



## Leveraging Marketing Resources to Strengthen Stakeholder Company Identification

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**LEVERAGING MARKETING RESOURCES TO STRENGTHEN  
STAKEHOLDER COMPANY IDENTIFICATION**

A Dissertation Presented

By

MARK D. GROZA

Submitted to the Graduate School of the  
University of Massachusetts Amherst in partial fulfillment  
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

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Isenberg School of Management



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## **DEDICATION**

This dissertation is dedicated to all of you who have influenced my life. I have been blessed with a wonderful family and amazing friends. Here's to you!



## **ACKNOWLEDGEMENTS**

The list of individuals who have influenced me during my doctoral program and during the writing of this dissertation is quite extensive. I would like to acknowledge some of those individuals here. First, I would like to thank my chair Tom Brashear. Two years ago Tom volunteered to be my dissertation chair without having known me or my work in great detail. Our relationship has grown and I now consider Tom not only my dissertation chair but also a friend. Thank you Tom for all the support and great insight you have provided during the writing of this dissertation.

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## **ABSTRACT**

### **LEVERAGING MARKETING RESOURCES TO STRENGTHEN STAKEHOLDER COMPANY IDENTIFICATION**

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Channel relationships, market knowledge, strategic partnerships and brand equity are examples of marketing resources which firms can possess. Marketing resources are especially valuable when they are properly leveraged by agents of the firm (Srivastava, Fahey, and Christensen 2001). This dissertation examines how one marketing resource – corporate sponsorships – can be leveraged by companies to enhance financial performance. Based on the tenets of social identity theory (Tajfel and Turner 1985), two conceptual models are developed which propose corporate sponsorship can develop the attractiveness of a company's identity and thus enhance levels of company identification among salespeople (Study 1) and customers (Study 2). It is further proposed that through this strengthening of company identification, these stakeholders will become motivated to perform supportive behaviors on behalf of the company which will lead to the firm's enhanced performance.

To empirically test the conceptual models, data were collected from the sales force and a sample of customers of a *Fortune* 1000 company which actively engages in a single national corporate sponsorship. The data set used in Study 1 includes survey



responses from 490 sales representatives (21.7% response rate) which are combined with objective sales data gathered from company records. The data were analyzed utilizing linear regression and Hierarchical Linear Modeling. The conceptual model developed in Study 2 was tested utilizing structural equation modeling of survey data collected from 246 active customers.

The two studies contained in this dissertation make several important theoretical and substantive contributions to both marketing theory and practice. First, evidence is provided that company identity can be influenced by a company and its marketers. By affiliating with a prestigious entity through a corporate sponsorship, a firm can enhance the attractiveness of its identity which in turn, influences levels of identification among salespeople and customers. The studies also provide additional evidence highlighting the power of identification in terms of predicting firm-directed supportive behaviors. The analysis in Study 1 shows that company identification influences salesperson sales growth and Study 2 confirms that customer-company identification leads to customer sales and positive word-of-mouth communications. Implications of these findings are provided.



## TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS.....	v
ABSTRACT.....	vii
LIST OF TABLES.....	xiii
LIST OF FIGURES.....	xiv
CHAPTER	
1. INTRODUCTION.....	1
1.1 Background.....	1
1.2 Purpose of the Research.....	3
1.3 Contribution of the Research.....	4
1.4 Organization.....	6
2. THEORETICAL FRAMEWORK AND REVIEW OF THE LITERATURE.....	8
2.1 Social Identity Theory.....	8
2.1.1 Self-Categorization Theory.....	9
2.1.2 Organizational Identification.....	13
2.1.3 Customer-Company Identification.....	15
2.1.4 Antecedents of Identification.....	16
2.1.4.1 Constituents of Company Identity.....	19
2.1.5 Outcomes of Identification.....	20
2.2 Corporate Sponsorship.....	22
2.2.1 Development of the Sponsorship Literature.....	24



2.2.1.1	Image Transfer Model.....	26
2.2.1.2	Social Identity Theory and sponsorship.....	27
2.2.1.3	Other Models of Sponsorship.....	29
2.2.2	Sponsorship as a Marketing Resource.....	31
2.2.2.1	Leverage and Activation.....	32
2.2.2.2	On-site Activation.....	35
2.2.2.3	Customer Engagement.....	36
2.2.3	Research Gaps.....	37
3.	<b>STUDY 1: MOTIVATING THE SALES FORCE TO LEVERAGE MARKETING RESOURCES.....</b>	<b>41</b>
3.1	Sponsorship and Salesperson-Company Identification.....	44
3.1.1	Leveraging Marketing Resources.....	47
3.1.2	Sales Performance.....	51
3.1.3	Moderators.....	53
3.2	Method.....	55
3.2.1	Data Collection.....	55
3.2.1.1	Research Context.....	55
3.2.1.2	Sample.....	56
3.2.1.3	Assessing Non-Response Bias.....	56
3.2.2	Measures.....	57
3.2.2.1	Measuring Sales Performance.....	59
3.2.2.2	Control Variables.....	59
3.2.3	Measurement Assessment.....	60



3.3 Analysis and Results.....	61
3.3.1 Analytic Approach.....	61
3.3.2 Preliminary Model Development.....	63
3.3.2.1 Unconditional Means Model.....	63
3.3.2.2 Unconditional Linear Growth Model.....	65
3.3.2.3 Unconditional Nonlinear Growth Model.....	66
3.3.3 Conditional Nonlinear Growth Model.....	68
3.3.4 Growth Modeling Results.....	69
3.3.5 Antecedents of Company Identification and Resource Leverage.....	70
3.4 Discussion.....	71
3.4.1 Examining the Resource Leverage - Performance Relationship.....	73
4. STUDY 2: STRENGTHENING THE CUSTOMER-COMPANY BOND: ENGAGING CUSTOMERS THROUGH CORPORATE SPONSORSHIP.....	87
4.1 Personal Inducements.....	88
4.1.1 Customer Engagement through Sponsorship.....	89
4.1.2 Customer Engagement and Customer-Company Identification.....	91
4.1.3 The Moderating Role of Perceived Prestige.....	94
4.1.4 Outcomes of Customer-Company Identification.....	96
4.1.5 A Direct Link from Participation to Sales.....	98
4.2 Method.....	100
4.2.1 Data Collection.....	100
4.2.1.1 Research Context.....	100
4.2.1.2 Participant Sample.....	102
4.2.1.3 Non-Participant Sample.....	102



4.2.2	Measures.....	104
4.2.3	Measurement Assessment.....	105
4.3	Data Analysis and Results.....	106
4.3.1	Main Effects of Participation.....	106
4.3.2	Interaction Effects.....	108
4.3.3	Multigroup Estimation.....	109
4.3.4	Regression Analysis.....	110
4.4	Discussion.....	112
5.	CONTRIBUTIONS, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH.....	125
5.1	Theoretical Contributions.....	125
5.1.1	Study 1.....	126
5.1.2	Study 2.....	127
5.2	Managerial Implications.....	128
5.3	Limitations and Directions for Future Research.....	132
5.3.1	Study 1.....	133
5.3.2	Study 2.....	135
	BIBLIOGRAPHY.....	137



## LIST OF TABLES

Table	Page
2.1 Worldwide Sponsorship Spending 2009-2011.....	39
2.2 North American Sponsorship Spending by Property Type.....	40
3.1 Study 1: Survey Items and Factor Loadings.....	76
3.2 Study 1: Correlation Matrix and Descriptive Statistics .....	78
3.3 Study 1: Results of Multilevel Growth Modeling .....	79
3.4 Study 1: Variance Components of Multilevel Growth Models .....	80
3.5 Study 1: OLS Regression Results.....	81
3.6 Study 1: Summary of Study Hypotheses and Tests of Hypotheses.....	82
4.1 Study 2: Study Items and Factor Loadings.....	114
4.2 Study 2: Means, Standard Deviations, Alpha Reliabilities, Average Variance Extracted and Correlations.....	115
4.3 Study 2: Results of Path Modeling.....	116
4.4 Study 2: Path Results of Moderation effects of Perceived Prestige.....	117
4.5 Study 2: Regression Results for Antecedents of Customer-Company Identification, Word-of-Mouth and Sales.....	118



## LIST OF FIGURES

Figure	Page
3.1 The Influence of Prestige and Voice on Identification, Resource Leverage and Sales Performance .....	83
3.2 Effect of Salesperson-Company Identification on Salesperson Sales Performance Trajectories.....	84
3.3 Effect of Salesperson Resource Leverage on Salesperson Sales Performance Trajectories.....	85
3.4 Attenuating effect of Customer Orientation on the Negative Influence of Salesperson Resource Leverage on Salesperson Sales Growth.....	86
4.1 Potential Relationships of Sponsorship-Linked Corporate Hospitality Events.....	119
4.2 Conceptual Framework of Customer Hospitality Participation .....	120
4.3 Alternative Model of Customer Hospitality Participation.....	121
4.4 Alternative Model of Customer Hospitality Participation, High Prestige Group.....	122
4.5 Alternative Model of Customer Hospitality Participation, Low Prestige Group.....	123
4.6 Perceived Prestige as Moderator of Hospitality Participation.....	124



# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background**

The practice and theory of marketing is increasingly focused on building and maintaining long-term relationships with various stakeholders. The nature and meaning of these relationships has garnered increasing attention in both the marketing (Bhattacharya and Sen 2003; Dwyer, Schurr, and Oh 1987) and management literatures (Bergami and Bagozzi 2000; Dukerich, Golden, and Shortell 2002; Dutton, Dukerich, and Harquail 1994). Social identity theory provides an appropriate theoretical foundation to examine the relationships individuals have with business organizations (Ashforth and Mael 1989). According to social identity theory, people form important psychological bonds with social groups because these social groups allow individuals to both affirm and express their self-concepts (Tajfel and Turner 1985). Just as individuals form important psychological bonds with social groups, they also form important psychological bonds with companies.

Among internal stakeholders this psychological bond has been termed organizational identification (Mael and Ashforth 1992) and among customers this bond has been termed customer-company identification (Bhattacharya and Sen 2003). The concept of identification is grounded in social identity theory and is defined as an individual's psychological connection with an organization. This psychological connection represents one of the strongest forms of relationships because when identification occurs, the goals and successes of the organization become intertwined with the goals and successes of the individual (Ashforth and Mael 1989).



Social identity theory predicts that organizational identification will lead to many favorable firm-directed behaviors. Empirical research in the marketing domain has confirmed many positive consequences of identification. For example, among employees organizational identification has been found to lead to customer orientation (Celsi and Gilly 2010), salesperson effort (Hughes and Ahearne 2010) and ultimately employee performance (Wieseke et al. 2009). Among customers, identification has been found to lead to customer product utilization (Ahearne, Bhattacharya, and Gruen 2005), inhibit brand switching intentions (Lam et al. 2010) and enhance customer supportive behaviors such as positive word-of-mouth communications and repurchase intentions (Kuenzel and Halliday 2008). Considering these and other potential favorable outcomes of identification, a central concern to business organizations is how they can enhance levels of identification among their stakeholders.

Paralleling the theoretical development of the concept of company identification has been the growing use of corporate sponsorship as a marketing resource. Corporate sponsorship involves a company paying some external entity for the right to affiliate with that entity. Through this relationship the sponsoring company acquires various resources which it can leverage to enhance firm performance. The enhancement of company awareness and company image are commonly cited objectives for engaging in corporate sponsorship (Meenaghan 2001). Through the sponsorship alliance, the image of a sponsored organization can spill-over and alter the image of the sponsoring company (Gwinner and Eataon 1999; Keller 1993). The potential for this transfer of image along with the popularity, prestige and public nature of commonly sponsored entities suggests that sponsorship is one marketing resource that may be particularly useful in enhancing



the attractiveness of a company's identity and thus strengthening stakeholder-company identification. By aligning with popular and prestigious entities through a sponsorship arrangement, companies may be able to facilitate the identification process among both internal and external constituents.

## **1.2 Purpose of the Research**

While the literature has confirmed the importance of identification in terms of its outcomes, what remains unclear is how firms can *enhance* identification among its current stakeholders. Firms are increasingly engaging in collaborative marketing alliances in the form of corporate sponsorships. While research has confirmed that these alliances can fundamentally alter the image of the firm involved in the alliance (Simonin and Ruth 1998), the literature has yet to consider how these inter-organizational alliances affect stakeholder – firm relationships. Grounded in social identity theory (Tajfel and Turner 1985), it is proposed that inter-organizational alliances in the form of corporate sponsorships can affect company identification among organizational stakeholders. A company's sales force and customers are two stakeholder groups that are particularly important in generating revenue for the firm (Tuli, Bharadwaj and Kohli 2010) and subsequently enhancing firm value (Rust et al. 2004). Thus, this dissertation specifically examines how sponsorship affects these two stakeholder groups. Four overarching research questions guide the development of the conceptual models and subsequent research hypotheses. These questions are:

- 1) How does corporate sponsorship affect internal stakeholders, specifically a company's sales force?



- 2) How do salespeople utilize their company's sponsorship alliances during the sales process?
- 3) What effect does participation in a company's corporate sponsorship program have on customer-company identification?
- 4) What effect does salesperson-company identification and customer-company identification have on sales performance?

### **1.3 Contribution of the Research**

This dissertation makes important contributions to three specific areas of the marketing literature. Particular contributions are provided to the stakeholder-company identification, sales force management and sponsorship streams of research. First, this dissertation provides evidence that firms can strengthen the relationships stakeholders (i.e., salespeople and customers) have with the firm through acquiring and leveraging marketing resources, specifically, corporate sponsorship. While company identification has emerged as an important predictor of supportive behavior, the studies contained in this dissertation provide insight as to how marketers can enhance levels of identification among stakeholders. Further, a theoretically grounded explanation for how corporate sponsorship can help foster and build stakeholder firm relationships is provided.

This dissertation advances the theoretical development of stakeholder-company identification by proposing a company can enhance the attractiveness of its identity and thus enhance levels of identification among stakeholders by entering into an alliance with an entity perceived to be prestigious. While the literature has confirmed the perceived prestige of an organization is an important antecedent of stakeholder identification (Mael and Ashforth 1992), research has yet to consider how an affiliation with a prestigious external entity affects stakeholder-company identification. This advancement of the



literature is important because it provides firms a specific mechanism to enhance stakeholder-company identification: that is, affiliating (i.e., sponsoring) with external entities perceived to be prestigious.

Another important contribution this dissertation makes to the identification stream of marketing research is it examines the enduring nature of identification. While identification theorists posit stakeholder-company identification is somewhat dynamic in that it can be influenced by actions of the company (Scott and Lane 2000), the psychological bond that results from identification as well as the outcomes of identification are thought to be enduring (Bhattacharya and Sen 2003). Both of these propositions are tested simultaneously in the studies presented in this dissertation. That is, the enduring nature of company identification resulting from actions of the company is analyzed.

In addition to its contributions to the identification stream of marketing research this dissertation also makes important contributions to the sales literature. There has been increasing focus on the importance of salesperson-company identification in sales research (DeConinck 2011; Hughes and Ahearne 2010; Larson et al. 2008). Salesperson-identification represents an attractive construct for sales researchers because the motivation derived from identification is inherently intrinsic in nature (Tajfel and Turner 1985). This is important because salespeople driven by intrinsic sources of motivation have been found to be especially successful at achieving organizational goals (Mackenzie, Podsakoff, and Ahearne 1998). This dissertation posits a new mechanism companies can deploy to enhance salesperson-company identification: the sponsorship of a prestigious organization. This dissertation also considers an outcome of salesperson-



company identification yet to be considered in the literature: the degree to which a salesperson utilizes firm level marketing resources. The utilization of firm resources and the supportive behaviors derived from company identification are thought to enhance salesperson sales-efficacy.

Finally, the studies contained in this dissertation provide a number of contributions to the sponsorship literature. First, the dissertation provides a new theoretical explanation to how marketing investments can enhance firm value. The majority of sponsorship literature to date has focused on how the alliance can enhance brand awareness and brand image. Additionally, the literature has almost exclusively examined how the investment affects consumers (Cornwell 2008). Little work has examined how sponsorship can be used to build relationships with customers or how the marketing investment affects internal stakeholders. This dissertation advances the theoretical development of the sponsorship literature by proposing sponsorship can fundamentally alter a company's identity making the company a more attractive target for identification. This relationship building aspect of sponsorship has yet to be considered in the literature and represents an important theoretical contribution.

## **1.4 Organization**

This dissertation follows a two study format and is organized into four remaining chapters. Chapter 2 includes the development of the guiding theoretical framework (social identity theory) as well as a comprehensive review of the corporate sponsorship literature. In addition to describing current industry trends regarding the use of



sponsorship as a marketing communication tool, the review also contains an analysis of the theoretical development of the domain and identifies important gaps in the literature.

Chapter 3 contains Study 1 entitled “Motivating the Sales Force to Leverage Marketing Resources”. This study considers how salespeople are affected by, and subsequently utilize their company’s sponsorship alliances to grow their sales. The development of the hypotheses, data collection and analysis, and discussion of the results of Study 1 are each contained in Chapter 3.

Next, Chapter 4 contains Study 2 entitled, “Strengthening the Customer-Company Bond: The Role of Corporate Sponsorship”. This study examines the links between customers’ participation in company hosted sponsorship events and customer-company identification and customer sales performance. Chapter 4 includes the hypotheses development, data collection, data analysis and discussion of the results of Study 2. Finally, Chapter 5 addresses the theoretical contributions, managerial implications, limitations and directions for future research of this dissertation.



## **CHAPTER 2**

### **THEORETICAL FRAMEWORK AND REVIEW OF THE LITERATURE**

#### **2.1 Social Identity Theory**

Individuals possess a basic psychological need to answer the question: Who am I? An individual's perception of themselves (or perceptions of who they are) is referred to as one's self-concept. Formally, the term self-concept is defined as the "totality of the individual's thoughts and feeling having reference to himself as an object" (Rosenberg 1979, 7). Different paradigms within psychology have defined and conceptualized the self-concept based on a number of theoretical premises (Sirgy 1982). Each conceptualization however, recognizes the individual's desire to maintain and enhance their self-esteem through maintaining a positive self-concept. This desire for self-esteem enhancement represents a strong motivational force affecting individuals' attitudes, emotions and behaviors. Since individuals are motivated to enhance their self-concept, understanding the source of one's self-concept represents an important theoretical question that must be considered in order to understand the underlying source of this motivation.

Reed II (2002) suggests that since consumption is largely a social activity, the social oriented conceptualization of the self-concept may particularly useful to marketing researchers. According to this sociological perspective, individuals' self-concepts are derived in part by one's social world (Tajfel 1959). That is, in addition to possessing an idiosyncratic personal identity individuals also possess a social identity. One's social identity is the part of the self-concept that is defined by the social categories to which the individual belongs (Hogg, Terry, and White 1995). Tajfel (1978) formally defines social



identity as “...the part of an individual’s self-concept which derives from his knowledge of his membership of a social group (or groups)” (63). Individuals use the social groups they are a part of to help them define who they are. Membership in such social groups is used to express one’s identity to the outside world and confirm one’s identity to one’s self. When an individual uses a social group (or a variety of social groups) to define themselves they are said to be identified with the group(s) (Tajfel 1978).

Social identity theory was originally developed in social psychology to capture the intergroup and intragroup dynamics of large-scale salient social categories such as gender, ethnicity and age cohorts (Reed II 2002). Social identification is the perception of oneness with or belongingness to any of these various social groups. Identification involves a psychological intertwinement between the individual and the group (e.g., I am a woman, I am Polynesian). When an individual becomes identified with a social group they begin to define themselves based on the core attributes of that group. As originally conceptualized, social identification only occurred between an individual and well-defined social categories (Tajfel 1978). Developments within the theoretical paradigm however, have extended the concept of social identification to include identification beyond pre-defined social categories. Today, social identity theory encompasses a diffuse, yet interrelated group of social psychological theories (Reed II 2002). The development of one such related theory, self-categorization theory, is particularly relevant to the marketing domain. Key tenets of self-categorization theory are outlined next.

### **2.1.1 Self-Categorization Theory**



Social identity theory was extended by Turner (1985) and Tajfel and Turner (1985) through the introduction of self-categorization theory. Self-categorization theory developed in the social psychology domain but is largely based on the tenets of categorization theory originating from cognitive psychology. According to categorization theory, people cognitively organize information into meaningful categories or mental schemas. This categorization process acts as a simplifying heuristic allowing people to make sense of complex situations (Loken et al. 2008; Rosch and Mervis 1975). The similarity and distinctiveness of the features of different objects are important components of categorization theory. The theory suggests that individuals will place two or more objects similar on some dimension into the same mental category. Conversely, two or more objects distinct on some dimension will be placed into different mental categories (Tversky 1977). This categorization process reduces cognitive load because it allows individuals to make inferences about unfamiliar objects with which they come into contact.

Categorization theory is largely built on the same theoretical foundation as schema theory. According to schema theory (Anderson 1983), knowledge is organized into mental schemas or “knowledge structures.” Mental schemas consist of nodes (i.e., concepts or stored information) that are connected through links known as “associations.” Two terms, *saliency* and *activation*, describe how these mental schemas operate. The *saliency* of a node refers to the ease at which the information contained in the node can be retrieved from memory (Loken et al. 2008). The more salient a piece of information is, the more easily an individual will be able to retrieve that information (i.e., node) from memory. *Activation* refers to the degree to which one concept within a mental schema



becomes salient as the result of a different, yet linked node becoming salient. The degree to which one node ‘activates’ other linked nodes is a function of how strong the association between the two nodes are. These basic tenets of schema theory are at the foundation of the categorization process and are thus at the foundation of self-categorization theory.

Self-categorization theory suggests that just as people cognitively organize general information, they also cognitively organize information about themselves and the social world (Turner 1985). As described above, an individual’s self-concept is the body of knowledge the individual has of themselves. The term self-schema refers to the mental representation or ‘cognitive generalization’ an individual has about the self (Markus 1977). Similarly, individuals have mental representations of the social world that are labeled social-schemas. Self-categorization theory posits that through these self- and social-schemas individuals group themselves and others into different social categories (Hogg and Terry 2000). This cognitive categorization process serves two functions. First, identical to categorization theory the mental ordering of the social environment allows individuals to more easily understand complex social situations. Second, self-categorization allows people to define their self in relation to others. Typically, people classify themselves into one social category (i.e., the in-group) and out of other competing social categories (i.e., the out-groups). Individuals then cognitively assimilate the self into the in-group and consequently, the in-group becomes an essential component of the individual’s self-concept. In essence the in-group, or the social category to which the individual has categorized themselves with, becomes an important part of that individual.



Accentuation theory provides additional insights as to why this categorization process and the development of in-groups and out-groups are important. According to accentuation theory, the *similarities* between objects placed in the same mental category are exaggerated. Simultaneously, the perceived *differences* between objects placed in different mental categories are also exaggerated. When the self and others are grouped via the self-categorization process *similarities* among the in-group are accentuated. Likewise, the distinctiveness between the in-group and out-group are also accentuated (Turner 1985). The reason self-categorization theory is distinct and adds to social identity theory is because of the voluntary grouping and the inherent ‘us’ versus ‘them’ tension associated with the conceptualization (Reed II 2002). Self-categorization is inherently a cognitive process. When an individual cognitively inserts himself or herself into one social category it increases the emotional significance of that group affiliation. As such, in an effort to maintain a positive social identity (in order to maintain a positive self-concept and positive self-esteem) individuals tend to identify with social groups they perceive as being prestigious. Likewise, individuals are inclined to rate the in-group as being better than the out-group. Finally, in an effort to maximize one’s self-esteem individuals tend to work to enhance the standing of the in-group in relation to the out-group (Hogg and Abrams 1990). As an individual becomes identified with a social group, the successes and failures of the group become intertwined with the successes and failures of the individual (Turner 1985).

The desire to enhance the standing of the in-group represents a powerful motivating factor that influences individuals cognitively, affectively and behaviorally. For example, the mere self-categorization process leads to a spontaneous increase in



affect toward the in-group (Otten and Wentura 1999). Similarly, the retention of information about, and generosity and forgiveness toward, have all been found to be targeted toward the in-group to a greater extent the out-group (Weiner 2003). Within the social world the formation of in-groups and out-groups (which occurs as a result of the cognitive self-categorization process) acts as a powerful motivating factor. The next sections contain discussion of recent extensions of self-categorization theory (and social identity theory) to the management and marketing domains.

### **2.1.2 Organizational Identification**

Ashforth and Mael (1989) were among the first to suggest that organizations, just like social categories, can play an important role in helping individuals define who they are. This extension of social identity theory into the organizational behavior domain was made possible by the development of self-categorization theory. Self-categorization theory suggests that individuals cognitively group the social world and are not confined to identify with pre-defined social groups such as age cohorts, gender or ethnic categories. Instead, the social world is grouped in an essentially infinite number of social categories by individuals. The application of social identity theory to the organizational behavior domain marked an important theoretical advancement for organizational and marketing researches.

Ashforth and Mael (1989) define organizational identification as “the perception of oneness with or belongingness’ to the organization” (21). Similarly, Dutton et al. (1994) define organizational identification as “the degree to which a member defines him- or herself by the same attributes that he or she believes define the organization”



(239). Both definitions stress the cognitive nature of identification. Each suggests that an individual becomes identified with the organization when they develop a cognitive awareness of some similarity with the organization. The cognitive, self-definitional aspect of identification is a key factor that differentiates it from the similar, yet importantly distinct construct of commitment (Ashforth and Mael 1989). While commitment consists of an affective or emotional component it does not reflect the cognitive element of psychological oneness that identification consists of (Homburg, Wieseke, and Hoyer 2009). When someone becomes *identified* with an organization, he or she essentially become one with the organization.

While much of the early research in the organizational behavior and marketing domains had (correctly) conceptualized organizational identification as being a cognitive construct, measures of the construct included the cognitive aspect as well as affective outcomes of identification (Bergami and Bagozzi 2000; Ellemers, Kortekaas, and Ouwerkerk 1999). Bergami and Bagozzi (2000) posited and empirically supported the idea that cognitive organizational identification (i.e., a sense of oneness with an organization) is distinct from affective organizational commitment and that cognitive identification leads to affective commitment. That is, an individual's cognitive perception of oneness with an organization leads to an emotional attachment to the organization (i.e., affective commitment). Additionally, Riketta (2005) has provided meta-analytic evidence that organizational identification and affective commitment are unique constructs each yielding different outcomes. For example, identification has been found to be a stronger predictor of extra-role behavior (i.e., voluntary behavior beneficial to the organization) than affective commitment because organizational identification



represents the internalization of the norms and goals of the organization (Riketta 2005, 372). Employees and other formal organizational members were the targets of early organizational behavior research on identification. The concept of organizational identification however, has been extended to include stakeholders who are not necessarily formal members of the organization (e.g., customers). The development of *customer-company identification* and the extension of social identity theory into the marketing context are outlined next.

### **2.1.3 Customer-Company Identification**

The definitions of organizational identification provided by Ashforth and Mael (1989) and Dutton and colleagues (1994) suggest some sort of formal membership is necessary for the identification process to occur. Subsequent research however, has shown that *formal* group membership is not necessary for the identification process to occur (Press and Arnould 2011; Scott and Lane 2000). Rather, as suggested by self-categorization theory organizational identification can occur among customers, perspective employees or any other individual who is simply aware of the organization's existence. This seemingly minor detail is especially important to marketing researchers because customers (the target of much marketing research) are not formal members of the organization, *per se*. Rather, customers are important *external* stakeholders.

The idea that anyone can identify with any social entity is central to the conceptualization of customer-company identification made by Bhattacharya and Sen (2003). These authors propose that customers can fulfill self-definitional (i.e. "Who am I?") needs by identifying with for-profit companies. This conceptualization is grounded



in social identity theory and largely based on Ashforth and Mael's (1989) organizational identification construct. Bhattacharya and Sen (2003) argue people identify with companies with which they believe share common traits as themselves. A customer does not have to be a formal member of the organization in order to identify with the company. A fan of Mercedes Benz automobiles for example, need not be a member of any fan group or brand community to identify with the company. The individual simply has to develop a sense of oneness with the organization and begin to define who they are based on this identification.

#### **2.1.4 Antecedents of Identification**

From a theoretical standpoint, the antecedents of identification are similar for any organizational stakeholder group (e.g., shareholders, employees, salespeople, customers). According to social identity theory, individuals identify with social entities to accomplish three basic self-definitional needs: (1) the need for self-enhancement (i.e., the enhancement of self-esteem), (2) the need for self-continuity (i.e., expressing a consistent self) and (3) the need for self-distinctiveness (i.e., expressing one's uniqueness) (Tajfel and Turner 1985). These motivational factors suggest individuals will identify with social entities (e.g., companies and/or brands) that they believe will help satisfy these basic self-definitional needs.

It is well established in the self-concept literature that individuals have a desire to maintain a positive sense of themselves (Sirgy 1982). By maintaining a positive sense of self, individuals are able to enhance their self-esteem or 'the degree to which one likes oneself' (Dutton et al. 1994, 246). According to social identity theory, part of an



individual's self-concept consists of a social identity (Tajfel 1978). Individuals use this social or public identity in part to express to others their self-concept. Individuals can satisfy their need for self-enhancement, in part by identifying with an entity (or multiple entities) they perceive as being successful and well-respected by others (Cialdini et al. 1976). Individuals derive vicarious pride and thus self-esteem enhancement by identifying with social entities that they perceive as being successful and that have socially valued characteristics. This is especially true if those characteristics are valued by important others (Tajfel and Turner 1985).

Companies can help individuals achieve the goal of self-enhancement through the identification process. An important antecedent of the identification process in this context then, is the degree to which the individual believes the company is well-respected by important others. Dutton and colleagues (1994) define an organization's construed external image as "a member's beliefs about outsiders' perceptions of the organization" (248). Using different terminology but a similar conceptualization, Bhattacharya and Sen (2003) use the term *prestige* to refer to "organizational stakeholders' perceptions that other people, whose opinions they value believe that the organization is well regarded" (80). Prestige is a socially constructed concept that refers to an individual's beliefs about the opinions of others. In other words, prestige is *not* what I think about an object but rather what I think others think about an object. A boost in self-esteem is more likely to occur when an individual identifies with an entity that they believe important others think highly of (Mael and Ashforth 1992). Thus, individuals will be more likely to identify with prestigious companies and brands as compared to companies and brands that are not perceived to be prestigious.



The second self-definitional need, the need for self-continuity (i.e., expressing a consistent self), has also been explored as a potential antecedent of the identification process. Self-continuity refers to the degree to which an individual is able to maintain a consistent self-concept over time and across situations (Steele 1988). There are two potentially important implications of this self-definitional need in terms of the identification process. First, scholars have argued (e.g., Bhattacharya and Sen 2003; Dutton et al. 1994) that individuals will be more likely to identify with entities that have an identity that is similar to their own self-concept. By identifying with an entity (e.g., a company and / or brand) that is similar in terms of its core values and attributes, individuals are able to express a consistent self. The consistency or ‘coherence’ of an entity’s identity is the second important implication of this need for self-continuity (Bhattacharya and Sen 2003). Individuals are unlikely to identify with companies or brands that have a fragmented or inconsistent identity because doing so would not allow the individual to express a consistent self. A company or brand that has an inconsistent identity will be of little value to an individual to use to express a consistent self.

A fundamental premise of social identity theory is people have a need to distinguish themselves from others in social contexts (Tajfel and Turner 1985). This need for self-distinctiveness can be accomplished by identifying with companies or brands that are distinct from competing organizations or brands (Bhattacharya and Sen 2003). Thus, individuals will likely identify to a greater degree with a company or a brand that is perceived to be clearly distinct from competitors. Companies and brands unable to differentiate themselves from competitors will be of little value to an individual who desires to express a distinct self through the identification process. Individuals for



example, are likely to identify with a company such as Apple (as compared with Microsoft) because Apple has been able to differentiate itself from competitors and now has clearly distinct attributes (Bhattacharya and Sen 2003). It is important to note that distinctiveness will enhance identification so long as the distinct dimension(s) is valued by the individual. Individuals for example, will likely not identify with a brand that is distinctly bad on some dimension (e.g., stands out as a socially irresponsible company or stands out as a poor quality brand). Thus, distinctiveness will enhance the likelihood of stakeholder identification as long as the attribute or dimension that is distinctive is attractive. The following section contains details as to what constitutes a company identity.

#### **2.1.4.1 Constituents of Company Identity**

Organizational identity is an individual's beliefs about the central, enduring and distinctive characteristics of an organization (Dutton et al. 1994). These characteristics are shaped by a company's culture, operating mission, values, product offerings, prototypical employee as well as other demographic characteristics (Bhattacharya and Sen 2003). Adjectives such as 'sincere', 'progressive', 'risk-taking', 'compassionate, and 'cooperative' have all been used to assess individuals' beliefs about the identity of companies (e.g., Ahearne et al. 2005; Bhattacharya and Sen 2003; Lichtenstein, Drumwright, and Braig 2004).

Perceptions of an organization's identity are dynamic and uniquely constructed in the minds of each individual. Scott and Lane (2000) refer to the process through which organizational identity becomes specified in the minds of stakeholders as "organizational



identity construction” (45). Each individual (including both internal and external stakeholders) has unique experiences with a company and thus the construction of organizational identity is unique to everyone. Rituals, symbols, ceremonies, stories and company controlled messages can be used by organizations to communicate a predefined organizational identity (Dutton et al. 1994; Press and Arnould 2011). The interpretation and meaning of such communications however, are uniquely constructed by each organizational stakeholder.

### **2.1.5 Outcomes of Identification**

The strength of social identity theory in predicting human behavior makes identification an attractive construct for organizational behavior and marketing researchers (Bhattacharya and Sen 2003). When an individual becomes identified with a group, a psychological intertwinement occurs between the individual and group. That is, the individual becomes one with the group and the goals and successes of the group become the goals and successes of the individual. This alignment of goals and successes serves as an intrinsic source of motivation causing the identified individual to behave in a fashion that supports the group (Tajfel and Turner 1985).

Research in marketing has just begun to examine specific outcomes of company identification and brand identification. For example, customer-company identification has been found to positively affect loyalty, product utilization (Ahearne et al. 2005), willingness to pay (Homburg et al. 2009), recommendation intentions and firm financial performance (Lichtenstein, Netemeyer, and Maxham 2010). Customers highly identified with a company have also been found to be more forgiving when exposed to negative



information (e.g., social misdeed) about the company (Einwiller et al. 2006) and more supportive of causes sponsored by the company (Lichtenstein et al. 2004). Employee-company identification has been found to lead to customer orientation (Homburg et al. 2009; Wieseke et al. 2007), organizational citizenship behavior (Dukerich et al. 2002), and affective organizational commitment (Bergami and Bagozzi 2000). Each of these outcomes represents important goals for management and further validates the theoretical predictions of company identification.

The predictions of social identity theory along with the robust empirical support recently provided in the marketing literature provides strong evidence that companies desiring to improve their financial performance should work to strengthen identification among their stakeholders. It remains unclear however, as to the most effective strategies companies can deploy to enhance stakeholder-company identification (Bhattacharya and Sen 2003). Corporate sponsorship is one marketing communication strategy that may be particularly effective in enhancing the attractiveness of a company's identity and thus strengthening company identification among stakeholders. This prediction is based largely on prior research that suggests the image of a sponsored entity can fundamentally alter the image of a sponsoring company or brand (Simmons and Becker-Olsen 2006). By aligning with popular and prestigious entities through a sponsorship arrangement companies may be able to facilitate the identification process among both internal and external constituents. The development of corporate sponsorship as a marketing communication tool along with the theoretical development of the research domain is addressed next.



## **2.2 Corporate Sponsorship**

Formally, corporate sponsorship is defined as “an investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity” (Meenaghan 1991, 36). Corporate sponsorship involves a corporate entity paying some organization for the right to affiliate with it in order to obtain a number of privileges associated with that affiliation. Commonly sponsored organizations include charitable causes, sport events and organizations, and community events such as parades, fairs and arts festivals. These organizations and events typically attract a large audience, are highly profiled and extremely popular. As a result of this popularity, these organizations often garner considerable attention from the public and media. This attention and popularity, in part, are what makes it attractive for companies to affiliate with these organizations.

While early research on sponsorship examined the philanthropic aspect of the activity, today sponsorship is largely viewed as a marketing investment; an investment which requires a positive financial return (Quester and Thomson 2001). Unlike traditional advertising and other forms of marketing promotion, investments in sponsorship are often viewed with skepticism among organizational stakeholders (Clark, Cornwell, and Pruitt 2002). Individuals tend to believe that management may (at least in part) engage in sponsorship because of personal or self-serving interests and not with the best interest of the company in mind (Crimmins and Horn 1996). This perception implies that management may have serious conflicts of interests when making sponsorship related decisions. That is, instead of making a decision based strictly on a cost-benefit analysis, management may decide to engage in sponsorship because they favor one



charity over another or they desire personal access to some sporting or cultural event (Clark et al. 2002). The potential for these agency conflicts has made it imperative for management to carefully justify the investment.

Corporate sponsorship is becoming an increasingly important component of the marketing communication mix. This importance becomes evident when considering the large increases in sponsorship spending witnessed in the last few decades. In 1984, worldwide sponsorship spending was at \$2 billion. By 1999, that number had topped \$23 billion and by 2010 sponsorship spending reached \$48.7 billion (Chipps 2011; Cornwell 2008; Meenaghan 2001). The proportion of overall marketing budgets devoted to sponsorship has also increased dramatically in the last twenty years. Sponsorship investments account for roughly 25 percent of overall marketing budgets of those companies that are actively engaged in sponsorship (IEG 2008). In the last several years the annual growth rate of corporate sponsorship spending has outpaced (by many times) the annual growth rate of corporate spending on other marketing promotions.

Investment in corporate sponsorship is not limited to any specific geographical region. In 2010, North American firms spent \$17.2B, European firms spent \$12.1B, Asia-Pacific firms spent \$10B, and Central and South American firms spent \$3.5B on corporate sponsorship (IEG 2011). The majority of corporate sponsorship spending is in the sports category (68%) followed by the entertainment tours and attractions category (10%), causes (9%), festivals, fairs and annual events (5%), the arts (5%) and finally membership organizations (3%). Table 2.1 contains a breakdown of world-wide sponsorship spending by geographical region, and Table 2.2 contains a breakdown of North American sponsorship spending by property type.



### **2.2.1 Development of the Sponsorship Literature**

Early academic inquiry into sponsorship was largely descriptive as opposed to prescriptive in nature. Recognizing the growing prominence and mounting corporate investment in sponsorship, Meenaghan (1991) called for more predictive theoretically grounded research addressing how sponsorship works. Two decades after this call, a substantial body of research has emerged examining sponsorship. The development of this body of research has been documented by a number of comprehensive reviews of the sponsorship literature (e.g., Cornwell and Maignan 1998; Cornwell, Weeks, and Roy 2005). Despite the growing body of research, there are still calls in the literature for additional theoretically grounded research, which will help to provide a clearer understanding of how sponsorship affects organizational stakeholders (Cornwell 2008).

The majority of sponsorship research to date has examined how the marketing communication affects consumers (e.g., Cornwell 2008; Cornwell et al. 2005; Simmons and Becker-Olsen, 2006). That is, researchers have largely presented pull models of sponsorship (i.e., models that examine how sponsorship drives consumer demand). A number of different theoretical frameworks have been adopted to help explain how sponsorship works in the minds of consumers. These theoretical frameworks include the following: The Mere Exposure Hypothesis (Zajonc 1968), the Elaboration Likelihood Model (Petty Cacioppo, and Schumann, 1983), attribution theory (Kelley 1972), schema congruity theory (Mandler 1982) balance theory (Heider 1958), and social identity theory (Tajfel and Turner 1985). Of these, congruity theory, balance theory and social identity



theory appear to be the most widely adopted theories used in the sponsorship literature (Cornwell et al. 2005).

Early research in the sponsorship area typically included standard recall and recognition outcomes. Much of this research examined if sponsorship could increase recognition of a corporate brand among spectators of a sponsored event (Meenaghan 1991). For example, grounding his study on Zajonc's (1968) Mere Exposure Hypothesis that predicts repeated exposure to a stimulus will enhance familiarity and liking for the stimulus, Bennett (1999) found that awareness of sponsoring brands was higher among spectators of a sponsored sport team than among non-spectators. Spectators' repeated exposure to in-stadium sponsorship signage was used to justify the differences between the two groups.

In addition to enhancing general brand awareness, the literature has emphasized the importance of creating awareness of the sponsoring brand – sponsored entity relationship (Crimmins and Horn 1996). Generating awareness of the relationship between a brand and sponsored entity represents a necessary, yet limited, first-line measure of sponsorship effectiveness (Meenaghan 2001). Additionally, McDonald (1991) argues that brand awareness and familiarity are relatively meaningless because awareness and familiarity do not necessarily impact consumer affect or behavior.

Subsequent research has moved beyond standard recall and recognition measures to investigate additional outcomes (e.g., affective and behavioral outcomes). Javalgi et al. (1994) were among the first to propose that corporate sponsorship could fundamentally alter the image of a sponsoring company. These authors found that in addition to increasing brand awareness, sponsorship can increase consumers' perceptions



of corporate image. Similarly, based on Heider's (1958) balance theory, Dean (2002) found that corporate sponsorship can enhance attitudes toward the sponsor. In an effort to maintain cognitive consistency, favorable attitudes toward a sponsored entity translate into favorable attitudes toward the entity's sponsors. Beyond balance theory, the literature has offered other theoretical explanations to how corporate sponsorship can affect individuals. The image transfer model developed by Kevin Gwinner (Gwinner 1997; Gwinner and Eaton 1999), is one of the most well-cited models explaining how corporate sponsorship affects a sponsoring brand. Detail of this model is presented next.

#### **2.2.1.1 Image Transfer Model**

Cognitive psychologists conceptualize memory as a series of nodes each of which contain stored information. These nodes are connected in memory by links; the links connecting nodes vary in strength (Anderson 1983; Keller 1993). Using this associative memory network theory, Gwinner (1997) introduced a comprehensive model of how the image of a sponsored enterprise is transferred to the sponsoring company or brand. Gwinner (1997) suggests that a sponsoring brand and the sponsored enterprise each represent mental nodes that are cognitively linked through their sponsorship relationship. Based on the tenets of schema congruity theory (Mandler 1982) the model further proposes that the congruence, or similarity, between sponsor and the sponsoree will moderate the transfer of image between the two parties. That is, the more similar the sponsor and sponsoree, the more tightly linked the nodes will be and the more likely image will transfer from the sponsored organization to the sponsoring company or brand.



Since Gwinner's (1997) conceptual development of the image transfer model, empirical work has supported the notion that image can in fact transfer between sponsored event and sponsoring company. For example, Gwinner and Eaton (1999) found that the image of a brand (e.g., American Express, Goodyear tires, Reebok shoes) is fundamentally altered when the brand is paired with an event (e.g., World Cup Soccer, Rose Bowl) via a sponsorship relationship. Similarly, Groza, Cobbs and Schaefer (2012) found that the image of a sponsored entity can also be altered by the brands that sponsor it. This and similar research has shown congruence to be an important moderator in this image-transfer process (e.g., Gwinner and Eaton 1999; Gwinner, Larson, and Swanson 2009). As suggested by schema congruity theory, the link connecting the nodes that contain information regarding the sponsor and sponsored entity is strengthened as the congruence between the two increases. As this link is strengthened so too is the transfer of image between the two nodes. In addition to this cognitive psychological based image-transfer model, social psychology based explanations have also been adopted in the sponsorship literature.

#### **2.2.1.2 Social Identity Theory and Sponsorship**

Social identity theory has been used as a theoretical guide in predicting consumer behavior toward sponsors. The majority of this research has examined how identification to the non-profit or sport entity (i.e., the organization being sponsored) affects consumers' reactions to that entity's corporate partners (i.e., the sponsoring brands) (Cornwell and Coote 2005; Gwinner et al. 2009; Gwinner and Swanson 2003; Madrigal 2000). Cornwell and Coote (2005) for example, found that organizational identification



with a non-profit is positively associated with purchase intentions of products produced by sponsors of the non-profit organization. That is, in accordance with the predictions of social identity theory individuals are likely to patronize a company that supports a non-profit organization with which they are identified. In the context of sport sponsorship the importance of identification with a team has also garnered researcher attention.

Identification with a sport team has been found to affect attitudes and purchase intentions of sponsors of that team. Madrigal (2000), one of the first to suggest this, found that team identification is positively associated with intentions to purchase a sponsor's products. Later, Gwinner and Swanson (2003) examined both the antecedents as well as the consequences of team identification. They found that an individual's involvement in the sport domain as well as their perceived prestige of the team leads to team identification. This identification then leads to positive attitudes and increased purchase intentions of the team's sponsors.

Recently, team identification has been included as a moderator in Gwinner's (1997) image transfer model. Empirical evidence suggests that individuals who are highly identified with a sports team perceive the image of the sponsors to be more similar to the sport enterprise than individuals who are not identified with the team (Gwinner et al. 2009). That is, team identification enhances the image transfer process. Importantly, this recent study provides additional evidence to the importance of identification in the context of sponsorship.

The level of identification an individual has toward a sponsored non-profit organization or sport team appears to be an important factor in explaining consumer responses to sponsorship. It is important to note however, that research to date has only



considered team or non-profit identification and has only considered this identification as an antecedent of sponsorship effectiveness. The literature has yet to consider company or brand identification as a potential outcome of sponsorship.

### **2.2.1.3 Other Models of Sponsorship**

In addition to Gwinner's (1997) image transfer model and social identity theory, researchers have developed other models attempting to explain consumers' responses to sponsorship. Based on classical conditioning research, Speed and Thompson (2000) argued that consumer responses to sponsorship will be based on three factors: attitudes toward the event, attitudes toward the sponsor and perceptions of congruence between event and sponsor. Speed and Thompson (2000) supported their hypotheses and found that each of these factors is important in predicting consumers' responses to sponsorship. The success of the sponsored enterprise has also been considered as an important antecedent to sponsorship effectiveness. Pope, Voges, and Brown (2009) for example, found that the success of a sponsored sport team positively affects attitudes toward sponsors of the team.

A variety of outcome variables have been included in different sponsorship response models. For example, affective and behavioral outcomes such as brand attitudes, and purchase intentions are commonly used in these models (Cornwell et al. 2005). Speed and Thompson (2000) measured sponsorship response in terms of how a sponsorship affects consumers' favorability toward the sponsor, interest in the sponsor, and likely use of the sponsor's products. Cornwell and Coote (2005) included likelihood of purchasing a sponsor's product as an outcome and recently, Pope Voges, and Brown



(2009) included brand quality as an outcome variable. Brand meaning (Chien, Cornwell, and Pappu 2011) and clarity of positioning (Simmons and Becker-Olsen 2006) have also been included as outcome variables in sponsorship response models. Each of these outcomes is undoubtedly important to a sponsoring firm. Linking sponsorship directly (or indirectly) to actual consumer behavior (i.e., sales) however, represents an important goal of customer-focused sponsorship research (Cornwell 2008).

Despite the growing body of consumer-focused sponsorship research, few studies have examined how the marketing investment affects internal stakeholders (Cornwell et al. 2005). This is somewhat surprising considering it has long been known that companies invest in sponsorships partly to engage employees (Gardner and Shuman 1987). Performing a series of in-depth case studies Amis, Slack, and Berrett (1999) found that companies often use their sponsorships to shape corporate culture and motivate employees. Similarly, Walker (1999) surveyed eight hundred businesses in the Southeastern United States and found that 40 percent of those firms engaging in sponsorship do so to enhance employee involvement. One of the few empirical studies examining sponsorship's effect on employees found a significant correlation between employees' affinity with a sponsored entity and employee's organizational identification (Hickman, Lawrence, and Ward 2005). This correlational analysis however, does not allow for any statements regarding causality.

The marketing literature (DeIVecchio et al. 2007; Schwepker 2001), business ethics literature (Riordan, Gatewood, and Bill 1997) and the organizational behavior literature (Turban and Greening 1997) has provided evidence that employees and job applicants are attuned to the reputation of the organization's they are employed at or seek



employment with. Further, this research implies that employees are influenced by their employer's corporate social performance as well as corporate marketing initiatives in general (Celsi and Gilly 2010). These findings suggest that internal stakeholders may be affected by the sponsorship alliances their employers engage in. In sum, while a robust body of research examining sponsorship's effect on consumers has emerged, the effect sponsorship has on internal stakeholders has not received adequate attention in the literature. The following sections contain discussion on how firms can (and do) utilize their corporate sponsorships to achieve marketing objective.

### **2.2.2 Sponsorship as a Marketing Resource**

While sponsorship is similar to other forms of marketing promotions, there are important distinctions that must be addressed. Advertising, sales promotions, product testimonials and other forms of marketing promotion typically involve a predetermined and controlled message being delivered to a target audience. Sponsorship however, involves the establishment of an association or alliance between a corporate entity and some sponsored enterprise. In exchange for some resource (typically financial), a sponsoring company receives various resources from the sponsored entity (Amis et al. 1999). These resources can include the right to affiliate with the sponsored entity in future marketing communications, access to sponsored events, access to the sponsored entity's spectator base as well as access to industry and market knowledge proprietary to the sponsored entity (Farrelly and Quester 2005). The degree to which the sponsoring company garners access to these different resources is a function of the agreement



between the two parties. The way the company exploits the resources which are provided however, is up to the corporate entity.

The resource exchange characteristic of corporate sponsorship implies the arrangement is similar to a strategic alliance (Cobbs, Groza, and Pruitt 2012). Strategic alliances are inter-organizational cooperative agreements where skills and resources are pools and utilized by the alliance partners. An important success factor of a strategic alliance is the degree to which each partner utilizes resources made available through the alliance. In the context of corporate sponsorship, a company that sponsors some event or organization is acquiring resources that have little value unless those resources are utilized by the corporate entity (Amis et al. 1999). Thus, it is important to consider how the corporate entity uses the resources they acquire through their sponsorship alliances. Following is a description of how corporate sponsors can utilize (or leverage) their sponsorship relationships.

#### **2.2.2.1 Leverage and Activation**

In the strictest sense, corporate sponsorship simply establishes a formal relationship between a company and some external organization. How a sponsoring firm uses this relationship is up to the parties involved. The strategy behind a firm's implementation of their sponsorships is often considered as important as the sponsorship itself (Cornwell et al. 2005). Worldwide sponsorship spending approached \$48.7 billion in 2010 (IEG 2011). It is important to note however, that this figure only includes the fees paid by the corporate entity to establish the sponsorship relationship. This figure



does not include any associated marketing expenditures firms made to utilize or leverage that sponsorship.

Marketing academics have suggested that firms buying the right to affiliate with an organization (i.e., a sponsorship) should spend two to three times the initial sponsorship investment promoting the affiliation (Meenaghan and Shipley 1999). It appears that practitioners also understand the importance of promoting the sponsorship alliances. A 2007 survey of corporate sponsorship decision makers estimates that an average of \$1.90 is spent on associated marketing expenditures for each \$1 that is spent on actually acquiring the sponsorship right (IEG 2007). A sponsorship fee is essentially the price of entry while the promotion behind the sponsorship is what makes the investment effective. The term *sponsorship leverage* has emerged in practice and in the literature to describe the promotional activity behind corporate sponsorship. Sponsorship *leverage* has been defined as “the act of using collateral marketing communications to exploit the commercial potential of the association between a sponsoree and sponsor” (Weeks, Cornwell, and Drennan 2008, 639).

Sponsorship leverage is an overarching term that describes any (and all) investments a firm makes in promoting a sponsorship. Examples of such investments can include on-site signage, television advertisements, billboard space or any other promotional activities that promote the association between the sponsor and sponsored entity. Traditionally, the campaigns that promote the relationship between a sponsoring firm or brand and a sponsored organization have been passive in nature. That is, much like television advertising campaigns, sponsorship leveraging campaigns have simply



advertised the sponsorship relationship to an audience that is either at the event or away from the event.

One of the major issues that inhibit the effectiveness of passive leveraging activities is the increasing clutter associated with sponsorship (Gwinner and Swanson 2003). Non-profit organizations, sports teams, sport events, and other commonly sponsored organizations rarely (if ever) are sponsored by a single firm. This clutter distracts the attention of spectators and the general public. Campaigns that simply promote a sponsorship relationship may be ineffective because the audience of such messages may or may not be attentive to the message. Thus, in an effort to cut through the clutter and make their investment more effective sponsors are looking at more creative ways to leverage their sponsorships.

A subset of sponsorship leverage is known as sponsorship activation. Sponsorship *activation* as defined by Weeks et al. (2008) is “communications that promote the engagement, involvement, or participation of the sponsorship audience with the sponsor” (639). Activation in this context is working to get an audience to become *active* and participate with the sponsoring brand. Sponsorship activation activities can be broadly placed into two categories: (1) those activities that occur away from the sponsored event and (2) those activities that occur at or in conjunction with the sponsored event. Activation activities that occur away from the event can include point-of-sales or Web based activities such as sweepstakes, ticket discounts, and merchandise give-a-ways. These activities attempt to utilize the popularity of the sponsored enterprise to engage consumers away from the focal event. A display in a grocery store that offers shoppers the opportunity to win tickets to the Super Bowl is an activation activity



because it is an attempt to get the consumer actively involved with the sponsoring brand. Similarly, a sponsor may activate its sponsorship by directing consumers to its website to enter into a sweepstake to win merchandise, tickets or some other access to the sponsored event. Again, such activation activities occur away from the event but attempt to engage consumers to become actively involved with the sponsor's brand.

The second category of sponsorship activation is those activities that occur in conjunction with, or at a sponsored event. Examples of these types of activities include sponsor product displays and product trials. These activation activities are designed to encourage spectators of an event to become actively involved with a sponsor's products, brands and (or) people. While the practice of on-site sponsor activation has gained prominence in the industry, theoretically grounded research explaining why the activities may affect consumers is lacking (Cornwell 2008). One recent study is described next.

#### **2.2.2.2 On-Site Activation**

Research has just begun to examine how on-site activation activities affect consumers. In a recent field study, Sneath, Finney, and Close (2005) describe how the title sponsor (an unnamed automobile manufacture) activates its sponsorship at the event:

In each host city, the automobile manufacture has exhibits (tents) in which its cars and trucks are displayed. Although spectators are not provided with opportunities to test drive any vehicles during the event, they are able to interact with the vehicles and speak with the manufacturer's representatives (374).

This particular activation activity is directly targeted at spectators of the event. As the authors describe, utilizing such activation activities "enables customers to interact with the brand" (Sneath et al. 2005, 378). This interaction or experience with the brand at the



event appears to be a critical component for changing consumer's opinions toward the brand. Sneath et al. (2005) found that opinions toward the sponsoring brand were significantly higher among those spectators that actually interacted with the brand at the event compared to those spectators that did not interact with the. In other words, simply attending the event was not enough to change spectators' attitudes toward the sponsor of the event. For change in attitudes to occur, spectators actually had to interact with the sponsor at the event.

### **2.2.2.3 Customer Engagement**

Companies often use their access to the organizations and events they sponsor to host and entertain stakeholders. The opportunity to bring customers together with vendors, employees and other stakeholders at sponsored events is regarded as one of the most valuable aspects of sponsorship. This type of customer engagement is especially valuable because it is uniquely available only to those companies involved in sponsorship (Amis and Cornwell 2005). In other words, companies who are not sponsors cannot imitate this type of customer engagement. Despite the proliferation of sponsorship-linked customer engagement, academic research has yet to fully analyze how this type of activation influences company stakeholders. Anecdotal evidence suggests that sponsorship decision makers do recognize important business relationships can be forged by hosting individuals at sponsored events. Papadimitriou, Apostolopoulou, and Dounis (2008) for example, uncovered that a major goal for sponsors of the 2004 Athens Olympic Games was to implement a program in which clients and other stakeholders were brought together at company hosted events held in conjunction with the Games.



Despite this anecdotal evidence, empirical research examining the influence such customer engagement events have on stakeholders is scant. There are three potential explanations to this paucity of empirical research. First, typically only a small number of a firm's most important stakeholders are granted access to the organizations and events sponsored by the company. As such, academic researchers may have difficulties in terms of accessing these key corporate stakeholders. Second, a customer engagement event is only one activity that is used in conjunction with a number of other relationship building activities. Firms engage in a number of different relationship building activities with their key stakeholders simultaneously thus isolating the effect such engagement events have on stakeholders represents a substantial challenge. Finally, the lack of empirical research may be due to a lack of theoretical development in the area. As Cornwell and colleagues (2005) state " ...a number of theoretically grounded studies of corporate sponsorship have been published, but the black box of sponsorship information processing is only just being opened" (21). Theoretical development of the domain is thus needed to guide any subsequent empirical work.

### **2.2.3 Research Gaps**

While a growing body of research has begun to address a number of factors related to sponsorship, a number of gaps in the literature remain. For example, the literature has yet to consider how corporate sponsorship can be leveraged to help build relationships with customers. Marketers are continually focused on building long-term and meaningful relationships with customers (Bhattacharya and Sen 2003); however, corporate sponsorship's role in such relationship building is unknown. Additionally,



while research has shown that internal stakeholders (i.e., employees) are influenced by their employer's marketing initiatives (Celsi and Gilly 2010), research has yet to uncover the effect sponsorship has on company employees. The effect sponsorship-linked engagement events have on customers is another aspect of sponsorship that has yet to be adequately addressed in the literature.

This dissertation addresses these gaps by developing and empirically testing two theoretically grounded models. The first conceptual model, which addresses how salespeople are affected by and utilize their company's sponsorship program, is developed and empirically tested in the following chapter.



## CHAPTER 2 TABLES

**Table 2.1** Worldwide Sponsorship Spending 2009-2011

<b>Region</b>	<b>2009 Spending</b>	<b>2010 Spending</b>	<b>2011 Spending (Projected)</b>
North America	\$16.5	\$17.2	\$18.2
Europe	\$12.1	\$12.9	\$13.6
Asia Pacific	\$10	\$10.6	\$11.1
Central/South America	\$3.5	\$3.6	\$3.7
All Other Countries	\$1.9	\$2	\$2.1
World-Wide Total	\$44	\$46.3	\$48.7

Note: Figures in Billions

Source: IEG Sponsorship Report 2011



**Table 2.2** North American Sponsorship Spending by Property Type

<b>Region</b>	<b>2009 Spending</b>	<b>2010 Spending</b>	<b>2011 Spending</b>
Sports	\$11.28*	\$11.66	\$12.38
Entertainment Tours and Attractions	\$1.64	\$1.75	\$1.82
Causes	\$1.51	\$1.62	\$1.7
Arts	\$0.820	\$0.842	\$0.885
Festivals, Fairs and Annual Events	\$0.469	\$0.782	\$0.820
Associations and Membership Organizations	\$0.496	\$0.514	\$0.543

Note: Figures in Billions

Source: IEG Sponsorship Report 2011



## **CHAPTER 3**

### **STUDY 1: MOTIVATING THE SALES FORCE TO LEVERAGE MARKETING RESOURCES**

A company's sales force is integral to the financial performance of a firm since these individuals are tasked with selling the products and services sold by the firm. Salespeople interact directly with customers working to generate sales and thus revenue for the company. A substantial body of research has emerged examining how best to manage the sales force (Anderson and Oliver 1987; Cravens et al. 1993; Oliver and Anderson 1994). This research has examined topics such as how to enhance trust and commitment among the sales force (Brashear et al. 2003; Schwepker 2001) and optimal pay structures for salespeople (Rouziès et al. 2009). Research has also investigated topics such as the importance of customer orientation (Homburg, Müller, and Klarmann 2011; Saxe and Weitz 1982) and the importance of team selling (Jones et al. 2005) in salesperson efficacy. Despite this growing body of literature a better understanding of the motivators and drivers of sales productivity is still needed (Albers, Kraft, and Mantrala 2010).

The literature has worked to uncover the factors which lead to sales force productivity (Churchill et al. 1985; Walker, Churchill and Ford 1975). Researchers are beginning to consider the importance of salesperson-company identification in predicting sales performance (e.g., Hughes and Ahearne 2010; Larson et al. 2008). This body of research is grounded in social identity theory and is largely based on the organizational behavior literature that has examined employee organizational identification. As suggested by the tenets of the theory, salespeople who are strongly identified with their work organization will expend great effort to ensure the success of that organization. The



intrinsic source of motivation derived from identification has important implications in terms of the success of the individual salesperson and the overall sales performance of the company.

Empirical research is just beginning to confirm the importance of company identification in the context of sales force management. For example, Larson et al. (2008) found salespeople's perceptions about outsiders' beliefs regarding their firm's corporate social responsibility initiatives affects salesperson confidence and performance through its effect on company identification. That is, salespeople are more identified with the company they work for when they believe outsiders think the company is socially responsible; this identification then leads to sales confidence and sales performance. Similarly, DeConinck (2011) concluded that a firm's ethical climate affects company identification among the sale force which in turn increases commitment and decreases turnover intentions. Among frontline salespeople, Wieseke et al. (2007) found company identification to affect customer orientation; a factor critical to achieving customer satisfaction. Finally, Hughes and Ahearne (2010) recently concluded that a salesperson's identification to an individual brand they sell is positively related to the effort the salesperson exerts selling that specific brand. This brand specific effort then leads to brand-level sales performance. The current study extends this body of literature by adding both potential antecedents as well as potential consequences of salesperson identification yet to be considered in the literature.

Research in the organizational behavior domain has confirmed that employees are attuned to the external image of the organization they work for (Ashforth and Mael 1989; Dutton et al. 1994). Similarly, marketing researchers have shown that employees are



aware of and react to externally targeted marketing messages (Gilly and Wolfinbarger 1998). A firm's marketing efforts can alter both employees' perceptions about the company and can alter employees' perceptions about what outsiders think of the company (Scott and Lane 2000). This suggests that externally focused marketing efforts can be leveraged to affect employee-company identification.

The current study considers how one group of employees – the sales force – is affected by a specific type of marketing resource – corporate sponsorship. Limited research has considered how internal stakeholders in general respond to corporate sponsorship (Cornwell 2008; Hickman et al. 2005) and research has yet to address how the sales force, specifically, is affected by sponsorship. The current study addresses this gap by developing and empirically testing a comprehensive, theoretically grounded model which predicts how salespeople are affected by, and subsequently utilize their company's sponsorships during their sales process.

It is predicted that a salesperson will be more identified with the company they work for when the company sponsors an entity perceived as being prestigious by the salesperson. Additionally, the degree to which the salesperson has a voice or influence in the company's sponsorship decision is also expected to positively affect salesperson-company identification. Salesperson-company identification in turn, is predicted to positively affect salesperson performance – conceptualized here as an individual's year-over-year sales growth – both directly and through its influence on the salesperson's greater utilization of the sponsorship resource in the sales process. Factors expected to moderate this relationship are also proposed.



The data analyzed to test the study's hypotheses were collected from multiple sources. First, survey data were collected from the sales force (n= 490) of an industrial supply company. Next, the survey data of each of the respondents was combined with twelve months of objective sales data gathered from company records. This data set was analyzed utilizing hierarchical linear modeling (HLM) to develop individual sales growth trends and to predict between-salesperson differences across those trends. The conceptual model developed in the current study is depicted in Figure 3.1. The theoretically developed hypotheses are outlined next.

### **3.1 Sponsorship and Salesperson-Company Identification**

Corporate sponsorship is defined as “an investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity” (Meenaghan 1991, 36). Major goals of sponsorship include increasing awareness and enhancing the image of the sponsoring company or brand (Cornwell et al. 2005). For image enhancement to occur however, a cognitive association between the sponsoring firm and the sponsored entity must be established in the mind of individuals (Crimmins and Horn 1996). That is, people must be aware of a firm's sponsorship and must mentally link the sponsor with the sponsoree. Unlike customers or other external stakeholders, the company for which one works is central to the employee. Employees tend to be more attuned to the activities of the company including the marketing efforts of the company (Celsi and Gilly 2010) and other communications about the company (Scott and Lane 2000). Thus, a company's sale force is likely to be aware of any



sponsorship(s) their employer is engaged in. The question that remains then is how does a company's sponsorship(s) affect salespeople?

A sponsorship can be construed as an alliance between a sponsoring firm and a sponsored entity (Amis et al. 1999). While the strength of the alliance between sponsoring firm and sponsored entity can vary depending on a number of factors (Farrelly and Quester 2003), the transactional exchange between the two parties establishes a relationship. A company voluntarily agrees to enter into a sponsorship agreement with some external entity. By entering into this alliance the company signals its support for the sponsored entity (Meenaghan 2001). This support and the establishment of the relationship between the two parties then becomes a distinctive, central and enduring trait of the sponsoring company (Scott and Lane 2000). That is, the support a company provides to a sponsored entity becomes an important part of the identity of the sponsoring company.

Individuals tend to identify with social entities that they believe are well-respected by important others as they strive to enhance their self-esteem through the identification process (Tajfel and Turner 1985). A sponsorship alliance can enhance levels of identification among the sales force if the sponsored entity enhances the standing of the sponsoring company. It is proposed that this will occur when the sponsored entity is perceived to be prestigious by the salesperson. Perceived prestige of a sponsored entity is defined as a salesperson's perceptions that other people whose opinions they value believe the sponsored entity is well regarded (Bhattacharya and Sen 2003). Sponsoring an entity perceived to be prestigious will make the company a more attractive target for identification. A salesperson will likely derive pride when their



company supports a prestigious entity, which should strengthen levels of salesperson-company identification. A salesperson will thus be more inclined to identify with the company they work for if that company sponsors an entity they perceived as being prestigious.

*H1: Perceived prestige of a sponsored entity is positively related to salesperson-company identification.*

At one time, the decision to engage in corporate sponsorship was almost exclusively made at the executive level. The decisions as to what organizations and events to support were largely tied to the interests of the company owner or company executives (Crimmins and Horn 1996). However, because of the increasingly large investments required to engage in sponsorship and increased public scrutiny such decisions are now typically based on a sophisticated cost-benefit analysis (Clark et al. 2002). Company decision makers must weigh potential benefits of the sponsorship alliance against the associated costs. The degree to which individual salespeople believe they have input into this decision making process may have important implications in terms of salesperson-company identification.

Employees identify with their employer largely to enhance their sense-of-self. The more an employee believes the company contributes to their self-enhancement the stronger the identification will be. The respect shown toward an employee by management is important to this belief in self-enhancement and thus is important to the identification process (Fuller et al. 2006). Respect in the organizational behavior context is largely a function of the degree to which an employee perceives they are being listened to by management. The voice an employee has in terms of company decision making represents an important sign of respect and may contribute to the employee's level of



company identification (Wagner 1994). Smidts, Pruyn, and Riel (2001) describe an employee's perceived participation in decision making as "the feeling of having a voice in the organization" (1053). These authors predicted that such perceptions would be positively related to organizational identification because when employees are listened to by management it increases their feeling of self-worth which enhances self-esteem. When a salesperson perceives they are being listened to and has influence in company marketing decisions, that salesperson will derive a feeling of self-enhancement and will become more identified with the company. Thus, it is predicted that the degree to which a salesperson perceives they have a voice in sponsorship related decisions will be positively related to salesperson-company identification.

*H2: Perceptions of an opportunity for participative decision making (i.e., voice) regarding a company's sponsorship program is positively related to salesperson-company identification.*

### **3.1.1 Leveraging Marketing Resources**

In the field of strategic management, the resource-based view (RBV) of the firm suggests a sustained competitive advantage emerges when a firm possesses propriety resources (Barney 1991). Specifically, a resource can give a company an advantage in the market when the resource is valuable, rare, in-imitable and non-substitutable. Resources that meet these criteria can help a firm achieve an advantage as long as the resource is effectively deployed by the firm. Slotegraaf, Moorman, and Inman (2003) define market deployment as "the degree of action directed toward managing organizational resources in the marketplace" (296). Market deployment involves any action the firms take to generate a market response including the deployment of traditional parts of the marketing mix. The leveraging of a marketing resource refers to



the degree to which the resource is exploited by the firm (Hooley et al. 2005).

Motivating individual salespeople to leverage available marketing resources has been an ongoing challenge for management and is becoming an increasingly important topic of sales research (e.g., Ahearne, Jelinek and Rapp 2005; Homburg, Wieseke, and Kuehn 2010).

Amis, Slack, and Berrett (1999) argue that a corporate sponsorship is a strategic resource that a firm *acquires*; a resource which if deployed can lead to a sustainable competitive advantage. The concept of exploiting marketing resources is fundamental to the concept of sponsorship leverage. Sponsorship leverage is defined as “the act of using collateral marketing communications to exploit the commercial potential of the association between a sponsoree and sponsor” (Weeks et al. 2008, p. 639). While this conceptualization is intended to represent how the firm as a whole deploys or exploits its sponsorships, the concept can be applied to a more micro-level to refer to how individual salespeople exploit or utilize their firm’s sponsorships. Salesperson sponsorship leverage is defined here as the degree or extent to which a salesperson utilizes their company’s sponsorship and integrates the sponsorship in sales activities. An individual salesperson can leverage their company’s sponsorship in several ways. This sponsorship leveraging can range from simply referring to the sponsorship alliance during sales calls, to offering clients promotional material related to the sponsorship, to inviting clients to participate in sponsorship related events.

Two factors related to salespeople’s perceptions of their company’s sponsorship program are expected to directly influence the degree to which they leverage the resource. First, perceived prestige is expected to have a direct positive effect on



salesperson sponsorship leverage. Recall that perceived prestige is an individual's perception that other people believe the sponsored entity is well regarded (Bhattacharya and Sen 2003). If a salesperson believes others think highly of the sponsored entity they likely will believe there is efficacy in discussing that relationship during sales calls. The perceived efficacy or usefulness of a resource has been found to positively affect salespeople's utilization of available resources (Homburg et al. 2009). Additionally, extant research in the social psychology literature suggests individuals tend to be more vocal about announcing their association with a successful or prestigious other (Cialdini et al. 1976). Thus, a salesperson is likely to be more vocal about their company's sponsorship program if they perceive it as being well regarded. Collectively, the theoretical evidence suggests a positive relationship between perceived prestige and resource leverage.

*H3: Perceived prestige of a sponsored entity is positively related to the salesperson's leveraging of the company's sponsorship program.*

Based on theories of participative management it is also predicted that the voice or influence salespeople perceive they have regarding their company's sponsorship program will have a direct and positive effect on salesperson sponsorship leverage. Participative management research suggests that subordinate employees are empowered when they are given influence in decision making (Wagner 1994). This research indicates employees who are empowered are typically more oriented toward achieving organizational goals (Conger and Kanungo 1988). This concept is based on self-determination theory, which proposes individuals derive motivation when they have a sense of control over their own fate (Deci and Ryan 1985). Essentially, employees are more motivated when they believe they have personal control of their work and the



efficacy of their effort. Salespeople will likely derive a sense of empowerment when they believe they have some control over their company's sponsorship program. This empowerment then, will act as a motivating factor influencing the salesperson's utilization of that program (Martin and Bush 2006). Salespeople who are given a voice in their company's sponsorship program will also likely have a greater sense of 'buy-in' to the program and thus be more likely to adopt the mission of the program (Malshe and Sohi 2009). Thus, a positive relationship between participative decision making and sponsorship leverage is expected.

*H4: Perceptions of an opportunity for participative decision making (i.e., voice) regarding a company's sponsorship decision(s) is positively related to the salesperson's leveraging of the company's sponsorship program.*

In addition to perceived prestige and voice, company identification is also expected to positively affect salesperson sponsorship leverage. It is predicted that a salesperson that is highly identified with their company will be more inclined to leverage the company's sponsorship during sales encounters. This prediction is based on a central tenet of social identity theory. As an individual becomes identified with an organization, the values, goals and successes of that organization become the values, goals and successes of the individual (Ashforth and Mael 1989). The substantial investment required to engage in a sponsorship alliance implies that the sponsorship is an important part of the organization's marketing strategy. That is, by engaging in a sponsorship the firm signals the importance of that alliance as a core business goal. Highly identified salespeople will recognize that the company's sponsorship alliance is a core goal for the company, adopt this goal, and thus utilize this marketing resource in his or her sales transactions.



*H5: Salesperson-company identification is positively related to the salesperson's leveraging of the company's sponsorship program.*

### **3.1.2 Sales Performance**

Organizational identification is characterized as a bond or psychological connection between an individual (e.g., a salesperson) and some organization (e.g., an employer). Identification has been found to be a strong motivating factor influencing both affect (Bergami and Bagozzi 2000) and behavior (Hughes and Ahearne 2010). Importantly, the motivation deriving from identification is intrinsic in nature as people are motivated by the desire to enhance their self-concept by enhancing their social identity (Riketta 2005; Tajfel and Turner 1985). Salespeople who are highly identified with the company they work for are intrinsically motivated to ensure the success and enhance the standing of that company. Based on these theoretical tenets a positive relationship between salesperson-company identification and sales performance is expected.

*H6: Salesperson-company identification is positively related to sales performance.*

In addition to salesperson-company identification, the extent to which a salesperson leverages available marketing resources is also expected to be positively related to sales performance. A company's sales force can be leveraged by a firm to create a sustained competitive advantage (Smith and Barclay 1997; Srivastava et al. 2001). The tacit knowledge and social complexity associated with the buyer-seller relationship are prerequisites necessary for a strategic resource to be able to create any sustainable competitive advantage (Barney 1991). Individual salespeople within the sales force also have at their disposal various resources that can be leveraged to improve their



individual sales performance and create a competitive advantage in the market. Some of these resources are firm specific and available to the sales force as a whole and others are resources that are idiosyncratic to each salesperson. Personal idiosyncratic resources include such things as a salesperson's sales experience and their company-specific and industry knowledge (Mayo and Mallin 2010). Strategic firm-level resources available to the sales force include the company's reputation or brand equity, channel relationships and alliance partners (Capron and Hulland 1999).

A corporate sponsorship is a resource which can be leveraged by a firm as well as specific agents of the firm (Amis et al. 1999). The company and individual salespeople can chose to utilize the corporate sponsorship or chose not to utilize the resource. A sponsorship, if leveraged by a salesperson, can positively affect a salesperson's sales performance since sponsorship is largely a relational resource (Farrelly and Quester 2003) and the social complexity associated with the alliance is difficult to imitate by competitors. Sponsorship is a resource that is uniquely available to a salesperson because competitors in the market (i.e., competing salespeople) do not have access to the relationships inherent to the sponsorship alliance.

Sponsorships can also be leveraged to affect the reputation of the sponsoring company (Cornwell et al. 2005). A company's reputation or brand equity represents another intangible resource uniquely available to an individual salesperson. A salesperson who takes advantage of the relationship building and reputation building aspects of their company's corporate sponsorship will have a unique advantage over their competitors in the market. This unique competitive advantage should, if utilized, increase the performance of the salesperson. Considering these factors, it is predicted



that the degree to which the salesperson leverages their company's sponsorship during the sales process will be positively related to salesperson sales performance.

*H7: Salesperson resource leverage is positively related to sales performance.*

### **3.1.3 Moderators**

While it is predicted that resource leverage will lead to sales performance, there are likely important factors moderating this relationship. Different salespeople are likely to be more effective at integrating available resources during the sales process and thus better adept at leveraging marketing resources. The degree to which a salesperson is customer-oriented is expected to moderate the effect resource leverage has on sales performance. The ability of a salesperson to satisfy customer needs, or salesperson customer orientation, has been found to be an important factor affecting sales performance (Franke and Park 2006). Saxe and Weitz (1982) describe the concept of customer oriented selling as “the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs” (344).

Customer orientation (CO) is based on the marketing concept and suggests the success of a salesperson is related to their ability to identify the needs of their customers and then adapt their sales approach and product offerings to help fulfill those specific needs. Customer orientation enhances sales performance mainly through its effect on long-term customer satisfaction (Homburg et al. 2011; Saxe and Weitz 1982). It is expected that a salesperson that is focused on satisfying customer needs will be more effective at integrating available resources during the sales process. That is, customer oriented salespeople are more likely to utilize the resource to help satisfy customer needs



which should help their overall sales performance. Salespeople who are not customer-oriented, however, may utilize resources for other reasons (i.e., enhance short term sales) and will likely enjoy less success in terms of sales growth.

*H8: Customer orientation will moderate the relationship between resource leverage and sales performance such that resource leverage will lead to sales performance to a greater extent among salespeople high in CO compared to those low in CO.*

In addition to the orientation of a particular salesperson, the degree to which a salesperson's manager gives them autonomy is also expected moderate the relationship between resource leverage and sales performance. Job autonomy is defined as a salesperson's "felt ability to determine the nature of the sales task or problem and to arrive at a course of action" (Wang and Netemeyer 2002, 218). When a salesperson is provided autonomy management is entrusting the individual to learn from experience to best do their job. Research has shown in fact, a positive relationship between salesperson job autonomy and their learning effort (Wang and Netemeyer 2002). The nature of the marketing resource examined in the current context (i.e., corporate sponsorship) is a complex and multifaceted relational resource. This suggests that individual salespeople may not have the skills or ability to understand how best to leverage the resource to enhance sales performance. It is suggested here that salespeople who are given more guidance and whose supervisor is more 'hands-on' will be better equipped to utilize the resource to grow their sales. Salespeople that are given a great deal of autonomy, however, may not understand the nuances associated with the resource and thus will be less successful when leveraging the complex resource. Considering this, job autonomy is expected to negatively moderate the effect resource leverage has on sales performance.



H9: *Job autonomy will negatively moderate the relationship between resource leverage and sales performance such that resource leverage will have a weakened effect on performance among salespeople who are given a great deal of autonomy compared to those who are given less autonomy.*

## **3.2 Method**

### **3.2.1 Data Collection**

#### **3.2.1.1 Research Context**

Data were collected from the sales force of a *Fortune* 1000 company that reports annual revenues of approximately \$2 billion. The company is in the industrial supply industry and employs a large sales force that is dispersed across North America. The company sells hundreds of thousands of SKU's arranged in fifteen product categories that are produced by over one hundred manufactures. Salespeople within the company are responsible for selling all products distributed by the company. Each sales representative is responsible for a specific geographic location and report directly to one of approximately two hundred district managers.

This company represents an ideal context to empirically test the study's research model for several reasons. First, the company has the typical hierarchical sales organizational structure in that individual salespeople are responsible for a specific geographical area and report to a district manager. Salespeople within this company are compensated largely based on commissions and each salesperson is responsible for selling the company's entire product portfolio. Second, the company actively engages in a single large national corporate sponsorship. While the terms of the company's sponsorship agreement are confidential, press reports have estimated similar sponsorships near the \$15 million per year range (Mickle 2011). Unlike many companies that sponsor



multiple entities simultaneously, the majority of this firm's marketing efforts are tied to a single sponsorship. This is an ideal environment to test the study's hypotheses because there are no potential for confounding effects that can occur when companies sponsor many different entities simultaneously (Chien et al. 2011).

The use of a single company to test models of sales force productivity is common practice in the sales and marketing literatures (e.g., Fu et al. 2010; Hughes and Ahearne 2010; Lam et al. 2010). The single company context is not a major limitation since the analysis is conducted at the individual salesperson level. That is, the current study is interested in differences across salespeople in terms of their levels of company-identification, resource leveraging and sales performance.

### **3.2.1.2 Sample**

Questionnaires were distributed through e-mail to all of the company's 2,256 sales representative based in North America. The final data set include responses from 490 sales representatives (21.7% response rate). Consistent with the boarder demographics of the company's sales force, the sample consists of predominantly male respondents (90%), the average age of the sample is 35.1, the average total sales experience is 12 years and the average organizational tenure is 7.38 years.

### **3.2.1.3 Assessing Non-Response Bias**

Non-response bias was assessed by comparing early and late respondents on all study constructs and demographic variables. There were no significant differences between early and late responders which provide initial evidence that nonresponse bias is



not an issue (Armstrong and Overton 1977). Additionally, comparisons were made between the sample and population of salespeople in terms of the proportion from each geographical sales district. Individual Z-tests were conducted comparing the sample proportion to the population's proportion in each district. There were no significant differences between the sample and population (with respect to proportion in each district) for the vast majority (186 of 197, 95%) of the sales districts. This provides evidence that the sample is representative of the population in terms of its geographical spread. Collectively, these two tests suggest that nonresponse bias is not an issue with the sample.

### **3.2.2 Measures**

Previously validated measures were used to assess the study's constructs when established measures were available. Unless otherwise stated all items were measured on a seven point Likert Scale (1 "strongly disagree" to 7 "strongly agree"). To assess the sales representatives' perception of the prestige of the sponsored entity, four items were adapted from the work of Mael and Ashforth (1992). The Mael and Ashforth (1992) perceived prestige scale has shown strong reliability and validity when utilized in sponsorship research (e.g., Corwell and Coote 2005). Perceived voice was measured using five items adapted from Lam, Chen, and Schaubroeck (2002). Bergami and Bagozzi's (2000) direct two-item measure was used to assess the sales representative's company identification. The two items assess an individual's level of identification via a visual (Euclidean distance measure) and verbal representation of the perceived overlap between the individual's identity and the identity of the organization.



Salesperson resource leverage is defined as the degree or extent to which a salesperson utilizes their company's sponsorship resource and integrates the resource in their sales activities. This definition is new to the literature and no scale existed to measure this specific construct. According to Churchill (1979) the first step in developing a measure is to specify the domain of the construct by performing an exhaustive literature search. A comprehensive literature search yielded scales that were developed by Jelinek et al. (2006) and Homburg et al. (2009) to measure a conceptually similar construct: a salesperson's utilization of their company's sales automation technology. These scales were subsequently used as a guide to develop the scale used to measure salesperson resource leverage.

Similar to the procedure developed by Netemeyer, Boles, and McMurrian (1996), the Jelinek et al. (2006) and Homburg et al. (2009) scales were used to generate a sample of items. Face validity of the sample items was first assessed by talking with a series of marketing experts who suggested minor changes in the wording of the items. Next, the sample items (along with all survey items) were presented to a group of sales and marketing executives from the focal company. Based upon the recommendations of management, two additional items: (1) "During sales calls I often talk about our (*sponsored entity*) sponsorship", and (2) "I use our (*sponsored entity*) sponsorship to differentiate (*company*) from our competitors" were added creating a seven item scale. The items were then shown to a small group of the company's sales force (who did not participate in the main study). These salespeople reported that the items were straightforward, understandable and they agreed the items appeared to measure the underlying construct.



Finally, salesperson customer-orientation was measured using the 5 item scale from Saxe and Weitz (1982) and job autonomy was measured using four items from the job autonomy dimension of the Job Diagnostic Survey created by Hackman and Oldham (1975). The four item job autonomy scale has been successfully used in the sales literature (Wang and Netemeyer 2002). Table 3.1 contains a list of all items asked in the salesperson survey as well as the factor loadings of the item.

#### **3.2.2.1 Measuring Sales Performance**

A potential limitation of much of the existing sales research (and behavioral research in general) is the potential for common method bias as a result of data being gathered from a common source (Podsakoff et al. 2003). Problems arise when a survey respondent provides the measures for both the predictor and criterion variables at the same point in time. The covariance between the predictor and criterion variable in such a circumstance can be artificially inflated (Podsakoff et al. 2003). In order to protect against the potential of common method bias the outcome variable of interest in the current study was gathered from company records. Similar to Hughes and Ahearne (2010), sales performance is conceptualized here as a salesperson's sales growth rate across their entire portfolio of brands during the one year period of the study. Monthly sales data for each salesperson were obtained from company archives. Thus, the dependent variable includes 12 (monthly) measures of overall sales during the calendar year of the study (January to December).

#### **3.2.2.2 Control Variables**



A number of control variables were also collected at the time of the survey. Respondents were asked their age and gender, the overall number of years of sales experience they have (*sales experience*), and the number of years they have worked for the company (*tenure*). Prior research has shown these factors can influence both sales-person company identification and sales performance (Fu et al. 2010; Hughes and Ahearne 2010).

### **3.2.3 Measurement Assessment**

Prior to testing the study's hypotheses a confirmatory factor analyses (CFA) was run to assess the psychometric properties of the survey measures (Anderson and Gerbing 1988). The CFA yielded a significant chi-square statistics (697, d.f. = 391). Importantly however, the comparative fit index (CFI), goodness of fit index (GFI) normed fit index (NFI), standardized root mean square residual (SRMR) and root mean square error or approximation (RMSEA), (CFI = .97, GFI = .92, NFI = .94, SRMR = .03, RMSEA = .040) collectively suggest adequate model fit as they all exceed commonly recommended thresholds (Hu and Bentler 1999).

The psychometric properties of all the measures in the study are sound. All Cronbach's alphas and factor loadings exceed the .70 threshold providing evidence to the reliability and convergent validity of the study measures (Bagozzi and Yi 1988; Cronbach 1951). Additional evidence of convergent validity is provided by the average variance extracted (AVE) figures which are all above .60 and above the .50 cutoff recommended by Fornell and Larcker (1981). Discriminate validity was assessed using the Fornell and Larcker (1981) criterion. The measures meets this criterion as the average variance



extracted exceeds the squared correlations between all pairs of constructs. Finally, the potential of common method bias in the survey data was assessed by conducting the Harman single-factor test and loading each item on a single factor. The model fit statistics (RMSEA=.21, CFI=.39, GFI .40, NFI .38) fell below acceptable levels of fit suggesting common method bias is not a major concern with the survey data (Podsakoff et al. 2003). Collectively, the measurement assessment suggests the latent variables are psychometrically sound. Table 3.2 contains the descriptive statistics, AVEs, Cronbach's alphas and the correlations among all study variables.

### **3.3 Analysis and Results**

#### **3.3.1 Analytic Approach**

Similar to prior research (e.g., Cravens et al. 1993; Fu et al. 2010; Hughes and Ahearne 2010) sales performance is conceptualized here as a salesperson's sales growth over a defined period of time. The survey data collected from individual sales representatives and the twelve months of objective sales data gathered from company records (and matched to the survey data) follows a two-level framework as it is implicitly nested. That is, repeated observations (i.e., monthly sales figures) are nested within individual salespeople. Sales performance is a time and within-person varying measure (i.e., Level 1, with 12 repeated measures) and is subject to between-person (i.e., Level 2) differences in change. Following the procedure outlined by Singer and Willett (2003), Hierarchical Linear Modeling (HLM) utilizing the SAS Proc Mixed procedure (Fernandez 2007) was employed to create individual salesperson performance trajectories



(i.e., Level 1) and to predict differences in performance trajectories across salespeople (i.e., Level 2 variables).

Analyzing individual growth models with hierarchical techniques represents a more flexible approach of data analysis over the traditional ordinary least squares (OLS) approach and has gained popularity in the management, marketing and sales literatures (e.g., Fu 2009; Fu et al. 2010). Multi-level growth analysis is advantageous because the procedure simultaneously assesses models with multiple sources of variance (e.g., within and between salesperson) (Raudenbush and Bryk 2002). Importantly, independence across observations is not assumed in hierarchical modeling. Thus, utilizing the technique when the assumption of independence is not met, as is likely true in the current data, greatly reduces the likelihood of Type I error (Raudenbush and Bryk 2002).

Singer and Willett (2003) propose a multi-step process of analyzing nested longitudinal data. Based on their suggestion a series of three multilevel models were fit prior to fitting the full “conditional” model and testing the study’s hypotheses. (1) An unconditional means model was first fit in order to calculate the intra-class correlation (ICC) or the degree to which the observations are independent (or rather not independent). A high ICC suggests that a large percentage variance is between subject (i.e., across different salespeople) and analyzing such data with statistical approaches that assume independence (e.g., OLS) could inflate the possibility of Type I error (Raudenbush and Bryk 2002). (2) An unconditional linear growth model was fit next. This step allows tests to be conducted to assess the degree to which growth – across time – is occurring in the data. (3) To assess the linearity of the sales growth an additional nonlinear growth model is fit and compared to the linear model. Based on these



preliminary growth models, Level 2 predictors are added to the most appropriate (i.e., best fitting) model (Singer and Willett 2003).

### **3.3.2 Preliminary Model Development**

#### **3.3.2.1 Unconditional Means Model**

The first step in the multilevel analysis involves fitting an unconditional means model with no Level 1 or Level 2 predictors. The unconditional means model helps to provide a baseline for more complex models and the results of the unconditional means model can be used to calculate the  $\rho$  or ICC. A full maximum likelihood estimation approach is used to estimate the unconditional means model and all subsequent hierarchical models (Singer and Willett 2003). The two level unconditional means model takes the following form:

$$(1) \quad \text{Level 1: } Y_{ij} = \beta_{0j} + e_{ij},$$
$$(1a) \quad \text{Level 2: } \beta_{0j} = \gamma_{00} + \delta_{0j}.$$

where  $Y_{ij}$  is salesperson  $j$ 's daily average sales during month  $i$ <sup>1</sup>. Salesperson  $j$ 's daily average sales during month  $i$  is a linear function of the overall grand mean of sales ( $\gamma_{00}$ ), salesperson  $j$ 's deviation from the grand mean ( $\delta$ ) and a random error term ( $e$ ) associated with salesperson  $j$ 's performance during month  $i$  (Singer 1998).

As indicated in Table 3.3 (Model 1) the intercept of the unconditional means model is estimated at 4320.62 ( $p < .001$ ). Table 3.3 also contains the -2 log-likelihood

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<sup>1</sup> Daily average sales by month, as opposed to total monthly sales, is used to control for differences in lengths of months. For example, the month of February typically consists of 19 business days while March typically has 22 business days. In this example, using total monthly sales could artificially raise the sales figures for March while artificially lowering the total monthly sales for February. Subsequently, the term "monthly sales" will be used synonymously to the more cumbersome phrase "daily average sales by month."



statistic that will be used to compare the relative fit of subsequent models. It is important to note that smaller log-likelihood statistics represent better model fit (Singer and Willett 2003). Table 3.4 contains the variance components of the unconditional means model and the information necessary to calculate the ICC. The means model yielded a within person variance ( $\sigma^2$ ) of 930,854 ( $Z = 15.51, P < .001$ ) and a between person variance ( $\tau_{00}$ ) of 9,608,588 ( $Z = 51.91, p < .001$ ). Using this information the ICC is calculated as follows:

$$\rho = \frac{\tau_{00}}{\tau_{00} + \sigma^2} = \frac{9,608,588}{9,608,588 + 930,854} = 91.2\%$$

The estimated intra-class correlation suggests the majority of the total variance in sales performance resides between salespeople and a small amount of variance is within salespeople. The high ICC provides justification for the use of Hierarchical Linear Modeling (Raudenbush and Bryk 2002; Singer and Willett 2003).

A means model with the inclusion of the study's control variables was fit next. The results of the fixed effects components of the model can be found in Table 3.3 (Model 1a) and the variance components can be found in Table 3.4 (Model 1a). Examining the goodness-of-fit statistics, specifically the -2 log-likelihood (Table 3.3), comparisons can be made between the unconditional means model (Model 1) and the means model with the inclusion of the control variables (Model 1a). The difference between the two log-likelihood statistics is referred to as the deviance statistic or incremental chi-square and follows the chi-square distribution (Singer and Willett 2003). The addition of the control variables significantly improves model fit ( $\Delta\chi^2(4) = 160, p <$



.001). Additionally, the inclusion of the control variables explained about 28% of the between person variance in sales ( $\text{Model 1 } \tau_{00} - \text{Model 1a } \tau_{00} / \text{Model 1 } \tau_{00}$ ).

### 3.3.2.2 Unconditional Linear Growth Model

Next, a linear time variable is introduced into the model as a Level-1 predictor. To facilitate easier interpretation, the time variable (MCMonths) was grand mean centered. By mean centering the time variable the intercept of the model can be interpreted as the monthly sales of the average salesperson midway through the study (Singer 1998). In addition to the time trend variable the four control variables described above (age, gender, tenure, sales experience) are also included in the following model. Age, tenure and sales experience are also mean centered. Gender however, is not mean centered as it takes a categorical (i.e., 0/1) form. While the following visual representation of the model does not show these control variables, they are included in the analysis and are included in all subsequent growth models. The two-level unconditional linear growth model takes the following form:

$$(2) \quad \text{Level 1: } Y_{ij} = \beta_{0j} + \beta_{1j}\text{MCMonths} + e_{ij},$$

$$(2a) \quad \text{Level 2: } \beta_{0j} = \gamma_{00} + \delta_{0j},$$

$$(2b) \quad \beta_{1j} = \gamma_{10} + \delta_{1j}.$$

The results of this analysis (Model 2) can be found in Table 3.3 and Table 3.4. The intercept (4393,  $p < .001$ ) is interpreted as the average monthly sales of the average salesperson. The coefficient of the MCMonths (34.76  $p < .001$ ) suggests that the average



salesperson has a daily average sales growth rate of \$35 per month.<sup>2</sup> Turning to the -2 log-likelihood, as expected, adding the fixed linear time trend variable significantly improves model fit ( $\Delta\chi^2(1) = 543$ ,  $p < .001$ ).

According to Singer (1998), in addition to examining the fixed effects components of the output (i.e., the coefficients for the intercept and slope or the data contained in Table 3.3) it is also important to examine the random effects components or the variance-covariance components of the intercept and slope (i.e., the data contained in Table 3.4). Examining the random covariance parameter estimates allows for the calculation of how much additional within-person variance is explained by the time variable compared to the base unconditional means-model. The variance explained by the linear time variable is calculated by using the  $\sigma^2$  of the unconditional means model and the  $\sigma^2$  of the unconditional linear growth model [ $\sigma^2(\text{Model 1}) - \sigma^2(\text{Model 2}) / \sigma^2(\text{Model 1})$ ]:  $(930,854 - 754,056) / 930,854 = .19$ . This suggests that approximately 19% of the total within-salesperson variance in sales is accounted for by the linear time trend.

A second reason to examine the random covariance parameter estimates is to compare the random-slope model (the one tested above) to a potential alternative fixed-slope model. The random-slope model had a statistically better fit than an alternative fixed slopes model ( $\Delta\chi^2(1) = 469$ ,  $p < .001$ ). Therefore, the random-slopes model is used in the subsequent analysis (Singer and Willett 2003).

### 3.3.2.3 Unconditional Nonlinear Growth Model

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<sup>2</sup> The coefficient 34.76 represents the daily average sales growth per month. Considering there was an average of 21.04 working days per month for the months in the data set this equates to roughly a \$732 growth in monthly sales.



Prior to fitting the conditional growth model and testing the study's hypotheses, it is necessary to examine the potential that the salesperson growth is not linear. While Model 2 shows that sales growth is positive, the growth rate may take a diminishing positive form. This potential that annual sales growth is non-linear is possible when considering the industrial supply industry typically experiences a seasonal effect with higher sales in the summer months (US Census Bureau 2012). The control for this potential seasonality effect, a quadratic time trend (MCMonths<sup>2</sup>) is added to the model as a Level 1 predictor.

$$(3) \text{ Level 1: } Y_{ij} = \beta_{0j} + \beta_{1j}\text{MCMonths} + \beta_{2j}\text{MCMonths}^2 + e_{ij}$$

$$(3a) \text{ Level 2: } \beta_{0j} = \gamma_{00} + \delta_{0j},$$

$$(3b) \quad \beta_{1j} = \gamma_{10} + \delta_{1j},$$

$$(3c) \quad \beta_{2j} = \gamma_{20} + \delta_{2j}.$$

The addition of the non-linear time trend significantly improved model fit ( $\Delta\chi^2(1) = 746, p < .001$ ). Looking at the fixed effects, MCMonths yielded a significant coefficient (34.76,  $p < .001$ ) and MCMonths<sup>2</sup> yielded a significant negative coefficient of (-17.49  $p < .001$ ) suggesting that growth is in fact non-linear. The additional within-person variance explained by the non-linear time variable (beyond the linear time effect) is  $[(754,056 - 584,937) / 754,056 = .224]$ . Collectively, these metrics suggest that sales growth rates in the data are in fact curvilinear. The two Level 1 time variables collectively explain about 37% of the within person variance in sales.

Singer (1998) suggests completing one last test prior to fitting the conditional model and testing the study's hypotheses. One of the benefits of utilizing the SAS Institute's Proc Mixed procedure is it allows the researcher to compare different error structures. Following, the suggestion of Singer (1998, p. 257) the unconditional



nonlinear growth model is fit multiple times using three different error structures: compound symmetry, autoregressive with 1 lag and an unstructured error structure. The deviance statistic or change in the -2 log-likelihood statistic is used to compare the models. In each case, the unrestricted error structure had superior model fit and thus appears to be ‘appropriate’ error structure to utilize in the main analysis.

### 3.3.3 Conditional Nonlinear Growth Model

The preceding analysis suggests that a nonlinear growth model with random effects and an unrestricted error matrix should be utilized to test the salesperson level variables and the study’s hypotheses. To formally test the study’s hypotheses, a nonlinear growth model with MCMonths and MCMonths<sup>2</sup> included as Level 1 variables and a number of Level 2 between salesperson variables are included. The conditional nonlinear growth model takes the following form:

$$(4) \quad \text{Level 1: } Y_{ij} = \beta_{0j} + \beta_{1j}\text{MCMonths} + \beta_{2j}\text{MCMonths}^2 + e_{ij},$$

$$(4a) \quad \text{Level 2: } \beta_{0j} = \gamma_{00} + \gamma_{01}\text{CI} + \gamma_{02}\text{LEV} + \gamma_{03}\text{CO} + \gamma_{04}\text{AUT} \\ + \gamma_{05}\text{LEV} \times \text{CO} + \gamma_{06}\text{LEV} \times \text{AUT} + \delta_{0j},$$

$$(4b) \quad \beta_{1j} = \gamma_{10} + \gamma_{11}\text{CI} + \gamma_{12}\text{LEV} + \gamma_{13}\text{CO} + \gamma_{14}\text{AUT} \\ + \gamma_{15}\text{LEV} \times \text{CO} + \gamma_{16}\text{LEV} \times \text{AUT} + \delta_{1j}.$$

$$(4c) \quad \beta_{2j} = \gamma_{20} + \gamma_{21}\text{CI} + \gamma_{22}\text{LEV} + \gamma_{23}\text{CO} + \gamma_{24}\text{AUT} \\ + \gamma_{25}\text{LEV} \times \text{CO} + \gamma_{26}\text{LEV} \times \text{AUT} + \delta_{2j}.$$

The Level 1 variables in the model are identical to the conditional nonlinear growth model (Model 3). This model however, includes a number of Level 2 (between salesperson) variables that are intended to explain differences in salespeople’s initial sales performance (i.e., the intercept, 4a) their linear growth (4b) and their quadratic



growth (4c). Included in the Level 2 equation is company identification (CI), resource leverage (LEV), customer orientation (CO), autonomy (AUT) and the interaction between resource leverage and customer orientation (LEV x CO) and the interaction between resource leverage and autonomy (LEV x AUT). In order to facilitate interpretation, each the independent variables were grand-mean centered (Raudenbush and Bryk 2002). By mean centering the variables, the intercept can be interpreted as the average monthly sales of the average salesperson (average age, tenure, organizational identification, leverage etc.).

As indicated in Table 3.4 (Model 4) the inclusion of the Level 2 between person variables significantly improved model fit ( $\Delta\chi^2(18) = 29, p < .05$ ). The inclusion of the independent variables explained an additional 1.2% of the between-person variance in the intercept (Model 3  $\tau_{00}$  – Model 4  $\tau_{00}$  / Model 3  $\tau_{00}$ ), an additional 4.1% of the variance in the linear growth trend (Model 3  $\tau_{10}$  – Model 4  $\tau_{10}$  / Model 3  $\tau_{10}$ ) and an additional 1.9% of the variance in the quadratic growth trend (Model 3  $\tau_{20}$  – Model 4  $\tau_{20}$  / Model 3  $\tau_{20}$ ).

### **3.3.4 Growth Modeling Results**

Turning to the individual coefficients in Table 3.3 (Model 4), in support for H<sub>6</sub> salesperson company identification (CI) has a positive effect on sales growth ( $b = 10.02, p < .01$ ). This result suggests that salespeople who are more identified with the company grow their sales faster than salespeople who are less identified with the company.

Hypotheses 7 proposed that salesperson resource leverage would also positively affect sales growth rates. Counter to this hypotheses, the analysis revealed that resource leverage (LEV) has a negative effect on sales growth ( $b = -10.46, p < .01$ ). Interestingly,



salespeople that leverage the sponsorship resource to a great extent during the sales process have a lower linear sales growth rate than those salespeople who leverage the resource to a lesser degree. Implications of this finding are addressed in the discussion section.

Hypotheses 8 proposed that salespeople who were high in customer orientation (CO) would be more effective at leveraging the sponsorship resource and would experience a higher sales growth from doing so. The analysis supports the contention that CO positive moderates the effect leverage has on sales growth ( $b = 18.19, p < .01$ ). As predicted, high CO salespeople are better able to leverage the sponsorship resource to grow their sales. Finally,  $H_9$  proposed that autonomy (AUT) would negatively moderate the effect resource leverage has on sales growth. While the sign of the estimated coefficient is in the hypothesized direction (-), the coefficient is not significant ( $b = -6.41, p > .10$ ).

### **3.3.5 Antecedents of Company Identification and Resource Leverage**

Next, regression analysis was performed to assess the relationship between perceived prestige and perceived voice and company identification and resource leverage (i.e.,  $H_1$  through  $H_5$ ). Ordinary least squares (OLS) regression is an appropriate method to conduct these tests because these data are not longitudinal (nor nested) and the data does not violate OLSs assumption of independence. As Model 1 in Table 3.5 shows, perceived prestige and voice are both positively related to salesperson-company identification ( $\beta = .23, p < .01, \beta = .09, p < .05$ , respectively) lending support to  $H_1$  and  $H_2$ . The analysis (Model 2) also lends support to  $H_3$  as perceived prestige has a



significant relationship with resource leverage ( $\beta = .46, p < .01$ ). Likewise, H<sub>4</sub> is supported as voice has a significant and positive relationship with resource leverage ( $\beta = .26, p < .01$ ). Finally, as predicted by H<sub>5</sub> the results of Model 3 indicate that company identification has a positive relationship with resource leverage ( $\beta = .13, p < .01$ ).

### **3.4 Discussion**

Table 3.6 contains a summary of the study's hypotheses as well as the results of the tests of those hypotheses. Based on the tenets of social identity theory (Tajfel and Turner 1985), it was predicted that an individual salesperson would be more identified with the company they work for if the company sponsors an entity they perceive as being prestigious. Based on theories of participative management (Wagner 1994), salesperson-company identification was also predicted to be influenced by the voice a salesperson is given in company decision making regarding their sponsorship program. The statistical analysis reported above support these predictions. The prestige of the sponsored entity is positively related to the level of company identification of the salesperson. Similarly, the more influence a salesperson perceives they have in company decision making, the more identified they are. Collectively, these results suggest that management can enhance levels of company identification among the sales force by sponsoring prestigious entities and by including salespeople in the decision making process.

The conceptual model developed in this study predicted that perceived prestige, voice and company identification would all lead to salesperson resource leverage. That is, salespeople who perceive the sponsored entity as prestigious, perceive they have a voice in company decision making regarding the sponsorship and are highly identified



with the company would likely leverage the sponsorship resource during their personal sales process. The results of the analysis support each of these predictions. Prestige, voice and identification were all positively related to resource leverage.

In terms of sales performance, salesperson-company identification was proposed to positively affect the rate at which salespeople grow their sales. Support was provided to this prediction by analyzing survey data collected from sales representatives and twelve months of objective sales data gathered from company records with Hierarchical Linear Modeling. To better illustrate the substantive meaning of this result, the effect company identification has on sales growth was plotted by computing the performance trajectories (i.e., sales growth rates) for high CI, average CI and low CI salespeople. Based on the recommendations of Aiken and West (1991), the high CI trajectory was calculated using +1 standard deviation from the mean (company identification) and the low CI trajectory was calculated using -1 standard deviation from the mean. Figure 3.2 visually depicts the sales growth trajectory of high CI salespeople, average CI salespeople and low CI salespeople<sup>3</sup>. As the figure illustrates, high CI salespeople have a higher initial sales status and have a higher sales growth trajectory than average and low CI salespeople. These results have important theoretical and managerial implications as they provide additional evidence that identification leads to performance and that companies should work to enhance levels of identification among salespeople.

In addition to company identification, salesperson resource leverage was also predicted to positively affect sales performance. This prediction was made based on the

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<sup>3</sup> Figure 3.2 and each subsequent figure sales performance trajectories are plotted using mean levels for each of the other covariates in the model. Recall that by mean-centering all explanatory variables prior to fitting the model the mean for each covariate is 0. Thus, the plots represent the average salesperson in regards to the other covariates. The control variable gender was not mean centered as it takes the form of a 0/1 categorical variable. Since 90% of the sample is male, the growth trajectories for males are depicted.



resource-based view of the firm, which suggests unique marketing resources can be leveraged to gain a competitive advantage (Srivastava et al. 2001). By leveraging a resource that is uniquely available to the salesperson (and not competitors in the same market) it was argued that the salesperson would be at a distinct advantage and be more effective at growing their sales. Counter to this prediction however, the analysis revealed that resource leverage was negatively related to sales growth. During the time period analyzed salespeople who were “heavy” users of their company’s sponsorship resource experienced slower growth rates than those that were “light” users. Figure 3.3 depicts the effect resource leverage has on sales growth. Again, the growth trajectories were calculated using the Aiken and West (1991) criterion (i.e., “high” +1 standard deviation; “low” -1 standard deviation). As the figure indicates, the sales growth trajectory (i.e., slope) for the low leverage salespeople is steeper than the growth trajectory of the high leverage salespeople. High leverage salespeople, however, have higher initial sales than low leverage salespeople. Further discussion of the relationship between salesperson resource leverage and sales performance is provided next.

### **3.4.1 Examining the Resource Leverage – Performance Relationship**

The estimated negative coefficient between salesperson resource leverage and sales growth must be interpreted with caution. First, high leverage salespeople began the year with higher sales than low leverage salespeople. The top twenty percent of salespeople, in terms of level of resource leveraging, had a daily average January sales of \$4,012 while the bottom twenty percent had a daily average January sales of \$3,398. One possible explanation of the negative coefficient estimated for the variable resource



leverage then, is regression to the mean. That is, low leveraging salespeople may have simply had more room to improve their sales.

One other possible explanation to the negative finding is low leveraging salespeople may be more volatile in terms of their sales performance compared to their high leveraging colleagues. Salespeople who utilize their company's sponsorship to a great extent may be focused on building long-term relationships with customers and less focused on increasing short-term sales. In other words, high leveraging salespeople may maintain a high level of sales consistently while the sales level of low leveraging salespeople may vary throughout the year to a greater extent. While the analysis presented above did include twelve months of sales data, one year is a relatively short period of time. Considering this, the long term positive effect of relationship building through resource leveraging may not be clearly evident when only examining twelve months of sales data.

A second possible explanation is that salespeople who are at a low initial sales status may focus more on sales growth and less on servicing existing business. A salesperson focused on growth may be interested in acquiring more customers as opposed to servicing existing accounts. This can result in salespeople in a growth mode focusing more on selling and less on servicing accounts through the use of ancillary resources such as their company's corporate sponsorship.

A final potential explanation to the negative relationship between resource leveraging and sales growth is salespeople may not understand how to leverage the resource to grow their sales. A corporate sponsorship is a complex multifaceted relational resource where an alliance between the company and some external



organization is developed (Amis et al. 1999). Research indicates that companies as a whole have a difficult time leveraging the intangible resource (Weeks et al. 2008). Considering this, it is not surprising that individual salespeople within companies may have a difficult time leveraging the resource to grow their sales.

Nevertheless, the results of the analysis did indicate that high leverage salespeople experienced slower growth rates than low leveraging salespeople. An individual salesperson's level of customer orientation was proposed to moderate the effect resource leverage has on sales growth. Customer oriented salespeople tend to be focused on satisfying customer needs (Saxe and Weitz 1982) and thus were predicted to be more effective at leveraging available resources to build customer relationships and enhance sales performance. The analysis supported the prediction; there was a positive interaction between customer orientation and resource leverage in terms of the effect on sales growth.

To illustrate the moderating effect customer orientation has on resource leverage, Figure 3.4 contains plotted growth trajectories of high leverage salespeople. The three trajectories depicted in Figure 3.4 represent high leverage salespeople that are also high, average or low in terms of their customer orientation. As the graph demonstrates, customer orientation shifts the slope of the sales growth curves such that when leveraging is high, high CO salespeople experience higher growth rates than average CO salespeople who experience higher growth rates than low CO salespeople. Customer oriented salespeople appear to be better at leveraging the sponsorship resource to grow their sales.



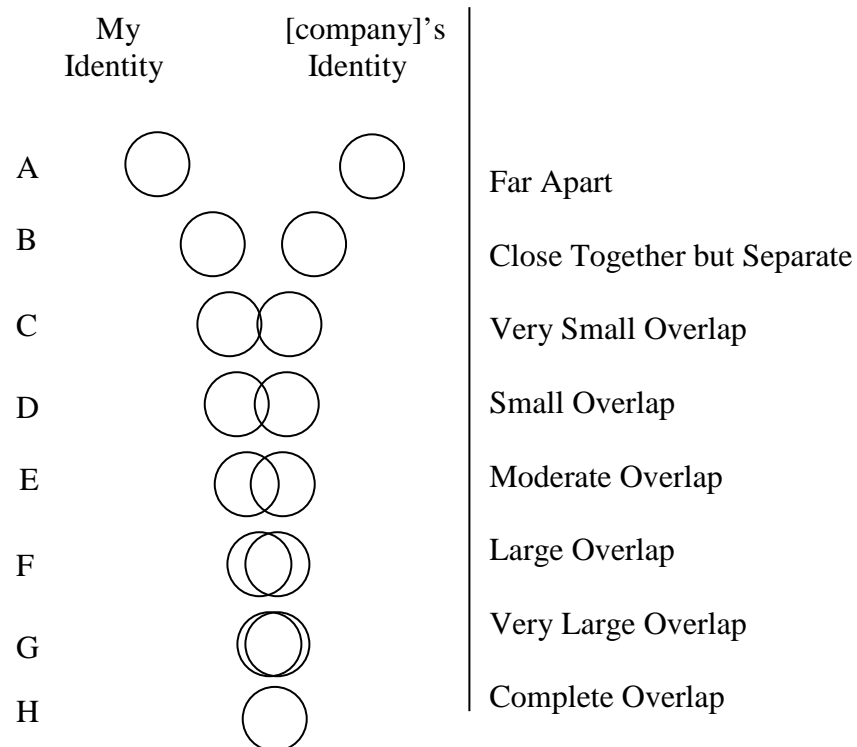
**Table 3.1** Study 1: Survey Items and Factor Loadings

Items	Loadings
<b>Prestige of Sponsored Entity</b> (Mael and Ashforth 1992)	
1. People in my community think highly of ( <i>sponsored entity</i> ).	.90
2. ( <i>Sponsored entity</i> ) is considered to be one of the best ( <i>sponsored domain</i> ).	.82
3. ( <i>Sponsored entity</i> ) does not have a good reputation in my community (r).	.88
4. ( <i>Sponsored entity</i> ) is looked upon as a prestigious ( <i>sponsored domain</i> ).	.81
<b>Voice</b> (Lam et al. 2002)	
1. I participate in setting company policies regarding our sponsorship program.	.79
2. I have a high degree of influence in company decisions regarding our sponsorship program.	.92
3. I often participate in decision regarding our sponsorship program.	.91
4. I have a high degree of influence in the decisions influence in company decisions regarding our sponsorship program.	.93
5. My views have a real influence in company decisions influence in company decisions regarding our sponsorship program.	.86
<b>Company Identification</b> (Bergami and Bagozzi 2000)	
1. Please select the option that best describes the level of overlap or similarity you see between your identity and ( <i>company's</i> ) identity. (see figure below)	.82
2. "To what extent does your own sense of who you are (i.e. your personal identity) overlap with your sense of what [ <i>company</i> ] represents (i.e. the [ <i>company</i> ]'s identity?" anchored at -4 completely different, 0 neither similar nor different, 4 completely similar.	.88
<b>Resource Leverage</b> (Jelinek et al. 2006)	
1. I consider myself a frequent user of my company's ( <i>sponsored entity</i> ) sponsorship.	.91
2. I fully use the capabilities of our ( <i>sponsored entity</i> ) sponsorship.	.89
3. I have completely integrated our ( <i>sponsored entity</i> ) sponsorship into my sales process.	.85
4. I use our ( <i>sponsored entity</i> ) sponsorship only for the tasks that are required by our company	.89
5. I utilize different components of our ( <i>sponsored entity</i> ) sponsorship in an integrated way so that they work well together.	.84
6. During sales calls I often talk about our ( <i>sponsored entity</i> ) sponsorship.	.81
7. I use our ( <i>sponsored entity</i> ) sponsorship to differentiate ( <i>company</i> ) from our competitors.	.87
<b>Customer Orientation</b> (Saxe and Weitz 1982)	
1. I try to figure out what a customer's needs are.	.89
2. I have the customer's best interests in mind.	.73
3. I take a problem solving approach in selling products or services to customers.	.77
4. I recommend products or services that are best suited to solving problems.	.72
5. I try to find out which kinds of products or services would be most helpful to customers.	.91



**Autonomy** (Hackman and Oldham 1975)

- |  |     |
|--|-----|
| 1. I have significant autonomy in determining how I do my job.                         | .86 |
| 2. I can decide on my own how to go about doing my work.                               | .81 |
| 3. I have considerable opportunity for independence and freedom in how I do my job.    | .89 |
| 4. This job allows me to use personal initiative or judgment in carrying out the work. | .81 |
- 

**Bergami and Bagozzi's (2000) visual identity overlap:**

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Confirmatory Factor Analysis (CFA) Model Fit: RMSEA = .040; GFI = .92; CFI = .97; NFI = .94; SRMR 0.03;  $\chi^2 = 697 / 393$  d.f.



**Table 3.2** Study 1: Correlation Matrix and Descriptive Statistics

Variable	M	SD <sup>1</sup>	CA <sup>2</sup>	AVE <sup>3</sup>	1	2	3	4	5	6	7	8	9	10	11
1. Perceived Prestige	4.55	1.46	.91	.73	1										
2. Voice	1.72	1.08	.94	.78	.18**	1									
3. Company Identification	6.06	1.37	.84	.72	.27**	.14**	1								
4. Resource Leverage	3.65	1.53	.91	.75	.54**	.37**	.29**	1							
5. Customer Orientation	6.58	0.48	.90	.65	.12*	-.19**	.22**	.07	1						
6. Job Autonomy	6.04	0.84	.95	.71	.20**	.00	.53**	.17**	.33**	1					
7. Average Monthly Sales	91.7 <sup>a</sup>	6.62 <sup>a</sup>	n.a.	n.a.	.01	.02	.11*	.03	-.02	.04	1				
8. Age	35.1	7.58	n.a.	n.a.	.19	.02	.04	.03	.00	-.02	.15**	1			
9. Gender	0.10	0.30	n.a.	n.a.	.08	.00	.02	-.08	.06	.05	-.10*	.04	1		
10. Tenure	7.38	4.94	n.a.	n.a.	.01	-.01	.08	-.03	-.02	-.06	.52**	.35**	-.05	1	
11. Sales Experience	11.9	7.46	n.a.	n.a.	.14**	.02	.15**	.00	.05	-.01	.24**	.67**	.00	.51**	1

\*\*  $p < .01$ , \*  $p < .05$

Notes: 1. SD = Standard Deviation; 2. CA = Cronbach's Alpha; 3. AVE = Average Variance Extracted

a: Sales in thousands of dollars; n.a.: not applicable



**Table 3.3** Study 1: Results of Multilevel Growth Modeling

	<b>Model 1</b>		<b>Model 1a</b>		<b>Model 2</b>		<b>Model 3</b>		<b>Model 4</b>	
<b>Predictors</b>	Estimate	t-value	Estimate	t-value	Estimate	t-value	Estimate	t-value	Estimate	t-value
Intercept	<b>4320.62</b>	<b>30.7***</b>	<b>4395.8</b>	<b>34.94**</b>	<b>4393.44</b>	<b>34.93***</b>	<b>4600</b>	<b>34.49***</b>	<b>4586.96</b>	<b>34.16***</b>
<b>Main Effects</b>										
Mean Center Months (MCMonths)					<b>34.76</b>	<b>5.79***</b>	<b>34.76</b>	<b>5.79***</b>	<b>34.95</b>	<b>5.85***</b>
MCMonths <sup>2</sup>							<b>-17.49</b>	<b>-10.35***</b>	<b>-17.42</b>	<b>-10.27***</b>
Company Identification (CI)									149.88	1.37
Leverage (LEV)									-1.88	-0.02
Customer Orientation (CO)									-216.53	-0.77
Autonomy (AUT)									226.82	1.22
<b>Moderating Effects</b>										
CI x MCMonths									<b>10.02</b>	<b>2.00**</b>
CI x MCMonths <sup>2</sup>									-1.06	-0.75
Leverage x MCMonths									<b>-10.46</b>	<b>-2.58***</b>
Leverage x MCMonths <sup>2</sup>									1.23	1.07
Autonomy x MCMonths									-0.30	-0.04
Autonomy x MCMonths <sup>2</sup>									-2.17	-0.89
CO x MCMonths									14.57	1.12
CO x MCMonths <sup>2</sup>									-5.20	-1.41
LEV x CO									84.44	0.42
LEV x CO x MCMonths									<b>18.19</b>	<b>2.00**</b>
LEV x CO x MCMonths <sup>2</sup>									0.78	0.30
LEV x AUT									30.85	0.32
LEV x AUT x MCMonths									-6.41	-1.43
LEV x AUT x MCMonths <sup>2</sup>									-0.57	-0.46
<b>Controls</b>										
Age			-4.47	-0.87	-3.93	-0.19	4.06	0.21	4.4	-0.22
Gender			<b>-767.47</b>	<b>-1.90*</b>	<b>-724.35</b>	<b>-1.92*</b>	<b>-724.35</b>	<b>-1.92*</b>	<b>-707.40</b>	<b>-1.88*</b>
Tenure			<b>336.11</b>	<b>11.97***</b>	<b>336.11</b>	<b>11.97***</b>	<b>314.97</b>	<b>12.03**</b>	<b>313.35</b>	<b>11.99***</b>
Sales Experience			-13.88	-0.60	-14.6	-0.63	-22.87	-1.06	-22.88	-1.05
<b>Goodness-of-fit</b>										
- 2 log-likelihood	99,866		99,706		99,163		98,417		98,388	
Incremental Chi-Square			160		543		746		29	
Degrees of Freedom, p-Value			4, $p < .001$		1, $p < .001$		1, $p < .001$		18, $p < .05$	
Akaike's information criterion (AIC)	99,872		99,720		99,183		98,447		87,370	

\*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$



**Table 3.4** Study 1: Variance Components of Multilevel Growth Models

	Unconditional Means <b>Model 1</b>	Means Model with Controls <b>Model 1a</b>	Linear Growth <b>Model 2</b>	Conditional Quadratic Growth <b>Model 3</b>	Unconditional Quadratic Growth <b>Model 4</b>
<b>Level-1</b>					
$\sigma^2$ (Within salesperson variance)	930,854	930,854	754,056	584,937	584,931
$\Delta$ in explained within-person variance			19%	22.4%	0.00%
Pseudo $R^2$			19%	37.16%	37.16%
<b>Level-2</b>					
$\tau_{00}$ (between salesperson variance at initial status)	9,608,588	6,913,232	6,928,033	7,938,896	7,844,307
$\Delta$ in explained between-person variance		28%	0.00%	<i>a</i>	1.19%
Pseudo $R^2$		28%	28%	<i>a</i>	<i>a</i>
$\tau_{10}$ (between salesperson variance linear rate of change)			12,392	13,574	13,016
$\Delta$ in explained between-person variance				<i>a</i>	4.11%
Pseudo $R^2$					<i>a</i>
$\tau_{20}$ (between salesperson variance quadratic rate of change)				961	943
$\Delta$ in explained between-person variance					1.9%
Pseudo $R^2$					1.9%

Notes: *a* One of the limitations of the pseudo- $R^2$  statistic used in Hierarchical Linear Modeling is adding predictors at one level (i.e., Level 1 in this case) can actually increase the residual variance at the other level (Level 2 here). This is likely to occur when most of the outcome variation is exclusively within or between individuals (as is the case in the current data). Thus, the pseudo  $R^2$  statistics cannot be calculated for the initial status or linear rate of change in Model 3 and Model 4 (Singer and Willett 2003 p. 104).



**Table 3.5** Study 1: OLS Regression Results

	<b>Company Identification</b>		<b>Resource Leverage</b>	
<i>Predictor</i>	Model 1	Model 2	Model 3	
Perceived Prestige	<b>H1</b> .23**	<b>H3</b> .48**	.46**	
Voice	<b>H2</b> .09*	<b>H4</b> .27**	.26**	
Company Identification			<b>H5</b> .13**	
<b>Controls</b>				
Age	-.14*	-.03	-.02	
Gender	-.01	-.11**	-.11**	
Tenure	.04	.01	.01	
Sales Experience	.17**	-.06	-.08	
<b>Adjusted R<sup>2</sup></b>	.08	.34	.36	
<b>R<sup>2</sup> Change</b>			.02**	
<b>F-Statistic</b>	7.60**	36.94**	33.76**	

\*  $p < .05$ , \*\*  $p < .01$



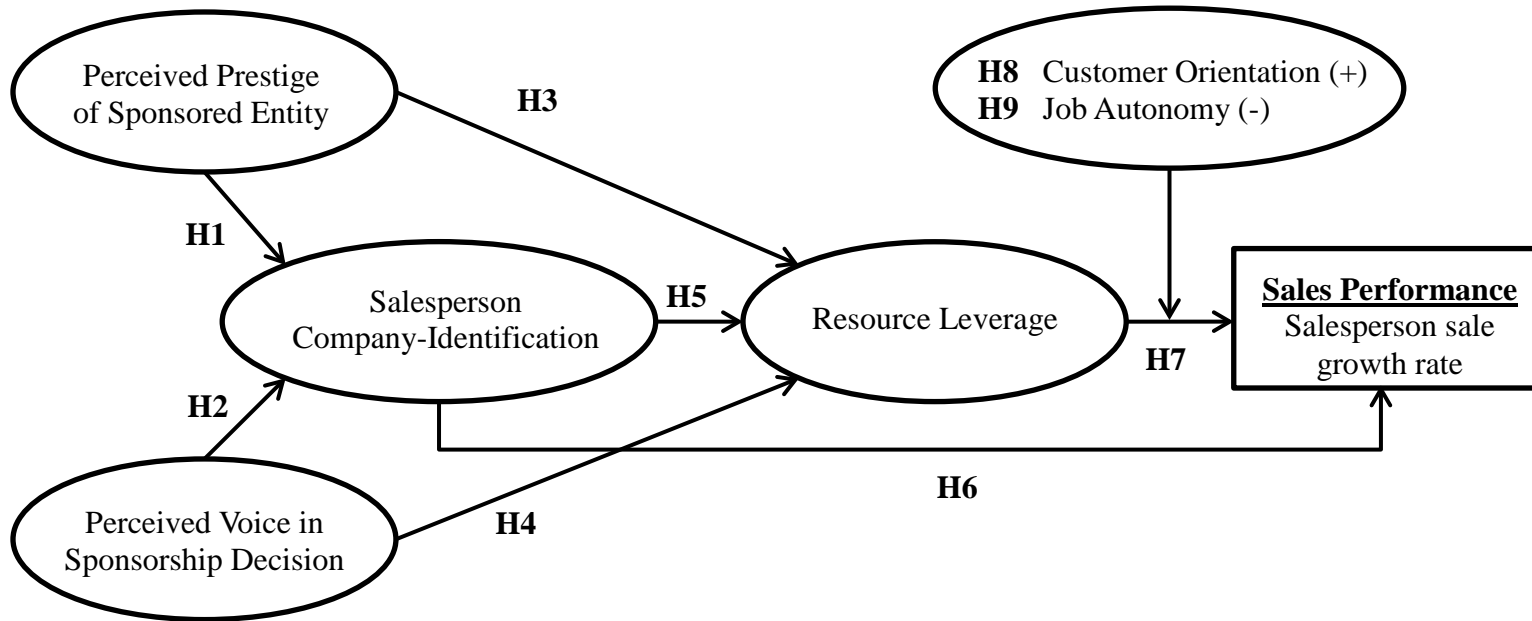
**Table 3.6** Study 1: Summary of Study Hypotheses and Tests of Hypotheses

	<b>Proposed Relationship</b>	<i>Hypothesized Direction</i>	<i>Estimated Sign</i>	<i>Significance Level</i>	<i>Hypothesis Supported</i>
H <sub>1</sub>	Perceived Prestige → Identification	+	+	$p < .01$	✓
H <sub>2</sub>	Voice → Identification	+	+	$p < .05$	✓
H <sub>3</sub>	Prestige → Resource Leverage	+	+	$p < .01$	✓
H <sub>4</sub>	Voice → Resource Leverage	+	+	$p < .01$	✓
H <sub>5</sub>	Identification → Resource Leverage	+	+	$p < .01$	✓
H <sub>6</sub>	Identification → Sale Growth	+	+	$p < .01$	✓
H <sub>7</sub>	Resource Leverage → Sales Growth	+	-	$p < .05$	
H <sub>8</sub>	Customer Orientation Moderating H <sub>6</sub>	+	+	$p < .01$	✓
H <sub>9</sub>	Autonomy Moderating H <sub>7</sub>	-	-	$p > .10$	



## Figures

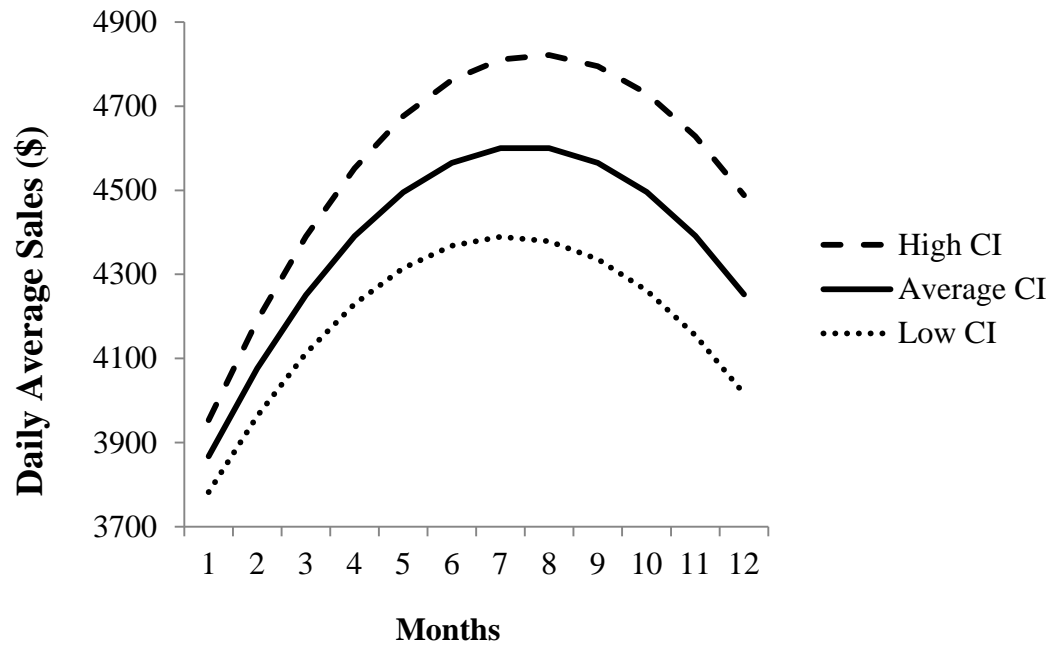
**Figure 3.1** The Influence of Prestige and Voice on Identification, Resource Leverage and Sales Performance



Note: Data in ovals were collected from sales representatives. Data in rectangle are objective sales figures collected from company records.



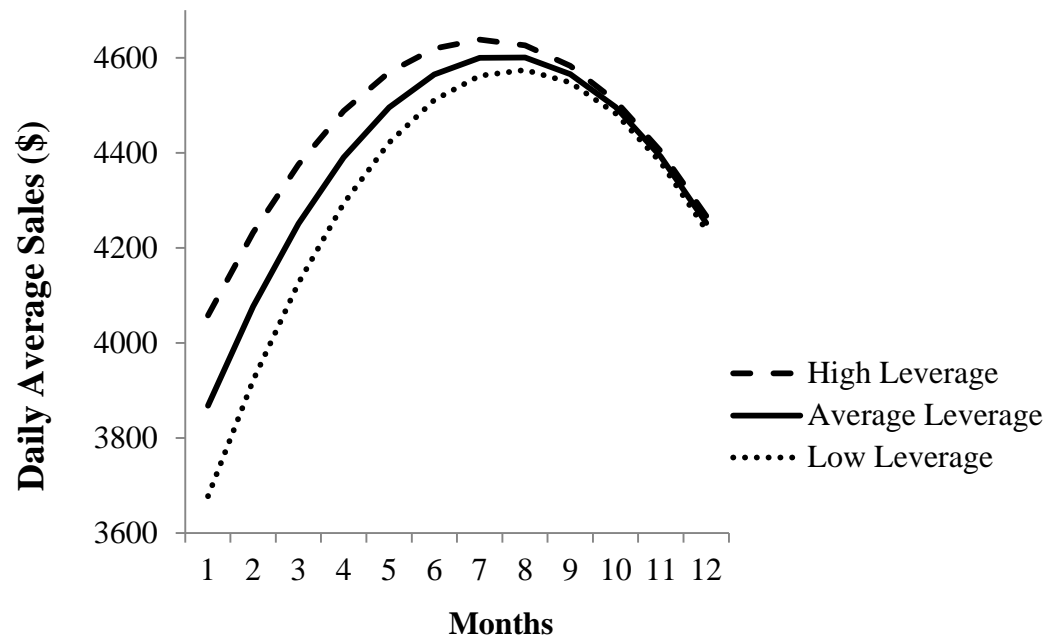
**Figure 3.2** Effect of Salesperson-Company Identification on Salesperson Sales Performance Trajectories



Note: 1 = January, 2 = February ..... 12 = December

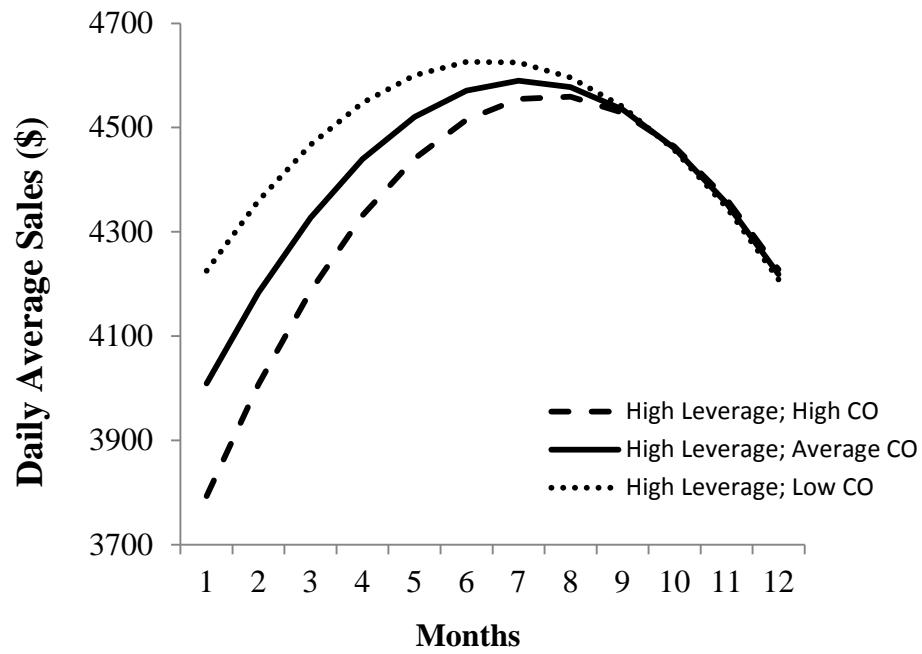


**Figure 3.3** Effect of Salesperson Resource Leverage on Salesperson Sales Performance Trajectories





**Figure 3.4** Attenuating effect of Customer Orientation on the Negative Influence of Salesperson Resource Leverage on Salesperson Sales Growth





## **CHAPTER 4**

### **STUDY 2: STRENGTHENING THE CUSTOMER-COMPANY BOND: ENGAGING CUSTOMERS THROUGH CORPORATE SPONSORSHIP**

Customers often form important psychological bonds with companies. These bonds, or relationships can exist both among active customers and among individuals who have no transactional relationship with the company or have yet to consume products offered by the company (Bhattacharya and Sen 2003). The relationship between customer and company is formed through the identification process and occurs when the customer perceives an overlap between their personal identity and the identity of a company (Bhattacharya and Sen 2003; Lam et al. 2010). Customers who are identified with a company become intrinsically motivated to display supportive attitudes and behaviors such as affective commitment (Donavan, Janda, and Suh 2006), loyalty (Ahearne et al. 2005), and recommendation intentions (Lichtenstein et al. 2010). These as well as other positive consequences of customer identification suggest companies should actively work to enhance levels of customer-company identification.

It is proposed here that a company's corporate sponsorship program is one marketing resource that can be leveraged to enhance levels of identification among customers. Based on the tenets of schema and activation theories (Anderson 1983), it is argued companies can utilize their corporate sponsorships to shape and activate customers' cognitive representations of their company. That is, corporate sponsorship can be used by companies to help form customers' perceptions of that which is central, distinctive and enduring about the company (i.e., the company's identity). This shaping and communicating of company identity can be enhanced through mechanisms available



to sponsors that allow them to highlight prototypical employees and prototypical customers (Bhattacharya and Sen 2003). Through these communicators of company identity, sponsorship is proposed to activate and shape customer's perceptions of company identity and in turn help strengthen customer-company identification.

Specifically, this study considers how one form of sponsorship leverage, the engagement of customers at sponsored events (i.e., corporate hospitality), may be particularly useful in strengthening customer-company identification and subsequently driving customer sales and positive word-of-mouth communications. Prior to presenting the formal hypotheses, a discussion of the use of corporate hospitality as a form of personal inducement is contained in the following section.

#### **4.1 Personal Inducements**

Corporate entertaining and the use of personal inducements to build relationships with customers have existed in business practice for centuries. Dempsey, Bushman, and Plank (1980) describe personal inducements as “the use of promotional tools that are at least partly connected with an industrial buyer's own personal needs” (281). Examples of personal inducements include: business lunches, advertising specialties (i.e., calendars, pens, etc.), sports and entertainment tickets, extensive entertainment and merchandise gift giving (Dempsey et al. 1980). Essentially, companies attempt to build relationships with individual decision makers within other companies by providing those individuals with something of personal value. While the use of inducements is common practice, researchers have yet to uncover the underlying mechanisms through which the practice can strengthen customer relationships and drive business performance. Researchers have



suggested that such practices may affect customer perceptions of the ‘giving company’ (Crosby, Evans, and Cowles 1990) and overall customer satisfaction (Ahearne, Jelinek, and Jones 2007). Little empirical research however, has investigated the effects of personal inducements on sales performance.

One of the privileges often provided to corporate sponsors is the right to host company-related activities in conjunction with a sponsored event (Sneath et al. 2005). Companies are typically given tickets and/or special access to the events they sponsor. These sponsoring companies are then free to use this access to bring employees, customers, vendors and other stakeholders together at the sponsored event. The practice of entertaining company stakeholders in conjunction with a sponsored event is typically designed to engage customers, reward employees and build relationships among key stakeholders (Papadimitriou et al. 2008). While having the opportunity to invite and engage customers at sponsored events is considered one of the most valuable aspects of sponsorship (Meenaghan 1991), little empirical research has examined this specific aspect (Amis and Cornwell 2005). Similarly, sparse research exists on the process through which personal inducements - in general - can be used to build relationships with customers (Ahearne et al. 2007). The current study begins to address these gaps by developing and empirically testing a model of how corporate hospitality can be used to build customer relationships and enhance performance.

#### **4.1.1 Customer Engagement through Sponsorship**

The engagement of customers through corporate sponsorships, or *corporate hospitality* as it is described in practice, has become a common business practice. In fact,



the government of the United Kingdom had to clearly describe how the practice applies to a 2010 anti-bribery act: “It (the U.K. Government) added that ‘reasonable’ hospitality, such as tickets to the Wimbledon Tennis tournament, were acceptable but that more lavish things such as travel and accommodations could be seen as intended to influence officials” (Bryan-Low 2011). In addition to showing the prevalence of engaging customers in corporate sponsorship, this example also highlights the fact that there are varying levels and approaches of corporate hospitality. For example, a customer may simply be given free tickets to a tennis tournament or they may be given transportation to the event, lodging, access to celebrities as well as numerous other privileges. In most cases though, corporate hospitality involves the sponsoring company hosting some activity in conjunction with a sponsored event (Lefton 2011).

The events companies host in conjunction with their corporate sponsorships are similar to company hosted Brandfests as described by McAlexander and his colleagues (McAlexander and Schouten 1998; McAlexander, Schouten, and Koenig 2002). Company hosted Brandfests are events where customers, company employees and company marketers are brought together in one location to interact with one-another and with the brand itself. Sponsorship engagement events are similar to company hosted Brandfests in that the company is the entity that brings together customers and employees at one location. That is, the company is the entity initiating the activity in an attempt to communicate some predefined message or meaning to customers (Press and Arnould 2011). At such events, customers are able to interact with one-another and with company marketers. There are however slight, yet important differences between Brandfests and sponsorship-linked corporate hospitality events. A key difference in the case of



sponsorship is that an external event such as a popular sporting contest, as opposed to the brand itself, brings people together. For example, a company may host customers at a professional golf tournament, a horse race, or a concert they sponsor. Thus, the company or brand is not necessarily the major attraction but rather individuals are drawn to participate because they like golf, horse racing, or concerts and they derive some value through being associated with these events.

Sponsorship-linked corporate hospitality events involve the potential for the development of relationships beyond those conceptualized by McAlexander et al. (2003). For example, salespeople and company vendors are two stakeholder groups that are often involved in sponsorship-linked corporate events. Companies often use their access to the popular entities they sponsor to reward and/or incentivize successful salespeople or loyal vendors. While these stakeholder groups may not be motivated to attend Brandfests, they may be motivated to attend an activity held in conjunction with some popular event. The potential for these customer-salesperson and customer-vendor links must also be included when investigating sponsorship-linked corporate hospitality events. Figure 4.1 contains McAlexander et al.'s (2003) original Customer-Centric Model of Brand Community (in solid lines) as well as the additional relationships relevant to sponsorship-linked hospitality events (dashed lines). The relationship between corporate hospitality and customer-company identification and the conceptual model depicted in Figure 4.2 is presented next.

#### **4.1.2 Customer Engagement and Customer-Company Identification**



Customer-company identification occurs when an individual perceives an overlap between their personal identity and the identity of a company or brand (Bhattacharya and Sen 2003). This conceptualization suggests there are three interrelated factors important for the identification process to occur. First, a customer must be aware of their personal identity, second a customer must be aware of the identity of a company and third, a customer must be aware of how their personal identity is similar (i.e., overlaps) with the identity of the company. One's cognitive awareness and representation of the constituents of their personal identity and the identity of a company can be explained largely by the tenets of schema theory (Scott and Lane 2000).

According to schema theory, individuals cognitively organize concepts or pieces of information in memory. These concepts are then meaningfully linked in memory through an associative network (Anderson 1983). Through this mental organization of concepts mental schemas or knowledge structures are developed in the minds of individuals. An individual schema consists of knowledge linked by some meaningful association. The term self-schema refers to the unique cognitive structure one has regarding themselves (Segal 1988). As defined by Markus (1977), self-schemata are "cognitive generalizations about the self, derived from past experience, that organize and guide the processing of self-related information contained in the individual's social experiences" (64). Similarly, individuals have schemas or mental representations of external objects such as products, brands and companies (Loken et al. 2008). These schemas consist of the network of concepts in the mind regarding the external object. Identification occurs when the concepts an individual has regarding some external object



(e.g., a company) become ‘tightly interconnected’ and ‘interwoven’ within the self-schema (Scott and Lane 2000, 50).

The accessibility or ease of which of a given schema is brought into working memory is a function of the saliency (i.e., extent to which the schema is active in working memory) of that schema (Fiske and Taylor 1991). Priming refers to any experience that causes a schema to be more salient and thus accessible in one’s working memory. An advertisement is an example of a prime that can activate a schematic network and make product or brand concepts more accessible in working memory (Meyers-Levy, Louie, and Curren 1994). Scott and Lane (2000) argue companies can deploy several mechanisms to prime stakeholders’ to cognitively elaborate on the company’s identity. Each mechanism is intended to cue the company’s identity in order to make the identity more accessible to organizational stakeholders (e.g., customers) increasing the likelihood of identification.

Two of the organizational identification cueing mechanisms proposed by Scott and Lane (2000) include (1) enhancing the visibility of stakeholders’ organizational affiliation and (2) embedding stakeholders within the organizational community (50). Each of these mechanisms is thought to enhance stakeholders’ cognitive elaboration of organizational identity. This then, increases the saliency and accessibility of the organization’s identity, which can in turn increase the likelihood of customer-company identification. A customer’s participation in a corporate hospitality event can cue company identity through both of these mechanisms.

First, the public nature of corporate hospitality events enhances the visibility of a customer’s affiliation with the company itself. Recall that a key driver of participation in such events is the popularity of the sponsored entity. That is, sponsored events often



attract a large audience and substantial attention for the community in general. Such events also bring together a number of different stakeholders including salespeople, vendors, managers and many customers simultaneously. By hosting a number of various stakeholders at one place simultaneously, the company is able to highlight each customer's affiliation with that company. The company is essentially increasing other people's awareness of a participant's affiliation with their company. This makes a customer's affiliation with the company more salient and should increase the likelihood of customer-company identification (Bhattacharya and Sen 2003; Scott and Lane 2000).

Second, a corporate hospitality event increases the interaction among company stakeholders and thus embeds each stakeholder in a 'company community.' The interaction that occurs among company stakeholders makes salient the values and ideals of the company as well as the values and ideals of fellow customers and other company stakeholders. Again, this interaction increases the saliency of the company's identity, and should enhance levels of company identification. Considering these arguments, it is predicted that a customer's participation in a sponsorship-linked corporate hospitality event will positively affect their level of identification with the company.

*H1: Participation in a sponsorship-linked corporate hospitality event will lead to customer-company identification.*

#### **4.1.3 The Moderating Role of Perceived Prestige**

Corporate sponsorship affects different people differently. Research has suggested for example, that sponsorship is most influential among individuals who have an emotional attachment to the sponsored event (Cornwell and Coote 2005).

Participation in a corporate hospitality event is also likely to affect different customers



differently. An important substantive question then, is among what customers will hospitality participation have the greatest positive effect on? To answer this question the construct of perceived prestige, an important theoretical concept from the social identity literature, is introduced into the current conceptual model. Perceived prestige is defined as the perceptions an individual has regarding what others think of some entity (Ashforth and Mael 1989) and is likely a key factor influence the effectiveness of hospitality participation.

One of the reasons individuals identify with companies is due to their desire to enhance their social standing by associating themselves with a company they perceive as being prestigious (Bhattacharya and Sen 2003). Through corporate sponsorship, a link is established between a sponsoring company and the sponsored entity. This link forms a conduit to communicate the company's image and identity (Simmons and Becker-Olsen 2006). When a company sponsors an entity perceived to be prestigious, the association will likely enhance the prestige of the sponsoring company (Gwinner 1997). Thus, participation in a hospitality event will likely have the greatest effect on those individuals who perceive the sponsored entity to be prestigious. This prediction is made because while sponsorship-linked hospitality participation may alter a company's identity in the minds of all participants, this identity will be most attractive in terms of its effect on the identification process among those customers who believe the sponsored entity is prestigious (Scott and Lane 2000). Based on these arguments the following hypothesis is proposed:

*H2: Perceived prestige will positively moderate the effect hospitality participation has on customer-company identification.*



#### **4.1.4 Outcomes of Customer-Company Identification**

As a customer becomes identified with a company, the customer becomes psychologically attached to the company and motivated to expend effort to support the company. The supportive behaviors customers expend on behalf of a company can be categorized as being either direct or indirect in nature. Direct customer supportive behaviors include an increased willingness to pay (Homburg et al. 2009), increased utilization of products produced by the company (Ahearne et al. 2005), and increased company loyalty (Lam et al. 2010). Each behavior directly contributes to the financial performance of the company. Indirect supportive behaviors include recommending the company to others (Brown et al. 2005) and supporting causes sponsored by the company (Lichtenstein et al. 2004). In both of these indirect behaviors, the customer is not directly contributing to the financial performance of the company but rather indirectly supporting the company by attempting to influence the attitudes and behaviors of others.

For for-profit companies purchase behavior represent the most direct and important customer supportive behavior (Rust et al. 2004). A customer's purchase behavior is an attractive outcome for companies because such behaviors directly impact the firm's bottom line. Customers who are intrinsically motivated to support a company through their identification with that company should show strong patronage behavior toward that company. This patronage behavior not only serves to support the company but also can serve as a mechanism to broadcast one's identification with the company (Baggozi and Dholakia 2006). Thus, customer-company identification is expected to be positively related to customer sales.

*H3: Customer-company identification is positively associated with customer sales performance.*



Word-of-mouth (WOM) communications has emerged in the literature as an important non-direct customer supportive behavior (Brown et al. 2005). Word-of-mouth communication is defined as “informal, person-to-person communication between a perceived noncommercial communicator and a receiver regarding a brand, a product, an organization or a service” (Harrison-Walker 2001, 63). Receivers of WOM communications are more believing of the message and thus more influenced by WOM as compared to company controlled communications (Herr, Kardes, and Kim 1991). WOM communications have been shown to influence product choice as well as evaluations of the product or service (Burzynski and Bayer 1977). In addition to these beneficial outcomes, positive WOM communications are particularly attractive for companies because the voluntary customer behavior represents an unpaid promotion. Companies incur many benefits from positive WOM communications yet bear no costs.

Individuals who are identified with a company become champions of the company working to disseminate positive information about the company (Bhattacharya and Sen 2003; Brown et al. 2005). This occurs because identification represents an intertwinement of self and company. A highly identified individual is motivated to enhance the standing of the company by speaking favorably about it in order to enhance their own self-esteem (Tajfel and Turner 1985). The social nature of identification suggests that this ‘enhancement of company standing’ will likely be targeted toward close friends and other important individuals. Thus, it is predicted that customer-company identification will be associated with positive WOM communications.

*H4: Customer-company identification is positively associated with positive word-of-mouth communications.*



#### **4.1.5 A Direct Link from Participation to Sales**

It has been argued here that participation in sponsorship-linked corporate hospitality events will enhance the saliency of a company's identity and thus will increase customer–company identification. This enhancement of customer-company identification leads to customer sales. An alternative theoretical explanation that directly links participation to customer sales performance must also be considered. According to social exchange theory, all human relationships are governed by a sort of subjective cost – benefit analysis (Blau 1964). There are inherent costs and rewards associated with all relationships and individuals work to balance these costs and rewards. An important assumption within social exchange theory is that “persons establish social associations because they expect them to be rewarding” and it is the “mutual gratifications persons provide one another that sustain social relations” (Blau 1964, 152, 156). The relationship that develops between customer and company is likely governed by this theory of social exchange.

Social exchange theory has emerged as one of the dominant theoretical perspectives within the relationship marketing paradigm (Dwyer et al. 1987; Morgan and Hunt 1994). Bagozzi (1995) argues that reciprocity, a sort of social balance, is “at the core of marketing relationships” (275). The tenets of social exchange theory (Blau 1964; Thibault and Kelley 1959) provide insight into the importance of reciprocity in the development and maintenance of marketing relationships. An important notion of social exchange theory is that individuals work to maintain balance or a *positive imbalance* in their social relationships (Blau 1964). That is, individuals work to ensure they are not indebted to other party involved in the relationship. This balance helps to foster trust



among the exchange partners, which in turn helps strengthen the exchange relationship (Morgan and Hunt 1994). This balance is synonymous with the norm of reciprocity that suggests people help those who have helped them (Gouldner 1960).

Social exchange theorists posit that receiving a resource from someone is valued more highly if that action is believed to be discretionary rather than forced by circumstances beyond the control of the donor (Blau 1964). In accordance with the prediction of social exchange theory, a benefit received from an exchange partner that is discretionary (i.e., not obligated) enhances the feeling of indebtedness and strengthens the belief of reciprocal obligation between the exchange partners. The concept of discretionary treatment fits well in the context of marketing exchange relationships especially when considering the context of the current study. The invitation of a customer to participate in a sponsorship event is highly discretionary. Firms that have a corporate sponsorship program are by no means obligated to host any specific customer in conjunction with that sponsored event. Rather, this decision is determined by a number of factors and is discretionary in nature. The discretionary nature of the decision means a customer is likely to highly value this reward from the company and may feel obligated to reciprocate in order to balance their relationship with the company (Smith and Barclay 1997).

It is predicted that this reciprocal obligation will affect a customer's direct support of a company (i.e., customer sales). This prediction is made because direct support like customer sales represents an observable form of reciprocity which the relationship partner (i.e., the company) is able to clearly recognize. By increasing their direct and observable support, the customer is able to openly reciprocate and re-balance their



relationship with the company. Thus, Hypothesis 5 predicts participation in a sponsorship-linked corporate hospitality event will have some direct, (i.e., non-mediated) effect on customer sales performance.

*H5: Participation in a company's sponsorship-linked corporate hospitality event will have a positive and direct (i.e., non-mediated) relationship with customer sales performance*

## **4.2 Method**

### **4.2.1 Data Collection**

#### **4.2.1.1 Research context**

To test the conceptual model, data were collected from active customers of a *Fortune* 1000 company in the industrial supply industry. The company distributes hundreds of thousands of SKUs across fifteen different product categories and has operations in all fifty U.S. states and ten Canadian provinces. While the firm is structured as a traditional sales organization (i.e., salespeople in the field are assigned a specific geographical region and are responsible for selling the companies complete product line in that region), the company does utilize various marketing promotions such as direct mailings, e-mail marketing, television commercials along with physical and virtual trade shows. The company also actively engages in a large national sport sponsorship, which is featured in most of the company's marketing materials. The company has been active in its current sport sponsorship for five years, progressively increasing its level of investment and utilization of the sponsorship.

In addition to leveraging its sponsorship via traditional marketing communication channels, the company also leverages the sponsorship by offering certain customers access to its sponsored sport contests and access to hospitality areas at those contests.



During the 2011 calendar year, for example, the company hosted fourteen hospitality events in conjunction with its sponsorship program. Highlighting regional differences in popularity of the specific sport sponsored by the company, six of the fourteen hospitality events were held in the Southeastern U.S., five were held in the Midwest, two in the Mid-Atlantic region and one in Eastern Canada. The company's hospitality program is structured such that between 50 and 175 customers are provided (typically) two passes to its hospitality area and two event tickets. In the hospitality area, customers have the opportunity to interact with fellow customers, company employees and various company vendors. The hospitality area normally opens three hours prior to the scheduled start of the sport event, and attendees have access to food, beverage and often have the opportunity to meet athlete 'celebrities' affiliated with the sponsored event.

It is important to note that not all of the company's customers can attend hospitality events. The company has a relatively limited number of passes to provide its customers; thus, in each market many customers are not provided access. The structure of the company's hospitality program allows for a quasi-experiment to be conducted where comparisons can be made across two groups of customers: hospitality participants and those customers that are not provided hospitality access. Data were thus collected from these two groups of customers: (1) a sample of customers who attended a hospitality event (i.e., customers were hosted by the company at a sponsored event) and (2) a matched sample of customers who did not attend a company hosted hospitality event. A detailed description of these two samples as well the data collection procedure of each is discussed next.



#### **4.2.1.2 Participant Sample**

The sampling frame came from company hosted hospitality events held in 2011. Because of the regional differences in popularity of the sport, care was taken to attempt to obtain a geographically diverse sample of hospitality participants. In collaboration with company management, six events – three in the Midwest, two in the South and one in the Mid-Atlantic region – were selected as the sampling frame of data for the hospitality participant sample. Due to management's data collection restrictions (they agreed only to survey hospitality participants at a sample of events) it was necessary to select a sample of the fourteen events. The six locations were chosen because they roughly matched the overall proportion of events held in each geographical area. Additionally, these six events were among the largest in terms of the number of invited customers. A priori, we expected relatively low response rates and considering these events are small (50-175 invitations) it was important to ensure the sample was large enough to draw statistical inferences.

At each event customers were told upon their arrival to the hospitality area that they would be receiving a questionnaire about their experience via e-mail within a few days following the event. Customers were also provided a paper survey and given the opportunity to fax the completed paper survey to the lead researcher. As an incentive, participants were entered into a drawing to win a \$50 Visa gift card upon their completion of the survey. Collectively, the overall response rate for all six hospitality events was 19% (123/645).

#### **4.2.1.3 Non-Participant Sample**



Approximately halfway through the season (between hospitality events 3 and 4) a survey was delivered electronically by the company to a geographically representative sample of 992 North American customers; none of whom participated in any hospitality event. Five hundred and fifty two customers (56%) responded to the survey. As with many firms, this company periodically surveys its customer base in order to assess its customer service and other performance metrics. Study constructs were embedded in the survey (which also contained a number of questions not pertinent to the current study) that was administered halfway through the hospitality events.

The popularity of the sponsored sport varies geographically. That is, in certain regions the sport is very popular, while in other regions the sport garners little attention and has little popularity. As a result, the company hosts no hospitality events west of the Mississippi River. The sport is, however, fairly homogenous in terms of its popularity in different geographical area. Thus, the geographical location of the company-wide non-participant sample, in relation to the location of the events, was considered in amassing the 'control' group. This was done to control for potential regional differences in popularity of the sport and to allow for a more accurate comparison between the control group and the hospitality participant group.

The distance between each of the non-participant respondents' location and each of the six hospitality events was calculated. This was done by using the zip code provided by each respondent and the zip codes of the six respective hospitality events. Qualitatively, management stated that their experience has suggested customers are willing to travel approximately 2 to 2 ½ hours to attend a hospitality event. Quantitatively, the data collected from the hospitality sample suggests that customers



traveled on average 110 miles to attend a hospitality event. As a conservative estimate then, 110 miles was used as the boundary distance. That is, any respondent (from the non-participant sample) that lived beyond 110 miles from at least one the six company hosted hospitality events where surveying was conducted was excluded from the control condition group. This procedure resulted in a control group sample size of 123. Thus, the variable *Hospitality Participation* takes the value of '1' if the customer participated in a company hosted hospitality event and a value of '0' if the customer did not participate in a company hosted hospitality event.

#### **4.2.2 Measures**

All measures used in the study were adapted from previous research to fit the study context. Unless otherwise noted, items were measured on a seven-point Likert scale (1= "strongly disagree," and 7 = "strongly agree"). To assess customers' perception of the prestige of the sponsored entity, four items were adapted from the work of Mael and Ashforth (1992). Customer-company identification was assessed using a six-item measure developed by Lam, Ahearne, Hu, and Schillewaert (2010). The six items are designed to assess the cognitive, affective and evaluative components of identification. The cognitive component is measured using Bergami and Bagozzi's (2000) two items which consist of a visual (Euclidean distance measure) and verbal representation of the perceived overlap between the customer's identity and the identity of the organization. The affective component is assessed using two items from the well cited Mael and Ashforth (1992) organizational identification scale. Finally, the evaluate component is measured using two items adapted from Bagozzi and Dholakia (2006). Thus, customer-



company identification represents a second-order factor consisting of a cognitive, affective and evaluate component (Bagozzi and Yi 2012).

Positive word-of-mouth communication was measured using the six-item scale developed by Harrison-Walker (2001). The items assess not only how often the customer speaks about the company but also the valance of that communication. Finally, customers' sales performance was measured using the direct single item measure utilized by Lichtenstein et al. (2004). The measure assesses the percent of product (from the product category) the customer buys from the company. Extant literature suggests that single item measures yield information as valid as multiple-item measures when the question being asked is straightforward and unambiguous (Bergkvist and Rossiter 2007; Cummings et al. 1998).

Finally, a number of control variables that appear frequently in the customer-company identification literature were also gathered at the time of the survey and included in the subsequent analysis (Lichtenstein et al. 2010). Relationship tenure (*tenure*) measures the duration in years of the customer's transactional relationship with the company. Customers' age and gender were also asked at the time of the survey. The constructs as well as the measurement items are provided in Table 4.1.

#### **4.2.3 Measurement Assessment**

Prior to conducting the main statistical analysis a confirmatory factor analysis (CFA) was run. The results of the CFA ( $\chi^2 = 237$ , d.f. = 98,  $p < .01$ , CFI = .96, GFI = .89, NFI = .93, and RMSEA = .075) collectively suggest the data fit the measurement model adequately (Hu and Bentler 1999). The measures appear to be reliable (all  $\alpha >$



.70) and there is strong evidence of convergent validity as all factor loadings (except one, .68) are above .70 and all average variance extracted (AVE) measures are above the .50 cutoff (Bagozzi and Yi 1988; Fornell and Larcker 1981). Table 4.1 contains the factor loadings of each of the items used in the study. Table 4.2 contains the means, standard deviations, alpha reliabilities, average variance extracted and correlations among all variables in the study.

### **4.3 Data Analysis and Results**

#### **4.3.1 Main Effects of Participation**

The direct effect hypotheses were tested using structural equation modeling (SEM) with maximum likelihood estimations. A series of two separate SEM models were estimated. The first was the hypothesized model depicted in Figure 4.2 using the full sample of data ( $n = 246$ ), including tenure, age and gender to control their effect on customer-company identification (CC-ID). The Chi-square value of the structural model is 292 (d.f. 114,  $p < .01$ ; CFI = .94, GFI = .88, NFI = .90, and RMSEA = .08). These model fit indices suggest that the conceptual model fit the data satisfactory. It was proposed that CC-ID would fully mediate the relationship between participation and WOM. However, to assess the possibility that this relationship is not fully mediated an alternative model with the inclusion of a direct effect between participation and WOM was estimated using the full sample of data. The difference in Chi-square statistics ( $\Delta \chi^2 = 8$  d.f. = 1,  $p < .01$ ) suggests that the alternative model has a superior model fit to the hypothesized model. Thus, individual hypotheses tests will be based on this alternative model.



An important assumption of the maximum likelihood estimator used in structural equation modeling is the assumption of multivariate normality. The relatively small sample size of the data being analyzed here may call into question the assumption of multivariate normality<sup>4</sup>. To assess the significance of the estimated path coefficients, bootstrapping (250 samples) was conducted in order to yield bias-corrected bootstrap standard errors (Nevitt and Hancock 2001). Using the bias-corrected bootstrap standard errors for hypotheses testing allows for a more conservative test of significance reducing the likelihood of Type I error. Both the maximum likelihood standard errors and bootstrap standard errors are reported.

Table 4.3 provides the coefficients, maximum likelihood standard errors and bootstrap standard errors for the hypothesized model and the alternative model. While both the hypothesized model and alternative model yield similar coefficients for the hypothesized paths, coefficients of the alternative model are reported here since it does fit the data better. Also, while Table 4.3 includes both the maximum likelihood standard errors and bootstrap standard errors (and associated significance levels), significance based on the more conservative bootstrap standard errors are reported subsequently in-text.

Hypothesis 1, which suggests a positive relationship between hospitality participation and customer-company identification, is supported by the SEM model ( $\beta = .37, p < .01$ ).  $H_3$  and  $H_4$ , are also supported. The analysis supports the prediction that CC-ID leads to positive word-of-mouth communications ( $H_3$ ) ( $\beta = .86, p < .05$ ) and sales

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<sup>4</sup> Despite the relatively small sample size checks indicated that neither skewness nor kurtosis was a major issue with the data. All skewness values were less than |2| and all kurtosis values were less than 10 suggesting that non-normality is likely not a major issue with the data (Nevitt and Hancock 2001). Bootstrapping was utilized to conduct conservative tests of significance.



(H<sub>4</sub>) ( $\beta = .38, p < .01$ ). Similarly H<sub>5</sub>, which posited a direct and positive relationship between hospitality participation and sales is also supported ( $\beta = .24, p < .01$ ). While it was predicted that CC-ID would fully mediate the relationship between hospitality participation and word-of-mouth, the analysis indicates that participation has some direct (non-mediated) influence on word-of-mouth ( $\beta = .11, p < .05$ ).

Iacobucci, Saldanha, and Deng (2007) suggest that in addition to categorically reporting mediation (partial in the current case) it is also useful to report the “proportion of mediation” or ratio of the indirect (mediated) effect to total effect (p. 153). Table 3 reports the standardized total and indirect effect participation has on word-of-mouth and sales. According to Iacobucci et al. (2007) ‘proportion of mediation’ is calculated by dividing the indirect effect (mediated effect) by the total effect. Accordingly, 74% of the effect participation has on WOM is mediated through CC-ID while only 37% of the effect participation has on sales is mediated through CC-ID. This suggests, as was conceptualized in the hypothesis development section, participation has a stronger direct effect on sales as compared to WOM. Figure 4.3 contains the alternative model with the inclusion of the standardized path coefficients.

#### **4.3.2 Interaction Effects**

Two statistical analyses were conducted to test the moderating effect perceived prestige (H<sub>2</sub>) has on the relationship between hospitality participation and customer-company identification. First, a multi-group SEM estimation was conducted followed by an ordinary least square (OLS) regression analysis. The procedure and results of the



multi-group SEM estimation are described first followed by the procedure and results of the OLS analysis.

The first step of the multi-group SEM analysis involved splitting the data into two groups: high and a low perceived prestige. The high prestige and low prestige groups were created by performing a median split of the data based on individuals' response to the perceived prestige measure. One hundred and twenty-two (122) individuals had an average perceived prestige score of 5.75 or higher while 124 individuals had an average perceived prestige score below 5.50; no individual scored between 5.5 and 5.75.

Following the moderation test procedure proposed by Jaccard and Turrisi (2003), multi-group estimation including all parameters freely estimated was conducted across the high and low prestige groups. Consistent with Aiken and West (1991), Moorman and Miner (1997) and Gu, Kim, Tse, and Wang (2010), a significant interaction exists if individual parameter estimates differ significantly across the two groups. Or as Gu et al. (2010) describe "the gamma coefficient is significant in one group but insignificant in the other" (42).

#### **4.3.3 Multigroup Estimation**

Structural models for both the high and low perceived prestige groups were estimated simultaneously with all parameters being estimated freely. The overall model fit is adequate ( $\chi^2 = 415$  d.f. 226,  $p < .01$ ; CFI = .92, GFI = .84, NFI = .84, and RMSEA = .059). While the model offers sufficient fit when analyzing both groups simultaneously, parameter estimate differences across the two groups is of more interest for testing the moderating effects of perceived prestige.



In H<sub>2</sub>, it was proposed that perceived prestige would positively moderate the effect participation has on CC-ID. That is, participation would be more impactful among customers who perceive the sponsored entity as being highly prestigious. As Table 4.4 shows, the high prestige group yields significant paths between participation and CC-ID ( $\beta = .34, p < .01$ ) between participation and sales ( $\beta = .26, p < .01$ ) and between participation and WOM ( $\beta = .26, p < .05$ ). For the low-prestige group however, each of these paths are insignificant (participation to CC-ID,  $\beta = .17, p > .10$ ; participation to sales,  $\beta = .15, p > .10$ ; participation to WOM,  $\beta = .08, p > .10$ ). This suggests that while hospitality participation influences CC-ID, sales and WOM among individuals who perceived the sponsored entity to be highly prestigious, participation has no effect on those individuals who believe the sponsored entity has little prestige. Importantly, this multi-group analysis provides support to H<sub>2</sub>; perceived prestige moderates the effect hospitality participation has on CC-ID. While it was not hypothesized a priori, this analysis also suggests that perceived prestige moderates the direct effect participation has on sales and word-of-mouth. Figure 4.4 and Figure 4.5 contains the standardized path coefficients for the low prestige and high prestige group, respectively.

#### **4.3.4 Regression Analysis**

To further validate this moderating effect and to assess the robustness of all the preceding hypotheses tests, the data were further analyzed utilizing ordinary least square regression analysis. Regression analysis provides a means to graphically depict any significant interaction (Aiken and West 1991), which can provide a better assessment of the substantive results of the moderating effect of perceived prestige. Additionally,



regression analysis allows for moderation tests to be conducted while the moderating variable remains continuous. That is, a median-split of the data, a somewhat controversial practice among statisticians, is not necessary when analyzing moderating effects with regression analysis.

Hierarchical multiple regression was utilized to analyze the data. A series of six regression models were specified. Model 1 and Model 2 each include CC-ID as the dependent variable; the participation by prestige interaction is omitted in Model 1 and included in Model 2. In Model 3 and Model 4 sales is included as the dependent variable. To assess the mediating role CC-ID plays in the relationship between participation and sales, CC-ID is included as an independent variable in Model 4. Similarly, when WOM is the dependent variable CC-ID is omitted as an independent variable in Model 5 and included as an independent variable in Model 6. Checks of the variance inflation factors of each of the models suggest no issues with multicollinearity (all below 2). The adjusted R-square for each of the regressions range from .19 to .70 suggesting the independent variables explain a satisfactory amount of variance in the dependent variables. The results of this analysis can be found in Table 4.5.

The results of Model 1 support H<sub>1</sub>, participation has a significant and positive effect on CC-ID ( $b = .66, p < .01$ ). The significant participation by prestige interaction ( $b = .24, p < .05$ ) in Model 2 lends additional support to H<sub>2</sub>. H<sub>3</sub> is supported in Model 4 as CC-ID has a significant and positive effect on sales ( $b = .42, p < .01$ ) and H<sub>4</sub> is supported in Model 6 as CC-ID has a significant and positive effect on WOM ( $b = .71, p < .01$ ). Additional evidence of the support for H<sub>5</sub> can also be found in Model 4. Even after



controlling for the effect CC-ID has on sales, hospitality participation has a direct and positive influence on sales ( $b = .62, p < .01$ ).

#### **4.4 Discussion**

It was proposed in this study that customer-company identification can be strengthened by offering customers personal inducements tied to the company's sponsorship program. Specifically, it was suggested that engaging customers in sponsorship hospitality events would cue company identity increasing the likelihood that the identification process would occur. The results of the preceding field study support this contention. Hospitality participation has a significant and positive relationship with customer-company identification. This positive relationship was confirmed through both path modeling and regression analysis.

A customer's perception of the prestige of the sponsored entity was predicted to moderate this relationship. The results of both a multi-group estimation and regression analysis confirm this theoretically important and substantively relevant moderating factor. Utilizing the protocol described by Aiken and West (1991), the significant moderating influence perceived prestige has on the relationship between hospitality participation and CC-ID is graphically depicted in Figure 4.6. As the figure illustrates, hospitality participation has a much greater influence on those customers who perceive the sponsored entity being prestigious. This finding suggests companies will get the 'biggest-bang' from their hospitality investment by engaging customers who perceive the sponsored entity as being highly prestigious. From a practical standpoint this indicates that customer's perceptions of prestige should be a consideration when deciding which



customers to invite to hospitality events. Additionally, this finding suggests that companies should work to create an aura of exclusivity and convey to participants the status of the event. In sum, management should focus on communicating the prestigiousness of such events.

Finally, the preceding analysis confirms the prediction that hospitality participation affects sales and word-of-mouth through its effect on customer-company identification. This finding is important because it provides a theoretically grounded explanation as to how personal inducements in the form of corporate hospitality works to build customer relationships and enhance firm performance. By uncovering this important mediating variable, the value derived from the use of personal inducements should now shift from a focus on short term outcomes such as immediate sales to a longer term focus on relationship building. That is, companies should focus on utilizing personal inducements to enhance levels of identification among their customer base, which in turn enhances firm performance.



**Table 4.1** Study 2: Study Items and Factor Loadings

Items	Factor Loadings
<b>Prestige of Sponsored Entity</b> (Mael and Ashforth 1992)	
1. People in my community think highly of ( <i>sponsored entity</i> ).	.87
2. ( <i>Sponsored entity</i> ) is considered to be one of the best ( <i>sponsored domain</i> ).	.80
3. ( <i>Sponsored entity</i> ) does not have a good reputation in my community (r).	.93
4. ( <i>Sponsored entity</i> ) is looked upon as a prestigious ( <i>sponsored domain</i> ).	.85
<b>Customer-Company Identification</b> (Lam, Ahearne, Hu and Schillewaert 2010)	
1. Please select the option that best describes the level of overlap or similarity you see between your identity and ( <i>company's</i> ) identity (Euclidean distance).	.85
2. "To what extent does your own sense of who you are (i.e. your personal identity) overlap with your sense of what [ <i>company</i> ] represents (i.e. the [ <i>company</i> ]'s identity?" anchored at -4 completely different, 0 neither similar nor different, 4 completely similar.	.74
3. When someone praises [ <i>company</i> ], it feels like a personal compliment	.88
4. I would experience an emotional loss if I had to stop buying from [ <i>company</i> ].	.82
5. I believe others respect me for my association with [ <i>company</i> ].	.85
6. I consider myself a valuable partner of [ <i>company</i> ].	.79
<b>Word of Mouth</b> (Harrison-Walker 2001)	
1. I mention ( <i>company</i> ) to others quite frequently.	.90
2. I have told more people about ( <i>company</i> ) than I have told about most other companies in the same industry.	.88
3. I seldom miss an opportunity to tell others about ( <i>company</i> ).	.90
4. When I tell others about ( <i>company</i> ), I tend to talk about the organization in great detail.	.86
5. I have only good things to say about ( <i>company</i> ).	.68
6. I am proud to tell others that I am a customer of ( <i>company</i> ).	.84
<b>Sales</b> (Lichtenstein et al. 2004)	
1. What percentage of the ( <i>product category</i> ) that you buy do you buy from ( <i>company</i> )?	
Less than 10%, 10-20%, 21-40%, 41-60%, 61-80%, 81-90%, 91-100%	
<b>Control Variables</b>	
What is your age?	
What is your gender?	
How many years have you been purchasing from ( <i>company</i> )?	
Model Fit: $\chi^2 = 237$ d.f. = 98, $p < .01$ ; GFI = .89; CFI = .96, NFI = .93, RMSEA = .076	



**Table 4.2** Study 2: Means, Standard Deviations, Alpha Reliabilities, Average Variance Extracted and Correlations

Variable	M	SD <sup>1</sup>	CA <sup>2</sup>	AVE <sup>3</sup>	1	2	3	4	5	6	7	8
1. Perceived Prestige	5.22	1.43	.92	.75	1							
2. CC - ID	4.64	1.28	.88	.67	.46*	1						
3. Word-of-Mouth	4.96	1.26	.94	.71	.49*	.89*	1					
4. Sales	3.37	1.77	n.a.	n.a.	.32*	.46*	.49*	1				
5. Hospitality Participation	0.50	0.50	n.a.	n.a.	.37*	.38*	.44*	.39*	1			
6. Age	45.38	10.74	n.a.	n.a.	-.07	-.19*	-.22*	-.20*	-.32*	1		
7. Gender	0.15	0.36	n.a.	n.a.	-.02	.07	.07	-.04	-.05	-.12	1	
8. Tenure	8.04	6.58	n.a.	n.a.	-.03	.00	-.11	-.12	-.09	.33*	-.02	1

\* p &lt; .01

Notes: 1. SD = Standard Deviation; 2. CA = Cronbach's Alpha; 3. AVE = Average Variance Extracted

n.a. not applicable



**Table 4.3** Study 2: Results of Path Modeling

		<b>Hypothesized Model</b>			<b>Alternative Model</b>		
		Estimate	M.L. (S.E.) <sup>1</sup>	Boot (S.E.) <sup>2</sup>	Estimate	M.L. (S.E.) <sup>1</sup>	Boot (S.E.) <sup>2</sup>
<b>H<sub>1</sub></b>	Participation → CC-ID	<b>.40</b>	<b>(.17)<sup>a</sup></b>	<b>(.23)<sup>b</sup></b>	<b>.37</b>	<b>(.17)<sup>a</sup></b>	<b>(.22)<sup>b</sup></b>
<b>H<sub>5</sub></b>	Participation → Sales	<b>.23</b>	<b>(.21)<sup>a</sup></b>	<b>(.23)<sup>b</sup></b>	<b>.24</b>	<b>(.21)<sup>a</sup></b>	<b>(.23)<sup>b</sup></b>
<b>H<sub>3</sub></b>	CC-ID → WOM	<b>.91</b>	<b>(.09)<sup>a</sup></b>	<b>(.13)<sup>b</sup></b>	<b>.86</b>	<b>(.09)<sup>a</sup></b>	<b>(.13)<sup>c</sup></b>
<b>H<sub>4</sub></b>	CC-ID → Sales	<b>.39</b>	<b>(.10)<sup>a</sup></b>	<b>(.12)<sup>b</sup></b>	<b>.38</b>	<b>(.10)<sup>a</sup></b>	<b>(.12)<sup>b</sup></b>
<b><i>Control Variables</i></b>							
	Age → CC-ID	-.08	(.01)	(.01)	-.08	(.01)	(.01)
	Gender → CC-ID	.08	(.20)	(.23)	.08	(.20)	(.23)
	Tenure → CC-ID	.03	(.01)	(.01)	.03	(.01)	(.01)
<b><i>Alternative Path</i></b>							
	Participation → WOM				<b>.11</b>	<b>(.10)<sup>b</sup></b>	<b>(.12)<sup>c</sup></b>
<b><i>Squared Multiple Correlations (R<sup>2</sup>)</i></b>							
	CC-ID	.17			.15		
	WOM	.82			.82		
	Sales	.28			.28		
<b><i>Model Fit Statistics</i></b>							
	GFI	.88			.88		
	CFI	.94			.94		
	RMSEA	.080			.079		
	Chi Square	292	(d.f. 114)		284	(d.f. 113)	
	Δ Chi Square				8	(d.f. 1)	<i>p</i> < .01
<b><i>Tests of Mediation</i></b>							
<b><i>Standardized Total Effect</i></b>							
	Participation → Sales	.385			.385		
	Participation → WOM	.359			.429		
<b><i>Standardized Indirect Effect</i></b>							
	Participation → Sales	.155			.142		
	Participation → WOM	.359			.318		
<b><i>Proportion of Participation's effect mediated through CC-ID</i></b>							
	Sales	40%			37%		
	Word-of-mouth	100%			74%		

Standardized estimate reported

1: Maximum likelihood standard error

2: Bootstrap (250 samples) standard errors

Note: <sup>a</sup> *P* < .001, <sup>b</sup> *p* < .01, <sup>c</sup> *P* < .05



**Table 4.4** Study 2: Path Results of Moderation effects of Perceived Prestige

		High Prestige Group (n = 122)			Low Prestige Group (n = 124)		
		Estimate	M.L. (S.E.) <sup>1</sup>	Boot (S.E.) <sup>2</sup>	Estimate	M.L. (S.E.) <sup>1</sup>	Boot (SE) <sup>2</sup>
<b>H<sub>2</sub></b>	Participation → CC-ID	<b>.34</b>	<b>(.23)<sup>a</sup></b>	<b>(.30)<sup>b</sup></b>	.17	(.19)	(.25)
	Participation → Sales	<b>.26</b>	<b>(.32)<sup>b</sup></b>	<b>(.32)<sup>b</sup></b>	.15	(.30)	(.37)
	CC-ID → WOM	<b>.85</b>	<b>(.13)<sup>a</sup></b>	<b>(.15)<sup>b</sup></b>	<b>.86</b>	<b>(.20)<sup>a</sup></b>	<b>(.31)<sup>b</sup></b>
	CC-ID → Sales	<b>.35</b>	<b>(.16)<sup>a</sup></b>	<b>(.21)<sup>b</sup></b>	<b>.32</b>	<b>(.17)<sup>b</sup></b>	<b>(.18)<sup>b</sup></b>
<b>Control Variables</b>							
	Age → CC-ID	-.08	(.01)	(.01)	-.11	(.01)	(.01)
	Gender → CC-ID	.02	(.26)	(.30)	.13	(.25)	(.30)
	Tenure → CC-ID	.08	(.02)	(.02)	.01	(.01)	(.01)
<b>Alternative Path</b>							
	Participation → WOM	<b>.12</b>	<b>(.13)<sup>c</sup></b>	<b>(.14)<sup>c</sup></b>	.08	(.15)	(.14)
<b>Squared Multiple Correlations (R<sup>2</sup>)</b>							
	CC-ID	.12			.06		
	WOM	.80			.76		
	Sales	.26			.14		

**Overall Model Fit**

$\chi^2 = 415$ , d.f. = 226,  $p < .01$ ; GFI = .84; CFI = .92, NFI = .84, RMSEA = .059

Standardized estimate reported

1: Maximum likelihood standard error

2: Bootstrap (250 samples) standard errors

Note: <sup>a</sup>  $P < .001$ , <sup>b</sup>  $p < .01$ , <sup>c</sup>  $P < .05$



**Table 4.5** Study 2: Regression Results for Antecedents of Customer-Company Identification, Word-of-Mouth and Sales

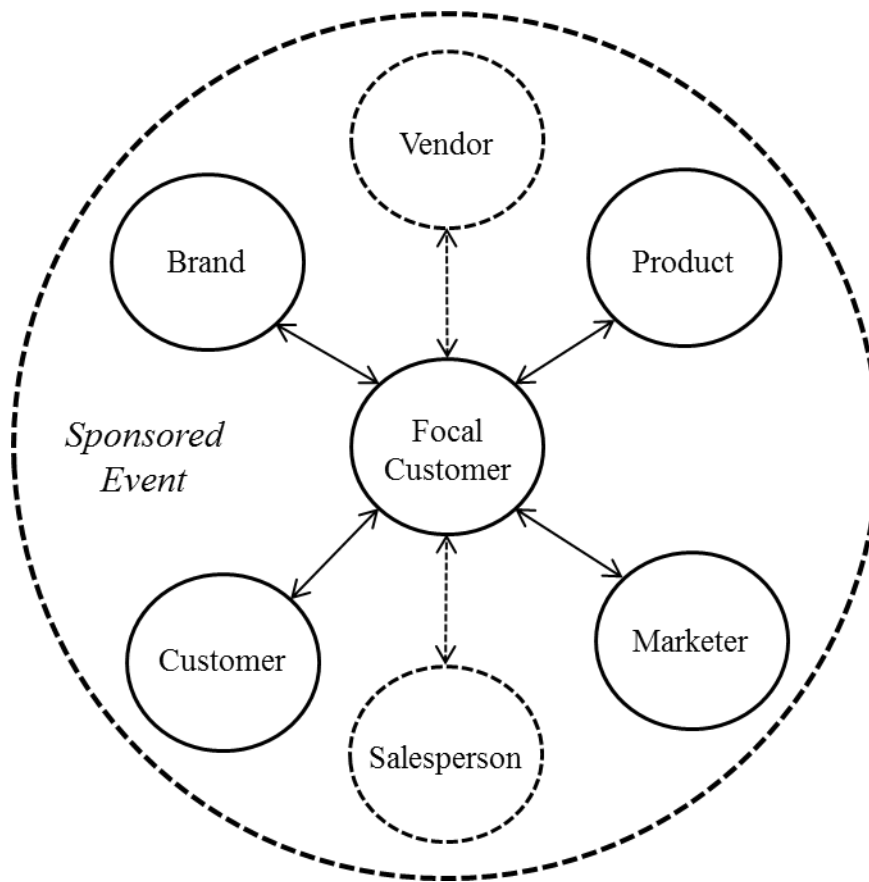
Dependent Variables	CC- ID				Sales				Word-of-Mouth			
	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
Intercept	<b>3.15</b>	<b>(.51)<sup>a</sup></b>	<b>3.55</b>	<b>(.54)<sup>a</sup></b>	<b>2.94</b>	<b>(.77)<sup>a</sup></b>	<b>1.46</b>	<b>(.80)<sup>a</sup></b>	<b>3.64</b>	<b>(.50)<sup>a</sup></b>	<b>1.13</b>	<b>(.36)<sup>a</sup></b>
<i>Main effects</i>												
<b>H1:</b> Hospitality Participation	<b>.66</b>	<b>(.16)<sup>a</sup></b>	<b>.54</b>	<b>(.17)<sup>a</sup></b>	<b>.85</b>	<b>(.24)<sup>a</sup></b>	<b>.62</b>	<b>(.24)<sup>a</sup></b>	<b>.52</b>	<b>(.16)<sup>a</sup></b>	.13	(.11)
Perceived Prestige	<b>.27</b>	<b>(.05)<sup>a</sup></b>	.18	(.07)	.15	(.10)	.08	(.10)	<b>.21</b>	<b>(.07)<sup>a</sup></b>	<b>.09</b>	<b>(.04)<sup>b</sup></b>
<b>H2:</b> Participation*Prestige			<b>.24</b>	<b>(.11)<sup>b</sup></b>	.27	(.16)	.17	(.15)	<b>.28</b>	<b>(.10)<sup>a</sup></b>	.11	(.07)
<b>H3/H4:</b> CC-ID							<b>.42</b>	<b>(.09)<sup>a</sup></b>			<b>.71</b>	<b>(.04)<sup>a</sup></b>
<i>Control variables</i>												
Age	-.01	(.01)	-.01	(.01)	-.01	(.01)	-.01	(.01)	-.01	(.01)	.00	(.01)
Gender	.15	(.20)	.16	(.20)	-.16	(.28)	-.22	(.27)	.25	(.19)	.13	(.12)
Tenure	.00	(.01)	.00	(.01)	-.01	(.02)	-.02	(.02)	-.01	(.01)	-.01	(.01)
Adjusted R <sup>2</sup>	.23		.24		.19		.28		.31		.70	
F (Statistics)	15.59		17.32		10.71		13.17		19.644		83.17	

<sup>a</sup> p < .05<sup>b</sup> p < .01

Note: Unstandardized coefficients reported, numbers in parentheses are standard errors. Sample size = 246



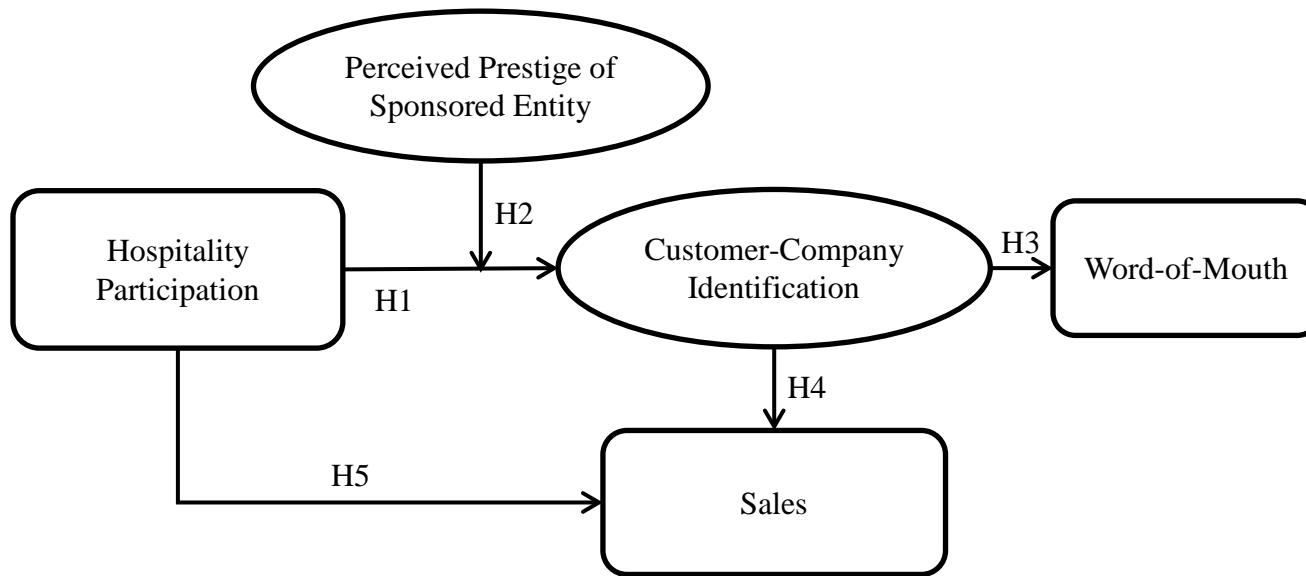
**Figure 4.1** Potential Relationships of Sponsorship-Linked Corporate Hospitality Events



Note: Solid lines represent McAlexander et al.'s (2003) Customer-Centric Model of Brand Community; dashed lines represent additions for sponsorship-linked customer engagement events.

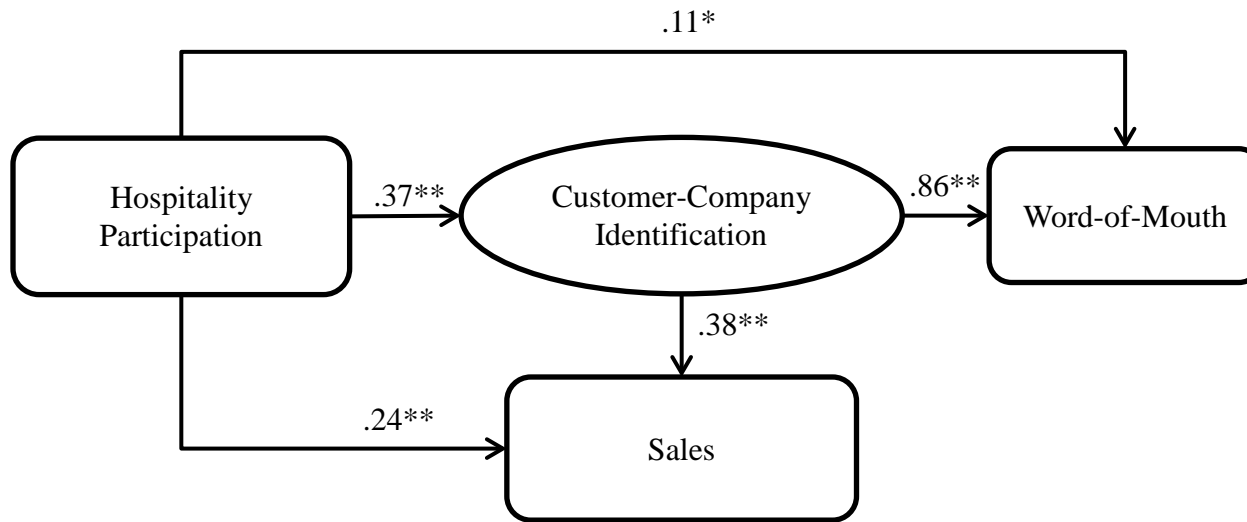


**Figure 4.2** Conceptual Framework of Customer Hospitality Participation





**Figure 4.3** Alternative Model of Customer Hospitality Participation

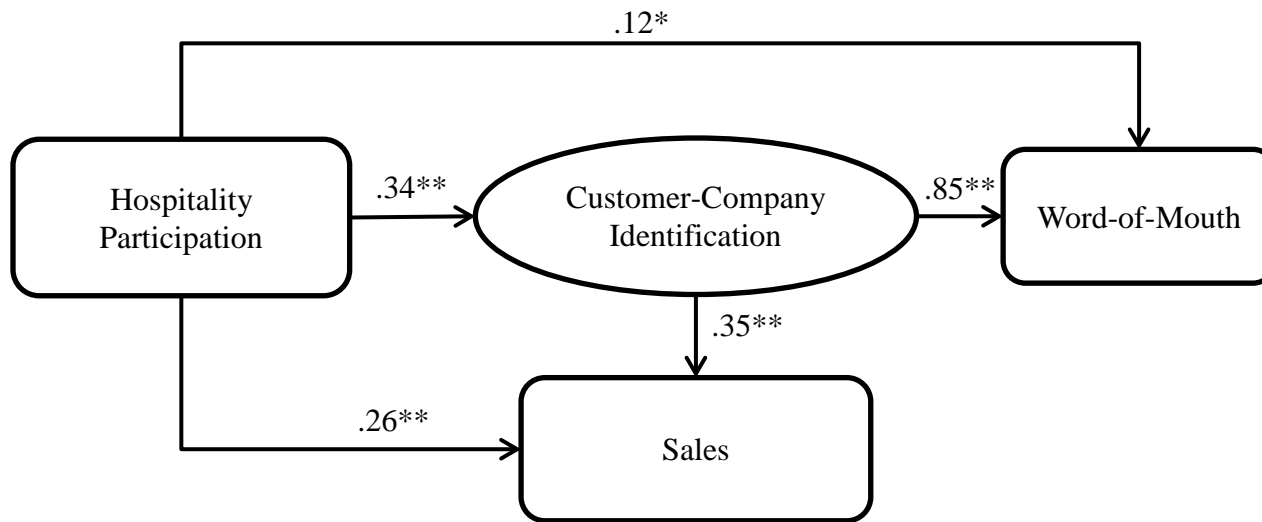


Note: Significance calculated with bootstrap standard errors

\*\*  $p < .01$ , \*  $p < .05$



**Figure 4.4** Alternative Model of Customer Hospitality Participation, High Prestige Group

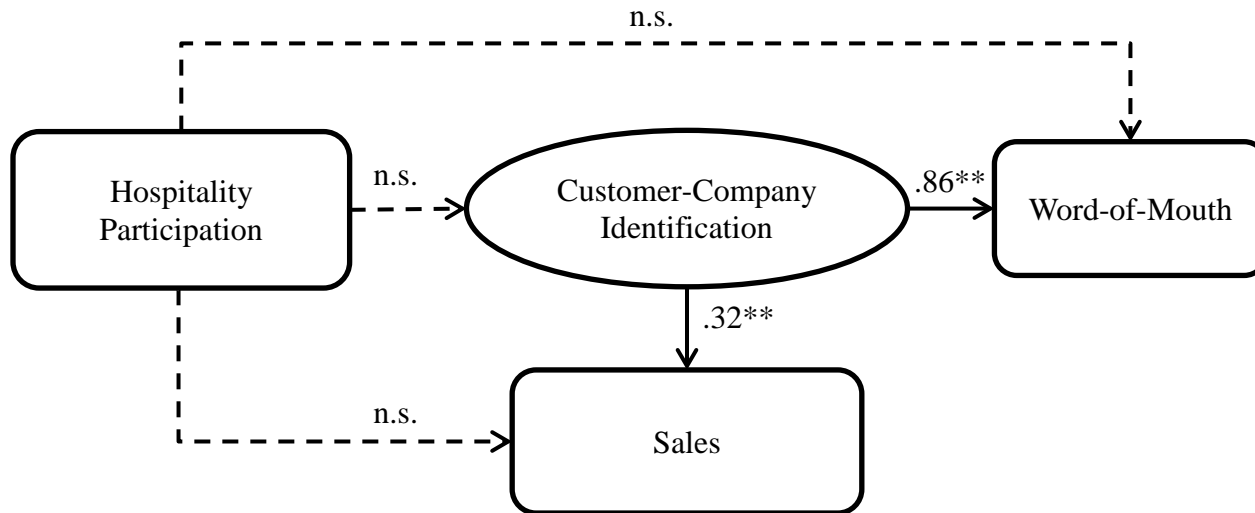


Note: Significance calculated with bootstrap standard errors

\*\*  $p < .01$ , \*  $p < .05$



**Figure 4.5** Alternative Model of Customer Hospitality Participation, Low Prestige Group

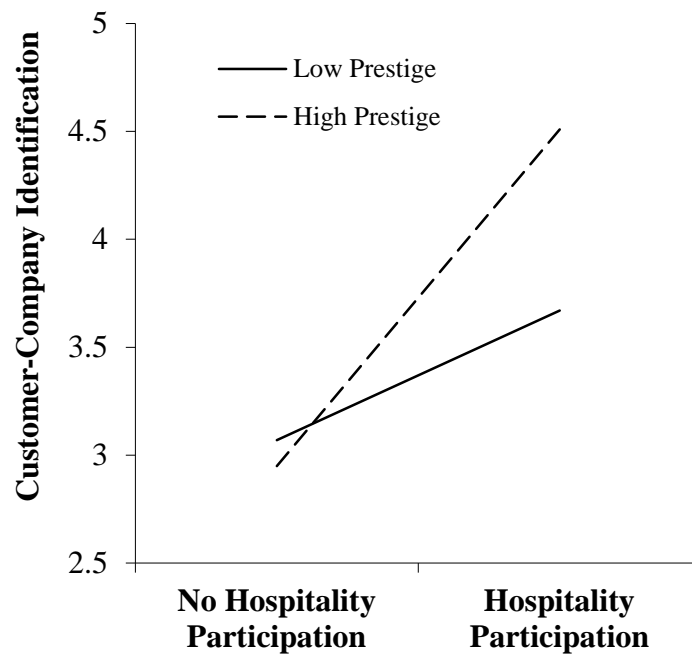


Note: Significance calculated with bootstrap standard errors; n.s. = not significant

\*\*  $p < .01$



**Figure 4.6** Perceived Prestige as Moderator of Hospitality Participation





## **CHAPTER 5**

### **CONTRIBUTIONS, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH**

#### **5.1 Theoretical Contributions**

Cultivating relationships with customers, employees and other stakeholders represents an important objective of business organizations. Social identity theory and the concept of identification represent a theoretically grounded approach to view these stakeholder-firm relationships (Press and Arnould 2011). The current research makes several theoretical contributions to the burgeoning stream of research in the area. First, both studies conducted in this dissertation provide evidence that company identity can be influenced by the company and company marketers. Marketers can enact specific initiatives to alter the identity of a company and in turn enhance identification among various stakeholders. This finding is theoretically relevant because while company identification has emerged as an important predictor of supportive behaviors, the effect marketing initiatives have on company identification remained unclear.

A related theoretical contribution concerns the evidence provided in this dissertation as to the importance of external alliance partners in the identification process; specifically, the perceived prestige of alliance partners. The literature has confirmed that the perceived prestige of an organization is an important antecedent of stakeholder identification (Mael and Ashforth 1992). The identification literature however, has yet to consider how an affiliation with a prestigious external entity affects stakeholder-company identification. The theoretical contribution advanced here suggests that organizational stakeholders are cognizant of, and react to the prestige of affiliated organizations. The formal relationship a company engages in with an external organization becomes a



central component of a company's identity and thus must be considered when examining stakeholder-company identification.

Collectively, the two studies contained in this dissertation also provide additional support to the theoretical prediction that company identification leads to supportive behaviors. Among salespeople, company identification was found to lead to sales growth and among customers company identification was found to lead to sales and positive word-of-mouth communications. Together these findings lend support to the importance of identification and provide additional evidence that companies should in fact work to enhance stakeholder-company identification. In addition to these contributions to social identity theory and company identification, each study also makes several theoretical contributions to specific areas of the marketing and sales literature. The specific theoretical contributions of Study 1 and Study 2 are discussed next.

### **5.1.1 Study 1**

The concept of salesperson company-identification has slowly begun to emerge in the sales literature (e.g., DeConinck 2011; Hughes and Ahearne 2010; Larson et al. 2008). Identification is a significant concept for sales researchers because the motivation derived from identification is intrinsic in nature (Tajfel and Turner 1985) and salespeople who are intrinsically motivated are especially successful at achieving organizational goals (Mackenzie et al. 1998). As discussed above, the perceived prestige of an alliance partner is one factor that was found to positively affect salesperson company-identification. Additionally, the voice a salesperson is given in company decision making was also found to positively affect identification. This finding sheds theoretical insight to



the importance of including salespeople in company decision making (Wagner 1994).

When salespeople are provided a voice by management they are shown respect which can foster a feeling of inclusion among salespeople. This respect ultimately enhances the relationship between salesperson and company. The theoretical implications of this transcend the sales literature as it is relevant to management scholars as well. By providing employees voice in company decision making, management can strengthen company identification and thus supportive behaviors among employees.

Encouraging sales personnel to utilize available marketing resources during the sales process has become an ongoing concern for practitioners and academics alike. Over the past decade a large body of research in the sales and marketing areas has emerged examining the antecedents and consequences of resource utilization by the sales force (e.g., Homburg et al. 2010; Jelinek et al. 2006). This research has been grounded in a number of theoretical perspectives including self-efficacy theory, the theory of planned behavior and goal orientation theory. Prior to this study however, company-identification had yet to be considered as an antecedent of salesperson resource leverage. The current study includes company identification as a predictor of salesperson resource leverage and as such provides an additional theoretical explanation as to why salespeople use (or do not use) available resources. Future researchers should continue to examine salesperson resource leveraging through the lens of social identity theory.

### **5.1.2 Study 2**

The use of personal inducements to build relationships with customers has been a common business practice for many years. However, theoretical rationale for how such



inducements work to build customer relationships has been absent in the literature. Study 2 builds upon the theoretical work of McAleander and Schouten (1998) and Scott and Lane (2000) to argue personal inducements in the form of corporate hospitality can be utilized by companies to strengthen customer-company identification. The findings of Study 2 indicate that engaging customers in hospitality events positively affects customer sales performance and positive word-of-mouth through its effect on identification. That is, customer-company identification is an important theoretical concept linking personal inducements to customer support.

Study 2 also provides evidence as to the importance of reciprocity in the buyer-seller exchange relationship. Based on the tenets of social exchange theory (Blau 1964) it was predicted that hospitality participation would have some non-mediated direct effect on customer sales. It was suggested that customers would purchase more from a company in order to maintain a balanced relationship with the company that invited them to participate in the hospitality event. The results of Study 2 support this prediction and provide support for the theory that customers continually strive to maintain a balanced relationship with companies. This finding helps to further explain the dynamic nature of customer - company relationships and provides additional insights to the relationship marketing paradigm (Bagozzi 1995).

## **5.2 Managerial Implications**

In addition to the theoretical contributions discussed above, the research contained in this dissertation also has several substantive implications. First, the two studies collectively suggest that corporate sponsorship is a marketing resource which can



be leveraged to build and enhance stakeholder-company relationships. Through sponsoring an entity perceived to be prestigious by company stakeholders, management can alter the identity of the company and make it a more attractive target of identification. This relationship building aspect of sponsorship goes beyond traditionally cited reasons for engaging in corporate sponsorships such as building awareness and enhancing company image (Cornwell et al. 2005). This indicates that corporate sponsorship may be more valuable in terms of enhancing firm performance than previously believed. There are important implications which can be gleaned from this research in terms of managing corporate sponsorships.

First, managers deciding what organizations to sponsor should assess stakeholders' perceptions of prestige of the different organizations prior to engaging in a formal relationship. Researchers have traditionally suggested that management should make sponsorship decisions based on the congruence or fit between sponsor and potential sponsored organizations (Simmons and Becker-Olsen 2006) or based on the interests of the company's stakeholder (Cornwell et al. 2005). This dissertation provides an alternative managerial decision point and suggests perceptions of prestige should be considered when making sponsorship decisions.

This is particularly valuable to management because perceptions of prestige are not necessarily universal. Management can take advantage of a type of arbitrage in the sponsorship market by sponsoring organizations that are well regarded among the company's stakeholders but are not high-profiled among the general public. This suggests that companies should consider sponsoring local teams and (or) events which are personally relevant and perceived to be prestigious among stakeholders; yet, do not



have a large national following. These types of sponsorships will likely have a large impact on stakeholder-company identification and require a relatively small investment. A company can derive great benefits at a low cost by sponsoring entities that are highly prestigious in the minds of its stakeholders but less well-known by the general public and thus less valuable to other companies.

Besides assessing perceptions of prestige prior to engaging in a sponsorship, management should also work to enhance perceptions of prestige after the sponsorship relationship has been established. This can be accomplished by advertising the sponsorship relationship with traditional promotional media and highlighting the sponsorship via internal marketing tactics. Organizational stakeholder will likely derive additional pride from their affiliation with the company and thus strengthened identification when the company promotes their sponsorship in a public forum.

Next, management would be well served to include salespeople and other employees in the sponsorship decision making process. By providing a voice to salespeople during such decision making, management can enhance the feeling of inclusion and ultimately the relationship salespeople have with the company. Several mechanisms can be deployed by management to create a culture of inclusion among the sale force. Sales managers can talk with sales representatives in the field about the direction of the company's sponsorship program and overall marketing strategy. Additionally, top management can provide the sales force a voice by offering them formal opportunities to express their thoughts on such matters. This can be done by surveying the sales force or by implementing a structure that rewards sales representative for providing feedback regarding company related marketing issues.



The results of this dissertation also have other important implications in terms of managing a company's sales force. While salesperson resource leveraging was expected to positively affect sales growth, the empirical results were contrary to this finding. This finding has several important managerial implications: First, management must be active when encouraging the sales force to utilize marketing resources. To ensure marketing resources are utilized to their fullest potential, management can implement training programs centered on how best to leverage the resource. Companies can provide salespeople with educational materials such as a list of 'best practices' as well as other assets which complement the focal marketing resource. Additionally, management should work to create an open dialog with salespeople and among salespeople to share their individual experiences with leveraging various resources.

Management should also work to identify which types of salespeople are best apt at leveraging marketing resources and then specifically encourage those salespeople to leverage the resource. Customer orientation was one factor uncovered here which can be used to determine this. Customer oriented salespeople appear to be more effective at implementing the sponsorship in their sales process to grow their sales. This finding also offers additional evidence to the importance of promoting customer orientation among the sales force.

Finally, the support offered to the theoretical argument that customers work to balance their relationship with companies has many important implications for management. This provides evidence that management should work to maintain a positive *imbalance* in the customer-company relationship. This can be done by offering customers inducements and other resources that have personal value to the customer.



Customers will reciprocate and show support to the company in order to rebalance this relationship. It is important to note that the value the customer places on the inducement is important and that value is not necessarily directly correlated with the cost of the inducement. For example, the incremental cost of an additional corporate hospitality pass is relatively low but the value to a customer can be quite high. Management should work to identify similar types of inducements that have high value to customers but can be acquired by the company at a relatively low cost.

### **5.3 Limitations and Directions for Future Research**

As with all research there are important limitations with the two studies presented in this dissertation that must be addressed. Great effort was taken to design studies that would maximize both the internal validity and generalizability of the study's results. Despite these efforts the studies do suffer from some limitations that will be outlined subsequently. These limitations in conjunction with the contributions of the two studies have, however, created opportunities for future research. Prior to addressing the individual limitation of each study, important limitations that are present in both studies will be discussed first.

The company utilized to test the two conceptual models developed in this dissertation engages in a single large national corporate sponsorship that is closely related to the industry in which the company operates. Additionally, the company has been an active sponsor of the sport entity for multiple years. These characteristics may limit the generalizability of the results since this represents a somewhat narrow corporate sponsorship environment. Many companies engage in different types of sponsorships



simultaneously and acquire and terminate sponsorships regularly. Consider for example companies such as Anheuser-Busch and McDonald's which each sponsor numerous entities including (but not limited to) The FIFA World Cup, the National Football League and The Kentucky Derby. Future research should investigate how stakeholders of companies such as these and other companies which sponsor multiple entities are affected by such complex sponsorship portfolios. Research should also address the potential nuances between different types of sponsorship. Specifically, researchers can investigate differences in terms of stakeholder identification between cause (i.e., non-profit) and sport sponsorships or between large national sponsorships and local sponsorships. Specific limitations of Study 1 and Study 2 as well as directions for future research gleaned from the two studies are addressed next.

### **5.3.1 Study 1**

By combining self-report survey data with objective sales data collected from company records, the potential of common method bias in this study is greatly reduced (Podsakoff et al. 2003). There is however the potential for other types of bias in the survey data. Resource leverage and customer orientation were assessed by asking individual salespeople the degree to which they leverage their company's sponsorship program during their sales process and the degree to which they are customer oriented. There are potential issues with desirability bias when assessing these variables via self-report measures. That is, salespeople may have inflated their ratings on these variables in order to present themselves in a positive light. Future researchers could overcome this



potential issue by assessing these variables from a second source possibly from sales managers or from customers.

A second potential limitation of Study 1 is the use of salesperson sales growth as the dependent variable. Similar to prior research (e.g., Fu et al. 2010; Hughes and Ahearne 2010) sales performance was conceptualized as a salesperson's overall sales growth over a defined period of time. By comparing sales performance across salespeople I was able to control for macro-level variability such as seasonality and macro-economic conditions. However, there is likely variability in the individual markets serviced by the sales representative that was not controlled for in the model. Salespeople in thriving economic markets may have experienced high growth rates simply because they were in better markets than their peer salespeople. Future research can address this issue by including additional variables that control for variance in the economic and other market conditions of salespeople's sales regions.

Finally, the finding that sponsorship resource leverage is negatively associated with sales growth rates generates additional questions and thus potential for future research. While customer-orientation was found to moderate this negative relationship, identifying additional boundary conditions would have important managerial implications. For example, future research could investigate the role management plays in the resource leverage – performance relationship. Can sales managers implement training programs, best-practice manuals or other control systems that can enhance the efficacy of salesperson resource leverage? In sum, additional research must continue to examine how best to manage the sales force in terms of how it utilizes available resources.



### 5.3.2 Study 2

While the quasi-experiment conducted in Study 2 was intended to maximize external validity and the generalizability of the results, this type of study raises some internal validity concerns. Unlike a laboratory experiment, it was impossible to control for all factors that may have varied across the two groups. Beside the main manipulated factor (i.e., hospitality participation) there may have been other factors that differed between the two groups of customers and were not controlled for in the study. For example, customers that participated may have had more contact with their sales representative before or after the hospitality event. The hospitality invitation may have been just one component of a greater campaign designed to build relationships with the participant group. These and other potential factors may have had some influence on the differences in the levels of company identification across the two groups.

Care was taken to match the hospitality participant sample with a similar representative sample of customers who did not participate in any hospitality event. This was done by including individuals from a sample of non-participant customers that resided within the same geographical areas as the participant sample. There are limitations to this sampling procedure that must be addressed. Because of regional differences in the popularity of the sponsored sport it was assumed that customers that resided in similar locations would be similar in terms of their involvement in the sport. This assumption is a limitation that should be considered when reflecting on the results of Study 2. Conducting a within-subjects field experiment would help to address this limitation. Assessing changes in the attitudes and behaviors of customers, pre and post



hospitality participation, would eliminate the potential sampling issue present in the current study. This type of within-subjects experiment was not possible in the current study because of restrictions enacted by management regarding access to customers.

A final limitation with Study 2 involves the use of self-report dependent variables. Both customer sales and positive word-of-mouth communications were assessed by directly asking the customer. Desirability bias is one potential issue with such a measure. Individuals who participated in the hospitality events may have artificially inflated their ratings on the sales and word-of-mouth ratings simply because they felt obliged to. Future research can address this issue by utilizing objective sales data similar to the approach taken in Study 1. Linking personal inducements to changes in actual customer behaviors (i.e., sales performance) would provide additional support to the theory offered in this study.



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