Role of Relational Capital and Customer Relationship to Strengthening Salesperson Performance

Berta Bekti Retnawati*

Abstract— The purpose of this study is to investigate effect of relational capital, customer encountering competence portfolio and excellent service customer heterogeneity to strengthening salesperson performance. The variables in the overall empirical model, taking the context of advisors beauty B2C aesthetic centre located in Indonesia. Five hypotheses were tested in this study, the findings of this study suggest that relational capital and excellent service customer heterogeneity have positive significant with salesperson performance, whereas customer encountering competence portfolio shows that the hypothesis is rejected. It is necessary for future research to analyze the research gap to anaysis partial support for the hypothesized model. The study provides several implications for researchers and managers regarding how quality of relational capital and customer relationship to strengthening salesperson performance properly.

Keywords— Relational Capital, Customer Encountering Competence Portfolio, Excellent Service Customer Heterogeneity, Salesperson Performance

I. INTRODUCTION

A CRUCIAL part of a salesperson's role is to understand consumers' needs and then provide the appropriate product or service. However it is not easy to design how company should stay close to its customers. The common wisdom is with listening 'voice of the customer', to know what their customers want to guide creating deliver superior quality. Salesperson need a deep understanding customer with enhance his relational capital and quality of customer relationship. The properness and accuracy of the responses can be looked from the proper attitude of the salesperson towards the customers. This is not an easy issue to be practiced, however, the effort to win customers' choice has to be often done [1, 2]

To capable companies or salesperson be 'close' with the customers, it needs to identify customers' wants and needs as a sign and guidelines to develop strategy approach towards them [3]. The competition of salesperson in understanding and facing the customers cannot be ignored. The customers has to be drawn in a portfolio description for the companies with looking at the value at that time and value which is made by the customers for the companies [4, 5]. The contribution value from the customers for the companies is as the starting point to sign the customers' uniqueness which is related to the

* Berta Bekti Retnawati, Student of Marketing Doctoral Program, Diponegoro University and Lecturer at Department of Management, Faculty of Economics and Business, Soegijapranata Catholic University - Pawiyatan Luhur IV/1 Bendan Duwur, Semarang 50234, Indonesia, bertabekti@gmail.com

companies. It needs to consider the risk factors which are related to loyal contribution value as a prediction of the customers' role for the companies in dynamic change.

The concept of relational capital is based on the consideration that companies are not isolated systems. On the contrary, they are actively and permanently connected to multiple external entities. All valuable relationships of this kind, with customers, suppliers and other relevant stakeholders, represent relational capital argues that the knowledge of marketing channels and customer relationships is the main theme of relational capital [6].

As an internal resourses, a salesperson need to understand which sales strategies work best on different consumers with improve his customer relationship have included customer encountering competence portfolio and excellent service customer heterogeneity. As a front liner who directly interacts with the customers, the role of salesperson becomes a critical factor which gives influence in the relationship between the companies with the customers. Therefore, the role of salesperson in direct facing sales with the customers, namely, understanding of sales marketing influence (SMI) becomes important. The effectiveness of SMI will depend on the objective and rational approach in the involvement of the salesperson to create a strategy. Marketing integration and sales will be obtained effectively if some particular factor are moving together, such as the achievement of value integration, exchange talent cross function, and joint rewards [7]. It is not easy for companies to always be 'close' with their customers, the suitable things to do especially for salesperson is the ability to 'listen' and know customers' wants as the important ability for every sales person . A challenge for salesperson to understand customers' wants accurately and give the best service that other competitors, is an asset to a company to have better position in customers' heart [3, 9].The main purpose of this study is to empirically validate if the existence of relational capital influences on customer relationship and then tested with salesperson performance.

II. LITERATURE REVIEW

The Development of Hypothesis among Variables Relational Capital and Customer Encountering Competence Portfolio

Relational capital is a form of social capital which inherent in a relationship between the company and the customers, and it includes dimension of trust, open interaction, and the ability to share beneficial things between the company and the customers [10]. Either salesperson nor employees who have a

number of the autonomy level in working is expected to be able to response effectively and quickly about the changing of customers' needs which eventually could be go through the quality of relationships in keeping the customers [9] Other researcher [11] states that relational capital are based on the attention that the company and the employees are not an isolated system. On the contrary, company's resources are required to be active in following the changes that occurred related to the changes outside (external entities). Worth relationship with the customers' needs strong competencies as the asset of relational capital .The knowledge of marketing channel and relationships with the customers becomes the main strength to the results of relational capital [11].

From the explanation above, the hypothesis can be formulated as follows:
Hypothesis 1: The higher relational capital, the higher customer encountering competence portfolio

Relational Capital and Excellent Service Customer Heterogeneity

The strength of salesperson in creating a plus value in the relationship with the customers becomes the power of the sales organization which will go through enabling the company to be the main choice of the customers [12]. Salesperson who is able to learn from the experiences in dealing with the customers will be able to keep the customers in long-term relationships. The dynamic of changes in salesperson environment which is able to keep the customers to be a client will be more successful than those who just do the sales activity as merely transactional activity [13]. Further it is said that salesperson that are able and want to update customers' wants continuously and apply it in their sales organization will make the customers as a loyalists in a long term.

Excellent service to see the characteristics of inherent in a variety of the diversity of users into power for sales force to give the overall value created prime customers [14]. Competence of the sale of those who understand fully the desire of diverse customers will be visible in effective action within the first , the provision of efficient services and fun , both of the fulfillment of the target sales of established and the latter is the ability to give form relationships of mutual customers by between the company through the provision of the solution for customers .

From the explanation above, the hypothesis can be formulated as follows:
Hypothesis 2: The higher relational capital, the higher of excellent service customer heterogeneity

Relational Capital and Salesperson Performance

In terms of increasing relational capital possessed by the salesperson, it should be realized by sales organization that the company and employees is not an isolated system. On the contrary, the company's resources are required to be active in following the changes that occurred related to changes outside (external entities)[11]. Competences of salesperson that will support the establishment of ability in relational capital also based on the needs that are required in the dynamics of duty in environmental changes to get the given achievement towards the performance. Social competences which are owned by the

salesperson will enable to interact effectively with the customers in social communication skills to achieve the performance results which have been decided [15].

From the explanation above, the hypothesis can be formulated as follows:
Hypothesis 3: The higher relational capital, the higher salesperson performance

Customer Encountering Competence Portfolio and Salesperson Performance

In various research in sales management, it has been widely recognized that the ability of the salesperson in customers oriented will greatly affect salesperson performance [16-19]. Homburg et al. state that customers oriented in direct interaction requires salesperson's ability to identify customers' needs and customers' attention in various different levels on face-to-face sales (sales encounter)[20]. There are five main different stages in interaction with customers which require in-depth attention; they are the stages of problems identification and customers' needs, presentation, overcoming the objections, negotiating, and closing. It is required adequate competence portfolios from salesperson in facing various stages of encountered situations. In line with that, the salesperson should be able to provide the optimum service offering in each interaction stage which will enable to keep the customers to be always loyal to the company. This requires a whole understanding of the services to reach a prime service transfers [9].

From the explanation above, the hypothesis can be formulated as follows:
Hypothesis 4: The higher customer encountering competence portfolios, the higher salesperson performance

Excellent Service Customer Heterogeneity and Salesperson Performance

The duty of salesperson as a party which interact directly with the customers , in the empirical study conducted by[14] shows that the inherent characteristics of customers' heterogeneity become a power for salesperson to give an offering which measure overall superfine customers' value. The competencies of salesperson which are fully understand with various customers' wants will be seen in effective action in first, the efficient and pleasant services given by the salesperson, second, the achievement of fixed sales target and the last is the ability to give the model of a beneficial relationship between customers with the company through the solutions given by the salesperson. Another thing that supports their ability is to analyze various customers characteristics with improving salesperson performance in social construction individually by doing the interpretation and explain the instructions which are constructed in the environment, it is called sense making [21]. This will support salesperson to strengthen their performance achievement.

From the explanation above, the hypothesis can be formulated as follows:
Hypothesis 5: The higher excellent service customer heterogeneity, the higher salesperson performance

The Description of Whole Empirical Models.

Based on the developed hypoteses, with the support from reviewing the theories and the research results above, it can be

formulated an empirical model of this article as seen in figure 1 as follows:
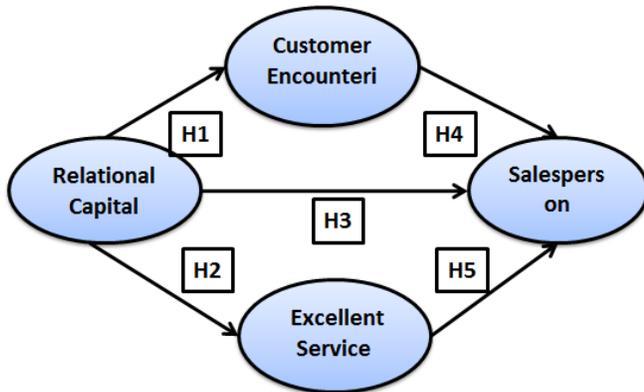

Fig. 1 The Framework Model
Resource: developed for this article (2015)

In the full model of this article above, the exogenous variables, namely, relational capital will be examined towards its influence to customer encountering competence portfolio and excellent service customer heterogeneity, then three variables be tested empirically with salesperson performance.

III. METHOD

A. Sampling design, Study Sample and Procedures

Based on the framework discussed above (Figure 1), researcher developed sampling design for population of this study include salesperson at beauty saloon, work as therapist or medical therapist located in Indonesia. A convenience sampling method was used to select members. Survey questionnaire was conduct this study. Total 298 questionnaires were filled and after filtering out only 286 responses were usable for further analysis, representing a response rate of 96 %.

B.Measures

This study analyzes four variables s depicted in the above model. These four constructs were relational capital, customer encountering competence portfolio, excellent service ccustomer heterogeneity, and salesperson performance. Each of the adapted variable derived responses on based on questions that asked how strongly respondents agreed or disagreed with the impact of that variable on 10 point Likert scale whereby, 1 = strongly disagree and 10 = strongly agree.

Relational capital – It is a tendency as the degree to which salesperson have formed of social capital which inherent in a relationship between the company and the customers, and it includes dimension of trust, open interaction, and the ability to share beneficial things between the company and the customers, adapted from prior researchs [10, 22]

Customer encountering competence portfolio – It is a tendency as the degree to which salesperson identifies and meets custmer needs and interest in the sales encounter, adapted from prior researchs [2, 23]. Indicators for this variable include identification of customer requirements, presentation of customer solutions, collaborative handling of objections and disagreements, consideration of customer interests, and use of informative closing techniques.

Excellent service customer heterogeneity – It is a tendency as the degree represents the human element of interactive quality by salesperson with indicators: knowledge to answer customers' questions, the behavior of employee still confidence in customers, employees give prompt service to customers, n employees are never too busy to respond to customer's requests, employees in this saloon tell customers exactly when services will be performed, employees are consistently courteous with customers, employee gives customers individual attention, adapted from prior research [24]

Salesperson performance– It is a tendency as the degree to which salesperson rate theirself in term of identified the quantity increase new customer, repeat buying of the customer, and and the quality of salesperson's performance in regard to customer relayions, adapted from prior research [25].

C. Method of Analysis

In order to tested hypoteses, this study using structural quation modeling (SEM) with AMOS. Before estimating the structural model, researcher have evaluated the fit of the measurement model.

IV. RESULTS

A. Profile of Respondents

All of repondents are female, in age between 18-40. Job description most of them as beauty therapist (95%) and doctor therapist (5%). Average of job experience was 5,5 years.

B. Structural Model Analysis

Hypothesis testing was conducted using the tools of SEM-AMOS software in a full structural, at the first step the researcher have tested the goodness of fit of the model using basic criteria in SEM such as chi-square significance level, GFI, AGFI, TLI, CFI, RMSEA and got a result of $\chi2 = 58.392$; GFI = 0.968; AGFI = 0.950; CFI = 0.987; TLI = 0.963; RMSEA = 0.024, CMIN/DF = 1.168. The further step is the hypothesis testing for causal relationships between variables using the criteria of CR Critical ratio of equal or bigger than 2.0. Table 1 presented result of path coefficient and t-values for test all hypoteses:

TABLE 1
STANDARDIZED PATH COEFFICIENT AND T-VALUES FOR THE STRUCTURAL MODEL

Hypothesized Variables	Estimates	CR	Hypothesis Test
Relational capital → customer encountering competence portfolio	0.45	3.882	Supported
Relational capital → excellent service customer heterogeneity	0.38	3.932	Supported
Relational capital → salesperson performance	0.48	4.362	Supported
Customer encountering competence portfolio salesperson performance	0.035	1.288	Not Supported
Excellent service customer heterogeneity→ salesperson performance	0.39	3.787	Supported

Resource: data analysis (2015)

Observing the Critical Ratio of ≥ 2.0, the researcher conclude that all hypotheses were supported except hypothesis on the customer encountering competence portfolio on salesperson performance as presented table 1.

V. DISCUSSION

The aim of this study was to examine relational capital and customer relationshiop to salesperson perfromance. In this study reseacher found out that relational capital is an important predictor factor to enhance salesperson performance. Competences of salesperson that will support the establishment of ability in relational capital also based on the needs that are required in the dynamics of duty in environmental changes to get the given achievement towards the performance. Relational capital which are owned by the salesperson will enable to interact effectively with the customers in customer encountering competence portfolio and excellent service customer heterogeneity.

The study also found out excellent service customer heterogeneity has positive significant on salesperson performance. In this specific test, the study found that customer encountering competence portfolio not significant on salesperson performance. It appears that customer encountering competence portfolio not supported direcly to salesperson perfomance. This might explain why hypothesis wasn't supported, salesperson identifies and meets custmer needs and interest in the sales encounter is key importan but not enough to enhance salesperson performance, thus further research could analysis mediating variable as bridge both of these variables, to fill research gap by proposed new insights with integrated holistic framework.

A. Research Implication:

The findings from this study have numerous implications for theory as well as practice. From a theoretical perspective, this research has added value to past researches on same topic of relational capital and customer relationship have been conducted that investigates relationship with salesperson performance. In terms of practical implications, the findings of this study hold significant importance for supervisor and marketer in service business context to increase competence of salesperson in sales counter be higher in dynamic environment.

B. Limitations and directions for future research

There are some limitations of this research. For instance, the study has been conducted only in relation to the beauty spa (service context) and in a specific geographic region (Indonesia). Therefore, the results of the research cannot be generalized to other retailing areas and other geographical regions. Also the study is limited with number of variables tested. Thus there is need to extend future research on topic by adopting more comprehensive research with new insights as bridge gap research between customer encountering competence portfolio on salesperson performance. Finally this study is conducted on a relatively smaller sample size, which can introduce asymmetry and wide differences in responses, thus for future research, a larger sample size should be studied to find more solid and meaningful output.

VI. CONCLUSION

The aim of this study was to investigate factors that may influence and determine the salesperson performance. The findings of this research demonstrate that relational capital and excellent service customer heterogeneity have positive significant with salesperson performance, whereas customer encountering competence portfolio shows that the hypothesis is rejected. It is necessary for future research to analyze the research gap to anaysis partial support for the hypothesized model.

REFERENCES

[1] Mallalieu L, Nakamoto K. Understanding the Role of Consumer Motivation and Salesperson Behavior in Inducing Positive Cognitive and Emotional Responses During a Sales Encounter. Journal of Marketing Theory and Practice. 2008;16(3):183-97.

[2] Homburg C, Müller M, Klarmann M. When Should the Customer Really Be King? On the Optimum Level of Salesperson Customer Orientation in Sales Encounters Journal of Marketing 2011;75:55-74.

[3] Lynch J, Chernatony Ld. Winning Hearts and Minds: Business-to-Business Branding and the Role of the Salesperson. Journal of Marketing Management. 2007;23(1-2):123-35.

[4] Arndt AD, Karande K. Is it better for salespeople to have the highest customer orientation or a strong fit with their group's customer orientation? Findings from automobile dealerships. Journal of Retailing and Consumer Services. 2012;19(3):353-9.

[5] Flint DJ, Blocker CP, Boutin PJ. Customer value anticipation, customer satisfaction and loyalty: An empirical examination. Industrial Marketing Management. 2011;40(2):219-30.

[6] Curado C, Henriques P, Bontis N. Intellectual Capital Disclosure Payback. Management Decision. 2011;49(7).

[7] Hughes DE, Bon JL, Malshe A. The Marketing–Sales Interface at the Interface: Creat ing Market-Based Capabilities through Organizat ional Synergy Journal of Personal Selling & Sales Management. 2012;XXXII(1):57-72.

[8] Bergeron J, Laroche M. The effects of perceived salesperson listening effectiveness in the fi nancial industry. Journal of Financial Services Marketing 2009;14:6-25.

[9] Heijden GAHvd, Schepers JJL, Nijssen EJ, Ordanini A. Don't just fix it, make it better! Using frontline service employees to improve recovery performance Journal of the Academic Marketing Science. 2013;41:515-30.

[10] Kohtamäki M, Partanen J, Parida V, Wincent J. Non-linear relationship between industrial service offering and sales growth: The moderating role of network capabilities. Industrial Marketing Management. 2013.

[11] Dorrego PF, Costa R, Fernández CF-J, editors. The Influence of Relational Capital on Product Innovation Performance at Innovative SMEs2013 2013/04//Apr 2013; Kidmore End: Academic Conferences International Limited.

[12] Turley D, Geiger S. Exploring salesperson learning in the client relationship nexus European Journal of Marketing 2006;40(5/6):662-81.

[13] Zhang AL, Baxter R, Glynn MS. How salespeople facilitate buyers' resource availability to enhance seller outcomes. Industrial Marketing Management. 2013;42(7):1121-30.

[14] Mascio RD. The Service Models of Frontline Employees. Journal of Marketing. 2010;74:63-80.

[15] Yang D-J, Wu MJ. Does Customer Trust Play a Mediating Role Between Salesperson Competence and Performance? . International Journal of Management, Economics and Social Sciences 2014;3(2):100-21.

[16] Jonesa E, Busch P, Dacin P. Firm market orientation and salesperson customer orientation: interpersonal and intrapersonal influences on customer service and retention in business-to-business buyer–seller relationships Journal of Business Research 2003;56:323-40.

[17] Malshe A. An exploration of key connections within sales-marketing interface. Journal of Business & Industrial Marketing 2011;26/1:45-57.

[18] Singh R, Koshy A. A new conceptualization of salesperson's customer orientation Propositions and implications Marketing Intelligence & Planning 2012;30(1):69-82.

[19] Singh R, Koshy A. Does salesperson's customer orientation create value in B2B relationships? Empirical evidence from India. Industrial Marketing Management. 2011;40(1):78-85.

[20] Homburg C, Müller M, Klarmann M. Is The Customer Always King? Finding the Optimum Level of Customer Orientation. KELLER CENTER, 2011.

[21] Shannahan RJ, Bush AJ, Moncrief WC, Shannahan KLJ. Maling Sense of the Customer's Role in the Personal Selling Process: A Theory of Organizing and Sensemaking Perspective. Journal of the Academic Marketing Science. 2013.

[22] Kohtamäki M, Partanen J, Möller K. Making a profit with R&D services — The critical role of relational capital. Industrial Marketing Management. 2013;42(1):71-81.

[23] Homburg C, Müller M, Klarmann M. When does salespeople's customer orientation lead to customer loyalty? The differential effects of relational and functional customer orientation Journal of the Academic Marketing Science. 2011;39:795-812.

[24] Lee H-J, Yang K. Interpersonal service quality, self-service technology (SST) service quality, and retail patronage. Journal of Retailing and Consumer Services. 2013;20(1):51-7.

[25] Cross ME, Brashear TG, Rigdon EE, Bellenger DN. Customer orientation and salesperson performance. European Journal of Marketing. 2007;41(7/8):821-35.