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THE UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

INTERNAL MARKETING RELATIONSHIPS IN ENTREPRENEURIAL DIRECT SELLING ORGANIZATIONS

A DISSERTATION

SUBMITTED TO THE GRADUATE FACULTY

in partial fulfillment of the requirements for the

degree of

DOCTOR OF PHILOSOPHY

By

JOHN P. CAMEY

NORMAN, OKLAHOMA

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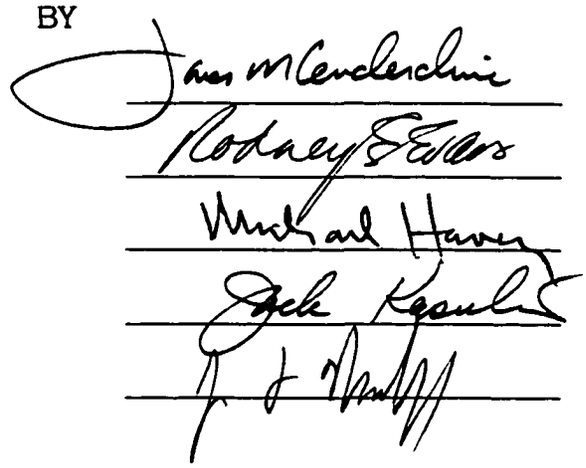
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INTERNAL MARKETING RELATIONSHIPS
IN ENTREPRENEURIAL DIRECT SELLING ORGANIZATIONS

A Dissertation APPROVED FOR THE
MICHAEL F. PRICE COLLEGE OF BUSINESS ADMINISTRATION

BY



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Completion of this project demonstrates the truth of the Psalmist's words, "Delight yourself in the Lord and he will give you the desires of your heart" (Ps. 37: 4). This is genuinely a gift from God and the credit for its completion is due Him. It is important, however, to acknowledge a number of individuals who also share in this accomplishment.

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ABSTRACT

INTERNAL MARKETING RELATIONSHIPS

IN ENTREPRENEURIAL DIRECT SELLING ORGANIZATIONS

This dissertation builds on Berry's (1983) formulation of relationship marketing as those marketing activities for the purpose of attracting, maintaining and enhancing customer relationships. The current body of relationship marketing literature is expanded to include the concept of internal relationship marketing. This is accomplished through the development and testing of an Intraorganizational Relationship Marketing (IRM) model.

The IRM model proposes that the quality of relationships within an organization is central to employees' evaluation of current outcomes and their expectations of future relations with the organization. Relationship quality is influenced by the management activities and relationship behaviors engaged in by the organization. The model also includes traditional sales management practices by positing a relationship between sales management and current outcomes and between current outcomes and future expectations.

The model is tested in an entrepreneurial direct selling organization. Support is found for all of the quality of relationship paths in the model. Surprisingly, the traditional sales management

relationship links were not supported. These findings suggest that, in some organizations, it is the relationship that counts.

Chapter 1

Background Literature

and

Dissertation Overview

1.1 INTRODUCTION

Marketing is broadly defined as a social and managerial process by which individuals and groups obtain what they need and want by creating and exchanging products and values with others (Kotler 1991). The exchange paradigm is widely accepted as the central marketing concept (Lusch, Brown et al. 1992). Soldow and Thomas (1991) go further to define exchange as the act of obtaining a desired object or product from someone by offering something in return. Although neither of these definitions mention selling, it is clear that many marketing exchanges could not occur without some form of selling activity, personal or impersonal, taking place. Personal selling is the interpersonal use of persuasive communication to negotiate mutually beneficial exchange (Anderson 1995). It is the key element in the marketing programs of most companies (Pederson, Wright et al. 1984) and has long been understood to be a central force in cultivating and sustaining demand (Crissy and Kaplan 1969).

Although personal selling has been widely studied, the intraorganizational dynamics that contribute to the development of an

effective and stable sales force are not well understood. This study proposes a new model, an Intraorganizational Relationship Marketing Model, to consolidate and advance our understanding of the relationships that exist between a sales organization and its sales force. The model is developed and tested in the context of a personal selling organization in which the relationships between the salesperson and the organization are highlighted.

In the following sections the key issues of salesperson effectiveness and stability of the sales force are introduced and examined. Then the organizational structure which provides the context for examining sales organization relationships is identified and discussed. Finally, the focus and structure of this dissertation are outlined.

1.2 SALESPERSON EFFECTIVENESS

Although the marketing discipline has evolved over time from a product and sales orientation to the societal marketing concept of today, personal selling always has been and will remain a primary marketing activity. Despite the growth of self-service retailing, direct marketing and the internet, salespeople continue to provide the link between company and customer necessary to effect exchange in many settings. Not surprisingly, the personal selling function has been the subject of a large body of literature. Countless books addressing all

facets of personal selling have been produced by marketing professionals. Marketing journals have published numerous studies designed to explain the personal selling function and further our understanding of it. One of the major questions of interest has been, "What makes a salesperson successful, or effective?"

Churchill, Ford, Hartley, and Walker (1985) report results of a meta-analysis of the marketing literature which attempts to identify determinants of salesperson performance. They analyze 116 articles which discuss 1653 reported associations between performance and the determinants of that performance. As a result of this analysis, they identify role variables, skill, motivation, personal factors, aptitude, and organizational factors as determinants of salesperson performance. The most compelling conclusion of their analysis is that, on average, none of the determinants individually account for more than 10% of the variation in performance. Similarly, Comer and Dubinsky (1985) identify and discuss 118 articles which address determinants of successful sales force performance. They conclude that, although the field of sales management has come a long way, much work remains before clear guidance on selection and management of sales personnel can be provided. These two bodies of work are the most recently compiled meta-analyses of this subject matter. A complete presentation of each of these studies is beyond the scope of this dissertation. The remainder of this section will review and summarize

the development of relevant central ideas in this stream of research that lead to the present study.

Weitz (1981) suggests that sales effectiveness can best be understood by examining the interactions between sales behaviors, salesperson resources, the buying task, and the *relationship* between the salesperson and the customer. He proposes this contingency framework in order to provide direction toward a more comprehensive model as a response to the disappointing results found in prior research on sales behaviors, behavioral predispositions, and general salesperson capabilities. This disappointment stems from the fact that the individual characteristics one would expect to be closely related to sales effectiveness (e.g., sociability, age, education, product knowledge, and sales experience) have not proven to be reliable measures or predictors of performance.

Drawing on their sales force research cited earlier, Comer and Dubinsky (1985) propose a model (Figure 1) which explains performance as a function of variables such as job tenure, motivation, and role perceptions which can be influenced by managerial intervention. As in the case with Weitz (1981), this model is proposed because Comer and Dubinsky (1985) find that individual personal factors do not seem promising for use by sales managers as predictors of performance. Instead, they suggest we might expect that managerial interaction with sales personnel can enhance overall performance.

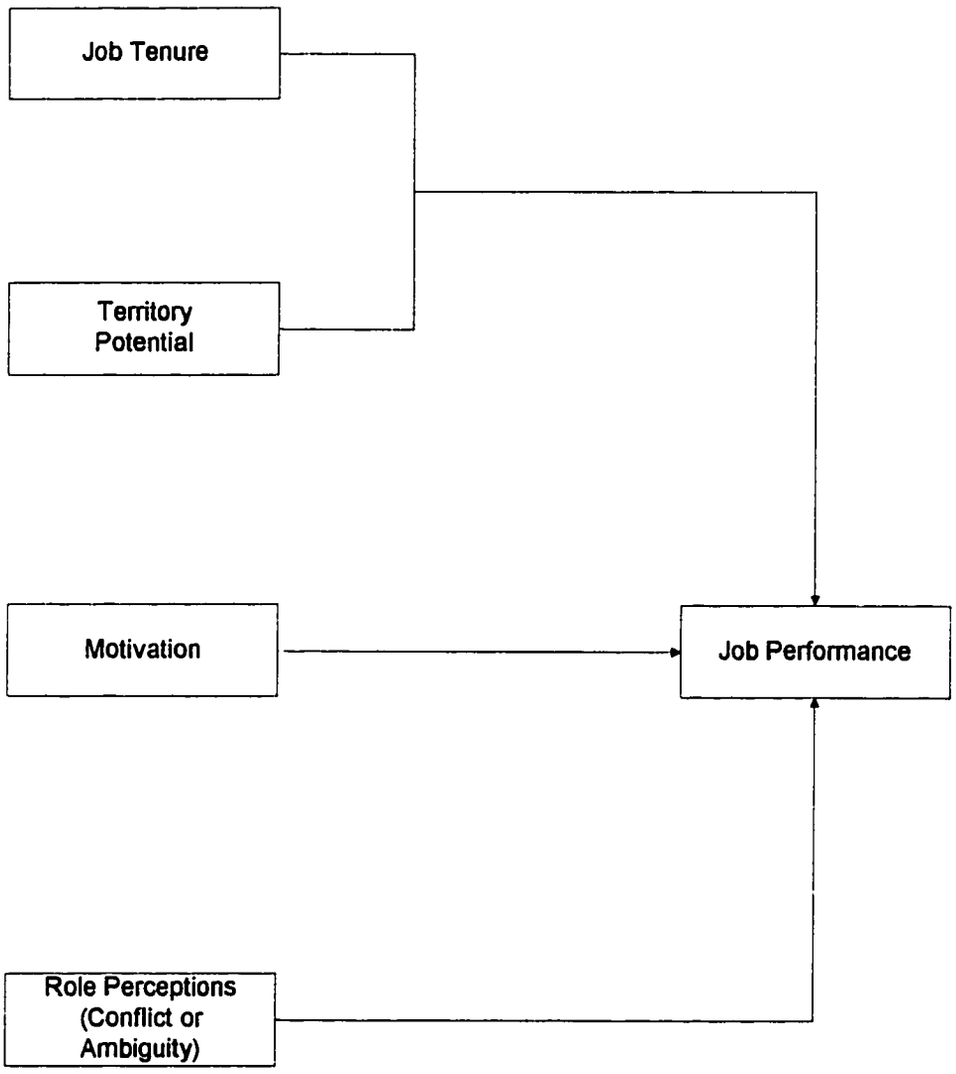


Figure 1. Factors Affecting Job Performance
(Comer and Dubinsky, 1985)

Comer and Dubinsky (1985) believe that, to the extent that managers can increase motivation and enhance role perceptions by reducing role conflict and/or ambiguity, job performance can be expected to improve.

The industrial and organizational literature suggests that job performance is a function of motivation, skill level, aptitude, role perceptions, and personal, organizational, and environmental variables (Ford, Churchill et al. 1985). As the research cited previously in this chapter has demonstrated, the complexity of the sales process leads us to the conclusion that the usefulness of individual personal variables and aptitude as predictors of effectiveness is doubtful. They are, however, still widely used in the selection process (Soldow and Thomas 1991; Churchill, Ford et al. 1993).

These studies, collectively, have produced inconsistent results with respect to the factors which affect sales performance and the strength of these relationships. Much of the previous selling research can be summed up in the finding that no general physical characteristic, mental ability, or personality trait appears to be consistently related to sales aptitude and performance (Churchill, Ford et al. 1993). One explanation of these inconsistent results is that these individual factors may be measures of higher order constructs which perhaps should be incorporated into a broader model of salesperson performance. This is supported by the various comprehensive and contingency models proposed in the research discussed previously.

Unfortunately, these models have been proposed as theoretical explanations and remain largely untested.

1.3 SALES FORCE STABILITY

Employee turnover is a complex process whereby individuals assess their feelings, personal situation, and work environment and, over time, make decisions about staying with or leaving an organization (Lee and Mitchell 1994). Employee turnover occurs in organizations for a variety of reasons and in many situations represents one of the biggest hurdles to building customer loyalty. One path to retaining customers is to retain employees. Low turnover results in a sales force that better understands what customers want and need and is more likely to communicate that information within the organization. In addition, a sales force with greater tenure usually has higher productivity (Jacob 1994).

Steers and Mowday (1981) conceptualized turnover as a process which begins with the employee's evaluation of individual experiences and job outcomes, identified as *met expectations*. They argue that an employee's evaluation of met expectations influences job satisfaction, organizational commitment, and job involvement which, in turn, influences the employee's desire and intention to stay or quit. Organizational commitment as an influence on turnover has been extended and validated in the sales management literature by

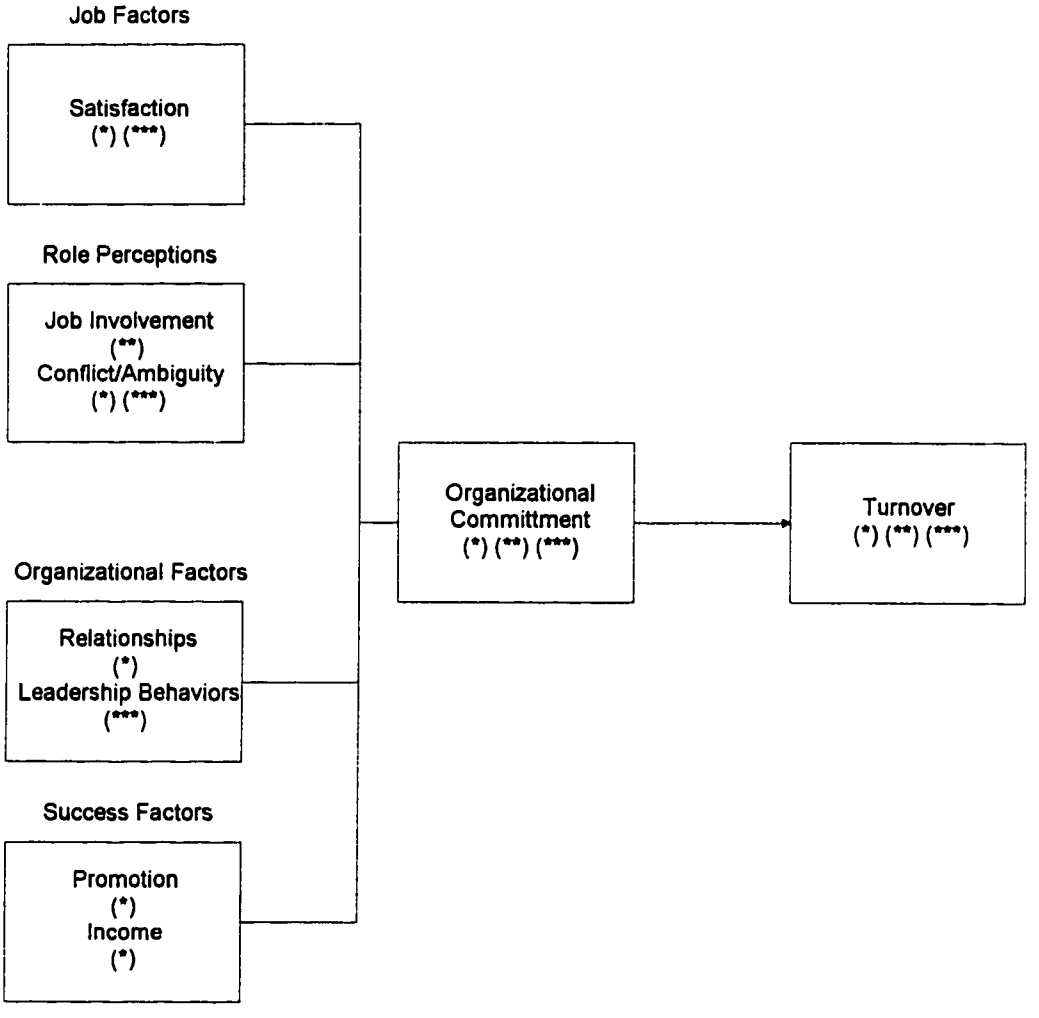


Figure 2. Turnover Antecedents
(*) McNeilly & Russ (1992)
(**) Ingram, Lee, & Lucas (1991)
(***) Johnston, et al. (1990)

Johnston, Parasuraman, Futrell, and Black (1990) and by Ingram, Lee, and Lucas (1991).

Performance has also been modeled as an antecedent to turnover by McNeilly and Russ (1992). In their study, the direct link between performance and turnover was found to be somewhat weak. However, it was believed to play a significant role as a moderating variable in relationships within the organization. More importantly, support was provided for the use of organizational commitment and satisfaction as antecedents of turnover.

Key assertions from the turnover research in the preceding discussion are illustrated in Figure 2. There is clear agreement among researchers that organizational commitment is an important antecedent of turnover. It is equally clear that organizational commitment is a multidimensional construct that should be evaluated using a variety of measures.

Wotruba (1990) examined antecedents of inactivity-proneness (turnover) of direct salespeople. Job satisfaction and job image were found to be negatively related to turnover. Job image was positively related to job satisfaction. Interestingly, job performance was found to have no relation to turnover; however, it was found to have application as a moderating variable between satisfaction and turnover. Therefore, salespeople who perceive their job as having a low public image are more likely to be dissatisfied with both the job and their performance

and become inactive as a result. In an extension of the work by Steers and Mowday (1981), Wotruba and Tyagi (1991) studied the concept of met expectations of direct salespeople as a precursor to turnover. Their study found that *stayers* and *leavers* differed significantly on met expectations.

There is substantial agreement that many organizations experience high rates of turnover and that this high turnover is both dysfunctional and costly (Darmon 1990). It has been estimated that when lost sales, training, and recruiting costs are considered, the cost of replacing one industrial salesperson is more than $100,000 (Sager 1990). Traditional sales organizations attempt to minimize turnover and the costs associated with it by using an in-depth, detailed, prehiring screening process.

Field studies, nonexperimental research in real social structures, are all the more challenging because of difficult to control extraneous variables. In an experimental study, these variables are largely controllable. In a field study they must be controlled by other means. The preferred method of controlling extraneous variables is, if possible, to eliminate them (Kerlinger 1986). In a study of sales force relationships, the selection issues that influence sales force effectiveness and stability represent variables that are extraneous to the purposes of the study yet make it difficult to isolate and examine the role of relationships and relationship behaviors within the

organization. These variables can be effectively eliminated by performing research in a sales organization which has no selection criteria. This characteristic is found in a type of direct selling organization which will be identified as Entrepreneurial Direct Selling (EDS). These EDS organizations provide an ideal context within which we can focus on relationships within the organization.

1.4 ENTREPRENEURIAL DIRECT SELLING

Personal selling involves the interpersonal presentation of products to one or more prospective customers to effect mutually beneficial exchanges (Anderson 1995). One of the oldest and most persistent forms of personal selling is direct selling, which is the sale of goods or services directly to ultimate users, usually in the residence or place of business of the user (Pederson, Wright et al. 1984; Biggart 1988). This definition of direct selling incorporates a wide variety of sales force organizations. Broadly, if salespeople call only on final buyers, they are functioning as a direct sales force (Guiltinan and Paul 1994). Direct selling may be performed by a manufacturer's sales force, commissioned sales representatives, missionary salespeople, sales agents, or retail salespeople. EDS is a unique form of direct selling in which the sales force consists of self-employed individuals who take title to the goods they sell and assume all the risks and

responsibilities of the selling process. As a result, they also essentially function as a channel intermediary such as a wholesaler or retailer.

EDS is a well established form of selling, arriving in North America with the earliest settlers. Itinerant merchants purchased a variety of goods directly from manufacturers and traveled throughout the colonies supplying both individuals and small retailers. Because most of these merchants were based out of the early manufacturing centers in the Northeast, they became widely known as "Yankee peddlers." These peddlers provided goods, as well as news and social contact, to a rural population. They remained an important channel of distribution well into the late nineteenth century when they were largely displaced by improved transportation and communication systems (Biggart 1988). Although its role as a primary channel of distribution has been diminished, EDS and the organizations that rely on EDS for distribution of their products has continued to be an important force in the marketplace. As retail firms have begun to emphasize non-store distribution channels, EDS organizations have grown in recent years.

Non-store retailing has been identified as an important trend which could represent the next revolution in the retail marketplace (Lazer, La Barbera et al. 1990; Lusch, Dunne et al. 1993). Indeed, the U.S. Census of Retail Trade (1987; Commerce 1992) reports that between 1987 and 1992, the number of non-store retailing

establishments grew from approximately 66,000 to nearly 116,000, an increase of 75.5%. Direct Selling Establishments (SIC 5963) are defined as establishments primarily engaged in selling merchandise by house-to-house canvass, by party plan, by telephone, or from trucks or wagons or other temporary locations. The "establishment" is the location from which the canvassers operate. Sales for these establishments grew from nearly $35 billion to almost $53 billion, an increase of 51.4%. EDS organizations comprise a significant element in this market segment. Recent statistics illustrate the increasingly important role played by these organizations in the economy. In 1991, retail sales by direct selling were $12.96 billion, an increase of over a billion dollars from the previous year. In 1990, 4.7 million individuals were engaged in direct sales. By 1991, this number had increased to 5.1 million, an increase of 8.5% (Direct Selling Association 1992). Modern EDS organizations are characterized by such organizations as Tupperware, Mary Kay Cosmetics, and the Amway Corporation in which the sales force (or distributors) are self-employed entrepreneurs, or "independent contractors," who purchase products from the parent organization for resale.

EDS organizations are particularly unique in the organization of their sales force. With a sales force composed of independent contractors, there are no employee expenses and the organization does not have to be concerned with minimum wages, tax withholding,

workmen's compensation, state or federal unemployment insurance, or any type of employee benefits. This organizational structure has been unsuccessfully challenged a number of times by the Internal Revenue Service. Direct selling organizations were ultimately declared to be independent contractors for federal tax purposes by the Tax Equity and Fiscal Responsibility Act of 1982 (Biggart 1988).

This tax status does not come without cost. In order to maintain this type of organization, EDS organizations cannot act as employers. They cannot use most of the tools normally associated with sales force management such as establishing and controlling retail prices, selling methods, and working hours. The results of these restrictions are seen most clearly in the characteristics of their sales force and the management approaches required to produce and retain an effective sales force.

EDS organizations provide an excellent platform for studying relationships within sales organizations. They have the same basic profitability goals as any selling organization and they seek to attain these goals through the selling efforts of their sales force. However, because of the unique organizational and operating structure of such organizations, they are not faced with many of the sales force selection and management issues found in traditional business-to-business or retail sales organizations. These issues are, in effect, eliminated from consideration for the purposes of this study. In the following section,

EDS organizations will be contrasted with traditional sales organizations in order to begin to develop a clearer understanding of these issues.

1.5 SALES FORCE CHARACTERISTICS

The organizational structure and management practices found in most EDS organizations differs significantly from what is found in the "typical" traditional sales organizations. These differences are most evident in the recruitment and selection process and in the management of the sales force. Despite the organizational differences, managers of EDS organizations are confronted with the same two broad problems as managers in traditional sales organizations: maximizing salesperson effectiveness and maintaining a stable sales force over time. The following section outlines the issues resulting from these differences in greater detail.

Traditional sales organizations invest a great deal of time, effort and money to recruit, test and select a sales force. This process typically includes psychological testing, in-depth interviews and extensive checks of credentials and references. In contrast, most EDS organizations have no recruitment qualifications at all. Anyone who wants to become a distributor is welcomed.

A key inference that can be drawn from the many sales force studies is that whom one recruits is probably not so important as what

is done with the recruits after they have been hired (Churchill, Ford et al. 1985). This is particularly salient when examining EDS organizations. Many of the individual salesperson elements examined in previous studies consist of selection factors which are not used by EDS organizations, since there is no employee selection or hiring process. Most new recruits are introduced into an EDS organization by a current distributor. They are recruited not on the basis of their resume, experience, or qualifications but solely on their desire to join the organization. Individual success and appropriate performance goals are defined by each distributor and can differ dramatically. A distributor's definition of success may range from being able to purchase products at cost for friends to achieving financial independence. Because they have no control over distributor selection or individual goals, EDS organizations must rely to a greater degree on influence strategies and the relationships within the organization to influence performance after the salesperson has become part of the organization.

The team building strategies found in the total quality management literature suggest strategies by which EDS organizations can positively influence their sales force and their intraorganizational relationships. Successful teams are characterized by clear goals, unified commitment, organizational support and recognition, a spirit of collaboration, and principled leadership (Cortada 1993). Applying

these strategies within EDS organizations should not only help produce a more effective sales force, they should also contribute to a more stable sales force.

The traditional sales force is controlled through a bureaucratic managerial structure. Salespeople are often required to work assigned hours. They may be required to perform duties such as pricing and stocking of inventory in addition to their selling activities, and their sales activities are closely supervised. They may be controlled by sales or activity quotas and face potential negative sanctions if performance targets are not met. EDS organizations are legally constrained from using the control strategies normally available to employers. Instead, these organizations exert control over their distributors through the distributors' desire for esteem and through the bonds of friendship. They create social bonds and relationships to support economic activity (Biggart 1988).

Just as with employee selection criteria, EDS organizations have almost no employee termination mechanisms. In most EDS organizations, there are no formal "quitting" procedures prescribed for the salesperson or "official" notice of termination by the organization (Wotruba 1992). Turnover in these organizations is voluntary. The distributor simply decides to become inactive and may, or may not, inform the organization of their decision. Although some EDS organizations experience turnover rates of over 100 percent per year

(Smith 1992), this issue has only recently become the focus of a limited amount of academic research.

EDS organizations have historically handled their high turnover rate by recruiting heavily to replace distributors as they leave. Increasingly, these organizations are seeking to stabilize their sales force by providing additional support activities and creating social networks and belief systems in which the relationships within the organization are as important as traditional organizational incentives. It has been projected that direct selling will continue to grow and increase in importance (Dunne, Lusch et al. 1992). As this growth develops, organizational relationship activities will take on an even more important role in motivating and maintaining an effective EDS sales force.

Relationships within a traditionally structured sales force are typified by recent comments from *The Wall Street Journal* (1994, p.1). "Salespeople typically work best as the Lone Ranger without Tonto." "With big egos and lots of drive, the best salespeople are competitors, not cooperators." In direct contrast, EDS organizations do not encourage competition between distributors and often actively discourage it. Mary Kay Cosmetics, one of the largest EDS organizations, encourages distributors to support each other by giving the "Miss Go-Give" award to the distributor judged to be the most selfless.

This focus on building and fostering intrachannel relationships and the lack of traditional bureaucratic controls within EDS organizations sets them apart from other sales structures. Peterson and Wotruba (1996) describe the organizational structure in terms of operational, tactical, and strategic perspectives. Tactically and strategically, direct selling is simply a way of organizing the sales force and gaining access to a market. The most distinguishing characteristic of these organizations is that the sales force (EDS sales force) has been specifically designated as "statutory nonemployees" by Congress in the Tax Equity and Fiscal Responsibility Act of 1982 (Bernstein 1984). Thus, EDS organizations are sales organizations in every respect with the exception of the employee/employer relationship. These organizational characteristics provide an ideal venue for studying **intraorganizational** relationships within sales organizations which is the research focus of this dissertation.

1.6 RESEARCH FOCUS

This research focuses on the relationships that exist between a sales force and the organization. Although these relationships are important to any sales organization, they are particularly important in EDS organizations because of these organizations' unique management structure. The theoretical framework that will be used to examine these relationships is the relationship marketing paradigm as proposed

by Berry (1983). This paradigm and its applicability to sales organizations is outlined in chapter 2.

The primary role of this dissertation is to advance a model that will aid in understanding the importance of these relationships and their role in influencing sales force effectiveness and stability. Secondarily, this dissertation applies the concept of relationship marketing to relationships within the organization. Finally, by consolidating features of previous research, this research produces a compact relationship model which will have application beyond the context in which it was developed.

1.7 ORGANIZATION OF THE DISSERTATION

Chapter 2 describes a relationship marketing model for EDS organizations. The theoretical bases underlying the model constructs are delineated along with a review of the relevant literature from sales management research and the literature on relationship marketing. Hypotheses developed from the model are presented in chapter 3, along with measurement, methodological, and procedural issues. Statistical analysis of the research data and an evaluation of the model are presented in chapter 4. Chapter 5 addresses research implications and applications of the research as well as future research directions.

Chapter 2

Research Model

and

Theoretical Perspectives

2.1 INTRODUCTION

The research in this dissertation is grounded primarily in the relationship marketing paradigm and the model that is proposed and tested is drawn from this stream of marketing thought. Significant contributions from the sales force management, internal marketing, and relationship marketing literature are drawn together to produce the research model.

In this chapter, we first discuss the various literature streams and their applicability in understanding the relationships within EDS organizations. Next, we introduce the focus model of this study and review previous work that provides the basis for this model. The remainder of the chapter describes each of the constructs in the proposed model and the theory bases from which they are drawn.

2.2 LITERATURE REVIEW

The need for a better understanding of the intraorganizational dynamics of sales organizations is evident throughout the marketing literature. The following discussion examines the sales force

management, internal marketing, and relationship marketing literature to identify approaches to further this understanding.

Sales Force Management

Despite extensive study, researchers have been largely unsuccessful in identifying specific factors which can be used to select effective salespeople. In their meta-analysis of the determinants of salesperson performance, Churchill, Ford, Hartley, and Walker (1985) reviewed 116 articles which examined 1653 reported associations between performance and determinants of that performance. Among the factors they identified from these studies are role variables, skill, motivation, personal factors, aptitude, and organizational factors. Surprisingly, none of these factors individually account for more than 10% of salesperson performance (Churchill, Ford et al. 1985). It can be concluded that more research must be done before clear guidance can be provided on the selection of sales personnel (Comer and Dubinsky 1985).

As an alternative to looking for specific factors that predict salesperson effectiveness, some have proposed examining interactions within the organization and the relationship between salespeople and their customers (Weitz 1981). Others (Comer and Dubinsky 1985) suggest that performance can be explained in terms of variables such as job tenure, motivation, and role perception which can be influenced

by managerial intervention. One of the key conclusions to be drawn from this large body of research is that whom one recruits is probably not as important as what happens within the organization after they are hired (Churchill, Ford et al. 1985). This focus on the internal relationships within organizations is supported by the internal marketing and relationship marketing literature.

Internal Marketing

Internal marketing is the task of successfully hiring, training, and motivating able employees to serve the customer well (Kotler 1991). Unfortunately, in the body of literature that has addressed internal marketing, the focus has remained on the external outcome rather than on the intraorganizational process. George (1990) presents internal marketing as a human resource management philosophy to prepare and motivate employees to "do a great job with customers." Kotler (1991) describes internal marketing as the work done to train and motivate employees to work as a team to provide customer satisfaction. It is generally acknowledged that this should be an ongoing philosophy of motivation and support rather than one of temporary programs or campaigns (Gronroos 1985; George 1990). In a comprehensive review of the internal marketing literature, Varey (1995) finds applications of internal marketing in services marketing strategy, corporate strategy, total quality management, operations management,

human resources management, and organizational development as well as in the general marketing literature in selling and productivity. As currently applied, internal marketing strategy is largely an extension of sales management. This approach concentrates exclusively on the **marketing** aspect and overlooks the **relationship** aspect of the internal marketing strategy.

The importance of the internal marketing strategy is further developed by Albrecht and Zemke (1985) in the services literature. They introduce the *Triangle of Service* (Figure 3) as a framework by which service managers can understand the interrelationship of the elements of good service with the customer. It includes, almost as an aside, the suggestion that, "...the organization exists to serve the needs of the people who are serving the customer."

This contention is left undeveloped until a later work (Albrecht 1988) in which the *internal service triangle* is proposed (Figure 4) and the organizational importance of developing a "service culture" is described. A service culture is one that influences people to behave and relate in "customer-first" ways. It begins with the leadership of the organization and is effected in the feelings and actions of the front-line people. The internal service triangle portrays the employee as customer with the organization, culture, and leadership identified as critical elements for influencing the employee. Although the focus of

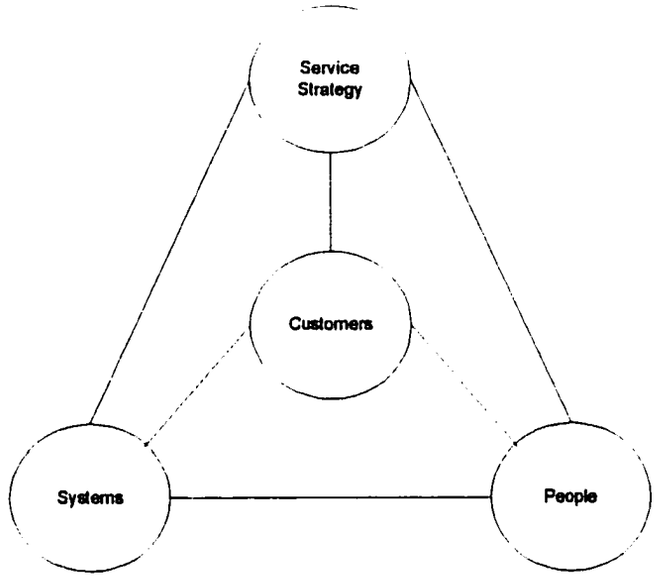


Figure 3. The Triangle of Service
(Albrecht and Zemke, 1985)

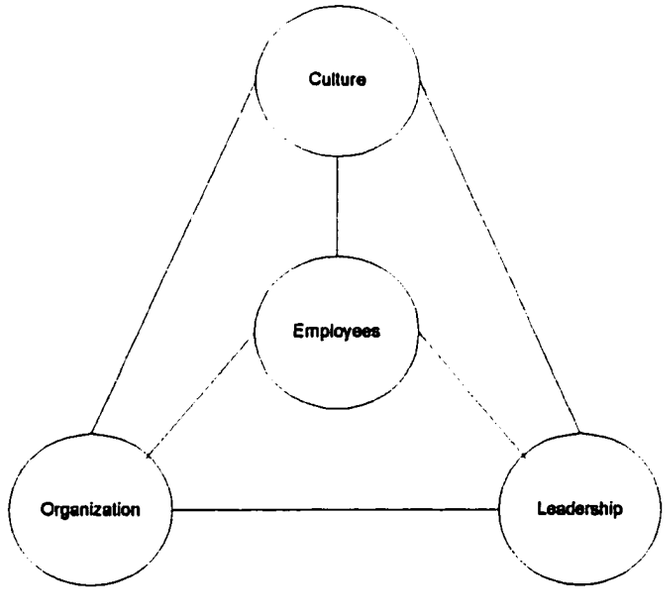


Figure 4. The Internal Triangle of Service
(Albrecht, 1988)

this model is winning employee commitment to serving the external customer, it is a clear advance toward an application of an internal relationship marketing strategy.

Because they do not have access to traditional sales force management tools, internal relationship marketing becomes especially relevant in EDS organizations. As used here, this strategy treats the distributor as customer, the organization as supplier, and the continued relationship with the organization as product. To the extent that labor intensive organizations (such as EDS organizations) can use marketing to attract and retain quality personnel, organizational performance will be improved. Internal relationship marketing has proven to be an effective tool within service organizations for enhancing and improving employee performance (George 1990) and reducing employee turnover among bank tellers (Zweig 1980). The influence of relationship activities on and through relationship quality has been modeled by Crosby, Evans, and Cowles (1990) and by Kasulis and Balazs (1997).

Internal marketing was further developed by Berry (1983) in his discussion of relationship marketing. He describes internal marketing as the **internal** element of a relationship strategy with the focus on using marketing to attract, keep, and motivate quality personnel. From this perspective, the exchange that occurs between the organization and the employee is essentially no different than any marketplace

exchange transaction. The job and the organization are products that are sold on an on-going basis to the employee. The employee (as consumer) evaluates the organization and their relationship with it and chooses whether to stay in the organization (buy the job) in much the same way any product is evaluated and purchased. The outcome of this process is a workforce that is more capable of serving the organization's ultimate consumer.

Relationship Marketing

Relationship marketing is best described as marketing activities for the purpose of attracting, maintaining and enhancing customer relationships (Berry 1983). The essence of relationship marketing is the sustained contact among the principal actors which leads to an increase in the number of marketing transactions (Stoltman, Gentry et al. 1993).

Relationship marketing was first explicitly described in the marketing literature by Berry (1983) in a services context. He suggested that relationship marketing is most applicable under the following conditions:

1. There is an ongoing desire for a marketing relationship on the part of the customer;
2. The customer controls selection of the supplier;
3. There are alternative suppliers and customer switching costs are relatively low.

In addition, he proposed five strategies for initiating and maintaining relationships which can be used singly or together: core services strategy, relationship customization, service augmentation, relationship pricing, and internal marketing.

The first four strategies are external strategies, concentrating on relationships with channel partners or ultimate consumers. The *core service strategy* is a product focused strategy which emphasizes consumer product need satisfaction. *Relationship customization* identifies the importance of learning the unique characteristics and requirements of customers and tailoring services, or organizational interfaces, to meet these needs. *Augmentation* is a value-added approach which includes building extras into the relationship as a point of differentiation from competitors. *Relationship pricing* is more than just pricing competitively or discounting. It is the development of a pricing strategy designed to build and maintain long-term exchange relationships.

These external strategies have been most widely applied in examining relationships in business to business marketing (e.g., El-Ansary and El-Ansary, 1996). Too often, marketing strategies have treated industrial (business to business) exchanges as discrete events rather than recognizing and treating them as ongoing relationships (Jackson 1985a; Jackson 1985b; Dwyer, Schurr et al. 1987). This understanding that effective marketing strategies must take into

consideration the nature of the exchanges has resulted in an extensive body of work that has developed and advanced the concept of strategic alliances between channel partners (Frazier, Spekman et al. 1988; Spekman 1988; Heide and John 1990; Hallen, Johanson et al. 1991). These strategies have also been applied to the development of retail strategies for developing customer relationships (Berry and Gresham 1986), enhancing relationships with retail customers in the automobile industry (Illingworth 1991), and in insurance sales (Crosby, Evans et al. 1990). Internal marketing as a strategy for developing relationships internal to the organization has not been properly addressed in the development and application of relationship marketing theory.

2.3 PREVIOUS MODELS

The importance of understanding exchange interactions is made clear by reviewing the development of the marketing ideas that lead to this study. Although reference to marketing "relationships" does not surface until more recent writings, it is clear that this terminology is appropriate throughout this stream of research.

In an early work, Sheth (1976) proposed a conceptual framework which described buyer-seller interaction as a communication process which focused not only on the content of the marketing communication but also on the style of the communication. He suggests that effective

buyer-seller communication may perform any of the following functions:

1. Increase awareness of each other's expectations;
2. Remind each other of past satisfaction with the relationship;
3. Reinforce each other's exchange behaviors;
4. Precipitate exchange behaviors by intensifying expectations;
5. Persuade each other to change their expectations.

Key factors that influence communication are identified as personal factors such as role orientation; organizational factors such as style, structure, and objectives; and product factors such as buyer or seller plans. Although it has never been evaluated empirically, this framework has provided a base for much of the interaction research that has come since.

Similarly, Reingen and Woodside (1981) suggest that buyer-seller interaction research should focus on three sets of variables and the *relationship* among these variables. The first of these are antecedent variables such as personal characteristics and negotiation strategies. The second are communication process variables which include content and style of both verbal and nonverbal communication. Content represents the substantive elements, while style represents the behavioral aspects of communication. The final set of variables are outcome variables. Neither the framework proposed by Sheth (1976) nor the Reingen and Woodside (1981) framework address these in any

detail; however, exchange interaction outcomes are usually framed in terms of either sales success/failure or positive/negative impact on the ongoing exchange relationship and the expectation of continuing that relationship.

Levitt (1981) points to the growing importance of exchange relationships by suggesting that every exchange experience has intangible elements, a cluster of expectations as integral as any tangible elements it may contain. These intangible elements may include such things as the packaging, the sales presentation, or the responsiveness of the salesperson and/or the organization before, during, and after the sale. The importance of managing this perception is further developed into the concept identified as relationship management (Levitt 1983). The management of relationships requires the creation of systems to maintain and enhance them. In particular, these systems should focus on enhanced communication and support of the buyer by the seller.

Exchange relationships develop and change over time much the same as interpersonal relationships. In fact, a number of studies have used and explored marriage as a metaphor for the development of exchange relationships (Levitt 1981; Dwyer, Schurr et al. 1987; Stoltman, Gentry et al. 1993). Dwyer, Schurr, and Oh (1987) describe relationship development as a process that proceeds in stages from awareness, to exploration, to expansion, and finally to commitment. A

high quality relationship is characterized by a deepening commitment to shared values and organizational structures. Among the benefits they identify in this type of relationship are the certainty gained from (or satisfaction with) mutually anticipated roles and goals as well as the confidence in exchange effectiveness that comes from trust in the exchange partner.

This stream of research is drawn together in a relationship marketing model (Figure 5) that was developed and empirically tested in a services marketing (insurance sales) setting by Crosby, Evans, and Cowles (1990). Their model focuses on the quality of the relationship between the salesperson and the external customer. It examines the relationship between the quality of the relationship (perceived by the customer), variables antecedent to the relationship (salesperson characteristics and relational behaviors), and the outcomes of the exchange relationship (sales effectiveness and expectation of future interaction).

Building on the Crosby, et al. (1990) model, Kasulis and Balazs (1997) identify the need for a more generalized relationship marketing framework with a common vocabulary. To this end they propose a Relationship Marketing Framework (Figure 6) designed to integrate existing literature streams. This model more clearly identifies the distinction and contribution to exchange of both *discrete* transaction

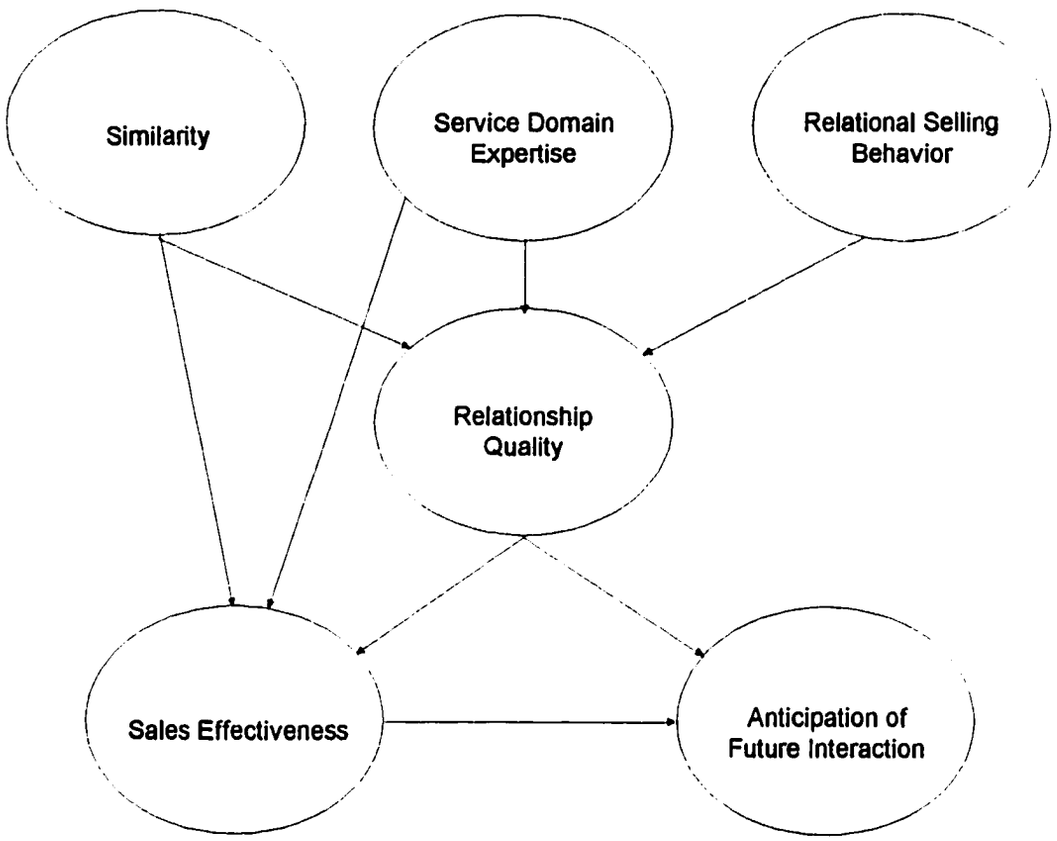


Figure 5. Relationship Quality Model
(Crosby, Evans, & Cowles, 1990)

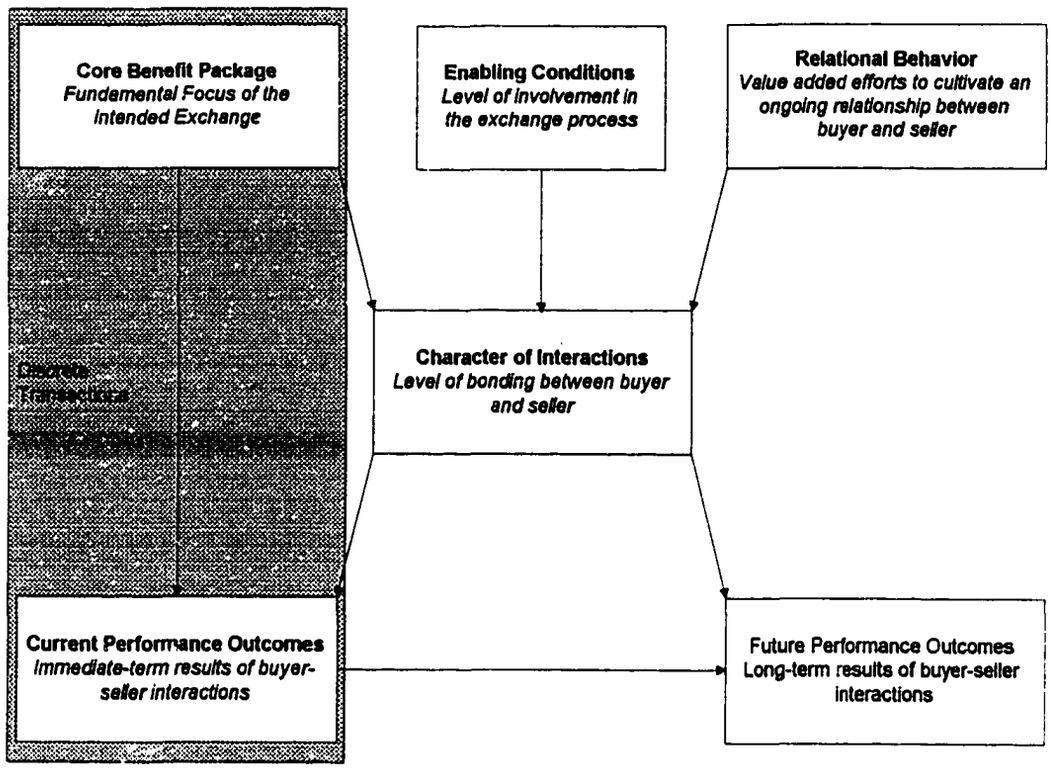


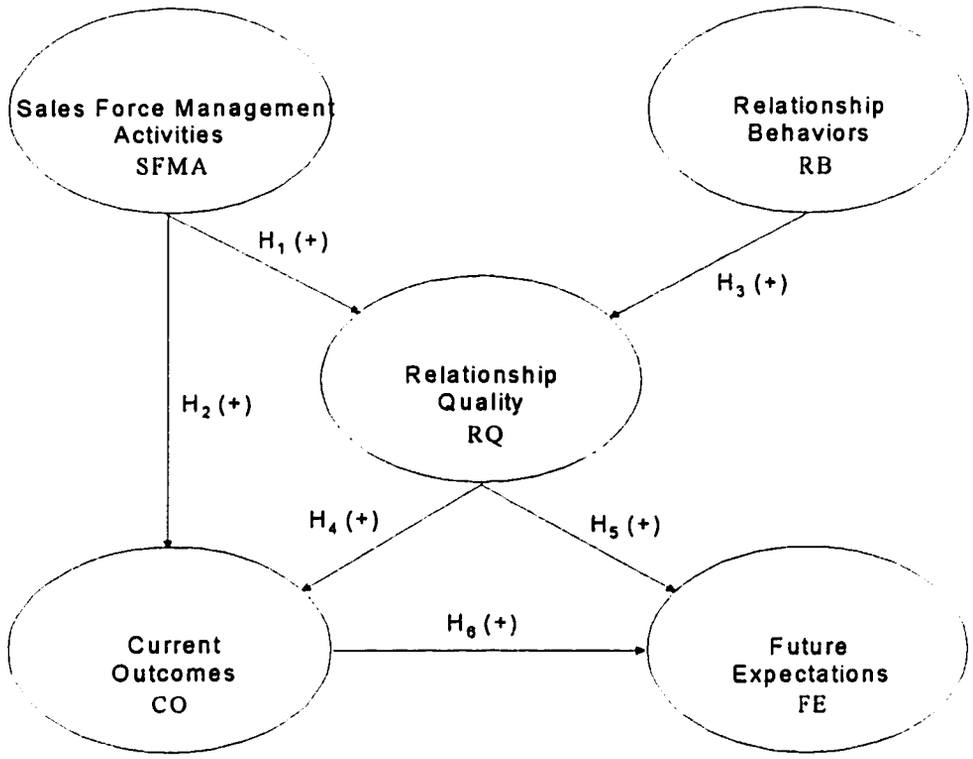
Figure 6. Relationship Marketing Framework
(Kasulis & Balazs, 1997)

behaviors and *relational* exchange behaviors. In addition, the model identifies more generic terminology for the model constructs.

One unifying factor in the preceding streams of research is that the focus is on external relationship marketing. Although the work by Albrecht and Zemke (1985) and Albrecht (1988) develops an internal focus, its purpose is to commit the employee to the external customer, not to the organization. The Crosby, Evans, and Cowles (1990) model and the more generic model proposed by Kasulis and Balazs (1997) provide the basis for the model that is proposed and tested in this dissertation. The model proposed here focuses on applying an internal marketing strategy to enhance the employee's commitment to the organization.

2.4 THE INTRAORGANIZATIONAL RELATIONSHIP MARKETING MODEL

The Intraorganizational Relationship Marketing (IRM) model that is proposed and tested in this study is illustrated in Figure 7. The model identifies structural characteristics of intraorganizational relationships. Figure 7 is a theory model which illustrates the relationships between the model constructs. This model is consistent with the previously discussed relationship marketing models (Sheth 1976; Levitt 1981; Dwyer, Schurr et al. 1987) and is principally an extension and reevaluation of Crosby, Evans, and Cowles' (1990)



SFMA: Traditional Sales Management Activities (e.g., Training, Compensation Plan)

RB: Activities Designed to Enhance the Exchange Relationship (e.g., Frequent Communication, Mutual Disclosure)

RQ: Qualitative Evaluation by Distributor of Their Relationship with the Organization

CO: Distributor's Satisfaction with Current Status

FE: Distributor's Evaluation of the Likelihood of Continuing Their Relationship with the Organization

Figure 7. Intraorganizational Relationship Marketing Model: Hypothesized Relationships

relationship quality model and Kasulis and Balazs (1997) more generic relationship marketing framework. It is a transition from the models which focus on relationships external to the organization (an **inter**organizational focus) to one with an **intra**organizational focus. Further, it integrates additional perspectives on relationship marketing such as proposed by Albrecht and Zemke (1985) and Albrecht (1988), as well as sales management approaches discussed earlier.

The IRM model identifies structural characteristics (antecedents and outcomes) of relationships within organizations. It is composed of two exogenous and three endogenous variables and is constructed around the endogenous variable, relationship quality. The two exogenous variables, representing traditional sales management activities as well as specific relationship behaviors practiced by the organization, are represented as antecedent variables. The remaining endogenous variables, current outcomes and future expectations, are represented as outcome variables. The remainder of this chapter provides a discussion of the relationship marketing paradigm, its applicability to this study, and a detailed description of each of the model constructs.

2.5 RELATIONSHIP QUALITY

The focal construct of the IRM model, relationship quality, is drawn from the relationship marketing paradigm and the body of work

that has developed in support of it. Many marketing relationships have a high degree of uncertainty regarding the level of long term commitment between exchange partners. Relationship quality has been described as resulting from the supplier's ability to reduce this uncertainty. Uncertainty in relational contexts may be reduced as a result of a continuous history of positive interactions (Westbrook 1981). Crosby, Evans, and Cowles (1990) modeled relationship quality between salesperson and customer as being composed of two dimensions: trust in the salesperson and satisfaction with the salesperson by the customer. Kasulis and Balazs (1997) also posit trust as an appropriate measure of relationship quality; however, they correctly suggest that satisfaction is a better measure of current outcomes. Within an EDS organization, relationship quality is determined by the distributor as a result of their interpersonal relationship with, and resulting evaluation of, the organization. This conception of the relationship quality construct will be used in evaluating the IRM model.

One classic view suggests *trust* is a generalized expectancy that the word of another can be relied on (Rotter 1967). In a marketing context, trust may be said to exist when one party has confidence in an exchange partner's reliability and integrity (Morgan and Hunt 1994). As a measure of relationship quality, trust is an indicator of the certainty of predictable and obligatory behavior on the part of an

exchange partner. Within an EDS context, trust represents a confident belief that the organization can be relied upon to behave in the long term interest of the distributor.

The quality of the distributors' relationship with the organization has a direct influence on their current success, as well as on their evaluation of their future with the organization. The evaluation of *relationship quality* in an EDS organization is developed over time. It results from repeated interactions between the distributor and the organization. If these interactions are positive over time, both trust in the organization and interpersonal relationships within the organization will be enhanced and a high quality relationship will exist.

Relationship quality is modeled as a latent, or unobservable, endogenous variable. Endogenous variables are those variables whose variation is explained by exogenous or other variables in the system (Dillon and Goldstein 1984). Two antecedents of relationship quality are identified in the IRM model.

2.6 ANTECEDENT VARIABLES

Variables that cause other variables and whose variability is assumed to be determined by other causes outside the causal model are called exogenous (Dillon and Goldstein 1984). Two latent exogenous variables are identified in the IRM model. These are identified as *sales management activities* and *relationship behaviors.*

Sales management activities are modeled to have a direct causal effect on relationship quality as well as on the outcome variable, current outcomes. Relationship behaviors are modeled to have a direct causal effect on relationship quality.

2.7 SALES FORCE MANAGEMENT ACTIVITIES

Sales force management activities in the IRM model influence outcomes both directly and indirectly. Classic sales force management tools include recruiting, selecting, training, supervising, compensating, motivating and evaluating salespeople (Kotler 1991; Guiltinan and Paul 1994). EDS organizations do not have all of these management tools available to them.

There are no formal recruitment or selection criteria in EDS organizations (Biggart 1988, Peterson and Wotruba 1996). Anyone who wants to become a distributor can join the organization. As self-employed entrepreneurs, distributors work independently with no management supervision. There are no sales quotas, no customer call requirements, no prospecting requirements, and no organizational reporting requirements. As a result, distributors in an EDS organization are not subject to a traditional evaluation process. Evaluation of performance and the decision to remain with the organization rests with the individual distributor. This leaves training, compensation, and motivation as the primary sales management

activities available to the EDS organization. In the IRM model, the adequacy and efficacy of these activities are determined by the distributor.

To the extent that training can provide distributors with product knowledge, customer knowledge, and selling skills, their confidence and capabilities are enhanced (Guiltinan and Paul 1994). This directly affects current outcomes by enabling them to do a more effective job of presenting and selling their product. Training also directly affects relationship quality. Providing training which enhances their likelihood of success represents a commitment by the organization to the distributors. This commitment will help reduce uncertainty regarding their relationship with the organization resulting in improved relationship quality.

Compensation packages are developed to attract and retain sales representatives and there is tremendous variety in compensation plans which may include elements such as fixed and/or variable salary elements, fringe benefits, and expense allowances (Kotler 1991). Compensation plans are an important feature of EDS organizations and are important in attracting distributors. It has been reported that more women make $100,000 a year in Mary Kay Cosmetics than in any other corporation in America, and more women make $40,000 or more in direct selling than in the next several industries combined (Biggart 1988). The perception by distributors that they will be fairly and

adequately compensated for their efforts has a direct effect on both their current outcomes and the quality of their relationships within the organization.

Motivation refers to an activated state within a person that leads to goal directed behavior (Mowen 1990). The majority of sales representatives require some degree of external motivation to perform at their highest level. Motivation has been modeled by Churchill, Ford, and Walker (1993) to produce greater effort resulting in improved performance. They also demonstrate that this leads to increased satisfaction. Motivating activities within EDS organizations consist primarily of recognition and awards. Recognition is frequently accomplished by the granting of honorific titles in acknowledgment of accomplishments in achieving recruitment or sales levels. Awards may include perquisites such as foreign travel and luxury goods. The opportunity to achieve recognition and/or awards both motivates distributors toward improved current outcomes and enhances the distributors' evaluation of their interpersonal relationship with the organization.

The influences of sales force management activities in EDS organizations are seen in the IRM model (Figure 7) as H_1 and H_2. These relationships can be stated as follows:

H_1: A distributor's evaluation of the quality of their relationship with their organization varies directly

with their evaluation of their organization's sales force management activities.

H_2: A distributor's evaluation of the current outcomes resulting from their relationship with their organization varies directly with their evaluation of their organization's sales force management activities.

As we have seen, EDS organizations cannot apply traditional sales management tools. Instead, they must employ other methods of enhancing the effectiveness of their distributors and retaining these distributors in the organization. This is accomplished by emphasizing relationship behaviors designed to positively influence the quality of the relationship between the organization and the distributor in order to motivate distributors and increase the likelihood of retaining them in the organization.

2.8 RELATIONSHIP BEHAVIORS

EDS organizations are motivated to engage in relationship marketing behaviors for precisely the reasons identified by Berry (1983). The organization wishes to continue the relationship with distributors, however, distributors alone determine if the relationship will continue. Current distributors presumably desire to maintain some form of employment. However, there are similar employment

opportunities (suppliers) available with any of numerous competing organizations and the cost of switching is relatively low (e.g., from Mary Kay to Avon, or from Amway to Shaklee.)

Additionally, because there are no selection or retention criteria in most EDS organizations, the choice of staying with a particular organization is made by the distributor. The goal of the organization in engaging in relationship behaviors is to establish a relationship with its distributors that is ongoing and mutually satisfying beyond that which can be accomplished through sales management activities alone.

Relationship behaviors influence the outcomes in EDS organizations indirectly through their impact on relationship quality. Relational behavior refers to activities designed to husband/cultivate the exchange relationship and see to its maintenance and growth (Crosby, Evans et al. 1990). These activities in the IRM model are conceived as communication frequency, mutual disclosure, and supportive leadership style.

The impact of organizational relationship behaviors on relationship quality is stated as H_3 and has the relationship illustrated in Figure 7:

H_3: A distributor's evaluation of the quality of their relationship with their organization varies directly with their evaluation of their organization's relationship behaviors.

Communication has been described as the glue that holds together a channel of distribution and can serve as the process by which commitment and loyalty are encouraged (Mohr and Nevin 1990). Satisfactory exchange interactions are shaped by the quality of the communication process (Sheth 1976). A high level of communication in an EDS organization represents an effort on the part of the organization to keep channels of communication open and exhibit a commitment to the relationship (Crosby, Evans et al. 1990).

Berger and Calabrese (1975) maintain that the need to reduce uncertainty explains why people communicate the way they do. One of their key assertions is that uncertainty decreases when there is more frequent communication. Further, Morgan and Hunt (1994) find that, to the extent that an exchange partner's perception that past communications have been frequent and of high quality, greater trust in the relationship will result. *Communication frequency* in the IRM model is conceptualized as the frequency (direct or indirect) of communication interactions between the organization and the distributor either for personal or business purposes.

Altman and Taylor (1973) propose that the development of a relationship is closely tied to systematic changes in communication. One feature of this is *self-disclosure*, or the revealing of intimate information about oneself. The general model is that trust is developed when both persons self-disclose; that is, when they engage in *mutual*

disclosure. In fact, some have suggested that self-disclosure is vital for a relationship to escalate and that it is probably impossible to develop a close relationship without this mutual disclosure (Dahnke and Clatterbuck 1990; Infante, Rancer et al. 1990).

Mutual disclosure may occur in a variety of ways within an EDS organization. It may take place between the distributor and anyone in the organization, an "upline" (higher level) distributor, a "downline" (lower level) distributor, or someone in the management hierarchy. Mary Kay Ash maintains a surprisingly close level of contact with distributors at all levels of the Mary Kay Corporation. She calls her distributors "daughters," frequently calls or visits them or family members when they are ill, and repeatedly shares (discloses) the story of her own climb to success (Farnham 1993). This level of disclosure leads to closer, higher quality relationships within the organization.

The final relationship behavior, *supportive leadership* style, is consistent with the cooperative intentions dimension proposed in Crosby, Evans, and Cowles' relationship quality model. It is drawn primarily from the path-goal theory of leadership (House and Dessler 1974) and incorporates a wider range of behaviors that engender cooperation. Leadership is the ability to influence the attitudes and opinions of others in the organization. It is not synonymous with management. It is a higher order of capability (Hosmer 1982). One of the central themes in leadership is the ability to create and

communicate a vision of the organization (Kerin, Mahajan et al. 1990). Supportive leadership, or consideration, is typified by such acts as doing personal favors, being friendly and approachable, and taking time to listen to others, thus suggesting concern for their needs (French 1974). Leader behavior has been shown to be an explanatory variable that directly affects the psychological states and performance of subordinates (House and Dessler 1974). Kohli (1989) found a close relationship between leadership consideration and intrinsic job satisfaction.

Successful EDS organizations are built around quality relationships. Relationships in these organizations are highly personalized. Distributors become involved in each other's private lives, often describing themselves as family (Biggart 1988). This level of relationship quality cannot be achieved through traditional sales management practices. Organizations that require high quality intraorganizational relationships can only achieve them by consciously adopting and practicing relationship behaviors. Within EDS organizations, a high quality relationship is a necessary factor for the organization to achieve its desired outcomes.

The impact of relationship quality on organizational outcomes is included in the IRM model (Figure 7) as H_4 and H_5:

H_4: A distributor's evaluation of the current outcomes resulting from their relationship with their

organization varies directly with their evaluation of the quality of their relationship with the organization.

H_5: A distributor's evaluation of future expectations resulting from their relationship with their organization varies directly with their evaluation of the quality of their relationship with the organization.

2.9 OUTCOME VARIABLES

All sales organizations are confronted with two basic problems. The first is to maximize current results, usually measured as sales production. The other is to maintain a stable, productive sales force over time (Churchill, Ford et al. 1993). Although EDS organizations must deal with the same problems, their approach must be different due to the differences in organizational structure and philosophy. Because of their choice of organizational structure, access to traditional management tools is limited. As a result, they must focus to a greater extent on creating quality relationships to achieve their desired outcomes.

Two latent endogenous variables are identified in the IRM model as outcome variables. These are current outcomes and future expectations. As endogenous variables, their variability is assumed to

be caused by other variables in the model (Dillon and Goldstein 1984). Current outcomes has a direct causal relationship with the exogenous variable sales force management activities and the endogenous variable relationship quality. Future expectations have a direct causal relationship with the two endogenous variables, current outcomes and relationship quality.

2.10 CURRENT OUTCOMES

The performance of individual members of a sales force is traditionally measured by comparing their performance against managerial measurement standards (Kotler 1991). These standards usually include a combination of outcome-based measures and behavior-based measures (Guiltinan and Paul 1994). As part of their evaluation, salespeople may be required to explain or justify their performance and may face negative sanctions if performance is determined to be less than satisfactory. Distributors in EDS organizations are not faced with this type of evaluation.

Recall that EDS distributors are self-employed entrepreneurs. In this capacity, they alone determine the adequacy of their current outcomes. Their evaluation of current outcomes is driven by whatever personal standard they set, not by any organizational standard. The distributors' evaluations of their outcomes are determined to a large

extent by what outcomes they expect to result from participating in the organization.

One distributor may expect to generate a high income level and attain recognition and/or advancement within the organization. Another may only wish to have access to the products offered by the organization (e.g., makeup, household items, health products), so they can function as a low margin buyer for friends and family. This distributor would expect to receive relatively lower financial or other rewards. Although their results and effort may be vastly different, each may evaluate the outcomes and rewards they receive from the organization very positively.

Many individuals who join EDS organizations expect to attain additional outcomes in addition to or in lieu of financial rewards and recognition. Among these expectations are a challenging, equal opportunity job with a high level of flexibility (Biggart 1988; Farnham 1993). Some value social rewards, personal fulfillment, ability to determine working hours, and personal autonomy (Peterson and Wotruba 1996). Others may be seeking membership in a supportive organization in which they can grow professionally while working in a family-oriented environment. A number of EDS organizations advance the adage, "God first, family second, career third (Biggart 1988)." Clearly the range of possible outcomes that may be expected by various distributors is very broad.

Satisfaction is an emotional state that occurs in response to an evaluation of positive interaction experiences (Westbrook 1981) and is centered around the roles assumed and performed by the individual parties (Murstein 1977). Additionally, there is strong evidence linking satisfaction with turnover in sales organizations (Wotruba 1990). Satisfaction is brought about in EDS organizations by the perception of the distributor of the organization's efforts over time to engage in behaviors that enhance their interactions.

To the extent that the outcomes experienced by distributors meet their expectations, and to the degree that they are satisfied with their current job status, they will evaluate the outcomes positively. Both met expectations and satisfaction in direct selling organizations have demonstrated a strong inverse relationship to turnover (Wotruba and Tyagi 1991). This is an important element associated with the final IRM model construct, future expectations, and is stated as H_6 in the IRM model (Figure 7):

H_6: A distributor's evaluation of future expectations resulting from their relationship with their organization varies directly with their evaluation of the current outcomes resulting from their relationship with their organization.

2.11 FUTURE EXPECTATIONS

The future expectations construct was modeled by Crosby, Evans, and Cowles (1990) as *anticipation of future interactions.* The Crosby, et al. conceptualization captures the expectation by the consumers that they will engage in repeated exchanges with their supplier. They modeled this construct with only one dimension which measured expectancy of interaction with a salesperson. Kasulis and Balazs (1997) model this construct as *future exchange relationship* which pertains to the *likelihood* of future interactions. They suggest purchase probabilities and potential for a long term relationship as measures.

In the IRM model, future expectations are conceptualized as a two dimensional construct. These dimensions measure *organizational commitment* and *propensity to leave the organization.* Jackson (1985b) suggests that levels of satisfaction and performance are likely to have an important effect on the stay-or-leave decision. Additionally, it has been demonstrated that increased commitment to the organization decreases the likelihood of turnover (Good, Sisler et al. 1988; Johnston, Parasuraman et al. 1990). The future interactions construct is directly affected by the endogenous variables, relationship quality and current outcomes.

A positive evaluation of future expectations is the ultimate goal of **internal** relationship marketing. A sales force that is committed to the

organization and has a low propensity to leave will produce the **external** results the organization is seeking. This approach will produce the employees described by George (1990) that are prepared and motivated to do a great job with customers.

2.12 SUMMARY

Good marketing research should have both positive and normative elements. Positive research attempts to describe, explain, predict, and understand the activities and phenomena that actually exist. Normative research provides a model which decision makers can apply in selecting appropriate actions or strategies, given certain objectives and potential outcomes (Hunt 1991).

The focus of the model proposed in this study is the relationship within an EDS organization between the organization and the distributor *as perceived by the distributor.* This perspective is important because, as noted previously, these organizations rely to a large extent on the strength and quality of the intraorganizational relationships to motivate and retain distributors. The model is primarily a positive model. It describes and explains phenomena that exist within an EDS organization. It is also normative in that it provides an important source for decision makers to better understand the quality of the relationships within the organization and provides guidance in improving those relationships.

The intraorganizational relationship marketing model described in this chapter identifies and describes structural characteristics of intraorganizational relationships within EDS organizations. The theoretical basis for each of the constructs and their interrelationship has been described. Additionally, the hypotheses that will form the basis for evaluating the model were stated. The construct measures, and the methodology proposed for testing the model are presented in the following chapter.

Chapter 3

CONSTRUCT MEASURES

and

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter describes the measures that are used to evaluate the constructs and associated hypotheses identified in the previous chapter. Measures for each of the model constructs are developed and discussed. A research plan is described which includes the research instrument used, a discussion of the sample population, and data collection.

3.2 HYPOTHESES

The following hypotheses were drawn from the IRM model and discussed in detail in the previous chapter. Their relationships are illustrated in the IRM model, Figure 7.

H_1: A distributor's evaluation of the quality of their relationship with their organization varies directly with their evaluation of their organization's sales force management activities.

H_2: A distributor's evaluation of the current outcomes resulting from their relationship with their

organization varies directly with their evaluation of their organization's sales force management activities.

H_3: A distributor's evaluation of the quality of their relationship with their organization varies directly with their evaluation of their organization's relationship behaviors.

H_4: A distributor's evaluation of the current outcomes resulting from their relationship with their organization varies directly with their evaluation of the quality of their relationship with the organization.

H_5: A distributor's evaluation of future expectations resulting from their relationship with their organization varies directly with their evaluation of the quality of their relationship with the organization.

H_6: A distributor's evaluation of future expectations resulting from their relationship with their organization varies directly with their evaluation of the current outcomes resulting from their relationship with their organization.

3.3 MEASURING CONSTRUCTS

The constructs identified in the IRM model are conceptualized as either latent exogenous variables or latent endogenous variables. Latent variables are variables that cannot be directly observed or measured. The term exogenous is used to describe variables that cause other variables and whose variability is determined by causes outside the model. The term endogenous describes variables whose variation is explained by exogenous variables or other endogenous variables in the model (Dillon and Goldstein 1984; Byrne 1989).

Since latent variables cannot be directly observed, they must be operationalized in terms of the dimension or dimensions believed to represent them (Dillon and Goldstein 1984). These dimensions were discussed to some extent in the earlier discussion of the IRM model. In this section, specific measures are identified for each dimension of each construct.

3.4 SALES FORCE MANAGEMENT ACTIVITIES

The sales force management activities construct is conceptualized as a latent exogenous variable. It is hypothesized (H_1 and H_2) to have a direct causal relationship with the endogenous variables, relationship quality and current outcomes. As discussed previously, it is modeled to consist of three dimensions: training,

compensation, and motivation. No established measures are readily available for these dimensions. This necessitates the development of an instrument for each of them.

Training

Major corporations spend billions of dollars annually on training, however, this expenditure is seen as adding more value than cost (Kotler 1991). A sales training program is the organization's vehicle for imparting information and selling techniques that it feels will contribute to an individual salesperson's success (Soldow and Thomas 1991). Effective training has been shown to increase sales levels, lead to higher morale, produce higher job satisfaction, and lower job turnover (Mason and Ezell 1993). Besides the somewhat obvious direct effect on current outcomes, the IRM model posits that training which is perceived by the distributors as effective and supportive of their role in the organization will also directly influence the quality of their relationship with the organization.

A review of the sales and sales management literature reveals a general consensus on specific areas of information that should be included in a training program for salespeople (Pederson, Wright et al. 1984; Kotler 1991; Soldow and Thomas 1991; Guiltinan and Paul 1994). These areas are listed in exhibit 1.a. Exhibit 1.b illustrates the

Exhibit 1.a
Recommended Training Knowledge for Salespeople

Recommended Training Knowledge Areas
1. Knowledge about company objectives, policies, and procedures.
2. Knowledge about the product.
3. Knowledge about the marketing program for the product.
4. Knowledge about the competition.
5. Knowledge about current and potential customers.
6. Knowledge about sales techniques.

(Source: Pederson, Wright et al. 1984; Kotler 1991; Soldow & Thomas, 1991; Guiltanan & Paul, 1994)

Exhibit 1.b
Proposed Training Measurement Scale

1. (Organization Name) has taught me a lot about its goals and its policies and procedures.
2. (Organization Name) has taught me a lot about its products.
3. (Organization Name) provides sufficient training about the current marketing program for its products.
4. (Organization Name) has provided useful information about our competitors.
5. (Organization Name) has trained me about current and potential customers.
6. (Organization Name) has provided me useful sales skills training.
7. I am satisfied with (Organization Name)'s training.
8. (Organization Name)'s training program is not very good. (Reverse Coded)
(Seven point Likert scale: 1 = Strongly Disgree and 7 = Strongly Agree)

(Source: Scale based on Pederson, Wright et al. 1984; Kotler 1991; Soldow & Thomas, 1991; Guiltanan & Paul, 1994)

proposed scale for measuring the distributor's evaluation of the training provided.

Compensation

Sales organizations use their compensation plan to attract and retain good salespeople. Since distributors in EDS organizations are self-employed, they are technically not "compensated" by the organization. Compensation in EDS organizations may be based on a number of factors, not all of which are found in all organizations (Biggart 1988). Direct earnings come from selling products which are purchased by distributors at a discount from a posted resale price. Additional compensation may come in the form of royalties on the sales of distributors they have recruited and, in some cases, from discounts for "wholesaling" product to these recruits. Since the resale price, discount rates, and royalty rates are all set by the organization, the distributor's compensation plan is in reality determined by the organization.

An effective compensation plan should have a number of features if it is to meet the goals of both the organization and the salesperson. It should be perceived as both fair and understandable. The plan should base rewards on efforts and results. Finally, it should be viewed as being in line with competitive opportunities (Pederson,

Wright et al. 1984). A proposed scale for evaluating distributor's perception of their compensation plan is illustrated in exhibit 2.

Exhibit 2
Proposed Compensation Measurement Scale

1. I have a good understanding of (Organization Name)'s compensation plan.
2. (Organization Name) has an equitable (fair) compensation plan.
3. My earnings are directly related to my effort.
4. My earnings are directly related to how much I sell.
5. The earning opportunities with (Organization Name) are as good or better than other opportunities I might have.
(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: Scale Based on Pederson, Wright et al. 1984; Biggart 1988)

Motivation

Although there are no simple guidelines for motivating a sales force, most studies indicate that performance does not depend solely on monetary compensation and that some noncompensation-related forms of motivation should be used (Guiltinan and Paul 1994). These types of motivation are designed as special incentives to encourage salespeople to reach their greatest potential. EDS organizations make wide use of these incentives. Mary Kay is widely known for the pink Cadillacs driven by many of her distributors. Other EDS organizations award jewelry, furs, and foreign travel to their top performers.

Distributors often receive these awards at elaborate ceremonies in front of their peers (Biggart 1988; Farnham 1993; Bounds 1995).

Commonly used motivation tools include sales contests, sales meetings, recognition, and other awards (Kotler 1991; Soldow and Thomas 1991; Guiltinan and Paul 1994). Exhibit 3 identifies proposed survey questions to evaluate organizational motivational efforts from the distributor's perspective.

Exhibit 3
Proposed Motivation Measurement Scale

1. If I do well, I can move up in the (Organization Name) organization.
2. If I do well, I will earn prizes or awards from (Organization Name).
3. I will be appropriately recognized by (Organization Name) for my successes.
4. (Organization Name) offers me sufficient opportunity to attend sales meetings.
5. (Organization Name) makes a real effort to reward me for my successes.
6. (Organization Name) does not try very hard to motivate its salespeople. (Reverse Coded)
(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: Scale based on Kotler 1991; Soldow & Thomas 1991; Guiltinan & Paul 1994)

Structure

Each of the preceding scales are structured in the research instrument in a Likert format (1 = Strongly Disagree and 7 = Strongly Agree). Item scores are summed within dimensions to form dimension scores. These scales are factor analyzed to verify unidimensionality.

Reliability is evaluated on the basis of coefficient alpha. These scales may be trimmed if necessary on the basis of this analysis.

3.5 RELATIONSHIP BEHAVIORS

The relationship behaviors construct is conceptualized as a latent exogenous variable. It is hypothesized (H_3) to have a positive causal relationship with relationship quality. This construct is modeled to consist of three dimensions: communication frequency, mutual disclosure, and supportive leadership. Measures for each of these dimensions are available from previous research and are used directly or adapted as required for this study.

Communication Frequency

Frequent communication has been shown to be a key determinant of relationship across a variety of exchange situations (Crosby 1984). Communication frequency is modeled by Crosby, Evans, and Cowles (1990) in a sales context and focuses on the frequency of contact between insurance salespeople and their clients. As a result, the wording of some of the items in their scale is industry or product specific and some of the items are inapplicable to this study. The items for the communication frequency scale used in this study are drawn from the Crosby, et al. scale. Some items are not used and the wording of other items has been changed to make them more generic or

appropriate for this study. The communication frequency scale items are identified in exhibit 4.

Exhibit 4
Communication Frequency Scale

During the past year, other than through sales meetings, my distributor or someone else from (Organization Name):
1. contacted me just to stay "in touch" and make sure I was doing okay.
2. sent me something of a personal nature (for example a birthday card, holiday gift, etc.).
3. contacted me my to let me know about new products and opportunities.
4. contacted me to see if there was anything I needed to help me in the business.
(Ten point Likert scale: 0 = Never and 10 = Ten or More Times)

(Source: Adapted from Crosby, Evans & Cowles 1990)

Mutual Disclosure

Self-disclosure, revealing intimate information about oneself, plays an important part in the development of relationships. Trust is developed and strengthened when both persons self-disclose, or engage in mutual disclosure (Infante, Rancer et al. 1990). Mutual disclosure appears to be an appropriate indicator of relationship building behavior. It demonstrates an attempt to create a dyadic atmosphere characterized by openness and candor (Crosby, Evans et al. 1990). As in the communication frequency scale, Crosby, et al. (1990) measure mutual disclosure in an insurance selling context resulting in items

that are either inapplicable or improperly worded for the present study. The mutual disclosure scale for this study is drawn from the Crosby, et al. scale and is presented in exhibit 5.

Exhibit 5
Mutual Disclosure Scale

1. My distributor has shared with me his/her own financial situation and dealings.
2. My distributor has shared with me his/her own financial goals and objectives.
3. My distributor has told me about his/her background, personal life, or family.
4. My distributor has talked to me about his/her job (accomplishments and problems, likes and dislikes).
5. My distributor has shared with me information about his/her outlook on life.
6. I have shared with my distributor information about my current financial situation.
7. I have shared with my distributor information about my personal financial goals and objectives.
8. I have shared with my distributor information about my background, personal life, or family.
9. I have talked with my distributor about my (Organization Name) career (likes and dislikes, accomplishments and problems).
10. I have expressed to my distributor my feelings about him/her as a person.
11. I have shared with my distributor information about my outlook on life.

(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: Adapted from Crosby, Evans & Cowles 1990)

Supportive Leadership

Supportive leadership is a measure of the degree to which leader behavior can be characterized as friendly and approachable, and considerate of the needs of subordinates (Bearden, Netemeyer et al. 1993). The supportive leadership measure is drawn from the perceived leadership scale developed by House and Dressler (1974).

Exhibit 6
Supportive Leadership Scale

1. My distributor is friendly and polite.
2. My distributor does little things to make it pleasant to be a member of the group.
3. My distributor puts suggestions made by (Organization Name) consultants into operation.
4. My distributor treats (Organization Name) consultants as his/her equals.
5. My distributor gives us advance notice of changes in the (Organization Name) organization.
6. My distributor prefers to keep to him or her self.
7. My distributor looks out for the personal welfare of us all.
8. My distributor is willing to make changes in (Organization Name).
9. My distributor helps me overcome personal problems so I can do a better job.
10. My distributor does what he/she can to make my work more pleasant.

(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: House and Dressler, 1974)

This measure has been widely used in the organizational literature (Bearden, Netemeyer et al. 1993) and has been shown to have

predictive validity in marketing contexts by Teas (1981) and Kohli (1989). The supportive leadership scale is presented in exhibit 6.

Structure

Each of the three measures associated with the relationship behaviors construct is structured as a Likert scale. The supportive leadership and mutual disclosure scales are 7-point scales (1 = Strongly Disagree and 7 = Strongly Agree). Communication frequency is structured as an 11-point scale designed to specifically capture the frequency of contact (0 = Never and 10 = 10 or more times). Unidimensionality and reliability of each of the scales are evaluated using factor analysis and coefficient alpha.

3.6 RELATIONSHIP QUALITY

The relationship quality construct is modeled as a latent endogenous variable. As the focal construct in the IRM model, it is hypothesized (H_1 and H_3) to be influenced by the sales force management activities of the EDS organization and by the organization's relationship behaviors. It is also hypothesized (H_4 and H_5) to have a causal relationship with the distributor's current outcomes and future expectations. Relationship quality in the model is measured on two dimensions: trust and job satisfaction. An

additional, single item measure of overall relationship quality is also included.

Trust

It has been proposed that trust is central to all relational exchanges (Morgan and Hunt 1994). This proposition is supported by Spekman (1988) who describes trust as the cornerstone of strategic partnerships. A quality relationship could not exist if mutual trust did not exist between the parties to the relationship. In fact, Lagace (1991) suggests that trust is an important element to the necessary social exchange process without which development of relationships will break down or not take place at all. It is also suggested that the ability of management to develop and preserve trusting relationships with their sales forces exerts a critical influence on organizational outcomes (Strutton, Pelton et al. 1993). Therefore, trust is an important indication of relationship quality.

Trust in relationships has been modeled by Crosby, Evans, and Cowles (1990) in an insurance sales context and by Morgan and Hunt (1994) in a more general setting. The trust scale presented in exhibit 7 is the product of both these sources.

Exhibit 7
Trust Scale

My Distributor:
1. cannot be trusted sometimes. (Reverse Coded)
2. can be counted on to do what is right.
3. has high integrity.
4. can be relied upon to keep his/her word.
5. will sometimes put my interests ahead of his/her own.
6. is not always honest. (Reverse Coded)
(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: Crosby, Evans & Cowles 1990: Items 4-6; Morgan & Hunt 1994: Items 1-3)

Interpersonal Relations

The clearest indication of the quality of the relationship within an organization is the qualitative evaluation by the distributor of their interpersonal relationships. This evaluation will be driven by their perception of the organization sales force management activities and relationship behaviors and is measured using the interpersonal relations subscale of the met expectations scale (Wotruba and Tyagi 1991) presented in exhibit 8.

Structure

Both the trust scale and the interpersonal relations scale are structured as 7-point Likert scales. Trust is measured using a scale

Exhibit 8

Met Expectations Scale

For each of the following aspects of the job, please compare your actual experience with what you expected:

Outcomes and Rewards (Current Outcomes Measure)

1. High income opportunity
2. Predictable earnings
3. Feelings of worthwhile accomplishment
4. Opportunities for advancement
5. Opportunity for professional growth
6. Making good use of my skills
7. Desirable work hours
8. Prestige of the job

Interpersonal Relations (Relationship Quality Measure)

1. Support from the (Organization Name) organization
2. Attention and appreciation from (Organization Name)
3. Opportunity to work as part of a team
4. Development of selling skills

Conditions of Work (Current Outcomes Measure)

1. Opportunity to make friends
2. Freedom to do the job as I wish
3. Chance to be creative and innovative
4. Products that are highly competitive
5. Feelings of loyal association with (Organization Name)

Job Challenges and Demands (Current Outcomes Measure)

1. Individual effort required
2. Success relates directly to effort
3. Opportunity to assume responsibility
4. Rejection by prospective customers

(Seven point Likert scale: 1 = Substantially Less and 7 = Substantially More)

(Source: Wotruba and Tyagi 1991)

with the following anchor points: 1 = Strongly Disagree and 7 = Strongly Agree. The interpersonal relations subscale of the met expectations scale (Wotruba and Tyagi 1991) is anchored with the following: 1 = Substantially Less Than Expected and 7 = Substantially More Than Expected. Unidimensionality and reliability are validated with factor analysis and coefficient alpha. The single item relationship quality measure is comprised of a 7-point scale with the anchors "Extremely Low Quality" and "Very High Quality."

3.7 CURRENT OUTCOMES

The current outcomes construct is modeled as a latent endogenous variable. This outcome variable looks at the issue of salesperson success, or effectiveness and their overall satisfaction. It is hypothesized (H_2 and H_4) to be directly influenced by the organization's sales force management activities and by relationship quality. It is also hypothesized (H_6) to have a direct causal influence on future expectations.

Crosby, Evans, and Cowles conceptualized this construct as sales effectiveness and operationalized it as total sales and sales across product categories. Measurement was based on a "more is better" approach. This approach is inappropriate in EDS organizations. Kasulis and Balazs (1997) propose the broader categories of financial performance and satisfaction as appropriate outcome measures. As

discussed in chapter 2, evaluation of current outcomes must be based on whatever standard the individual distributor selects. For some, the standard may be "more is better." The standard for others may be "enough is okay." The distributor's evaluation of their current outcomes, then, must be based on what they expect their outcomes to be and their level of satisfaction with those outcomes. This concept of met expectations has been developed and tested by Wotruba and Tyagi (1991). This approach is used to evaluate current outcomes in the IRM model along with a job satisfaction measure developed by Wood, Chonko, and Hunt (1986).

Met Expectations

Met expectations is the discrepancy between what a person encounters on the job in terms of positive and negative experiences and what he or she expected to encounter. To the degree expectations are not met, the propensity to leave increases (Porter and Steers 1973). Wotruba and Tyagi (1991) extended this work to direct selling organizations. The scale they developed to examine met expectations is used in this study as a measure of current outcomes.

Job Satisfaction

In a selling context, satisfaction is an indication of the quality of the relationship between customer and supplier. When we examine

relationships in EDS organizations from the perspective of an internal marketing strategy, the distributor is cast in the role of customer and the organization in the role of supplier. Therefore, one measure of the current outcomes is the level of satisfaction the distributors find in their jobs. The job satisfaction measure is evaluated in this study with the job satisfaction scale (Wood, Chonko et al. 1986).

Structure

The Wotruba and Tyagi scale (1991) consists of a 21-item Likert scale in which respondents are asked to compare actual experience to what they expected. Scaling is from 1 (= Substantially less than I expected) to 7 (= Substantially more than I expected.) The scale was validated as a single scale and as a set of four subscales capturing different dimensions of the job. These dimensions are outcomes and rewards, conditions of work, job challenges and demands, and interpersonal relations. The first three subscales are used as measures of current outcomes. The interpersonal relations subscale is better used as a measure of relationship quality. Scale items are listed in exhibit 8 by subscale category.

The job satisfaction scale (Wood, Chonko et al. 1986) is an 11 item scale which evaluates the distributor's perception of their overall satisfaction with their current job status. It is structured as a Likert

scale (1 = Very Inaccurate and 6 = Very Accurate) and is presented in exhibit 9.

Exhibit 9
Job Satisfaction Scale

1. I am satisfied with the information I receive about my performance.
2. I receive enough information about my career performance.
3. There is enough opportunity in this career to find out how I am doing.
4. I am satisfied with the variety of activities this career offers.
5. I am satisfied with the freedom I have to do what I want in this career.
6. I am satisfied with the opportunities this career provides me to interact with others.
7. There is enough variety of activities in this career.
8. I have enough freedom to do what I want in this career.
9. This career offers the opportunity for independent thought and action.
10. I am satisfied with the compensation I receive from (Organization Name).
11. I am satisfied with the security this career offers.
(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: Wood, Chonko, and Hunt 1986)

3.8 FUTURE EXPECTATIONS

The final IRM model construct, future expectations, is conceptualized as a latent endogenous variable. This construct is an outcome variable which addresses the issue of sales force stability, or turnover in the sales force. Turnover is a complex process through which individuals assess their ongoing relationship with the

organization as well as their current outcomes and make decisions about staying with or leaving an organization (Lee and Mitchell 1994). This process is modeled in the hypothesized relationship (H_5 and H_6) between future expectations, relationship quality, and current outcomes. It is operationalized as a two dimensional construct consisting of the dimensions of commitment to the organization and propensity to leave.

Organizational Commitment

Organizational commitment may be conceptualized as the relative strength of an individual's identification with and involvement in an organization. Among the factors related to organizational commitment is a strong desire to maintain membership in the organization (or a propensity to stay) (Mowday, Steers et al. 1979). In the IRM model, organizational commitment is measured using the Organizational Commitment Questionnaire (OCQ) developed by Mowday, Steers, and Porter (1979). This scale has been widely used and validated in marketing applications and is presented in exhibit 10. Good, et al. (1988) and Johnston, et al. (1990) each applied the OCQ in retail sales settings and verified a strong inverse relationship between commitment and propensity to leave.

Exhibit 10
Organizational Commitment Questionnaire: OCQ

1. I am willing to put forth extra effort to help (Organization Name) be successful.
2. I recommend (Organization Name) as a great place to work.
3. I feel very little loyalty to (Organization Name). *
4. I would accept almost any job assignment in order to keep working for this organization. **
5. My values and (Organization Name)'s values are very similar.
6. I am proud to tell others that I am part of (Organization Name).
7. I would be just as happy working for a different organization. *
8. (Organization Name) inspires my very best job performance.
9. It would take very little change in my current circumstances to cause me to leave (Organization Name). *
10. I am extremely pleased to work for (Organization Name).
11. There's little for me to gain by remaining with (Organization Name) for a long time. *
12. Often I find it difficult to agree with (Organization Name)'s policies on important matters relating to its employees. **
13. I really care about the future of (Organization Name).
14. For me, this is the best of all possible organizations.
15. Deciding to work for (Organization Name) was probably a mistake. *

(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

* Reverse coded item

** Item dropped from OCQ for this study.

(Mowday, Steers and Porter 1979)

Structure

As proposed by Mowday, Steers, and Porter (1979), the OCQ is composed of 15 equally weighted Likert items scored on a 7 - point scale. Two items are dropped from the OCQ for use in this study. These two items deal with employment or organizational issues that do not exist in EDS organizations.

Propensity to Leave

Propensity to leave is a measure of the employee's intention to leave or their estimation of the likelihood of their leaving the organization within a given time frame. This area has been widely examined in the marketing literature. Recent examples include Morgan and Hunt (1994), Wotruba and Tyagi (1991), Crosby, et al. (1990), and Wotruba (1990). In most of these cases, likelihood of leaving has been measured directly, by asking about intention to stay with or leave the organization.

Wotruba (1990) proposed a more elaborate, single item scale to measure inactivity of direct salespeople, defining turnover among direct salespeople as "permanent inactivity." Inactivity is an effective measure of turnover in EDS organizations because most distributors do not actually "quit." They simply stop selling or trying to sell over a period of time, leaving the organization gradually. Propensity to leave is measured in this study using the scale proposed by Wotruba with

the addition of more direct questions about likelihood of leaving drawn from Morgan and Hunt (Morgan and Hunt 1994).

Exhibit 11
Propensity to Leave

Wotruba Scale
Which of the following statements best describes how you feel about staying in this job?
1. I have never thought about quitting.
2. I seldom think about quitting.
3. I sometimes think about quitting.
4. I frequently think about quitting.
5. I am just about ready to quit.
6. I am no longer active.
Additional Items from Morgan and Hunt
1. I will probably leave this job within the next six months.
2. I will probably leave this job within the next year.
3. I will probably leave this job within the next two years.
(Seven point Likert scale: 1 = Strongly Agree and 7 = Strongly Disagree)

(Source: Morgan and Hunt 1994; Wotruba and Tyagi 1990)

Structure

The Wotruba scale and additional items for the propensity to leave scale used in the IRM model are presented in exhibit 11. Items are summed to create a propensity to leave measure. Unidimensionality and reliability are verified using factor analysis and coefficient alpha.

Future Expectations

An additional scale to measure future expectations is drawn from the *dimensions* used by Wotruba and Tyagi (1991) and Wood, Chonko, and Hunt (Wood, Chonko et al. 1986). Proposed items for this scale are presented in exhibit 12. These items are structured in a 7 - point Likert scale and summed to form a measure of expectation of future interactions. Unidimensionality and reliability are verified using factor analysis and coefficient alpha.

Exhibit 12
Future Expectations Scale

1. The future rewards and opportunities from this career are promising.
2. (Organization Name) will be a satisfying career for my future.
3. This will be a challenging career for my future.
4. I look forward to continuing to work with (Organization Name) in the future.
(Seven point Likert scale: 1 = Strongly Disagree and 7 = Strongly Agree)

(Source: Drawn from Wotruba and Tyagi 1991; Wood, Chonko, and Hunt 1986)

3.9 RESEARCH METHODOLOGY

The following section describes the research methodology that was followed in evaluating the IRM model. First the research instrument is presented and discussed. Next the population in which the model is tested is described. Finally, the process by which research data were collected is described.

Research Instrument

Each of the measures of each of the constructs discussed previously are combined to form the Survey of Direct Salespeople (SDS) instrument. Scales with similar structure and response scoring are grouped together to simplify instructions and facilitate reading and responding. Items from the individual measures are separated within each instrument section to reduce response bias. Finally, each respondent is asked to complete a series of demographic questions to be used in later analysis of the respondents. The SDS instrument is presented in Appendix A.

Subjects

The subjects in this study are all sales consultants for an international EDS organization engaged in the sale of hair care products, cosmetics, toiletries, and fragrances for both men and women. Each consultant is self-employed and works out of their home scheduling private and/or party product demonstrations. Consultants belong to a sales unit that is the responsibility of a sales director. Sales directors are, in turn, part of a sales director group that is led by a national sales director. Consultants, directors, and national sales directors are all active sales people who purchase products directly

from the EDS organization and resell them at approximately 50% retail markup.

Each sales director holds a weekly sales meeting for the consultants in their unit. Meetings are conducted almost exclusively on Monday evenings with a few units meeting on Tuesdays. While attendance at the meetings cannot be required, all consultants are encouraged to attend and participate. Sales meetings are structured to provide support and encouragement for consultants. New products are introduced and demonstrated at these meetings. Contests are announced and awards for sales and recruiting accomplishments are presented. A significant portion of each meeting is devoted to sales technique suggestions and motivational talks from the director, other unit members, or guest speakers. It was at these weekly sales meetings that subjects were contacted for participation in this study.

Data Collection

Directors were initially identified through the Oklahoma City yellow pages and business white pages. The researcher contacted these directors, explained the study, and asked permission to attend a sales meeting for the purpose of having sales consultants complete the SDS instrument. Additional directors were identified (including one in the Dallas/Fort Worth metro area) through word of mouth referral and were also contacted for participation in the study. All of the directors

contacted were enthusiastic about participation in the study. However, for a variety of reasons (no meetings scheduled, vacation, health, etc.) some were unable to participate.

A total of 10 meetings were surveyed in the Oklahoma City area and one meeting was surveyed in the Dallas/Fort Worth area. Some of these meetings represented multiple units and directors sharing the same meeting space. All of the consultants in attendance at each of the meetings completed the survey instrument. A total of 211 instruments were completed, however, 13 of them were determined to be unusable due to missing responses. This resulted in an effective response rate of 93.0% and a usable sample size of 198 respondents.

Sample Size

For the analysis planned in this study a sample size of 198 is more than adequate. Verification of scale unidimensionality is accomplished with confirmatory factor analysis. Generally, a factor analysis should not be attempted with a sample size of less than 50 observations and preferably the sample size should be 100 or larger. One general rule is to have at least five times as many observations as variables with a preferred ratio of ten-to-one (Hair, Anderson et al. 1995). Since each scale is analyzed separately, the scale of interest is the Organizational Commitment Questionnaire with thirteen variables because if the sample size requirements for this scale are satisfied, the

requirements of all the scales in the study will be satisfied. The preferred sample size for this scale would be at least 130 observations which is exceeded by the sample in this study.

The causal relationships among the constructs in the IRM model are tested using LISREL. The structural and measurement model is presented in Figure 8. The question of proper sample size for structural equation modeling is widely debated. The generally accepted *minimum* sample size is 100. As the sample size becomes too large (over 400 to 500) the model becomes too sensitive. While there is no *correct* size, recommendations are for a size ranging between 100 and 200 (Hair, Anderson et al. 1995). Some have proposed 200 as a *critical sample size* and recommend always using this sample size regardless of the original sample size (Hoelter 1983).

3.10 SUMMARY

This chapter fully describes the development of the Survey of Direct Salespeople instrument used to collect data to evaluate the model advanced in this dissertation. In addition, the research subjects, data collection methodology, and sample size issues related to planned statistical analysis are addressed. In the following chapter, the results of the planned data analysis are presented and discussed in detail.

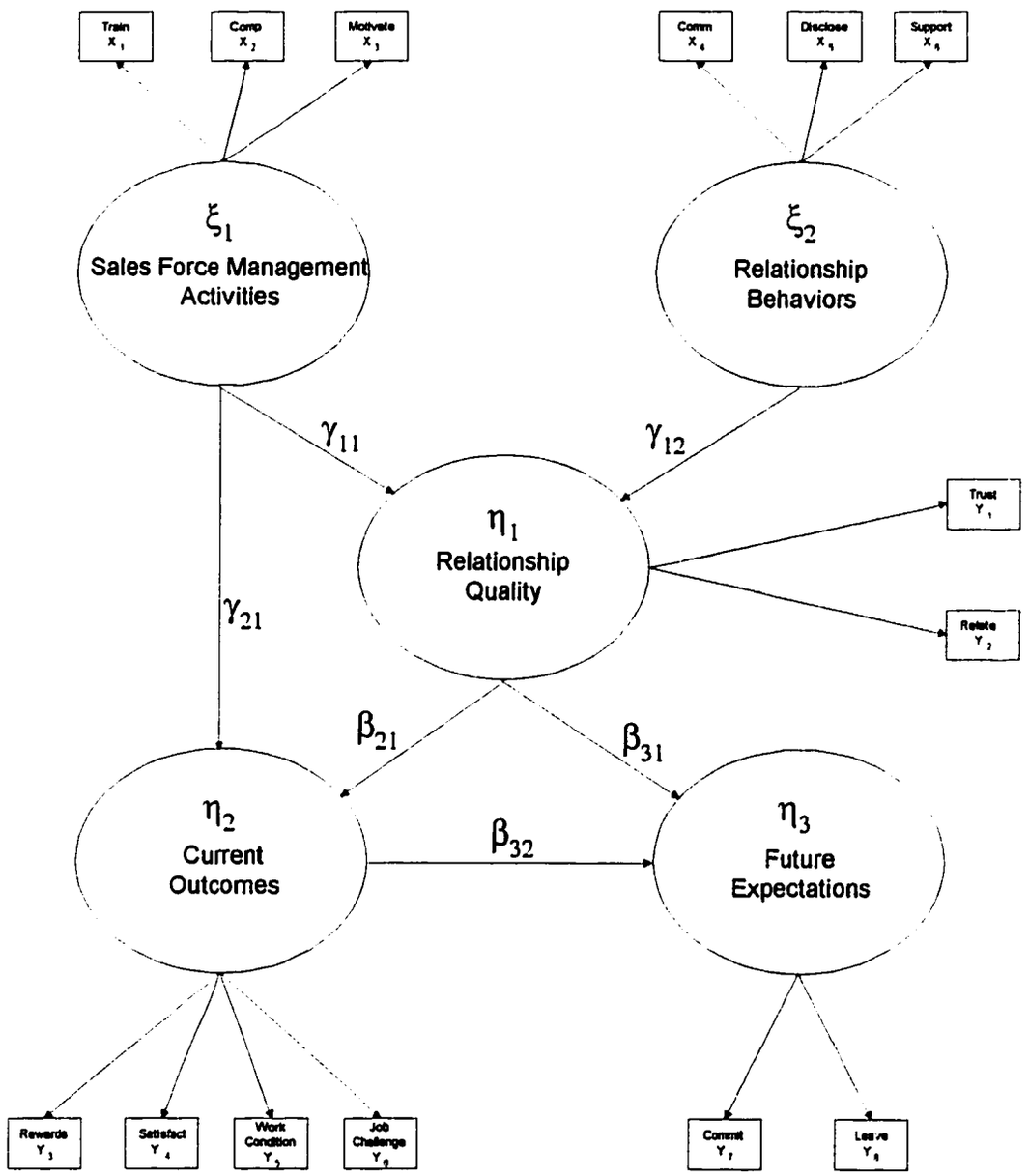


Figure 8. Intraorganizational Relationship Marketing Model: Structural & Measurement Model

Chapter 4

STATISTICAL RESULTS

4.1 INTRODUCTION

This chapter reports results of the statistical analysis of the data produced by the SDS instrument and research process described previously. First, a detailed descriptive profile of the subjects who participated in the study is provided. Next, the analysis includes an assessment of the dimensionality and validity of each of the measurement scales. Finally, structural equation modeling is used to evaluate the hypothesized relationships between constructs.

4.2 SUBJECT PROFILE

This section examines the descriptive characteristics of the participants in the study. Each characteristic is introduced and the corresponding data is presented in tabular form where appropriate. The number of respondents differs between categories due to the nonresponse of some subjects to some questions.

Gender

Respondents are overwhelmingly female. As is indicated in Table 4.1, of the 198 subjects participating in the study, 196 are female and 2 are men.

Table 4.1
Respondent Gender

Gender	Frequency	Percent
Female	196	99.0
Male	2	1.0
	198	100%

Table 4.2
Age Distribution

Age	Frequency	Percent
Under 25	19	9.6
25 - 34	65	33.0
35 - 44	62	31.5
45 - 54	33	16.8
55 or Older	18	9.1
	197	100%

Age, Ethnicity, and Education

The average respondent age is 37.5 years. The largest group (64.5%) are between the ages of 25 and 44. The majority (86.7%) of respondents are Caucasian, followed by Native-American (7.7%) and African-American (4.6%). The subjects in this study are well educated with a total of 80.7% having attended college and 42.1% report being college graduates.

Table 4.3
Ethnicity

Group	Frequency	Percent
Caucasian	169	86.7
African-American	9	4.6
Hispanic	1	0.5
Asian-American	1	0.5
Native-American	15	7.7
	195	100%

Table 4.4
Education

Level	Frequency	Percent
High School	23	11.7
Vocational/Technical	15	7.6
Some College	76	38.6
College Graduate	83	42.1
	197	100%

Family Characteristics

Over 75% of the respondents are married and 55.7% have at least one child still living at home. These statistics are consistent with the focus placed on home and family by most direct selling organizations (Biggart 1988).

Table 4.5
Marital Status

Status	Frequency	Percent
Single	24	12.2
Married	150	76.1
Divorced	22	11.2
Separated	1	0.5
Widowed	0	0.0
	197	100%

Table 4.6
Children at Home

Number	Frequency	Percent
None	87	44.4
1	33	16.8
2	56	28.6
3	15	7.7
4 or More	5	2.6
	196	100%

Conditions of Work and Income

Respondents report an average tenure of just over three years with this EDS organization. Tables 4.7 through 4.10 indicate that 86.3% of the respondents consider their EDS activity to be part time employment and, in fact, 67% of them are employed in other jobs in addition to their EDS activity. The average respondent spends less than 10 hours per week engaged in presenting and selling the product.

Table 4.7
Work Status

Status	Frequency	Percent
Full Time	27	13.7
Part Time	170	86.3
	197	100%

Table 4.8
Other Employment

Status	Frequency	Percent
Yes	132	67.0
No	65	33.0
	197	100%

Annually, 65% of respondents earn less than $5000 from their EDS activity and fewer than 20% earn more than $10,000. These findings are consistent with those found in Marketing News (1989) which report that 88% of direct salespeople work part-time. The households

represented in this study, however, are relatively wealthy. Incomes in excess of $45,000 per year are reported by 50% of respondent households and 32% have incomes of $55,000 or greater.

Table 4.9
Income:
From EDS Activity

Amount	Frequency	Percent
Under $5000	110	65.1
$5,000 - $9,999	28	16.6
$10,000 - $14,999	10	5.9
$15,000 - $19,999	6	3.6
$20,000 - $24,999	1	0.5
$25,000 or Over	14	8.3
	169	100%

Table 4.10
Income:
Household

Amount	Frequency	Percent
Under $15000	9	5.0
$15,000 - $24,999	24	13.3
$25,000 - $34,999	33	18.2
$35,000 - $44,999	24	13.3
$45,000 - $54,999	33	18.2
$55,000 or Over	58	32.0
	181	100%

Summary

The typical sales consultant in this organization is Caucasian (86.7%), female (99.0%), and approximately 37 years old (37.5 years). She is probably married (76.1%) and has at least one child living at home (55.7%). She is well educated (80.7%), having attended some college (38.6%), and is likely to be a college graduate (42.1%). Although her household income is in excess of $45,000 (50.2%), her income from EDS activity is less than $5000. Even though she has been affiliated with this organization for 3 years, she considers it part-time employment (86.3%) and is employed in another job (67.0%).

The profile of subjects in this study is quite similar to that found in previous studies based in this organization (Wert-Gray 1993). The subjects are, however, dissimilar from the general population. According to U. S. Census data (1990), they are "whiter", more likely to be married, better educated, and possess higher household incomes than the average American woman.

4.3 SCALE VALIDITY AND RELIABILITY

Each of the measurement scales is evaluated first for validity and then for reliability. Each scale was selected for use in the model on the basis of theory outlined in chapter 3. These scales are presumed to be content valid on the basis of the scale items and criterion valid on the

basis of previous application. Construct validity is further evaluated using confirmatory factor analysis to ensure unidimensionality of the scales. Only after construct validity is established is the reliability of each scale evaluated on the basis of Cronbach's alpha. The results of these analyses are reported in Table 4.11. Following this data, a discussion of the evaluative measures used is provided. Finally, the measures for each individual scale are discussed.

Table 4.11
Validity and Reliability

Scale	Model[a]	Chi-Square[b]	d.f.	GFI[c] (Adjusted)	RMSR[d]	Bollen Index[e]	Cronbach Alpha
Train	m	26.3	20	.969	.03	.989	.79
X1	n	641.1	28	(.944)			
	n-m	614.8	8				
Comp	m	2.1	2	.995	.03	.999	.50
X2	n	75.2	6	(.973)			
	n-m	73.1	4				
Motiv	m	10.5	9	.982	.03	.995	.70
X3	n	313.6	15	(.958)			
	n-m	303.1	6				
Comm	m	14.1	2	.968	.03	.971	.88
X4	n	417.1	6	(.842)			
	n-m	403.0	4				
Disclos	m	390.8	44	.667	.11	.712	.90
X5	n	1248.0	55	(.501)			
1-Factor	n-m	857.2	11				
Disclos	m	174.8	43	.856	.07	.891	N/A
X5	n	1248.0	55	.779			
2-Factor	n-m	1073.2	11				
Suppor	m	83.4	35	.920	.04	.959	.87
t	n	1225.4	45	(.875)			
X6	n-m	1142.0	10				
R-Qual	m						
Y1	n	Single Item Measure					
	n-m						

Table 4.11
Validity and Reliability

Scale	Model[a]	Chi-Square[b]	d.f.	GFI[c] (Adjusted)	RMSR[d]	Bollen Index[e]	Cronbach Alpha
Trust	m	25.9	9	.957	.04	.969	.84
Y2	n	555.4	15	(.899)			
	n-m	529.5	6				
Relate	m	10.9	2	.973	.04	.964	.81
Y3	n	251.5	6	(.866)			
	n-m	240.6	4				
Reward	m	152.2	20	.829	.07	.823	.87
Y4	n	769.0	28	(.693)			
	n-m	616.8	8				
Satis	m	301.1	44	.770	.09	.766	.89
Y5	n	1143.0	55	(.655)			
	n-m	841.9	11				
Work	m	16.6	5	.968	.04	.969	.84
Y6	n	378.2	10	(.903)			
	n-m	361.6	5				
Job	m	Confirmatory factor analysis failed admissibility check.					
Y7	n	No solution obtained.					
	n-m						
Commit	m	133.1	65	.910	.06	.892	.76
Y8	n	697.7	78	(.874)			
Full Scale	n-m	564.6	13				
Commit	m	59.4	20	.935	.05	.925	.83
Y8	n	546.9	28	(.882)			
Pos-Item	n-m	487.5	8				
Leave	m	6.2	2	.985	.03	.985	.77
Y9	n	274.3	6	(.927)			
	n-m	268.1	4				
Expect	m	3.6	2	.991	.02	.994	.75
Y10	n	292.6	6	(.956)			
	n-m	289.0	4				

a: m = measurement model; n = null model
b: Chi-Squares for all n-m differences statistically significant ($p < .001$)
c: GFI = Goodness of Fit Index
d: RMSR = Root Mean Square Residual
e: Bollen Index = $[\chi^2_{(n)} - \chi^2_{(m)}] / [\chi^2_{(n)} - d.f._{(m)}]$

Evaluative Criteria

Confirmatory factor analysis for each scale is performed using LISREL 8.10 for Windows (Joreskog and Srobom 1993). LISREL provides four indices of the goodness of fit for the proposed models: χ^2, Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), and Root Mean Square Residual (RMSR) (Byrne 1989). In addition to the indices provided in the LISREL output, a number of subjective goodness of fit indices are also available. The evaluative measures used in this study to determine the validity/dimensionality of each scale include those provided by the LISREL output plus the Bollen Index (Bollen 1989). After scale validity is established, Cronbach's alpha is determined for each scale as a reliability measure. Each of these measures and their use are described in the following paragraphs.

Use of the calculated χ^2 as a test statistic to evaluate the fit of a LISREL model is not valid in most cases (LISREL V Manual, pg. I-38). Instead of regarding χ^2 as a test statistic, one should regard it as a measure of fit in the sense that larger χ^2 values correspond to a bad fit and smaller χ^2 values to a good fit (LISREL V Manual, pg. I-39). An appropriate use of this statistic is to examine the difference in fit ($\Delta\chi^2$) between the measurement model (m) and the "no structure" null model (n). Since $\Delta\chi^2$ is distributed as χ^2 with degrees of freedom equal to the difference in degrees of freedom between the two models, the

significance of this value can be tested statistically to determine the degree of improvement in model fit (Byrne 1989). This examination is presented for each scale in Table 4.11 as the "n-m" model with associated χ^2 values and degrees of freedom.

The GFI is a measure of the relative amount of variance and covariance jointly accounted for by the model. The AGFI differs from the GFI only in the fact that it adjusts for the number of degrees of freedom in the model (Byrne 1989). Unlike χ^2, GFI and AGFI are independent of sample size and are relatively robust to departures from normality. Unfortunately, its statistical distribution is unknown so there is no standard with which to compare it (LISREL V Manual, pg. I-41). Both GFI and AGFI are reported in Table 4.11 with values closer to 1.00 indicating a better fit.

The RMSR is a measure of the average discrepancy between the elements in the sample and hypothesized covariance matrices. Values for this index range between zero and 1.00. Given a good fit by the model, this value will be small and ideally should be <0.05 (Byrne 1989), although higher values can be acceptable (Hair, Anderson et al. 1995).

Among the subjective goodness of fit indices is the Bentler and Bonett normed index (Byrne 1989). Their method involves hierarchical comparisons and incremental fit indices that reduce problems associated with sample size and χ^2 (Fornell 1983). The Bollen (1989) fit

index used in this study adjusts the Bentler and Bonett normed index for sample size and the degrees of freedom of the proposed model. The Bollen index value for each scale is reported in Table 4.11. The index "is designed so that on average it is about one for correct models" (Bollen 1989, pg. 314).

Reliability is a measure of the internal consistency of a scale and depicts the degree to which scale items "indicate" the common latent variable (SPSS 1994; Hair, Anderson et al. 1995). It should be noted that unidimensionality is an assumption underlying the calculation of reliability and should be evaluated before reliability is assessed. One of the most commonly used reliability measures, and the one used in this study, is Cronbach's alpha. Alpha is based on the correlation of items in the scale and is influenced by both the number of items and the correlations between them. It is assumed that items on a scale will be positively correlated because they are measuring a common entity. If items are not positively correlated, we have *no reason* to believe they are correlated with other similar scales we may have selected (SPSS 1994). Alphas for each scale are calculated and reported in Table 4.11. A commonly used threshold value for acceptable reliability is 0.70, although this is not an absolute standard, and values below 0.70 have been deemed acceptable (Hair, Anderson et al. 1995).

4.4 INDIVIDUAL SCALE EVALUATION

Each measurement scale is discussed in terms of the evaluative criteria described above. Based on the performance of the scale on these criteria, a determination is made concerning the appropriateness of the scale as a measure of the hypothesized construct.

Training (Scale: Train/X1)

This scale performed well on all criteria. The measurement model χ^2 is 26.3, the adjusted goodness of fit index is 0.944, and the root mean square residual is 0.03. The $\Delta\chi^2$ between the null and measurement models (614.8) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. Additionally, the Bollen (1989) fit index for the scale is 0.989. Cronbach's alpha for the scale is 0.79. These criteria indicate that the training scale is acceptably unidimensional and reliable as a measure of Sales Management Activity.

Compensation (Scale: Comp/X2)

The measurement model χ^2 is 2.1, the adjusted goodness of fit index is 0.973, and the root mean square residual is 0.03. The $\Delta\chi^2$ between the null and measurement models (73.1) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement

model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.999. Cronbach's alpha for the scale is 0.50. These criteria indicate that the training scale is acceptably unidimensional. The reliability measure is somewhat below the preferred threshold of 0.70. Hair, Anderson et al. (1995) note that lower values may be accepted if the scale is exploratory. Based on the developmental nature of the scale, the low number of scale items (which produces a lower alpha), and the goodness of fit measures, it will be accepted as appropriate for use in this study as a measure of Sales Management Activity.

Motivation (Scale: Motiv/X3)

This scale also performed well on all criteria. The measurement model χ^2 is 10.5, the adjusted goodness of fit index is 0.958, and the root mean square residual is 0.03. The $\Delta\chi^2$ between the null and measurement models (303.1) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. Additionally, the Bollen (1989) fit index for the scale is 0.995. Cronbach's alpha for the scale is 0.70. These criteria indicate that the motivation scale is acceptably unidimensional and reliable as a measure of Sales Management Activity.

Communication Frequency (Scale: Comm/X4)

The measurement model χ^2 for this scale is 14.1, the adjusted goodness of fit index is 0.842, and the root mean square residual is 0.03. The $\Delta\chi^2$ between the null and measurement models (403.0) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. Additionally, the Bollen (1989) fit index for the scale is 0.971. Cronbach's alpha for the scale is 0.88. These criteria indicate that the communication frequency scale is acceptably unidimensional and reliable as a measure of Relationship Behaviors.

Mutual Disclosure (Scale: Disclos/X5)

This scale was originally structured by Crosby, Evans and Cowles (1989) as a two-dimensional scale. This dimensionality was verified by first specifying a one-factor and then a two-factor confirmatory factor analysis. The results of both of these analyses are provided in Table 4.11.

The χ^2 for the one-factor solution is 390.8, the adjusted goodness of fit index is 0.501, and the root mean square residual is 0.11. The $\Delta\chi^2$ between the null and measurement models (857.2) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement

model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) index for this model is 0.712.

The χ^2 for the two-factor solution is 174.8, the adjusted goodness of fit index is 0.779, and the root mean square residual is 0.07. The $\Delta\chi^2$ between the null and measurement models (1073.2) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) index for this model is 0.891.

The two-factor model is a better fit of the data based on all the criteria. More significantly, the $\Delta\chi^2$ between the one-factor and two-factor models (216.0) is also statistically significant ($p < 0.01$) indicating further improvement in fit. This analysis verifies two dimensions within this scale which can be identified as "Personal Disclosure" and "Director Disclosure." These two measures of individual disclosure are summed into a single scale to create a measure of "Mutual Disclosure." The Cronbach's alpha for this single scale is 0.90. These criteria establish this scale as an appropriate measure of Relationship Behaviors.

Supportive Leadership (Scale: Support/X6)

The measurement model χ^2 for this scale is 83.4, the adjusted goodness of fit index is 0.875, and the root mean square residual is 0.04. The $\Delta\chi^2$ between the null and measurement models (1142.0) is

statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for this scale is 0.959. Cronbach's alpha for the scale is 0.87. These criteria indicate that the supportive leadership scale is acceptably unidimensional and reliable as a measure of Relationship Behaviors.

Relationship Quality (Scale: R-Qual/ Y1)

This measure of relationship quality is a single item indicator. The scale item is structured to ask directly for the respondent's evaluation of the quality of their relationship with the organization. As such, there is no dimensionality or reliability check for this measure. It is presumed to be valid and reliable for use in the model on the basis of its performance in the structural model analysis in conjunction with the other measures of the Relationship Quality construct.

Trust (Scale: Trust/ Y2)

The measurement model χ^2 for this scale is 25.9, the adjusted goodness of fit index is 0.899, and the root mean square residual is 0.04. The $\Delta\chi^2$ between the null and measurement models (529.5) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. Additionally, the Bollen (1989) fit

index for the scale is 0.969. Cronbach's alpha for the scale is 0.84. These criteria indicate that the trust scale is acceptably unidimensional and reliable as a measure of Relationship Quality.

Interpersonal Relations (Scale: Relate/ Y3)

The measurement model χ^2 for this scale is 10.9, the adjusted goodness of fit index is 0.866, and the root mean square residual is 0.04. The $\Delta\chi^2$ between the null and measurement models (240.6) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. Additionally, the Bollen (1989) fit index for the scale is 0.964. Cronbach's alpha for the scale is 0.81. These criteria indicate that this scale is acceptably unidimensional and reliable as a measure of Relationship Quality.

Outcomes and Rewards (Scale: Reward/ Y4)

The measurement model χ^2 for this scale is 152.2, the adjusted goodness of fit index is 0.693, and the root mean square residual is 0.07. The $\Delta\chi^2$ between the null and measurement models (616.8) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.823. Cronbach's alpha for the scale is 0.87. These criteria

indicate that the outcomes and rewards scale is acceptably unidimensional and reliable as a measure of the Current Outcomes construct.

Job Satisfaction (Scale: Satis/ Y5)

The measurement model χ^2 is 301.1, the adjusted goodness of fit index is 0.655, and the root mean square residual is 0.09. The $\Delta\chi^2$ between the null and measurement models (841.9) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.766. Cronbach's alpha for the scale is 0.89. These criteria indicate that this scale is acceptably unidimensional and reliable as a measure of Current Outcomes.

Conditions of Work (Scale: Work/ Y6)

The measurement model χ^2 for this scale is 16.6, the adjusted goodness of fit index is 0.903, and the root mean square residual is 0.04. The $\Delta\chi^2$ between the null and measurement models (361.6) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.969. Cronbach's alpha for the scale is 0.84. These criteria

indicate that the conditions of work scale is acceptably unidimensional and reliable as a measure of the Current Outcomes construct.

Job Challenges and Demands (Scale: Job/ Y7)

Validity for this scale was not established. As indicated in Table 4.11, the confirmatory factor analysis could not be completed as a result of the failed admissibility check in the LISREL program. A failed admissibility check may be an indication of a bad model and can suggest that the model being estimated differs from what was intended (Joreskog and Sorbom 1993).

This scale is a four-item scale drawn from the Met Expectations Scale (Wotruba and Tyagi 1991). A review of the scale items and the responses to them suggests that two of the items were misunderstood by a number of respondents. As a result, the inter-item correlations are negative in some cases and very low in others. As noted previously, if items are not positively correlated, we have *no reason* to believe they are correlated with other similar scales we may have selected (SPSS 1994).

The items in this scale are demonstrated not to be unidimensional for this data. Since dimensionality cannot be established, reliability is not an issue that can be addressed. Based on this analysis, it can only be determined that this scale is not an

appropriate measure of the Current Outcomes construct and should not be included in the final model.

Organizational Commitment (Scale: Commit/ Y8)

The Organizational Commitment Questionnaire was originally constructed as a 15-item scale with an option to use a 9-item version consisting of only the positive items (Mowday, Steers et al. 1979). Since it was necessary to drop some items from the full scale for this study, both versions of the scale were examined to identify the best fit for this study.

The measurement model χ^2 for the full scale is 133.1, the adjusted goodness of fit index is 0.874, and the root mean square residual is 0.06. The $\Delta\chi^2$ between the null and measurement models (564.6) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.892.

The measurement model χ^2 for the positive item scale is 59.4, the adjusted goodness of fit index is 0.882, and the root mean square residual is 0.05. The $\Delta\chi^2$ between the null and measurement models (487.5) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in

terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for this scale is 0.925.

The positive item scale represents a somewhat better fit. The $\Delta\chi^2$ between the two models (73.7) is statistically significant ($p < 0.01$). This indicates a significant improvement of the positive item model over the longer version. Cronbach's alpha for this model is 0.83. These criteria indicate that the positive item organizational commitment scale is the better fitting scale, is acceptably unidimensional and reliable, and should be used as a measure of the Future Expectations construct.

Propensity to Leave (Scale: Leave/ Y9)

The measurement model χ^2 for this scale is 6.2, the adjusted goodness of fit index is 0.927, and the root mean square residual is 0.03. The $\Delta\chi^2$ between the null and measurement models (268.1) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.985. Cronbach's alpha for the scale is 0.77. These criteria indicate that the propensity to leave scale is acceptably unidimensional and reliable as a measure of the Future Expectations construct.

Future Expectations (Scale: Expect/ Y10)

The measurement model χ^2 for the future expectations scale is 3.6, the adjusted goodness of fit index is 0.956, and the root mean square residual is 0.02. The $\Delta\chi^2$ between the null and measurement models (289.0) is statistically significant ($p < 0.01$) which indicates the unidimensional measurement model is a significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index for the scale is 0.994. Cronbach's alpha for the scale is 0.75. These criteria indicate that the future expectations scale is acceptably unidimensional and reliable as a measure of the Future Expectations construct.

Summary

Fifteen of the sixteen scales proposed for use in this study have been demonstrated to be both valid and reliable measures of their associated constructs. One scale, job challenges and demands (Y7), was found to be invalid and is removed from the study model. The oganizational commitment scale (Y8) was trimmed to the positive item only scale on the basis of the analysis outlined previously. Trimming Y8 does not result in any modification to the study model. The restructured Intraorganizational Relationship Marketing Model is presented in Figure 9. Analysis of this model is the subject of the remainder of this chapter.

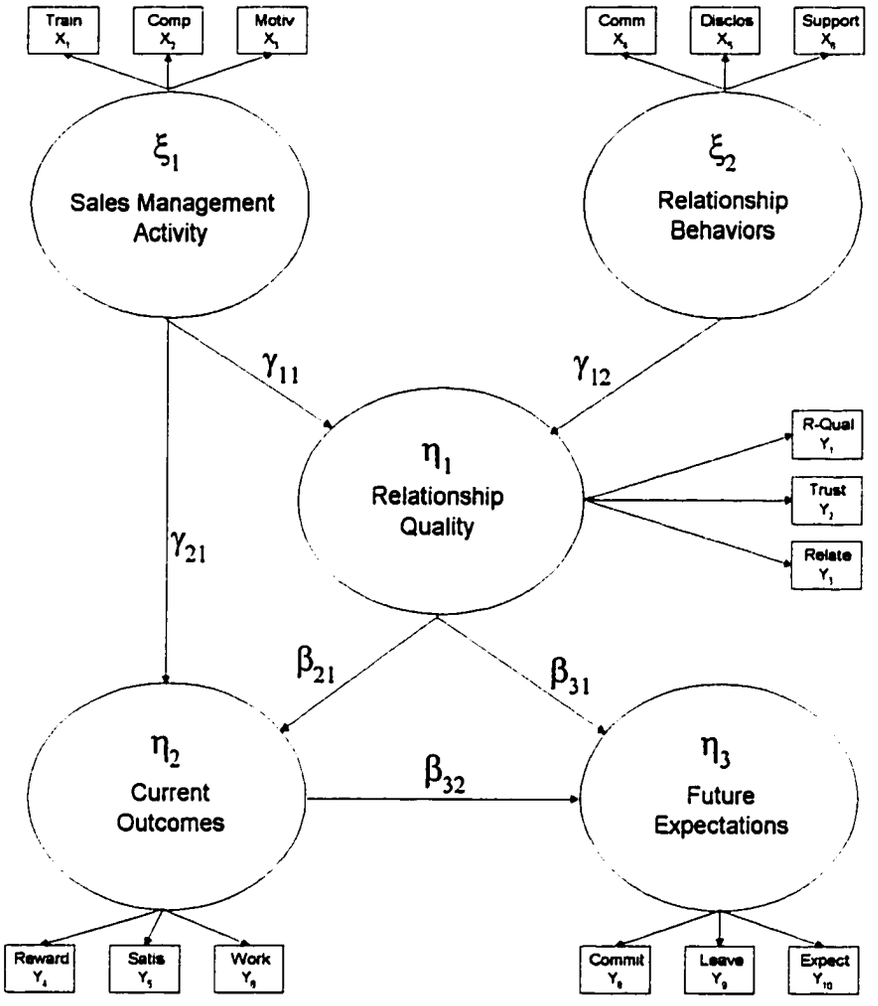


Figure 9
Intraorganizational Relationship Marketing Model:
Restructured Structural & Measurement Model

4.5 EVALUATION OF THE RESTRUCTURED IRM MODEL

Table 4.12 reports the goodness of fit measures for the restructured IRM model. The χ^2 for the measurement model is 1218.5, the adjusted goodness of fit index is 0.71, and the root mean square residual is 0.10. The $\Delta\chi^2$ between the null and measurement model (753.5) is statistically significant ($p < 0.01$) indicating that the measurement model represents a statistically significant improvement, in terms of fit, over the null, or "no structure," model. The Bollen (1989) fit index, at .40, is somewhat low. However, taken in conjunction with the other fit measures and the structural parameters described in table 4.13, it tends to support the adequacy of the model fit.

Table 4.12
Restructured IRM Model
Goodness of Fit Measures

Model	Chi-Square	d.f.	Goodness of Fit Index (Adjusted)	Root Mean Square Residual	Bollen Fit Index
Measure-ment (m)	1218.5	83	.80 .71	.10	.40
Null (n)	1972.0	105			
(n - m)	753.5	22			

Table 4.13
IRM: Structural Parameters

Parameter	Path	Maximum Likelihood Estimate	Standard Error	Standardized Estimate	t-value
Beta (2,1)	RQ → CO	1.53	.59	1.03	2.60*
Beta (3,1)	RQ → FE	1.18	.25	.88	4.83*
Beta (3,2)	CO → FE	- .13	.12	- .14	- 1.03
Gamma (1,1)	SMA → RQ	.53	.11	.71	4.60*
Gamma (1,2)	RB → RQ	.48	.20	.32	2.43*
Gamma (2,1)	SMA → CO	- .42	.42	- .38	- 1.00

* t-value significant (threshold significance level of $p < 0.05$)

Notation:

RQ = Relationship Quality Construct
CO = Current Outcomes Construct
FE = Future Expectations Construct
SMA = Sales Management Activity Construct
RB = Relationship Behaviors Construct

The LISREL estimates for the hypothesized structural relationships within the IRM model are reported in Table 4.13. The full LISREL analysis output is provided in Appendix B. This data indicates the following path relationships between constructs were statistically significant: (1) Relationship Quality and Current Outcomes (t = 2.60), (2) Relationship Quality and Future Expectations (t = 4.83), (3) Sales Management Activity and Relationship Quality (t = 4.60), (4) Relationship Behaviors and Relationship Quality (t = 2.43). The

following path relationships were found to be not statistically significant: (1) Current Outcomes and Future Expectations (t = - 1.03) and (2) Sales Management Activity and Current Outcomes (t = - 1.00).

Table 4.14 presents the LISREL estimates, standard errors, and t-statistics for the measurement parameters (lambda Y, lambda X, theta epsilon, and theta delta). It should be noted that all of these parameters are statistically significant for the IRM model. Figure 10 is the IRM model path diagram showing paths found to be statistically significant, with LISREL estimate values inserted on the paths.

Table 4.14
IRM: Measurement Parameters

Parameter	Path/Item	Maximum Likelihood Estimate	Standard Error	t-value
LambdaY (1,1)	RQ → Y1	1.00**	-	-
LambdaY (2,1)	RQ → Y2	.95	.17	5.56*
LambdaY (3.1)	RQ → Y3	.96	.17	5.60*
LambdaY (4,2)	CO → Y4	1.00**	-	-
LambdaY (5,2)	CO → Y5	.66	.09	6.96*
LambdaY (6,2)	CO → Y6	.97	.10	9.65*
LambdaY (7,3)	FE → Y8	1.00**	-	-
LambdaY (8,3)	FE → Y9	.36	.11	3.30*
LambdaY (9,3)	FE → Y10	1.15	.13	9.14*
LambdaX (1,1)	SMA → X1	1.00**	-	-
LambdaX (2,1)	SMA → X2	.69	.11	6.07*
LambdaX (3,1)	SMA → X3	.81	.11	7.08*
LambdaX (4,2)	RB → X4	1.00*	-	-
LambdaX (5,2)	RB → X5	2.24	.51	4.41*
LambdaX (6,2)	RB → X6	1.89	.43	4.35*
Theta Epsilon (1,1)	Y1	.75	.09	8.46*
Theta Epsilon (2,2)	Y2	.78	.09	8.57*
Theta Epsilon (3,3)	Y3	.78	.09	8.55*
Theta Epsilon (4,4)	Y4	.32	.07	4.45*
Theta Epsilon (5,5)	Y5	.76	.09	8.46*

Table 4.14
IRM: Measurement Parameters

Parameter	Path/Item	Maximum Likelihood Estimate	Standard Error	t-value
Theta Epsilon (6,6)	Y6	.37	.07	5.16*
Theta Epsilon (7,7)	Y8	.47	.07	6.34*
Theta Epsilon (8,8)	Y9	1.02	.11	9.11*
Theta Epsilon (9,9)	Y10	.27	.08	3.49*
Theta Delta (1,1)	X1	.45	.08	5.55*
Theta Delta (2,2)	X2	.79	.10	8.32*
Theta Delta (3,3)	X3	.67	.09	7.69*
Theta Delta (4,4)	X4	.94	.11	8.89*
Theta Delta (5,5)	X5	.32	.09	3.66*
Theta Delta (6,6)	X6	.55	.08	6.56*

* t-value significant (threshold significance level of $p < 0.05$)
** Constrained parameter to set metric of construct
Notation:
RQ = Relationship Quality Construct
CO = Current Outcomes Construct
SMA = Sales Management Activity Construct
FE = Future Expectations Construct
RB = Relationship Behaviors Construct

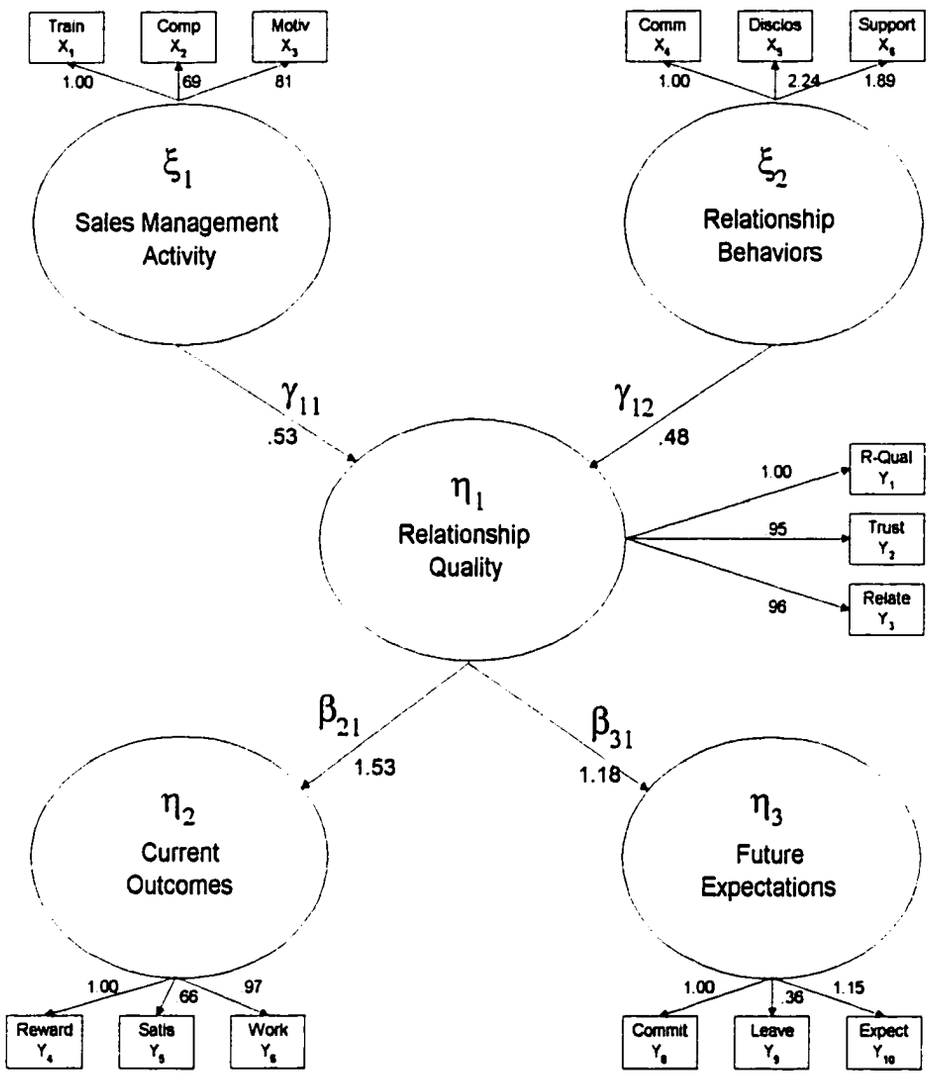


Figure 10
IRM Model with Significant Structural Links
and Measurement Parameters

4.6 SUMMARY

This chapter has reported the statistical results from the analysis of the measurement scales and the IRM model. All measurement scales were evaluated for validity and reliability on the basis of confirmatory factor analysis and Cronbach's alpha. All the scales but one (job challenges and demands - Y7) were found to be both valid and reliable construct measures. Based on this analysis, a restructured (scale Y7 removed) Intraorganizational Relationship Marketing model was advanced to test the hypotheses proposed in this study.

The structural model analysis found statistically significant relationships between Sales Management Activity and Relationship Quality, Relationship Behaviors and Relationship Quality, Relationship Quality and Current Outcomes, and Relationship Quality and Future Expectations. The hypothesized relationships between Sales Management Activity and Current Outcomes and between Current Outcomes and Future Expectations were found to be not statistically significant.

What we find from our analysis is that none of the traditional management control paths are found to be significant in the model. On the other hand, all the paths associated with intraorganizational relationships are found to be significant. This suggests that the traditional conceptions of how sales organizations function may not

hold for all organizational structures. Further implications of these findings are discussed in the next chapter.

Chapter 5

LIMITATIONS OF THE STUDY, CONCLUSIONS, AND IMPLICATIONS

5.1 INTRODUCTION

This chapter first discusses limitations to the findings and potential criticisms of this study. This is followed by a discussion of conclusions which can be drawn from the study's analysis. Finally, implications of the conclusions and directions for future research are identified and discussed.

5.2 LIMITATIONS AND CRITICISMS

This study is primarily limited in terms of generalizability. Subjects used in this study are all members of one EDS organization drawn from one of two metropolitan areas. As a result, the sample may not be representative of sales people in general, direct sales people, or even the sales force of the subject organization. However, the organization used in this study is frequently used as an exemplar of direct selling organizations (Bernstein 1984, Biggart 1988) and has been used in recent direct selling research (Wert-Gray 1993) which suggests the results of this study may be generalizable among EDS organizations.

The fact that all but two respondents were female raises a question regarding the homogeneity of the sample. This lack of homogeneity may have an impact on the findings in this study and the performance of the IRM model. It is known, for example that women self-disclose more than do men (Cozby 1973; Cohn and Strassberg 1983). It has also been found that women tend to be more emotionally involved than men in social interactions and that men tend to be more concerned with reaching objective, practical goals (Brehm 1992). One conclusion that could be drawn from these findings is that men may be less affected by the social dimension of exchange relationships and more influenced by the functional dimension. One implication of this is that the findings of this study may be limited in application to female sales forces. If this is the case, it could suggest that, in mixed gender groups, differing sales management activities and relationship behaviors may be indicated for men and women.

One potential criticism of this study centers on the question of whether the relationship between the EDS organization and its sales force is, in fact, **intra**organizational. From a strict definition of their roles as supplier and retailer, a compelling argument can be made that their relationship is **inter**organizational. From an operational perspective, however, they operate as integrated parts of a single organization. This perspective is consistent with current published research which focuses on direct selling organizations (cf. Wotruba

1990, Wotruba and Tyagi 1991, Peterson and Wotruba 1996) and is the perspective adopted for this study.

5.3 CONCLUSIONS

Conclusions will be discussed in two areas. First, measurement issues will be addressed. Second, findings based on the structural analysis of the IRM model are discussed.

Measurement Issues

Sixteen measurement scales were identified for use in this study. Of these, five were scales developed specifically for this study, while eleven were drawn from previous research. All of the scales developed for this study were found to be unidimensional and sufficiently reliable for inclusion in the final analysis of the IRM model.

Of the scales drawn from previous research only one was determined to be unsatisfactory for inclusion in the model. Scale Y7 (job challenges and demands) was found to be non-unidimensional. This scale was a 4-item scale of which two items were reverse scored. Post-hoc analysis of the scale items suggests that the two reverse scored items may have been difficult for respondents to interpret. (In fact, the researcher had some difficulty deciding precisely what a preferred response would be to these items). The ambiguity in these items resulted in negative correlations with the other scale items.

Because the scale consists of only four items, deleting the suspect items from the scale was not a viable solution and the scale was dropped from the model.

Structural Model

Four of the six hypothesized relationships proposed in the IRM model are supported by the analysis. The supported hypotheses were H_1, H_3, H_4, and H_5. Each of the supported hypotheses focuses on the Relationship Quality construct. Based on the findings of this study, we can state that, for the distributors studied in this EDS organization, a distributor's evaluation of the quality of their relationship with their organization is directly influenced by both the organization's sales management activities (H_1) and by its relationship building behaviors (H_3). Additionally, for this same group, it is clear that how the distributor perceives the quality of their relationship with their organization directly influences how they evaluate the current outcomes they are experiencing (H_4) and how they evaluate their expectation of future interaction with the organization (H_5).

Two of the hypothesized relationships in the model (H_2 and H_6) were not supported by the data. The study found that the organization's sales force management activity had no influence on how distributors evaluated their current outcomes (H_2). The study also indicated that the distributor's evaluation of their current outcomes did

not influence their future expectations of interaction with the organization (H_6).

Overall Conclusions

Based on the previous conclusions, the IRM model and its associated measures appear to have performed satisfactorily. The IRM model seems to substantiate the importance of relationships within organizations and their role in influencing sales force evaluations of both current and expected future outcomes. It provides a transition from models which have been exclusively **inter**organizationally focused to one that is **intra**organizationally focused.

This study responds to the need for empirical validation of the growing body of theoretical work in the relationship marketing paradigm (Kasulis and Balazs 1997). Surprisingly, the results of the model analysis are made even more interesting by the non-significance of two of the hypothesized relationships. Since the measures used in the IRM model are drawn from the larger body of sales management research, the model provides a step toward identifying more comprehensive constructs which can be extended beyond EDS organizations to traditional sales organizations. The implications of these findings are discussed in the following section.

5.4 IMPLICATIONS OF THE STUDY

The most significant implication to be drawn from this study is that intraorganizational relationships can be a major factor in how members of a sales force evaluate their current outcomes (performance) and their expectation of future interactions with the organization (retention). In fact, in some organizations these relationships may be the **most** important factor. This is evidenced in this study by the fact that **all** the hypothesized paths within the model directly associated with relationship quality were significant while the two non-significant paths were traditional sales management paths.

Czepiel (1990) notes that there is both a **social** and an **economic** (or functional) dimension to exchange encounters in the service environment. Over time, relationships may be transformed by social encounters until the social content overshadows the economic dimension. Berry and Parasuraman (1991) identify three levels of relationship development. Business relationships are usually begun on a financial (functional) level and develop a social dimension over time. Central to the development of this social dimension is enhanced personal communication.

Beatty, et al. (1996) found that successful business relationships have more than a functional basis. In addition to functionality, repeat interactions are also based on trust and friendship. Within the IRM model, paths associated with relationship quality represent a social

dimension while the remaining paths (sales management activity → current outcomes → future expectations) represent the functional relationships found in traditional sales organizations.

Direct selling is an industry that has exceptionally high rates of turnover (Smith 1992). The EDS organization which is the focus of this study places great emphasis on building social relationships within the organization (Bernstein 1984, Biggart 1988). Support for this approach is found in current relationship marketing literature (Czepiel 1990; Berry and Parasuraman 1991; and Beatty, et al. 1996). Even though sales consultants may be initially drawn to the organization by the economic (functional) dimension, over time their relationship is transformed by the focus on the social dimension. As a result of this transformation, the functional/economic dimension becomes less significant.

This contention was substantiated anecdotally by a sales director during the study. She commented on the fact that many of the sales consultants look forward to sales meetings as social gatherings where they can meet and visit with other consultants. She, on the other hand, would have preferred to be doing a sales presentation.

Implicit in her comments is that one approach to building commitment within organizations is to concentrate on relationship building activities with the goal of reducing the significance of the

functional dimension. The impact of relationship building for **this** EDS organization is demonstrated by the performance of the IRM model.

An item of particular interest in this study is the failure to find significance for H_6 which proposes that future expectations are influenced by current outcomes. A relationship between current outcomes and future expectations seems intuitively obvious. This linkage is suggested throughout the marketing literature (cf. Churchill, Ford et al. 1985, Comer and Dubinsky 1985). Expectancy theory (Churchill, Ford, and Walker 1993) in particular supports this linkage. This model suggests that salespeople are motivated by the perceived linkage between current performance and future rewards (Nylen 1990).

This relationship path is modeled by Crosby, et al. (1990) in their study of services selling and by Kasulis and Balazs (1997). This linkage is also found to be non-significant by Crosby, et al. (1990). The Kasulis and Balazs (1997) model is untested. Failure to substantiate this hypothesized link in two studies strongly suggests that there is, in fact, either no link or a very weak one that can be driven into insignificance by other intervening variables. This is consistent with the findings by Churchill, Ford, et al. (1985). Based on these studies, it would appear that the dominant variable is the quality of the relationship within the organization or between buyer and service provider.

In terms of measurement issues, this study makes a number of contributions. It adds to the body of support for those scales drawn from previous research and revalidated in this study. Additionally (with the exception of job challenges and demands - Y7), support is provided for using the sub-scales from each dimension of the Met Expectations scale (Wotruba and Tyagi 1991) as individual scales.

Initial support is found for the following scales: training (X_1), compensation (X_2), motivation (X_3), relationship quality (Y_1), and future expectations (Y_{10}). These five scales are newly proposed for use in this study. Based on the findings of this study, each of these scales can be considered valid for use by other researchers. It should be recalled, however, that individual indicators such as these have been found to be poor indicators of salesperson performance by themselves (Churchill, Ford, et al. 1985).

5.5 SUMMARY AND FUTURE DIRECTIONS

Analysis of the Intraorganizational Relationship Marketing model demonstrates the importance of marketing relationships internal to an organization. Additional study will be required to extend these findings beyond the scope of this study, which was conducted using a highly homogeneous sales force within one organization. A brief research agenda to accomplish this is outlined in the following.

An important first step is to validate the IRM model across other direct selling organizations. The findings of this study and the IRM model speak clearly to the issue of managing EDS organizations whose sales forces are predominately female (Direct Selling Association 1992). For further validation, every attempt should be made to test the model in a direct sales setting with a more heterogeneous sample.

Obvious next steps in evaluating the IRM model are to test it outside of direct selling and in male dominated or mixed gender sales forces. As the IRM model is evaluated across organization types and gender groups, significant contributions to the body of relationship marketing literature can be gained. Differences in gender behavior and response to management style can be identified. New approaches to measuring, evaluating, and understanding traditional sales organizations can be drawn from the model.

A greater emphasis is placed on sales management activities in traditionally structured sales organizations. This emphasis would be expected to increase the significance of the IRM model path from sales management activity to current outcomes. The indirect effects of this path in the model may also result in significance for the path from current outcomes to future expectations.

As marketing organizations evolve, it is expected that managers will become more aware of the importance of relationship management (Lazer, La Barbera et al. 1990). The IRM model has the potential to

develop into a diagnostic tool for these organizations to be used in the evaluation of the effectiveness of their relationship behaviors. It could also identify deficiencies in these behaviors and allow the researcher to make specific recommendations for enhancing these behaviors.

Managers are increasingly confronted with the issue of managing without control. This is occurring with increasing frequency as more innovative organizational structures are adopted. Examples of these structures are increased use of direct sales forces, telecommuting, and outsourcing staff responsibilities. The IRM model is instructive in this area as well. The implication is that, as traditional control mechanisms are eroded, intraorganizational relationship marketing becomes an important mechanism for organizational stability and productivity.

Current research has identified the need for advances in relationship marketing research (Kasulis and Balazs 1997) and in our understanding of direct selling organizations (Peterson and Wotruba 1996). This study addresses the call by Kasulis and Balazs (1997) for further exploration of the association between relationship marketing and performance outcomes. Peterson and Wotruba (1996) note that relatively little public knowledge exists about the direct selling industry, direct selling companies, direct selling agents, and individuals who purchase through direct selling channels. This study provides empirical data on the relationships between a direct selling organization and its sales force. The data developed for this study, its

analysis, and the IRM model provide and important step forward in our knowledge of both relationship marketing applications and in understanding of direct selling organizations.

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Appendix A



SURVEY OF DIRECT SALESPEOPLE

Dear Survey Participant,

Thank you for agreeing to participate in this survey of direct sales professionals.

You are asked to respond to questions regarding your career with this organization. There are no "right" or "wrong" answers. Please answer how you feel. Completing the questionnaire should take about 15 minutes.

INSTRUCTIONS: Circle any number from 1 to 7 that best indicates the extent to which you agree or disagree with each of the following statements.

		Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1.	I am willing to put forth extra effort to help (Org. Name) be successful.	1	2	3	4	5	6	7
2.	(Org. Name) has taught me a lot about its goals, policies and procedures.	1	2	3	4	5	6	7
3.	If I do well, I can move up in the (Org. Name) organization.	1	2	3	4	5	6	7
4.	I have a good understanding of (Org. Name)'s compensation plan.	1	2	3	4	5	6	7
5.	I recommend (Org. Name) as a great place to work.	1	2	3	4	5	6	7
6.	(Org. Name) has taught me a lot about its products.	1	2	3	4	5	6	7
7.	If I do well, I will earn prizes or awards from (Org. Name).	1	2	3	4	5	6	7
8.	(Org. Name) has an equitable (fair) compensation plan.	1	2	3	4	5	6	7
9.	(Org. Name) does not try very hard to motivate its salespeople.	1	2	3	4	5	6	7
10.	(Org. Name) makes a real effort to reward me for my successes.	1	2	3	4	5	6	7
11.	(Org. Name) provides sufficient training about the current marketing program for its products.	1	2	3	4	5	6	7
12.	I am extremely pleased to work for (Org. Name).	1	2	3	4	5	6	7
13.	I will be appropriately recognized by (Org. Name) for my successes.	1	2	3	4	5	6	7
14.	My earnings are directly related to my effort.	1	2	3	4	5	6	7
15.	My values and (Org. Name)'s values are very similar.	1	2	3	4	5	6	7
16.	I am proud to tell others that I am part of (Org. Name).	1	2	3	4	5	6	7
17.	I would be just as happy working for a different organization as long as the type of work was similar.	1	2	3	4	5	6	7
18.	(Org. Name) has provided useful information about our competitors.	1	2	3	4	5	6	7
19.	I have shared with my distributor information about my background, personal life, or family.	1	2	3	4	5	6	7
20.	(Org. Name) offers me sufficient opportunity to attend sales meetings.	1	2	3	4	5	6	7
21.	(Org. Name)'s training program is not very good.	1	2	3	4	5	6	7
22.	For me, this is the best of all possible organizations.	1	2	3	4	5	6	7
23.	My earnings are directly related to how much I sell.	1	2	3	4	5	6	7
24.	I feel very little loyalty to (Org. Name).	1	2	3	4	5	6	7
25.	(Org. Name) inspires my very best job performance.	1	2	3	4	5	6	7
26.	I am satisfied with the compensation I receive from (Org. Name).	1	2	3	4	5	6	7
27.	I am satisfied with the information I receive about my performance.	1	2	3	4	5	6	7
28.	I am satisfied with the security this career offers.	1	2	3	4	5	6	7
29.	(Org. Name) has trained me about current and potential customers.	1	2	3	4	5	6	7
30.	I expect to leave this job within the next six months.	1	2	3	4	5	6	7
31.	The earning opportunities with (Org. Name) are as good or better than other opportunities I might have.	1	2	3	4	5	6	7

	Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
32. I have enough freedom to do what I want in this job.	1	2	3	4	5	6	7
33. I receive enough information about my career performance.	1	2	3	4	5	6	7
34. (Org. Name) has provided me useful sales skills training.	1	2	3	4	5	6	7
35. I have talked with my distributor about my (Org. Name) career (likes and dislikes, accomplishments and problems).	1	2	3	4	5	6	7
36. I expect to leave this job within the next year.	1	2	3	4	5	6	7
37. I am satisfied with (Org. Name)'s training.	1	2	3	4	5	6	7
38. I really care about the future of (Org. Name).	1	2	3	4	5	6	7
39. This career offers the opportunity for independent thought and action.	1	2	3	4	5	6	7
40. (Org. Name) will be a satisfying career for my future.	1	2	3	4	5	6	7
41. I am satisfied with the variety of activities this career offers.	1	2	3	4	5	6	7
42. I have shared with my distributor information about my current financial situation.	1	2	3	4	5	6	7
43. The future rewards and opportunities from this career are promising.	1	2	3	4	5	6	7
44. I am satisfied with the freedom I have to do what I want in this career.	1	2	3	4	5	6	7
45. It would take very little change in my current circumstances to cause me to leave (Org. Name).	1	2	3	4	5	6	7
46. I have shared with my distributor information about my outlook on life.	1	2	3	4	5	6	7
47. I expect to leave this job within the next two years.	1	2	3	4	5	6	7
48. There is enough opportunity in this career to find out how I am doing.	1	2	3	4	5	6	7
49. This will be a challenging career for my future.	1	2	3	4	5	6	7
50. There is enough variety of activities in this career.	1	2	3	4	5	6	7
51. There's little for me to gain by remaining with (Org. Name) for a long time.	1	2	3	4	5	6	7
52. I am satisfied with the opportunities this career provides me to interact with others.	1	2	3	4	5	6	7
53. I have expressed to my distributor my feelings about him/her as a person.	1	2	3	4	5	6	7
54. I look forward to continuing to work with (Org. Name) in the future.	1	2	3	4	5	6	7
55. I have shared with my distributor information about my personal financial goals and objectives.	1	2	3	4	5	6	7
56. Deciding to work for (Org. Name) was probably a mistake.	1	2	3	4	5	6	7

INSTRUCTIONS: Circle the number of the statement that best describes how you feel about staying in this career.

1. I have never thought about quitting.
2. I seldom think about quitting.
3. I sometimes think about quitting.
4. I frequently think about quitting.
5. I am about ready to quit.
6. I am no longer active.

INSTRUCTIONS: Think about your overall relationship with (Org. Name). Circle one number below to indicate the quality of this relationship.

(Extremely Low Quality) 1 2 3 4 5 6 7 (Very High Quality)

INSTRUCTIONS: Consider the level of personal contact you have had with someone from (Org. Name) outside of sales meetings. Estimate the number of contacts you have had.

During the past year, other than through sales meetings, my distributor or someone else from (Org. Name):	Number of Times
1. contacted me just to stay "in touch" and make sure I was doing okay.	0 1 2 3 4 5 6 7 8 9 10 or more
2. sent me something of a personal nature (for example, a birthday card, holiday gift, etc.).	0 1 2 3 4 5 6 7 8 9 10 or more
3. contacted me to let me know about new products and opportunities.	0 1 2 3 4 5 6 7 8 9 10 or more
4. contacted me to see if there was anything I needed to help me in the business.	0 1 2 3 4 5 6 7 8 9 10 or more

INSTRUCTIONS: Now, think back to when you first joined (Org. Name), and the expectations you had about a (Org. Name) career at that time. Using any number from 1 to 7, indicate how your current experiences compare with those expectations.

	Substantially Less Than Expected			About What I Expected			Substantially More Than I Expected
1. High income opportunity	1	2	3	4	5	6	7
2. Prestige of the job	1	2	3	4	5	6	7
3. Support from the (Org. Name) organization	1	2	3	4	5	6	7
4. Opportunity to make friends	1	2	3	4	5	6	7
5. Individual effort required	1	2	3	4	5	6	7
6. Desirable working hours	1	2	3	4	5	6	7
7. Predictable earnings	1	2	3	4	5	6	7
8. Attention and appreciation from (Org. Name)	1	2	3	4	5	6	7
9. Freedom to do the job as I wish	1	2	3	4	5	6	7
10. Success relates directly to effort	1	2	3	4	5	6	7
11. Feelings of worthwhile accomplishment	1	2	3	4	5	6	7
12. Making good use of my skills	1	2	3	4	5	6	7
13. Chance to be creative and innovative	1	2	3	4	5	6	7
14. Opportunity to assume responsibility	1	2	3	4	5	6	7
15. Opportunities for advancement	1	2	3	4	5	6	7
16. Opportunity to work as part of a team	1	2	3	4	5	6	7
17. Products that are highly competitive	1	2	3	4	5	6	7
18. Rejection by prospective customers	1	2	3	4	5	6	7
19. Opportunity for professional growth	1	2	3	4	5	6	7
20. Development of selling skills	1	2	3	4	5	6	7
21. Feelings of loyal association with (Org. Name)	1	2	3	4	5	6	7

INSTRUCTIONS: Circle the number from 1 to 7 that indicates the extent to which you agree or disagree with each of the following statements about your distributor.

My Distributor:	Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1. has shared with me his/her own financial situation and dealings.	1	2	3	4	5	6	7
2. is friendly and polite.	1	2	3	4	5	6	7
3. cannot be trusted sometimes.	1	2	3	4	5	6	7
4. does what he/she can to make my work more pleasant.	1	2	3	4	5	6	7

My Distributor:	Strongly Disagree		Neither Agree nor Disagree				Strongly Agree
5. has shared with me his/her personal financial goals and objectives.	1	2	3	4	5	6	7
6. does little things to make it pleasant to be a member of the group.	1	2	3	4	5	6	7
7. can be counted on to do what is right.	1	2	3	4	5	6	7
8. is willing to help overcome personal problems so I can do a better job.	1	2	3	4	5	6	7
9. has high integrity.	1	2	3	4	5	6	7
10. has told me about his/her background, personal life, or family.	1	2	3	4	5	6	7
11. has shared with me information about his/her outlook on life.	1	2	3	4	5	6	7
12. puts suggestions made by (Org. Name) consultants into operation.	1	2	3	4	5	6	7
13. treats (Org. Name) consultants as his/her equals.	1	2	3	4	5	6	7
14. is not always honest.	1	2	3	4	5	6	7
15. has talked to me about his/her job (accomplishments and problems, likes and dislikes).	1	2	3	4	5	6	7
16. gives us advance notice of changes in the (Org. Name) organization.	1	2	3	4	5	6	7
17. can be relied upon to keep his/her word.	1	2	3	4	5	6	7
18. looks out for the personal welfare of us all.	1	2	3	4	5	6	7
19. is willing to make changes in (Org. Name).	1	2	3	4	5	6	7
20. will sometimes put my interests ahead of his/her own.	1	2	3	4	5	6	7
21. prefers to keep to him or her self.	1	2	3	4	5	6	7

INSTRUCTIONS: Please Circle the most appropriate answer. This information is only for demographic classification. **Remember: All information in this survey is anonymous and confidential.**

1. Sex: Female Male
2. Age: Under 25 25 - 34 35 - 44 45 - 54 55 or older
3. Ethnic Group: Caucasian African-American Hispanic Asian-American Native-American
4. Marital Status: Single Married Divorced Separated Widowed
5. Children age 18 and under living at home: 1 2 3 4 or more
6. Education: High School or Less Vocational/Technical Some College College Graduate
7. How many years have you been associated with (Org. Name)? _____
8. Approximately how many hours per week do you spend selling (Org. Name)? _____
9. Do you consider this job: FULL TIME or PART TIME
10. Are you employeed in another job? YES NO
11. Total Annual Income from your (Org. Name) job:

    Less than $5000 $5,000 - $9,999 $10,000 - $14,999

    $15,000 - $19,999 $20,000 - $24,999 $25,000 or over
12. Total Annual Household Income from All Sources:

    Less than $15,000 $15,000 - $24,999 $25,000 - $34,999

    $35,000 - $44,999 $45,000 - $54,999 $55,000 or over

THANK YOU FOR YOUR HELP! Please take a moment to make sure you answered every item. For further information about this study please contact me at the address or phone number provided below.

John P. Camey
University of Oklahoma
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Norman, OK 73019-0430

Phone: (405) 325-3561
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DATE: 10/ 2/97
TIME: 10:35

WINDOWS L I S R E L 8.10

BY

KARL G JORESKOG AND DAG SORBOM

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The following lines were read from file C:\LISREL8W\JOHN\DISSER~1\MODEL3.SPL:

RQ Model
Observed Variables:
RQUAL TRUST RELATE REWARD SATIS WORK COMMIT LEAVE EXPECT TRAIN COMP MOTIV COMM DISCLOS SUPPORT
Correlation Matrix from file dis2.cor
Sample Size 172
Latent Variables: RQ CO FE SMA RB

Relationships

RQ = SMA RB
CO = RQ SMA
FE = RQ CO

RQUAL = 1*RQ
TRUST = RQ
RELATE = RQ
REWARD = 1*CO
SATIS = CO
WORK = CO
COMMIT = 1*FE
LEAVE = FE
EXPECT = FE

TRAIN = 1*SMA
COMP = SMA
MOTIV = SMA
COMM = 1*RB
DISCLOS = RB
SUPPORT = RB

LISREL Output: RS MI SC EF WP
Path Diagram
End of Problem

W_A_R_N_I_N_G: Matrix to be analyzed is not positive definite,
ridge option taken with ridge constant = 0.100

RQ Model

COVARIANCE MATRIX TO BE ANALYZED

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT	TRAIN
RQUAL	1.10									
TRUST	0.27	1.10								
RELATE	0.31	0.35	1.10							
REWARD	0.40	0.34	0.23	1.10						
SATIS	0.52	0.40	0.50	0.47	1.10					
WORK	0.32	0.36	0.24	0.78	0.44	1.10				
COMMIT	0.50	0.38	0.40	0.37	0.29	0.39	1.10			
LEAVE	0.35	0.12	0.28	0.29	0.17	0.32	0.22	1.10		
EXPECT	0.44	0.28	0.39	0.35	0.21	0.30	0.73	0.23	1.10	
TRAIN	0.42	0.41	0.48	0.41	0.21	0.36	0.20	0.12	0.64	1.10
COMP	0.24	0.19	0.25	0.17	0.53	0.23	0.52	0.04	0.38	0.42
MOTIV	0.30	0.29	0.32	0.24	0.56	0.27	0.25	0.15	0.55	0.51
COMM	0.34	0.21	0.26	0.32	0.32	0.26	0.33	0.25	0.26	0.30
DISCLOS	0.38	0.57	0.33	0.31	0.46	0.32	0.46	0.20	0.37	0.43
SUPPORT	0.26	0.28	0.37	0.36	0.40	0.34	0.38	0.14	0.28	0.40

COVARIANCE MATRIX TO BE ANALYZED

	COMP	MOTIV	COMM	DISCLOS	SUPPORT
COMP	1.10				
MOTIV	0.42	1.10			
COMM	0.13	0.24	1.10		
DISCLOS	0.26	0.27	0.32	1.10	
SUPPORT	0.17	0.24	0.22	0.68	1.10

RQ Model

PARAMETER SPECIFICATIONS

LAMBDA-Y

	RQ	CO	FE
RQUAL	0	0	0
TRUST	1	0	0
RELATE	2	0	0
REWARD	0	0	0
SATIS	0	3	0

WORK	0	4	0
COMMIT	0	0	0
LEAVE	0	0	5
EXPECT	0	0	6

LAMBDA-X

	SMA	RB
TRAIN	0	0
COMP	7	0
MOTIV	8	0
COMM	0	0
DISCLOS	0	9
SUPPORT	0	10

BETA

	RQ	CO	FE
RQ	0	0	0
CO	11	0	0
FE	12	13	0

GAMMA

	SMA	RB
RQ	14	15
CO	16	0
FE	0	0

PHI

	SMA	RB
SMA	17	
RB	18	19

PSI

RQ	CO	FE
20	21	22

THETA-EPS

RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
23	24	25	26	27	28	29	30	31

THETA-DELTA

TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
32	33	34	35	36	37

RQ Model
Number of Iterations = 27

LISREL ESTIMATES (MAXIMUM LIKELIHOOD)

LAMBDA-Y

	RQ	CO	FE
RQUAL	1.00	- -	- -
TRUST	0.95 (0.17) 5.56	- -	- -
RELATE	0.96 (0.17) 5.60	- -	- -
REWARD	- -	1.00	- -
SATIS	- -	0.66 (0.09) 6.96	- -
WORK	- -	0.97 (0.10) 9.65	- -
COMMIT	- -	- -	1.00
LEAVE	- -	- -	0.36 (0.11) 3.30
EXPECT	- -	- -	1.15 (0.13) 9.14

LAMBDA-X

	SMA	RB
TRAIN	1.00	- -

COMP	0.69	- -
	(0.11)	
	6.07	
MOTIV	0.81	- -
	(0.11)	
	7.08	
COMM	- -	1.00
DISCLOS	- -	2.24
		(0.51)
		4.41
SUPPORT	- -	1.89
		(0.43)
		4.35

BETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	1.53	- -	- -
	(0.59)		
	2.60		
FE	1.18	-0.13	- -
	(0.25)	(0.12)	
	4.83	-1.03	

GAMMA

	SMA	RB
RQ	0.53	0.48
	(0.11)	(0.20)
	4.60	2.43
CO	-0.42	- -
	(0.42)	
	-1.00	
FE	- -	- -

COVARIANCE MATRIX OF ETA AND KSI

	RQ	CO	FE	SMA	RB
RQ	0.35				
CO	0.36	0.78			
FE	0.37	0.32	0.63		
SMA	0.43	0.39	0.46	0.65	
RB	0.17	0.18	0.18	0.19	0.16

PHI

	SMA	RB
SMA	0.65	
	(0.13)	
	5.11	
RB	0.19	0.16
	(0.05)	(0.07)
	3.47	2.29

PSI

RQ	CO	FE
0.04	0.39	0.23
(0.03)	(0.10)	(0.06)
1.53	3.86	3.62

SQUARED MULTIPLE CORRELATIONS FOR STRUCTURAL EQUATIONS

RQ	CO	FE
0.88	0.49	0.63

THETA-EPS

RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
0.75	0.78	0.78	0.32	0.76	0.37	0.47	1.02	0.27
(0.09)	(0.09)	(0.09)	(0.07)	(0.09)	(0.07)	(0.07)	(0.11)	(0.08)
8.46	8.57	8.55	4.45	8.46	5.16	6.34	9.11	3.49

SQUARED MULTIPLE CORRELATIONS FOR Y - VARIABLES

RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
0.32	0.29	0.29	0.71	0.31	0.66	0.58	0.07	0.76

THETA-DELTA

TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
0.45	0.79	0.67	0.94	0.32	0.55
(0.08)	(0.10)	(0.09)	(0.11)	(0.09)	(0.08)
5.55	8.32	7.69	8.89	3.66	6.56

SQUARED MULTIPLE CORRELATIONS FOR X - VARIABLES

TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
0.59	0.28	0.39	0.14	0.71	0.50

GOODNESS OF FIT STATISTICS

CHI-SQUARE WITH 83 DEGREES OF FREEDOM = 1218.15 (P = 0.0)
ESTIMATED NON-CENTRALITY PARAMETER (NCP) = 1135.15

MINIMUM FIT FUNCTION VALUE = 7.12
POPULATION DISCREPANCY FUNCTION VALUE (F0) = 6.64
ROOT MEAN SQUARE ERROR OF APPROXIMATION (RMSEA) = 0.28
P-VALUE FOR TEST OF CLOSE FIT (RMSEA < 0.05) = 0.00000028

EXPECTED CROSS-VALIDATION INDEX (ECVI) = 7.56
ECVI FOR SATURATED MODEL = 1.40
ECVI FOR INDEPENDENCE MODEL = 11.71

CHI-SQUARE FOR INDEPENDENCE MODEL WITH 105 DEGREES OF FREEDOM = 1971.98
INDEPENDENCE AIC = 2001.98
MODEL AIC = 1292.15
SATURATED AIC = 240.00
INDEPENDENCE CAIC = 2064.19
MODEL CAIC = 1445.61
SATURATED CAIC = 737.70

ROOT MEAN SQUARE RESIDUAL (RMR) = 0.10
STANDARDIZED RMR = 0.093
GOODNESS OF FIT INDEX (GFI) = 0.80
ADJUSTED GOODNESS OF FIT INDEX (AGFI) = 0.71
PARSIMONY GOODNESS OF FIT INDEX (PGFI) = 0.55

NORMED FIT INDEX (NFI) = 0.38
NON-NORMED FIT INDEX (NNFI) = 0.23
PARSIMONY NORMED FIT INDEX (PNFI) = 0.30
COMPARATIVE FIT INDEX (CFI) = 0.39
INCREMENTAL FIT INDEX (IFI) = 0.40
RELATIVE FIT INDEX (RFI) = 0.22
CRITICAL N (CN) = 17.27

CONFIDENCE LIMITS COULD NOT BE COMPUTED DUE TO TOO SMALL P-VALUE FOR CHI-SQUARE

RQ Model

FITTED COVARIANCE MATRIX

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT	TRAIN
RQUAL	1.10									
TRUST	0.33	1.10								
RELATE	0.34	0.32	1.10							
REWARD	0.36	0.34	0.34	1.10						
SATIS	0.24	0.22	0.23	0.52	1.10					
WORK	0.35	0.33	0.33	0.75	0.50	1.10				
COMMIT	0.37	0.35	0.36	0.32	0.21	0.31	1.10			
LEAVE	0.13	0.13	0.13	0.12	0.08	0.11	0.23	1.10		
EXPECT	0.43	0.41	0.41	0.37	0.25	0.36	0.73	0.26	1.10	
TRAIN	0.43	0.41	0.41	0.39	0.25	0.37	0.46	0.17	0.53	1.10
COMP	0.30	0.28	0.28	0.27	0.18	0.26	0.32	0.11	0.36	0.45
MOTIV	0.35	0.33	0.33	0.31	0.21	0.30	0.37	0.13	0.43	0.53
COMM	0.17	0.16	0.16	0.18	0.12	0.18	0.18	0.06	0.21	0.19
DISCLOS	0.39	0.37	0.37	0.41	0.27	0.40	0.40	0.15	0.46	0.42
SUPPORT	0.33	0.31	0.31	0.35	0.23	0.34	0.34	0.12	0.39	0.35

FITTED COVARIANCE MATRIX

	COMP	MOTIV	COMM	DISCLOS	SUPPORT
COMP	1.10				
MOTIV	0.36	1.10			
COMM	0.13	0.15	1.10		
DISCLOS	0.29	0.34	0.35	1.10	
SUPPORT	0.24	0.29	0.29	0.66	1.10

FITTED RESIDUALS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT	TRAIN
RQUAL	0.00									
TRUST	-0.06	0.00								
RELATE	-0.03	0.03	0.00							
REWARD	0.04	0.00	-0.11	0.00						
SATIS	0.28	0.17	0.27	-0.04	0.00					
WORK	-0.03	0.03	-0.09	0.03	-0.06	0.00				
COMMIT	0.12	0.03	0.04	0.05	0.07	0.07	0.00			
LEAVE	0.21	-0.01	0.15	0.18	0.09	0.21	0.00	0.00		
EXPECT	0.01	-0.12	-0.02	-0.03	-0.04	-0.06	0.01	-0.03	0.00	
TRAIN	-0.01	0.00	0.07	0.03	-0.04	-0.02	-0.26	-0.04	0.11	0.00
COMP	-0.06	-0.09	-0.03	-0.10	0.35	-0.02	0.21	-0.07	0.02	-0.02
MOTIV	-0.05	-0.04	-0.01	-0.07	0.35	-0.03	-0.13	0.02	0.12	-0.01
COMM	0.17	0.04	0.10	0.14	0.19	0.08	0.15	0.19	0.05	0.12
DISCLOS	-0.01	0.21	-0.04	-0.10	0.19	-0.08	0.06	0.06	-0.10	0.01
SUPPORT	-0.07	-0.03	0.06	0.01	0.17	0.00	0.04	0.02	-0.12	0.05

FITTED RESIDUALS

	COMP	MOTIV	COMM	DISCLOS	SUPPORT
COMP	0.00				
MOTIV	0.06	0.00			
COMM	0.00	0.09	0.00		
DISCLOS	-0.02	-0.07	-0.03	0.00	
SUPPORT	-0.07	-0.05	-0.08	0.02	0.00

SUMMARY STATISTICS FOR FITTED RESIDUALS
SMALLEST FITTED RESIDUAL = -0.26
MEDIAN FITTED RESIDUAL = 0.00
LARGEST FITTED RESIDUAL = 0.35

STEMLEAF PLOT
- 2|6
- 2|
- 1|
- 1|3221000
- 0|998877777666655
- 0|4444443333333322222111110000000000000000000
0|11112222333334444
0|5556666777899
1|012224
1|557778999
2|1111
2|78
3|
3|55

STANDARDIZED RESIDUALS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT	TRAIN
RQUAL	0.00									
TRUST	-1.22	0.00								
RELATE	-0.53	0.50	0.00							
REWARD	0.79	-0.06	-2.20	0.00						
SATIS	4.23	2.56	4.08	-2.03	0.00					
WORK	-0.52	0.57	-1.82	5.74	-2.38	0.00				
COMMIT	2.51	0.52	0.83	1.02	1.14	1.56	0.00			
LEAVE	3.01	-0.08	2.04	2.43	1.12	2.84	-0.07	0.00		
EXPECT	0.21	-2.82	-0.51	-0.85	-0.66	-1.72	1.65	-1.25	0.00	
TRAIN	-0.17	0.06	1.70	0.70	-0.67	-0.45	-6.91	-0.69	3.72	0.00
COMP	-1.04	-1.52	-0.59	-1.65	4.96	-0.42	3.83	-0.96	0.33	-0.73
MOTIV	-1.06	-0.79	-0.21	-1.37	5.16	-0.56	-2.63	0.22	3.01	-0.56
COMM	2.38	0.62	1.36	2.02	2.54	1.24	2.19	2.32	0.80	1.77
DISCLOS	-0.21	4.30	-0.81	-2.83	3.16	-1.96	1.34	0.85	-2.60	0.40
SUPPORT	-1.21	-0.56	1.01	0.23	2.61	0.04	0.83	0.31	-2.58	1.20

STANDARDIZED RESIDUALS

	COMP	MOTIV	COMM	DISCLOS	SUPPORT
COMP	0.00				
MOTIV	1.32	0.00			
COMM	0.04	1.30	0.00		
DISCLOS	-0.41	-1.40	-1.05	0.00	
SUPPORT	-1.19	-0.81	-1.73	3.14	0.00

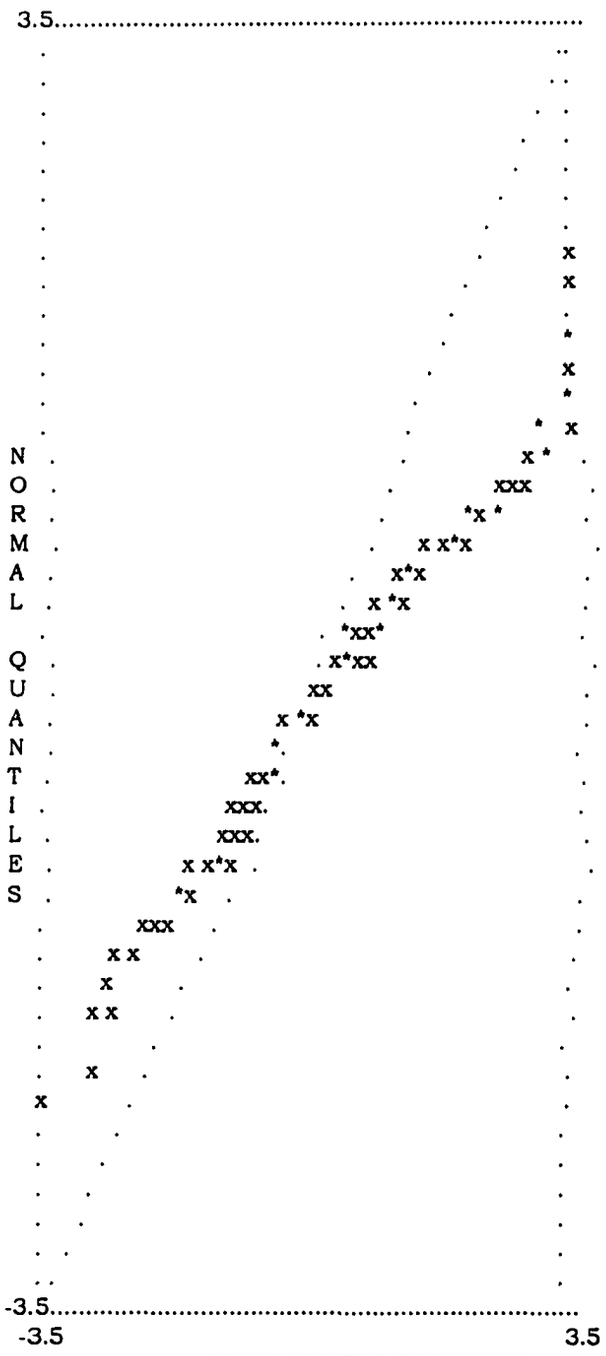
SUMMARY STATISTICS FOR STANDARDIZED RESIDUALS
SMALLEST STANDARDIZED RESIDUAL = -6.91
MEDIAN STANDARDIZED RESIDUAL = 0.00
LARGEST STANDARDIZED RESIDUAL = 5.74

STEMLEAF PLOT
- 6|9
- 5|
- 4|
- 3|
- 2|886664200
- 1|877754422221000
- 0|888877776666555444222111000000000000000000
0|12223345566788889
1|00112233346678
2|00234455668
3|001278
4|123
5|027

LARGEST NEGATIVE STANDARDIZED RESIDUALS
RESIDUAL FOR EXPECT AND TRUST -2.82
RESIDUAL FOR TRAIN AND COMMIT -6.91
RESIDUAL FOR MOTIV AND COMMIT -2.63
RESIDUAL FOR DISCLOS AND REWARD -2.83
RESIDUAL FOR DISCLOS AND EXPECT -2.60
RESIDUAL FOR SUPPORT AND EXPECT -2.58
LARGEST POSITIVE STANDARDIZED RESIDUALS
RESIDUAL FOR SATIS AND RQUAL 4.23
RESIDUAL FOR SATIS AND RELATE 4.08
RESIDUAL FOR WORK AND REWARD 5.74
RESIDUAL FOR LEAVE AND RQUAL 3.01
RESIDUAL FOR LEAVE AND WORK 2.84
RESIDUAL FOR TRAIN AND EXPECT 3.72
RESIDUAL FOR COMP AND SATIS 4.96
RESIDUAL FOR COMP AND COMMIT 3.83
RESIDUAL FOR MOTIV AND SATIS 5.16
RESIDUAL FOR MOTIV AND EXPECT 3.01
RESIDUAL FOR DISCLOS AND TRUST 4.30
RESIDUAL FOR DISCLOS AND SATIS 3.16
RESIDUAL FOR SUPPORT AND SATIS 2.61
RESIDUAL FOR SUPPORT AND DISCLOS 3.14

RQ Model

QPLOT OF STANDARDIZED RESIDUALS



RQ Model
MODIFICATION INDICES AND EXPECTED CHANGE

MODIFICATION INDICES FOR LAMBDA-Y

	RQ	CO	FE
RQUAL	- -	1.20	2.11
TRUST	- -	0.91	3.72
RELATE	- -	1.85	0.07
REWARD	3.19	- -	0.03
SATIS	20.46	- -	1.37
WORK	2.65	- -	0.26
COMMIT	0.06	3.90	- -
LEAVE	4.77	8.76	- -
EXPECT	3.46	8.50	- -

EXPECTED CHANGE FOR LAMBDA-Y

	RQ	CO	FE
RQUAL	- -	0.16	0.30
TRUST	- -	0.14	-0.40
RELATE	- -	-0.20	0.06
REWARD	-0.41	- -	-0.02
SATIS	0.91	- -	0.13
WORK	-0.36	- -	-0.06
COMMIT	0.14	0.21	- -
LEAVE	0.64	0.34	- -
EXPECT	-1.27	-0.35	- -

STANDARDIZED EXPECTED CHANGE FOR LAMBDA-Y

	RQ	CO	FE
RQUAL	- -	0.14	0.24
TRUST	- -	0.12	-0.32
RELATE	- -	-0.18	0.04
REWARD	-0.24	- -	-0.01
SATIS	0.54	- -	0.11
WORK	-0.22	- -	-0.05
COMMIT	0.08	0.18	- -
LEAVE	0.38	0.30	- -
EXPECT	-0.75	-0.31	- -

COMPLETELY STANDARDIZED EXPECTED CHANGE FOR LAMBDA-Y

	RQ	CO	FE
RQUAL	- -	0.14	0.22
TRUST	- -	0.12	-0.30
RELATE	- -	-0.17	0.04
REWARD	-0.23	- -	-0.01
SATIS	0.52	- -	0.10

WORK	-0.21	- -	-0.04
COMMIT	0.08	0.17	- -
LEAVE	0.36	0.29	- -
EXPECT	-0.72	-0.29	- -

MODIFICATION INDICES FOR LAMBDA-X

	SMA	RB
TRAIN	- -	2.42
COMP	- -	0.66
MOTIV	- -	1.45
COMM	5.96	- -
DISCLOS	0.99	- -
SUPPORT	0.33	- -

EXPECTED CHANGE FOR LAMBDA-X

	SMA	RB
TRAIN	- -	0.54
COMP	- -	-0.25
MOTIV	- -	-0.37
COMM	0.37	- -
DISCLOS	-0.22	- -
SUPPORT	-0.11	- -

STANDARDIZED EXPECTED CHANGE FOR LAMBDA-X

	SMA	RB
TRAIN	- -	0.21
COMP	- -	-0.10
MOTIV	- -	-0.15
COMM	0.30	- -
DISCLOS	-0.18	- -
SUPPORT	-0.09	- -

COMPLETELY STANDARDIZED EXPECTED CHANGE FOR LAMBDA-X

	SMA	RB
TRAIN	- -	0.20
COMP	- -	-0.09
MOTIV	- -	-0.14
COMM	0.29	- -
DISCLOS	-0.17	- -
SUPPORT	-0.08	- -

MODIFICATION INDICES FOR BETA

	RQ	CO	FE
RQ	- -	0.41	0.02
CO	- -	- -	2.38
FE	- -	- -	- -

EXPECTED CHANGE FOR BETA

	RQ	CO	FE
RQ	- -	0.09	0.02
CO	- -	- -	2.54
FE	- -	- -	- -

STANDARDIZED EXPECTED CHANGE FOR BETA

	RQ	CO	FE
RQ	- -	0.17	0.05
CO	- -	- -	3.61
FE	- -	- -	- -

MODIFICATION INDICES FOR GAMMA

	SMA	RB
RQ	- -	- -
CO	- -	0.41
FE	2.38	2.37

EXPECTED CHANGE FOR GAMMA

	SMA	RB
RQ	- -	- -
CO	- -	-0.37
FE	0.63	-0.50

STANDARDIZED EXPECTED CHANGE FOR GAMMA

	SMA	RB
RQ	- -	- -
CO	- -	-0.17
FE	0.64	-0.25

NO NON-ZERO MODIFICATION INDICES FOR PHI

MODIFICATION INDICES FOR PSI

	RQ	CO	FE
RQ	- -		
CO	0.41	- -	
FE	0.07	2.38	- -

EXPECTED CHANGE FOR PSI

	RQ	CO	FE
RQ	- -		
CO	0.03	- -	
FE	0.01	0.59	- -

STANDARDIZED EXPECTED CHANGE FOR PSI

	RQ	CO	FE
RQ	- -		
CO	0.07	- -	
FE	0.02	0.85	- -

MODIFICATION INDICES FOR THETA-EPS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
RQUAL	- -								
TRUST	1.49	- -							
RELATE	0.28	0.25	- -						
REWARD	0.54	0.45	3.74	- -					
SATIS	8.64	1.08	14.01	4.11	- -				
WORK	1.80	0.25	1.43	32.92	5.67	- -			
COMMIT	5.77	3.06	0.80	0.03	0.01	1.97	- -		
LEAVE	6.17	0.25	2.44	0.50	0.20	2.68	0.00	- -	
EXPECT	1.04	8.96	1.16	1.38	7.98	0.82	2.71	1.56	- -

EXPECTED CHANGE FOR THETA-EPS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
RQUAL	- -								
TRUST	-0.08	- -							
RELATE	-0.03	0.03	- -						
REWARD	0.04	-0.03	-0.10	- -					
SATIS	0.18	0.07	0.24	-0.14	- -				
WORK	-0.07	0.03	-0.06	0.76	-0.16	- -			
COMMIT	0.13	0.10	0.05	-0.01	-0.01	0.06	- -		
LEAVE	0.17	-0.04	0.11	0.04	-0.03	0.09	0.00	- -	
EXPECT	-0.05	-0.16	-0.06	0.05	-0.14	-0.04	0.37	-0.08	- -

COMPLETELY STANDARDIZED EXPECTED CHANGE FOR THETA-EPS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
RQUAL	- -								
TRUST	-0.07	- -							
RELATE	-0.03	0.03	- -						
REWARD	0.03	-0.03	-0.09	- -					
SATIS	0.17	0.06	0.21	-0.13	- -				
WORK	-0.06	0.02	-0.06	0.69	-0.15	- -			
COMMIT	0.12	0.09	0.04	-0.01	-0.01	0.06	- -		
LEAVE	0.16	-0.03	0.10	0.04	-0.03	0.08	0.00	- -	
EXPECT	-0.05	-0.14	-0.05	0.04	-0.13	-0.03	0.33	-0.07	- -

MODIFICATION INDICES FOR THETA-DELTA-EPS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
TRAIN	0.00	0.27	2.46	5.44	24.81	0.00	62.98	1.74	35.42
COMP	0.72	1.59	0.48	5.88	23.36	0.00	27.15	2.13	4.89
MOTIV	0.67	0.17	0.11	3.83	23.63	0.10	8.64	0.01	12.51
COMM	2.90	0.79	0.31	1.51	0.55	0.07	1.01	3.01	0.22
DISCLOS	0.00	24.01	1.54	4.99	3.40	0.44	0.90	0.01	2.02
SUPPORT	1.66	5.02	2.25	0.56	0.12	0.03	0.76	0.20	2.02

EXPECTED CHANGE FOR THETA-DELTA-EPS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
TRAIN	0.00	0.03	0.09	0.11	-0.28	0.00	-0.39	-0.08	0.29
COMP	-0.06	-0.08	-0.05	-0.12	0.31	0.00	0.29	-0.11	-0.12
MOTIV	-0.05	-0.03	-0.02	-0.10	0.30	-0.02	-0.16	0.00	0.18
COMM	0.12	-0.06	0.04	0.07	0.05	-0.01	0.06	0.13	-0.03
DISCLOS	0.00	0.27	-0.07	-0.10	0.10	-0.03	0.04	-0.01	-0.06
SUPPORT	-0.07	-0.13	0.09	0.03	0.02	0.01	0.04	-0.03	-0.07

COMPLETELY STANDARDIZED EXPECTED CHANGE FOR THETA-DELTA-EPS

	RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	EAVE	EXPECT
TRAIN	0.00	0.03	0.09	0.10	-0.25	0.00	-0.36	-0.07	0.26
COMP	-0.05	-0.08	-0.04	-0.11	0.28	0.00	0.26	-0.10	-0.10
MOTIV	-0.05	-0.02	-0.02	-0.09	0.27	-0.01	-0.14	0.00	0.16
COMM	0.11	-0.06	0.04	0.06	0.05	-0.01	0.05	0.12	-0.02
DISCLOS	0.00	0.25	-0.06	-0.09	0.09	-0.03	0.04	-0.01	-0.06
SUPPORT	-0.07	-0.12	0.08	0.03	0.02	0.01	0.04	-0.03	-0.06

MODIFICATION INDICES FOR THETA-DELTA

	TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
TRAIN	- -					
COMP	0.53	- -				
MOTIV	0.32	1.73	- -			
COMM	0.18	0.52	0.43	- -		
DISCLOS	0.10	0.16	1.16	1.10	- -	
SUPPORT	2.09	1.01	0.05	3.00	9.89	- -

EXPECTED CHANGE FOR THETA-DELTA

	TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
TRAIN	- -					
COMP	-0.05	- -				
MOTIV	-0.05	0.09	- -			
COMM	0.03	-0.05	0.04	- -		
DISCLOS	-0.02	0.02	-0.06	-0.08	- -	
SUPPORT	0.07	-0.06	-0.01	-0.12	0.52	- -

COMPLETELY STANDARDIZED EXPECTED CHANGE FOR THETA-DELTA

	TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
TRAIN	- -					
COMP	-0.05	- -				
MOTIV	-0.04	0.08	- -			
COMM	0.02	-0.05	0.04	- -		
DISCLOS	-0.01	0.02	-0.05	-0.07	- -	
SUPPORT	0.07	-0.05	-0.01	-0.11	0 47	- -

MAXIMUM MODIFICATION INDEX IS 62.98 FOR ELEMENT (1, 7) OF THETA DELTA-EPSILON

RQ Model
STANDARDIZED SOLUTION

LAMBDA-Y

	RQ	CO	FE
RQUAL	0.59	- -	- -
TRUST	0.56	- -	- -
RELATE	0.57	- -	- -
REWARD	- -	0.88	- -
SATIS	- -	0.58	- -
WORK	- -	0.85	- -
COMMIT	- -	- -	0.80
LEAVE	- -	- -	0.29
EXPECT	- -	- -	0.91

LAMBDA-X

	SMA	RB
TRAIN	0.80	- -
COMP	0.55	- -
MOTIV	0.65	- -
COMM	- -	0.39
DISCLOS	- -	0.88
SUPPORT	- -	0.74

BETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	1.03	- -	- -
FE	0.88	-0.14	- -

GAMMA

	SMA	RB
RQ	0.71	0.32
CO	-0.38	- -
FE	- -	- -

CORRELATION MATRIX OF ETA AND KSI

	RQ	CO	FE	SMA	RB
RQ	1.00				
CO	0.68	1.00			
FE	0.79	0.46	1.00		
SMA	0.90	0.54	0.72	1.00	
RB	0.74	0.53	0.57	0.59	1.00

PSI

RQ	CO	FE
0.12	0.51	0.37

REGRESSION MATRIX ETA ON KSI (STANDARDIZED)

	SMA	RB
RQ	0.71	0.32
CO	0.35	0.32
FE	0.58	0.23

RQ Model
COMPLETELY STANDARDIZED SOLUTION

LAMBDA-Y

	RQ	CO	FE
RQUAL	0.57	- -	- -
TRUST	0.54	- -	- -
RELATE	0.54	- -	- -
REWARD	- -	0.84	- -
SATIS	- -	0.56	- -
WORK	- -	0.81	- -
COMMIT	- -	- -	0.76
LEAVE	- -	- -	0.27
EXPECT	- -	- -	0.87

LAMBDA-X

	SMA	RB
TRAIN	0.77	- -
COMP	0.53	- -
MOTIV	0.62	- -
COMM	- -	0.38
DISCLOS	- -	0.84
SUPPORT	- -	0.71

BETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	1.03	- -	- -
FE	0.88	-0.14	- -

GAMMA

	SMA	RB
RQ	0.71	0.32
CO	-0.38	- -
FE	- -	- -

CORRELATION MATRIX OF ETA AND KSI

	RQ	CO	FE	SMA	RB
RQ	1.00				
CO	0.68	1.00			
FE	0.79	0.46	1.00		
SMA	0.90	0.54	0.72	1.00	
RB	0.74	0.53	0.57	0.59	1.00

PSI

RQ	CO	FE
0.12	0.51	0.37

THETA-EPS

RQUAL	TRUST	RELATE	REWARD	SATIS	WORK	COMMIT	LEAVE	EXPECT
0.68	0.71	0.71	0.29	0.69	0.34	0.42	0.93	0.24

THETA-DELTA

TRAIN	COMP	MOTIV	COMM	DISCLOS	SUPPORT
0.41	0.72	0.61	0.86	0.29	0.50

REGRESSION MATRIX ETA ON KSI (STANDARDIZED)

	SMA	RB
RQ	0.71	0.32
CO	0.35	0.32
FE	0.58	0.23

RQ Model
TOTAL AND INDIRECT EFFECTS

TOTAL EFFECTS OF KSI ON ETA

	SMA	RB
RQ	0.53	0.48
	(0.11)	(0.20)
	4.60	2.43

CO	0.39	0.73
	(0.14)	(0.29)
	2.79	2.47
FE	0.58	0.47
	(0.12)	(0.21)
	4.68	2.23

INDIRECT EFFECTS OF KSI ON ETA

	SMA	RB
RQ	- -	- -
CO	0.81	0.73
	(0.38)	(0.29)
	2.11	2.47
FE	0.58	0.47
	(0.12)	(0.21)
	4.68	2.23

TOTAL EFFECTS OF ETA ON ETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	1.53	- -	- -
	(0.59)		
	2.60		
FE	0.99	-0.13	- -
	(0.19)	(0.12)	
	5.23	-1.03	

LARGEST EIGENVALUE OF B*B' (STABILITY INDEX) IS 3.734

INDIRECT EFFECTS OF ETA ON ETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	- -	- -	- -
FE	-0.20	- -	- -
	(0.21)		
	-0.93		

TOTAL EFFECTS OF ETA ON Y

	RQ	CO	FE
RQUAL	1.00	- -	- -
TRUST	0.95 (0.17) 5.56	- -	- -
RELATE	0.96 (0.17) 5.60	- -	- -
REWARD	1.53 (0.59) 2.60	1.00	- -
SATIS	1.01 (0.40) 2.50	0.66 (0.09) 6.96	- -
WORK	1.48 (0.57) 2.59	0.97 (0.10) 9.65	- -
COMMIT	0.99 (0.19) 5.23	-0.13 (0.12) -1.03	1.00
LEAVE	0.36 (0.12) 2.93	-0.05 (0.05) -0.99	0.36 (0.11) 3.30
EXPECT	1.13 (0.20) 5.60	-0.15 (0.14) -1.03	1.15 (0.13) 9.14

INDIRECT EFFECTS OF ETA ON Y

	RQ	CO	FE
RQUAL	- -	- -	- -
TRUST	- -	- -	- -
RELATE	- -	- -	- -
REWARD	1.53 (0.59) 2.60	- -	- -

SATIS	1.01	- -	- -
	(0.40)		
	2.50		
WORK	1.48	- -	- -
	(0.57)		
	2.59		
COMMIT	0.99	-0.13	- -
	(0.19)	(0.12)	
	5.23	-1.03	
LEAVE	0.36	-0.05	- -
	(0.12)	(0.05)	
	2.93	-0.99	
EXPECT	1.13	-0.15	- -
	(0.20)	(0.14)	
	5.60	-1.03	

TOTAL EFFECTS OF KSI ON Y

	SMA	RB
RQUAL	0.53	0.48
	(0.11)	(0.20)
	4.60	2.43
TRUST	0.50	0.45
	(0.11)	(0.19)
	4.49	2.41
RELATE	0.51	0.46
	(0.11)	(0.19)
	4.51	2.41
REWARD	0.39	0.73
	(0.14)	(0.29)
	2.79	2.47
SATIS	0.26	0.48
	(0.10)	(0.20)
	2.66	2.38
WORK	0.37	0.71
	(0.13)	(0.29)
	2.78	2.46
COMMIT	0.58	0.47
	(0.12)	(0.21)
	4.68	2.23

LEAVE	0.21	0.17
	(0.07)	(0.09)
	2.83	1.89
EXPECT	0.66	0.54
	(0.13)	(0.24)
	4.94	2.26

RQ Model
STANDARDIZED TOTAL AND INDIRECT EFFECTS

STANDARDIZED TOTAL EFFECTS OF KSI ON ETA

	SMA	RB
RQ	0.71	0.32
CO	0.35	0.32
FE	0.58	0.23

STANDARDIZED INDIRECT EFFECTS OF KSI ON ETA

	SMA	RB
RQ	- -	- -
CO	0.73	0.32
FE	0.58	0.23

STANDARDIZED TOTAL EFFECTS OF ETA ON ETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	1.03	- -	- -
FE	0.74	-0.14	- -

STANDARDIZED INDIRECT EFFECTS OF ETA ON ETA

	RQ	CO	FE
RQ	- -	- -	- -
CO	- -	- -	- -
FE	-0.15	- -	- -

STANDARDIZED TOTAL EFFECTS OF ETA ON Y

	RQ	CO	FE
RQUAL	0.59	- -	- -
TRUST	0.56	- -	- -
RELATE	0.57	- -	- -
REWARD	0.91	0.88	- -
SATIS	0.60	0.58	- -
WORK	0.88	0.85	- -
COMMIT	0.59	-0.11	0.80
LEAVE	0.21	-0.04	0.29
EXPECT	0.67	-0.13	0.91

COMPLETELY STANDARDIZED TOTAL EFFECTS OF ETA ON Y

	RQ	CO	FE
RQUAL	0.57	- -	- -
TRUST	0.54	- -	- -
RELATE	0.54	- -	- -
REWARD	0.86	0.84	- -
SATIS	0.57	0.56	- -
WORK	0.84	0.81	- -
COMMIT	0.56	-0.11	0.76
LEAVE	0.20	-0.04	0.27
EXPECT	0.64	-0.12	0.87

STANDARDIZED INDIRECT EFFECTS OF ETA ON Y

	RQ	CO	FE
RQUAL	- -	- -	- -
TRUST	- -	- -	- -
RELATE	- -	- -	- -
REWARD	0.91	- -	- -
SATIS	0.60	- -	- -
WORK	0.88	- -	- -
COMMIT	0.59	-0.11	- -
LEAVE	0.21	-0.04	- -
EXPECT	0.67	-0.13	- -

COMPLETELY STANDARDIZED INDIRECT EFFECTS OF ETA ON Y

	RQ	CO	FE
RQUAL	- -	- -	- -
TRUST	- -	- -	- -
RELATE	- -	- -	- -
REWARD	0.86	- -	- -
SATIS	0.57	- -	- -
WORK	0.84	- -	- -
COMMIT	0.56	-0.11	- -
LEAVE	0.20	-0.04	- -
EXPECT	0.64	-0.12	- -

STANDARDIZED TOTAL EFFECTS OF KSI ON Y

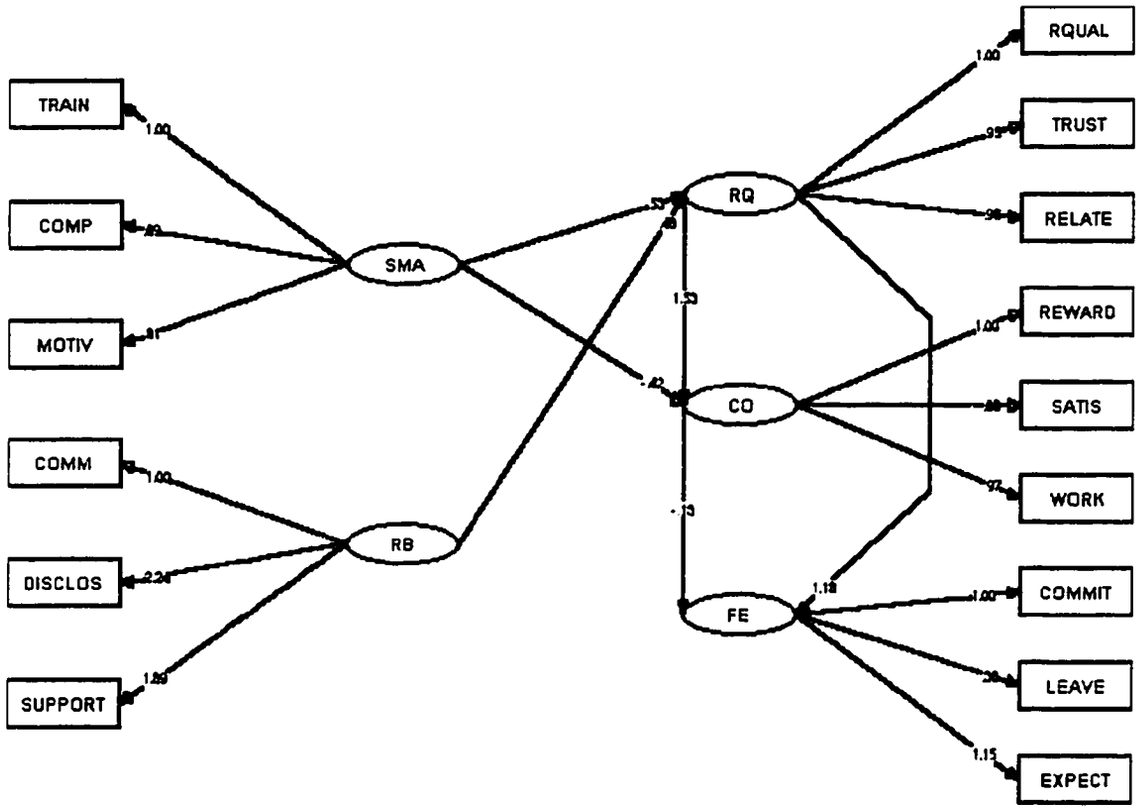
	SMA	RB
RQUAL	0.42	0.19
TRUST	0.40	0.18
RELATE	0.41	0.18
REWARD	0.31	0.29
SATIS	0.21	0.19
WORK	0.30	0.28
COMMIT	0.57	- -
LEAVE	- -	0.84
EXPECT	- -	- -

COMPLETELY STANDARDIZED TOTAL EFFECTS OF KSI ON Y

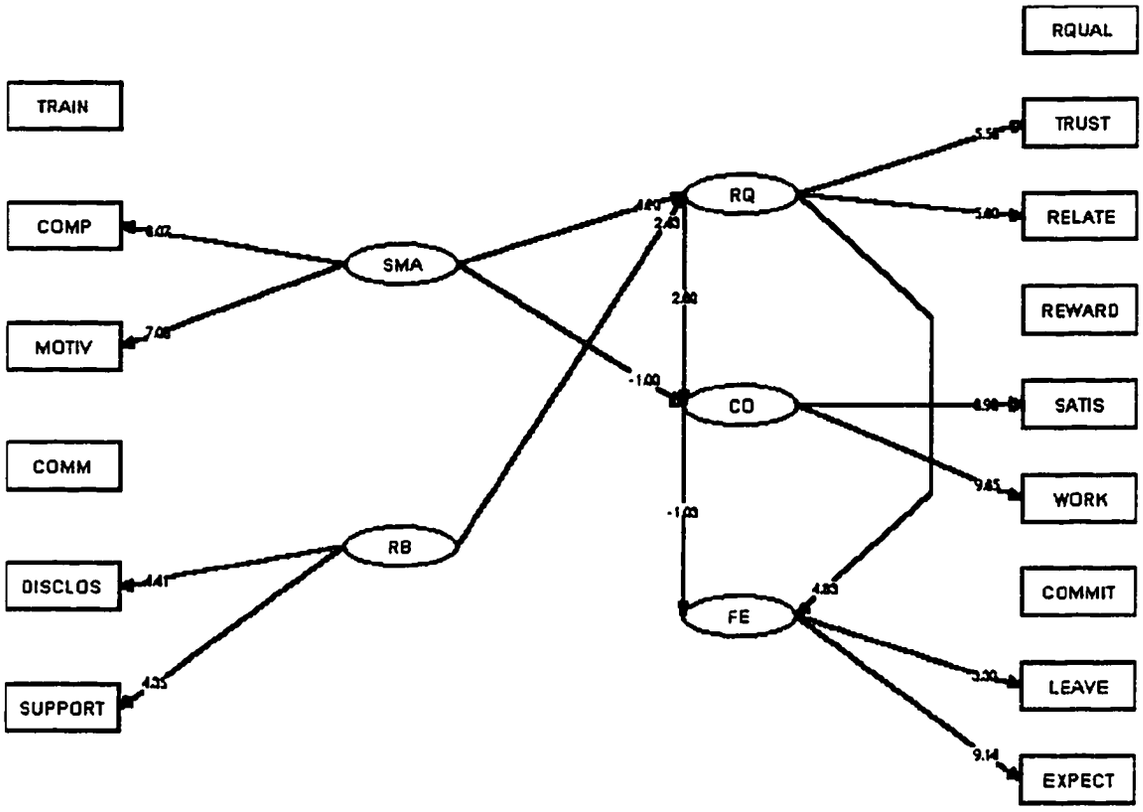
	SMA	RB
RQUAL	0.40	0.18
TRUST	0.38	0.17
RELATE	0.39	0.17
REWARD	0.30	0.27
SATIS	0.20	0.18
WORK	0.29	0.26
COMMIT	0.57	- -
LEAVE	- -	0.84
EXPECT	- -	- -

THE PROBLEM USED 27600 BYTES (= 0.2% OF AVAILABLE WORKSPACE)

TIME USED: 37.7 SECONDS



Basic LISREL Model
Maximum Likelihood Estimates



Basic LISREL Model
t-Values