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AUTHORS

Finch, David
Hillenbrand, Carola
O'Reilly, Norm
Varella, Paul

PSYCHOLOGICAL CONTRACTS AND INDEPENDENT SALES CONTRACTORS: AN EXAMINATION OF THE PREDICTORS OF CONTRACTOR-LEVEL OUTCOMES

ABSTRACT

Over the past decade, the independent sales contractor (ISC) has emerged as both an important distribution channel and a management challenge. This study makes two contributions to this evolving field. First, it explores the interrelations of the psychological contract with sales performance, voluntary turnover and organisational advocacy of ISCs, which have hitherto been largely unexplored. Second, it examines differences between high- and low-performing sales contractors on these linkages, due to findings in the literature that a small number of sales contractors often achieve a majority of sales. Based on survey data as well as 7 years of contractor-level data related to sales performance and voluntary turnover ($n=189$), results indicate that psychological contract fulfilment and perceived dependency are important determinants of subsequent sales performance, voluntary turnover and organisational advocacy, with significant differences reported between high- and low-performing ISCs. A notable finding pertinent for sales managers responsible for managing ISCs is that high-performing sales contractors are motivated by psychological contract fulfilment and a low perception of dependency, while low-performing sales contractors are more likely to act as advocates for the firm due to perceived dependency, but may concurrently engage in organisational advocacy as a means to leave the firm.

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