H11 and H12). This model was fit in order to test the linear relationships between LEB and self-efficacy (H1) and adaptability (H2) as well as between employee empowerment readiness and self-efficacy (H11) and adaptability (H12).

To test the interaction effects, we mean-centered both LEB and employee readiness (by virtue of using factor scores) so as to reduce effects of multicollinearity. We then calculated a multiplicative interactive term between the two variables and fit a second model that included this product as an antecedent of both self-efficacy and adaptability. Because the linear effects model is nested in the hypothesized model, a significant chi-square change between them indicates that one or both of the interactions are significant (Cortina, Chen, & Dunlap, 2001; Mathieu, Tannenbaum, & Salas, 1992; for details about this procedure).
Finally, we considered potential model revisions by following the procedure prescribed by Perdue and Summers (1991). Specifically, we first removed nonsignificant relationships from the hypothesized model. Next, we relaxed each omitted structural path, one at a time, to test whether any significant direct effects from either LEB or employee empowerment readiness on either job performance or customer service satisfaction were evident. To gauge model fit, we report the comparative fit index (CFI; Bentler, 1990) and the root-mean-square error of approximation (RMSEA; Steiger, 1990). The CFI values greater than or equal to .90 have been considered indicative of good fit (Medsker, Williams, & Holahan, 1994), whereas RMSEA is a measure of the average standardized residual per degree of freedom, with values less than or equal to .08 considered a “relatively good fit for the model,” and values less than or equal to .10 considered “fair” (Browne & Cudeck, 1989). We also report chi-square values that provide a statistical basis for comparing the relative fit of nested models.

Results

Table 1 contains correlations and descriptive statistics for all study variables. The linear effects model exhibited a poor fit, $\chi^2(8) = 28.63, p < .001$ (CFI = .83, RMSEA = .11). Notably, however, the linear effects of LEB on self-efficacy (H1; $\beta = .169, p < .05$) and adaptability (H2; $\beta = .168, p < .05$) were both significant and in the hypothesized direction. The linear effect of employee empowerment readiness on self-efficacy was also significant, as hypothesized (H9; $\beta = .318, p < .05$), although its relationship with adaptability was not significant (H10; $\beta = -.028, ns$).

As depicted in Figure 2, the hypothesized model fit the data quite well, $\chi^2(6) = 8.18, ns$ (CFI = .98; RMSEA = .04), and was a significant improvement over the linear effects model, $\Delta\chi^2(2) = 20.45, p < .001$. Notably, the interaction related significantly to both self-efficacy (H11; $\beta = -.161, p < .05$) and to adaptability (H12; $\beta = -.222, p < .05$). Moreover, the relationship of self-efficacy with adaptability (H5; $\beta = .339, p < .01$) and with job performance (H3; $\beta = .160, p < .05$) were both significant and in the hypothesized direction. Alternatively, self-efficacy evidenced no significant unique relationship with customer service satisfaction (H4; $\beta = .014, ns$). As hypothesized, salespeople’s adaptability exhibited a significant relationship with customer satisfaction (H6; $\beta = .147, p < .05$) yet not with job performance (H7; $\beta = .115, ns$). Finally, as hypothesized, customer satisfaction evidenced a significant positive influence on job performance (H8; $\beta = .241, p < .05$). In sum, as shown in Figure 2, 7 of the 10 linear hypotheses were supported. As for any model revisions, even after dropping the self-efficacy → customer satisfaction and adaptability → job performance paths from the model, none of the direct effects from LEB or employee empowerment readiness to either job performance or customer satisfaction were significant.

To interpret the nature of the two interactions, we plotted them using standard practices for moderated regression analyses (Aiken & West, 1991). Specifically, using the information from the hypothesized model analyses, we plotted the relationship between LEB that correspond to the average, low (1 standard deviation below the mean), and high (1 standard deviation above the mean) values of the employee empowerment readiness moderator. The results using self-efficacy as a dependent variable appear in Figure 3, whereas the results using adaptability as the outcome variable appear in Figure 4. Contrary to our expectations, in both instances the positive slope for LEB was steepest for the low readiness employees and was flat (for efficacy) and slightly negative (for adaptability) for the high readiness employees. Notably, however, the intercepts and average values of both outcomes were substantially higher for the high readiness employees as compared with average or low readiness employees.

Discussion

The topic of leader empowerment has received and continues to receive considerable attention in both the academic and popular press. One issue that has been discussed theoretically, but until now has remained largely untested, is whether to apply empowerment uniformly or differentially across employees. Our research sought to address this question by examining the role of employee readiness and its impact on the influence of LEB. To our knowledge, this research is the first to examine the role of salespeople’s knowledge and experience in the form of employee empowerment readiness as a moderator of LEB. As hypothesized, an interaction between employees’ readiness and LEB was found using both self-efficacy and adaptability as dependent variables. However, the nature of the underlying relationships was opposite of what we

\[1\] Note that if one decomposes the employee readiness index into separate knowledge and experience variables, the interaction of knowledge is significant for both self-efficacy and adaptability ($p < .01$), and the interaction of experience is significant for adaptability ($p < .01$) but not self-efficacy, although the latter is in the same direction. The forms of the individual interactions parallel those reported here for the composite index. Further details are available from the authors.
anticipated. Our expectations were (as consistent with popular belief) that more ready individuals (i.e., those with higher levels of job knowledge and experience) would be better suited to be empowered by a sales manager than would less ready salespeople. It is surprising that our findings actually demonstrate that LEB exercises a greater effect on employees with lower knowledge and experience.

As seen in Figures 3 and 4, it is evident that LEB enhances self-efficacy and adaptability in salespeople with low readiness, whereas there was no effect on salespeople with high levels of readiness. From the standpoint of a sales manager, it appears as though there is relatively little to gain by empowering salespeople with high levels of experience and knowledge. It may well be that these people have enacted an effective role and will gain little from leader efforts. Alternatively, perhaps LEB may serve a developmental function for less experienced and knowledgeable salespeople. Kozlowski, Gully, Salas, & Canon-Bowers (1996) have argued that functional leader behaviors are most critical for individuals, or teams, who are still developing their roles in the organization. Therefore, although we had approached this work as though LEB would be perceived more as liberating than developmental, perhaps these actions serve a wider purpose than initially believed. Certainly, this remains a question for future research to explore.

Managerial Implications

Our findings contradict theoretical work by Hersey and Blanchard (1982), in which they suggested that employees at high developmental stages are the ones most likely to respond favorably to empowerment-like management. More recently, over 10 million customers purchased Blanchard, Zigarmi, and Zigarmi’s (1999) Leadership and the One Minute Manager: Increasing Effectiveness Through Situational Leadership, in which these authors reiterate that claim. The present research suggests that, in fact, those at lower rather than higher levels of development are those best suited to benefit from leader empowerment. This contradiction has many obvious implications given that most textbooks in the areas of both sales management as well as human resources present this proposed model as fact.

There are several possible explanations for this finding. For example, salespeople with greater experience and knowledge may already be set in their ways—for example, routinized in their schedules and workplace behaviors; empowering them may thus have little or only marginal benefit. Alternatively, those with less experience and knowledge may be seeking inspiration from their leaders, and LEB may embolden them, encourage them, and make them feel as if their new managers trust their ability to get things done their way.

These outcomes lead to an increase in sales service satisfaction and increased job performance. Hartline and Ferrell (1996) reported similar findings and speculated that as boundary-spanning employees become more confident in their abilities to serve customers, they become more proactive and persistent. Sujan et al. (1994) reported that individuals with higher levels of self-efficacy will put forth greater effort. As a result of this, highly self-efficacious individuals may be better able to handle the difficulties inherent in their jobs, thereby leading to greater job performance.

Our study also demonstrates that self-efficacy increases adaptability above and beyond the direct effects of leader empowerment. Some general explanations for this finding are that salespeople often find themselves in selling situations that are specific

Figure 2. Results of hypothesized model. N = 231. *Values from the linear effects model. *p < .05.
to the customer. An increase in a salesperson’s self-efficacy increases his or her belief in being successful within the selling situation. This feeling of success allows the salesperson to be more comfortable and to use selling techniques that may not be typically used. In short, confident salespeople will be more willing to innovate and try different approaches on the fly than will less confident people. This adaptability in the selling approach will then provide the customer with a greater level of satisfaction because sales become more tailored and aligned with the customer’s particular needs and wants.

Finally, the results of our study demonstrate the importance of sales service satisfaction and its effect on job performance—an area that has received much discussion but has previously been underresearched. Companies and sales managers must be committed to engaging in activities that will increase customers’ sales satisfaction level. LEB is one avenue that sales managers need to consider, given the potential for improving sales service satisfaction.

Limitations and Future Research

Although the data used here were from multiple sources and, as such, overcome many of the biases found in single-source studies, there are several limitations that should be noted. First, having salespeople self-report on LEB raises a general concern that those salespeople with little experience may not fully understand whether a sales manager’s current behaviors are empowering. It is also possible that salespeople with longer experience, who have developed leadership substitutes, may not fully realize when a manager is empowering them. Second, the fact that the perceptions of LEB, self-efficacy, and adaptability all came from salespeople naturally raises concerns about the influence of method bias in our results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Whereas method bias may have inflated the magnitudes of the linear effects that were observed, our primary hypotheses focused on the interactive effects. Evans (1985) conducted an extensive Monte Carlo study regarding whether method variance might generate artifactual interactions and concluded that “the results are clear-cut. Artifactual interactions cannot be created; true interactions can be attenuated” (p. 305). This, in combination with the fact that customer satisfaction and sales performance were measured from separate sources, suggests that our primary findings are not overly susceptible to method effects.

Another limitation relates to additional potential mediators of the self-efficacy influences. Whereas we found support for adaptability as a mediator of the influence of self-efficacy on customer satisfaction, and thereby on job performance, most certainly, other intervening variables are operative as well. In other words, the direct effect of self-efficacy on job performance is likely to be mediated by factors such as the amount of effort expended by salespeople as well as their persistence in the face of challenges. Although the exclusion of such variables is not likely to confound our present findings, including them in future research would help to illuminate the underlying processes linking self-efficacy with important job outcomes. Given the critical linking role that self-efficacy plays in our leader empowerment by employee readiness interaction, this looks to be a ripe area for future research. We should add that our efficacy measure was less reliable than we would have preferred, and some scale development work in this area is warranted as well.

This work suggests several other potentially fruitful directions for future research. For example, our model is not exhaustive in considering all of the possible antecedents for self-efficacy and adaptability. Future research may further expand the scope of potential antecedents such as the influence of teammates, technology, the competitive sales environment, and so forth. Also, our study should be replicated within other industries and organizations, in order to further examine the generalizability of our results. Further, our findings focused on the role of dyadic leader–member relationships. Whether these findings hold for average leader–behavior–member-reactions relationships is an open question. Finally, any additional research that helps to develop employee readiness and to examine its effects on other constructs would be worthwhile. For example, we suspect that there are important personality attributes, such as one’s openness to experience, that may predispose people to welcome empowerment. One’s cognitive ability may well play a role in terms of enabling sales representatives to thrive in an empowered setting (Dunning, Johnson, Ehlringer, & Kruger, 2003). Moreover, research that examines whether the employee readiness construct has similar interactions.

Figure 3. Moderating effect of employee readiness on self-efficacy. Ave. = average.

Figure 4. Moderating effect of employee readiness on adaptability. Ave. = average.
with employee training as it does with LEB would be a strong contribution to the literature. We hope that our research provides a foundation on which future research efforts can build, in order to address these issues.

References


New Editors Appointed, 2007–2012

The Publications and Communications (P&C) Board of the American Psychological Association announces the appointment of three new editors for 6-year terms beginning in 2007. As of January 1, 2006, manuscripts should be directed as follows:

- *Journal of Experimental Psychology: Learning, Memory, and Cognition* (www.apa.org/journals/xlm.html), Randi C. Martin, PhD, Department of Psychology, MS-25, Rice University, P.O. Box 1892, Houston, TX 77251.

- *Professional Psychology: Research and Practice* (www.apa.org/journals/pro.html), Michael C. Roberts, PhD, 2009 Dole Human Development Center, Clinical Child Psychology Program, Department of Applied Behavioral Science, Department of Psychology, 1000 Sunnyside Avenue, The University of Kansas, Lawrence, KS 66045.


**Electronic manuscript submission.** As of January 1, 2006, manuscripts should be submitted electronically through the journal’s Manuscript Submission Portal (see the Web site listed above with each journal title).

Manuscript submission patterns make the precise date of completion of the 2006 volumes uncertain. Current editors, Michael E. J. Masson, PhD, Mary Beth Kenkel, PhD, and Jane Goodman-Delahunty, PhD, JD, respectively, will receive and consider manuscripts through December 31, 2005. Should 2006 volumes be completed before that date, manuscripts will be redirected to the new editors for consideration in 2007 volumes.

In addition, the P&C Board announces the appointment of Thomas E. Joiner, PhD (Department of Psychology, Florida State University, One University Way, Tallahassee, FL 32306-1270), as editor of the *Clinician’s Research Digest* newsletter for 2007–2012.