

**“A Study of Relationship Effectiveness between Marketing and Sales Managers
in Business Markets”**

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Abstract

Having an effective cross-functional working relationship (CFR) between marketing and sales is critically important to firms in almost every industry sector. This relationship is especially important in business markets, where firms are now operating in increasingly complex and competitive market environments. Though very few studies have focused explicitly on this topic, anecdotal evidence suggests that the relationship between sales managers and marketing managers is characterized by negative outcomes. Here, we provide empirical evidence on the nature of this relationship, and in doing so, draw our theoretical foundations from relevant trust-based and power/influence/interdependence-based models of relationship effectiveness. To test our model, we used a sample of 131 sales managers from UK and Australian firms which sell into business markets. We found, on average, that the perceived level of relationship effectiveness between sales managers and marketing managers is surprisingly high. Our findings clearly demonstrate the potency of interpersonal trust (both cognition-based and affect-based) in building effective CFRs and we also show how interdependence affects both dimensions of trust and the marketing manager's level of manifest influence. In addition, our findings indicate that when marketing managers have greater manifest influence, the CFR is more effective. Importantly, we provide evidence regarding the consequences of marketing managers using the two influence tactics of legalistic pleas and threats, in terms of their effects on trust and manifest influence. Finally, we give insights about the sequencing of these two influence tactics and how the power of the marketing unit indirectly affects relationship effectiveness.

Introduction

Barely a decade ago, issues of marketing organization were peripheral to scholarly visions of marketing's future (Day, 1997). Today however, these issues are high on the research agenda, and evidence of their importance can be seen in the large and rapidly growing body of literature examining cross-functional relationships (CFRs) and integration between marketing and other functional units (e.g., Fisher, Maltz, and Jaworski, 1997; Workman, Homburg, and Gruner, 1998). To date, the bulk of this research has focused on the CFR between Marketing and R&D, driven largely by an interest in new product development and innovation. This is understandable, given the importance of innovation within modern organizations and the key role marketing plays in driving innovation. Likewise, other scholars have noted marketing's key strategic position within organizations and the need for marketers to manage a wide range of important CFRs (Hutt, 1995).

Surprisingly, one key CFR remains relatively unexplored in the academic literature, i.e., the working relationship between the “sister” functions of sales and marketing. Accordingly, our research begins to fill this gap in the literature and, as suggested by Ruekert and Walker (1987), we focus on dyadic interactions between the Marketing Manager (MM) and the Sales Manager (SM) because individual employees are the most appropriate starting point to examine CFRs.

The focus here is on business markets, where due to recent changes in marketing requirements, firms are now operating in increasingly complex and competitive market

environments. The factors driving these changes include the need for customised product-service offerings, shorter product life cycles, and the growing importance of both supply chain management and relationship marketing (Hutt and Speh, 2001). A key outcome of these changes is that having an effective CFR between sales and marketing is becoming more important as a determinant of success for firms operating in business markets.

Drawing on theoretical perspectives of organizational and social exchange theories, we develop and test a model of relationship effectiveness. The following five explanatory constructs emerged from our literature search: *interpersonal trust*, *manifest influence*, *influence tactics*, *power of the marketing unit*, and *total interdependence*. A key aspect of our model is that total interdependence is viewed as a linking construct to interpersonal trust. As noted by Smith and Barclay (1999), few marketing studies of exchange relationships have incorporated both interdependence and (mutual) trust or have examined the relationship between them. Accordingly, we add to this sparse literature.

Also, in response to related research in organizational buyer behavior by Venkatesh, Kohli, and Zaltman (1995), we extend our understanding of the efficacy of using two influence tactics (*threats* and *legalistic pleas*) on manifest influence, and the consequences of using threats on trust and relationship effectiveness. In addition, we provide evidence regarding the “sequencing” of these two influence tactics (Yukl, Falbe, and Youn 1993). Furthermore, our work builds on previous research into the power and influence of the marketing unit within the firm (e.g., Homburg, Workman, and Krohmer, 1999). We extend their research by examining the consequences of marketing’s power and influence, rather than the antecedents of power and influence. In our research we show how the power of the marketing unit affects the sequencing of influence attempts and the manifest influence of MMs.

Finally, we provide empirical evidence regarding the level of relationship effectiveness for the marketing/sales CFR in business markets. In their summary of the scarce literature on this CFR, Dewsnap and Jobber (2000), who focused on consumer-packaged firms, noted that it is characterized by mainly negative outcomes, such as a lack of cohesion, distrust, and dissatisfaction. However, because this literature is almost exclusively anecdotal, conceptual, or normative, these outcomes have not been quantified. As a result, our research contributes to this literature by quantifying the perceived effectiveness of the marketing/sales CFR in business markets.

In our study, responding SMs were asked to focus on a specific, major cross-functional project in which they and a MM were joined by at least two managers from other functional areas. The focus on a specific project should increase data reliability, while using a context where at least four functional areas were included, should provide a rich setting for our research. In order to help increase the external validity of our findings, data was collected from the UK and Australia.

We draw on two theoretical perspectives to develop our model, the “interaction approach” (e.g., Morgan and Hunt, 1994), and “resource-dependence theory” (e.g., Pfeffer and Salancik, 1978). We do this for two main reasons. First, the interaction approach is used in many important studies of marketing’s CFRs because it focuses on relational exchange (e.g., Ruekert and Walker, 1987). Second, these two approaches focus on similar aspects of CFRs, and, as such, are complementary frameworks of analysis.

The interaction approach has been used in much of the research on relational outcomes, and draws on exchange theories and game theory and focuses on understanding how constructs such as power, influence, and trust, predict satisfaction, performance, and relationship continuity in buyer-seller, channel, and supplier contexts (e.g., Anderson and Narus, 1990; Morgan and Hunt, 1994; Moorman, Deshpandé, and Zaltman, 1993). The interaction approach is a useful framework for analysing CFRs because it relates to

interpersonal dynamics (e.g., the use of various influence tactics) and the quality of cross-functional relationships (e.g., the level of interpersonal trust; perceived relationship effectiveness) between individuals within organisations. Also, as a theoretical framework it contains a number of propositions which can be tested in the context of the Marketing/Sales CFR, e.g., that the type of interactions which occur between peer managers can facilitate cross-functional integration, and increase the effectiveness of the CFR.

A major advantage of structural contingency theory is that it acknowledges that the appropriate structure for an organisation is affected by a range of external and internal contingencies (e.g., size and task uncertainty). However, because structural contingency theory focuses on constructs such as formalization, centralization and reporting relationships (Donaldson, 1996), it lacks action-level analysis, i.e., the level at which CFRs are enacted. (Pennings, 1992).

Though some recent studies in this area have drawn on both the interaction approach and structural contingency theory (e.g., Andaleeb, 1996; Smith and Barclay, 1999), we however, use resource-dependence theory rather than structural contingency theory. We do this because our focus is primarily on individuals within the organization. Importantly, a key tenet of resource-dependence theory is that the success or survival of individuals (or organizations or departments) depends on their access to, and control over needed resources. Those individuals who control required resources therefore have power and influence over others who require those resources. Hence, because resource acquisition may be problematic and uncertain, individuals must therefore attempt to negotiate successful exchange outcomes with other interdependent individuals, i.e., they must interact, and develop effective CFRs.

From the interaction approach we draw the following constructs: interpersonal trust, manifest influence, and perceived relationship effectiveness, whilst from resource-dependence theory we draw total interdependence and our influence constructs (manifest influence and the two influence tactics), and the power of the marketing unit. Importantly, we focus on the power of the marketing unit rather than on French and Raven's (1959) five bases of interpersonal power. This focus was adopted because very little research has examined the effects of the marketing unit's power on marketing managers who are involved in interfunctional decision making (Homburg, Workman, and Krohmer, 1999). Though we have just specified the source of our constructs, it should be noted that some of them (e.g., interdependence and influence) are common to both approaches. In short, our model integrates trust-based and power/influence/interdependence-based models of relationship effectiveness.

Our article is structured as follows. First, we present our conceptual framework in which we define the key constructs and justify their inclusion in our model. Next we specify a structural model and develop our hypotheses. Then we describe our research method and report the results of our empirical tests. We conclude by discussing the implications of our research, its limitations, and possible topics for future research.

Conceptual Framework

Figure 1 identifies the key constructs and the relationships which we examine. As depicted in Figure 1, the power of the marketing unit and total interdependence are specified as exogenous variables, while influence tactics, interpersonal trust, and manifest influence are viewed as endogenous variables.

[Insert Figure 1]

Dependent Variable

Perceived relationship effectiveness. Following Van de Ven (1976), we define this construct in terms of how worthwhile, equitable, productive, and satisfying the SM perceives his/her working relationship to be with the MM during a specific cross-functional project. We chose this psychosocial outcome because: (1) past studies of effective working relationships have focused on subjective outcomes (e.g., Anderson and Narus, 1990); and (2) objective measures of effectiveness (e.g., sales volume) may not accurately reflect the quality of a relationship due to confounding factors such as long sales cycles (Bucklin and Sengupta, 1993).

Explanatory Variables

Manifest influence of the MM refers to the actual effect that the MM had on a specific decision-making process in terms of changing the opinions and behaviors of other members of the decision-making unit (Dawes, Lee, and Dowling, 1998). We include this variable because Ruekert and Walker (1987) argued that informal influence is likely to be an important factor in coordinating the flows of resources, work, and assistance between personnel in different functional areas. In addition, resource dependence theory suggests that organizations are coalitions of varying interests in which there are often incompatible preferences and goals. Those whose interests will prevail are those who have the power and influence to secure and control required resources. Organizations are therefore markets in which influence and control are transacted (Pfeffer and Salancik, 1978), and as Yukl (2002) has argued, the effectiveness of managers depends in part on their influence over peers. The manifest influence of a given manager is therefore an important consideration when examining coordination within CFRs.

Influence tactics used by the MM. As noted, a manager's effectiveness is determined in part by their level of informal influence within the organization. This then raises the issue: how do managers attempt to increase their influence to secure desired outcomes? One key mechanism is the use of various *influence tactics* by "agents" (i.e., a peer manager) on "target" managers. As argued by Roloff (1976), communication strategies to influence other people can differ widely, e.g., they can involve promises of rewards for compliance, threats of punishment for non-compliance, appeals to the target's feelings, morality, or altruism, or debts owed to the person making the request.

In order to better understand how manifest influence acts as an informal coordinating mechanism in CFRs, we therefore include two hard, coercive influence tactics—*threats* and *legalistic pleas*—as predictor variables in our model. In line with Frazier and Summers (1984), we define: (a) "threats" as when the source communicates to the target that he/she will apply negative sanctions should the target fail to perform the desired action; and (b) "legalistic pleas" as when the source cites a legalistic, contractual, or informal agreement that requires or suggests that the target performs a certain action. These two influence tactics were included because research by Venkatesh, Kohli, and Zaltman (1995) showed that the amount of influence exercised by members of an organizational decision-making unit was affected by the type of influence tactics used.

Power of the marketing unit. In this research we examine the power of the marketing unit (e.g., Hickson, Hinings, Lee, Schneck, and Pennings, 1971) rather than the five bases of interpersonal power described by French and Raven (1959). We define the power of the marketing unit as the relative importance of the marketing unit to the organization in general. As Kohli argued (1989), the resource dependency view of organizations suggests that different units have varying degrees of power because of their differential ability to obtain resources critical to the organization. Consistent with Kohli (1989), unit power is viewed as an individual resource which can be used by MMs in CFRs. Also, because recent research

(Homburg, Workman, and Krohmer, 1999) in the US and Germany showed that marketing had high relative influence across a range of important issues, there is evidence that unit power is available as a resource for MMs in many types of firms. Hence the greater the marketing unit's control over critical resources (i.e., the greater their power within the organization), the more able they are to influence the actions of others within that organization.

Interpersonal trust. The importance of trust in behavioral research is reflected in the diverse range of academic literature which has examined this construct, including economics, psychology, management, and marketing. A number of studies have found that trust between interdependent actors is a determining factor in achieving coordinated action, and effectiveness (e.g., Pennings and Woiceshyn, 1987; Seabright, Leventhal, and Fichman, 1992). In the marketing channels literature, trust is considered an important contributor to effective relationships between buyers and sellers (e.g., Anderson and Weitz, 1989). Similarly, Morgan and Hunt's (1994) study of relational exchange found that trust was a key variable mediating effective exchange with a relationship partner. Trust is therefore also likely to be important in intrafirm relationships such as CFRs between interdependent managers, given the need for managers to act as boundary spanners and develop effective horizontal ties within the organization (Gabarro, 1990; McAllister, 1995).

Interpersonal trust has been conceptualized in various ways; for example, as expectations held by one person that another person will fulfil oral or written statements or promises—credibility (e.g., Moorman, Zaltman, and Deshpandé, 1992). Another perspective suggests that trust is based on benevolence and a general concern for other people which transcends the personal profit motive—benevolence (e.g., Rempel, Holmes, and Zanna, 1985). A similar framework, which we adopt, suggests that trust has two dimensions, one cognitive, and the other affective (McAllister, 1995). *Cognition-based trust* (CBT) derives from a person's rational bases for trusting another person; for example, previous occasions in which the other person has been competent, reliable, and dependable. In contrast, *affect-based trust* (ABT) is typified by emotional bonds between individuals, in which one party exhibits genuine concern and care for the welfare of the other person.

Total interdependence. There are a number of ways in which a firm can divide up its key activities, e.g., product or market structures in which the firm is structured according to the type of product, or client served. Alternatively, functional structures can be used, where firms are organized along functional lines, e.g., into specialist departments such as Accounting, Manufacturing, R&D, Sales, and Marketing. Lastly, there are matrix organizations which involve a combination of the two previous structures. Regardless of the organizational structure adopted by a firm, the resulting units are interdependent to a greater or lesser extent (McCann and Galbraith, 1981). Each department relies on other departments for inputs and support to carry out their tasks, and in turn, provide inputs and support for downstream activities. The greater the interdependence between departments, the greater the coordination effort required (Thompson, 1967). Hence CFRs are the result of the interdependence between functional units, and the need to coordinate their various activities within a firm.

In this study we examine total interdependence, which is the sum of both the SM's and MM's dependence on each other. According to Ruekert and Walker (1987), interdependence is the key internal variable affecting marketing's interaction with other functional areas. This view is consistent with a resource-based view of the firm, i.e., that because MMs do not have all the monetary, information, or human resources necessary to do their jobs, they must seek out these resources from people in other functional areas. Moreover, such exchanges of resources are likely to occur most frequently between departments operating in similar domains; that is, those with shared objectives, closely related tasks, and skills. Since sales

and marketing operate within a similar domain, we expect interdependence to have a strong effect on their relationship.

Model Development

Effect of the Marketing Manager's Manifest Influence

Perceived relationship effectiveness. Though there may well be some conflicts of interest between the sister functions—sales and marketing, we argue that, on balance, in teams where the MM is more effective in being able to change the opinions and behaviors of other members of the team, the SM will perceive their dyadic relationship to be more effective. In such instances, due to their increased manifest influence, MMs are likely to be able to obtain a greater part of the available resources, which they may share with the SM. If this sharing of resources happens, which is highly likely due to the need to build coalitions in cross-functional teams (Conrad, 1990), it seems reasonable to expect the SM to think that his/her relationship with the MM is effective. But why should a MM share more of these resources with the SM as opposed to other members of the cross-functional team? Part of the answer to this question is that persons in the marketing/sales dyad will have higher domain similarity compared with persons in other marketing dyads (e.g., marketing/finance) within the cross-functional team. Ruekert and Walker (1987) argue that the amount of resource flows between marketing people and those in other functional areas is positively related to the degree of domain similarity between them. Formally, we express the relationship between the MM's manifest influence and perceived relationship effectiveness in our first hypothesis.

H₁: As the MM's manifest influence increases, the perceived effectiveness of the SM/MM relationship will increase.

Effects of Interpersonal Trust

Perceived relationship effectiveness. The direct effects of CBT and ABT on working relationships are not well understood. McAllister (1995, p. 32) for example noted that "existing research contains little on how trust affects performance outcomes." However, we take the view that increased CBT and ABT will lead to an increase in perceived relationship effectiveness. Justification for this position is provided by studies in both the management literature and in marketing. In the management literature, McAllister (1995) argued that trusting peers are likely to assess each other's performance more favourably, and therefore higher trust should be associated with higher self-reports of relationship effectiveness.

In the marketing literature, a number of studies of selling partner relationships (e.g., Smith and Barclay, 1997; 1999) have found that greater mutual trust is associated with greater perceived task performance, a construct which is conceptually similar to perceived relationship effectiveness. Also, mutual trust was found to significantly increase cooperation between the two selling partners, as well as the effectiveness of the relationship. Further support is provided by Morgan and Hunt's (1994) study of relational exchange, in which higher trust was associated with a wide range of positive psychosocial and task outcomes, e.g., commitment to the relationship, cooperation, functional conflict, and acquiescence. Accordingly, we hypothesize:

H_{2a}: As the SM's CBT in the MM increases, the perceived effectiveness of their working relationship will increase.

H_{2b}: As the SM's ABT in the MM increases, the perceived effectiveness of their working relationship will increase.

Moreover, we specify a link from CBT to ABT on theoretical and empirical grounds. Rempel, Holmes, and Zanna (1985) found that affect in close relationships can develop from an existing cognitive base. Empirical support for this is provided by McAllister (1995), who found that CBT is positively associated with ABT. Thus, we predict:

H_{2c}: As the SM's CBT in the MM increases, the level of ABT in the MM will increase.

Effects of Total Interdependence

Cognition-based trust. Here, we draw from the interfirm level of research rather than the more appropriate interpersonal level, because this is the only research that we could locate that has addressed the relationship between total interdependence and trust. In their study of selling partner relationships, Smith and Barclay (1999) argued that greater interdependence will lead to greater trust in relationship partners. Their argument is based on the norms of reciprocity inherent in bilateral deterrence theory (e.g., Bacharach and Lawler, 1981) and social exchange theory. Specifically, as total interdependence intensifies, relationship partners have too much to lose to engage in opportunistic behavior, negative tactics, or coercion. Smith and Barclay's (1999) hypotheses on higher interdependence leading to greater trust were strongly supported.

Further empirical support on this issue is provided by Kumar, Scheer, and Steenkamp's (1995) study of dealer attitudes, in which they posit that increased total interdependence in a channel relationship would lead to increased trust. Though Kumar, Scheer, and Steenkamp (1995) argue that high interdependence by itself will not directly create trust, they suggest that it is likely to lead to an intrachannel environment in which trust can be cultivated and flourish because of the convergence of the partners' interests. An empirical test of their model provided strong support for a positive relationship between total interdependence and trust.

Kumar, Scheer, and Steenkamp (1995) conceptualized trust as having two elements—*honesty* and *benevolence*, though they did not separate them empirically. However, we argue that interdependence is unlikely to affect ABT, because ABT involves emotional bonds. We do, however, expect that greater total interdependence between a SM and a MM will lead to the SM having greater CBT in the MM, because both interdependence and CBT are task-related constructs. Thus, we predict:

H_{3a}: Greater total interdependence between the SM and the MM will lead to greater CBT.

Manifest influence. Consistent with resource dependence theory, Ruckert and Walker's (1987) interaction approach posits that the amount of influence exercised by a member of one functional area over a member of another, depends partly on their relative resource dependence. For example, if a MM tightly controls market research information about the re-launch of an existing product, we would expect the SM to be dependent on the MM and that the MM would have significant influence over sales decisions. The interdependence between two managers however does not need to be asymmetric to afford either manager greater manifest influence. Departments which are "functionally central", i.e., immersed in the firm's system of interdependent activities, become essential to the functioning of that system, and thereby acquire power and influence (Astley and Zajac, 1990; Hickson, Hinings,

Lee, Schneck, and Pennings, 1971). Hence departments seeking power should attempt to increase the extent to which their activities are linked to other departments. If a department severs ties of dependence, this may decrease that department's importance and influence. Therefore, increasing the level of non-directional interdependence (rather than balancing the power of the two units), may lead to a department gaining power and influence (Astley and Zajac, 1990). Thus, we hypothesize:

H_{3b}: Greater total interdependence between the SM and the MM leads to the MM having greater manifest influence.

Effects of the MM using Legalistic Pleas and Threats

Resource dependence theory suggests that managers frequently have to acquire needed resources to achieve individual/functional goals. However, where these resources are not provided by formal arrangements, managers will often resort to informal methods of interaction and coordination to secure them. A common informal method is the use of various influence tactics on other managers (Venkatesh, Kohli, and Zaltman, 1995) and a key premise of our research is that because MMs are unlikely to have sufficient formal influence to acquire the needed resources, we expect them to use influence tactics to increase their total influence during cross-functional projects. Here, we focus on the two hard, coercive influence tactics of legalistic pleas and threats.

Research on the use of legalistic pleas suggests that this task-oriented tactic is most appropriate for a request that is unusual and of doubtful legitimacy to the target person (Yukl, 1990). Typically, this tactic is used most in lateral (as opposed to upward or downward) communications because ambiguity about authority relationships and task responsibilities is greatest in this direction (Yukl and Tracey, 1992). Recall that lateral interactions are the focus of our research. In contrast, using threats, a non-task oriented tactic, is generally viewed as being an inappropriate form of influence behavior because target resentment about the source's use of coercion is likely to result (Yukl, Falbe, and Youn, 1993).

With respect to the "sequencing" of influence tactics, Yukl, Falbe, and Youn (1992) posit that the order in which they are used depends partly on the relative advantage and costs of each tactic. In addition, they found that some tactics (e.g., legalistic pleas) were more likely to be used in combination with another tactic rather than alone. Hence, our basic premise is that MMs are likely to use legalistic pleas in combination with threats. Importantly, we also posit that MMs are likely to use legalistic pleas before threats because the costs of using the former tactic first are likely to be much less than using the latter tactic first. Another reason is that it seems reasonable to assume that a MM is likely to first use a task-oriented tactic, such as legalistic pleas, before using a non-task oriented tactic.

Moreover, we posit that the increased use of legalistic pleas is likely to lead to MMs using threats. Our reasoning being that MMs are likely to initially use legalistic pleas (Yukl and Tracey, 1992) but, at some point, they may realize that this tactic is not effective in increasing their influence. Empirical support for this notion is provided by Venkatesh, Kohli, and Zaltman (1995) who found that the use of legalistic pleas had the unexpected effect of decreasing manifest influence. In contrast, threats were found to have a strong positive effect on manifest influence. As a result, we expect MMs to use threats after the initial use of legalistic pleas, even though they may be aware that their use is often associated with negative psychosocial outcomes. Moreover, this sequential ordering is consistent with Yukl, Falbe, and Youn's (1992) finding that threats are used most often when an initial influence attempt has failed. Finally, as noted by Venkatesh, Kohli, and Zaltman (1995): "a person is

more likely to use an influence strategy (tactic) that he or she believes will work, that is, actually change the behavior of the target” (p. 74). Hence, we hypothesize:

H_{4ab}: Greater use of legalistic pleas by the MM leads to: (a) reduced manifest influence and (b) greater use of threats.

As argued by Fisher, Maltz, and Jaworski (1997), because the use of threats is confrontational, they often lead to negative psychological and psychosocial outcomes in CFRs. So we expect that when a MM uses threats, it reduces affect-based trust, cognition-based trust, and the perceived effectiveness of their relationship with the SM. Moreover, and based on the empirical evidence of Venkatesh, Kohli, and Zaltman (1995), we expect that the use of threats by the MM will increase his/her amount of manifest influence during the project. Hence, we hypothesize:

H_{5abcd}: Greater use of threats by the MM leads to: (a) reduced cognition-based trust, (b) reduced affect-based trust, (c) greater manifest influence, and (d) reduced perceived relationship effectiveness.

Effects of the Power of the Marketing Unit

Earlier, we stated that the power of the marketing unit can be viewed as a resource which a MM can use to increase his/her amount of manifest influence during a particular cross-functional project. Importantly, we also noted that Homburg, Workman, and Krohmer’s (1999) research showed that marketing units in modern firms had high relative (manifest) influence on decisions which were cross-functional in nature. However, very few studies have investigated the link between unit power and an individual’s influence in general and none have examined the impact of power of the marketing unit on a MM’s level of influence. With respect to the generic literature on unit power, the findings are mixed. For example, Perrow’s (1970) research suggests that an individual’s influence is positively related to the power of his/her unit, while Kohli (1989) found that unit power in purchasing decisions had little effect on manifest influence, except under very specific circumstances. Though the evidence is not strong, we expect that unit power and manifest influence are positively related.

H_{6a}: As the relative power of the marketing unit increases, a MM will have more influence during cross-functional projects.

Finally, we posit that as the power of the marketing unit increases, MMs will increase their use of legalistic pleas, but will not use threats. Our logic is based primarily on the costs and relative advantage of using each tactic (Yukl, Falbe, and Youn, 1993). As explained earlier, the costs of using legalistic pleas are likely to be much less than using threats. Thus, we predict:

H_{6b}: As the power of the marketing department increases, a MM is more likely to use legalistic pleas during cross-functional projects.

Method

In order to provide a common general context for the respondents, they were asked to focus on a specific, major cross-functional project in which both they and the MM, along with staff from at least two other functional areas, were heavily involved during the previous 18

months. Most projects (54.6%) related to new product development, while the remaining 45.4% covered a wide range of activities including: promotion and public relations (11.1%), developing a new strategy for an existing product (5.6%), producing a business plan (2.8%), and developing a new pricing strategy (2.8%). On average, 4.34 functional units and 12.52 people were involved in the projects.

Sample Characteristics

The sampling unit for this dyadic research is the SM, whom we chose for two reasons. First, using SMs to provide data about the MM's influence is more acceptable on methodological grounds because the use of peer nominations to assess influence is less prone to self-inflation bias than self-perception measures (McQuiston and Dickson, 1991). Second, SMs were chosen because we thought that this should lead to a better response rate. Our reasoning was that in the UK and Australia, SMs are much less likely than MMs to be the target of academic research. The final sample consisted of 716 firms from the UK and 325 firms from Australia. In total, 201 questionnaires were returned. The total sample of business-to-business firms is 131 (UK = 76, Australia = 55) while the average firm size was 1787 employees.

Data Collection

The questionnaire was pretested with seven respondents using the "debrief approach" as described by Aaker, Kumar, and Day (1998). This method was chosen because the survey involved a mailed, self-administered questionnaire. Qualified respondents were asked to complete the questionnaire in the presence of the researcher, without seeking assistance. During completion, respondent's reactions to each question were noted (e.g., confusion, resistance, or uneasiness), and when finished respondents were debriefed on those observed reactions. In addition, other questions were asked (e.g., did the respondent have any difficulty understanding the questions or their meaning? Was it difficult to fill out the questionnaire? Are there any problems with the flow of the questionnaire? Did the questionnaire capture and maintain interest and attention?). The pretest results revealed that the survey instrument had no major flaws, and took an average of approximately 24 minutes to complete.

Using an identical self-administered, mailed questionnaire, data was collected from Australia and the UK. The respondents in our study were not remunerated or promised an executive summary for their participation in this research. The sampling frame in each country was generated from a proprietary mailing list of firms purchased from commercial list brokers in the United Kingdom, and in Australia. The criteria for inclusion in the sampling frame were: (1) the firm should have an identified (named) SM/senior sales executive; and (2) there must also be a named MM/senior marketing executive. Executives who had dual responsibilities (e.g., Sales & Marketing Managers) were excluded from the sample. In addition, because it was anticipated that the mailing lists may not have been as accurate as the list brokers had claimed, a stamped, self-addressed card was attached to each follow-up questionnaire to facilitate a reply. Knowing the reason why some respondents in the sampling frame did not respond, allowed this to be taken into account when determining the net response rate. The card simply asked the respondent to choose one of five categories to represent the best reason for not completing the questionnaire. The percentages for each category were: (a) 45.9%—there is nobody in my firm with the term "Marketing" in their title; (b) 27.1%—it is company policy not to fill out this type of questionnaire; (c) 12.9%—I have very little interaction with the "Marketing people" in my firm; (d) 8.2%—I feel that the information required is too sensitive; (e) 5.9%—I have only been with this organisation for a short while and, as a result, I don't know the Marketing Manager well enough.

After one follow-up reminder letter, 201 questionnaires were returned, with one deemed unusable. In the UK, a total of 113 questionnaires were returned (response rate = 16.6%), while 88 were returned in Australia (response rate = 28.2%). After allowing for the 92 organizations which had returned the postcards, our response rate was 20.3%, which is comparable to the 19.9% response rate of Homburg, Workman, and Krohmer (1999), who also examined this sensitive topic of marketing organization across two countries.

Evaluating the Quality of the Data Collected

Tests of nonresponse bias. Tests of nonresponse bias indicate that there were no significant differences between the early and late respondents in terms of six variables. Three of these variables (positional level; level of education; and, amount of marketing training) relate to the individual, while the other three variables (goods vs service firms; the number of other divisions the sales force sells products for; and whether the firm is a single entity or part of a corporation) are organizational characteristics.

Test of key informant competence. On average, the SMs had worked for 11.6 years in their firm, which suggests that our respondents were experienced and knowledgeable about the issues covered in this research. The average duration of the working relationships between the two managers was 3.8 years.

Operational Measures

Whenever possible, we used existing measures and adapted them for our study context. The measures used in this study were of two types: formative multi-item, and reflective multi-item. When the construct was a summary index of observed variables, we used a formative measurement model. If the observed variables were manifestations of underlying constructs, we used a reflective measurement model. When this is the case, a scale's psychometric properties can be assessed by means of criteria based on confirmatory factor analysis (CFA).

Formative multi-item measures. One such measure was used: total interdependence, which was assessed using six items (Fisher, Maltz, and Jaworski, 1997). Like researchers in the marketing channels area (e.g., Kumar, Scheer, and Steenkamp, 1995), we viewed total interdependence as a multidimensional composite index and totaled the scores for the six items. Accordingly, we assumed that each item represented a dimension of interdependence.

Multi-item reflective measures. Seven such measures were used: power of the marketing unit, threats, legalistic pleas, CBT, ABT, manifest influence, and perceived relationship effectiveness. The measures employed were adapted from existing scales and the details for each scale can be found in the Appendix.

Metric Equivalence

Inspection of the means, standard deviations, and alpha coefficients of the constructs suggested a very close similarity between the UK and Australian data. But in order to confirm this similarity and to justify the pooling of the two datasets for measure refinement and model testing, we compared the two data sets using multivariate analysis of variance (MANOVA: GLM procedure of SPSS, 1999). No departure from multivariate variance homogeneity was detected (Box's test: $F_{105, 47159} = .362, p = 1.000$), and the MANOVA results strongly suggest that there were no significant differences between the UK and Australian datasets ($F_{14, 121} = .219, p = .999$). Accordingly, we felt confident in pooling these two data sets.

Measure Refinement

After data collection, the reflective multi-item measures were first subjected to exploratory factor analysis. Each of the reflective multi-item measures was found to be unidimensional.

We then used CFA within the structural equation modeling program of AMOS Version 4 (Arbuckle and Wothke, 1999) to evaluate the internal and external consistency of these measures. To maintain an acceptable ratio of observations to variables (Bentler and Chou, 1987), we conducted the CFA in two stages. In choosing the constructs for testing in each stage, the criterion used was that they be maximally similar. This was done in order to subject the constructs to a strong test of discriminant validity. Specifically, stage one included all three influence constructs (*manifest influence* of the marketing manager, the use of *threats*, and *legalistic pleas*), and the *power of the marketing unit*. Stage two included both trust constructs (*cognition-based trust* and *affect-based trust*), along with *perceived relationship effectiveness*.

In the first stage, we analyzed a 15-item, four-factor model containing manifest influence (five items), threats (three items), legalistic pleas (three items), and the power of the marketing unit (four items). In order to detect possible model misspecification, AMOS yields two types of information—standardized residual covariances and modification indices (Byrne, 2001). However, inspection of these diagnostics indicated that there was no firm basis on which to delete items in order to improve construct validity.

The 15-item model produced a chi-square of 157.117 ($df = 84$, $p = .000$). Whilst the overall chi-square for this measurement model was significant ($p < .01$), it is well established that this statistic is sensitive to large sample sizes and complex models (e.g., Hair et al, 1998). Hence a stronger test using a relative chi-square was used, calculated by dividing the overall chi-square by the degrees of freedom in the model. A rule of thumb for this statistic is that ratios in the range of 3 to 1 are indicative of an acceptable fit (Carmines and McIver, 1981). In our stage 1 measurement model the χ^2/df was 1.870, which is well within the acceptable range. In addition, other measures of fit recommended by Bagozzi and Yi (1988) to indicate acceptable measurement model fit in complex models, or for large sample sizes were used, e.g., the GFI = .859, which fell marginally short of the benchmark .9 indicating good model fit, CFI = .932 which exceeded the recommended .9, and a RMSEA = .082, marginally higher than the .08 recommended to indicate good model fit. Overall, these fit statistics were considered acceptable enough to establish the validity of this measurement model.

In the second stage, we analyzed a 13-item, three-factor model containing perceived relationship effectiveness (five items), CBT (five items), and ABT (three items). Again, inspection of the modification indices and the standardized residual covariances suggested that it was not necessary to remove any items from the measurement model. The 13-item model produced a chi-square of 92.764 ($df = 60$, $p = .004$). As was the case with the stage 1 confirmatory factor analysis, the overall chi-square was significant ($p < .01$), though the relative chi-square (χ^2/df) was 1.546, again well within the acceptable range. Similarly, good model fit is demonstrated via other key fit statistics, GFI = .905, CFI = .981, and a RMSEA = .065, all within acceptable ranges.

Two approaches were used to establish convergent validity. First the AMOS “critical ratios” (LISREL t-values) for each indicator in both stage 1 and stage 2 were examined, and all were statistically significant (Anderson and Gerbing, 1988). In addition, the average variance extracted (AVE) for each construct was calculated, which exceeded .50 for all scales. For example, the AVE for perceived relationship effectiveness is .78, while that of the two trust constructs CBT and ABT were .67 and .87 respectively. In addition, discriminant validity was established by comparing the AVE for each construct with the squared correlation between each pair of constructs. To satisfy this test, the squared correlation for each pair of constructs should be less than the variance extracted for each individual construct (Fornell and Larcker, 1981).

It was particularly important that we establish discriminant validity between two key pairs of constructs—the two trust dimensions (ABT and CBT), and the two influence tactics (legalistic pleas and threats). Each pair of constructs were tested, and the AVEs for CBT and ABT are .67 and .87 respectively, whilst the squared correlation is .62, thus discriminant validity was established between this pair of constructs. Some difficulty occurred however, in establishing discriminant validity between the two influence tactics. The AVEs for threats and legalistic pleas are .63 and .54 respectively, whilst the squared correlation is also .54. Therefore, whilst discriminant validity was established for 20 of the 21 pairs of constructs tested, it was not possible to do so for this particular pair. However, examination of the wording of these items demonstrates that they have face validity. Accordingly, it may be necessary for future research to develop and refine the measures of these two influence constructs.

Reliability analysis reveals that the alpha coefficients for all the resultant scales are .79 or higher (see Appendix), which suggests that for each construct, there is a reasonable degree of internal consistency between the corresponding indicators. The descriptive statistics and correlations for the multi-item constructs are shown in Table 1. Overall, these measurement results are satisfactory and suggest that it is appropriate to proceed with the evaluation of the structural model.

[Insert Table 1]

Descriptive Results

The means and standard deviations for the eight constructs are depicted in Table 1. As indicated, the mean score for perceived relationship effectiveness is 26.80 (s.d. = 6.67). And because the maximum score for this construct was 35, we can conclude that, on average, there was a high level of relationship effectiveness between the MMs and SMs in the sampled firms. The use of a T-test showed that there was no statistical difference between the two sub-samples of customer market types. Specifically, for SMs who operated solely in business markets the mean for relationship effectiveness was 26.23 (sd = 6.79), while the mean score for SMs who operated in both consumer and business markets was 27.70 (sd = 6.44).

The mean score for the power of the marketing unit is 15.32 (sd = 5.83). This finding indicates that marketing has a moderate amount of power in our sampled firms because the maximum score for this construct is 28. Finally, the mean scores for both types of trust (CBT = 27.00; max. score = 35; ABT = 15.68; max. score = 21) show that SMs have a relatively high level of trust in the MMs with whom they work.

Model Estimation

We used AMOS Version 4 to estimate the model using structural equation modeling (SEM) with observed variables. Recognition of the reliability of AMOS computations has been established by its increasing use in published studies in reputable journals over the last few years (e.g., Zuroff et al., 1999). Prior to model estimation, each of the multi-item constructs were transformed into totaled scores using equally weighted scales developed from the results of the CFA. This path analytic procedure was used due to the complexity and difficulty of using a full structural equation model. For a similar use of this technique, see Li and Calantone (1998, p. 88) and the references cited by these authors to justify this approach.

Model Testing Results

We assessed the structural model by using established measures and evaluative criteria for model fit. The results suggest that the data fit our conceptual model well, with a χ^2 of 24.173 (df = 14, p = .044), $\chi^2/df = 1.727$, GFI = .957, CFI = .975, and RMSEA = .075. Moreover,

the squared multiple correlation for perceived relationship effectiveness is .581, which shows that the variables included in our model explain 58.1% of the variance in our outcome variable.

The results of the hypotheses testing are presented in Table 2. In summary, only two of the fourteen hypotheses were non significant i.e., H_{4a} (Legalistic Pleas → Manifest Influence) and H_{5b} (Threats → ABT).

[Insert Table 2]

Table 3 summarises the indirect and direct effects of the exogenous and endogenous variables on the dependent variable, perceived relationship effectiveness. Interpersonal trust is the variable with the greatest impact on relationship effectiveness, in particular CBT, which has both strong direct effects, and also indirect effects. In addition, ABT has a strong, direct impact on relationship effectiveness, corroborating studies in various streams of literature on the importance of trust in exchange relationships.

The variables with the next strongest impact on relationship effectiveness are the two influence tactics. In particular, the MM's use of threats, which had a strong, negative direct effect on relationship effectiveness, as well as negative indirect effects. Legalistic pleas was also found to have strong negative effects, but these are indirect, and operate via the link between legalistic pleas and threats, i.e., the effects relate to the sequencing of these two influence tactics.

Manifest influence was found to have a direct positive association with relationship effectiveness, as did total interdependence. This finding supports earlier arguments that SMs and MMs are highly interdependent in the relationship, and by necessity must work closely with each other and forge effective CFRs. Cognitive balance theory (e.g., Festinger, 1957; Heider, 1958) suggests that relationships tend to change over time until the parties hold views about each other, and behave in ways that are consistent with their ongoing patterns of interaction, i.e., these beliefs and behaviors reinforce the patterns of interaction. There is evidence here that the interdependence between SMs and MMs, and the influence held by the MM are initial conditions from which the CFR can evolve towards generally positive states (e.g., reasonably high trust, high relationship effectiveness). Recall that from Table 1, the mean levels of ABT, CBT, and perceived relationship in these CFRs were quite high. Lastly, the power of the marketing unit only had a small, negative indirect impact on relationship effectiveness, suggesting that the link between these two constructs is tenuous.

[Insert Table 3]

Discussion

Theoretical Implications

Our conceptual model integrates constructs associated with the interaction, and resource-dependence approaches to study working relationships between MMs and SMs within firms operating in business markets. As such, we integrate trust-based, and power/influence/interdependence-based models of relationship effectiveness. Total interdependence and the use of two influence tactics are major constructs linking in to interpersonal trust, manifest influence, and ultimately, our dependent variable perceived relationship effectiveness.

As predicted, total interdependence was found to be a strong predictor of CBT. As such, this finding is consistent with Kumar, Scheer, and Steenkamp's (1995) research on interdependence and "interfirm trust", and Smith and Barclay's (1999) study of

interdependence and “mutual trust” between selling partners. Therefore, our results for *intrafirm* relationships in business markets are consistent with studies of *interfirm* relationships in business markets. In short, the positive relationship between interdependence and trust can occur when both relationship partners perceive themselves to be dependent (i.e., total interdependence is high). In this situation, neither partner will be tempted to jeopardise their relationship through opportunistic behaviors, and they will be more likely to trust each other (Buchanan, 1992; Smith and Barclay, 1999).

Our results also corroborate research suggesting that interdependence provides the underlying basis for all exchange transactions (Astley and Zajac, 1990), for example, in CFRs. Where exchange partners are interdependent, they have a greater need to interact and coordinate their activities. These interactions can provide enough data for peer managers to assess each other’s work-related reliability. The success of these past interactions can then lead to CBT in the CFR (McAllister, 1995; Zucker, 1986).

Importantly, our results also show that both CBT and ABT have a direct positive impact on relationship effectiveness. Our findings are therefore consistent with Ganesan and Hess (1997) who found a strong positive relationship between the two ABT and CBT analogs (*benevolence* and *credibility* respectively) and “satisfaction with outcomes” of the relationship. Similarly, our study corroborates the findings of Smith and Barclay (1999) who identified mutual trust as a key variable driving relationship effectiveness between selling partners in interfirm alliances. Moreover, we found CBT to be a strong predictor of ABT. Therefore, our findings corroborate McAllister (1995), who argued that some level of CBT may be necessary for ABT to emerge, because a baseline level of peer reliability and dependability may need to be met before ABT develops.

Next, our findings provide insights into the sequencing of influence tactics, and the determinants of manifest influence in CFRs. Recall that our basic premise was that MMs were more likely to use legalistic pleas (a task-oriented tactic) before threats (a non task-oriented tactic) because the costs of using the former tactic to increase their manifest influence would be much higher. On the basis of prior research (Venkatesh, Kohli, and Zaltman, 1995), we also expected and found that the use of legalistic pleas did not increase the manifest influence of MMs. As a consequence, we expected that MMs would then use threats as a means of trying to increase their manifest influence. Our results support this expectation and therefore, fit in with Yukl, Falbe, and Youn’s (1992) contention that threats are used most often when an initial influence attempt has failed¹. A key contribution of our research is that by specifying the causal ordering of these two influence tactics in the way that we do, we help explain Venkatesh, Kohli, and Zaltman’s (1995) unexpected findings regarding their use in buying centers.

Though legalistic pleas had no effect on increasing the manifest influence of MMs, we found that the use of threats, and the power of the marketing unit were associated with MMs having higher manifest influence. In addition, total interdependence had the strongest association with the manifest influence of MMs. One possible explanation for this is that often marketing occupies a key strategic place within the organization (e.g., Hutt, 1995). Given the functional centrality of marketing, it is deeply embedded within an organization’s system of interdependent activities, and becomes essential to the functioning of that system (Astley and Zajac, 1990). This centrality therefore provides a certain amount of power for the marketing unit.

As noted in the discussion of the descriptive statistics, the marketing units within our study had a moderate amount of power within their firms. Furthermore, the power the

¹ The scaled mean score for legalistic pleas = 2.16, while the mean score for threats = 1.78. This finding indicates that legalistic pleas were used more frequently than threats. The scaled score was computed for the two tactics by dividing the absolute score by the number of the items in the scale.

marketing unit possesses can accrue to MMs, and may be used by them in their CFRs. Our results show that the power of the marketing unit has an impact on cross-functional coordination. Specifically, the power of the marketing unit is positively associated with the manifest influence of MMs, and positively associated with their use of legalistic pleas. This suggests that managers of more powerful units have less need to use threats, and tend to use more socially acceptable influence tactics such as legalistic pleas as initial influence attempts. The use of threats however is not ruled out as a follow-up influence tactic, where the initial influence attempt has failed.

Turning to the impact of MMs using threats, our overall results support the notion that the use of this hard coercive influence tactic often leads to negative psychological and psychosocial outcomes. Specifically, we found that the use of threats was negatively associated with CBT, ABT, and perceived relationship effectiveness, though the structural coefficient linking threats and ABT was not statistically significant. As argued previously, the use of threats clearly increases a MMs manifest influence, and our results show that this comes at a high cost, because trust and relationship effectiveness are adversely affected.

Finally, the positive effect of manifest influence on relationship effectiveness lends support to Ruekert and Walker's (1987) theory which posits that informal (social) influence can act as a coordinating mechanism in horizontal CFRs. To sum up, the following variables helped to explain the level of perceived relationship effectiveness, the variables are—CBT (+), ABT (+), threats (-), and manifest influence (+). Of these, the strongest positive direct effects were found for CBT and ABT, though CBT also had a strong indirect effect. The next strongest positive effects were from manifest influence (a direct effect), and total interdependence (an indirect effect). The strongest negative effects are from the use of threats (strong direct and indirect effects) and legalistic pleas (strong indirect effect).

Managerial Implications

Our findings have implications for both senior marketing executives and middle-level MMs who are directly involved in CFRs with SMs. One of the encouraging findings from this research is that contrary to anecdotal reports, and conceptual work in the academic literature (e.g., Dewsnap and Jobber, 2000), many firms in the UK and Australia appear to be managing this CFR quite well. As noted previously, the mean for *perceived relationship effectiveness* was 28.6 out of a total possible score of 35, where higher scores reflect higher effectiveness. This is important for firms operating in business markets, because to be successful, MMs in such firms need to work closely with other functional managers and act as integrators within the firm (Hutt, 1995). Also, planning in business marketing firms requires more functional interdependence than firms in the consumer goods sector (Hutt and Speh, 2001).

The relatively high standard deviation (s.d. = 6.67) however, reveals that there is quite a large variation in CFR effectiveness in business markets, and our model testing provides insights into how to improve the MM/SM relationship. For example, one major implication flowing directly from our research is the salience of interpersonal trust in building and maintaining effective CFRs. In particular, MMs should be aware that in order for SMs to begin building trust in them, they must first demonstrate their competence and professionalism. Our results suggest that once this competence is demonstrated, CBT may emerge, and where CBT develops, the qualitatively more "special" form of trust, ABT may develop (Johnson-George and Swap, 1982). The positive effects of these two forms of trust on relationship effectiveness, both singly, and in combination, is substantial.

A second set of implications relates to the use of influence tactics by SMs and MMs. In our study the use of legalistic pleas was found to have a strong indirect, negative association with relationship effectiveness. In addition, the use of legalistic pleas did not increase the

MM's manifest influence. This suggests that legalistic pleas are an inappropriate influence tactic for use by SMs and MMs in their relationships. Although our research is unable to provide guidance as to what other influence tactics might be used, studies within the management and organizational psychology literature can offer insights here. In particular, Yukl (2002) has noted that there are few opportunities for managers to use coercive influence attempts in lateral relations, and where coercion is attempted, this is likely to elicit retaliation and escalate conflict in the CFR. Hence managers in lateral relations may be better advised to use less coercive, more socially acceptable influence tactics such as rational persuasion, collaboration, and consultation.

Our results regarding the use of threats by the MM also support this argument. While the use of threats clearly increases manifest influence and may have a positive short-term impact on the outcomes of a specific project, its use comes at a significant cost, because of its detrimental effect on interpersonal trust, and relationship effectiveness. Our findings therefore corroborate the literature on influence tactics, which recommend the use of threats only as a last resort. It may therefore be useful sending SMs and MMs on training courses and management development programs to help them choose the most appropriate forms of interaction and influence tactics for use on cross-functional projects.

A final implication of this research is that the level of interdependence between marketing and sales, and the power of the marketing unit are important structural conditions for CFR development. Interdependence can affect the development of trust in CFRs, most likely because higher interdependence implies a need for more work-related interaction between those managers. This can then provide enough evidence for managers to conclude that their counterpart in another department is competent and reliable, i.e., CBT can emerge. Where CBT emerges, our results show that ABT may then develop. In addition, higher interdependence is associated with higher manifest influence, and both CBT and manifest influence are positively associated with relationship effectiveness. Consequently, if senior management explicitly link marketing and sales activities, i.e., increase total interdependence between the managers, this may help improve the performance of the working relationship, and deliver greater satisfaction to customers in business markets.

Limitations and Directions for Future Research

A major limitation of our research is that it is restricted to SM's perceptions of the CFR. To better understand the marketing/sales CFR, future research will need to examine the relationship from the perspective of MMs. Ideally, however, researchers need to examine SMs and MMs simultaneously i.e., provide dyadic data.

Another limitation relates to our decision to examine the effect of two hard coercive influence tactics—legalistic pleas and threats. Future work could examine other types of tactics classified as soft and coercive (e.g., recommendations, promises) or other more socially acceptable tactics (e.g., rational persuasion, collaboration, and consultation) which have been identified in psychology and organization behavior (e.g., Yukl and Tracey, 1992).

Furthermore, because we focused only on the psychosocial outcome of perceived relationship effectiveness, future research could examine other psychosocial outcomes, such as interpersonal conflict. Conflict is widely believed to be inevitable within organizations (e.g., Pondy 1967), and research in the marketing literature has found that conflict can have functional as well as dysfunctional effects on CFRs (e.g., Menon, Bharadwaj, and Howell, 1996). Future research could therefore examine the effects of these two forms of conflict. In addition, other task-related outcomes could be examined, e.g., achievement of marketing's goals, achievement of sales' goals, and achievement of joint goals (Ruekert and Walker, 1987).

Furthermore, our research investigated only lateral CFRs, and it would be interesting in the future to extend this research into an examination of superior/subordinate CFRs in order to establish if trust is as central in determining relationship effectiveness or other task-related outcomes.

Our study also demonstrates the value of integrating the interaction and resource-dependence approaches to the study of the relationship between SMs and MMs. Future research could follow this example and examine other relevant variables from both approaches which may lead to a better understanding of how the relationship between SMs and MMs can be improved. These could include the communication patterns between the two managers, the effects of different levels of functional centrality of the marketing unit, and the effects of interdependence and power asymmetry between the two functional units.

Another suggestion relates to our choice of theoretical frameworks, i.e., the interaction approach and resource dependence theory. Future research could also draw on structural contingency theory. By doing this it will be possible to examine how various structural variables such as formalization, centralization, the reporting relationships of the managers, and the use of various “lateral linkage mechanisms”, e.g., the establishment of shared functional goals, and the use of cross-functional teams and task forces (Olson, Walker, and Ruekert, 1995) impact on relationship effectiveness. In addition, it would be useful to examine the impact of other individual-level variables identified in the literature, e.g., the level of the SM’s marketing training, and the MM’s level of sales experience (Shaw and Shaw, 1998).

Finally, because our focus was on firms in business markets, future research could also examine marketing/sales CFRs within consumer packaged goods firms, where the role of marketing is likely to be quite different.

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TABLE 1
Descriptive Statistics

	Scale Mean	S.D.	1	2	3	4	5	6	7
1. Power of the Marketing Unit	15.32	5.83							
2. Interdependence ^a	26.25	6.28	.12						
3. Threats	5.51	3.28	.23**	.24**					
4. Legalistic pleas	6.44	3.81	.27**	.10	.74**				
5. Cognition-based Trust	27.00	6.52	-.07	.20*	-.28**	-.24**			
6. Affect-based Trust	15.68	5.24	-.08	.17	-.28**	-.27**	.79**		
7. Manifest Influence	23.91	5.25	.25**	.35**	.26**	.14	.23**	.21*	
8. Perceived Relationship Effectiveness	26.80	6.67	-.11	.23*	-.38**	-.36**	.69**	.69**	.29**

^a Denotes a formative indicator.

* Pearson correlation coefficients significant at the 0.05 level (two-tailed test).

** Pearson correlation coefficients significant at the 0.01 level (two-tailed test).

TABLE 3
Determinants of Perceived Relationship Effectiveness

Construct	Direct Effect (1)	Indirect Effect (2)	Total Effect (1) + (2)
Manifest Influence	.222	-	.222
Cognition-based Trust	.316	.261	.577
Affect-based Trust	.337	-	.337
Threats	-.269	-.143	-.412
Legalistic Pleas	-	-.323	-.323
Total Interdependence	.000	.203	.203
Power of the Marketing Unit	-	-.051	-.051

TABLE 2
Structural Model

Linkages in the Model	Hypotheses Number	Hypotheses Sign	Result
Between Endogenous Variables			
Manifest influence → PRE	H ₁	+	.222**
CBT → PRE	H _{2a}	+	.316**
ABT → PRE	H _{2b}	+	.337**
CBT → ABT	H _{2c}	+	.774**
Legalistic Pleas → Manifest Influence	H _{4a}	–	–.059
Legalistic Pleas → Threats	H _{4b}	+	.751**
Threats → CBT	H _{5a}	–	–.303**
Threats → ABT	H _{5b}	–	–.060
Threats → Manifest Influence	H _{5c}	+	.233**
Threats → PRE	H _{5d}	–	–.269**
Exogenous → Endogenous Variables			
Total Interdependence → CBT	H _{3a}	+	.233**
Total Interdependence → Manifest Influence	H _{3b}	+	.307**
Power of Marketing Unit → Manifest Influence	H _{6a}	+	.173*
Power of Marketing Unit → Legalistic Pleas	H _{6b}	+	.276**
Model Diagnostics			
$\chi^2 = 24.173$, $p = 0.044$, $df = 14$			
GFI = 0.957, CFI = 0.975, RMSEA = 0.075			
** Significant at ≤ 0.01 level (one-tailed test)			
* Significant at ≤ 0.05 level (one-tailed test)			

FIGURE 1
CONCEPTUAL MODEL

