



T.C. YEDİTEPE UNIVERSITY
GRADUATE INSTITUTE OF SOCIAL SCIENCES

**The Determinants of the Effects of Leadership Styles on Sales Performance:
A Case Study of Insurance Industry.**

BY

M.GÖKHAN BİTMİŞ

**Submitted to the Graduate Institute of Social Sciences In partial
fulfillment of the requirements for the degree of
Master of Business Administration**

İSTANBUL, 2008



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İŞLETME YÜKSEK LİSANS TEZ ÖNERİSİ TUTANAĞI

18.06.2008

SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜ'NE,

İşletme Anabilim Dalı, Yüksek Lisans öğrencilerinden **Mustafa Gökhan BİTMİŞ** 2547 Sayılı YÖK Yasası ve Yeditepe Üniversitesi Lisansüstü Yönetmeliğine uygun olarak 18.06.2008 tarihinde saat 11:00 'de "TEZ SAVUNMA" toplantısına alınmıştır. 1 saat süren sunuş, ve soru-cevap seansı jürimiz tarafından değerlendirilmiş olup, adı geçen aday oybirliği / oyçokluğu ile BAŞARILI / ~~BAŞARISIZ~~ bulunmuştur.

Bu tutanak tarafımızca dört nüsha olarak 18.06.2008 tarihinde ve saat 12. 'de imzalanmıştır.

Bilgi edinilmesini ve gereğini saygılarımızla arz ederiz.

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(*) Lisansüstü Eğitim-Öğretim Yönetmeliğinin 51. Maddesine istinaden oybirliği / oyçokluğu ile tezin düzeltilerek 3 aylık süre içinde jüri'ye tekrar sunulmasına / sunulmamasına karar verilmiştir.

Abstract

This research investigates the relationship between leadership style of sales executives and sales performance in insurance sector in Turkey. The literature provided discusses two dimensions of leadership style of sales executives such as transactional and transformational and three dimensions of sales performance as behavior oriented, output oriented, and extra role sales performance.

Information is obtained with two instruments from a sample of 260 salespeople. Multifactor Leadership Questionnaire is used to determine the sales executive's leadership style while Sales Performance Evaluation is used to measure the performance. Leadership styles such as transformational and transactional were identified as independent variable while sales performance as behavior & output oriented and extra role defined as dependant variable.

Data gathered from the research instruments and then statistically analyzed via Statistical Package for the Social Sciences (S.P.S.S.). Through linear regression analysis it is shown that there is a significant relationship between transformation leadership style of sales executives and behavior, output oriented and extra role performance while no significant relationship determined between transactional leadership style and sales performance. Further, this research shows that there is significant relation between behavior and output oriented sales performance. Also, it shows that there is significant relation between extra role performance and behavior & output oriented performance. Therefore, this study adds a new dimension to sales performance. Since this research implemented on insurance companies especially sell individual pension plans and life insurance, it contributes to the sector as well due to the lack of research on companies, which sell individual pension plans and life insurance.

Özet

Bu araştırma, satış yöneticilerinin liderlik stili ile satış performansı arasındaki ilişkiyi Türkiye’de sigortacılık sektöründe incelemektedir. Satış yöneticilerinin liderlik stili transactional ve transformational olarak iki boyutlu incelenirken, satış performansı gerekli literatür dikkate alınarak, davranışsal odaklı, sonuç odaklı ve extra-rol olmak üzere üç boyutta irdelenmiştir.

260 Satışçı örneklem alınarak iki enstrüman yardımı ile bilgiler elde edilmiştir. Multifactor Liderlik Anketi, satış yöneticisinin liderlik stilini tanımlamada, Satış Performansı Değerlendirme Anketi ise performansı ölçmede kullanılmıştır. Transactional ve transformational liderlik stilleri bağımsız değişken olarak tanımlanırken; davranışsal odaklı, sonuç odaklı ve extra rol satış performansı bağımlı değişken olarak belirlenmiştir.

Araştırma enstrümanları ile elde edilen veriler S.P.S.S. aracılığı ile istatistiksel olarak analiz edilmiştir. Lineer Regresyon analizi ile transformational liderlik stili ile davranışsal odaklı, sonuç odaklı ve extra rol satış performansı arasında anlamlı bir ilişki saptanmış, transactional liderlik stili ile satış performansı arasında istatistiksel olarak anlamlı bir ilişki saptanmamıştır. Dahası, bu araştırma davranışsal ve sonuç odaklı satış performansı arasında ilişki belirlemiştir. Ayrıca, extra rol performansı ile davranışsal ve sonuç odaklı satış performansı arasında anlamlı bir ilişki olduğu ortaya konmuştur. Bu yüzden bu çalışma satış performansına yeni bir boyut kazandırmıştır.

Bu araştırma özellikle bireysel emeklilik ve hayat sigortası ürünleri satan sigorta şirketlerine uygulandığından dolayı ilgili konu hakkında yeterli araştırması bulunmayan sektöre katkı sağlamıştır.

Acknowledgements

I would like to thank initially to my supervisor, Yrd.Doç.Dr. Dilek Saęlık, for her support and guidance, and also my members of the committee, Prof.Dr. Tuncay Kocamaz and Yrd.Doç.Dr. Neva Yalman.

Additionally, I would like to thank to Prof.Dr. Ülkü Dicle, Prof.Dr.Abdulgaffar Aęaoęlu, and Doç.Dr. Mehmet Yahyagil. They have special and immeasurable value for me in every moment that I have been in academic life.

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Chapter 1

Introduction

As the organizations compete in a global environment, they should find new ways to overcome to their rivals. This reminds us to the magic word of business in today that is “change”.

Survival of organizations in the 21st century requires more change, and more change requires more leadership (Feinberg, et al, 2005). Leadership and leadership styles have been a subject of discussions for as long as people have worked in teams or groups. Therefore, sales executives, who manage teams should pay attention to their leadership styles especially for their team effectiveness which is linked to the sales performance.

Leadership has as many definitions as there are writers of literature on the subject. In general, Leadership is the process of communication (verbal&non-verbal) that involves coaching, motivating/inspiring, directing/guiding, and supporting/counseling others. (Howard, 2005).

Maxwell (1947) defined the leadership also an influence that a leader should have. Nothing more, nothing less. He states that leadership is a process and it grows daily basis. Nobody can be a leader just one day. The law of magnetism is also very important according to Maxwell. Who you are is who you attract.

Warren Bennis (1997), noted researcher, believed that all leaders of effective groups have four characteristics in common. First, they provide direction and meaning to the people they are leading. They should keep their teams within stated goals and objectives. Second, they generate trust. Third, they prefer action and risk taking and last, they are communicators of hope.

Using effective communication skills, leaders encourage others to believe that the expected behavior will result in successful realization of stated goals (Howard, 2005). This is very important for sales executives. If they encourage their teams effectively within the stated objectives, their teams will be successful and this means increasing sales performance.

This study aims to explain the relationship between the sales executives' leadership style and sales performance in insurance industry. Within this context, it will be explained leadership styles and as well as their effects on sales performance that are behavior and output based performance.

Situational leadership approach is the ability successful leaders have to adapt to a changing organizational environment. Since various situations can require different styles, the leader needs to decide on an appropriate one by evaluating his or her subordinates and their degrees of readiness or maturity. Because their subordinates' level of readiness can change, the leader must be ready to adapt his or her leadership style accordingly when influencing his or her team in order to increase effectiveness (Silverthorne and Wang, 2001).

The work of Hersey, Blanchard and Johnson (1972) focused on the role of the business situation in leadership. They also discussed that a subordinate's ability, willingness, and readiness to perform tasks will affect the result of a leader's action.

We can analyze the situational leadership in four categories based on Hersey and Blachard, (1972). One is telling style that is low supportive and high directive. It is where managers tell a salesperson what, when, how, and where to do various tasks. Communication is generally one way. Second, selling style, which is high supportive and high directive, provides salespeople to contribute decision making process but their ideas are solicited. Third is supportive style, which is high supportive and low directive. Sales managers listen actively to salespeople. The Last one is delegating style that is low supportive and low directive. Decision making is delegated to the salesperson, who decides how a problem is to be handled.

Weber was the first to apply the term charisma to leadership and suggested that the authority of the charismatic leader derived from faith in his or her exemplary character. To Weber (1946) charisma was viewed in terms of supernatural 'gifts of the body and spirit'.

The followers perceive the charismatic leader as an agent of radical reform who possesses a heightened sensitivity to environmental opportunities. Group members come to share an idealized future vision because of the leader's articulate and inspirational manner. (Dorian et al, 2000).

Charismatic leader brings about heroic, selfless, and altruistic energies beyond expectations. The important thing is group rather than individual needs. (Dorian et al, 2000). Therefore, charismatic leaders are very important for sales teams. They can manage groups effectively and group members admire their leaders. This admiration is a stimulus for increasing the sales performance.

There is a special message that charismatic leader conveys ‘I am special and if you are with me, you are also special; and together we are a special family or fellowship.’ (Dorian et al, 2000.) Therefore, group members will have a high degree of self-image and self-confidence. They feel that they are different than others so they should have also different sales results than their rivals.

Maher (1997) defines Transactional Leadership that is a set of leadership behaviors which emphasizes exchanges or bargains between manager and follower. Contingent reward is an important part of transactional behaviors, which means interaction between managers and team members. Leader intervenes only when a problem occurs. The core assumption of transactional leader is people are motivated by reward and punishment.

Transactional executives in a sales team will use rewards and punishments in order to increase sales performance. They believe that if they want to exceed the expectations of team members which will ultimately result with increasing sales performance, they will probably use reward systems such as increasing salary or fringe benefits.

According to Burns (1978), transforming leadership occurs when a leader engages with a follower in such a way that both parties are raised to higher levels of motivation and morality with a common purpose. It promotes development and vision in group members.

Namely, transformational leader transform the organization and it can be said that the followers are the product of this transformation. They are people oriented.

Transformational leaders are generally charismatic, they use symbols to focus employee efforts, encourage group members in order to consider their own way of doing things and treat followers differently but equitably based on follower needs (Bass & Avolio, 1993).

Path Goal theory basically explains that the leader attempts to affect subordinates' perceptions of goals and the path to achieve them. A leader can select four styles of leadership: directive, supportive, participative, and achievement oriented (House and Mitchell, 1974).

The appropriate leadership style is influenced by subordinates' general characteristics, satisfaction of subordinates because of leader's behavior, and the environment which consists of subordinates' tasks, formal authority, subordinate's goals, and organizational culture (House and Baetz, 1979).

Sales Performance Evaluation is in general a comparison of sales force goals and objectives with actual achievements in the field. First, sales executives must decide what he or she wants from the sales force to accomplish. This can be increasing market share or sales revenue. Then a sales plan must be prepared to show how the goals are to be achieved.

Sales Executives then consider on variances between the performance standards and the results attained. The most difficult task a sales executive face commonly is evaluating the performance of sales people under his or her control. Therefore, control systems which are the organization's set of procedures for monitoring, directing, evaluating, and compensating its employees are vital for today's companies (Anderson & Oliver, 1987).

In Output based control mechanisms, salespeople are left alone to achieve their goals and objectives by using their own strategies. They are responsible for their results (outcomes) but not for how they achieve the results (inputs or behaviors).

Under this system the invisible hand of marketplace pressures sales people to perform and guides their strategies. Therefore, sales person is made an entrepreneur. He or she is free for selecting the methods in order to reach his or her goals but as well as he or she is also responsible for performance (Anderson & Oliver, 1987).

Little monitoring and little managerial direction are the basics of this control system. The emphasis is the result such as increasing contribution margin or sales revenue.

On the other hand, behavior based performance mechanisms are opposite according to output based systems. Behavioral systems are related with recording track of what happens at each stage of the sales operation. This means that sales executives closely monitor sales force activities and if they want, they can intervene or direct to the sales people.

Managers have a well defined idea of what they want salespeople to do and work to certain sales people behaves accordingly. Sales results are presumed to follow, often in the long term. Companies pay salespeople generally fixed salary. This means companies accept risk in order to gain control. Also, the invisible hand of market's forces is replaced with visible hand of management for behavior based systems (Anderson & Oliver, 1987).

Behavior based systems frequently require sales executives to make subjective evaluations about sales people. The factors such as appearance, communication skills, product knowledge, closing ability, and so forth can only be evaluated by using subjective rating scales.

The primary advantages of these systems are the control they provide the sales executives. The sales manager expresses clearly his or her ideas of what sales people should be and do to obtain results

The purpose of this research is to evaluate, empirically, the relationships existing between the leadership styles of sales executives and managers and the affect of these styles on sales performance in insurance industry.

Transformational and Transactional leadership styles of sales executives will affect the salespeople and how this effect will result in terms of sales performance which will be discussed in two categories such as output and behavior oriented.

The study implemented on insurance sector in Turkey. The companies that sell individual pension plans and life insurance were the main concern of the researcher. Facts that individual pension system is a tool for saving money, it provides income at retirement and it provides security are the leading reasons for favoring this system.

According to the Pension Monitoring Center (EGM) (2008); From October 27, 2003 when the system was put into operation, it has been observed that the participation in the system has grown increasingly, although it is a voluntary basis. In this connection, looking into the development made by the individual pension system in 2007 as compared to year-end data of 2006, it is seen that the amount of funds accumulated under the system as of the end of 2007 increased by about 60 percent to YTL 4,555 (USD 3.9 billion) from YTL 2,815 million (USD 2 billion) at the end of 2006 and the number of total participants of the pension companies grew by 45 percent to 1 million 450 thousand.

As of December 31, 2007, 2,029,627 contracts written in individual pension system and the total contribution amount of YTL 4,838,780,645 paid to these contracts. The total amount of contributions includes regular contribution, initial contribution, additional contribution amounts contributed by new entries to the system and the accumulations transferred from life insurance, for both in force and terminated contracts.

According to the Pension Monitoring Center (EGM) (2008); reasons for entering individual pension systems can be summarized as follows:

- It provides extra saving,
- It provides additional income at retirement,
- It is an investment instrument,
- It provides security,
- It has tax advantage.

Most vital reasons for leaving the system are personal reasons, losing the faith in the system and disfavor as an investment instrument. Expanding personal reasons, 61 percent of the participants claimed that they needed the accrued money for other expenditure, and 53 percent of them stated the decline in total income (severance, business setback, etc.) as the cause of the decision for withdrawal. Forty-one percent of the participants who have mentioned personal reasons for their withdrawals would have stayed in the system if they had given a chance of leaving a part of their accumulated money in the system and taking out the rest or a chance to have the money they needed via a cheaper loan.

The primary motive for constructing this study is the researcher's experience on insurance and construction companies. It was obvious that some of the sales teams were much more successful in terms of performance than others. When the researcher observed the sales managers of such successful teams, it was interesting that managing style of such managers was different.

Therefore, if the researcher determine the managing style or leadership style of such successful executives and construct a link between sales performance and style of leading, this will be considerably valuable for both business world and as well as academia.

Human Resource Managers can easily use this knowledge in order to increase their company's performance. When hiring a sales manager, they can consider the leading style of sales executives or they can give appropriate courses for managers in order to increase some of their skills.

This is also a new study for academic world. It will give insights to researchers for further investigation. The study will identify the current trends about increasing performance that is emerging in the literature. Linking performance with the style of leading will be a good contribution to academia.

The profile of sales executives, sales people, and also performance criteria differ based on the sector, which the company operates. For instance, sales executives who manage insurance or real estate agents and who are paid on commission will likely emphasize output based performance systems rather than behavioral systems. And also, many firms use a mixture of these systems.

It is obvious that some Turkish organizations as well as foreign have huge differences in terms of sales performance and they do not produce what the management desire.

According to one analysis, more than 50% of all salespeople were under quota. ("Sales Effectiveness Insights," whitepaper published by CSO Insights in 2004.) So what is the problem? Are we going to implement a new marketing campaign or recruit new sales people or fire the sales manager? The study answers such questions.

The study is quantitative and the design is explanatory. The explanatory nature of the research design is correlational.

A survey process conducted for both sales executives/managers and sales people for insurance sector. Each participant received an envelope consisting of several questionnaires. A cover letter enclosed to each questionnaire and explained the purpose of the survey and anonymity of the individual responses. Statistical Program for Social Sciences (SPSS) used for data analysis.

General outline of the thesis is as follows:

Chapter Two summarizes relevant leadership literature, and concludes with research and empirical studies identifying the correlation between leadership and performance. In **Chapter Three**, sales performance is discussed in terms of today's common evaluation systems. Moreover, Chapter Three presents research and empirical studies identifying the correlation between leadership and sales performance. **Chapter Four** summarizes the research methodology of this study while **Chapter Five** presents the results of the research. **Chapter Six** reviews the results in light of previous research, discusses limitations and implications of this research and finally provides a research conclusion.

Chapter 2

Leadership

2.1 Overview

Leaders can make difference. This phenomenon is very vital for today's organizations in order to survive in a turbulent environment. Changing environment needs different kinds of leaders. Leadership, traditional theories such as great man theory, trait, behavioral, situational/contingency approaches; Lmx theory, and contemporary types of leadership such as transactional and transformational are discussed in this chapter.

Finally, the relationship between leadership and performance is discussed by demonstrating the theoretical framework between them.

2.2 Definition of Leadership

As the competitive global environment and complexity of today's organization puts increasing pressure on organizations to tailor, the interest in leadership and all of its branching has grown. Survival of the organization in the 21st century requires more change, and more change requires more leadership (Feinberg, et al 2005).

The history of the world is full of with great leaders from Nelson Mandela and Adolf Hitler to Mao Zedong and Franklin D. Roosevelt. Prof. Arnold Ludwig, an American historian and psychiatrist, describes Mustafa Kemal Ataturk greatest leader of 20th Century according to his research. Ataturk ranked the first among a group of other political leaders on a scale that measured a number attributes such as "ability to build a nation, enlarging territory, military achievement, and statesmanship."

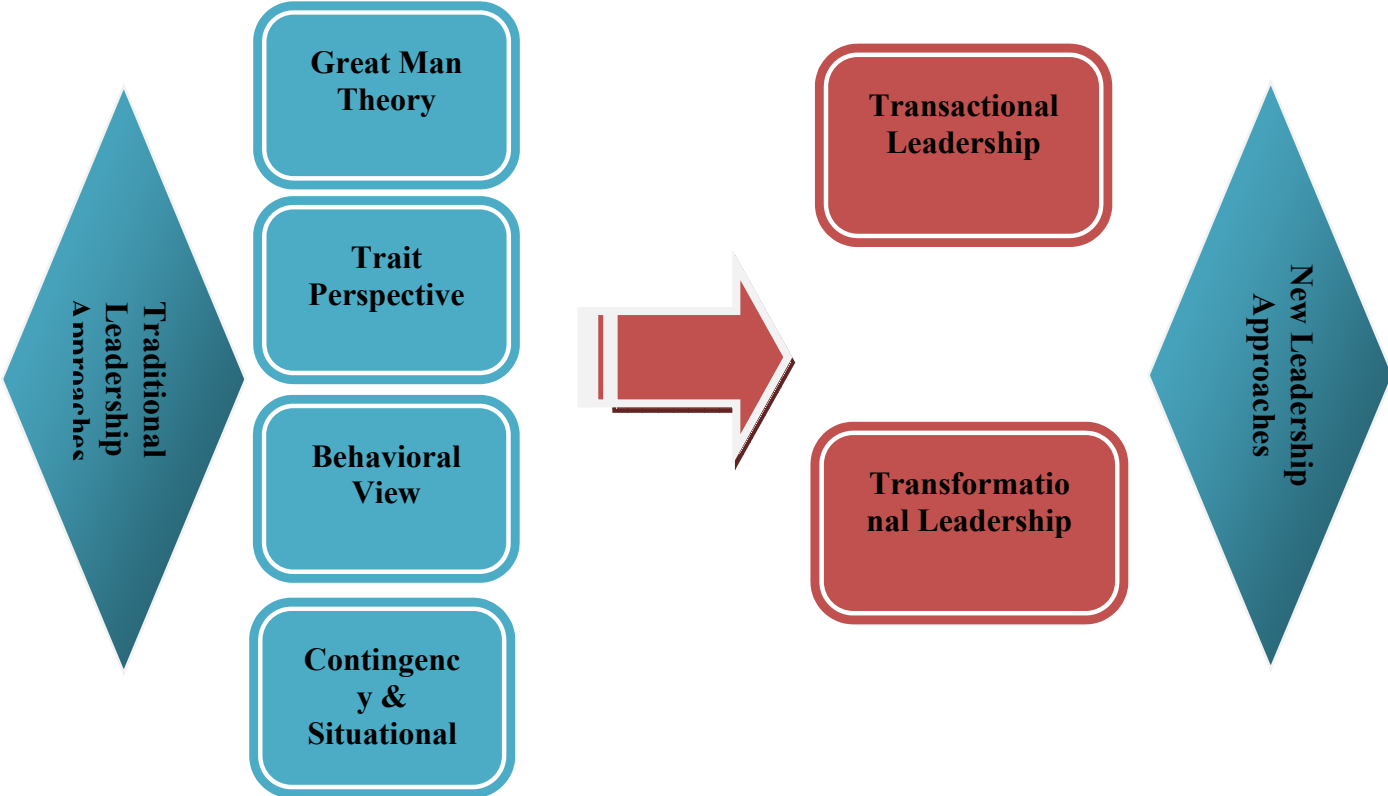
Mustafa Kemal Atatürk, the founder of the Turkish Republic and its first president, stands as a superior figure of the 20th Century. Among the great leaders of history, few have succeeded so much in so short period, transformed the life of a nation, and given such profound inspiration to the world at large. His creation of modern Turkey and his contribution to the world have made Atatürk a historic hero with permanent influence. "Peace at Home, Peace in the World" was one of the unforgettable sayings of Atatürk.

Leadership has as many definitions as there are writers of literature on the subject. (Howard 2005) and there are a lot of ways of looking at leadership and many interpretations of its meaning (Mullins, 1999). In general, Leadership is the capacity to lead, to conduct, to escort, to guide, to route, to steer, or to manage others. (Evans and Evans, 2002). Bennis and Nanus (1985) defined leaders as a people who are able to turn their beliefs and visions into reality, through the control and influence they exercise over other people. Howard (2005) made a general description of leadership after three decades of experience and research. According to him; leadership is the process of communication (verbal & nonverbal) that involves coaching, motivating/inspiring, directing/guiding, and supporting/counseling others.

2.3 Leadership Theories

Interest in leadership increased during the early part of the twentieth century. Early leadership theories concentrated on what qualities distinguished between leaders and followers, as subsequent theories looked at other variables such as a need for influence, communicating vision, and charisma.

Figure 2.1: The Development of Leadership



(Adapted from Ristow, 1998)

The development of leadership is categorized in Figure 2.1. , as those that are classical or traditional in nature and those that produce new approaches to leadership such as transactional and transformational leadership.

2.3.1 Great Man Theory

Great Man theories assume that the capacity for leadership is inherent – that great leaders are born not made. These theories usually accept great leaders as heroic, mythic, and destined to rise to leadership when needed. The term “Great Man” was used because, at the time, leadership was thought of primarily as a male quality, especially in terms of military leadership (Wagner, 2005).

William James (1880) believed that individuals are chosen by situation because of some intrinsic qualities that make them suitable to lead or to initiate movement. Today it is very popular to consider the genetic determination of the multiple factors comprising the leadership construct. Especially, individual differences in personality traits have been found to be moderately to highly heritable, and so it follows that if there are reliable personality trait differences between leaders and non-leaders, then there may be a heritable component to these individual differences. (Johnson et al, 1998).

2.3.2 Trait Perspective

Trait theory proposes that we can evaluate leadership and suggest ways of leading effectively by examining whether an individual possesses certain personality traits, social traits, and physical characteristics (Barrow, 1977).

Kirkpatrick and Locke (1991) says that leaders differ from non-leaders in their drive (achievement, ambition, energy, tenacity, and initiative), desire to lead, honesty and integrity, self confidence, cognitive ability, and knowledge of business. More recent research provides strong evidence that people who are high self monitors that is , are highly flexible in adjusting their behavior in different situations, are much more likely to emerge as leaders in groups than low self monitors (Dobbins et al, 1990 and Zaccaro et al, 1991). In sum, the cumulative findings from more than half a century of research lead us to conclude that some traits increase the likelihood of success as a leader, but none of the traits guarantee success. (Yukl et al, 1992).

Trait approach has also some limitations. For instance, there are no common traits that predict leadership in all situations. Traits appear to predict leadership in selective situations.

(Schneider, 1983). Another limitation is that traits predict behavior more in weak situations than in strong situations. Strong situations are those in which there are strong behavioral norms, strong incentives for specific types of behaviors. As highly formalized organizations and those with strong cultures fit the description of strong situations, the power of traits to predict leadership in many organizations is probably limited (Mischel, 1993).

These and other limitations have led researchers to look in other perspectives and directions. A major movement away from traits began as early as 1940s. Leadership research from the late 1940s through the late 1960s stressed the preferred behavioral styles that leaders demonstrated.

Figure 2.2: Traits and Skills Found Most Frequently to be Characteristic of Successful Leaders (Adapted from Yukl, 1989).

TRAITS	SKILLS
Adaptable to situations	Clever (intelligent)
Alert to social environment	Conceptually skilled
Ambitious and achievement-oriented	Creative
Assertive	Diplomatic and Tactful
Cooperative	Fluent in speaking
Decisive	Knowledgeable about group task
Dominant	Persuasive
Dependable	Organized
Energetic (high activity level)	Socially skilled

2.3.3 Behavioral View

Limitations in the ability of traits to guess effective leadership caused researchers after 1940s to view a person's behavior rather than that individual's personal traits as a way of increasing leadership effectiveness. Researchers wondered if there was something unique in the way that effective leaders behave. This view also created a base for later situational and contingency theories.

In general, behavioral theories of leadership propose that specific behaviors differentiate leaders from non-leaders. If this theory is successful, we can train people to be leaders and we can teach leadership.

The University of Michigan came up with two dimensions of leadership behavior, which are production oriented and employee oriented (Khan and Katz, 1960). Production oriented leadership involves acting primarily to get the task done. A manager who tells his or her subordinates that they should do everything they can to get the job done on time shows production oriented leadership. However, employee oriented leadership emphasized supporting the individual workers in their activities and involving the workers in decision making. Therefore, a manager who uses autocratic style can be called as production oriented while a manager or a leader who uses democratic style can be called as employee oriented.

Studies in leadership at Ohio State University were about at the same time as University of Michigan, which categorized individual's style as initiating structure or consideration. Initiating structure stress the degree to which the leader structures his or her role and subordinates' roles toward goal attainment through scheduling work, assigning employees to tasks, and obtaining standards of performance. However, consideration emphasizes individual's needs through two-way communication, respect for subordinates' ideas and their feelings, and mutual trust (Stogdill and Coon, 1951)

2.3.3.1 Mintzberg's Study

Henry Mintzberg offered a distinct perspective on leadership. He determined that managerial work contains ten roles. Three of them related with interpersonal contact such as figurehead, leader, liaison; other three related with information processing like monitor, disseminator, spokesman and the rest refers decision making such as entrepreneur, disturbance handler, resource allocator, and negotiator. (Mintzberg, 1979).

These managerial roles contain activities that could be interpreted as leadership. Moreover, these roles are also used for non-managerial positions. Table 2-1 shows a simple definition of each role.

Table 2.1 Managerial Roles (Adapted from Mintzberg, 1979)

Role	Description
Figurehead	The manager, acting as a symbol or representative of the company.
Leader	The manager, interacting with subordinates, motivates and develops them.
Liaison	The manager establishes a network of contacts in order to get information for the company.
Monitor	The manager gets info from the inside and outside environment.
Disseminator	The manager conveys real and valuable information to subordinates.
Spokesperson	The manager gives info to people outside the company about its performance and policies.
Entrepreneur	The manager designs and initiates change in the organization.
Disturbance Handler	The manager handles with problems in the company
Resource Allocator	The manager controls the allocation of people, money, materials, and time.
Negotiator	The manager attends in negotiation activities.

2.3.4 Contingency & Situational Theories

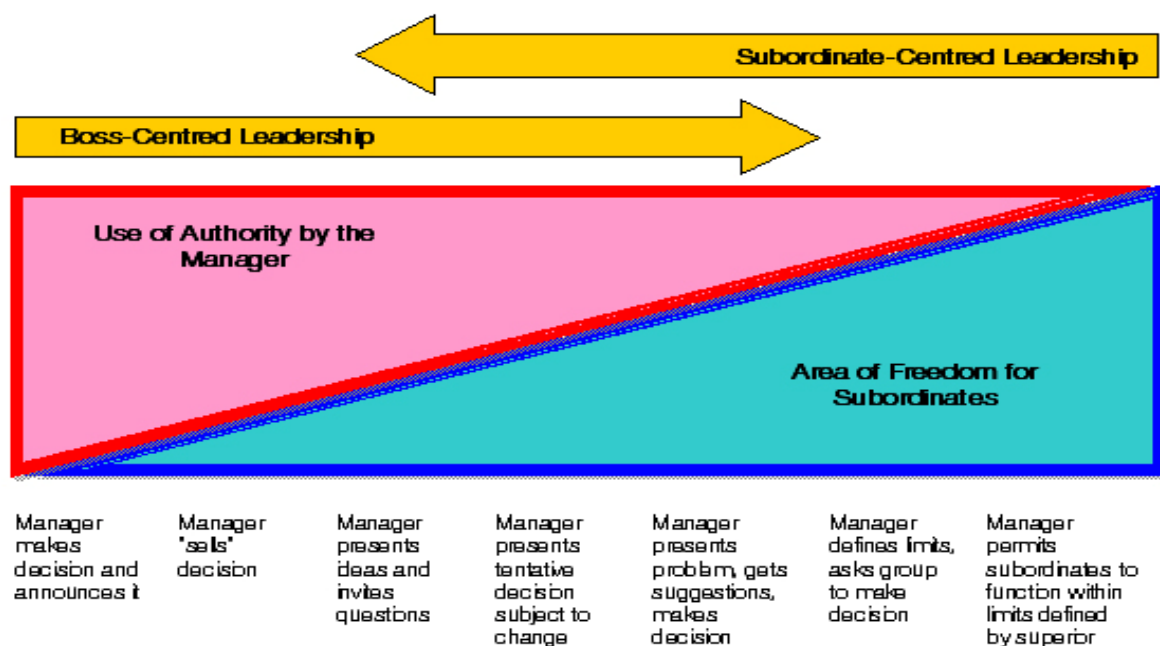
Contingency or situational models basically claim that leader's behavior depends on the circumstances at a given time. There is no single way of leadership which is valid for all situations.

Fiedler (1964, 1967) offered that there is no single best way to lead; instead the leaders' style should be selected based on the situation. He separated between managers who are task or relationship oriented. Task oriented managers considered the task-in hand tend to do better in situations that have good leader-member relationships, structured tasks, and either weak or

strong position power. Moreover, they also do well when the task is unstructured but position power is strong, and at the other end of the spectrum when the leader member relations are moderate to poor and the task is unstructured. Such leaders tend to show a more directive leadership style. Relationship oriented managers do better in all other situations and show a more participative style of leadership.

Tannenbaum and Schmidt (1958) shared similar ideas and proposed a continuum of leadership styles from autocratic to democratic.

Figure 2.3: Continuum of Leadership Behavior (Adapted from Tannenbaum&Schmidt, 1958)



2.3.4.1 McGregor's Theory X and Theory Y

McGregor (1961) theory was concerned with a leadership style that is based on individuals' assumptions about other individuals. This was one of the older situational theories but it was very popular at that time. Theory X manager was like an autocratic manager while Theory Y was democratic. Theory X manager assumes that employees are lazy, out of control, and extrinsically motivated while Theory Y manager assumes that employees take responsibility. They are in control and intrinsically motivated. Namely, employees like work and they take initiative for the given opportunities. Therefore, McGregor concluded that employee behavior was the outcome of the style of the leadership.

2.3.4.2 Hersey, Blanchard and Johnson Studies

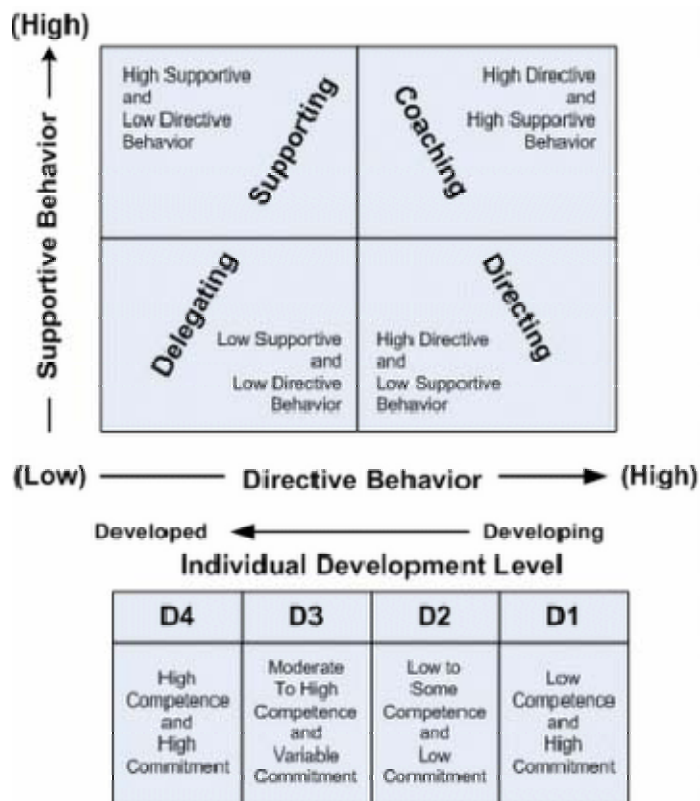
The work of Hersey, Blanchard and Johnson (1996) emphasized the role of the business situation in leadership. What resulted from their study was a theory of situational leadership that has been very important for redefining leadership. The important part of the situational leadership is the ability of successful leaders' adaptability to a changing environment.

Subordinate's ability, willingness, and readiness to perform tasks will also affect the outcome of a leader's action. Since different situations require various styles, the leader should select appropriate one by evaluating his or her subordinates and their degrees of maturity. Since the subordinates' level of maturity or readiness can change, the leader should adapt his or her leadership style, when influencing people, in order to reach optimal effectiveness.

The theory of situational leadership showed that most effective leaders can use different leadership styles in response to the demands of the situation and to the fluctuating readiness levels of their subordinates. Therefore, flexibility in leadership style is very important if the high level of leadership effectiveness is desired and required by the situation (Hersey et al 1996).

As shown in Figure 2.4, the model combines supportive and director behavior to produce four leadership styles. Leader should use directing style when followers are insecure, unwilling. He or she should give instructions and monitor performance. Coaching style should be used in when followers are moderate to low readiness. Leader explains decisions clearly in this style. While in supporting style, leader share ideas and helps decision making process and followers are moderate to high readiness. Final one is delegating style which gives responsibility to followers for decisions since followers are willing and confident. This style is low directive and low supportive behavior.

Figure 2.4: Situational Leadership



Source: Hersey, P., Blanchard, K.H. (1988). Management of Organizational Behaviour, 5th ed. Prentice Hall.

2.4 Leader – Member Exchange (LMX) Theory

This theory basically assumes that leaders do not use a homogenous style with all of the people under their control.

Liden and Graen (1980) claim that this theory makes an interaction between leader and follower. The leader categorizes the follower as an “in” or an “out” and this relation is almost stable over time.

Therefore, leaders act differently for two types of followers. The cadre or in group means a small group of trusted followers that the leader allows a great deal of latitude because of personal compatibility, perceived competence, and dependability, while hired hands or out group means all followers that the leader allows little latitude (Duchon et al, 1986).

Transformational leaders develop relationships with their subordinates that go beyond pure economic and social exchange (Bass, 1985). A transformational leader’s consideration for

followers as individuals and the time spent coaching them to develop their skills and capabilities make meaningful exchanges between leader and follower.

These interactions reduce the physical distance and also the status barrier between leader and subordinates (Howell and Hall-Merenda, 1999).

Transactional leaders who exchange their promises of rewards such as recognition, bonuses or merit increase to their subordinates when targets or goals are achieved. If the targets are not realized, they will take punishment. Therefore, transactional agreements are tied by many rules and limitations that give each party only a limited participation in the activities of another (Lee, 2005).

Recent researches about effective leadership have exhibited the situational approach with a revival of trait theory. Transactional and Transformational leadership are explained below.

2.5 Transactional Leadership

Transactional leadership is a set of leadership behaviors that stress bargains or exchanges between manager and subordinates. Transactional leader concentrates on how current needs of followers can be fulfilled. These bargains or exchanges can be political, psychological, and economic (Bass and Avolio, 1993). Bass and Avolio (1997) defined the transactional leadership style as being based on traditional bureaucratic authority and legitimacy. Politicians who win votes by promising to decrease inflation and tax rates or sales managers who offer bonuses to sales people who achieved their goals are instances of transactional leader (Northouse, 2000).

There is a temporary process for transactional leadership. Once a transaction is complete, the relationship between the leader and subordinates can end or be redefined for the next transaction (Lussier and Achua 2001). Therefore, the nature of this kind of leadership style is based on short term relationship between leader and follower.

Bass (1990) defines the transactional leaders' relation with followers as including three stages. First, he describes that what followers want and what are their expectations from their work. Then he ensures that followers or subordinates will get what they want unless their performance is not bad. Second, rewards and promises will be exchanged for follower's

attempt. Last, leader will satisfy to his subordinate's self interests if they will be met through completing the job.

Transactional leaders stress the standards, assignments, work principles, and determining the goals. They follow a cost- benefit and economic exchange in order to satisfy subordinate's needs in exchange for services rendered by subordinates. The important thing for a transactional leader is that how to improve the performance and reach the organizational goals and how to substitute one goal for another and how to prevent reluctance for actions and how to implement decisions (Bass, 1985).

Transactional leadership has two components: contingent reward and management-by-exception. Contingent reward is exchanging valued (verbal or tangible) rewards for good performance. This is the process of exchange leaders and followers. It refers to the situations where efforts are substituted for rewards. The leader identifies what needs to be done and what the payoff for subordinates will be if objectives are satisfied. The second factor is called management-by-exception. It deals with intervening when standards or performance goals are not satisfied. This kind of leadership includes corrective criticism, negative feedback, and negative reinforcement. Management by exception has two forms that are active and passive.

Leaders who watch followers closely and take corrective actions immediately whenever a mistake or infringement of standards occurs are active form. If the leader takes action after problems or mistakes arise, he or she practices the passive form. Management by exception with active and passive forms uses a negative reinforcement instead of contingent reward (Northouse, 2000; Xirasagar et al, 2006).

There are lots of strengths of transactional leadership. It sets up a relationship between the leaders and subordinates that the leader clearly defines goals and objectives with the exchange of rewards if the pre-determined standards are satisfied. Therefore, both the leader and subordinates know clearly what will happen if the goals and objectives are met? For stable environment and repetitive situations, transactional leadership is very appropriate since it provides status quo.

Transactional leadership has also some weaknesses. It creates a short-term relation between leader and follower and also, it is difficult to welcome change in organizations where it is

used. Therefore, current competitive business environment needs a new style of leadership called transformational leadership (Bass, 1985).

2.6 Transformational Leadership

Transformational leadership is basically leadership that motivates followers to transcend their self interests for a collective purpose, vision, and/or mission. This kind of leadership tends to increase trust and admiration toward the leader on the part of the subordinates so they can be inspired to do more than they were originally expected to do. Leaders described as transformational usually create a vision and convince their followers in order to follow the vision while they change organizational systems. James MacGregor Burns was the first to put forward the concept of 'transformational leadership'. According to him, transformational leadership "is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents" (Burns, 1978; Feinberg et al 2005; Conger et al 2000; Howell&Hall-Merenda, 1999; Judge&Bono, 2000; Jung&Avolio, 2000).

Burns (1978) offers that "Transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality". At the heart of this approach is an emphasis on the leaders' ability to motivate and empower his/her followers and also the moral dimension of leadership.

Leadership scholars have attempted to understand and measure the occurrence of transformational leadership for over two decades. Transformational leadership sometimes referred to as charismatic leadership and they are sometimes differentiated in the literature, but at other times, the terms are used interchangeably (Feinberg et al, 2005).

Given the complexity of today's organizations and the uncertainties of the external environments with which they face, it is not surprising that a basic effort of transformational leadership models has introduced what makes a leader effective or even greater. One of the core attribute of transformational leadership is developing agreement or consensus among the group of subordinates. Namely, in order to be perceived as a transformational leader, the leader should exhibit appropriate set of behaviors and promote consensus among his or her followers (Feinberg et al, 2005). This is very vital concept for today's successful organizations.

Transformational leadership is focused on change. Lussier and Achua (2001) defines it as serving to change the status quo by expressing to followers the problems in the current system and a compelling vision of what a new organization could be.

Lussier and Achua (2001) states that Transformational leadership emphasized what leaders accomplish, rather than on a leader's personal characteristics and followers' reactions. As organizations continue to face with global challenges, the need for leaders, who can successfully craft and implement daring strategies that will transform or align the organization with the level of environmental turbulence, is greater.

The transformational leadership process engages with others to raise the level of motivation and morality in both the leader and the followers (Northouse, 2000). Such kind of leadership motivates followers to achieve beyond their organizational expectations by increasing their awareness about the importance of specified outcomes and ways of reaching them, by getting workers to go beyond their self interest to that of the team, organization or larger society (Bass, 1985; Gordon, 1993). Followers report that they work harder for such kind of leaders (Bass and Avolio, 1988).

Bass (1985) states that a boss, who is transformational leader, motivates followers to do better than they expected in three ways. First, leader increases follower's feelings about the importance of certain outcomes such as high market share or productivity. Second, leader shows the value of workers' concern to their team's philanthropy rather than to their personal interest. Finally, leader increases the workers' need levels thus they appreciate challenges, responsibility, and growth.

The transformational leadership style is categorized in the Full Range of Leadership Model by four underlying dimensions. These include idealized influence, intellectual stimulation, individualized consideration and inspirational motivation and are referred to as the 'Four I's' (Bass, 1990). Idealized influence (charisma) refers to the leader as a role model for followers to emulate. These leaders are highly respected and articulate a vision and mission to followers. Inspirational motivation expresses behaviors that motivate and inspire followers by communicating high expectations and expressing purposes in simple ways, which offers meaning and challenge to their subordinates' work (Bass, 1997).

The third factor is individualized consideration. Leaders create a supportive environment. They listen to the individual needs of the subordinates and they monitor, encourage and make coaching to followers. The last one is intellectual stimulation. This kind of leader stimulates creativity in followers. They encourage followers to challenge their own beliefs and to find new ways for old situations (Bass and Avolio, 2000).

There are several strengths of the transformational leadership. There is a lot of research to support it. It is attractive for people since they like the idea of the leader being the lead change agent providing the vision of the future. It assumes that leadership as a process between leaders and followers.

Also, it includes followers in the process of leadership. It has also some weaknesses. Since it includes lots of things together, some parameters of it can be missing. Some people also see transformational leaders as an anti-democratic due to their roles as change agents (Northouse 2000).

Figure 2.5: Characteristics of Transformational and Transactional Leaders (Adapted from Bass, 1990)

Transactional Leader	
Contingent Reward	Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.
Management by Exc. (Active)	Watches and searches for deviations from rules and standards, takes corrective action.
Management by Exc. (Passive)	Intervenes only if standards are not met.
Laissez-Faire	Abdicates responsibilities, avoids making decisions.

Transformational Leader	
Charisma	Provides vision and sense of mission, instills pride, gain respect and trust.
Inspiration	Communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways.
Intellectual Stimulation	Promotes intelligence, rationality, and careful problem solving.
Individualized Consideration	Gives personal attention, treats each employee individually, coaches, advises.

Figure 2.6: A Comparison of Transactional and Transformational Leadership (Adapted from Covey, 1992)

Transformational Leadership
Builds on a man’s need for meaning
Is preoccupied with purposes and values, morals, and ethics
Transcends daily affairs
Is orientated toward long-term goals without compromising human values and principles
Focuses more on missions and strategies
Releases human potential – identifying and developing new talent
Designs and redesigns jobs to make them meaningful and challenging
Aligns internal structures and systems to reinforce overarching values and goals

Transactional Leadership
Builds on man's need to get a job done and make a living
Is preoccupied with power and position, politics and perks
Is mired in daily affairs
Is short-term and hard data orientated
Focuses on tactical issues
Relies on human relations to lubricate human interactions
Follows and fulfills role expectations by striving to work effectively within current systems
Supports structures and systems that reinforce the bottom line, maximise efficiency, and guarantee short-term profits

Thus far, this chapter has discussed leadership styles. For the nature of the study, the relation between performance and leadership should be covered also. The relation between sales performance and leadership will be explained at chapter 3.

2.7 Leadership and Performance

The relation between leadership and performance is very important for the management of the organizations. Performance measures can be classified into the accounting performance measures and subjective performance measures (Hartmann, 2005).

Harrison (1993) and Moers (2005) describe accounting performance measures as those that express performance in financial and quantitative metrics while subjective measures states the informal judgments superiors make of subordinates performance.

Hopwood (1974, 1973) found that the initiating structure of leadership is positively related to a large emphasis on meeting accounting performance targets, emphasizing the structural aspects of the job. This can suggest that the use of certain performance measures is an expression of leadership style.

Moore and Yuen (2001) applied a life-cycle perspective in their analysis of the relationship between leadership style and performance evaluation. They show that organizations in the birth stage of organizational life exhibit leadership behaviors characterized by a high initiating structure and low consideration, parallelized with a high use of financial information that resembles typical entrepreneurial control. In the growth stage of organizational life, leadership behaviors are characterized by high consideration and lower initiating structure that stress both non-financial and financial information. Therefore, it shows a more mature control system in the growth stage of life cycle (Hartmann, 2005).

March and Simon (1958) state that employees within an organization should take two decisions. First, they should participate in an organization. Second, they should produce for an organization. The employees undertake a persuasion when participating in related decisions. If he or she perceives his or her contribution is greater than the inducement to participate, he or she will not attend and probably may quit or stay away from the job by being absent. The decision of whether or not to produce is related with the employee's reaction to motivational strategies of management, the employee's perception of the consequences of producing, and the aims of the employee (March and Simon, 1958; Ivancevich and Donnelly, 1970).

Bass (1997) states that much research has proved that leaders make a difference in their followers' performance for modern business environment and they determine whether their organizations will succeed or fail.

Researches show that transformational leadership has a positive effect on employee performance, and therefore organizational performance (Bass and Avolio, 1994; Ristow, 1998). Also, some researchers claim that transformational leadership is an extension of transactional leadership (Bass, 1997; Pruijn and Boucher, 1994). The difference between these two models is that followers of transformational leadership exhibit performance which is beyond expectations. However, transactional leadership leads to expected performance (Bass and Avolio, 1994). Ristow (1998) claims that transactional leadership is much more suitable for markets, which have little or no competition but this is not valid for today's organizations, which live in a turbulent environment.

Some researchers also state that transformational leaders are more effective than transactional leaders, regardless of how "effectiveness" has been described (Brand, et al., 2000).

2.8 Conclusion

Leadership is a complex phenomenon that touches on many vital organizational, social and personal processes. It is a process of influence. It is the process of communication (verbal & nonverbal) that involves coaching, motivating/inspiring, directing/guiding, and supporting/counseling others (Howard, 2005).

A wide overview of leadership has been discussed. In sum, the four traditional leadership approaches that have been developed over time are great man theory, trait perspectives, behavioral views and situational/contingency theories. Each of these approaches emphasizes different dimensions of leadership, and their effects on the relationship between the leader and his or her subordinates. Moreover; LMX Theory, transactional and transformational leadership were defined. Their basic differences in nature are executed. Bass and Avolio (1994) states that transformational leadership is an extension form of transactional leadership.

Researches prove that transformational leadership has a positive effect on employee performance, and therefore organizational performance (Bass and Avolio, 1994; Ristow, 1998). This constructs a theoretical framework for the purpose of this research.

The concept of Sales Performance will be discussed in detail for the next chapter.

Chapter 3

Sales Performance

3.1 Overview

“Nothing succeeds like success”

Alexandre Dumas

Sales management process and contemporary control mechanisms on sales performance which are behavior and output oriented as well as extra-role performance will be explained in this chapter. Four factor model and Performance Matrix that use a combined strategy in evaluation of salespeople will be discussed. Finally the relation between leadership and sales performance will be presented.

3.2 Nature and Definition of Salesmen and Sales Management Process

Salesmen perform a basic function in a competition oriented, free market economy that is the products, once manufactured, must be sold without intervention. Salesmen determine a company's relative profitability and market share. Without salesmen, the hesitant people will be left to decide for themselves what products to purchase. Therefore, salesmen make the heroic art of representation. Companies need salesmen in order to make certain their profitability. A market based economy needs profitable companies. Therefore, all countries need salesmen in order to remain competitive in domestic and foreign markets. Successful salesmen are heroes of their organizations as well as of their families that is a good provider is a heroic husband and father (Baldwin, 1992).

The sequence of activities that guides managers in the creation and administration of sales programs for a company is referred as sales management process. First, the company should come up with a selling strategy and a plan of action. Then sales management has to posit target customers and recruit, train, compensate, motivate, and organize a sales force. The other phase of the process is deal with the interactions between salespeople and customer. The outcomes of the successful salesperson-customer interactions are orders, profits, repeat customers, and after sale service. The final phase of the process emphasizes the evaluation of sales force in order to increase effectiveness of sales process and feedback of suggestions to senior managers so that they can adjust their plans for the future.

If managers do not assign a defined sales management process, chaotic events will be happen and salespeople will give reaction to customer requests rather than help them in order to solve problems (Dalrymple and Cron, 1998).

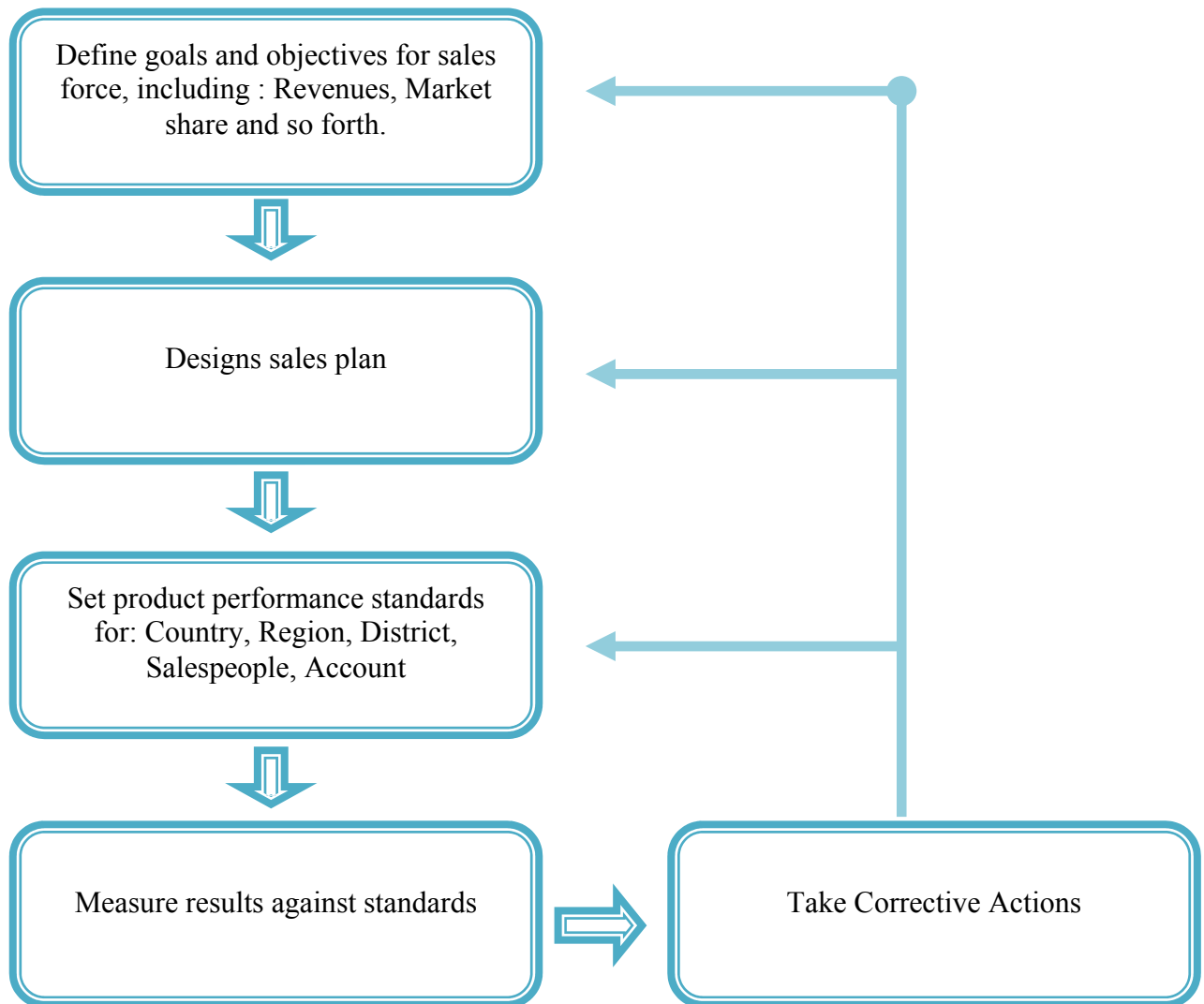
3.3 Nature of the Sales Performance

Evaluation is basically a comparison of salesmen's goals and objectives with actual achievements in the field. Futrell (2001) defined performance appraisal as a formal, structured system of measuring and evaluating a salesperson's activities and performance. It is part of a marketing audit. Namely, senior manager compares the results of a salesperson's efforts against the goals which are set for that person.

A general model of evaluation is shown in Figure 3.1. The process starts with management should decide what it wants from salespeople to succeed. It can be increasing market share, ability to close the sales process, or reaching the sales quotas. Then a sales plan should be developed to show how the pre-determined objectives are to be achieved. The next step is to assign performance standards for individual products for different levels in the company. Therefore, senior managers should assign goals for total sales, by country, by regions, by product, by salesperson, and for each separate account. After that, they will examine the differences between performance standards and the results achieved. Management will see the reasons for above and below standards and they will take corrective actions for the future (Dalrymple and Cron, 1998).

Since management needs to create high performance sales group, managers must set high standards in order to achieve outstanding results. In order to support to an average performer, managers use the performance appraisal to evaluate where the individual falls below the present benchmarks. Some people use top performer's profiles as benchmarks in order to separate the top from the average employees (Futrell, 2001).

Figure 3.1: A Sales Force Evaluation Model



Source: Dalrymple,D.J., Cron,W.L. (1998). Sales Management Concepts and Cases. John Wiley & Sons, sixth ed. p.563.

3.4 Sales Performance Measures

The Sales force and their performance are very vital for the success of the today's organizations and it is no surprise that managers have studied salespersons, sales process, and exchange interactions to provide insights on how to make sales managers and the sales force more effective (Perreault and Behrman, 1982).

The task of selecting a set of sales performance measures for a company is not easy since there are lots of unique factors that can be used for evaluation.

Therefore, some researchers offer that performance measures should be designed based on the goals and objectives of each organization. This leads to the observation of various sets of

evaluation criteria can be successful in different sales environments (Stathakopoulos, 1996; Dalrymple and Cron, 1998; Jackson et al, 1995).

A tremendous unsolved discussion in sales management is whether qualitative criteria or quantitative factors are best for evaluating sales performance. *Qualitative measures* include things like product knowledge, communication skills, or presentation quality. Table 3.1 shows some qualitative measures and their percentage using. *Quantitative factors* examine sales volume, market share, or number of new accounts. Table 3.2 expresses some quantitative measures and their percentage using.

Table 3.1: Qualitative Measures Used in Sales Force Evaluation (Adapted from Jackson et al, 1995)

Performance Measure	Percent Using	Performance Measure	Percent Using
Communication skills	88%	Time management	63%
Product knowledge	85%	Cooperation	62%
Selling skills	79%	Motivation	61%
Appearance and manner	75%	Planning ability	58%
Knowledge of competition	71%	Report preparation	54%
Team player	67%	Creativity	54%

Table 3.2: Quantitative Measures Used in Sales Force Evaluation (Adapted from Jackson et al, 1995)

Performance Measure	Percent Using	Performance Measure	Percent Using
Sales volume dollars	79%	Net Profit	69%
Sales to quota	65%	Return on Investment	33%
Sales growth	55%	Margin by Product Category	28%
New account sales	42%	Gross margin percentage	34%
Sales volume by product	48%	Number of orders	47%
Sales volume by customer	44%	Number of accounts lost	33%

3.4.1 The Importance of Performance Reviews

Performance reviews are generally conducted twice a year or annually. Even though these reviews are not easy to lead, they provide valuable information to management. According to the Dalrymple and Cron (1998); Sales managers should decide:

- ✚ Which salespersons will receive raises, bonuses, and prizes ?
- ✚ Which salespersons will be hired and promoted ?
- ✚ Which salespersons need retraining ?
- ✚ What subjects should be emphasized in training ?
- ✚ Which salesperson will be terminated ?
- ✚ How should sales territories be adjusted ?

3.5 Control Systems

Anderson and Oliver (1987) defined control system as an organization's set of procedures for monitoring, directing, evaluating, and compensating its employees. By accident or design, such a system affects employee behavior and increase the welfare of both the company and the employee. Sales force is one group of employees that are critical to the organization's functioning.

It will be described two major sales force control systems that can be classified into those monitoring the final outcomes of a process and those monitoring individual stages such as behaviors in the process.

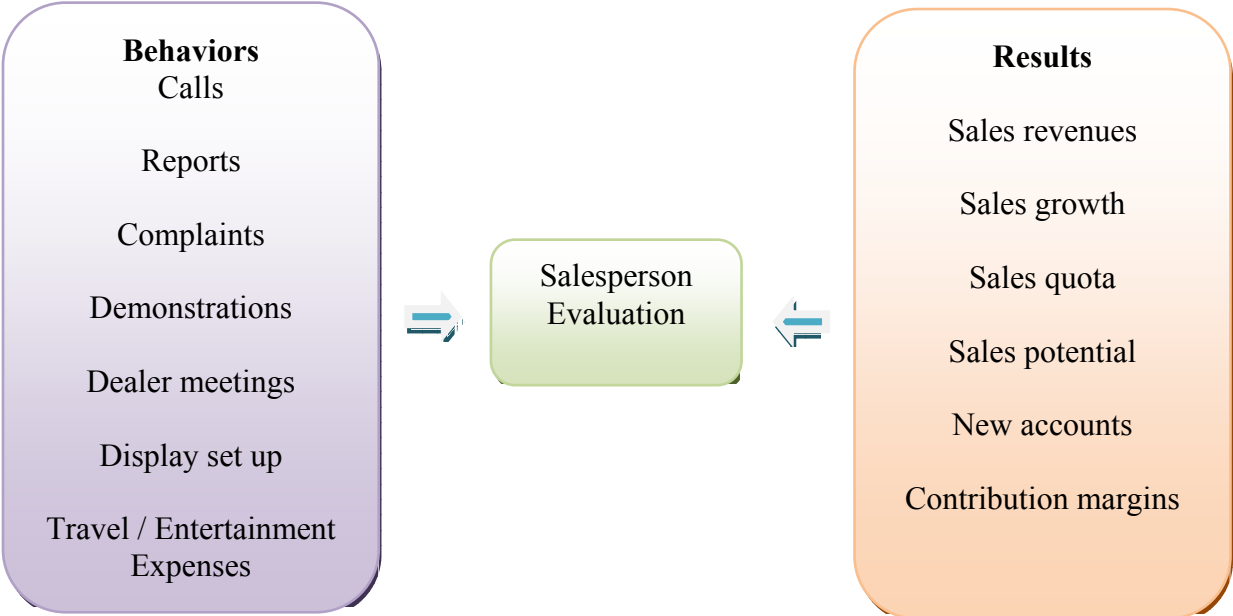
Although behavior based control systems or *behaviorally anchored rating scales* that is referred as **BARS** are more widely used than output measures or *result anchored rating scales* that can be referred as **RARS** , there is considerable debate as to which approach is better. Managers who control salespersons who sell cigarettes, pharmaceuticals, and so on are paid salaries and supervisors emphasize input measures of performance. For those, number of calls, demonstrations, and displays are elements of key success factors.

However, managers who supervise insurance, stockbrokers, real estate agents who are paid on commission tend to stress output oriented measures.

Despite these preferences, neither group relies definitely on input nor output oriented measures of sales performance. Sales jobs are multidimensional and generic evaluation systems should include multiple criteria. Therefore, companies should select and balance a set of input and output factors that will guide them in order to achieve the best results (Dalrymple and Cron, 1998).

Figure 3.2 shows major differences between input and output oriented evaluation. It will be discussed behavioral based control system for the coming part.

Figure 3.2: Input vs Output Evaluation



Source: Dalrymple,D.J., Cron,W.L. (1998). Sales Management Concepts and Cases. John Wiley & Sons, sixth ed. p.568.

3.5.1 Behavior Based Evaluation

Behavior oriented control systems are concerned with keeping track of what happens at each phase of the sales process. Namely, such control systems emphasize the process of selling rather than simply the outcomes. This means that management should closely monitor sales force activities and direct and intervene to improve customer relations (Anderson and Oliver 1987; Dalrymple and Cron, 1998).

Behavior based systems generally require managers to make some subjective evaluations about salespeople. Some common examples of such systems are as follows:

- Defining needs (Perreault & Behrman, 1982; Homer, 1991; Dubinsky et al, 2001),
- Building empathy (Perreault & Behrman, 1982),
- Handling objections (Del Gaizo, 1987),
- Product knowledge (Jackson et al, 1983; Anderson & Oliver, 1987; Perreault & Behrman, 1982),
- Presentation quality (Jackson et al, 1983;Anderson & Oliver, 1987; Stanton & Spiro, 1999; Saxe & Weitz, 1982; Perreault & Behrman, 1982; Homer, 1991; Parker et.al, 1996; Weeks & Stevens , 1997),
- Handling difficult customers (Dubinsky et al, 2001; Weitz, 1978 & 1986),
- Providing solution (Stanton & Spiro, 1999; Saxe & Weitz, 1982; Perreault & Behrman, 1982),
- Closing the sales process (Del Gaizo, 1987; Weeks & Stevens, 1997; Anderson & Oliver, 1987; Jackson et al, 1983).

Sales managers rate sales people based on these variables, that are weighted and combined into a composite evaluation which salary and promotion decisions are based (Patton and King, 1985). Successful implementations of behavioral approaches requires periodic analysis of the data about sales force activities. One method to reach this information is through the completion of daily, weekly, or monthly call reports by salespeople.

These reports should include who was called on, at what stage the prospect is in the sales cycle, and what follow-up activities are needed in the future. Some sales managers also use the *10-3-1 rule* that is 10 qualified prospects, 3 will entertain a proposal and 1 will become a customer (Dalrymple and Cron, 1998).

Disadvantages of behavior based control. The main drawbacks of this system are the complexity and subjectivity of evaluation. The subjectivity is a problem since subjective ratings of salespeople by managers can include bias, ignorance, halo effects, and lack of credibility in the evaluation process. Moreover, the manager can construct his or her model of what is effective into the system and salespeople may perceive it to be unfair (Adkins, 1979; Cocanougher and Ivancevich, 1978; Perreault & Behrman, 1982; Jackson et al, 1983; Anderson & Oliver, 1987).

Another drawback with behavior based systems is that the more comprehensive they become, the more difficult to collect and combine information.

Advantages of behavior based control. The main advantage of behavior based control mechanism is the control they provide to the manager. The sales manager compels his or her ideas of what salespeople should be and do to achieve results. Some of them may be in the long run such as future sales of a pioneering product line or reputation

In a behavior based system, managers can direct sales force to perform certain behaviors as part of company strategy without the necessity of convincing each sales person that the strategy is valid. Commitment of time to forecasting and planning instead of selling is a nice instance (Anderson & Oliver, 1987).

Another advantage of such system is that it enables managers to eliminate inequalities that can arise if output measures are used in the evaluation process. For some selling jobs, factors beyond salesperson's control can have a major impact on results (Ryans and Weinberg, 1979; Anderson & Oliver, 1987). Therefore, subjectivity is very necessary in order to adjust performance evaluations for these uncontrollable factors, which will result with inequalities between salespersons.

Organizations that do not watch sales force activities can face with serious problems. Some sales persons cannot close any new account and can lose his or her old customers even though these sales reps can produce high sales revenues by closing a few existing customers. Further, some companies use notebook-sized computer screens in order to have salespeople call data so managers can easily monitor field activities to ensure that salespeople actually make the calls they are reporting.

3.5.2 Output Based Evaluation

Particularly in determining compensation, output oriented evaluation systems are generally implemented. A major reason is the availability of simple, equitable measures of sales volume or dollars.

The ease with which orders usually can be linked to the responsible salesperson, the dollar (or local currency) sales criterion is a popular and readily available measure. According to Weitz (1981) and Peck (1982), the dollar sales criterion is the single most commonly used performance index in published research reports and commonly used in practice as well.

Sales unit volume is also a popular evaluation criterion as an index of the breadth and depth of sales. Another tool is gross margin or net margin that is sales minus the cost of the salesperson (Anderson & Oliver, 1987).

According to the Perreault & Behrman (1982), Sujana, Weitz & Kumar (1994); some output oriented factors are as follows:

- Contribution to company's market share,
- Selling high profit margin products,
- Sales of new company products,
- Exceeding sales targets,
- Reaching a high level of dollar (local currency) sales,
- Assisting sales supervisor in meeting his or her goals.

Advantages of output based evaluations. Selling is an independent and multifunctional occupation as of its nature. The fact that salespeople spend pretty much time on the road makes supervision difficult. Moreover, selling is a demanding occupation that success is difficult to predict.

Knowing these, many managers prefer to let their salespeople use their own methods. Instead of actively directing the salespeople, they give them freedom and hold them responsible for the results.

Due to the nature of the sales job and the heterogeneity of the sales tasks, outcome based control systems have least resistance. These methods also provide a compulsory individual motivation in that non-producers receive no compensation.

Many managers believe outcome based rewards are necessary to maintain the motivation of sales people because of the discouraging nature of selling like rejection by customers (Anderson & Oliver, 1987).

Disadvantages of output based evaluations. Main drawback of this system is that it can allow sales behaviors that can harm the organization in the long run. Lack of attention to customer satisfaction, primary emphasis on more profitable or easy to sell items in the product line can be harmful for the company. Salespeople can resist investing extra effort in selling new products, prospecting, penetrating large accounts that are difficult to sell, and providing service. Instead of these, they can be motivated for immediate returns by minimizing services and by selling regular accounts, and established products to smaller (John and Weitz, 1984; Smyth, 1968; Moynahan, 1983; Anderson & Oliver, 1987).

Managers can avoid these problems by using multiple indicators of outcome such as sales per product rather than one or two simple indicators but the use of such indicators increases the complexity of the evaluation system.

Table 3.3 shows major differences between behavior and outcome based control mechanisms.

Table 3.3: Major Differences between Behavior and Outcome Based Mechanisms

(Adapted from Anderson & Oliver, 1987)

Behavior Based Control	Outcome Based Control
Considerable monitoring of salespeople's activities and results is involved.	Little monitoring of salespeople by management is involved.
High levels of management direction and intervention in the activities of salespeople are involved.	Little managerial direction or effort to salespeople is involved
Subjective and more complex	Straightforward objective measures of results

3.5.3 Four Factor Model

Some companies use the *Four-Factor Model* in the evaluation process. This is a simple evaluation model that includes four measures. Individual input is measured by the number of days worked and total number of calls made. The output of the salesperson is measured by the number and average size of orders.

These factors are combined into the following equation:

$$\text{\$Sales} = \text{Days Worked} \times (\text{Calls} / \text{Days worked}) \times (\text{Orders} / \text{Calls}) \times (\text{Sales \$} / \text{Orders})$$

From the equation, the four factor model shows that sales can be raised by working more days, making more calls per day, closing more sales with customers, and increasing the sales per order. However this model has to be used with caution because of the interactions between factors. For instance, Calls have a positive relation with sales but a negative correlation with sales per order. Namely, even though sales increase as salespeople make more calls, at some point the size of the order begins to decline since there is less time to spend with each client. Therefore, there are an optimum number of sales calls for each salesperson that will maximize profit (Dalrymple and Cron, 1998).

3.5.4 Performance Matrix

Some deficiencies of the four factor model led to the development of performance matrix. The diagram was constructed by dividing salespeople's sales and contribution margin percentages into high and low categories. After that averages were calculated for age, calls, and contribution dollars for salespeople falling into each cell. The four cells of matrix have been given descriptive names in order to differentiate various groups as in Figure 3.3. The stars in the upper right quadrant produced the highest sales and highest gross margin in percentages. Slowpokes in the lower right cell produced good margins but lower sales. The laggards in the lower left quadrant were low on both sales and margins while the compromisers had high sales and lower margins (Dalrymple and Cron, 1998 , Dalrymple and Strahle, 1990).

Figure 3.3: An example of Performance Matrix

COMPROMISERS		STARS	
Avg Sales	\$3.17	Avg Sales	\$ 2.91
Avg Contribution	\$1.13	Avg Contribution	\$1.09
Avg Contribution %	35.8	Avg Contribution %	37.4
Age	45	Age	37
Calls	1122	Calls	888
Number of Salespeople	18	Number of Salespeople	11
LAGGARDS		SLOWPOKES	
Avg Sales	\$1.78	Avg Sales	\$2.03
Avg Contribution	\$0.64	Avg Contribution	\$0.75
Avg Contribution %	35.8	Avg Contribution %	37.1
Age	44	Age	35
Calls	958	Calls	921
Number of Salespeople	11	Number of Salespeople	16

Source: Dalrymple,D.J., Cron,W.L. (1998). Sales Management Concepts and Cases. John Wiley & Sons, sixth ed. p.577.

3.5.5 Extra Role Performance

Extra-role performance is performance that is above and beyond the call of duty within the organization but make a contribution to organizational effectiveness (MacKenzie et al 1998, Mbanga & Lin, 2003).

In their meta-analytical work Podsakoff, MacKenzie, Paine and Bachrach (2000) provided a number of reasons why extra-role performance behaviors can affect organizational effectiveness and these include the fact that they:

- increase co-worker and managerial productivity
- free resources up for more productive purposes, and
- increase the organization's ability to attract and retain the best people by making it a more attractive place to work.

According to Smith, Organ, and Near (1983); there are three basic kinds of behaviors that are basic for a functioning organization: First, people should be encouraged or persuaded to enter and remain in a system; Second, they should carry out specific role requirements in a dependable fashion and finally, people should engage in innovative and spontaneous activities that go beyond role definition.

These innovative and spontaneous activities have been referred to as 'organizational citizenship behaviors' by Bateman and Organ (1983) and literature has defined these behaviors as extra-role behaviors, that is, positive, discretionary behaviors that are above and beyond what is expected of the job description (Mbanga & Lin, 2003; MacKenzie et al., 1998; Morrison & Phelps, 1999; Van Dyne & LePine, 1998).

Podsakoff et al. (2000) described the different types of extra-role performances into seven Dimensions as follows:

- Helping behavior,
- Sportsmanship,
- Organizational loyalty,
- Organizational compliance,
- Individual initiative,
- Self development,
- Civic virtue

Helping behavior involves the voluntary helping to others with work-related problems. Coleman and Borman (2000) defined helping behavior as a behavior that helps and supports the performance of organizational members through cooperation and facilitation efforts that go beyond expectations (Mbanga & Lin, 2003).

The sportsmanship behavior can be defined as willingness to tolerate the inevitable inconveniences and impositions of work without complaining (Podsakoff et al., 2000) Organizational loyalty refers the promotion of the organization to outsiders, as well as protecting and defending it against external threats (Borman & Motowidlo, 1997).

While the focus of organizational loyalty is the goodwill of the organization, organization compliance on the other hand captures a person's internalization and acceptance of organization rules, regulations and procedures (Coleman and Borman, 2000; Mbanga & Lin, 2003).

Individual initiative dimension of extra-role performance means the performance of task-related behaviors at a level that is far beyond minimally required or generally expected levels. It involves acts such as taking on extra responsibilities beyond the call of duty, with the aim of developing performance.

George & Brief (1992) defined self development as a behavior that employees engage in to develop their knowledge, skills, and abilities while civic virtue emphasized the commitment

to the organization shown by the willingness. This can happen in three ways as follow: (Podsakoff & MacKenzie, 1994; Podsakoff, Ahearne & Fetter, 1998; MacKenzie, Podsakoff & Fetter, 1993; Mbanda & Lin, 2003).

- to participate in its governance,
- to monitor its environment from threats and opportunities; and
- to look out for its best interest.

3.6 Sales Performance and Leadership

Sales Performance can be represented in three ways such as behavior based; output based and extra-role performance as it is mentioned before. Output measures refer that salespeople are held accountable for their results. Little monitoring of sales people by management is involved and after the closing of the sale, outcome based rewards should be given in order to maintain motivation of sales force (Anderson & Oliver, 1987; Perreault & Behrman, 1982). Bass and Avolio (1997) defined the transactional leadership style as being based on traditional bureaucratic authority and legitimacy Transactional leader use contingent reward and management by exceptions (Northouse, 2000; Xirasagar et al, 2006; Bass, 1985). Therefore, transactional leadership and output based systems are positively related.

On the contrary, behavior based control mechanisms include considerable monitoring of salespeople's activities and high levels of management direction is needed. It emphasizes the process of selling rather than simply the outcomes (Adkins, 1979; Cocanougher and Ivancevich, 1978; Perreault & Behrman, 1982; Jackson et al, 1983; Anderson & Oliver, 1987). Therefore, this mechanism needs participative leadership style.

Swanepol et al, (2000) states that outstanding leaders, in terms of effectiveness, are perceived to show a strong and direct, but democratic and participative leadership style, and are seen as agents of change and visionaries who increase organizational performance and Transformational leadership is basically leadership that motivates followers to transcend their self interests for a collective purpose, vision, and/or mission.

Also, transformational leadership focuses on change. Idealized influence, intellectual stimulation, individualized consideration and inspirational motivation are combined in the transformational leadership (Lussier and Achua; (2001); Bass and Avolio, 2000; Bass, 1990). Therefore, there is positive relation with transformational leader and behavior based mechanisms.

Extra role performance refers the above and beyond the call of duty that makes contribution to organizational effectiveness (MacKenzie et al 1998, Mbanga & Lin, 2003). Helping behavior and self development will be concerned in this study since they are common in practice and easy to measure. Coleman and Borman (2000) defined helping behavior as a behavior that helps and supports the performance of organizational members through cooperation and facilitation efforts that go beyond expectations while George & Brief (1992) defined self development as a behavior that employees engage in to develop their knowledge, skills, and abilities. Therefore, extra-role performance that includes helping behavior and self development positively related with transformational leadership.

3.7 Conclusion

Companies need salesmen in order to make certain their profitability. Successful salesmen are heroes of their organizations as well as of their families that is a good provider is a heroic husband and father (Baldwin, 1992)

Evaluation is basically a comparison of salesmen's goals and objectives with actual achievements in the field

Control systems have two major evaluation systems that can be classified into those monitoring the final outcomes of a process and those monitoring individual stages such as behaviors in the process. Behavior based systems generally require managers to make some subjective evaluations such as communication skills or closing the sales process about salespeople while output measures contrary makes objective evaluations such as sales unit volume or net margin.

Helping behavior, sportsmanship, organizational loyalty, organizational compliance, individual initiative, self development, civic virtues are the characters of extra role performance.

Behavior based evaluations and extra role performance tend to related with transformational leader while output oriented measures tend to have a correlation with transactional leader.

Chapter 4

Research Methodology

4.1 Overview

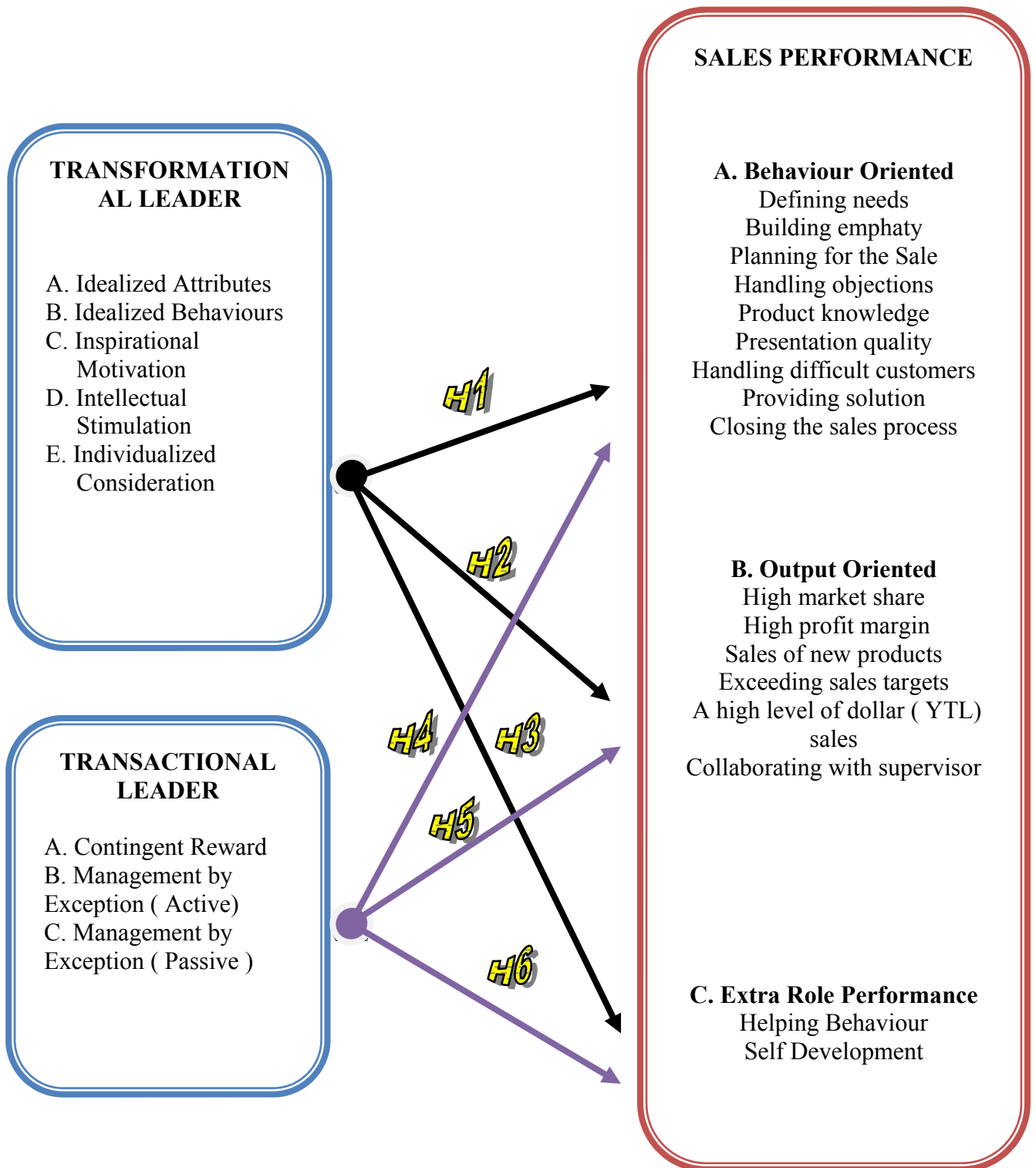
The former chapters have reviewed the literature regarding leadership and sales performance. This chapter describes the research methodology that is used in the study. The research design, hypothesis, and sampling used in this study will be explained. The two instruments that are used to collect the data will be presented in detail. Pilot study will be highlighted.

The study is aimed at investigating the relationship between leadership style such as transformational and transactional of sales executives and sales performance like behavior, output oriented and extra-role in insurance sector.

Research model and hypotheses are detailed in the following section.

4.2 Hypotheses

Figure 4.1 Research Model – Leadership & Performance Model



Hypothesis One

H1₀: There is a no relationship between transformational leadership style of sales executives and behavior oriented sales performance.

H1_a : There is a positive but weak relationship between transformational leadership style of sales executives and behavior oriented sales performance.

Hypothesis Two

H2₀ : There is no relationship between transformational leadership style of sales executives and output oriented sales performance.

H2_a : There is a positive but weak relationship between transformational leadership style of sales executives and output oriented sales performance.

Hypothesis Three

H3₀ : There is no relationship between transformational leadership style of sales executives and extra role performance.

H3_a : There is a positive but weak relationship between transformational leadership style of sales executives and extra role performance.

Hypothesis Four

H4₀ : There is no relationship between transactional leadership style of sales executives and behavior oriented sales performance.

H4_a : There is a positive but weak relationship between transactional leadership style of sales executives and behavior oriented sales performance.

Hypothesis Five

H5₀ : There is no relationship between transactional leadership style of sales executives and output oriented sales performance.

H5_a : There is a positive and strong relationship between transactional leadership style of sales executives and output oriented sales performance.

Hypothesis Six

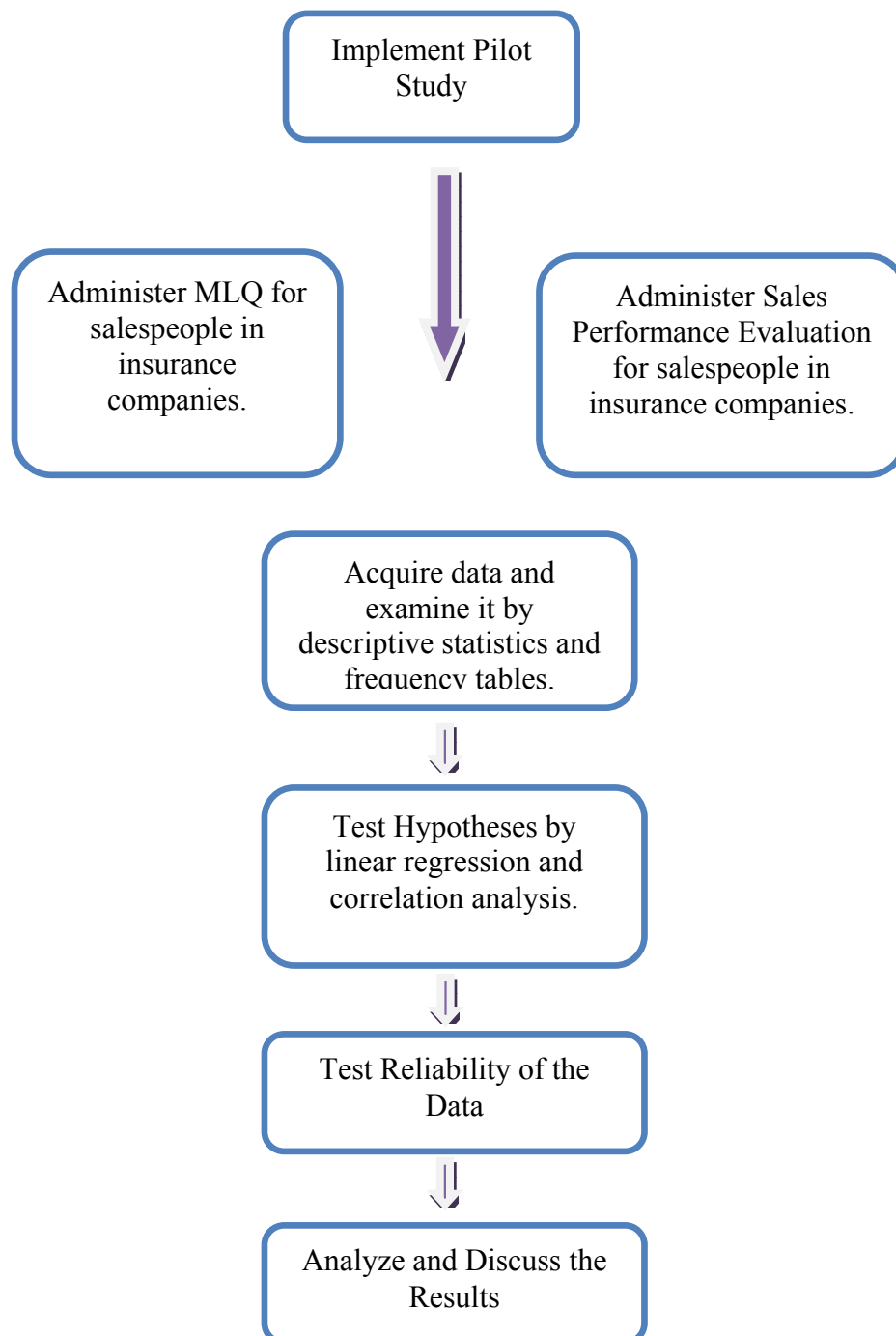
H6₀ : There is no relationship between transactional leadership style of sales executives and extra role performance.

H6_a : There is a positive but weak relationship between transactional leadership style of sales executives and extra role performance.

4.3 Research Design

Research design can be thought of as the structure of research study. It is the "glue" that holds all of the elements in a research project together. This study includes empirical testing of hypotheses. As describing the research design, Figure 4.2 below is a diagrammatical representation of the research design employed for the purposes of this study. As it is obvious from the hypotheses, this research has a quantitative nature (Sekaran, 2000).

Figure 4.2 Diagrammatical Representation of the Research Design of This Study



4.4 Population and Sample

Sekaran (2000) states that a population is considered to be any group of people, events, or things that are of interest to the researchers and that they wish to investigate while a sample is a subset of the population in question and consists of a selection of members from the particular population.

According to Parasuraman (1986), Sampling can be defined as selection of a proportion of the total number of units of interest for the ultimate reason of being able to draw general conclusions about the total number of units. Leedy (1993) states that convenience sampling means that the sample is chosen according to its availability to the researcher. Therefore, convenience sampling is used for the purpose of the study.

The sample size of the research comprised 260 salespeople from different insurance companies in Turkey that sell individual pension plans and life insurance. The salespeople are selected through convenience sampling techniques (Leedy, 1993). Namely, this sector chosen due to the availability of the data to researcher since researcher has work experience on this sector.

4.5 Instruments Used

Two instruments used in this research.

4.5.1 MLQ

The Multifactor Leadership Questionnaire is designed based on the work of leadership theorists like Bass, Avolio and Yammarino. MLQ has been improved and tested since 1985. Many versions of the questionnaire have been developed since 1985. Form 5X version used in this research (Avolio and Bass, 1997).

The questionnaire includes 32 statements that identify and measure the key aspects of leadership behavior. Each statement in the questionnaire deals with the leadership style as transactional or transformational. The respondents evaluate how frequently the behavior described in the statements.

The MLQ uses a 5 point type Likert scale. The scale ranges from 1 to 5 as follows:

- ✓ 1-Totally Disagree
- ✓ 2-Disagree
- ✓ 3-Neither Disagree Nor Agree
- ✓ 4-Agree
- ✓ 5-Totally Agree

4.5.1.1 Reliability and Validity of MLQ

Reliability and validity are two important components to be considered when evaluating a particular instrument. Reliability is deal with the consistency of the instrument; and an instrument is said to have high reliability if it can be trusted to give an accurate and consistent measurement of an unchanging value (Bless and Higson, 2000).

Validity shows how well an instrument measures the particular concept it is supposed to measure. An instrument should be first reliable before it can be valid, showing that the instrument must be consistently reproducible; and once this has been achieved, the instrument can then be analyzed to assess whether it measures what it purports to be (Whitelaw, 2001).

The MLQ has been tested in terms of reliability and validity in a number of settings. The content and concurrent validity of the MLQ have been proved. Further, the reliability of the MLQ has also been proven on many occasions through test-retest, internal consistency methods and alternative methods (Bass and Avolio, 1997; Yammarino and Bass, 1990; Prujin and Boucher, 1994).

4.5.2 Sales Performance Evaluation Questionnaire

Sales Performance items constructed after a broad literature review. Sales Performance Evaluation has three dimensions as behavior oriented, output oriented, and extra role performance (Anderson & Oliver, 1987; Perreault & Behrman, 1982; Mbanga & Lin, 2003).

Table 4.1 shows the relevant literature about sales performance items.

Table 4.1 Sales Performance Evaluation Dimensions

Dimensions	Items	Item Source
Helping Behaviour	<ol style="list-style-type: none"> 1. I am willing to give of my time to help members with business related problems 2. I am willing to help and encourage co-members with personal problems 3. I give help to other members even though it does not benefit me directly 4. I act as a peacekeeper when others in the team have disagreements 5. I touch base with others before initiating actions that might affect them 6. I take steps to try prevent problems with other members in the team 7. I am a stabilising influence in my organisation when dissension occurs 	Adapted from: - Brief & Motowidlo (1986) - Van Scotter & Motowidlo (1996) - Netemeyer, Bowles, MacKee & McMurrian (1997) -Mbanga & Lin (2003)
Self Development	<ol style="list-style-type: none"> 1. I engage in training programmes to improve my effectiveness 2. I evaluate my strengths and weaknesses regularly 3. I value constructive criticism 4. I am consistent in keeping up with the latest developments in my field 5. I take time to develop myself in a balanced fashion regarding mental, physical and spiritual development of my life 	Adapted from: - George & Brief (1992) -Mbanga & Lin (2003)
Planning for the Sale	<ol style="list-style-type: none"> 1. I get to my work without spending too much time on planning. (R) 2. I list the steps necessary for getting an order. 3. Because too many aspects of my job are unpredictable, planning is not useful. (R) 4. I am careful to work on the highest priority tasks first. 	Adapted from: - Early, Wojnaroski & Prest (1987) - Sujan, Weitz & Kumar (1994)
Defining needs	<ol style="list-style-type: none"> 1. I usually listen attentively to identify and understand the real concerns of my customer. 2. Determining the needs of my customer is important. 	Adapted from: - Perreault & Behrman (1982) -Homer (1991) -Dubinsky (2001)
Building empathy	<ol style="list-style-type: none"> 1. Convincing customers that I understand their unique problems and concerns. 2. I have the ability to identify how things look from each customer's perspective. 3. If a customer indicates that a serious problem exists, it is easy for me to feel like I really want to help. 	Adapted from: - Perreault & Behrman (1982) - Anderson & Oliver (1987)

Handling objections	1. I have difficulties in handling objections of customers.	Adapted from: - Del Gaizo (1987)
Product knowledge	1. I know the design and specifications of company products well. 2. I know the applications and functions of company products well. 3. I can detect causes of operating failures of company products.	Adapted from: - Perreault & Behrman (1982) - Anderson & Oliver (1987) - Jackson et al (1983)
Presentation quality	1. I present the product based on customer needs. 2. For different customer types, I present different features of the product. 3. I can communicate my sales presentation clearly and concisely. 4. I can make effective use of audiovisual aids (charts, tables and the like) to improve my sales presentation. 5. I can convey product's different features based on various customer profiles.	Adapted from: - Stanton & Spiro (1999) - Saxe & Weitz (1982) - Perreault & Behrman (1982) - Homer (1991) - Parker, et.al (1996) - Weeks & Stevens (1997) - Anderson & Oliver (1987) - Jackson et al (1983)
Handling difficult customers	1. I have troubles with dominant customers 2. I always determine the negotiating style of the customer and adapt myself to the customer type.	Adapted from: - Dubinsky (2001) - Weitz 1978 & 1986
Providing solution	1. When I realize that the features of the product in my portfolio do not satisfy the needs of the customer, I generally continue giving information about my products. 2. I usually work out solutions to a customer's questions or objections.	Adapted from: - Stanton & Spiro (1999) - Saxe & Weitz (1982) - Perreault & Behrman (1982)
Closing the sales process	1. I don't have difficulty to close the sales process in a positive way.	Adapted from: - Del Gaizo (1987) - Weeks & Stevens (1997) - Anderson & Oliver (1987) - Jackson et al (1983)
High market share	1. I contribute to my company's acquiring a good market share.	Adapted from: - Perreault & Behrman (1982) - Sujan, Weitz & Kumar (1994)
High profit margin	1. I usually sell high profit margin products.	Adapted from: - Perreault & Behrman (1982) - Sujan, Weitz & Kumar (1994)
Sales of new products	1. I can quickly generate sales of new company products.	Adapted from: - Perreault & Behrman (1982) - Sujan, Weitz & Kumar (1994)
Exceeding sales targets	1. I generally exceed my sales targets.	Adapted from: - Perreault & Behrman (1982) - Sujan, Weitz & Kumar (1994)
A high level of sales	1. I can generate a high level of YTL or dollar sales.	Adapted from: - Perreault & Behrman (1982) - Sujan, Weitz & Kumar (1994)
Collaborating with supervisor	1. I can assist my sales supervisor in order to meet his or her goals.	Adapted from: - Perreault & Behrman (1982) - Sujan, Weitz & Kumar (1994)

These items are also measured by 5 point type Likert scale. The scale ranges from 1 (Totally disagree) to 5 (Totally agree). Validity and Reliability of the items have been proven by researchers listed at the Table 4.1.

4.6 Pilot Study

A pilot study was conducted to the researcher's friends from insurance sector. Thirty questionnaires were completed and the data is analyzed by S.P.S.S. Some descriptive explanations added to the questionnaires after pilot study implemented such as respondents will use a tick or a cross to select the appropriate answer. Personal data is also updated in order to be clear for respondents.

The tables at below show the reliability analysis of all dimensions before the questionnaires distributed.

Table 4.2 Factors Reliability

FACTORS RELIABILITY (N = 30)				
FACTORS	MEAN	STANDART DEVIATION	CRONBACH'S ALPHA RELIABILITY COEFFICIENTS	EVALUATION BASED ON SEKARAN (2000)
TRANSFORMATIONAL LEADER	80,57	17,413	0,974	GOOD
TRANSACTIONAL LEADER	39,40	6,185	0,720	ACCEPTABLE
BEHAVIOUR ORIENTED	95,13	7,473	0,768	ACCEPTABLE
OUTPUT ORIENTED	25,83	2,692	0,653	ACCEPTABLE
EXTRA ROLE PERFORMANCE	50,40	4,665	0,836	GOOD

Table 4.3 Transformational Leadership Reliability Analysis

TRANSFORMATIONAL LEADERSHIP RELIABILITY				
MEAN = 80,57 VARIANCE = 303,220 CRONBACH'S ALPHA = 0,974 N = 30				
QUESTIONS	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I1	76,53	290,189	0,385	0,976
I2	76,17	277,454	0,770	0,973
I4	76,60	265,628	0,888	0,972
I5	76,90	267,748	0,903	0,972
I6	76,70	270,838	0,913	0,972
I7	76,47	282,189	0,756	0,973
I8	76,63	281,344	0,725	0,974
I9	76,27	281,720	0,741	0,973
I10	76,07	272,685	0,828	0,972
I14	76,50	269,569	0,915	0,972
I15	76,87	272,671	0,874	0,972
I16	76,43	272,116	0,873	0,972
I17	76,67	267,816	0,877	0,972
I19	76,60	272,593	0,674	0,974
I23	76,40	279,972	0,768	0,973
I27	76,37	274,033	0,772	0,973
I28	76,80	274,097	0,844	0,972
I29	76,97	262,999	0,794	0,973
I31	76,40	269,766	0,878	0,972
I32	76,43	275,151	0,913	0,972

Table 4.4 Transactional Leadership Reliability Analysis

TRANSACTIONAL LEADERSHIP RELIABILITY				
MEAN = 39,40 VARIANCE = 38,248				
CRONBACH'S ALPHA = 0,720				
N = 30				
QUESTIONS	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I3	34,87	38,051	-0,072	0,758
I11	34,90	37,748	0,004	0,735
I12	36,90	32,369	0,445	0,691
I13	35,50	30,190	0,619	0,665
I18	36,83	34,144	0,296	0,710
I20	35,97	25,482	0,778	0,622
I21	35,67	42,575	-0,390	0,795
I22	37,20	33,338	0,458	0,693
I24	35,33	30,230	0,806	0,652
I25	36,10	28,093	0,621	0,657
I26	37,37	32,171	0,471	0,688
I30	36,77	31,082	0,419	0,693

Table 4.5 Behavior Oriented Sales Performance Reliability Analysis

BEHAVIOUR ORIENTED RELIABILITY				
MEAN = 95,13 VARIANCE = 55,844				
CRONBACH'S ALPHA = 0,768				
N = 30				
QUESTIONS	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
p1	90,5000	48,879	0,856	0,736
p2	90,5000	49,638	0,753	0,741
p3	90,5000	48,603	0,800	0,736
p4	90,5000	48,052	0,792	0,734
p5	90,4667	49,499	0,786	0,740
p8	90,6333	48,585	0,782	0,736
p9	90,9000	55,541	-0,026	0,779
p10.r	90,9333	54,133	0,037	0,782
p11	90,5667	50,116	0,767	0,743
p12	92,8667	54,740	-0,004	0,786
p13	90,5667	48,944	0,827	0,737
p14	92,6667	60,437	-0,376	0,805
p15	90,3667	51,137	0,539	0,750
p16	90,6333	51,482	0,365	0,756
p19	90,8667	51,223	0,686	0,748
p20	91,5667	50,737	0,529	0,749
p24	91,2333	46,461	0,570	0,738
p29	90,9000	49,610	0,738	0,741
p30	90,7000	48,562	0,790	0,736
p35.r	91,2333	59,633	-0,265	0,822
p37	91,2000	49,338	0,573	0,744

p40	90,5333	51,568	0,563	0,751
p41	92,1000	60,645	-0,302	0,830

Table 4.6 Output Oriented Sales Performance Reliability Analyses

OUTPUT ORIENTED RELIABILITY				
MEAN = 25,83 VARIANCE = 7,247				
CRONBACH'S ALPHA = 0,653				
N = 30				
QUESTIONS	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
p6	21,23	5,151	0,606	0,542
p7	21,47	8,671	-0,436	0,868
p17	22,07	3,789	0,624	0,494
p18	21,57	5,151	0,516	0,564
p31	21,47	4,740	0,707	0,496
p32	21,37	4,792	0,851	0,473

Table 4.7 Extra Role Performance Reliability Analyses

EXTRA ROLE PERFORMANCE RELIABILITY				
MEAN = 50,40 VARIANCE = 21,766				
CRONBACH'S ALPHA = 0,836				
N = 30				
QUESTIONS	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
p21	46,10	18,921	0,550	0,821
p22	46,10	19,059	0,612	0,819
p23	46,13	18,120	0,594	0,816
p25	46,03	18,792	0,643	0,816
p26	46,17	17,799	0,760	0,806
p27	46,20	16,855	0,750	0,801
p28	46,23	16,323	0,662	0,809
p33	46,40	22,110	-0,130	0,878
p34	46,13	18,947	0,562	0,821
p36	46,97	19,068	0,284	0,845
p38	45,90	19,610	0,421	0,829
p39	46,03	17,137	0,691	0,807

4.7 Data Gathering

Sekaran (2000) states that observation, interviews and questionnaires are the most common data collection techniques. According to Sekaran, questionnaires are efficient data collection mechanisms that provide the researcher that he or she can know exactly what is required and how to measure the variables of interest. Questionnaires can be administered personally, mailed to the respondents or electronically distributed depending on the situation.

Questionnaires were used to get relevant information in this research. They distributed both personally and electronically via e-mail in order to save time and cost. Human resource departments of the companies helped researcher to convey questionnaires. Questionnaires are attached in the appendix part.

4.8 Data Capturing & Analysis

After the questionnaires had been collected by the researcher, the researcher coded the questionnaires. Some questions in the sales performance questionnaire coded reverse. S.P.S.S. version 13 is used for analysis.

Sekaran (2000) states that for a project that comprises several variables, beyond knowing the means and standard deviations of each of the variables, one would often like to know how one variable is related to another. According to Sekaran, A correlation is the linear relationship between two quantitative variables that is derived by assessing the variations in one variable on other variable.

The coefficient of determination, r^2 , is a measurement of the variation in the dependent variable, y , due to a change in the independent variable, x ($0 \leq r^2 \leq 1$). The population correlation coefficient, ρ , is estimated by the sample correlation coefficient, r . The correlation coefficient (r) provides the researcher with an idea of the extent of the linear relationship between the variables. It can be negative or positive. When it close to one, this indicates a strong correlation.

Another important tool for research is Cronbach's alpha reliability that changes from 0 to 1. The closer the reliability coefficient is to 1, the better the reliability of the instrument. According to Sekaran (2000); when calculating Cronbach's alpha reliability coefficient, reliabilities less than 0.6 are considered poor, reliabilities within the 0.6 - 0.7 ranges are considered acceptable, and those coefficients over 0.8 are considered good.

4.9 Conclusion

This chapter has showed the methodology of the research and the process of data collection and analysis. The six hypotheses and the design of the research were stated and outlined. Sample size and number of respondents was given. Two instruments that used in research were discussed. Pilot study and the reliabilities of dimensions and questions are given and compared with Sekaran (2000). Further, some statistical analysis was explained.

The following chapter will present the results obtained from the regression and correlation analysis examined in order to test the research hypotheses.

Chapter 5

Results

5.1 Overview

The methodology of the research was explained in previous chapter. The literature regarding leadership style and sales performance reviewed in the former chapters. The relation between leadership style such as transformational & transactional and sales performance such as behavior oriented, output oriented, and extra role is tested and will be explained in this chapter.

This chapter will present descriptive statistics, reliability analysis, and the results of the testing of the research hypothesis.

5.2 Response Rates

260 Salespeople surveyed in the sample. 85 completed the questionnaires and have been included in the analysis amounting to a response rate of approximately 32%.

Table 5.1: Age Group Frequency Distribution

		FREQUENCY	PERCENT
AGE GROUP	25 <	21	24,7
	25-29	43	50,6
	30 >	21	24,7
	TOTAL	85	100,0

The people attended questionnaire: 24,7 % of them is below 25 years old. 50.6% is between 25-29 years old and 24.7 % is over 30 years old.

Table 5.2: Gender Frequency Distribution

		FREQUENCY	PERCENT
GENDER	MALE	55	64,7
	FEMALE	30	35,3
	TOTAL	85	100,0

The people attended questionnaire: 64,7 % of them is male and 35,3 % of them is female.

Table 5.3.1: Sales Experience Frequency Distribution

		FREQUENCY	PERCENT
SALES EXPERIENCE	0-3 YEARS	33	38,8
	4-6 YEARS	33	38,8
	7-10 YEARS	15	17,6
	11-15 YEARS	3	3,5
	16+ YEARS	1	1,2
	TOTAL	85	100,0

The people attended questionnaire: 38 % of them have three years or below sales experience. 38 % of them have between four and six years. 17% of them have sales experience between seven and ten years. 3% of them have between eleven and fifteen years and 1% of them have sales experience more than fifteen years.

Table 5.3.2: Education Level Frequency Distribution

		FREQUENCY	PERCENT
EDUCATION LEVEL	UNIVERSITY	80	94,1
	MASTER DEGREE	5	5,9
	TOTAL	85	100,0

The people attended questionnaire: 94.1% of them is graduated from university and 5.9% of them have master degree.

5.3 Descriptive Statistics

MLQ is used for measuring transformational and transactional leadership styles. Idealized attributes, idealized behaviors, inspirational motivation, intellectual stimulation and individualized consideration scores were summed to construct the *transformational leadership* scores, while contingent reward; management-by-exception active and management-by-exception passive scores were summed to produce the *transactional leadership* scores.

Sales Performance is examined by three categories as behavior oriented, output oriented, and extra-role performance. Defining needs, building empathy, handling objections, product knowledge, presentation quality, planning for the sale, handling difficult customers, providing solution, closing the sales process scores were combined to generate *behavior oriented sales performance*; High market share, high profit margin, sales of new products, exceeding sales targets, a high level of dollar (YTL) sales, collaborating with supervisor scores were combined to produce *output oriented sales performance*; Helping behavior and self development score were summed to construct *extra-role performance*.

Table 5.4: Descriptive Statistics for MLQ

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
MLQ	3,718	3,616	3,820	0,224	0,473	1,84	4,59

The mean of the MLQ is 3.718. The standard deviation is 0.473. It is low. The scores are changing between 1.84 and 4.59. The lower limit is 3.616 while upper limit is 3.820 at the 95 % confidence level. The related histogram about scale is given at below.

Figure 5.1: Histogram of MLQ Scores

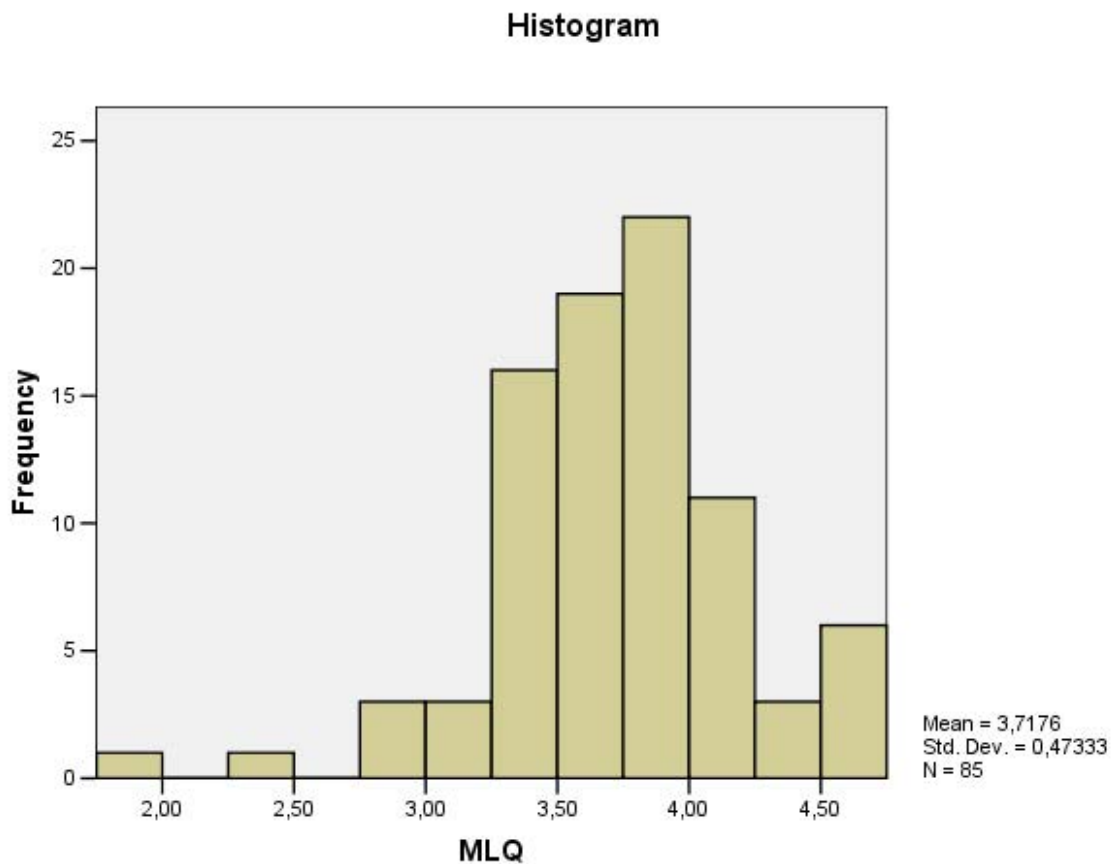


Table 5.5: Descriptive Statistics for Transformational Leader

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
TRANSFORM. LEADER	3,979	3,836	4,123	0,440	0,663	1,15	5,00

The mean of Transformational leader dimension is 3,979 and its deviation is 0.663. The scores are changing between 1.15 and 5.00. The lower limit is 3.836 and upper limit is 4.123 at the 95% confidence level. The related histogram is given at below.

Figure 5.2: Histogram of Transformational Leader Scores

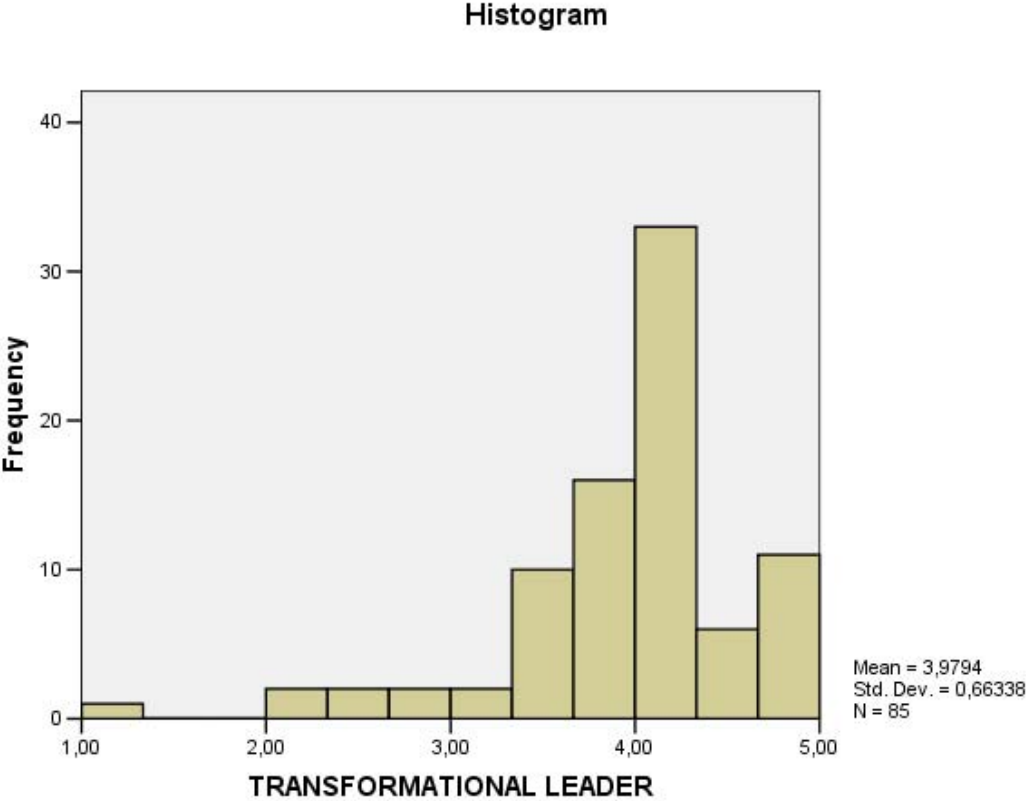


Table 5.6: Descriptive Statistics for Transactional Leader

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
TRANSACT. LEADER	3,281	3,197	3,366	0,155	0,393	2,33	4,17

The mean of Transactional leader dimension is 3,281 and its deviation is 0,393. The scores are changing between 2,33 and 4,17. The lower limit is 3,197 and upper limit is 3,366 at the 95% confidence level. The related histogram is given at below.

Figure 5.3: Histogram of Transactional Leader Scores

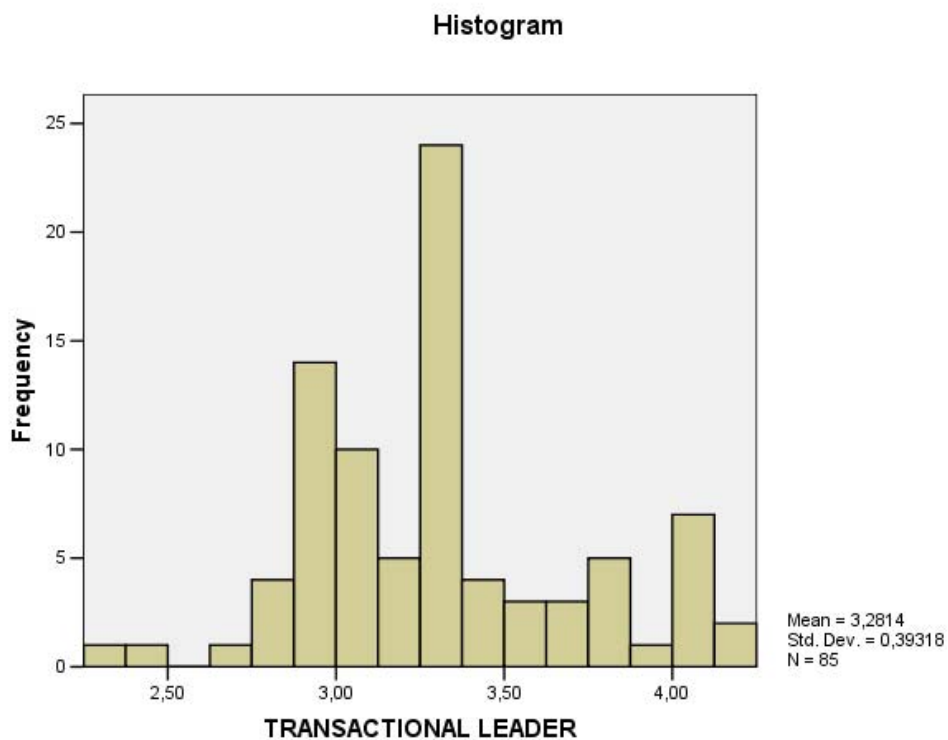


Table 5.7: Descriptive Statistics for Sales Performance

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
SALES PERFORMANCE	4,012	3,937	4,087	0,121	0,348	2,73	4,76

The mean of Sales Performance is 4,012 and its standard deviation is 0,348. The standard deviation is low. The scores are changing between 2,73 and 4,76. The lower limit is 3,937 and upper limit is 4,087 at the 95% confidence level. The related histogram is given at below.

Figure 5.4: Histogram of Sales Performance Scores

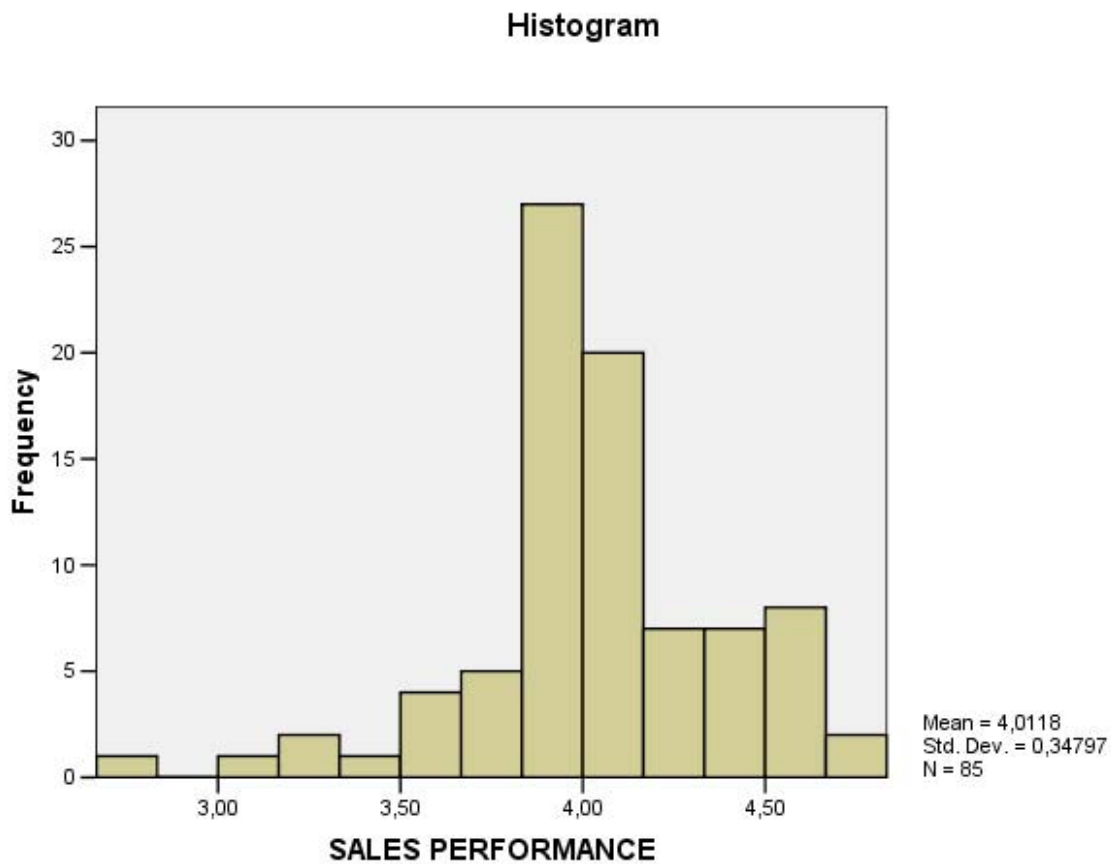


Table 5.8: Descriptive Statistics for Behavior Oriented Sales Performance

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
BEHAVIOUR ORIENTED	3,831	3,766	3,896	0,091	0,301	2,80	4,42

The mean of Behavior Oriented Sales Performance is 3,831 and its standard deviation is 0,301. The standard deviation is low. The scores are changing between 2,80 and 4,42. The lower limit is 3,766 and upper limit is 3,896 at the 95% confidence level. The related histogram is given at below.

Figure 5.5: Histogram of Behavior Oriented Performance Scores

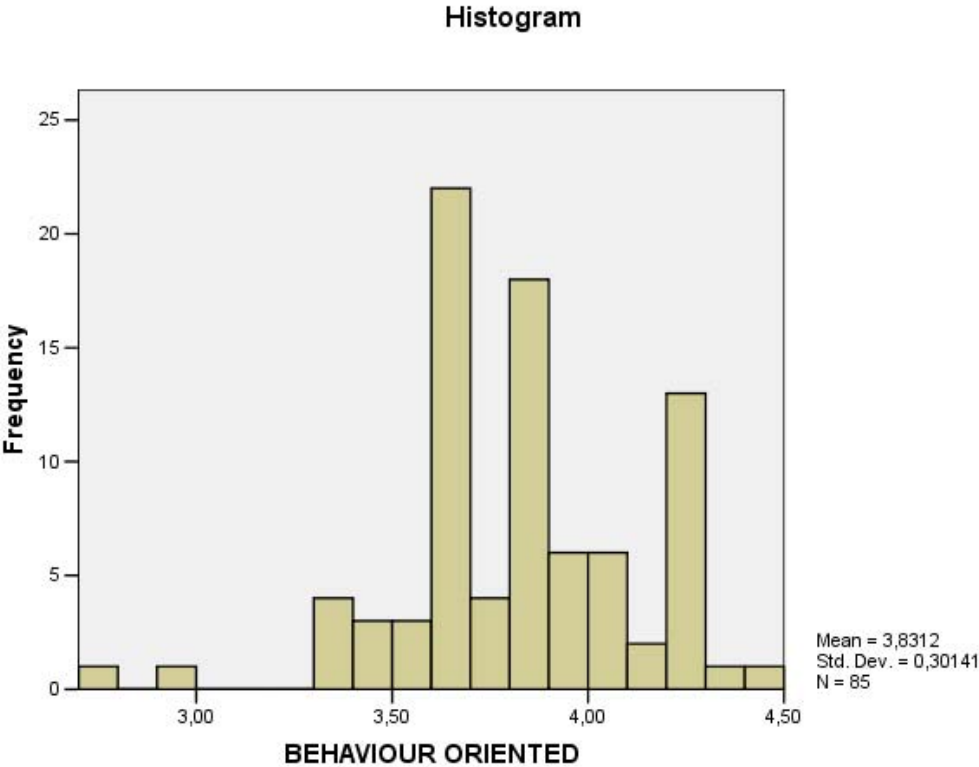


Table 5.9: Descriptive Statistics for Output Oriented Sales Performance

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
OUTPUT ORIENTED	3,933	3,815	4,052	0,303	0,550	1,83	5,00

The mean of Output Oriented Sales Performance is 3,933 and its standard deviation is 0,550. The scores are changing between 1,83 and 5,00. The lower limit is 3,815 and upper limit is 4,052 at the 95% confidence level. The related histogram is given at below.

Figure 5.6: Histogram of Output Oriented Performance Scores

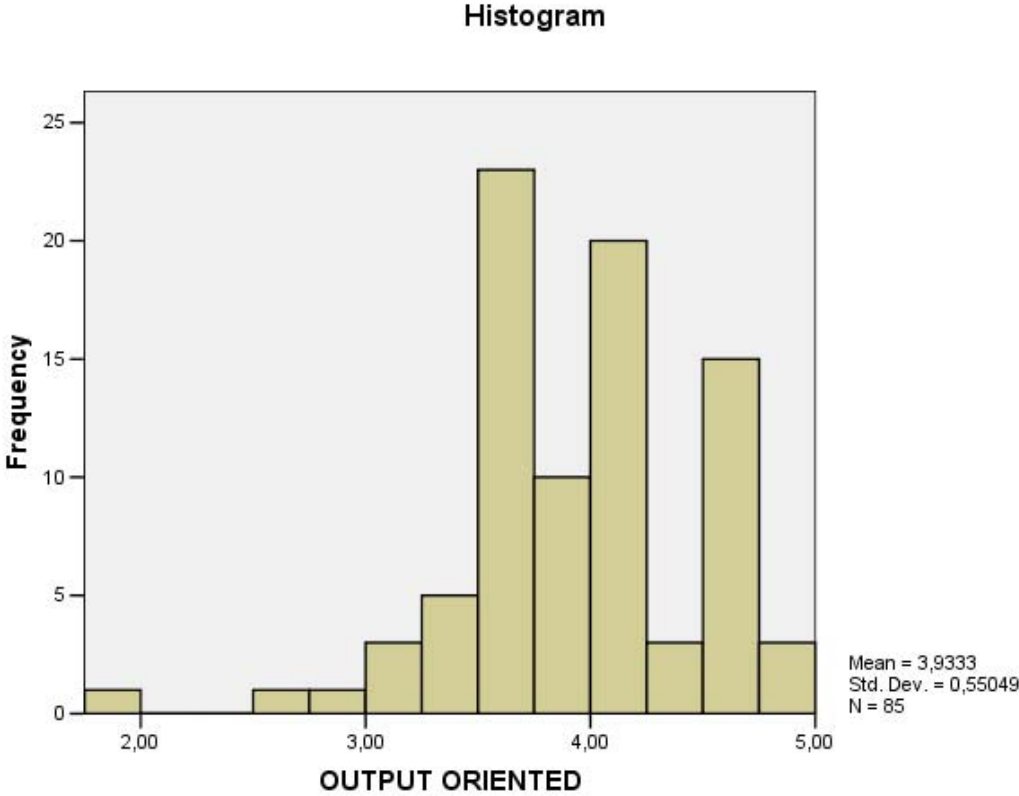
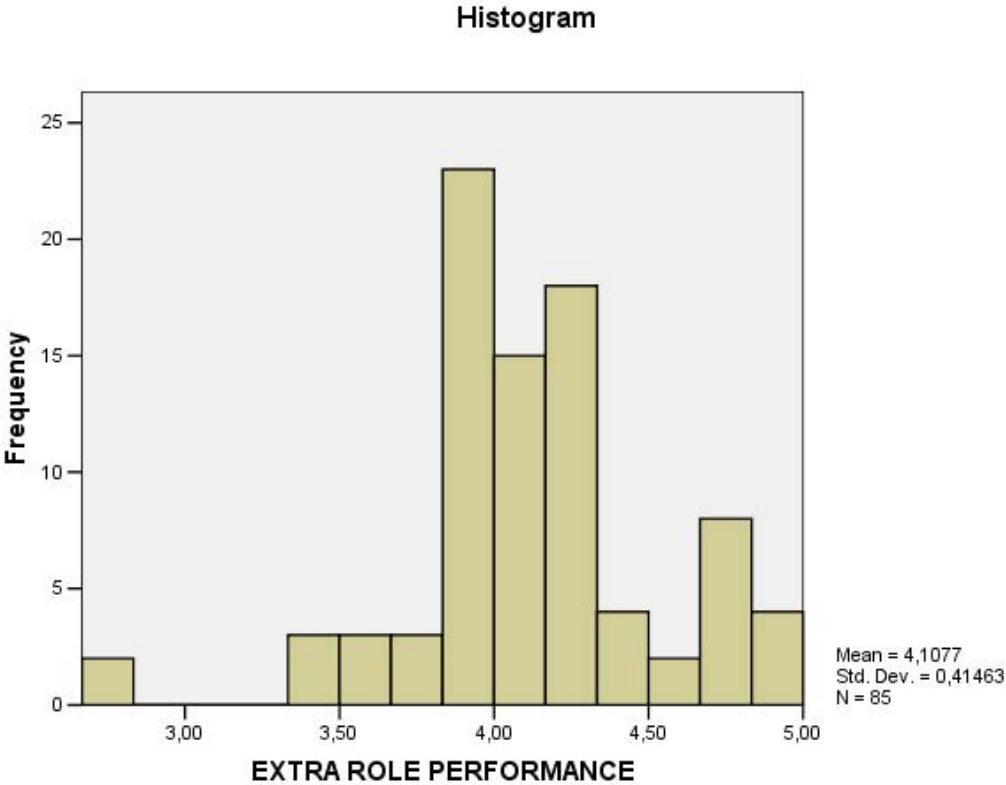


Table 5.10: Descriptive Statistics for Extra-Role Performance

DESCRIPTIVE STATISTICS							
	MEAN	95% CONFIDENCE INTERVAL FOR MEAN		VARIANCE	STD. DEVIATION	MINIMUM	MAXIMUM
		LOWER BOUND	UPPER BOUND				
EXTRA ROLE PERFORMANCE	4,108	4,018	4,197	0,172	0,415	2,76	5,00

The mean of Extra-Role Performance is 4,108 and its standard deviation is 0,415. The scores are changing between 2,76 and 5,00. The lower limit is 4,018 and upper limit is 4,197 at the 95% confidence level. The related histogram is given at below.

Figure 5.7: Histogram of Extra Role Performance Scores



5.4 Reliability

5.4.1 Cronbach's Alpha Reliability Coefficient Scores for the MLQ

Cronbach's alpha reliability coefficients were calculated to estimate the reliability of the MLQ instrument.

Table 5.11: Leadership Factors Reliability Analysis

LEADERSHIP FACTORS RELIABILITY				
LEADERSHIP FACTORS	MEAN	STANDART DEVIATION	CRONBACH'S ALPHA RELIABILITY COEFFICIENTS	EVALUATION BASED ON SEKARAN (2000)
IDEALIZED ATTRIBUTES	15,88	2,905	0,768	ACCEPTABLE
IDEALIZED BEHAVIOURS	16,39	2,833	0,737	ACCEPTABLE
INSPIRATIONAL MOTIVATION	15,95	2,558	0,690	ACCEPTABLE
INTELLECTUAL STIMULATION	15,41	2,846	0,814	GOOD
INDIVUALIZED CONSIDERATION	15,95	3,484	0,863	GOOD
CONTINGENT REWARD	17,02	2,220	0,547	POOR
MANAGEMENT BY EXCEPTION (ACTIVE)	12,15	3,100	0,636	ACCEPTABLE
MANAGEMENT BY EXCEPTION (PASSIVE)	10,20	2,742	0,638	ACCEPTABLE
TRANSFORMATIONAL LEADER	79,59	13,268	0,946	GOOD
TRANSACTIONAL LEADER	39,38	4,718	0,510	POOR
MLQ	118,96	15,146	0,899	GOOD

The results in Table 5.11 above indicate that the MLQ factors generally are reliable. If the coefficients are analyzed, it will be seen that individualized consideration is the most reliable coefficient, which is 0.863 while contingent reward has minimum reliability coefficient which is 0.547.

Transformational leadership's reliability coefficient is 0.946 while Transactional leadership is 0.510. In overall, MLQ's reliability coefficient is 0.899 that is good according to Sekaran (2000).

5.4.2 Cronbach's Alpha Reliability Coefficient Scores for Sales Performance

Cronbach's alpha reliability coefficients were calculated to estimate the reliability of the MLQ instrument.

Table 5.12: Sales Performance Factors Reliability Analysis

SALES PERFORMANCE RELIABILITY				
SALES PERFORMANCE	MEAN	STANDART DEVIATION	CRONBACH'S ALPHA RELIABILITY COEFFICIENTS	EVALUATION BASED ON SEKARAN (2000)
BEHAVIOUR ORIENTED	91,74	7,298	0,767	ACCEPTABLE
OUTPUT ORIENTED	23,60	3,303	0,760	ACCEPTABLE
EXTRA ROLE PERFORMANCE	49,14	5,010	0,853	GOOD
SALES PERFORMANCE	164,48	14,267	0,906	GOOD

The results in Table 5.12 above indicate that the Sales performance factors generally are reliable. If the coefficients are analyzed, it will be seen that extra-role performance is the most reliable coefficient, which is 0.853 while output oriented performance has minimum reliability coefficient which is 0.760. In overall, Sales performance's reliability coefficient is 0.906 that is good according to Sekaran (2000).

5.5 Hypotheses

Table 5.13: Correlations among dimensions.

CORRELATIONS						
DIMENSIONS		TRANSFORMATIONAL LEADER	TRANSACTIONAL LEADER	BEHAVIOUR ORIENTED	OUTPUT ORIENTED	EXTRA ROLE PERFORMANCE
TRANSFORMATIONAL LEADER	Pearson Correlation	–	0,249	0,322	0,329	0,343
	Sig. (2-tailed)		0,022	0,003	0,002	0,001
TRANSACTIONAL LEADER	Pearson Correlation	0,249	–	0,151	0,167	0,199
	Sig. (2-tailed)	0,022		0,168	0,126	0,068
BEHAVIOUR ORIENTED	Pearson Correlation	0,322	0,151	–	0,757	0,695
	Sig. (2-tailed)	0,003	0,168		0,000	0,000
OUTPUT ORIENTED	Pearson Correlation	0,329	0,167	0,757	–	0,726
	Sig. (2-tailed)	0,002	0,126	0,000		0,000
EXTRA ROLE PERFORMANCE	Pearson Correlation	0,343	0,199	0,695	0,726	–
	Sig. (2-tailed)	0,001	0,068	0,000	0,000	

The correlations among dimensions are given at Table 5.13.

The correlation between Transformational and

- i. Transactional Leader is 24.9 %. It is positive and significant (SIG. = 0,022 < 0,050),
- ii. Behavior Oriented Performance is 32.2%. It is positive and significant (SIG. = 0,003 < 0,050),
- iii. Output Oriented Performance is 32.9%. It is positive and significant (SIG. = 0,002 < 0,050),
- iv. Extra Role Performance is 34.3%. It is positive and significant (SIG. = 0,001 < 0,050).

The correlation between Transactional leader and

- i. Behavior Oriented Performance (SIG. = 0,168 > 0,050),
- ii. Output Oriented Performance (SIG. = 0,126 > 0,050),
- iii. Extra Role Performance (SIG. = 0,068 > 0,050).

Therefore, transactional leadership and these dimensions are not statistically significant.

The correlation between Behavior Oriented Performance and

- i. Output Oriented Performance is 75.7%. It is positive and significant (SIG. = 0,000 < 0,050),
- ii. Extra Role Performance is 69.5%. It is positive and significant (SIG. = 0,000 < 0,050).

The correlation between Output Oriented Performance and Extra Role Performance is 72.6%.

It is positive and significant (SIG. = 0,000 < 0,050).

5.5.1 Hypothesis One:

H₀₁ : There is no relationship between transformational leadership style of sales executives and behavior oriented sales performance.

H_{a1} : There is a positive but weak relationship between transformational leadership style of sales executives and behavior oriented sales performance.

This hypothesis was tested by constructing the following Model 1:

Model 1:

$$BO = \text{Constant} + \beta*(TFL) + \varepsilon$$

Where:

BO = Behavior Oriented

TFL = Transformational Leadership

Table 5.14: Summary of the Linear Regression Model for Hypothesis One

MODEL SUMMARY				
MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
1	0,322	0,104	0,093	0,287
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER				
DEPENDENT VARIABLE: BEHAVIOUR ORIENTED				

The 10.4 % of the variation on behavior oriented is explained by transformational leadership since **R²** is 10.4 %. These two variables have a positive relation by 32.2%.

Table 5.15: ANOVA of Hypothesis One

ANOVA						
MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
1	REGRESSION	0,793	1	0,793	9,623	0,003
	RESIDUAL	6,838	83	0,082		
	TOTAL	7,631	84			
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER						
DEPENDENT VARIABLE: BEHAVIOUR ORIENTED						

The regression model that evaluates Transformational Leader as an independent variable and Behavior Oriented Sales Performance as a dependant variable is statistically significant (SIG. = 0,003 < 0,050). Transformational Leadership scores have an effect on Behavior Oriented Sales Performance.

Therefore, Null hypothesis is rejected and H_{a1} is accepted.

Table 5.16: Coefficients of Hypothesis One

COEFFICIENTS						
MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA		
1	(CONSTANT)	3,248	0,190		17,058	0,000
	TRANSFORMATIONAL LEADER	0,146	0,047	0,322	3,102	0,003
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER						
DEPENDENT VARIABLE: BEHAVIOUR ORIENTED						

Transformational Leadership is significant in this model (SIG. = 0,003 < 0,050). The increase in one unit of Transformational leadership score will result a 0,146 unit increase on Behavior Oriented Performance score (B = 0,146).

5.5.2 Hypothesis Two:

H₀₂ : There is no relationship between transformational leadership style of sales executives and output oriented sales performance.

H_{a2} : There is a positive but weak relationship between transformational leadership style of sales executives and output oriented sales performance.

This hypothesis was tested by constructing the following Model 2:

Model 2:

$$OO = \text{Constant} + \beta*(TFL) + \varepsilon$$

Where:

OO = Output Oriented

TFL = Transformational Leadership

Table 5.17: Summary of the Linear Regression Model for Hypothesis Two

MODEL SUMMARY				
MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
2	0,329	0,108	0,097	0,523
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER				
DEPENDENT VARIABLE: OUTPUT ORIENTED				

The 10.8 % of the variation on output oriented performance is explained by transformational leadership since **R²** is 10.8 %. These two variables have a positive relation by 32.9%.

Table 5.18: ANOVA of Hypothesis Two

ANOVA						
MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
2	REGRESSION	2,755	1	2,755	10,073	0,002
	RESIDUAL	22,701	83	0,274		
	TOTAL	25,456	84			
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER						
DEPENDENT VARIABLE: OUTPUT ORIENTED						

The regression model that evaluates Transformational Leader as an independent variable and Output Oriented Sales Performance as a dependant variable is statistically significant (SIG. = 0,002 < 0,050). Transformational Leadership scores have an effect on Output Oriented Sales Performance.

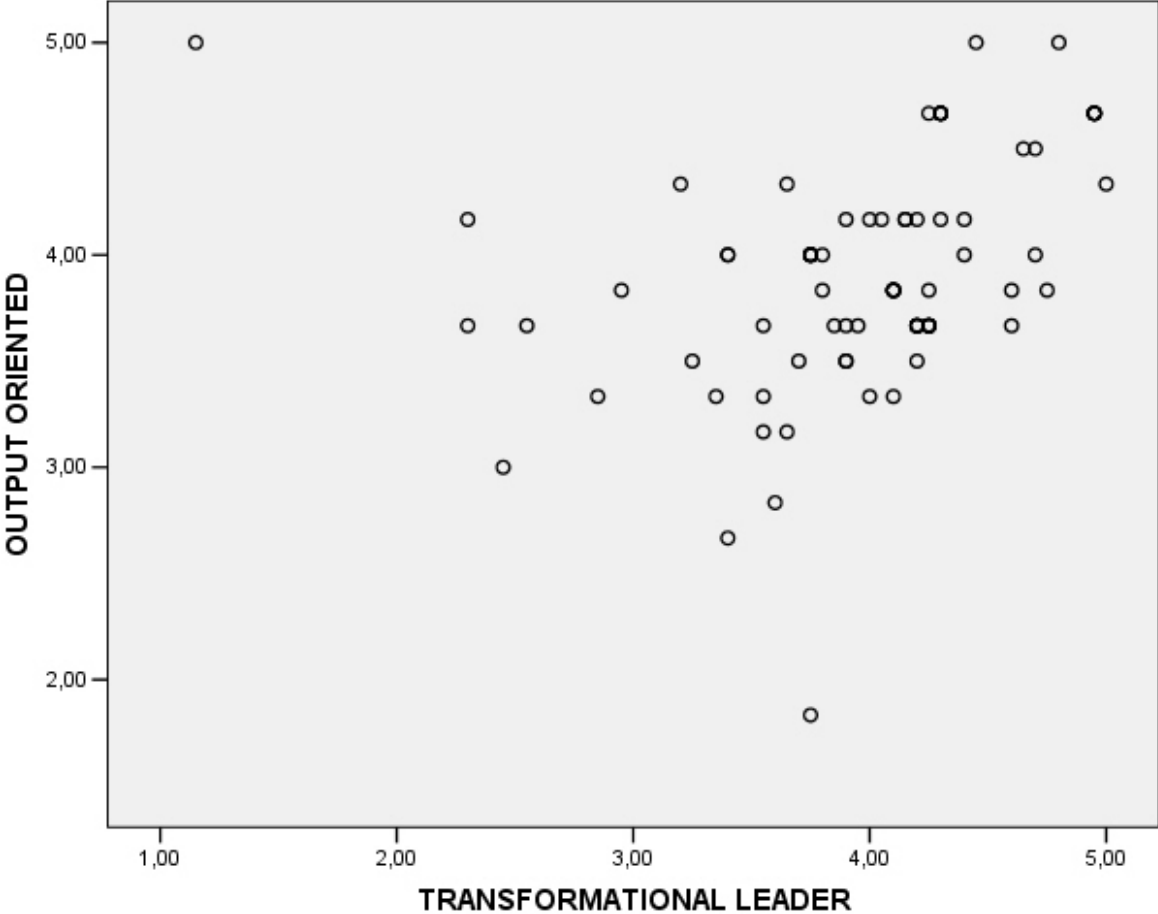
Therefore, Null hypothesis is rejected and H_{a2} is accepted since the relation between variables is statistically significant.

Table 5.19: Coefficients of Hypothesis Two

COEFFICIENTS						
MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA		
2	(CONSTANT)	2,847	0,347		8,206	0,000
	TRANSFORMATIONAL LEADER	0,273	0,086	0,329	3,174	0,002
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER						
DEPENDENT VARIABLE: OUTPUT ORIENTED						

Transformational Leadership is significant in this model (SIG. = 0,002 < 0,050). The increase in one unit of Transformational leadership score will result a 0,273 unit increase on Output Oriented Performance score (B = 0,273).

Figure 5.9: Scatter Plot of Transformational Leadership and Output Oriented Scores



5.5.3 Hypothesis Three:

H₀₃ : There is no relationship between transformational leadership style of sales executives and extra role performance.

H_{a3} : There is a positive but weak relationship between transformational leadership style of sales executives and extra role performance.

This hypothesis was tested by constructing the following Model 3:

Model 3:

$$ER = \text{Constant} + \beta * (\text{TFL}) + \varepsilon$$

Where:

ER = Extra Role

TFL = Transformational Leadership

Table 5.20: Summary of the Linear Regression Model for Hypothesis Three

MODEL SUMMARY				
MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
3	0,343	0,118	0,107	0,392
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER				
DEPENDENT VARIABLE: EXTRA ROLE PERFORMANCE				

The 11.8 % of the variation on extra role performance is explained by transformational leadership since **R²** is 11.8 %. These two variables have a positive relation by 34.3%.

Table 5.21: ANOVA of Hypothesis Three

ANOVA						
MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
3	REGRESSION	1,697	1	1,697	11,051	0,001
	RESIDUAL	12,744	83	0,154		
	TOTAL	14,441	84			
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER						
DEPENDENT VARIABLE: EXTRA ROLE PERFORMANCE						

The regression model that evaluates Transformational Leader as an independent variable and Extra Role Performance as a dependant variable is statistically significant (SIG. = 0,001 < 0,050). Transformational Leadership scores have an effect on Extra Role Performance.

Therefore, Null hypothesis is rejected and H_{a3} is accepted since the relation between variables is statistically significant.

Table 5.22: Coefficients of Hypothesis Three

COEFFICIENTS						
MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA		
3	(CONSTANT)	3,255	0,260		12,521	0,000
	TRANSFORMATIONAL LEADER	0,214	0,064	0,343	3,324	0,001
PREDICTORS: (CONSTANT), TRANSFORMATIONAL LEADER						
DEPENDENT VARIABLE: EXTRA ROLE PERFORMANCE						

Transformational Leadership is significant in this model (SIG. = 0,001 < 0,050). The increase in one unit of Transformational leadership score will result a 0,214 unit increase on Extra Role Performance score (B = 0,273).

5.5.4 Hypothesis Four:

H₀₄ : There is no relationship between transactional leadership style of sales executives and behaviour oriented sales performance.

H_{a4} : There is a positive but weak relationship between transactional leadership style of sales executives and behaviour oriented sales performance.

This hypothesis was tested by constructing the following Model 4:

Model 4:

$$BO = \text{Constant} + \beta^*(TAL) + \varepsilon$$

Where:

BO = Behaviour Oriented

TAL = Transactional Leadership

Table 5.23: Summary of the Linear Regression Model for Hypothesis Four

MODEL SUMMARY				
MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
4	0,151	0,023	0,011	0,300
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER				
DEPENDENT VARIABLE: BEHAVIOUR ORIENTED				

The 2.3 % of the variation on behavior oriented performance is explained by transactional leadership since **R²** is 2.3 %. These two variables have a positive relation by 15.1%.

Table 5.24: ANOVA of Hypothesis Four

ANOVA						
MODEL	SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.	
4	REGRESSION	0,174	1	0,174	1,939	0,168
	RESIDUAL	7,457	83	0,090		
	TOTAL	7,631	84			
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER						
DEPENDENT VARIABLE: BEHAVIOUR ORIENTED						

The regression model that evaluates Transactional Leader as an independent variable and Behavior Oriented Performance as a dependant variable is not statistically significant (SIG. = 0,168 > 0,050). Transactional Leadership scores do not have an effect on Behavior Oriented Performance.

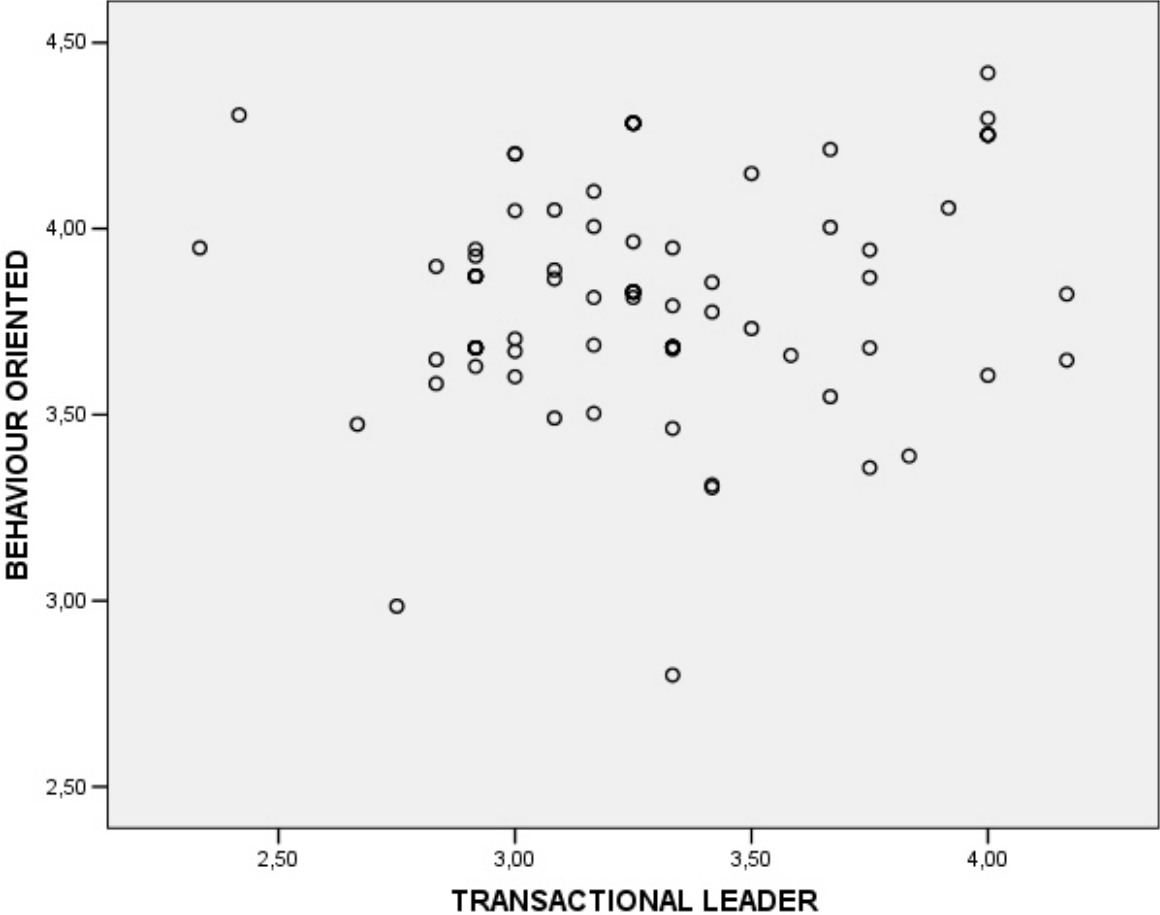
Therefore, Null hypothesis is accepted and H_{a4} is rejected since the relation between variables is not statistically significant.

Table 5.25: Coefficients of Hypothesis Four

COEFFICIENTS						
MODEL	UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.	
	B	STD. ERROR	BETA			
4	(CONSTANT)	3,451	0,275		12,556	0,000
	TRANSFORMATIONAL LEADER	0,116	0,083	0,151	1,392	0,168
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER						
DEPENDENT VARIABLE: BEHAVIOUR ORIENTED						

Transactional Leadership is not significant in this model (SIG. = 0,168 > 0,050). The increase in one unit of Transactional leadership score will result a 0,116 unit increase on Behavior Oriented Performance score (B = 0,116).

Figure 5.11: Scatter Plot of Transactional Leadership and Behavior Oriented Scores



5.5.5 Hypothesis Five:

H₀₅ : There is no relationship between transactional leadership style of sales executives and output oriented sales performance.

H_{a5} : There is a positive and strong relationship between transactional leadership style of sales executives and output oriented sales performance.

This hypothesis was tested by constructing the following Model 5:

Model 5:

$$OO = \text{Constant} + \beta*(TAL) + \varepsilon$$

Where:

OO = Output Oriented

TAL = Transactional Leadership

Table 5.26: Summary of the Linear Regression Model for Hypothesis Five

MODEL SUMMARY				
MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
5	0,167	0,028	0,016	0,546
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER				
DEPENDENT VARIABLE: OUTPUT ORIENTED				

The 2.8 % of the variation on output oriented performance is explained by transactional leadership since **R²** is 2.8 %. These two variables have a positive relation by 16.7%.

Table 5.27: ANOVA of Hypothesis Five

ANOVA						
MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
5	REGRESSION	0,711	1	0,711	2,385	0,126
	RESIDUAL	24,744	83	0,298		
	TOTAL	25,456	84			
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER						
DEPENDENT VARIABLE: OUTPUT ORIENTED						

The regression model that evaluates Transactional Leader as an independent variable and Output Oriented Performance as a dependant variable is not statistically significant (SIG. = 0,126 > 0,050). Transactional Leadership scores do not have an effect on Output Oriented Performance.

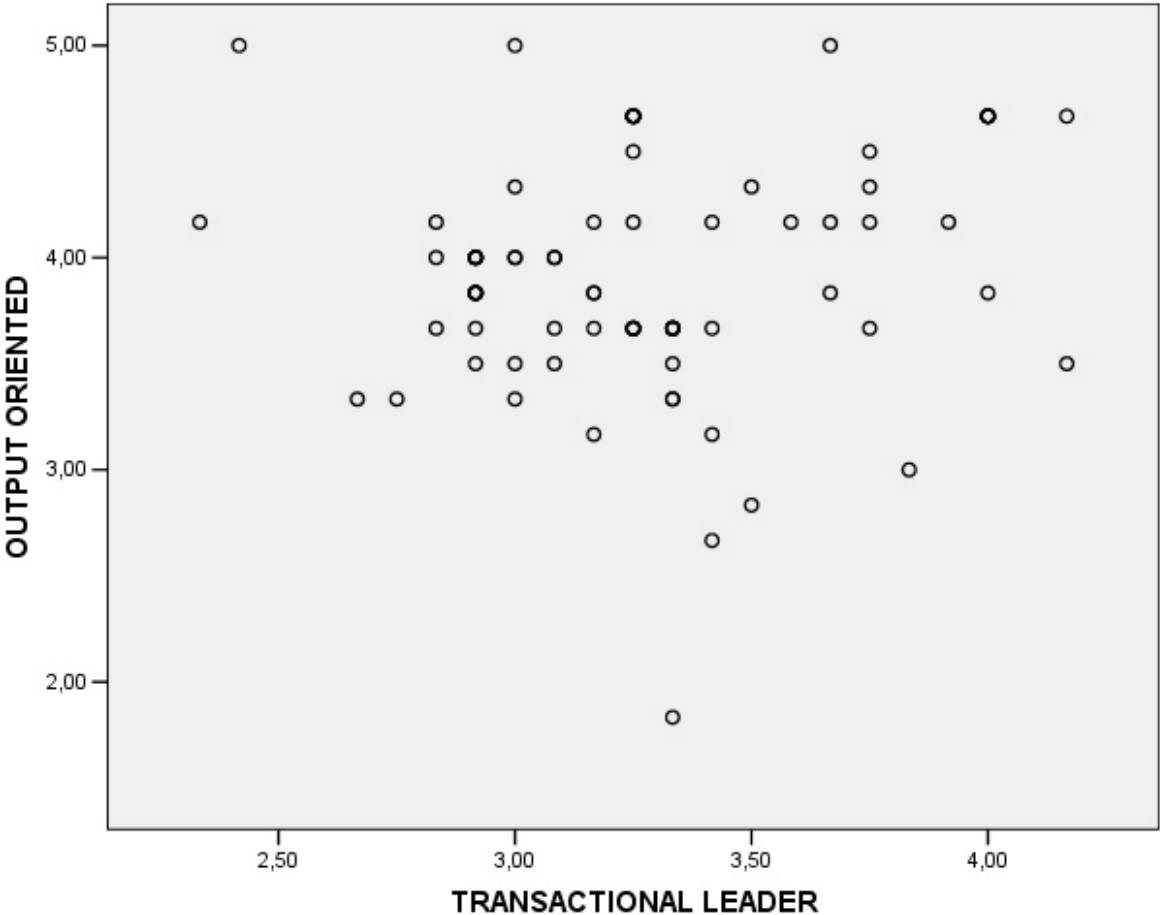
Therefore, Null hypothesis is accepted and H_{a5} is rejected since the relation between variables is not statistically significant.

Table 5.28: Coefficients of Hypothesis Five

COEFFICIENTS						
MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA		
5	(CONSTANT)	3,165	0,501		6,322	0,000
	TRANSFORMATIONAL LEADER	0,234	0,152	0,167	1,544	0,126
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER						
DEPENDENT VARIABLE: OUTPUT ORIENTED						

Transactional Leadership is not significant in this model (SIG. = 0,126 > 0,050). The increase in one unit of Transactional leadership score will result a 0,234 unit increase on Output Oriented Performance score (B = 0,234).

Figure 5.12: Scatter Plot of Transactional Leadership and Output Oriented Scores



5.5.6 Hypothesis Six:

H₀₆ : There is no relationship between transactional leadership style of sales executives and extra role performance.

H_{a6} : There is a positive but weak relationship between transactional leadership style of sales executives and extra role performance.

This hypothesis was tested by constructing the following Model 6:

Model 6:

$$ER = \text{Constant} + \beta*(TAL) + \varepsilon$$

Where:

ER = Extra Role

TAL = Transactional Leadership

Table 5.29: Summary of the Linear Regression Model for Hypothesis Six

MODEL SUMMARY				
MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
6	0,199	0,040	0,028	0,409
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER				
DEPENDENT VARIABLE: EXTRA ROLE PERFORMANCE				

The 4.0 % of the variation on extra role performance is explained by transactional leadership since **R²** is 4.0 %. These two variables have a positive relation by 19.9%.

Table 5.30: ANOVA of Hypothesis Six

ANOVA						
MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
6	REGRESSION	0,572	1	0,572	3,421	0,068
	RESIDUAL	13,869	83	0,167		
	TOTAL	14,441	84			
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER						
DEPENDENT VARIABLE: EXTRA ROLE PERFORMANCE						

The regression model that evaluates Transactional Leader as an independent variable and Extra Role Performance as a dependant variable is not statistically significant (SIG. = 0,068 > 0,050). Transactional Leadership scores do not have an effect on Extra Role Performance. Therefore, Null hypothesis is accepted and H_{a6} is rejected since the relation between variables is not statistically significant.

Table 5.31: Coefficients of Hypothesis Six

COEFFICIENTS						
MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	STD. ERROR	BETA		
6	(CONSTANT)	3,419	0,375		9,121	0,000
	TRANSFORMATIONAL LEADER	0,210	0,113	0,199	1,850	0,068
PREDICTORS: (CONSTANT), TRANSACTIONAL LEADER						
DEPENDENT VARIABLE: EXTRA ROLE PERFORMANCE						

Transactional Leadership is not significant in this model (SIG. = 0,068 > 0,050). The increase in one unit of Transactional leadership score will result a 0,210 unit increase on Extra Role Performance score (B = 0,210).

Figure 5.13: Scatter Plot of Transactional Leadership and Extra Role Scores

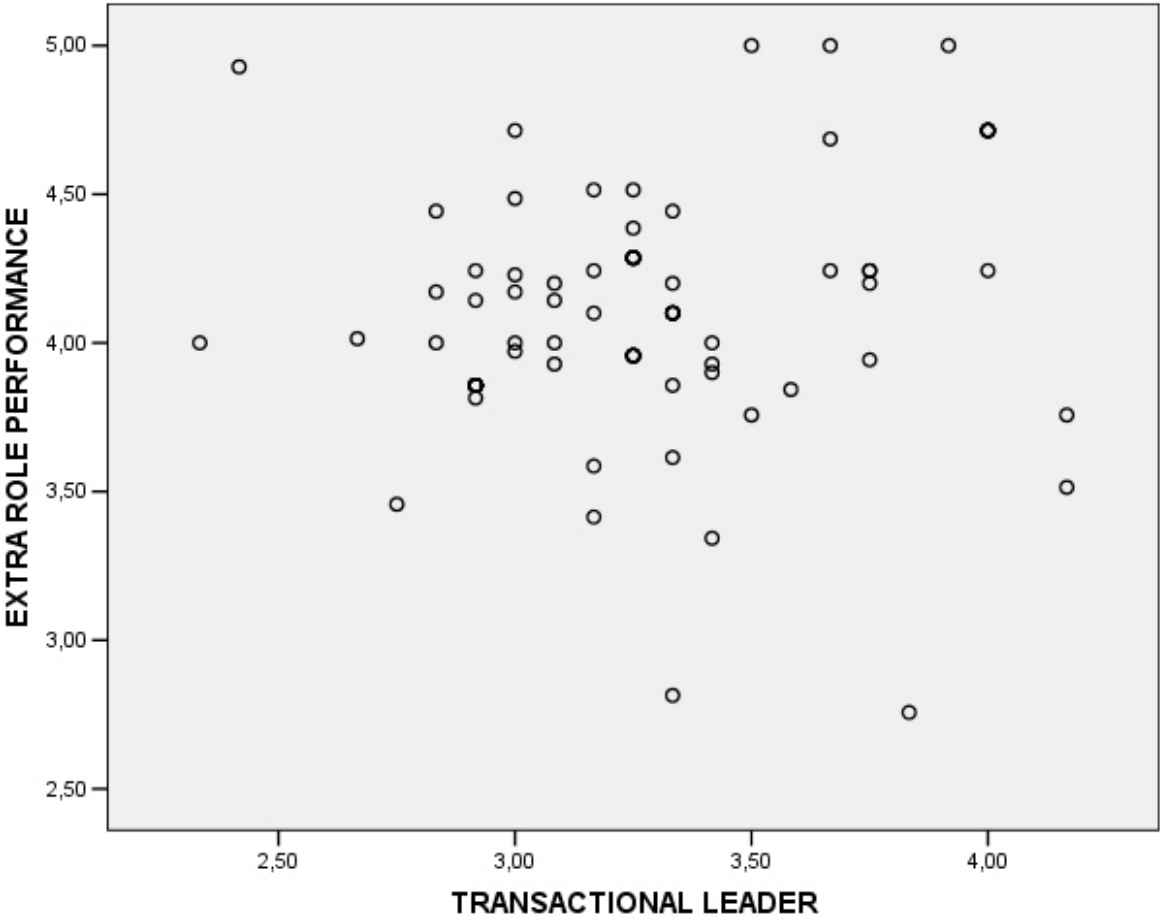


Figure 5.14: Correlations between MLQ Factors

CORRELATIONS									
BOYUTLAR		IDEALIZED ATTRIBUTES	IDEALIZED BEHAVIOURS	INSPIRATIONAL MOTIVATION	INTELLECTUAL STIMULATION	INDIVIDUALIZED CONSIDERATION	CONTINGENT REWARD	MANAGEMENT BY EXCEPTION (ACTIVE)	MANAGEMENT BY EXCEPTION (PASSIVE)
IDEALIZED ATTRIBUTES	Pearson Correlation	-	0,846	0,776	0,762	0,817	0,739	-0,059	0,015
	Sig. (2-tailed)		0,000	0,000	0,000	0,000	0,000	0,593	0,892
IDEALIZED BEHAVIOURS	Pearson Correlation	0,846	-	0,773	0,714	0,740	0,716	-0,142	-0,061
	Sig. (2-tailed)	0,000		0,000	0,000	0,000	0,000	0,194	0,581
INSPIRATIONAL MOTIVATION	Pearson Correlation	0,776	0,773	-	0,782	0,777	0,593	-0,104	0,013
	Sig. (2-tailed)	0,000	0,000		0,000	0,000	0,000	0,343	0,904
INTELLECTUAL STIMULATION	Pearson Correlation	0,762	0,714	0,782	-	0,787	0,545	0,074	0,069
	Sig. (2-tailed)	0,000	0,000	0,000		0,000	0,000	0,502	0,533
INDIVIDUALIZED CONSIDERATION	Pearson Correlation	0,817	0,740	0,777	0,787	-	0,654	-0,259	-0,115
	Sig. (2-tailed)	0,000	0,000	0,000	0,000		0,000	0,016	0,295
CONTINGENT REWARD	Pearson Correlation	0,739	0,716	0,593	0,545	0,654	-	-0,187	-0,230
	Sig. (2-tailed)	0,000	0,000	0,000	0,000	0,000		0,086	0,035
MANAGEMENT BY EXCEPTION (ACTIVE)	Pearson Correlation	-0,059	-0,142	-0,104	0,074	-0,259	-0,187	-	0,328
	Sig. (2-tailed)	0,593	0,194	0,343	0,502	0,016	0,086		0,002
MANAGEMENT BY EXCEPTION (PASSIVE)	Pearson Correlation	0,015	-0,061	0,013	0,069	-0,115	-0,230	0,328	-
	Sig. (2-tailed)	0,892	0,581	0,904	0,533	0,295	0,035	0,002	

Figure 5.15: Correlations between Sales Performance Factors

BOYUTLAR		CORRELATIONS																
		PLANNING FOR THE SALE	DEFINING NEEDS	BUILDING EMPHATY	HANDLING OBJECTIONS	PRODUCT KNOWLEDGE	PRESENTATION QUALITY	HANDLING DIFFICULT CUSTOMERS	PROVIDING SOLUTION	CLOSING THE SALES PROCESS	HIGH MARKET SHARE	HIGH PROFIT MARGIN	SALES OF NEW PRODUCTS	EXCEEDING SALES TARGETS	A HIGH LEVEL OF SALES	ATING WITH SUPERVISO	HELPING BEHAVIOUR	SELF DEVELOPMENT
PLANNING FOR THE SALE	Pearson Correlation	-	0,299	0,320	-0,421	0,342	0,286	0,149	-0,261	0,228	0,212	0,188	0,228	-0,156	0,246	0,210	0,232	0,542
	Sig. (2-tailed)		0,005	0,003	0,000	0,001	0,008	0,173	0,016	0,036	0,051	0,084	0,036	0,154	0,023	0,054	0,033	0,000
DEFINING NEEDS	Pearson Correlation	0,299	-	0,589	-0,101	0,636	0,826	0,012	0,199	0,404	0,568	0,242	0,586	0,169	0,539	0,676	0,529	0,548
	Sig. (2-tailed)	0,005		0,000	0,358	0,000	0,000	0,915	0,068	0,000	0,000	0,026	0,000	0,123	0,000	0,000	0,000	0,000
BUILDING EMPHATY	Pearson Correlation	0,320	0,589	-	-0,186	0,392	0,553	0,179	0,090	0,373	0,413	0,153	0,385	0,029	0,501	0,518	0,554	0,574
	Sig. (2-tailed)	0,003	0,000		0,088	0,000	0,000	0,102	0,414	0,000	0,000	0,161	0,000	0,794	0,000	0,000	0,000	0,000
HANDLING OBJECTIONS	Pearson Correlation	-0,421	-0,101	-0,186	-	-0,169	-0,060	0,092	0,190	-0,036	-0,007	0,270	-0,105	0,010	0,095	0,039	0,015	-0,235
	Sig. (2-tailed)	0,000	0,358	0,088		0,122	0,584	0,400	0,082	0,744	0,947	0,013	0,337	0,925	0,389	0,726	0,894	0,031
PRODUCT KNOWLEDGE	Pearson Correlation	0,342	0,636	0,392	-0,169	-	0,660	-0,087	0,178	0,538	0,586	0,386	0,475	0,093	0,388	0,507	0,420	0,576
	Sig. (2-tailed)	0,001	0,000	0,000	0,122		0,000	0,430	0,104	0,000	0,000	0,000	0,000	0,399	0,000	0,000	0,000	0,000
PRESENTATION QUALITY	Pearson Correlation	0,286	0,826	0,553	-0,060	0,660	-	-0,049	0,152	0,485	0,614	0,189	0,617	0,229	0,496	0,538	0,470	0,583
	Sig. (2-tailed)	0,008	0,000	0,000	0,584	0,000		0,659	0,165	0,000	0,000	0,084	0,000	0,035	0,000	0,000	0,000	0,000
HANDLING DIFFICULT CUSTOMERS	Pearson Correlation	0,149	0,012	0,179	0,092	-0,087	-0,049	-	-0,139	0,016	-0,107	0,307	0,199	-0,066	0,200	0,063	0,133	0,145
	Sig. (2-tailed)	0,173	0,915	0,102	0,400	0,430	0,659		0,205	0,884	0,330	0,004	0,067	0,546	0,066	0,565	0,226	0,185
PROVIDING SOLUTION	Pearson Correlation	-0,261	0,199	0,090	0,190	0,178	0,152	-0,139	-	-0,086	0,074	0,205	0,134	0,090	0,343	0,343	0,449	0,175
	Sig. (2-tailed)	0,016	0,068	0,414	0,082	0,104	0,165	0,205		0,434	0,500	0,060	0,222	0,411	0,001	0,001	0,000	0,109
CLOSING THE SALES PROCESS	Pearson Correlation	0,228	0,404	0,373	-0,036	0,538	0,485	0,016	-0,086	-	0,318	0,300	0,291	0,384	0,303	0,309	0,304	0,367
	Sig. (2-tailed)	0,036	0,000	0,000	0,744	0,000	0,000	0,884	0,434		0,003	0,005	0,007	0,000	0,005	0,004	0,005	0,001
HIGH MARKET SHARE	Pearson Correlation	0,212	0,568	0,413	-0,007	0,586	0,614	-0,107	0,074	0,318	-	0,241	0,359	0,244	0,451	0,580	0,472	0,516
	Sig. (2-tailed)	0,051	0,000	0,000	0,947	0,000	0,000	0,330	0,500	0,003		0,026	0,001	0,024	0,000	0,000	0,000	0,000
HIGH PROFIT MARGIN	Pearson Correlation	0,188	0,242	0,153	0,270	0,386	0,189	0,307	0,205	0,300	0,241	-	0,349	0,105	0,555	0,422	0,391	0,398
	Sig. (2-tailed)	0,084	0,026	0,161	0,013	0,000	0,084	0,004	0,060	0,005	0,026		0,001	0,337	0,000	0,000	0,000	0,000
SALES OF NEW PRODUCTS	Pearson Correlation	0,228	0,586	0,385	-0,105	0,475	0,617	0,199	0,134	0,291	0,359	0,349	-	0,041	0,445	0,417	0,395	0,513
	Sig. (2-tailed)	0,036	0,000	0,000	0,337	0,000	0,000	0,067	0,222	0,007	0,001	0,001		0,708	0,000	0,000	0,000	0,000
EXCEEDING SALES TARGETS	Pearson Correlation	-0,156	0,169	0,029	0,010	0,093	0,229	-0,066	0,090	0,384	0,244	0,105	0,041	-	0,238	0,235	0,204	0,057

	Sig. (2-tailed)	0,154	0,123	0,794	0,925	0,399	0,035	0,546	0,411	0,000	0,024	0,337	0,708		0,028	0,030	0,061	0,607
A HIGH LEVEL OF SALES	Pearson Correlation	0,246	0,539	0,501	0,095	0,388	0,496	0,200	0,343	0,303	0,451	0,555	0,445	0,238	–	0,727	0,637	0,534
	Sig. (2-tailed)	0,023	0,000	0,000	0,389	0,000	0,000	0,066	0,001	0,005	0,000	0,000	0,000	0,028		0,000	0,000	0,000
COLLABORATING WITH SUPERVISOR	Pearson Correlation	0,210	0,676	0,518	0,039	0,507	0,538	0,063	0,343	0,309	0,580	0,422	0,417	0,235	0,727	–	0,744	0,629
	Sig. (2-tailed)	0,054	0,000	0,000	0,726	0,000	0,000	0,565	0,001	0,004	0,000	0,000	0,000	0,030	0,000		0,000	0,000
HELPING BEHAVIOUR	Pearson Correlation	0,232	0,529	0,554	0,015	0,420	0,470	0,133	0,449	0,304	0,472	0,391	0,395	0,204	0,637	0,744	–	0,657
	Sig. (2-tailed)	0,033	0,000	0,000	0,894	0,000	0,000	0,226	0,000	0,005	0,000	0,000	0,000	0,061	0,000	0,000		0,000
SELF DEVELOPMENT	Pearson Correlation	0,542	0,548	0,574	– 0,235	0,576	0,583	0,145	0,175	0,367	0,516	0,398	0,513	0,057	0,534	0,629	0,657	–
	Sig. (2-tailed)	0,000	0,000	0,000	0,031	0,000	0,000	0,185	0,109	0,001	0,000	0,000	0,000	0,607	0,000	0,000	0,000	

Table 5.32: Transformational Leadership Reliability

TRANSFORMATIONAL LEADERSHIP RELIABILITY				
MEAN = 79,59 VARIANCE = 176,031				
CRONBACH'S ALPHA = 0,946				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I1	75,53	163,514	0,482	0,947
I2	75,26	158,980	0,735	0,943
I4	75,76	154,801	0,745	0,942
I5	75,67	157,724	0,706	0,943
I6	75,49	155,229	0,788	0,942
I7	75,46	165,799	0,537	0,946
I8	75,65	162,088	0,674	0,944
I9	75,48	163,872	0,573	0,945
I10	75,29	156,496	0,689	0,943
I14	75,66	158,466	0,755	0,942
I15	76,02	158,904	0,628	0,944
I16	75,56	154,368	0,773	0,942
I17	75,64	158,520	0,727	0,943
I19	75,80	156,876	0,649	0,944
I23	75,52	165,657	0,506	0,946
I27	75,52	162,324	0,538	0,946
I28	75,67	164,033	0,587	0,945
I29	76,01	154,631	0,663	0,944
I31	75,56	155,534	0,826	0,941
I32	75,61	158,502	0,790	0,942

Table 5.33: Transactional Leadership Reliability

TRANSACTIONAL LEADERSHIP RELIABILITY				
MEAN = 39,38 VARIANCE = 22,261				
CRONBACH'S ALPHA = 0,510				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
I3	34,96	22,939	-0,175	0,578
I11	35,00	21,714	0,004	0,526
I12	36,75	19,355	0,239	0,478
I13	35,86	18,504	0,270	0,467
I18	37,01	18,964	0,271	0,469
I20	36,22	15,795	0,527	0,375
I21	35,24	24,254	-0,316	0,599
I22	37,16	18,568	0,319	0,456
I24	35,28	18,562	0,459	0,434
I25	35,99	17,464	0,353	0,439
I26	37,27	19,104	0,314	0,462
I30	36,39	19,240	0,169	0,498

Table 5.34: Behavior Oriented Performance Reliability

BEHAVIOUR ORIENTED RELIABILITY				
MEAN = 91,74 VARIANCE = 53,266				
CRONBACH'S ALPHA = 0,767				
SORULAR	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
p1	87,3176	46,838	0,732	0,739
p2	87,3059	45,643	0,700	0,735
p3	87,3412	47,727	0,528	0,747
p4	87,3176	45,910	0,708	0,736
p5	87,2824	47,896	0,642	0,745
p8	87,5882	48,031	0,490	0,749
p9	87,5412	49,846	0,261	0,762
p10.r	87,7059	50,972	0,087	0,778
p11	87,5294	47,371	0,569	0,745
p12	89,6471	55,088	-0,188	0,799
p13	87,4588	47,656	0,672	0,743
p14	89,3765	55,261	-0,204	0,796
p15	87,2471	48,260	0,547	0,748
p16	87,4941	49,443	0,383	0,756
p19	87,6941	46,548	0,646	0,740
p20	87,9882	49,917	0,296	0,760
p24	87,6588	48,561	0,401	0,754
p29	87,4941	48,824	0,456	0,752
p30	87,5176	47,205	0,619	0,743
p35.r	87,9765	52,904	-0,062	0,796
p37	87,9882	48,107	0,427	0,752
p40	87,5059	48,586	0,488	0,751
p41	88,3294	56,152	-0,241	0,810

Table 5.35: Output Oriented Performance Reliability

OUTPUT ORIENTED RELIABILITY				
MEAN = 23,60 VARIANCE = 10,910				
CRONBACH'S ALPHA = 0,760				
SORULAR	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
p6	19,41	8,007	0,521	0,720
p7	19,56	9,249	0,223	0,791
p17	20,31	7,215	0,473	0,742
p18	19,66	8,156	0,456	0,737
p31	19,67	7,224	0,729	0,664
p32	19,39	7,788	0,709	0,681

Table 5.36: Extra Role Performance Reliability

EXTRA ROLE PERFORMANCE RELIABILITY				
MEAN = 49,14 VARIANCE = 25,099				
CRONBACH'S ALPHA = 0,853				
SORULAR	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
p21	44,96	21,677	0,625	0,837
p22	44,96	22,654	0,381	0,851
p23	44,76	22,039	0,445	0,847
p25	44,93	21,304	0,676	0,834
p26	45,05	20,188	0,772	0,825
p27	45,11	21,477	0,470	0,846
p28	45,02	20,238	0,677	0,830
p33	45,05	23,069	0,229	0,863
p34	45,02	21,357	0,628	0,836
p36	45,48	20,729	0,469	0,848
p38	45,13	20,900	0,456	0,849
p39	45,07	20,828	0,648	0,833

5.6. Conclusion

The empirical results of the research were presented in this chapter. Descriptive Statistics and reliability analysis for MLQ, Sales Performance and each dimension are presented to provide further insight.

Hypotheses are tested and results are presented.

Chapter 6

Discussion

6.1 Overview

After presenting the results of the research in Chapter five, the implications of these results are now discussed in the light of the literature reviewed in the first few chapters of this research. Research limitations are identified and implications of the research are also discussed in this chapter.

6.2 Reliability of the Findings

This research found that the average Cronbach's alpha reliability coefficient for the MLQ to be 0.899, which is acceptable. The Cronbach's alpha reliability coefficients for all the transformational leadership factors are acceptable or good. The overall reliability of transformational leadership is 0.946, which is good, while the overall Cronbach's alpha reliability coefficient of transactional leadership is poor at 0.510. Therefore for the purposes of this research, the MLQ instrument is deemed to be a reliable measure of transformational leadership and a poor measure of transactional leadership.

The reliability coefficients for all sales performance factors are acceptable or good. The Overall reliability of Sales Performance is 0.906, which is good based on Sekaran (2000). The reliability coefficient for behavior oriented performance is 0.767, which is acceptable. It is 0.760 for output oriented performance, that is acceptable and finally, it is 0.853 for extra role performance which mean it is good.

6.3 Research Results

The first hypothesis examined relationship between transformational leadership style of sales executives and behavior oriented sales performance. The results of the linear regression analysis indicate that a significant linear relationship exists between transformational leader and behavior oriented sales performance. Therefore, the researcher rejected null hypothesis while H_{a1} is accepted and concludes that there is sufficient evidence, at the 5% level of significance, that there is a linear relationship between transformational leadership style of sales executives and behavior oriented sales performance. It should however be noted that the correlation is low (Adjusted $R^2 = 0.104$).

The second hypothesis examined relationship between transformational leadership style of sales executives and output oriented sales performance. The results of the linear regression analysis indicate that a significant linear relationship exists between transformational leader and output oriented sales performance. Therefore, the researcher rejected null hypothesis while H_{a2} is accepted and concludes that there is sufficient evidence, at the 5% level of significance, that there is a linear relationship between transformational leadership style of sales executives and output oriented sales performance. It should however be noted that the correlation is low (Adjusted $R^2 = 0.108$).

The third hypothesis examined relationship between transformational leadership style of sales executives and extra role performance. The results of the linear regression analysis indicate that a significant linear relationship exists between transformational leader and extra role performance. Therefore, the researcher rejected null hypothesis while H_{a3} is accepted and concludes that there is sufficient evidence, at the 5% level of significance, that there is a linear relationship between transformational leadership style of sales executives and extra role performance. It should however be noted that the correlation is low (Adjusted $R^2 = 0.118$).

The fourth hypothesis examined relationship between transactional leadership style of sales executives and behavior oriented sales performance. The results of the linear regression analysis indicate that a significant linear relationship does not exist between transactional leader and behavior oriented sales performance. Therefore, the researcher accepted null hypothesis while H_{a4} is rejected and concludes that there is *insufficient* evidence, at the 5% level of significance, that there is a linear relationship between transactional leadership style of sales executives and behavior oriented sales performance.

The fifth hypothesis examined relationship between transactional leadership style of sales executives and output oriented sales performance. The results of the linear regression analysis indicate that a significant linear relationship does not exist between transactional leader and output oriented sales performance. Therefore, the researcher accepted null hypothesis while H_{a5} is rejected and concludes that there is *insufficient* evidence, at the 5% level of significance, that there is a linear relationship between transactional leadership style of sales executives and output oriented sales performance.

The sixth hypothesis examined relationship between transactional leadership style of sales executives and extra role performance. The results of the linear regression analysis indicate that a significant linear relationship does not exist between transactional leader and extra role performance. Therefore, the researcher accepted null hypothesis while H_{a6} is rejected and concludes that there is *insufficient* evidence, at the 5% level of significance, that there is a linear relationship between transactional leadership style of sales executives and extra role performance.

On the basis of relevant literature already reviewed, This research supports the conclusions drawn by authors such as Bass (1985), Avolio (1996) and Bass and Avolio (1997), which suggest that employee performance will be characterized by high levels of transformational leadership. Moreover, this research agrees with Anderson & Oliver, 1987; Perreault & Behrman, 1982, by supporting that transformational leader has a positive relation with behavior, output oriented and extra role performance. However, this research does not show a relation with transactional leader and performance.

6.4 Limitations of the Research

Some of the limitations of the research are discussed at below:

- As in any research, financial constraint becomes a limitation. Printing, stationery, transportation fees were the main money demanders.
- The study implemented in insurance sector. This research can be implemented in different sectors and different companies and results can be compared with this study.
- The study can be applied and enlarged to other kinds of leadership styles.
- The sample composition in this research did not control for biographical and geographical factors.

6.5 Implications of the Research

Insurance companies especially that sell individual pension plans and life insurance in Turkey is very important for shaping the Turkish economy. However, many people do not know even what individual pension plan is and many do not know anything about the system and its benefits. Since the nature of subject is new in Turkey, there is not sufficient research about this area. It is hoped that this research will stimulate further studies in this sector.

Due to the accessibility and affordability of the Sales Performance Evaluation for research purposes, future research may confirm the validity and reliability of this instrument. International arena could further benefit the instrument's validity.

This research did not take demographic variables into account in exploring differences. Future research could be conducted comparing various homogenous demographic populations.

Future research may target other industries and environments in order to test the possible generalizations of this study.

Human Resource Departments can use this research also when determining their sales strategies or recruiting sales managers and salespeople.

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Appendix



T.C. YEDİTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ

Mayıs 2008

Sayın Satış Danışmanı

Bu anket yöneticinizin liderlik stilinin satış performansı üzerine etkilerini ölçmek ve bilimsel bir çalışmaya katkıda bulunmak amacıyla tasarlanmıştır. Bu çalışma sonucu elde edilecek bulgular hem şirketinizin insan kaynaklarına hem de işletme anabilimdalına katkı sağlayacaktır.

Anket iki bölümden oluşmaktadır. Birinci bölümde **YÖNETİCİNİZ**, ikinci bölümde **SATIŞ PERFORMANSI** ile ilgili maddeler bulunmaktadır.

Bu çalışmanın bir değer ifade edebilmesi ve amacına ulaşabilmesi için **tüm** anket maddelerinin **ETKİ ALTINDA KALMADAN TARAFSIZ BİR ŞEKİLDE** değerlendirilmesi gerekmektedir.

Anket boyunca yapmanız gereken, kişisel yargılarınızı en iyi şekilde yansıtan ve size en uygun gelen yanıtı işaretlemektir.

Tamamlanmış tüm anketler kodlanacak ve katılımcıların isim ve soyadları alınmayacaktır. Maddelerin kimler tarafından yanıtlandığı değil, bir bütün olarak oluşturduğu sonuçlar önemlidir.

Herhangi bir sorunuz olduğunda , mgbtmis@yahoo.com adresinden irtibat kurabilirsiniz. Bu çalışmaya zaman ayırarak yapmış olduğunuz katkılardan dolayı kendim ve Yeditepe Üniversitesi adına teşekkür ederim.


M.Gökhan BİTMİŞ

Danışman: Yrd.Doç.Dr. Dilek SAĞLIK

BÖLÜM I

MULTİ-FAKTÖR LİDERLİK DEĞERLENDİRME FORMU

BİLGİ: Bu anket yöneticinizin (liderinizin) liderlik stilini tanımlamak için tasarlanmıştır. Yöneticinizi algıladığımız şekilde soruları yanıtlayınız. Sayfalardaki tüm soruları lütfen cevaplayınız.

Anket, 32 tanımlayıcı ifadeden oluşmaktadır. Lütfen yöneticinizi en iyi şekilde tanımlayan seçeneği  koyarak belirtiniz.

Lütfen Aşağıdaki Değerlendirme Skalasını Kullanınız :

1	2	3	4	5
Hiç Katılmıyorum	Katılmıyorum	Ne Katılıyorum NeKatılmıyorum	Katılıyorum	Kesinlikle Katılıyorum

DEĞERLENDİRDİĞİM KİŞİ...

#	Sorular	1	2	3	4	5
		Hiç Katılmıyorum	Katılmıyorum	Ne Katılıyorum NeKatılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
1	Gelecek hakkında iyimser konuşur.					
2	Öğretme ve koçluk yapma konularına önem verir.					
3	Sarfettiğim çabalara karşı bana destek olur.					
4	Geleceğin vizyonunu ifade eder.					
5	En önemli değer ve inançları konusunda konuşur.					
6	Saygımı kazanacak şekilde hareket eder.					


#	Sorular	1	2	3	4	5
		Hiç Katılmıyorum	Katılmıyorum	Ne Katılıyorum Ne Katılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
7	Hangi ihtiyaçların yerine getirilmesi gerektiği konusunda isteklice konuşur.					
8	Hedeflere ulaşılacağı konusunda güven sergiler.					
9	Güçlü bir amaç duygusuna sahip olunması gerektiğinin önemini vurgular.					
10	Kararların etik ve ahlaki sonuçlarını düşünür.					
11	Performans hedefine ulaşan birisinin elde edeceklerini açıkça ifade eder.					
12	Bütün dikkatini hatalar, şikayetler ve başarısızlıklar üzerine odaklar.					
13	Kırık değilse tamir etme inancını taşır.					
14	Onunla beraber çalışmanın gururunu bana aşılar.					
15	Kritik varsayımların uygun olup olmadığını tekrardan sorgular.					
16	Benim diğerlerinden farklı ihtiyaçlarımın, yeteneklerimin ve isteklerimin olduğunu düşünür.					
17	Bir çok farklı açıdan problemlere bakmamı sağlar.					
18	Problemler ciddi olmadan müdahale etmede başarısızdır.					
19	Grubun iyiliği için kendi çıkarlarından feda eder.					
20	İlgisini düzensizlikler, hatalar, istisnalar ve standarttan sapmalar konularında odaklar.					
21	Beklentileri karşıladığım zaman memnuniyetini dile getirir.					
22	İşler kötü gidinceye kadar aksiyon almaz.					
23	Güç ve güven duyguları sergiler.					
24	Performans hedeflerine ulaşmada kimin sorumlu olduğunu spesifik olarak belirtir.					
25	Bütün hataları kaydeder.					

#	Sorular	1	2	3	4	5
		Hiç Katılmıyorum	Katılmıyorum	Ne Katılıyorum Ne Katılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
26	Aksiyon almadan önce problemler kronik hale gelmelidir.					
27	Ortak bir misyona sahip olmanın önemini vurgular.					
28	Problemleri çözerken farklı perspektiflerden yaklaşmaya çalışır.					
29	Herhangi bir grup üyesi olarak değilde, bana bireysel olarak yaklaşır.					
30	Standartları karşılamak için ilgimi başarısızlıklara yönlendirir.					
31	Güçlü yanlarımı geliştirmem için bana yardım eder.					
32	Sorumlulukları nasıl tamamlayacağım konusunda yeni yollar önerir.					

BÖLÜM II

SATIŞ PERFORMANSI DEĞERLENDİRME FORMU

BİLGİ: Bu anket sizin satış ve extra-rol performansınızı tanımlamak üzere literatüre bağlı kalınarak tasarlanmıştır. Sayfalardaki tüm soruları lütfen cevaplayınız.

Anket, 41 tanımlayıcı ifadeden oluşmaktadır. Lütfen sizi en iyi şekilde tanımlayan seçeneği  koyarak belirtiniz.

Lütfen Aşağıdaki Değerlendirme Skalasını Kullanınız :

1	2	3	4	5
Hiç Katılmıyorum	Katılmıyorum	Ne Katılıyorum NeKatılmıyorum	Katılıyorum	Kesinlikle Katılıyorum

#	Sorular	1	2	3	4	5
		Hiç Katılmıyorum	Katılmıyorum	Ne Katılıyorum NeKatılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
1	Müşterimin kaygılarını anlamak ve tanımlamak için onu dikkatlice dinlerim.					
2	Müşterimin ihtiyaçlarını belirlemek önemlidir.					
3	Şirketimizin ürünlerinin dizaynını ve özelliklerini iyi bilirim.					
4	Ürünü müşteri ihtiyaçlarına göre sunarım.					

#	Sorular	1	2	3	4	5
		Hiç Katılmıyorum	Katılmıyorum	Ne Katılmıyorum Ne Katılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
5	Müşteri soruları ve itirazları için genellikle çözüm üretmek için çalışırım.					
6	Şirketimin pazar payının artması için çalışırım.					
7	Satış hedeflerimi genellikle aşarım.					
8	Satış prosesini olumlu bir şekilde kapatmada bir zorluk yaşamam.					
9	Farklı müşteri tipleri için, ürünün farklı özelliklerini sunarım.					
10	İşimde planlamaya çok fazla zaman ayırmam.					
11	Müşterileri onların eşsiz problemlerini ve kaygılarını anladığıma dair ikna edebilirim.					
12	Müşterilerin itirazlarını ele almada zorluk yaşamaktayım.					
13	Ürünlerin fonksiyonlarını ve uygulamalarını iyi bilirim.					
14	Baskın karakterdeki müşterilerle sıkıntı yaşamaktayım.					
15	Sunumumu açık ve özlü bir şekilde müşterilere iletebilirim.					
16	Her zaman müşteri ile anlaşma yolunu belirler kendimi müşteri tiplerine göre adapte ederim.					
17	Genellikle yüksek kar marjlı ürünleri satarım.					
18	Yeni ürünlerin satışını hızlıca gerçekleştirebilirim.					
19	Sunumumu geliştirmek için chartlar, tablolar vb. gibi görsel yardım araçlarını etkili bir şekilde kullanabilirim.					
20	Şirket ürünlerinin olası hatalarının sebeplerini bulabilirim.					
21	Etkinliğimi artırmak için eğitim programlarına katılırım.					
22	Başkalarını etkileyecek aksiyonları başlatmadan önce onlarla konu hakkında görüşürüm.					
23	Yapıcı eleştiriye değer veririm.					
24	En önemli önceliğe sahip işlerin üzerinde ilk olarak çalışma konusunda dikkatliyimdir.					

#	Sorular	1	2	3	4	5
		Hiç Katılmıyorum	Katılmıyorum	Ne Katılmıyorum Ne Katılmıyorum	Katılıyorum	Kesinlikle Katılıyorum
25	Alanımdaki son gelişmeleri takip ederim.					
26	İşle alakalı problemlerde takım arkadaşlarıma yardım etmek için gönüllü olarak zaman ayırım.					
27	Düzenli olarak güçlü ve zayıf yanlarımı değerlendiririm.					
28	Bana doğrudan fayda sağlamasada takım arkadaşlarıma yardım ederim.					
29	Her bir müşteri açısından konulara bakabilme becerisine sahibim.					
30	Ürünün farklı özelliklerini farklı müşteri tiplerine göre anlatabilirim.					
31	Yüksek miktarda YTL ya da Dolar satışı üretebilirim.					
32	Satış yöneticime hedeflerine ulaşması için yardım edebilirim.					
33	Kişisel problemlerle alakalı konularda takım arkadaşlarıma cesaretlendirmede ve onlara yardım etmede gönüllüyümdür.					
34	Hayatımın zihinsel, fiziksel ve ruhsal gelişiminin dengeli bir üslupta olması konusunda kendimi geliştirmek için zaman ayırım.					
35	İşim bir çok yönden tahmin edilemez olduğundan ötürü planlama benim için kullanışlı degildir.					
36	Takım arkadaşlarım anlaşmazlığa düştüklerinde arabuluculuk rolü üstlenirim.					
37	Sipariş almak için gerekli olan aşamaları listelerim.					
38	Takımdaki diğer kişilerle aramda problem olmaması için çaba harcarım.					
39	Şirketimde anlaşmazlıklar olduğunda, dengeleyici bir rol oynarım.					
40	Eğer müşteri ciddi bir problemin olduğunu işaret ediyorsa, ona gerçekten yardım etmek istediğimi hissetmek benim için kolaydır.					
41	Portföyümdeki ürünlerin özelliklerinin müşterinin ihtiyaçlarını tatmin etmediğini anladığımda, genellikle ürünlerim hakkında bilgi vermeye devam ederim.					

Kişisel Bilgi**Değerlendirilen Yöneticinin Adı & Soyadı:****Yaşınız :****Cinsiyetiniz :**

Bay (...) Bayan (...)

Satış Tecrübeniz (Yıl olarak) :

0-3 (...) 4-6 (...) 7-10 (...) 11-15 (...) 16+ (...)

Eğitim Durumunuz :

Lise ve Aşağısı (...) Üniversite (...) Yüksek lisans (...) Doktora (...) Diğer (...)