


A CRITICAL STUDY ON IMPACT OF LEADERSHIP STYLE OF SALES MANAGERS ON PERFORMANCE OF SALES TEAMS

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 24 March 2023</p> <p>Accepted 21 June 2023</p>	<p>Purpose: Sales department is one of the most important verticals for any organization it has a direct impact on both the top-line and the bottom-line of the organisation. Sales leadership has an important role to play to drive the sales executives to achieve the organisational agenda. Hence, it becomes important to maintain a positive relationship between sales managers and the sales executives. so this study is to find out the impact of the leadership style of the sales managers on the performance of the sales team.</p>
<p>Keywords:</p> <p>Sales; Leadership Style; Employee Performance; BFSI Industry.</p> <div data-bbox="172 952 480 1198" style="text-align: center;">  </div>	<p>Theoretical Framework: This conceptual framework identifies major components like leadership, sales team & manager. The study focuses on the two major companies of the BFSI industry. The industry has performed well in past few years and the ICICI group of companies has been a major player in the industry.</p> <p>Design/Methodology/approach: The conceptual framework has been proposed after identifying the components that are significant & analyses leadership style in two major domains – People Oriented Leaders and Task Oriented Leaders.</p> <p>Findings: The components identified for this study & can be considered to have an influence on success.</p> <p>Research, Practical and Social implication: The model attempts to achieve a good fitment of sales managers and sales teams in order to achieve continued good results.</p> <p>Originality/Value: This article is a contribution to the industry has performed well in past few years and the ICICI group of companies.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i6.1423</p>

UM ESTUDO CRÍTICO SOBRE O IMPACTO DO ESTILO DE LIDERANÇA DOS GERENTES DE VENDAS NO DESEMPENHO DAS EQUIPES DE VENDAS

RESUMO

Objetivo: O departamento de vendas é uma das verticais mais importantes para qualquer organização; ele tem um impacto direto tanto na receita quanto no resultado final da organização. A liderança de vendas tem um papel importante a desempenhar para levar os executivos de vendas a cumprir a agenda organizacional. Por isso, é importante manter um relacionamento positivo entre os gerentes de vendas e os executivos de vendas. Portanto, este estudo visa a descobrir o impacto do estilo de liderança dos gerentes de vendas sobre o desempenho da equipe de vendas.

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Estrutura teórica: Essa estrutura conceitual identifica os principais componentes, como liderança, equipe de vendas e gerente. O estudo se concentra em duas grandes empresas do setor BFSI. O setor teve um bom desempenho nos últimos anos e o grupo de empresas ICICI tem sido um dos principais participantes do setor.

Projeto/Methodologia/abordagem: A estrutura conceitual foi proposta após a identificação dos componentes que são significativos e analisa o estilo de liderança em dois domínios principais: líderes orientados para pessoas e líderes orientados para tarefas.

Resultados: Os componentes identificados para este estudo podem ser considerados como tendo influência sobre o sucesso.

Implicações sociais, práticas e de pesquisa: O modelo tenta obter um bom ajuste entre os gerentes de vendas e as equipes de vendas a fim de obter bons resultados contínuos.

Originalidade/valor: Este artigo é uma contribuição para o setor que teve um bom desempenho nos últimos anos e para o grupo de empresas ICICI.

Palavras-chave: Vendas, Estilo de Liderança, Desempenho dos Funcionários, Setor BFSI.

ESTUDIO CRÍTICO SOBRE EL IMPACTO DEL ESTILO DE LIDERAZGO DE LOS JEFES DE VENTAS EN EL RENDIMIENTO DE LOS EQUIPOS DE VENTAS

RESUMEN

Propósito: El departamento de ventas es uno de los verticales más importantes para cualquier organización; tiene un impacto directo tanto en los ingresos como en la cuenta de resultados de la organización. La dirección de ventas desempeña un papel importante a la hora de impulsar a los ejecutivos de ventas para que cumplan el programa de la organización. Por lo tanto, es importante mantener una relación positiva entre los jefes de ventas y los ejecutivos de ventas. Por lo tanto, este estudio pretende averiguar el impacto del estilo de liderazgo de los jefes de ventas en el rendimiento del equipo de ventas.

Marco teórico: Este marco conceptual identifica los principales componentes, como el liderazgo, el equipo de ventas y el gerente. El estudio se centra en dos grandes empresas del sector BFSI. El sector ha tenido un buen comportamiento en los últimos años y el grupo de empresas ICICI ha sido uno de los principales actores del sector.

Diseño/metodología/enfoque: El marco conceptual se propuso tras identificar los componentes que son significativos y analiza el estilo de liderazgo en dos ámbitos principales: líderes orientados a las personas y líderes orientados a las tareas.

Resultados: Se puede considerar que los componentes identificados para este estudio influyen en el éxito.

Implicaciones sociales, prácticas y de investigación: El modelo intenta obtener un buen ajuste entre los jefes de ventas y los equipos de ventas para obtener buenos resultados de forma continuada.

Originalidad/valor: Este trabajo es una contribución al sector que ha obtenido buenos resultados en los últimos años y al grupo de empresas ICICI.

Palabras clave: Ventas, Estilo de Liderazgo, Rendimiento de los Empleados, Sector BFSI.

INTRODUCTION

An organisation is a complex system with multiple departments, working at multiple locations, with each department having their own set agenda. Leadership plays an important role in making all these departments and people work in unison towards achieving a bigger and common agenda. In the current market scenario, which is highly competitive and very volatile, leadership makes everyone aware of their role in the bigger picture and drives them to achieving organisational success. Multiple authors have come up with many definitions of leadership. Lawal, A. (1993) has defined Leadership as the process of influencing others to work willingly toward an organizational goal with confidence. Nwachukwu C. (2000) suggests that a leader is someone who not only has the ability to influence the intrinsic factors

but also has the ability to influence the extrinsic factors in order to create an environment where everyone involved willingly works towards a collective goal.

Many argue that sales department is the most crucial department in any organisation. This is the department that is primarily responsible for the revenue generation of the organisation. This

is also the department that operated under extreme work pressure. Sales executives have to perform many tasks on the field and their success is directly proportional to the business outcome for the organisation. Sales executives need to be highly motivated and the leadership has a big role to play in motivating these executives and improve their productivity.

LITERATURE REVIEW

Dauids (1995) studied the dynamic business environment of sales organisations and found that it is important to look at the personal traits as well as the behavioural traits of the leaders to establish good corporate leadership. Madann (2015) conducted a study to find the relation between the factors influencing the leadership style and its effect on employee productivity. Leaders play an important role to encourage the employees to improve their productivity.

Peesker et. al (2019) conducted a study among the sales executives to find out their perception about the importance of leadership effectiveness for better sales performance. It was observed that sales executives believe that sales managers play an important role in influencing the sales performance through motivation, coaching and leading by example. Haq and Kuchinke (2016) found that leadership approach of the managers plays an important role to improve employee performance and productive management governance programs need to be adopted in the banking sector.

Vijay and Krishnaveni (2021) conducted a study on the pharmaceutical sector in Kerala and found that organisations adopting the democratic leadership approach of leadership were performing better in terms of performance of the sales employees and their job satisfaction.

Supriyanto et. al (2023) finds that empowerment leadership directly affects organizational innovation. Udin, U. (2023) suggests that organizational learning culture plays a moderating role between transformational leadership and employee performance.

Pavithra et. al (2018) studied the factors affecting employee loyalty to the organisation and found that leadership style of the managers contributes to building employee loyalty. Democratic leadership style adopted by the management results in better chances of the sales executives to be more loyal to the organisation.

MATERIAL AND METHODOLOGY

The study was conducted to evaluate the impact of leadership style of the sales manager on the performance of the sales teams or sales executives. For this purpose, the study was carried out among managers and sales executives of ICICI group companies in Nagpur division. The companies focused upon were ICICI Prudential Life Insurance Co Ltd and ICICI Bank. The universe of the study comprised of 30 branches of ICICI group companies.

This study is carried out using primary data collected from the participants using two questionnaires. The Blake and Mouton Managerial Grid Leadership Self-Assessment questionnaire was used to identify the leadership style and a second questionnaire was used together information about the performance of the employees of ICICI group companies over past three years. The universe of the study consisted of 300 employees of the ICICI Group companies. 262 valid responses were received and used for the research.

The Blake and Mouton Managerial Grid Leadership Self-Assessment questionnaire analyses leadership style in two major domains – People Oriented Leaders and Task Oriented Leaders. Task oriented leaders focus on meeting the set objectives and targets by clearly communicating the targets, creating processes to achieve the targets and setting clear deadlines. They do guide the team and set up a reward system for those who achieve the set targets in given time. People oriented leaders are focused on developing, supporting and motivating the people in their teams. They encourage good communication and support collaboration. The parameters of effective performance were based on the business, quality and service parameters used by ICICI group companies for the performance appraisal of employees. The main parameters observed were target vs achievement, business renewal or thirteenth month persistency and customer and partner escalations.

RESULTS AND DISCUSSION

Table 1: Demographics of Respondents

Parameter	Criteria	No of Respondents	Percentage
Age	20-25	51	19.47%
	26-30	97	37.02%
	31-35	73	27.86%
	Above 35	41	15.65%
Gender	Male	187	71.37%
	Female	75	28.63%
Organisation	ICICI Prudential	180	68.70%
	ICICI Bank	82	31.30%
Years of Service	Up to 3 years	102	38.93%
	4-6 years	90	34.35%
	7-9 years	34	12.98%
	More than 10 years	36	13.74%

Source: Prepared by the authors (2023)

The questionnaire was provided to 300 employees of the ICICI group companies. 262 valid responses were received and the same were considered for further analysis. Out of the two ICICI group companies, 180 respondents were from ICICI Prudential Life Insurance Co Ltd and 82 respondents were from ICICI Bank.

Out of the total respondents, employees in the age group of 26-30 years were the highest at 37.02%. There were 187 male respondents, which is 71.37% of the total sample. 38.93% of the respondents have up to three years of work experience, whereas 13.74% respondents have more than 10 years of work experience.

HYPOTHESIS

H01 – People Oriented leadership style of a sales manager does not have an impact on the performance of the sales executives.

H11 – People Oriented leadership style of a sales manager does have an impact on the performance of the sales executives.

H02 – Task Oriented leadership style of a sales manager does not have an impact on the performance of the sales executives.

H12 – Task Oriented leadership style of a sales manager does have an impact on the performance of the sales executives.

Table 2: SPSS Output 1

		Tgt_Ach	Renewals	Cust_Esca	People_O
Tgt_Ach	Pearson Correlation	1	.592**	.038	.861**
	Sig. (2-tailed)		.000	.773	.044
	N	262	262	262	262
Renewals	Pearson Correlation	.592**	1	-.002	.801**
	Sig. (2-tailed)	.000		.986	.080
	N	262	262	262	262
Cust_Esca	Pearson Correlation	.038	-.002	1	-.408**
	Sig. (2-tailed)	.773	.986		.001
	N	262	262	262	262
People_O	Pearson Correlation	.261*	.228	-.408**	1
	Sig. (2-tailed)	.044	.080	.001	
	N	262	262	262	262

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Tool

SPSS tool was used to find out correlation between leadership style of the sales managers and the parameters of effective performance. Data shows there is significant correlation between People Oriented leadership style and the target vs achievement of the sales executives. There is also significant correlation between People Oriented leadership style and renewal collection. Negative correlation between People Oriented leadership style and customer or partner escalations suggests there is a significant impact of the leadership style on this parameter as well.

Table 3: SPSS Output 2

		Tgt_Ach	Renewals	Cust_Esca	Task_O
Tgt_Ach	Pearson Correlation	1	.592**	.038	.601**
	Sig. (2-tailed)		.000	.773	.137
	N	262	262	262	262
Renewals	Pearson Correlation	.592**	1	-.002	.619**
	Sig. (2-tailed)	.000		.986	.223
	N	262	262	262	262
Cust_Esca	Pearson Correlation	.038	-.002	1	-.622**
	Sig. (2-tailed)	.773	.986		.001
	N	262	262	262	262
Task_O	Pearson Correlation	.194	.160	-.422**	1
	Sig. (2-tailed)	.137	.223	.001	
	N	262	262	262	262

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Tool

Data shows there is significant correlation between Task Oriented leadership style and the target vs achievement of the sales executives. There is also significant correlation between Task Oriented leadership style and renewal collection. Negative correlation between Task Oriented leadership style and customer or partner escalations suggests there is a significant impact of the leadership style on this parameter as well.

CONCLUSION

The results conclusively suggest that leadership style of the sales manager does have a significant impact on the performance of the sales executives in the sales teams. Both styles of leadership have a positive impact on the performance of the sales executives. However, the significance value is more for People Oriented leadership style than Task Oriented leadership style for two parameters, target vs achievement and renewal collections. This goes on to suggest that sales managers who adopted the people oriented leadership approach have a greater capacity to influence the performance of the sales teams.

Task oriented leadership style gives better results in terms of customer or partner escalations. Task oriented leaders by definition have a nature to build strong systems and processes in the team. This might be a contributing factor in reducing customer or partner escalations in the teams of managers who adopt task oriented leadership approach.

The research shows that leadership style of a sales manager plays an important role in influencing the performance of the sales teams. Thus, it is useful for the organisation to analyse the leadership style of the manager. It is also important for the organisation to identify what are the parameters where the sales executives and the sales teams needs improvement. Both the leadership styles have their own merits. Sales teams where discipline, processes and escalations are a problem, can be benefited more by a sales manager who is task oriented.

Sales executives need to perform a lot of tasks on the field everyday. The nature of their job involves interacting with clients and building personal relationships in order to close the sale. These skills can be better imparted in the sales executives by a sales manager who has adopted people oriented leadership style. Building personal relationships, empowering the sales teams can also ensure repeat sales, cross selling and upselling.

It can prove to be useful to analyse the leadership style of the sales manager while hiring. If the parameters of effective performance and the training needs of the sales teams

are well identified, a better fitment of the sales manager and the sales teams can be achieved based on the leadership style of the sales manager.

Limitations of this study is it is restricted to the ICICI group of companies. The study can be expanded to different group of companies across different industries. The study can be expanded to a wider geography in order to find out the geographic effects and challenges on performance.

Future work can be carried out to find out the impact of the leadership style on the job satisfaction, attrition level, career growth, challenges faced by the sales executives. It will also be interesting to find out if the leadership style also has an impact on the work-life balance of the sales executives and does it play a role in employee burnout, mental and physical health of the sales executives.

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