Assessing the Impact of Career Experience on Leadership Effectiveness in a Large Equipment Rental Company

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ASSESSING THE IMPACT OF CAREER EXPERIENCE ON LEADERSHIP EFFECTIVENESS IN A LARGE EQUIPMENT RENTAL COMPANY

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ASSESSING THE IMPACT OF CAREER EXPERIENCE ON LEADERSHIP EFFECTIVENESS IN A LARGE EQUIPMENT RENTAL COMPANY

by

Cesar Cedillos, MBA

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ABSTRACT

ASSESSING THE IMPACT OF CAREER EXPERIENCE ON LEADERSHIP EFFECTIVENESS IN A LARGE EQUIPMENT RENTAL COMPANY

Cesar Cedillos

The University of Dallas, 2019

Supervising Professor: Rosemary Maellaro, Ph.D.

Many organizations face the challenge of selecting competent individuals to fill leadership positions. The consequences of placing individuals who are not appropriately qualified into leadership positions can negatively impact organizational and employee outcomes, yielding lower sales, decreased quality of customer service, higher employee turnover, diminished performance levels, or low employee engagement. Thus, it is imperative that organizations carefully consider the selection criteria used to make leader hiring and promotion decisions.

The target of this study was a large equipment-rental company that strongly prefers to fill branch-leader positions with individuals who possess prior sales experience. The study examined the impact of leaders’ prior career experience, specifically, sales experience, on employees’ perceptions of leader effectiveness, sustainable engagement, and, ultimately, the overall effectiveness of location leaders based on financial performance. Results showed that marginally better employee outcomes emerged in locations led by individuals with prior sales experience, and slightly better financial performance emerged in locations led by individuals without prior sales experience. However, an analysis of variance revealed these differences were not
statistically significant. Hence, these mixed results suggest that prior sales experience is not the singular determinant of branch-leader success in this organization.
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CHAPTER 1

INTRODUCTION

Many organizations work to select competent individuals to effectively lead teams. Hiring managers must consider many critical questions when selecting leaders: How much experience is needed for a leader to be successful? Is there a specific type of experience that better prepares someone to lead? Does experience transcend organizational and industry boundaries? Although leadership is one of the most studied phenomena to date, the literature does not sufficiently address these questions. Therefore, much uncertainty persists on how to identify the most qualified individuals for leadership positions.

The consequences of placing individuals who are not appropriately qualified into leadership positions can negatively impact organizational and employee outcomes, yielding lower sales, decreased quality of customer service, employee turnover, decreased performance levels, resistance toward the leader, or low engagement. Thus, selecting a leader is an important decision for any organization. In this study, I focus on a large North American rental company that faces such a dilemma when selecting leaders to lead sales and operations units. Previous researchers showed that positive employee and organizational outcomes result from the leader’s behavior (Bass & Avolio, 1990), yet, organizational leaders at this target company strongly focus on candidates’ prior experience, not their behavior. In this study, I examine the potential effects the leader’s prior career experience may have on important employee and organizational outcomes, providing useful managerial implications that can help improve the hiring process when selecting a location leader at this target organization and similar organizations.
Common Hiring Practices

Most organizations engage in standardized hiring practices to ensure they hire the most qualified candidates (Keller, 2018). The hiring process usually begins with a review of candidates’ resumes, as most organizations consider job applications and resumes central to determining who is invited for additional screening (Cole, Rubin, Feild, & Giles, 2007). Candidate resumes often comprise three main categories: academic qualifications, work experience, and related activities (e.g., professional organizations membership or additional training). Of the three categories, recruiters have assigned the greatest weight in their hiring decisions to a candidate’s prior work experience (Singer & Bruhns, 1991). This is likely because prior experience provides the opportunity to develop relevant task knowledge and skills, and most organizations hire experienced individuals with the expectation that they possess the desired task-relevant knowledge and skill (Dokko, Wilk, & Rothbard, 2009). However, it is critical to understand that experience does not necessarily equate to relevant knowledge and skills (Quiñones, Ford, & Teachout, 1995). Although prior experience provides the opportunity to develop task-relevant knowledge and skills, it does not guarantee such advances in task-relevant knowledge and skills. Organizations that hire based on the assumption that more experience equates to more task relevant knowledge and skills potentially run the risk of hiring someone for whom experience and knowledge are distinct constructs (Quiñones et al., 1995).

Placing such importance on prior work experience is a common practice for many human-resource functions including selection, career development, management development, and promotion (Tesluk & Jacobs, 1998). Furthermore, organizations often seek candidates who possess prior work experience comparable to the current needs of the organization (i.e., knowledge and skills) because they expect these candidates to have knowledge that enables them
to be immediately productive and have the expectation that these experienced workers will perform better (Rynes, Orlitzky, & Bretz, 1997). However, previous research has produced mixed results on the relationship between prior work experience and performance. Some studies concluded a positive correlation exists (Borman, Hanson, Oppler, Pulakos, & White, 1993; McDaniel, Schmidt, & Hunter, 1988; Quiñones et al., 1995) whereas other studies fail to demonstrate a relationship between the two constructs (Castilla, 2005; Fiedler, 1970; Medoff & Abraham, 1980). Some scholars argue that the mixed results might be attributed to routines and habits gained through experience that do not fit in the new job context, which “may limit the positive effect of prior experience on performance” (Dokko et al., 2009, p. 52). Other scholars attribute these mixed results to the wide use of experience as a proxy for knowledge, and even though the two constructs differ, most studies on experience have not distinguished between the constructs (Quiñones et al., 1995).

This study’s target organization is a Fortune 500 company that employs approximately 19,000 employees in more than 1,200 locations across North America, and is considered one of the largest rental companies in the world. The company operations entail general rentals and specialty rentals. The general-rentals segment offers construction, industrial, and homeowner equipment for rent. The specialty-rentals segment, divided into five regions (trench, power, pumps, tools, and onsite services) offers equipment for underground construction, climate control, temporary power, fluid transfer, disaster recovery, tool management, and onsite services. This study focuses on four specialty rental divisions.

Organizational leaders at the target company share the opinion that employees aspiring to become location leaders need to have a certain amount of sales experience before they are considered for a leadership role. Most organizational leaders argue that candidates with prior
sales experience make ideal leaders because they are in constant contact with customers, and thus have a better understanding of how to increase customer satisfaction, which leads to increased patronage and revenue growth. Organizational leaders believe success in a sales role paves the way for advancement to a leadership role. This belief has formed over time, largely driven by intuition and past practice. To my knowledge, the target organization has not conducted any performance studies that would validate their belief.

The target organization hesitates to consider candidates for leadership positions who have only “operations” experience unless they obtain sales experience. This approach to selecting location managers has created some negative consequences for the organization as a whole. Through personal observation and informal conversations with several employees, those with only operations experience (and not sales experience) often choose to leave, lose motivation, or do not apply for leadership roles that otherwise might have been of interest. Individuals who aspire to leadership roles who otherwise have the potential to succeed as leaders but do not have sales experience have a tendency for lower morale and higher rates of voluntary attrition.

Despite the value of having a successful sales background (e.g., interpersonal skills), success in a sales role does not necessarily translate to being a successful leader; previous literature has demonstrated that prior related job experience creates task-relevant knowledge that one can apply to a new job with similar responsibilities (Dokko et al., 2009). However, as noted by the target company’s job postings, a salesperson and a location leader have different responsibilities that require distinct knowledge and skill sets (Table 1 illustrates a side-by-side comparison). For example, location leaders lead branch sales and operational efforts, preparing and presenting monthly profit and loss statements and yearly budgets using internal reporting tools to optimize branch financial performance, fleet management, coordinating activities among
branch departments to improve productivity, maintaining inventory levels, and ensuring workplace safety. Sales people are responsible for increasing sales and branch revenue, establishing new rental and sales accounts through cold calling and personal visits to potential customer sites, offering a full range of products and services to new and current customers, coordinating with all branch departments to ensure customer satisfaction, and educating customers about equipment through demonstration. When reviewing the job responsibilities of the outside sales role and the location manager role, it is apparent that each role consists of distinct tasks and completion of these tasks requires distinct task-relevant knowledge and skills (Tesluk & Jacobs, 1998).

Table 1

*Side by Side Comparison of Manager and Salesperson Responsibilities, Based on Target Organization’s Job Descriptions*

<table>
<thead>
<tr>
<th>Branch manager</th>
<th>Outside sales representative</th>
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<tr>
<td>Leading branch sales and operational efforts</td>
<td>Increasing sales and branch revenue</td>
</tr>
<tr>
<td>Preparing and presenting monthly profit-and-loss statements and yearly budgets</td>
<td>Establishing new rental and sales accounts through cold calling and personal visits to potential customer sites</td>
</tr>
<tr>
<td>Using internal reporting tools to optimize branch financial performance</td>
<td>Offering a full range of products and services to new and current customers, including other specialty product lines and the sale or rental of equipment</td>
</tr>
<tr>
<td>Managing the fleet</td>
<td>Coordinating with all branch departments to ensure customer satisfaction</td>
</tr>
<tr>
<td>Coordinating activities between branch departments to improve productivity</td>
<td>Educating customers about equipment through demonstration</td>
</tr>
<tr>
<td>Maintaining inventory levels</td>
<td></td>
</tr>
<tr>
<td>Ensuring workplace safety</td>
<td></td>
</tr>
</tbody>
</table>

Scholars argue that the impact of experience on performance is indirect, and task-relevant knowledge and skills acquired through prior experience mediates the relationship between experience and performance (Borman et al. 1993; Dokko, et al., 2009; Schmidt, Hunter, &
Outerbridge, 1986). Thus, a candidate with sales experience will have gained sales task-relevant knowledge and skills over time; a candidate with leadership experience will have gained leadership task-relevant knowledge and skills over time. Therefore, requiring a leader to obtain prior sales experience increases the likelihood that the candidate will possess sales-relevant task knowledge but does not ensure leadership-relevant task knowledge and skill. Furthermore, by excluding individuals based on a lack of sales experience, the target organization runs the risk of overlooking a potentially effective leader.

Rather than placing a premium value on previous career experience, this target company might be better served by focusing on the behavioral traits of successful leaders in the organization (i.e., transformational and transactional leadership behaviors). Although behavioral traits do not guarantee leadership success, they are an effective starting point, as these behaviors can provide a benchmark for potential leaders. The focus on a leader’s behavior has more validity than requiring past sales experience on one’s resume as the leader’s behavior (i.e., transformational leadership) positively aligns with positive work-related outcomes (Avolio, Zhu, Koh, & Bhatia, 2004; Bass, Avolio, Jung, & Berson, 2003; Schaubroeck, Lam, & Cha, 2007; Walumbwa, Avolio, & Zhu, 2008; Walumbwa, Orwa, Wang, & Lawler, 2005; H. Wang, Law, Hackett, Wang, & Chen, 2005). Additionally, it is not only the leader’s behavior that matters; ultimately, it is the leader’s followers who determine whether the leader possesses leadership qualities (Kouzes & Posner, 2007). When followers perceive their manager is an effective leader, they are more willing to exhibit higher levels of positive work attitudes, such as organizational commitment, job satisfaction, and performance (Chiu, Balkundi, & Weinberg, 2017; de Luque, Washburn, Waldman, & House, 2008; Epitropaki & Martin, 2004; Lord & Maher, 1991).
Leadership Background

The behavior of a leader became the focus of leadership researchers after the trait approach attracted gloomy reviews in the 1950s (Antonakis & Day, 2017). Researchers at Ohio State University (Stogdill & Coons, 1957) and the University of Michigan (Katz, Maccoby, Gurin, & Floor, 1951) conducted two influential behavioral-leadership studies. Both studies focused on two broad leadership styles: task-oriented behaviors and relationship-oriented behaviors. Task-oriented behaviors (i.e., initiating structure) focus on structuring tasks, telling people how to perform their tasks, and clarifying expectations about performance (Judge, Piccolo, & Ilies, 2004). Relationship-oriented behaviors (i.e., consideration) focus on providing encouragement and support for employees (Judge et al., 2004). These two studies provided contrasting results: the University of Michigan study found that a relationship-oriented approach was a more effective leadership style (Katz et al., 1951); the Ohio State studies found that in a production context, task-oriented behaviors were more effective (Stogdill & Coons, 1957). The contrasting results support the idea that no one best leadership style exists (Blake & Mouton, 1982) and that the most effective leadership style often depends on the situation (Hersey & Blanchard, 1969).

Hersey and Blanchard’s (1969) situational-leadership model proposes leaders should adapt their style according to situational factors. Specifically, Hersey and Blanchard suggested that leaders should adjust their behavior to the maturity level of the followers. Followers’ maturity level is their ability and willingness to accept responsibility to complete their work (Hersey & Blanchard, 1969). The leader needs to be well versed in task-oriented behaviors and relationship-oriented behaviors and understand when to employ each behavior to be effective.
The full-range model of leadership—transformational and transactional leadership behaviors (relationship and task oriented)—has dominated recent leadership literature, evidenced by the substantial body of research in the past three decades (Judge & Piccolo, 2004). As the name suggests, a leader must be able to exhibit a full range of behaviors to be effective. Transactional leadership consists of setting clear expectations and communicating what good job performance looks like. This leadership style is often classified as an exchange-based relationship between the leader and the follower because transactional leaders make use of contingent rewards in exchange for reaching or exceeding communicated goals. Some suggest that transactional leadership is the foundation of any effective leadership style (Bass, 1999; Wofford, Goodwin, & Whittington, 1998; Yukl & Van Fleet, 1992). Transformational leadership consists of the 4Is: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. By motivating followers to solve problems through innovative and creative ways of thinking, challenging assumptions and reframing problems, looking for new approaches to old situations, behaving in ways that promote team spirit and enthusiasm, acting as a mentor and coach to their followers, and focusing on each individuals’ growth and needs, leaders can inspire followers to move beyond their own self-interest and truly focus on the betterment of the group (Bass, 1999). Due to its popularity and widespread use, some scholars argue that the full-range model of leadership transcends national boundaries and situational context and is a universal model of leadership (Bass, 1996).

The leadership literature provides extensive support for the relationship between transformational–transactional leadership and positive work-related attitudes: organizational commitment (Avolio et al., 2004; Walumbwa et al., 2005), job satisfaction (Walumbwa et al., 2005), individual- and group-level performance (Bass et al., 2003; Schaubroeck et al., 2007;
Walumbwa et al., 2008; H. Wang et al., 2005), and employee engagement (Willis Towers Watson, 2012), yet, hiring managers at this target rental company often place a higher priority on potential leader candidates’ sales experience. Organizational leaders argue that salespeople have more experience driving revenue growth and driving customer satisfaction; however, the role of a location leader is not limited to driving revenue growth. The focus on prior sales experience in the face of the empirical evidence suggesting that it is the leader’s behavior that matters (Bass & Avolio, 1990) is another example that theory and practice do not always align. Because no leadership study has been conducted in this context (i.e., the equipment rental industry), some organizational leaders at this target organization might suggest that previous findings in the leadership literature do not apply to their real-world organization. They may simply dismiss the findings. Once again, theory and practice are at odds.

The purpose of this study was to determine the potential effects of a leader’s prior career experience, explicitly prior sales experience, on important employee and organizational outcomes. Specifically, in this study I set out to determine how the leader’s prior career experience affected employees’ perceptions of their level of effectiveness, their ability to generate sustained employee engagement, and, most importantly, their success in producing the desired organizational-performance outcomes of revenue generation (sales), profitability (earnings before interest, tax, depreciation and amortization; EBITDA), and return on controllable assets (ROCA). Conducting this study in a real-world organization provides managerial implications that can help improve the hiring process at the target rental company when selecting location leaders. This study provides evidence to help unite theory and practice and change some unfounded perceptions about the need for sales experience in a person’s ability
to be a successful leader. To my knowledge, no other study has considered this relationship in a real-world setting.

The central research question of this study is: How does prior sales experience affect positive work-related outcomes such as employee perceptions of managerial effectiveness, sustainable employee engagement, and organizational performance? The remainder of this research study is structured as follows: First, in a review of the relevant literature, I discuss the theoretical foundations of the study, and specifically the relationship between leadership and employee-related outcomes (employee positive perceptions of a manager’s effectiveness, and sustainable engagement) and organization-related outcomes (location sales and profit). Then I introduce and discuss the study’s categorical variable of career experience. In the third chapter, I discuss the study’s methodology and in the fourth chapter I report the results of this study. The final chapter includes the managerial implications, limitations, and my proposed future research suggestions.
CHAPTER 2

REVIEW OF THE LITERATURE

The intent of this study was to determine what effect a leader’s prior career experience has on their employees’ perceptions of their level of effectiveness as a manager, employee sustainable engagement, and, most importantly, desired organizational-performance outcomes. The common practice for filling location leader positions at this target company is primarily to hire and promote individuals with sales experience, based on the shared belief of organizational decision-makers that individuals with sales experience are better equipped to be successful location leaders. This practice has generated some negative consequences that affect turnover, employee morale, and the loss of potential leaders, as many employees with operations experience but not sales experience often choose to leave, lose motivation, or do not apply for any leadership roles they might desire. The purpose of this literature review is to search for theories that support or disprove the accuracy of current perceptions at this target company that salespeople make better leaders.

I start with a review of the literature on leadership with a focus on the leader’s behavior, specifically on transformational–transactional behaviors. I highlight the important role of followers’ perceptions of their managers in the success of their leader, and I distinguish between leadership and two commonly associated but different constructs: management and power. I then turn the focus toward a highly desired employee outcome: engagement. It is important to determine how this company’s current preference on prior sales experience for leadership roles affects employee engagement, as engagement is an indicator of higher levels of employee job satisfaction (Saks, 2006; B. Shuck, Adelson, & Reio, 2017), organizational commitment (Byrne, Peters, & Weston, 2016; Jiang et al., 2015), organizational citizenship behaviors (Macey &
Schneider, 2008; Saks, 2006), and improved organizational performance (Harter, Schmidt, & Hayes, 2002; Willis Towers Watson, 2012). Next is a review of the organizational-performance construct in the organizational literature. It is important to determine the effect of this rental company’s current preference on prior sales experience for leadership roles on location performance, as location performance is a key indicator of success at the company. At this target organization, the financial performance of the branch determines incentives and bonuses for location managers. I then review the career-experience literature and end this chapter with a comparison of the personalities, interpersonal skills, and responsibilities of salespeople and leaders to demonstrate similarities between the two. By highlighting these similarities, I then determine what gaps may exist between a successful salesperson and an effective leader, and what effects any gaps have on employee work-related outcomes and organizational performance.

Leadership

Trait-Based Approach

Early studies of leadership focused heavily on dispositional characteristics (i.e., traits) that differentiated leaders from those who are not leaders (Antonakis & Day, 2017). Often referenced as the “great man” approach, the trait-based perspective of leadership sought to identify personality traits (e.g., intelligence, self-confidence, and determination) common among effective leaders (Antonakis & Day, 2017). As an early methodical attempt to study leadership, those advocating the trait-based approach posited that true leaders are born with certain traits that make them more fit than others to lead (Northouse, 2018).

One criticism of the trait-based approach was that no well-accepted taxonomy existed to classify personality traits (Barrick & Mount, 1991). The emergence of the five-factor model (Big Five) “provides a meaningful framework for formulating and testing hypotheses relating
individual differences in personality to a wide range of criteria” (Barrick & Mount, 1991, p. 23). Over the past two decades, a consensus developed among researchers on the basic factors that comprise personality (Goldberg, 1990; McCrae & Costa, 1987; Northouse, 2018). These basic factors, commonly referenced as the Big Five, include neuroticism, extraversion, openness to experiences, agreeableness, and conscientiousness (Goldberg, 1990). Neuroticism represents individual differences in adjustment and emotional stability. High levels of neuroticism align with a greater number of negative emotions including anxiety, hostility, depression, self-consciousness, impulsiveness, and vulnerability (Costa & McCrae, 1992). Extraversion refers to the extent to which an individual is assertive, dominant, energetic, active, talkative, and enthusiastic (Costa & McCrae, 1992). Individuals exhibiting high levels of extraversion are often cheerful, enjoy people and large groups, and pursue excitement and stimulation (Zhao & Seibert, 2006). Openness to experience refers to the tendency of an individual to be intellectually curious, creative, innovative, imaginative, and reflective. Agreeableness refers to the individual’s interpersonal orientation. A higher level of agreeableness “represents someone who has cooperative values and a preference for positive interpersonal relationships. Someone at the low end of the dimension can be characterized as manipulative, self-centered, suspicious, and ruthless” (Zhao & Seibert, 2006, p. 261). Conscientiousness refers to one’s level of organization, persistence, hard work, and motivation toward goal accomplishment.

Due to the major criticisms of the trait-based approach, researchers abandoned the perspective and shifted focus to the behavior displayed by leaders (Antonakis & Day, 2017; Northouse, 2018; Stogdill, 1948). However, renewed interest in the trait school of leadership has emerged as researchers noted that past inconsistencies can be attributed to a “lack of a structure in describing personality, leading to a wide range of traits being investigated under different
labels” (Judge, Bono, Ilies, & Gerhardt, 2002, p. 766). For example, previous research may not have properly modeled the practical relationship between personality traits and leadership, suggesting it underrepresented correlations between leadership and personality (Atonakis & Day, 2017).

A relationship exists between the Big Five and effective leadership (Judge et al., 2002). Certain personality traits are common among effective leaders, with extraversion being the most common (Judge et al., 2002; Northouse, 2018). In addition to extraversion, openness to experience, conscientiousness, and low neuroticism positively correlated with leadership (Judge et al., 2002; Northouse, 2018). The current renaissance in trait-based-approach research is a reminder of the ongoing interest between researchers and the leadership construct and evidence that leadership research is constantly evolving.

**Behavioral Approach**

The behavior of a leader became the focus of leadership researchers after the trait-based approach was abandoned, due to negative interpretations of results (Antonakis & Day, 2017). During the 1940s, researchers conducted two influential behavioral-leadership studies at The Ohio State University (Stogdill & Coons, 1957) and the University of Michigan (Katz et al., 1951). The behavioral approach to leadership focuses on two leadership factors: consideration and initiating structure. Consideration is “the degree to which a leader shows concern and respect for followers, looks out for their welfare, and expresses appreciation and support” (Judge et al., 2004, p. 36). Initiating structure is “the degree to which a leader defines and organizes his role and the roles of followers, is oriented toward goal attainment, and establishes well-defined patterns and channels of communication” (Judge et al., 2004, p. 36).
Much like the trait-based approach, the behavioral approach suffered major criticism due to inconsistent and contradictory findings (Antonakis & Day, 2017). For example, the University of Michigan study found that a relationship-oriented approach was a more effective leadership style, and the Ohio State University study found that in a production context, task-oriented behaviors were more effective. Attempts to identify consistent universal behaviors associated with effective leadership have proven unsuccessful (Northouse, 2018). As a result, interest in the behavioral approach to leadership declined and has been generally missing from the recent leadership literature (Antonakis & Day, 2017). Although research on the behavioral approach to leadership has diminished, the concepts of consideration and initiating structure have been incorporated into other perspectives of leadership, such as transformational leadership, contingency theory, and contextual leadership (Antonakis & Day, 2017).

**Transformational–Transactional Leadership**

Transformational–transactional leadership is one of the most studied new leadership models, evidenced by the substantial body of research accumulating over the past four decades (Banks, McCauley, Gardner, & Guler, 2016; Bass & Riggio, 2006; Bono & Judge, 2003; Judge & Bono, 2000; Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramaniam, 1996). Although the transformational leadership construct was originally proposed by Burns (1978), the best known and most influential transformational–transactional leadership theory is Bass and Avolio’s (1994) full-range leadership model (Antonakis & Day, 2017). As the name suggests, the full-range model encompasses a range of leadership behaviors: transactional leadership behaviors, transformational leadership behaviors, and laissez-faire leadership behaviors. The model represents passive and active as well as effective and ineffective leadership behaviors (Antonakis & Day, 2017; Avolio & Bass, 1995; Lowe & Gardner, 2000; Rowold & Heinitz, 2007).
Transactional-leadership behaviors focus on exchanges or transactions between leaders and followers. Transactional leaders cater to followers’ immediate self-interests to obtain desired performance from them (Bass, 1999). Transactional leadership comprises three dimensions: contingent rewards, active management by exception, and passive management by exception. Transactional leaders monitor and control employees by clearly identifying performance requirements and potential rewards granted if employees meet the requirements (Bono & Judge, 2003). Management by exception refers to the leader’s response to the results of leader–follower transactions. The distinction between passive and active management by exception depends on the timing of the intervention (Howell & Avolio, 1993). Unlike passive managers who wait for behaviors to become a concern and then address them, active managers observe, anticipate performance problems, and correct them before they become problematic issues (Bono & Judge, 2003).

Laissez-faire leadership occurs when leaders avoid making decisions, waver in taking action, or are absent when needed; therefore, such actions are often viewed as nonleadership behaviors (Bono & Judge, 2003). What sets laissez-faire leadership apart from the passive management by exception behaviors of transactional leaders is that laissez-faire leaders simply fail to lead, even when faced with problems that require action from them (Avolio, 1999; Bass, 1999). Laissez-faire leadership often has a negative correlation with positive work-related outcomes (Bass, 1999), is considered an ineffective leadership behavior on the full range model of leadership, and is considered a form of nonleadership.

The third set of behaviors that comprise the full-range model of leadership is transformational leadership. According to the full-range model of leadership, effective leadership behaviors incorporate transactional behaviors (i.e., contingent reward and management by
exception behaviors) as well as what is known as the 4I’s of transformational leadership: intellectual stimulation, idealized influence, inspirational motivation, and individualized consideration (Bass & Avolio, 1994). Unlike transactional leaders, who make use of contingent rewards and focus on followers’ self-interest (Bass, 1999), transformational leaders seek to inspire followers to move beyond self-interest and exceed performance expectations for the good of the organization (Bass, 1999).

Through the use of the 4Is, transformational leaders transform followers and motivate them to accomplish more than is usually expected of them (Northouse, 2018). Transformational leaders provide intellectual stimulation by motivating followers to solve problems through innovative and creative ways of thinking. Leaders encourage followers to challenge assumptions, reframe problems, and contemplate new approaches to old situations (Bass et al., 2003). Referenced as idealized influence, transformational leaders regularly place a higher focus on the needs of followers than on their own needs. Followers of transformational leaders often identify with and wish to emulate their leaders, who have gained followers’ trust, respect, and admiration (Bass et al., 2003). Transformational leaders provide inspirational motivation by behaving in ways that promote team spirit, enthusiasm, and optimism. These leaders are able to instill an attractive future organizational vision in their followers (Bass et al., 2003). Transformational leaders provide individualized consideration by acting as mentors and coaches to followers and by focusing on each individual’s achievement and growth needs. These leaders often provide a supportive climate that allows followers to grow (Bass et al., 2003).

Transformational and transactional leadership behaviors are different but not necessarily conflicting (Bass, 1999; Judge & Piccolo, 2004). Transformational leaders display transactional leadership behaviors as well (Wofford et al., 1998) and transformational and transactional
leadership behaviors are components of effective leadership in Bass and Avolio’s (1994) full-range model of leadership. Transformational–transactional leadership styles have proven effective and the best leaders exhibit both transformational and transactional behaviors (Avolio, 1999; Bass, 1999). Transformational leadership is not a substitute for transactional leadership; rather, it adds to its effectiveness (Bass, 1999). Transactional leadership behaviors can potentially lead to expected follower performance and transformational-leadership behaviors may inspire follower performance beyond expectations (G. Wang, Oh, Courtright, & Colbert, 2011).

To maximize follower performance, leaders should adapt their styles according to situational factors (Hersey & Blanchard, 1969). Specifically, the leader’s behavior should adjust to the maturity level of followers, determined by their ability and willingness to accept responsibility for completing their work (Hersey & Blanchard, 1969). Essentially, the leader needs to be well-versed in task-oriented behaviors (transactional leadership) and relationship-oriented behaviors (transformational leadership) and understand when to employ the different behaviors to be most effective (Hersey & Blanchard, 1969).

Defining Leadership

Antonakis and Day (2017) believed leadership is easily identifiable and that one can often recognize leadership through observation. Well-known leadership scholar Warren Bennis (1989) compared leadership to beauty in that it is “hard to define, but you know it when you see it” (p. 1). However, leadership is not easy to identify, nor is it simple to define. Leadership is one of the most studied phenomena in the social sciences and despite many definitions of leadership (Antonakis & Day, 2017; Burns, 1978; Seeman 1960; Stogdill, 1974; Yukl, 2006), an absence of a universal definition for the construct persists (Antonakis & Day, 2017; Northouse, 2018). Rost
(1991) identified more than 200 definitions of leadership in a review of the leadership literature from 1900 to 1990, a period during which the definition of leadership has evolved. Through the first three decades of the 20th century, leadership definitions revolved around control, power, and dominance (Northouse, 2018). One definition during this time period noted that leadership is the leader’s ability to impress their will on those they lead and induce obedience, respect, loyalty, and cooperation (Moore, 1927). The decades following 1930 saw a shift in focus from dominance and control to an emerging perspective that leadership is about influence and relationships. Leadership definitions during this period focused on the leader’s behavior while interacting with their followers (Hemphill, 1949; Northouse, 2018). Leadership definitions began to converge during the 1960s as the prevailing definition of leadership centered on the leader’s ability to influence others toward shared goals (Northouse, 2018). Seeman (1960) accurately seized this interpretation of leadership, defining leadership as “acts by persons which influence other persons in a shared direction” (p. 53).

Influence continued to be the word most often used to describe leadership during the latter part of the century. With the increase in leadership research during the 1980s, a commensurate increase emerged in the number of definitions of leadership. During this time period, Burns (1978) suggested leadership was a transformational process, occurring when people engage with each other and elevate one another to increased levels of motivation and morality (Northouse, 2018). At the end of the 20th century and the beginning of the 21st century, a shift occurred toward looking at the processes that comprise leadership, rather than focusing on the definition of leadership. As mentioned previously, a universal definition for leadership continues to elude scholars. Table 2 represents some of the most prominent leadership definitions, presented by Yukl (2013).
Table 2

Definitions of Leadership

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Hemphill &amp; Coons, 1957, p. 7</td>
<td>Leadership is “the behavior of an individual . . . directing the activities of a group toward a shared goal”</td>
</tr>
<tr>
<td>Katz &amp; Kahn, 1978, p. 528</td>
<td>Leadership is “the influential increment over and above mechanical compliance with the routine directives of the organization”</td>
</tr>
<tr>
<td>Smircich &amp; Morgan, 1982, p. 258</td>
<td>Leadership is “realized in the process whereby one or more individuals succeed in attempting to frame and define the reality of others”</td>
</tr>
<tr>
<td>Rauch &amp; Behling, 1984, p. 46</td>
<td>Leadership is “the process of influencing the activities of an organized group toward goal achievement”</td>
</tr>
<tr>
<td>Richards &amp; Engle, 1986, p. 206</td>
<td>“Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished”</td>
</tr>
<tr>
<td>Jacobs &amp; Jaques, 1990, p. 281</td>
<td>“Leadership is a process of giving purpose (meaningful direction) to collective effort, and causing willing effort to be expended to achieve purpose”</td>
</tr>
<tr>
<td>Schein, 1992, p. 2</td>
<td>Leadership “is the ability to step outside the culture . . . to start evolutionary change processes that are more adaptive”</td>
</tr>
<tr>
<td>Drath &amp; Palus, 1994, p. 4</td>
<td>“Leadership is the process of making sense of what people are doing together so that people will understand and be committed”</td>
</tr>
<tr>
<td>House et al., 1999, p. 184</td>
<td>Leadership is “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization.”</td>
</tr>
</tbody>
</table>


Discontinuity persists in defining leadership, but despite the abundance of distinct leadership definitions, elements of leadership are common to many definitions, identified as core to the construct (Northouse, 2018). First, leadership is a process (Antonakis & Day, 2017; Jacobs & Jaques, 1990; Lord & Maher, 1993; Northouse, 2018; Rauch & Behling, 1984; Schein, 1992; Yukl, 2006). Leadership consists of exchanges and interactions between the leader and followers that affect both; without followers, there is no need for leaders (Northouse, 2018; Ruben & Gigliotti, 2016). Second, leadership involves influence (Antonakis & Day, 2017; Burns, 1978; Drath & Palus, 1994; Katz & Kahn, 1978; Lord & Maher, 1993; Northouse, 2018; Yukl, 2006). Influence is the word that is most often included in the many leadership definitions created
throughout the years (Northouse, 2018). Last, leadership occurs in groups and involves shared goals (Drath & Palus, 1994; Hemphill & Coons, 1957; House et al., 1999; Jacobs & Jaques, 1990; Rauch & Behling, 1984). For this study, I used the definition provided by Yukl (2006), one of the most prominent leadership scholars to date. Yukl defined leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” (p. 8).

**Followers’ Perception of a Leader**

One aspect of successful leadership that is often overlooked is followers’ perceptions of the leader; that is, it is not just the leader’s behavior or abilities that matter, but successful leadership also depends on followers’ perceptions of the leader (Kouzes & Posner, 2007). This theory posits that the leader’s followers determine whether the leader possesses leadership qualities (Kouzes & Posner, 2007). When followers perceive their manager is an effective leader, they exhibit higher levels of organizational commitment, are more willing to abide by their manager's requests, and demonstrate higher levels of job satisfaction, which leads to better follower performance (Chiu et al., 2017; de Luque et al., 2008; Epitropaki & Martin, 2004; Lord & Maher, 1991). Theoretically, this is best explained by Lord and Maher’s (1991) implicit leadership theory, which suggests employees have preexisting representations of effective leadership and followers use these representations to form cognitive conceptions of leadership (Chiu et al., 2017; Lord, Foti, & De Vader, 1984; Lord & Maher, 1991). Followers then use these cognitive conceptions of leadership to help themselves categorize the behavior of their manager as a leader or a nonleader (Chiu et al., 2017; Shondrick, Dinh, & Lord, 2010). Essentially, “leadership is in the eye of the follower” (Kouzes & Posner, 2007, p. 501). That is, when the characteristics of the manager fit the followers’ cognitive conceptions of leadership, they are
more likely to view the manager as a true leader (Chiu et al., 2017; Epitropaki, Sy, Martin, Tram-Quon, & Topakas, 2013).

**Distinction Between Power and Management**

In addition to the numerous definitions of leadership, the constructs of power and management are often confused with that of leadership. It is important to distinguish leadership from power and management. Although the three constructs of power, management, and leadership are not completely unrelated, they are theoretically different and therefore warrant further examination here.

**Power.** Power is the capacity of one party (i.e., agent) to bring change in attitudes, behavior, or beliefs to another party (i.e., target) using available resources (Raven, 2008). Power arises from five sources or power bases leaders can potentially use to influence subordinates to do something they otherwise might not have done: reward power, coercive power, legitimate power, expert power, and referent power (French & Raven, 2005). Because power is the capacity to exert some form of influence over another person, the capacity of the agent to influence the behavior of the target exists whether or not the leader actualizes the power.

Reward power is “power whose basis is the ability to reward” (French & Raven, 2005, p. 152). In this power base, the agent has the ability to administer a reward desired by the target such as a promotion, incentive payout, time off, company perquisites, praise, recognition, or something else desired by the target. The target’s perception regarding the agent’s ability to facilitate the desired reward augments the degree of this power (French & Raven, 2005). For example, an employee may perceive their boss to have reward power over them regarding time off, deadlines, raises, praise, and recognition.
Coercive power is similar to reward power; however, in this instance the target seeks to avoid punishment administered by the agent, rather than seeking a reward. The target’s perception regarding the agent’s ability to facilitate the unwanted punishment, and the magnitude of the unwanted punishment, augment the degree of this power (French & Raven, 2005). For example, an employee may perceive their boss has coercive power over them regarding the assignment of unwanted working hours or undesired jobs, poor reviews or recommendations, and inconsequential raises.

Legitimate power rests in the target’s internalized values that suggest the agent has a legitimate right to exert influence over them, and that they are obligated to accept the agent’s influence (French & Raven, 2005). For example, in an organizational setting, someone working in a field office may feel obligated to adhere to the directions given by their corporate office, based on the power granted by the target’s perception of the corporate office’s superiority. However, legitimate power can stem from various other sources as well, such as cultural norms, social norms, organizational norms, and religious norms (Raven, 2008).

The target’s perception of the knowledge or expertise held by the agent in a certain area or field embeds expert power (French & Raven, 2005). The magnitude of this power base depends on the target’s own knowledge and absolute knowledge in comparison to the agent’s knowledge. For example, an entry-level banker may be influenced on the proper financial protocols by someone who has worked in the banking industry for an extended period of time.

Last, referent power rests in the target’s feeling of oneness or identification with the agent (French & Raven, 2005). The use of this source of power depends on the target’s desire for an identity similar to that of the agent. The identification between the agent and target remains as long as the target perceives, believes, and behaves as the agent does (French & Raven, 2005).
In organizational terms, power can be viewed as positional, meaning it derives from the position or rank of the agent, or personal, meaning it derives from the perception that the agent is likeable or knowledgeable (Northouse, 2018). Legitimate, reward, and coercive power are positional powers; referent and expert power are personal powers. Although power provides the capacity to influence others, power itself is not leadership; however, power is not completely unrelated to leadership. Leadership is a process that involves influencing others and these distinct power bases may be instruments used to exert influence over followers.

**Management.** Management is another construct often mistakenly labeled as leadership. Although the two constructs share similar functions such as influence, focus on goal accomplishment, and working with people (Northouse, 2018), some differences distinguish the constructs. The primary functions of management are planning, organizing, staffing, and controlling (Kotter, 2007); essentially, the role of a manager is to promote stability and order. In contrast, the role of a leader is to be a change agent by establishing direction, as well as aligning, motivating, and inspiring people (Kotter, 2007); essentially, the role of a leader is to promote change and movement. Table 3 illustrates the contrast between managerial and leadership functions.
Table 3

*Functions of Management and Leadership*

<table>
<thead>
<tr>
<th>Management yields order and consistency</th>
<th>Leadership yields change and movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and Accounting</td>
<td>Establishing Direction</td>
</tr>
<tr>
<td>Create agendas</td>
<td>Instill a vision</td>
</tr>
<tr>
<td>Create timetables</td>
<td>Define big picture</td>
</tr>
<tr>
<td>Distribute resources</td>
<td>Set strategies</td>
</tr>
<tr>
<td>Organizing and Recruitment</td>
<td>Aligning People</td>
</tr>
<tr>
<td>Provide structure</td>
<td>Communicate goals</td>
</tr>
<tr>
<td>Job assignments</td>
<td>Promotes commitment</td>
</tr>
<tr>
<td>Establish rules and procedures</td>
<td>Build teams and coalitions</td>
</tr>
<tr>
<td>Monitoring and Problem Solving</td>
<td>Encouraging and Inspiring</td>
</tr>
<tr>
<td>Develop incentives</td>
<td>Encourage and energize</td>
</tr>
<tr>
<td>Generate creative solutions</td>
<td>Enable followers</td>
</tr>
<tr>
<td>Take corrective action</td>
<td>Satisfy unmet needs</td>
</tr>
</tbody>
</table>


Although management and leadership are two distinct constructs, they are complementary and are both essential to organizational success (Antonakis & Day, 2017; Kotter, 2007). Management accomplishes routine tasks whereas leadership allows organizations to adapt to the ever-changing environment and meet future challenges. Integrating both functions of management and leadership is important, as strong leadership with weak management can prove even more disastrous than strong management with weak leadership (Kotter, 2007). Strong management with weak leadership will provide order and consistency and accomplish routine tasks, but strong leadership with weak management will advocate constant change and movement without order and stability.

*Summary of the Distinction Between Power and Management*

Although leadership, management, and power are different constructs, people often use them synonymously. As noted previously, although the constructs are distinct, they are not
completely unrelated. Management and leadership share the same functions of deciding what needs to be accomplished, establishing networks of people to accomplish the agenda, and ensuring the work gets completed (Kotter, 2007), and both are needed in today’s business environment. Power is the capacity to influence others, but power alone does not equate to leadership. Leadership is a process of influencing others toward shared goal attainment. A leader needs power to influence others toward a desired goal (Antonakis & Day, 2017). Thus, “leadership and management are two sides of a coin and this currency can only have value if the leader has power” (Antonakis & Day, 2017, p. 7). To be effective, a leader must possess leadership and management abilities and derive power from one of the five power bases discussed herein.

**Employee Engagement**

Employee engagement has become of interest to many organizations in recent years, as many consulting firms attribute positive business outcomes and sustainable competitive advantage to organizations with higher levels of employee engagement (Gallup, 2016; Macey & Schneider, 2008; Rich, Lepine, & Crawford, 2010; Saks, 2006; Willis Towers Watson, 2012). Although the study of the construct has gained some momentum in academic research, it has not been studied extensively; and the academic literature trails behind the work of management consulting firms on the construct (Robinson, Perryman, & Hayday, 2004; Shuck, 2011). Additionally, practitioners and researchers differ in their interpretation of employee engagement relative to its intention and result (Macey & Schneider, 2008; B. Shuck, 2011; Zigarmi, Nimon, Houson, Witt, & Diehl, 2009). The practitioner approach focuses on engagement at a macro level, emphasizing the functionality of the construct and actionable outcomes (B. Shuck, 2011). Practitioners suggest that high levels of employee engagement align with desired organizational
outcomes such as reduced turnover, higher levels of commitment, improved productivity, and higher profit margins (Aon, 2016; Bersin, 2015; Gallup, 2016; B. Shuck, 2011; Willis Towers Watson, 2012). Although practitioners have written much about the importance of employee engagement for organizational performance and business results, academic researchers have provided little empirical evidence to validate these claims (Saks, 2006). The academic approach seeks to gain understanding of the antecedents that influence engagement and focuses on engagement at the micro level, emphasizing the definition and validation of psychological constructs (B. Shuck, 2011).

**Academic Approach to Employee Engagement**

There are several different interpretations of employee engagement in the academic literature, with no single widely accepted definition of the construct (B. Shuck, 2011). B. Shuck’s (2011) integrative review of the employee-engagement literature identified four major approaches to the conceptualization of the construct: the need-satisfying approach (Kahn, 1990), the burnout-antithesis approach (Maslach, Schaufeli, & Leiter, 2001), the satisfaction-engagement approach (Harter et al., 2002), and the multidimensional approach (Saks, 2006; see Table 4 for academic approaches to engagement). I review each of these interpretations in greater detail in the following section.
Table 4

**Academic Approaches to Engagement**

<table>
<thead>
<tr>
<th>Approach</th>
<th>Definition of engagement</th>
<th>Conceptualization of engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need-satisfying (Kahn, 1990)</td>
<td>“Simultaneous employment and expression of a person’s ‘preferred self’ in task behaviors that promote connections to work and to others, personal presence, and active full role performances” (p. 700).</td>
<td>In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. The level of engagement is affected by three psychological domains: meaningfulness, safety, and availability.</td>
</tr>
<tr>
<td>Burnout-antithesis (Maslach et al., 2001)</td>
<td>“Energetic state in which employees are both dedicated to excellent performance and confident in their effectiveness” (p. 417).</td>
<td>Engagement is characterized by energy, involvement, and efficacy, and viewed as the opposite of burnout.</td>
</tr>
<tr>
<td>Satisfaction-engagement (Harter et al., 2002)</td>
<td>“The individual’s involvement and satisfaction as well as enthusiasm for work” (p. 269).</td>
<td>Employees are emotionally and cognitively engaged when meeting certain conditions or work characteristics (e.g., being aware of expectations and having the resources needed to meet those expectations).</td>
</tr>
<tr>
<td>Multidimensional (Saks, 2006)</td>
<td>“Distinct and unique construct consisting of cognitive, emotional, and behavioral components, associated with individual role performance” (p. 602).</td>
<td>Separated <em>job engagement</em>, performing the work role, from <em>organizational engagement</em>, performing the role as a member of the organization.</td>
</tr>
</tbody>
</table>


**Need-Satisfying Approach**

Researchers often credit Kahn (1990) as the first scholar to conceptualize personal engagement in the workplace (B. Shuck et al., 2016). Kahn suggested that “in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances” (1990, p. 694). In this approach, employees express their “preferred self in task behaviors that promote connections to work and to others” (Kahn, 1990, p. 700). Additionally, three psychological domains affect a person’s level of engagement: *meaningfulness*, defined as a “sense of return on investments of self in role performances”; *safety*, defined as a “sense of being able to show and employ self without fear of negative consequences to self-image, status, or career”; and *availability*, defined as a “sense of possessing the physical, emotional, and
psychological resources necessary for investing self in role performance” (Kahn, 1990, p. 705). May, Gilson, and Harter (2004) provided empirical support for Kahn’s model of engagement, finding that the three psychological domains (i.e., meaningfulness, safety, and availability) were vital in developing employee engagement in that engagement had a positive relationship to meaningfulness ($r = .63$), availability ($r = .29$), and safety ($r = .45$; B. Shuck, 2011).

Although researchers often consider Kahn’s (1990) conceptualization of engagement the founding framework of engagement, researchers scarcely used it in framework development until a recent renaissance (B. Shuck, 2011). Using Kahn’s framework, academic researchers posited that employee engagement significantly relates to job fit, affective commitment, employee discretionary effort, and turnover intentions (M. B. Shuck, 2010). Additionally, empirical research shows that engagement mediates the relationship between perceived organizational support, core self-evaluation and task performance, and organizational citizenship (Rich et al., 2010; B. Shuck, 2011). May et al., (2004) expanded Kahn’s original conception of personal engagement to an engagement inventory consisting of three dimensions of engagement: cognitive, emotional, and physical engagement. Kahn’s conceptualization of engagement is the foundation for the theoretical rationale for the construct, and many of the modern conceptualizations of engagement (e.g., Harter et al., 2002; Macey & Schneider. 2008; Saks, 2006) arose from Kahn’s framework (M. B. Shuck, 2010)

**Burnout-Antithesis Approach**

Maslach et al., (2001) described engagement as an “energetic state in which employees are both dedicated to excellent performance and confident in their effectiveness” (Cole, Walter, Bedeian, & O’Boyle, 2012, p. 1552). From this perspective, energy, involvement, and efficacy characterize engagement, viewed as the opposite of burnout, and the two constructs (burnout and
engagement) are considered to be on opposite ends of the same scale (Maslach et al., 2001). New employees begin viewing their work as meaningful and fulfilling and they are engaged; but, over time, stress causes the work to become less meaningful and less fulfilling, leading to burnout, or the erosion of engagement (Cole et al., 2012; Maslach et al., 2001). Burnout comprises three dimensions: emotional exhaustion, characterized by feelings of being emotionally overextended and worn out with work; cynicism, characterized as negative, callous, or excessively distant attitudes toward coworkers and one’s job; and inefficacy, characterized by feelings of personal failure, incompetence, and lack of achievement in one’s work (Cole et al., 2012; Maslach & Leiter, 2008).

Researchers often measure the three dimensions of burnout using the Maslach Burnout Inventory, which can be reverse scored to measure engagement (Maslach & Leiter, 2008). Schaufeli, Salanova, González-Roma, and Bakker (2002) provided empirical support for the Maslach et al. (2001) burnout model when they found a negative relationship between employee levels of burnout and engagement (B. Shuck, 2011). Using the Maslach Burnout Inventory’s research as a foundation, Schaufeli, Bakker, and Salanova (2006) developed the Utrecht Work Engagement Scale, now widely used to measure employee engagement (B. Shuck, 2011).

Satisfaction-Engagement Approach

Harter et al. (2002) defined employee engagement as “the individual’s involvement and satisfaction as well as enthusiasm for work” (p. 269). From this perspective, engagement occurs when “individuals are emotionally connected to others and cognitively vigilant” (Harter et al., 2002, p. 269). Employees are emotionally and cognitively engaged when they meet certain conditions or work characteristics such as being aware of the expectations placed on them, having the resources needed to meet those expectations, having a sense of fulfillment in the work
they perform, having a perception that they belong to something important, having trust in their coworkers, and having the opportunity to grow and develop (Harter et al., 2002). Using Gallup’s proprietary 12-item questionnaire, Gallup Work Audit, and data from studies conducted by The Gallup Organization, Harter et al. demonstrated a positive correlation between employee engagement-satisfaction and desired business-unit-level outcomes such as customer satisfaction, reduced turnover, safety, and productivity, and provided one of the earliest studies to suggest a linkage between business profit and employee engagement (Harter et al., 2002; B. Shuck, 2011).

The Harter et al. (2002) framework provided empirical support for the notion that one’s approach to management affects the level of employee engagement (Arakawa & Greenberg, 2007). Specifically, positive leadership practices such as maintaining a positive perspective, and frequently providing recognition and encouragement—encompassed in transformational leadership—increases employee engagement and positively correlates with employee optimism and performance (Arakawa & Greenberg, 2007; B. Shuck, 2011). The Harter et al. employee engagement-satisfaction framework stresses the importance of a manager’s role in creating a supportive psychological climate (Brown & Leigh, 1996; B. Shuck, 2011).

**Multidimensional Approach**

Unlike previous approaches, Saks (2006) suggested that employee engagement should be viewed as two separate states: job engagement and organization engagement. Like Kahn (1990) and Maslach et al. (2001), Saks suggested that engagement reflected an individual’s psychological presence in an organization and that certain psychological conditions or antecedents were necessary for engagement; however, Saks acknowledged that individuals have more than their work role in an organization; they also have their role as a member of the organization, and averred that engagement research should consider employees’ multiple roles in
an organization (B. Shuck, 2011). The distinguishing aspect about Saks’ perspective of employee engagement is that it separates *job engagement*, performing the work role, from *organizational engagement*, performing the role as a member of the organization (Schaufeli, 2013; B. Shuck, 2011). Essentially, one can have a meaningful psychological connection with the type work they do in an organization or one can have a meaningful psychological connection with the organization where they perform their work (Saks, 2006).

Saks’s (2006) study approached engagement as role specific and found that job engagement and organization engagement are related but different constructs with different antecedents. Employee-perceived organizational support is an antecedent of job engagement and organizational engagement (Saks, 2006). However, job characteristics such as autonomy, task identity, skill variety, task significance, feedback from others, and feedback from the job are better predictors of job engagement (Saks, 2006). Meanwhile, an individual’s perceived fairness of the processes used to determine the amount and distribution of organizational resources (e.g., rewards) is a better predictor of organizational engagement (Saks, 2006).

Rooted in social-exchange theory, Saks (2006) argued that interactions between parties create obligations and the parties are bound by “reciprocal interdependence” (Saks, 2006, p. 603). Employees repay their organization’s actions (e.g., supportive climate, desired job characteristics, and fairness) through their level of engagement (Saks, 2006; B. Shuck, 2011). Conversely, when organizations fail to provide these resources, employees are more likely to become disengaged from their work roles (Saks, 2006). Essentially, “the amount of cognitive, emotional, and physical resources that an individual is prepared to devote in the performance of one’s work roles is contingent on the economic and socioemotional resources received from the organization” (Saks, 2006, p. 603). Even though Saks’s (2006) perspective of separating
employee engagement into two states—job engagement and organizational engagement—has inherent appeal, the research community has scarcely used this multidimensional approach (Schaufeli, 2013).

**Modern Academic Definition**

Modern academic definitions of employee engagement are consistent with May et al. (2004), suggesting that engagement consists of three separate facets: cognitive engagement, emotional engagement, and behavioral engagement (Kahn, 1990; Macey & Schneider, 2008; May et al., 2004; Rich et al., 2010; Saks, 2006). Cognitive engagement stems from an employee’s belief that their work is meaningful and safe (physically, emotionally, and psychologically) and that they possess sufficient resources to complete their tasks (Kahn, 1990; B. Shuck & Reio, 2011). Emotional engagement refers to the emotional bond employees feel toward their work, characterized by the involvement of personal resources such as knowledge, pride, and belief (B. Shuck & Reio, 2011). Behavioral engagement is the most observable form of employee engagement, manifesting in cognitive and emotional engagement and characterized by increased levels of discretionary effort (Macey & Schneider, 2008; B. Shuck & Reio, 2011).

Although the academic literature on engagement is scarce, some identified antecedents are job characteristics, organizational support, procedural justice, task variety, autonomy, task significance, feedback, perceptions of manager, and supervisor support (Alfes, Truss, Soane, Rees, & Gatenby, 2013; Byrne et al., 2016; Saks, 2006; Shantz, Alfes, Truss & Soane, 2013). Despite the varying perspectives of each academic approach toward engagement, having engaged employees has the potential to significantly impact desired organizational outcomes such as customer satisfaction, reduced turnover, safety, productivity, increased levels of
discretionary effort, energy, involvement, and efficacy (Harter et al., 2002; Macey & Schneider, 2008; Maslach et al., 2001; Saks, 2006; Schaufeli et al., 2002).

Practitioner Approach to Engagement

As noted above, researchers have written much about the importance of employee engagement for organizational performance and business results, but little empirical evidence validates these claims (Saks, 2006). Yet, in practice, management consulting firms often associate high levels of engagement directly with profitability (Aon, 2016; Gallup, 2016; Willis Towers Watson, 2012). Although The Gallup Organization is often credited as the first to have coined the term engagement in the 1990s, greater interest revolving around employee engagement from management consulting firms began at the turn of the 21st century (Schaufeli, 2013). This increased interest has been due to a shift in the mindset of the workplace, where firms began to understand the impact of human capital and the importance of employees’ psychological involvement in business (Schaufeli, 2013).

Considerable literature on employee engagement originates from practitioners and consulting firms (Saks, 2006). Practitioners have defined employee engagement in a variety of ways, some of which resemble more familiar and well-established constructs (Saks, 2006). For example, Gallup (2016) defined engaged employees as those who are involved in, enthusiastic, and committed to their work and workplace. Deloitte defined employee engagement as the employee’s satisfaction, loyalty, and disposition to spend discretionary effort toward organizational objectives (Bersin, 2015). Willis Towers Watson (2012) defined engagement as the employees’ discretionary effort dedicated to achieving company goals. This resemblance to familiar constructs has led academic researchers to question whether engagement is conceptually and empirically different from established constructs or if engagement is merely “old wine in a
new bottle” (Macey & Schneider, 2008, p. 10). Macey and Schneider (2008) proposed that the construct of engagement represents a blend of old wines and engagement evolved from prior work-attitude research, but the engagement construct adds value. However, researchers contended that Macey and Schneider’s view of engagement is simply an *umbrella term* that catches all constructs associated with the term engagement (Schaufeli, 2013).

Practitioners often operationalize and measure engagement using a mixture of items from research on work attitudes (e.g., Gallup Workplace Audit), such as organizational commitment and job satisfaction (Macey & Schneider, 2008; Schaufeli, 2013). Criticism of this practice exists as the most widely accepted conception of employee engagement views the construct as an employee’s psychological connection with their work (or organization), not an attitude regarding their work (Christian et al., 2011; Maslach, et al., 2001).

This practice, operationalizing engagement as other well-known work attitudes, bleeds established constructs (e.g., job commitment and organizational commitment) into employee engagement (Newman & Harrison, 2008; Saks, 2008) and creates difficulties when trying to distinguish engagement from other constructs such as job satisfaction, job involvement, and organizational commitment (Zigarmi et al., 2009). As mentioned earlier, practitioners focus on engagement at a macro-level, emphasizing the functionality of the engagement construct. The aim of consultants is to provide an interpretation of employee surveys and provide actionable items to end users (e.g., organizational leaders) to help improve engagement levels with an eye toward the bottom line (Macey & Schneider, 2008).

**Sustainable Engagement**

Willis Towers Watson, a globally recognized advisory firm, has conducted employee-engagement research over 45 years and is a global leader in this type of work. The firm has
surveyed approximately 10 million employees each year for the last several years. Willis Towers Watson (2012) defined engagement as “the extent of employees’ discretionary effort committed to achieving work goals” (p. 5). In their 2012 global workforce survey, the firm reported that only 35% of the workforce reported being highly engaged, 22% of respondents felt unsupported, 17% of respondents reported being detached, and 26% of respondents reported being disengaged. More recent engagement surveys reported similar results regarding the level of disengaged employees. This disengagement costs U.S. businesses $300 billion a year in lost productivity (Aon, 2016; Bersin, 2015; Gallup, 2016; Saks, 2006).

Practitioner research has shown that organizations are unable to maintain an engaged workforce over time; and declines in levels of employee engagement represent declines in productivity, declines in customer service, and higher rates of absenteeism and turnover (Christian et al., 2011; Gallup, 2016; Willis Towers Watson, 2012). Willis Towers Watson (2012) believes employee engagement can only take an organization so far, and to sustain employees’ commitment and discretionary effort toward achieving work goals, organizations need to create sustainable engagement. Willis Towers Watson refers to engagement as traditional engagement in order to eliminate confusion with the sustainable engagement construct.

Traditionally engaged employees are those having a belief in organizational goals and objectives, having an emotional connection to the organization, and having a willingness to give extra effort toward organizational success (Willis Towers Watson, 2012). Traditional engagement is insufficient to sustain performance levels or keep employees working effectively in today’s stressful, fast-paced work environment (Willis Towers Watson, 2012) in that traditional engagement does not ensure employees will have the required resources (e.g.,
equipment, supplies, process, and training) to properly complete their tasks without barriers or obstacles. Additionally, traditional engagement does not ensure employees an environment that “promotes physical, emotional and social well-being” (Willis Towers Watson, 2012, p. 4). To perform most effectively, employees need to engage and need an environment that provides them the proper resources to effectively perform their work; furthermore, employees need an environment that keeps them energized and promotes their well-being (Willis Towers Watson, 2012).

Described as the “intensity of employee’s connection to their organization” (p. 5), Willis Towers Watson (2012) conceptualized sustainable engagement as a means for organizations to realize the full benefit of traditional employee engagement. The sustainable-engagement construct consists of three core elements: traditional engagement, defined as the degree of employees’ discretionary effort committed to achieving work goals; enablement, or the presence of a work environment that supports productivity; and energy, defined as the presence of a work environment that promotes well-being. Employees who score high on all three aspects of the sustainable engagement construct are considered highly engaged (Willis Towers Watson, 2012). Employees are unsupported when they engage but lack enablement and energy; employees are detached when they feel enabled and energized but lack high levels of engagement; employees are disengaged when they score low on the three aspects of engagement, enablement, and energy (Willis Towers Watson, 2012). Table 5 details the components that comprise Willis Towers Watson’s sustainable-engagement construct.
Table 5

*Components of Sustainable Engagement*

<table>
<thead>
<tr>
<th>Traditional engagement</th>
<th>Enablement</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belief in company objectives</td>
<td>Freedom from obstacles to success at work</td>
<td>Capable of maintaining high energy levels at work</td>
</tr>
<tr>
<td>Emotional connection: willingness to recommend employer</td>
<td>Abundance of resources to perform well</td>
<td>Reassuring social environment</td>
</tr>
<tr>
<td>Inclination toward giving extra effort for organizational success</td>
<td>Aptitude to meet work challenges effectively</td>
<td>Feelings of enthusiasm and accomplishment at work</td>
</tr>
</tbody>
</table>

*Note.* Adapted from *The 2012 Global Workforce Study*, by Willis Towers Watson, 2012, retrieved from https://www.willistowerswatson.com

The sustainable-engagement index is a construct based on a standard set of questions that has gone through rigorous validation (S. Connelly, personal communication, May 6, 2019). Developed over 10 years ago, the construct has been used by thousands of companies in business practice (S. Connelly, personal communication, May 6, 2019). Willis Towers Watson reported that their research determined the top five drivers of sustainable engagement (e.g., leadership, work/life balance, goals and objectives, supervisors, and the organization’s image) and the behaviors and actions that matter to employees (see Table 6). These drivers of sustainable engagement are fairly consistent with drivers of engagement reported by other consulting firms such as Aon, that identify leadership, brand reputation, work/life balance, and company practices (Aon, 2016); and Deloitte, that identifies leadership, meaningful work, hands-on management, and growth opportunity as drivers (Bersin, 2015).
Table 6

*Top Five Drivers of Sustainable Engagement*

<table>
<thead>
<tr>
<th>Priority areas of focus</th>
<th>Behaviors and actions that matter to employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Effectively grows the business</td>
</tr>
<tr>
<td></td>
<td>Demonstrates sincere interest in employees’ well-being</td>
</tr>
<tr>
<td></td>
<td>Aligned with the organization’s core values</td>
</tr>
<tr>
<td></td>
<td>Gains employees’ trust and confidence</td>
</tr>
<tr>
<td>Stress, balance, and workload</td>
<td>Manageable stress levels at work</td>
</tr>
<tr>
<td></td>
<td>A good work and personal life balance</td>
</tr>
<tr>
<td></td>
<td>Adequate number of team members to effectively perform job</td>
</tr>
<tr>
<td></td>
<td>Flexible work schedules</td>
</tr>
<tr>
<td>Goals and objectives</td>
<td>Employees understand:</td>
</tr>
<tr>
<td></td>
<td>The company’s business goals</td>
</tr>
<tr>
<td></td>
<td>How to accomplish business goals</td>
</tr>
<tr>
<td></td>
<td>How their role contributes to achieving goals</td>
</tr>
<tr>
<td>Supervisors</td>
<td>Assign tasks suited to employees’ skills</td>
</tr>
<tr>
<td></td>
<td>Behaves in ways consistent with their words</td>
</tr>
<tr>
<td></td>
<td>Coach employees to improve performance</td>
</tr>
<tr>
<td></td>
<td>Respectful toward employees</td>
</tr>
<tr>
<td>Organization’s image</td>
<td>Highly regarded by the general public</td>
</tr>
<tr>
<td></td>
<td>Displays honesty and integrity in business activities</td>
</tr>
</tbody>
</table>


Sustainable engagement appeals to business leaders due to the construct’s positive relationship to desired business outcomes such as higher operating margins, increased productivity, less absenteeism, and improved employee retention (Willis Towers Watson, 2012). Whereas *traditional* engagement is a 20th-century practice; sustainable engagement is what 21st-century organizations need if they are to keep pace with their employees’ needs and ultimately to remain competitive (Willis Towers Watson, 2012).

**Summary of Employee Engagement**

Employee engagement is of interest to both practitioners and researchers; however, practitioners have largely pioneered the literature on employee engagement, as most current
contributions come from practitioners or management consulting firms (Saks, 2006).

Inconsistencies persist in the conceptualization and operationalization of the engagement construct from the practitioner and academic approaches (Christian et al., 2011; B. Shuck, 2011). The academic approach and practitioner approach have different intentions and different results.

Practitioners focus on engagement at the macro level with an emphasis on the functionality of the construct and its applicable outcomes. In contrast, academic researchers focus on engagement at the micro level with an emphasis on the construct’s definition, validation, and which antecedents influence its development (B. Shuck, 2011). Regardless of the approach, organizations benefit from having engaged employees, as the construct links to positive employee attitudes (Byrne et al., 2016; Jiang et al., 2015; Saks, 2006; B. Shuck et al., 2017), improved performance (Alfès et al., 2013; Mackay, Allen, & Landis, 2017; Willis Towers Watson, 2012), and greater profitability (Barrick, Thurgood, Smith, & Courtright, 2015; Harter et al., 2002; Willis Towers Watson, 2012).

Various workforce reports suggest employee engagement is on the decline (Gallup 2016; Saks, 2006; Willis Towers Watson, 2012), and most organizations are unable to maintain an engaged workforce over time (Willis Towers Watson, 2012). Sustainable engagement focuses on maintaining high levels of employee engagement by focusing not only on traditional engagement, but also on enablement and energy (well-being). Because of its positive correlation with the desired business outcomes (i.e., organizational performance, employee performance), and its positive relationship with employees’ perceptions of their manager and supervisor support, the sustainable-engagement construct is a focus of this study.
Organizational Performance Outcomes

Organizational performance has dominated the field of strategic management research with a considerable number of studies using performance as a dependent variable (Arthur & Huntley, 2005; Barrick, Bradley, Kristof-Brown, & Colbert, 2007; Geyskens, Steenkamp, & Kumar, 2006; March & Sutton, 1997; Richard, Devinney, Yip, & Johnson, 2009; Vroom & Gimeno, 2007). To place this into perspective, March and Sutton (1997) noted that of 439 articles in the Strategic Management Journal, the Academy of Management Journal, and Administrative Science Quarterly over a 3-year period, 124 included some measure of performance as a variable (Richard et al., 2009). Distinct but often confused with the broader construct of organizational effectiveness, organizational-performance stresses the central role of accounting, financial, and stock-market outcomes (Richard et al., 2009). Organizational performance comprises three distinct areas of firm outcomes: financial performance such as profitability, return on assets, and return on investment; product market performance such as revenue and market share; and shareholder return, including total shareholder return and economic value added (Richard et al., 2009).

In this study, I measure organizational performance at the location level and focus on financial performance and product market performance using the accounting measures of location sales growth and location profit. Analysts often choose these variables to measure organizational performance as they are fairly common across organizations and easily accessible for publicly traded companies (Richard et al., 2009). Also, the validity of using accounting measures to indicate performance is well established (Danielson & Press, 2003; Jacobson, 1987; Richard et al., 2009). Measuring organizational performance at the location level limits the
opportunity to observe shareholder return as the metric is reported at the organizational level, not the location level.

What Drives Performance?

In its simplest terms, the target organization rents construction equipment. The same equipment can be rented from more than 100 other rental companies that compete in the same space. Essentially, all rental companies operate under the same standard procedures and carry identical equipment that varies only by color scheme. The rental products offered are commodities and this is, in large part, why the industry is extremely homogenous. What differentiates competitors in this space is the human capital held, which is difficult to duplicate or substitute (Barney, 1991)

Human capital refers to the explicit and tacit knowledge, skills, education, experience, training, and abilities embodied in employees (Becker, 1975; Coff, 2002; Mincer, 1974). Human capital is a central driver of strategy and performance, and helps organizations develop and sustain a competitive advantage (Andrews, 1965; Chandler, 1962; Hambrick & Mason, 1984). Organizations that can acquire and nurture the best and brightest human capital will outperform competitors because the tacit knowledge held by employees cannot be easily replicated or substituted (Barney, 1991; Crook, Todd, Combs, Woehr, & Ketchen, 2011).

From a theoretical perspective, the relationship between human capital and performance can best be explained using the resource-based view proposed by Barney (1991). The resource-based view of a firm states that organizations are a bundling of resources and those possessing valuable resources that other firms cannot easily duplicate or substitute will have a competitive advantage over those lacking such resources. To sustain a competitive advantage and achieve superior performance, a firm’s resources must be valuable, rare, imperfectly imitable, and
imperfectly substitutable (Barney, 1991). As mentioned earlier, the equipment this target company rents is not rare, is imitable, and can be easily substituted. The target company’s competitive advantage is arguably derived from its intangible resources (e.g., brand recognition and human capital) and these intangible resources contribute to its high performance levels and help provide its competitive advantage (Barney, 1991).

High levels of organizational performance are essential to the survival and success of firms today; performance is often deemed the goal of modern industrial activity (Richard et al., 2009). Because of its importance to an organization’s survival, increasing employee and organizational levels of job performance should be a priority for any organization. With increased pressures to provide faster, cheaper, and better products or services, many leaders depend heavily on employees’ performance. One way to increase employee performance is through the use of effective leadership behaviors (Bass & Avolio, 1990). Effective leadership behaviors (e.g., transactional–transformational) can drive employee performance, and more importantly, have the potential to inspire performance beyond expectations (Bass, 1999). Furthermore, effective leadership inspires performance improvement across individual, team, and organizational levels (H. Wang et al., 2005). Given the previous findings that correlate effective leadership behaviors with desired organizational-performance outcomes, it is appropriate that I observed the relationship in the current study, as these leadership behaviors indirectly drive desired performance. It was important to determine the impact a location manager’s prior experience has on their leadership effectiveness. Of equal significance, this study determined if the leader’s prior experience affects whether followers perceive them as effective or not.
Summary Organizational Performance Outcomes

This study’s target organization is one of the world’s largest equipment rental companies that employs a workforce of ~19,000 employees. Often, other rental companies try to lure top talent away from the organization. This is a cause for concern as the human capital held by this rental company is a considerable source of its competitive advantage and organizational performance. Losing human capital hurts the target company and directly benefits competing firms that hire employees who are either not initially hired by the target organization or former employees who leave because they are not promoted, due to their lack of sales experience. This drain of talent indirectly benefits all other rental companies as the loss of human capital chips away at this equipment rental company’s competitive advantage and can ultimately diminish its overall organizational performance.

Leader Career Experience

Experience is often used as the basis for human-resources decisions, such as selection, career development, management development, training, layoffs, recalls, and promotion (Tesluk & Jacobs, 1998). Given the importance of experience in an organizational setting, it is surprising that limited research empirically investigates the relationship between prior work experience and current job performance (Dokko et al., 2009). Additionally, and even more surprising, how researchers and practitioners have conceptualized and operationalized the experience construct in previous research has been inconsistent (Tesluk & Jacobs, 1998).

Various sources operationalize experience as time on the job, number of years in a current role, number of times a certain task is completed, or the number of lateral career moves an individual makes (Quiñones et al., 1995). The inconsistency in conceptualization and operationalization of prior work experience has produced mixed results regarding the
relationship between previous work experience and performance; some studies showed a positive
correlation between the two constructs (Borman et al., 1993; McDaniel et al., 1988; Quiñones et
al., 1995), whereas others failed to demonstrate a relationship (Castilla, 2005; Fiedler, 1970;
Medoff & Abraham, 1980).

To close the conceptual gap on the experience construct, Quiñones et al. (1995) developed the conceptual work experience framework to measure experience on the dimensions of mode and specificity. Mode is a measure of experience in three distinct ways: (a) time refers to job and organizational tenure, (b) amount refers to the number of times a task was performed or the number of different jobs held in an organization, and (c) type is a measure that categorizes experience qualitatively, based on job complexity and task difficulty (Quiñones et al., 1995).

The specificity dimension measures experience at three distinct job levels: (a) task, measuring experience specific to individual tasks, (b) job, which measures work experience at the job level, and (c) organization, examining work experience at the organizational level (Quiñones et al., 1995). Regardless of how one measures the experience construct, a positive correlation emerges between work experience and performance. However, of the three modes identified, the amount mode measure of experience exhibited the strongest correlation to job performance (.43); time (.27), and type (.21) measures of experience had weaker relationships (Quiñones et al., 1995). Additionally, the task-specificity dimension of experience exhibited the strongest relationship to job performance (.41) and the organizational specificity level showed the weakest relationship (.16) (Quiñones et al., 1995). These findings suggest that “amount and task level measures are perhaps better measures of what individuals actually do on the job” (Quiñones et al., 1995, p. 904).
Pursuant to the conceptual work experience framework, in this study I measured career experience at the job level of specificity. Although the task level of specificity displayed a stronger relationship to performance, it would be difficult to measure sales experience at the task level at the target organization because the outside sales role is about increasing revenue through customer rentals and purchases. Dividing the role at a task level would be nearly impossible, as many associated tasks must be performed to successfully convince a customer to rent or buy from the target company. As mentioned earlier, the organizational level of specificity displayed the weakest relationship to performance; therefore, in this study, I used the job level of specificity. Essentially, in this study I measured prior experience at the job level of specificity in the target organization: prior sales experience or no prior sales experience at the target organization. Figure 1 provides an illustration of the Quiñones et al. (1995) framework.

<table>
<thead>
<tr>
<th>Level of Specificity</th>
<th>Organizational</th>
<th>Job</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of organizations worked</td>
<td>Number of jobs or aggregate number of tasks</td>
<td>Number of times performing tasks</td>
</tr>
<tr>
<td></td>
<td>Organizational tenure/seniority</td>
<td>Job tenure/seniority</td>
<td>Time on task</td>
</tr>
<tr>
<td></td>
<td>Type of organization</td>
<td>Job complexity</td>
<td>Task difficulty, complexity, criticality</td>
</tr>
<tr>
<td></td>
<td>Measurement Mode</td>
<td>Amount</td>
<td>Time</td>
</tr>
</tbody>
</table>

Figure 1. Framework.


Why Hire Salespeople to be Leaders?

The logic behind this North American rental company requiring location managers to have sales experience prior to assuming a leadership role is that sales experience is assumed to allow location managers to gain experience in driving revenue growth and developing
relationships with customers. However, prior sales experience does not suggest that the individual has the skill set to be a successful leader. Four broad leader categories are *intrapersonal skills*, such as self-esteem, emotional stability, patience, tolerance of ambiguity, and integrity; *interpersonal skills*, such as the ability to build and maintain relationships, listen actively, negotiate, communicate verbally and in writing; *business skills*, such as business and financial acumen, the ability to prioritize and organize, and cognitive ability; and *leadership skills*, such as the ability to influence, provide direction, communicate a vision, build the team and provide motivation (Hogan & Kaiser, 2005). Prior similar work experience has the potential to provide knowledge and skills that are transferable to subsequent roles in the future that help drive performance (Dokko et al., 2009; Hunter & Hunter, 1984; McDaniel et al., 1988; Schmidt et al., 1986). However, as noted earlier (see Table 1), the salesperson role and location manager role are distinct.

Although prior job experience has a positive relationship to job performance (e.g., Hunter & Hunter, 1984; McDaniel et al., 1988; Schmidt et al., 1986), prior experience refers to time spent in the same or similar occupation or number of years in the same or a related job. Thus, because the salesperson role and location-manager role provide and require distinct experiences, no clear link suggests having prior sales experience improves the performance of individuals who assume leadership roles (Benson, Li & Shue, 2018; Cappelli & Keller, 2014; Ziyal, 1995). Moreover, in addition to knowledge and skills obtained by prior experience, workers also carry cognitive and behavioral rigidities (e.g., schemas and scripts) that might not be useful in a different context, such as when a person with sales experience but no leadership experience moves into a leadership position in the organization (Dokko et al., 2009). For example, a salesperson has very practical knowledge and is accustomed to completing tasks independently.
(Agarwal & Ramaswami, 1993; Jaramillo, Mulki, & Marshall, 2005; Johnston, Parasuraman, Futrell, & Black, 1988; Weitz & Bradford, 1999). In contrast, leaders are expected to accomplish many tasks through delegation or collaboration, as they cannot accomplish all their responsibilities alone. Being too independent might signal a rigidity that a prior sales person carries into a location-manager role. A salesperson’s undesirable rigidity, signaled by an inability to delegate, or underdeveloped collaborative skills can potentially impede their performance in a new leadership role (Dokko et al., 2009).

**Comparison Between Leaders and Salespeople**

The job descriptions provided in Table 1 differentiate the sales role and the location-manager role. The person in the sales role is mainly responsible for increasing revenue for the location through customer interaction. In contrast, the location manager also must generate revenue along with location operations, fleet management, budgeting and planning, ensuring department productivity, and ensuring workplace safety (see Table 1). The location manager is tasked with many more leadership, administrative, and human-resources duties in addition to revenue-generating responsibilities. However, even though the responsibilities of each role are different, effective leaders share some personality and skill similarities. Successful salespeople and leaders do have certain personality traits in common, such as extraversion and conscientiousness, and both typically possess strong interpersonal skills (Hogan & Kaiser, 2005; Rentz, Shepherd, Tashchian, Dabholkar, & Ladd, 2002). Additionally, the experience sales people gain as a result of being responsible for driving revenue is also critical to the success of location managers, who are responsible for driving the revenue in their respective locations. These similarities are worth examining in further detail.
**Traits of a Successful Salesperson**

Using personality measures such as the Big Five as an independent variable, several researchers investigated the relationship between personality traits and performance of successful salespeople, finding that successful sales people share certain personality traits (Barrick & Mount, 1991; Barrick, Mount, & Judge, 2001; Judge et al., 2004; Sitser, van der Linden, & Born, 2013; Vinchur, Schippmann, Switzer, & Roth, 1998). The two personality traits most commonly associated with a successful salesperson are extraversion and conscientiousness (Barrick & Mount, 1991; Hurtz & Donovan, 2000).

Extraversion and conscientiousness are good predictors of sales performance at objective and subjective levels in that extraversion and conscientiousness correlate to achieving desired sales figures and being viewed favorably by supervisors (Sitser et al., 2013; Vinchur et al., 1998). Of the remaining Big Five traits, agreeableness and emotional stability have shown minimal correlation to sales performance (Barrick & Mount, 1991; Sitser et al., 2013; Vinchur et al., 1998), and openness to experience has had mixed results. Some researchers found a correlation between openness to experience and new customer generation, and others found no correlation between openness to experience and objective sales performance, such as new customer generation (Vinchur et al., 1998). Successful salespeople are sociable, talkative, energetic, assertive, ambitious, organized, thorough, controlled, dependable, decisive, and plan their behavior (Barrick et al., 2001; Goldberg, 1990; Northouse, 2018; Sitser et al., 2013; Vinchur et al., 1998). Salespeople also have a higher need for achievement, and are, on average, more narcissistic than people who do not hold sales roles (Soyer, Rovenpor, & Kopelman, 1999).
Effective Leadership Traits

As mentioned earlier, the trait-based approach to leadership has experienced a recent renaissance, in large part due to better organized trait taxonomies (i.e., the Big Five). Extraversion and conscientiousness are the two personality traits most often associated with effective leadership (Judge et al., 2002; Northouse, 2018). In their recent meta-analysis, Judge et al. (2002) reviewed 60 studies consisting of 73 independent samples containing 222 correlations between a personality trait and leadership. Using the Big Five as an organizing framework for the personality traits found in the 60 studies, the correlation between leadership and extraversion was .31, and .28 for the correlation between leadership and conscientiousness. Extraversion “is the most important trait of leaders and effective leadership” (Judge et al., 2002, p. 773). After extraversion, conscientiousness exhibited the second strongest correlation with leadership (.28), followed by the leader’s openness to experience (.24), and low neuroticism (-.24; Judge et al., 2002; Northouse, 2018). Of the Big Five personality factors, agreeableness was the only personality factor that displayed insignificant correlation with leadership (.08; Judge et al., 2002).

Effective leaders also typically display high levels of assertiveness, energy, activity, sociability, emotional balance, work ethic, resistance to stress, tolerance for uncertainty, achievement, initiative, personal integrity, and readiness to make decisions (Bentz, 1985, 1987, 1990; Bray & Howard, 1983; Judge et al., 2002; Stogdill, 1974). These personality traits are organized using different taxonomies (i.e., Guilford-Martin Personality Inventory), but they are consistent with the Big Five (Hogan, Curphy, & Hogan, 1994). Although similarities between the personality traits of successful salespeople and effective leaders have been documented, these ties are not exclusive to these two occupations (salesperson and leader). Conscientiousness is the
personality trait most often associated with performance, regardless of occupation (Judge, Higgins, Thoresen, & Barrick, 1999). It is logical that conscientiousness correlates to performance, as the construct represents how much effort or hard work one is willing to exert to achieve good performance.

Extraversion is another personality trait associated with good performance of people in leadership and sales roles (Barrick & Mount, 1991; Hurtz & Donovan, 2000; Judge et al., 2002). Typically, extraversion correlated with job performance in occupations where interactions with others comprise a substantial portion of the job, as in sales and location-manager roles at this North American rental company (Barrick & Mount, 1991). In sales and management roles, being sociable, outgoing, assertive, lively, and ambitious is likely to contribute to success on the job (Barrick et al., 2001).

**Interpersonal Skills**

An argument could be made that both sales people and leaders require strong interpersonal skills, such as “knowing how to cope with and resolve conflict and understanding, persuading and getting along with others, ability to listen, and empathy” (Rentz et al., 2002, p. 15). Admittedly, the research on interpersonal skills and sales performance is a bit sporadic and has been inconsistent (Borg & Johnston, 2013). Although it is important for successful sales people to have *salesmanship skills*, such as presentation skills and the ability to close a sale, as well as *technical skills*, such as product knowledge, and engineering skills, sales researchers acknowledged the importance of interpersonal skills and their relationship to performance (Churchill, Ford, Hartley, & Walker, 1985; Rentz et al., 2002). This is evident by the relational-selling paradigm (e.g., adaptive selling, relationship selling, and key-account selling) that dominates the business world today (Borg & Johnston, 2013). Interpersonal skills, such as
conflict resolution, active listening, empathy, optimism, and problem-focused coping strategies are critical to sales performance (Castleberry & Shepherd, 1993; Churchill et al., 1985; Greenberg & Greenberg, 1976; Rentz et al., 2002; Sager & Ferris, 1986; Strutton & Lumpkin, 1993).

The high-performing salesperson needs interpersonal skills to build customer relationships, satisfy customer needs, and nurture ongoing relationships (Moncrief & Marshall 2005). As discussed below, leaders must also possess strong interpersonal skills to build and nurture employee relationships to increase employee job satisfaction and to achieve organizational goals. Interpersonal skills are an important aspect of a leader’s capabilities at all levels of the organization (Mumford, Campion, & Morgeson, 2007). Effective leadership goes beyond wielding power; it relies on influence through personal interactions and positive relationships (Mencl, Wefald, & van Ittersum, 2016). “Interpersonal skills are necessary for most leadership roles” (Yukl, 1989, p. 261). Additionally, leadership effectiveness increases when leaders use interpersonal skills to influence employees to accomplish organizational objectives (Mumford et al., 2007). Effective leadership (e.g., transformational leadership) requires socially competent individuals who possess strong interpersonal skills to motivate, effectively communicate, provide coaching, involve others, build teams, and reward appropriately (Gilley, McMillan, & Gilley, 2009; Mencl et al., 2016). Interpersonal (social) skills allow managers to work with others, even through resistance or conflict, as leaders possessing strong interpersonal skills have the ability to reconcile differences among employee perspectives and establish equally beneficial outcomes for employees and the organization (Mumford et al., 2007).

Arguably, many interpersonal skills needed to be a successful salesperson align with the interpersonal skills required to be an effective leader (e.g., empathy, the ability to influence
others, and the ability to listen actively), as these skills help establish and maintain relationships that are critical to success in both positions (Borg & Johnston, 2013). However, companies are in danger of assuming all salespeople possess the same level of interpersonal skill competency. Having sales experience does not automatically equate to the interpersonal competence needed to be a leader.

The experience literature shows it is possible that two individuals with equal amounts of job tenure (experience) can differ considerably in the number and types of tasks they have performed (Ford, Quiñones, Sego, & Sorra, 1992; Schmitt & Cohen, 1989). Thus, it is possible for two experienced salespeople to have varying levels of interpersonal-skill competence. For example, a salesperson with a territory in a large dense metropolitan market (e.g., Houston, TX) will have the opportunity to interact more with their customers. The salesperson will have the opportunity to practice their relationship-building and maintaining skills through repetition. This experience may contrast with a salesperson working a smaller or less dense market (e.g., Laredo, TX) who will, comparatively, have less customer interaction.

**Revenue-Growth Responsibility**

Last, organizational leaders at this target company argue that sales people drive revenue growth and this ability translates into better location performance, if the salesperson were to be manager. At first glance, this argument appears logical; however, when contrasted with the role of a location manager, the argument may not be sustainable. In addition to driving revenue, the location manager carries responsibilities for administrative duties, human-resource functions, operational duties, and people management. Driving revenue growth is a critical responsibility of the location manager; however, directly driving revenue growth (as a salesperson would do) and leading people (motivating or influencing others), indirectly driving revenue growth through
others, are two distinct skill sets (Deeter-Schmelz, Goebel, & Kennedy, 2008; Ziyal, 1995). Salespeople know how to drive revenue growth through acquired knowledge and experience over the course of their careers; it is the responsibility of the salesperson to drive revenue growth; however, it is the location manager’s responsibility to lead the salesperson in achieving revenue targets. The location manager will task salespeople with driving revenue growth regardless of the leader’s prior career experience, so it is possible to attain revenue growth if the location manager, who does not have sales experience, has the ability to motivate the sales team to achieve revenue goals.

**Summary of Leader Career Experience**

Experience is often a key factor used to make many human-resources decisions (Quiñones et al., 1995); however, inconsistencies arise in the operationalization of the construct. For this study, I used a framework developed in previous research to help guide analysis of the operationalization of the experience construct. Prior experience is useful when applied to similar roles or similar occupations; however, the sales role and location manager role are distinct. Therefore, while prior sales experience may be of some value to a person in a location-manager position, it is not the only skill set necessary to succeed as a location manager. Arguably, some similarities between the personality, interpersonal skills, and responsibilities exist between a salesperson and location manager, but the data are insufficient to suggest that only individuals with prior sales experience can be effective in a location-manager position.

**Hypotheses, Manager’s Prior Experience, and Desired Outcomes**

Possessing prior sales experience would enhance an individual’s ability to sell but not necessarily enhance their ability to lead (Dokko et al., 2009). As mentioned previously, prior sales experience could potentially create behavioral rigidities (e.g., an inability to delegate) that
will not be useful in a different role or context, such as location manager (Dokko et al., 2009). Therefore, the requirement that location-manager candidates have sales experience is not supported by the leadership, sales or experience literature. Thus, I propose that having prior sales experience will not affect employees’ perceptions of the level of effectiveness of their manager, desired employee outcomes (i.e., sustainable engagement,) and, most importantly, will not necessarily affect desired organizational-performance outcomes (see the model in Figure 2).

H1: Prior sales experience will not affect employees’ perceptions of the level of effectiveness of their manager.

H2: Prior sales experience will not affect employees’ level of sustainable engagement.

H3: Prior sales experience will not affect organizational financial performance: (a) sales, (b) EBITDA, (c) ROCA.

Figure 2. Current study model; independent and dependent variables
CHAPTER 3

METHOD

Motivation for This Research

Positive employee and organizational outcomes result from the leader’s behavior (Bass & Avolio, 1990) and successful leadership depends on the followers’ perceptions of the leader, not only the leaders’ abilities (Kouzes & Posner, 2007). However, the preferred practice for filling location-manager positions at this target company is to hire and promote mainly individuals with sales experience, based on the shared belief of organizational decision-makers that these individuals make better location managers. This practice has generated some negative consequences that affect turnover, employee morale, and the loss of potential leaders, as many employees with operations experience but not sales experience often choose to leave, lose motivation, or do not apply for the leadership roles they might desire. The intent of this study was to determine what effect a leader’s prior career experience has on employees’ perceptions of the leader’s level of effectiveness as a manager, level of employee sustainable engagement, and, most importantly, desired organizational-performance outcomes. This chapter provides detail on the research methods employed in the field study, including (a) research strategy, (b) sample, (c) measurements, (d) ethical implications, and (e) limitations. I begin with an overview of the current study and the source of data.

Overview

Using a subsample of responses from a previously administered employee-engagement survey conducted at this rental company by a third party global advisory firm (Willis Towers Watson, 2012) in 2017, I analyzed archived responses from 1,145 employees in this cross-sectional field study. This subsample comprised archived responses from 100 location managers
and 1,045 direct reports currently employed in the specialty segment of the target organization. I used the archived engagement survey to determine the direct reports’ perceptions of the effectiveness of their respective location managers and the employees’ level of sustainable engagement. I used customized reports obtained from the specialty division human-resource director and finance director to determine the location managers’ prior career experience and location financial performance metrics from 2017. I conducted an analysis of variance (ANOVA) to test mean differences in employee perceptions of manager effectiveness, employee sustainable engagement, and location financial performance between locations led by managers with prior sales experience and managers without prior sales experience.

**Source of Data**

This study’s target company is one of the largest equipment-rental companies in the world. It is a Fortune 500 company that employs ~19,000 employees in more than 1,200 locations across North America. The company operations consist of two segments: general rentals and specialty rentals. The general-rentals segment offers construction, industrial, and homeowner equipment for rent. The specialty-rentals segment, divided into five regions (trench, power, pumps, tools, and onsite services) offers equipment for underground construction, climate control and temporary power, fluid transfer, disaster recovery, tool management and onsite services (see Appendix A for an organizational chart).

This rental company engages an outside vendor to conduct companywide employee-engagement surveys on a biannual basis and consistently has over 90% employee participation. The vendor conducted the 2017 engagement survey during a 3-week time period from July 31 through August 18, 2017. A total of 12,056 employees voluntarily participated in the 2017 online engagement survey comprised of 54 Likert-type scale questions and one comment section
relevant to their level of engagement. The previously administered employee-engagement survey at this organization measured 13 categories: customer focus, enablement, energy, engagement, growth & development, leadership, manager effectiveness, operational excellence, pay & benefits, performance management, safety, well-being, and work environment. Not all 13 categories were relevant to the current study.

Willis Towers Watson, a globally recognized advisory firm, administered the 2017 engagement survey. This firm has conducted employee engagement research for more than 45 years and is considered a global leader in this type of work. They have surveyed approximately 10 million employees each year for the last several years and maintain a database of over 500 questions that assess a large range of employee issues. Willis Towers Watson has created these questions over time based on a literature review of the most important issues in business today and clients’ requests. They maintain the questions in the database because many organizations find value in these questions and organizations continue to use them over time.

**Research Strategy**

The field-study research methodology implemented in this study focuses on examining what effect a leader’s prior career experience has on employees’ perceptions of their level of effectiveness as a manager, employee sustainable engagement, and, most importantly, desired organizational-performance outcomes. All research methods and strategies have strengths and weaknesses but ultimately, regardless of the research strategy chosen, all research is flawed (McGrath, 1982). In choosing the appropriate methodology for this study, I considered tradeoffs between (a) generalizability; (b) precision in control and measurement of the variables related to the behaviors of interest, and (c) existential realism, as maximizing one of these usually involves reducing the remaining two (McGrath, 1982). The intent of this study was to observe employee
responses in their natural work setting with minimal alteration to their existing work environment. The strength of the field-study methodology is that it provides the highest degree of existential realism due to its unobtrusiveness in comparison to other research methodologies such as laboratory experiments, experiment simulations, sample surveys, judgment studies, formal theories, and computer simulations (McGrath, 1982). Although existential realism is a major strength of the chosen research method, implementing the field-study research methodology sacrifices precision in control and measurements of the variables related to the behavior of interest, and generalizability outside of the observed setting (McGrath, 1982). However, because this research study took place in a real-world organization involving real employees in their natural work setting, I selected the field-study methodology to minimize intrusion into the workplace and maximize existential realism.

**Sample Composition**

The total sample for this study included archived responses from 1,145 employees who voluntarily participated in the company’s annual employee-engagement survey administered by Willis Towers Watson in 2017 through an online platform. As summarized in Table 7, this study’s sample encompasses archived employee responses from four of the five specialty regions in the specialty segment of this rental company. Table 7 illustrates the participation rate per region, including the number of location managers and the number of direct reports. This study’s sample includes archived employee responses from the trench, power, pumps, and tools regions. Study participants are a good representation of the organization’s member composition; however, aligned with the nature of construction industry, the majority of participants are White males and thus are not a good representation of the general population (Bureau of Labor Statistics, 2019).
Table 7

Summary of the Total Sample

<table>
<thead>
<tr>
<th>Region</th>
<th>Sample percentage</th>
<th>Location managers</th>
<th>Direct reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>•PHVAC</td>
<td>27%</td>
<td>29</td>
<td>281</td>
</tr>
<tr>
<td>•Pump</td>
<td>21%</td>
<td>24</td>
<td>214</td>
</tr>
<tr>
<td>•Trench</td>
<td>40%</td>
<td>36</td>
<td>425</td>
</tr>
<tr>
<td>•Tools</td>
<td>12%</td>
<td>11</td>
<td>125</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100 %</td>
<td>100</td>
<td>1,045</td>
</tr>
</tbody>
</table>

Note. PHVAC = portable heating, ventilation and air conditioning.

Power Analysis

When determining sample size, researchers can employ two types of power analysis. One method involves calculating the required sample size or participant count for a specified power, known as a priori power analysis. The other option is to calculate the power when a specific sample size is given, known as post hoc power analysis. Despite many criteria in manually calculating the required sample size, for this study, I used the G*Power software program to conduct a priori power analysis to determine the required participant sample size. Table 8 provides the results.
Table 8

**G*Power Analysis Sample Size**

<table>
<thead>
<tr>
<th></th>
<th>G*Power Analysis Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Test family</strong></td>
<td><strong>t</strong> tests</td>
</tr>
<tr>
<td><strong>Statistical test</strong></td>
<td>Means: Difference between two independent mean (two groups)</td>
</tr>
<tr>
<td><strong>Type of power analysis</strong></td>
<td><em>A priori</em> compute required sample size: given alpha, power &amp; effect size</td>
</tr>
<tr>
<td><strong>Input parameters</strong></td>
<td><strong>Output parameters</strong></td>
</tr>
<tr>
<td>Tails</td>
<td>Two</td>
</tr>
<tr>
<td>Effect size</td>
<td>.57</td>
</tr>
<tr>
<td>Alpha error prob</td>
<td>.05</td>
</tr>
<tr>
<td>Power (1-β err prob.)</td>
<td>.80</td>
</tr>
<tr>
<td>Allocation ration N2/N1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note. G* Power Analysis calculated via G Power Software Die Heinrich-Heine-Universität Düsseldorf.

**Data-Collection Process**

I randomly chose the archived employee responses included in this study’s sample from specialty segment responses to the previously administered 2017 Willis Towers Watson employee-engagement survey, provided to me by the specialty division human-resources director. Using the random-number-generator function in Excel, I chose archived engagement-survey responses of 100 locations for this study. The 100 locations selected consisted of 50 location managers who had prior sales experience during their tenure at this organization and 50 location managers who did not have prior sales experience during their tenure at this organization. I established the location managers’ prior experience using a customized prior-career-experience report provided by the specialty division human-resources director. The report listed prior positions held at this rental company for all specialty-division location managers dating back to the first position held by each location manager.
I measured the 2017 financial performance of each location by a customized year-end report provided by the specialty-division finance director. This report provided total revenue, EBITDA, and ROCA for each location selected for this study. The specialty-division human-resources and finance directors e-mailed the location financial-performance report to me. I reviewed the report and extracted the financial-performance metrics, matched to each location manager using the unique alphanumeric code that identified each location. Once I extracted the information from the report and added it to the data set, I destroyed the document.

**Measurements**

**Independent Variable**

I measured career experience using the conceptual work experience framework purposed by Quiñones et al. (1995). Using a customized prior-experience report provided by the specialty-division human-resources director, which lists the prior roles held by location managers at this organization, I identified the type of prior experience held, that is prior sales experience and no prior sales experience in the current organization. This study measured prior experience at the job level of specificity within the target organization: prior sales experience or no prior sales experience.

**Dependent Variables**

I measured the location managers’ effectiveness as a leader using Willis Towers Watson’s category labeled *manager effectiveness* on the employee-engagement survey. This category comprises seven questions measured on a 5-point Likert-type scale ranging from 1 = do not favor to 5 = favor. This category asks employees about their perceptions of their manager’s effectiveness. These questions ask about the level of confidence respondents had in the decisions made by their manager, whether they felt their manager was honest and fair, and if they felt able
to communicate openly and honestly with their manager. Appendix B shows the seven specific questions that comprise the manager-effectiveness category.

I measured sustainable engagement using Willis Towers Watson’s three-component model of sustainable engagement. This construct incorporates traditional engagement along with two additional constructs: enablement and energy (well-being). Traditional engagement questions focus on affective organizational commitment (e.g., belief in organizational goals and organizational citizenship behaviors). Five questions comprise the traditional engagement category in the Willis Towers Watson survey. The responses are measured on a 5-point Likert-type scale ranging from 1 = do not favor to 5 = favor. A sample item of the engagement category is “I believe strongly in the goals and objectives of this company.” Appendix C lists the five specific questions that make up the traditional engagement category.

Enablement questions focus on having the proper resources—including effective processes and training—in place to allow employees to complete their job without the constraints of barriers or obstacles. Two questions comprise the enablement category in the employee-engagement survey. The responses are measured on a 5-point Likert-type scale ranging from 1 = do not favor to 5 = favor. The two questions that comprise the enablement category are “There are no substantial obstacles at work to doing my job well,” and “My team is able to meet our work challenges effectively.”

Energy questions focus on the presence of a work environment that promotes and supports employee well-being. Two questions comprise the energy category in the employee-engagement survey. The responses are measured on a 5-point Likert-type scale ranging from 1 = do not favor to 5 = favor. The two questions that comprise the energy category are “I am able to
sustain the level of energy I need throughout the work day,” and “My work provides me with a sense of personal accomplishment.”

The Sustainable Engagement Index measures the level of excitement an employee holds toward the company’s mission and values, the level of enablement they perceive to do their job, and the presence of a work environment that promotes and supports their well-being. Appendix C lists the questions for each individual category (engagement, enablement, and energy) that comprise sustainable engagement.

I measured location performance using 2017 year-end financial metrics for each location. The financial metrics provided detailed annual revenues, EBITDA, and ROCA for each location. I obtained the 2017 year-end financial metrics from the specialty-division finance director for this rental company. Organizational performance in this study was operationalized using the accounting measures of location sales to plan and location profit to plan. Researchers often choose these variables to measure organizational performance, as they are fairly common across organizations and are easily accessible for publicly traded companies (Richard et al., 2009). Also, the validity of using accounting measures to indicate performance is well established (Danielson & Press, 2003; Jacobson, 1987). Figure 2 illustrates the interaction between the study’s independent and dependent variables.

**Ethical Implications**

The ethical implications of this study are minimal, as the study used archived data from a previous employee-engagement survey conducted at the target company. All responses from the employee-engagement survey remained anonymous throughout this study. The chief administrative and legal officer for this organization approved access to the employee-engagement survey results and the distribution of the customized reports used to identify
previous experience and location financial metrics. Additionally, all members of the study’s dissertation committee executed nondisclosure agreements to further protect the participants and the organization.

For this study, I obtained approval from the University of Dallas’ Institutional Review Board (see Appendix D) to ensure participants receive minimal harm. This includes physical, emotional, and psychological harm. Additionally, I completed the National Institutes of Health course and received certification (see Appendix E).

**Limitations**

This study includes threats to external validity. The results of this study cannot be generalized to the population, as the majority of the participants were likely White males, which is not an accurate representation of the general population. Another threat to external validity is that the study’s sample comes from a single company in a single industry. Ultimately, this format limits generalizability of this study to similar organizations in industries similar to this North American rental company.

The study also had threats to internal validity. I did not choose the organization at random but chose it specifically for convenience; furthermore, I did not choose the sample at random as the study specifically targeted location managers and their direct reports. I did not control for many individual differences and any of these differences could contribute to how respondents answered the survey questions. For example, some direct reports might have been motivated to perform at certain levels by some factor other than the behavior of their manager, or their level of engagement might depend on factors that were not measured in this study. Also, this study did not control for several external factors that could affect the findings. For example, market
conditions may have positively or negatively contributed to the location’s financial results. I discuss these limitations further in Chapter 5.

**Summary**

The intent of this study was to determine what effect a leader’s prior career experience has on employees’ perceptions of their level of effectiveness as a manager, employee sustainable engagement, and, most importantly, desired organizational-performance outcomes. For this research study, I adopted a field-study methodology to maximize contextual realism, but sacrificed precision in control and measurement of the variables related to the behaviors of interests, and generalizability. This current study made use of subsample of a 2017 archived employee-engagement survey conducted at this target rental company by a third-party global advisory firm. The randomly selected subsample comprised archived employee responses from four of the five specialty regions at the target company. I used the archived engagement survey responses to determine direct reports’ perceptions of the effectiveness of their manager and employees’ levels of sustainable engagement. I used customized reports obtained from the specialty-division human-resource director and finance director to determine prior career experience and location financial-performance metrics from 2017. I discuss the survey results and findings at length in the following chapter.
CHAPTER 4

RESULTS

The intent of this study was to determine what effect a leader’s prior career experience has on employees’ perceptions of their level of effectiveness as a manager, employee sustainable engagement, and, most importantly, desired organizational-performance outcomes. I aimed to determine what differences exist between locations led by managers with sales experience and locations led by managers without prior sales experience relative to employee attitudes and location financial performance. Using a subsample of responses from a previously administered employee-engagement survey conducted at the target equipment-rental company by a third party global advisory firm (Willis Towers Watson) in 2017, I analyzed archived responses from 1,145 employees in this cross-sectional field study.

Using an ANOVA to test differences in means for desired organizational outcomes between locations led by managers with prior sales experience and locations led by managers without prior sales experience, I analyzed survey responses to answer the following research question: How does prior sales experience affect positive work-related outcomes such as employee perceptions of managerial effectiveness, sustainable employee engagement, and organizational performance? This chapter details the analytical framework and the methods applied in this study along with the results of the data analysis. I start by discussing the geographic composition of the study sample; then, I discuss the descriptive statistics to outline the distribution of the study’s data. Next, I consider the homogeneity of variance; and, finally, I discuss the ANOVA analysis for each relationship between the location manager’s prior career experience and each dependent variable of interest.
Geographic Composition

In May 2019, I analyzed employee responses from the archived 2017 employee-engagement survey conducted at the target company by Willis Towers Watson. The sample for the current study consists of responses from 1,145 employees assigned to 100 locations in the organization’s specialty rental segment. The 100 locations provide representation for four of the five specialty regions (trench, power, pumps, and tools) included in the study sample (see Appendix A for the target organization’s structure). The 100 locations are geographically spread throughout the United States and Canada. Table 9 details the 25 states and four provinces that comprise the study sample. The largest participation came from Texas (18%), California (11%), Florida (10%), and Louisiana (7%). See Table 9 for details of participants by location.

Table 9

Geographic Location Composition of Population

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>2%</td>
</tr>
<tr>
<td>Arizona</td>
<td>2%</td>
</tr>
<tr>
<td>California</td>
<td>11%</td>
</tr>
<tr>
<td>Colorado</td>
<td>3%</td>
</tr>
<tr>
<td>Florida</td>
<td>10%</td>
</tr>
<tr>
<td>Georgia</td>
<td>4%</td>
</tr>
<tr>
<td>Illinois</td>
<td>3%</td>
</tr>
<tr>
<td>Indiana</td>
<td>1%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>7%</td>
</tr>
<tr>
<td>Maryland</td>
<td>4%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2%</td>
</tr>
<tr>
<td>Michigan</td>
<td>1%</td>
</tr>
<tr>
<td>Missouri</td>
<td>1%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>3%</td>
</tr>
<tr>
<td>Nevada</td>
<td>1%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>2%</td>
</tr>
<tr>
<td>Ohio</td>
<td>1%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>1%</td>
</tr>
<tr>
<td>Oregon</td>
<td>1%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>3%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>2%</td>
</tr>
<tr>
<td>Texas</td>
<td>18%</td>
</tr>
<tr>
<td>Utah</td>
<td>1%</td>
</tr>
<tr>
<td>Washington</td>
<td>3%</td>
</tr>
<tr>
<td>Canadian Provinces</td>
<td></td>
</tr>
<tr>
<td>Alberta</td>
<td>6%</td>
</tr>
<tr>
<td>British Columbia</td>
<td>2%</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>2%</td>
</tr>
</tbody>
</table>

Due to the privacy guaranteed to respondents by the original engagement-survey parameters, demographic data for this study’s sample were unavailable for review. However, because the majority of the population at the target company comprised White males, it is likely that this study’s sample will be similar in composition to the target company’s general population. Archived responses came from employees with varying titles at each location such as
driver, equipment associate, inside sales representative, outside sales representative, service manager, operation manager, and location manager.

**Descriptive Statistics**

Table 10 provides the descriptive statistics for the study’s results, including location managers’ prior career experience, employees’ perceptions of managers’ effectiveness, employee levels of sustainable engagement, location sales performance to plan, location EBITDA performance to plan, and location ROCA performance to plan. I discuss each variable briefly below.

Table 10

*Descriptive Statistics*

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min Statistic</th>
<th>Max Statistic</th>
<th>Mean Statistic</th>
<th>Std. Dev. Statistic</th>
<th>Skew Statistic</th>
<th>Std. Error</th>
<th>Kurtosis Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exp. sales/No sales</td>
<td>100</td>
<td>1</td>
<td>2</td>
<td>1.50</td>
<td>.503</td>
<td>.000</td>
<td>.241</td>
<td>-2.041</td>
<td>.478</td>
</tr>
<tr>
<td>Location size</td>
<td>100</td>
<td>5</td>
<td>32</td>
<td>10.23</td>
<td>5.530</td>
<td>1.937</td>
<td>.241</td>
<td>4.142</td>
<td>.478</td>
</tr>
<tr>
<td>Manager effectiveness</td>
<td>100</td>
<td>60</td>
<td>100</td>
<td>85.28</td>
<td>10.342</td>
<td>-.461</td>
<td>.241</td>
<td>-.646</td>
<td>.478</td>
</tr>
<tr>
<td>Sustainable engagement</td>
<td>100</td>
<td>70</td>
<td>100</td>
<td>91.21</td>
<td>6.119</td>
<td>-.890</td>
<td>.241</td>
<td>.972</td>
<td>.478</td>
</tr>
<tr>
<td>Revenue</td>
<td>100</td>
<td>.61</td>
<td>3.19</td>
<td>1.14</td>
<td>.40</td>
<td>1.583</td>
<td>.241</td>
<td>4.523</td>
<td>.478</td>
</tr>
<tr>
<td>EBITDA</td>
<td>100</td>
<td>-.3200</td>
<td>.3700</td>
<td>-.0249</td>
<td>.1030</td>
<td>.123</td>
<td>.241</td>
<td>2.214</td>
<td>.478</td>
</tr>
<tr>
<td>ROCA</td>
<td>100</td>
<td>-.4100</td>
<td>.4600</td>
<td>-.0300</td>
<td>.1486</td>
<td>.465</td>
<td>.241</td>
<td>1.509</td>
<td>.478</td>
</tr>
</tbody>
</table>

*Note.* EBITDA = earnings before interest, tax, depreciation and amortization, ROCA = return on controllable assets.

The leader’s prior career experience was coded as either 1 (manager has prior sales experience) or 2 (manager does not have prior sales experience). The study’s sample was evenly distributed, consisting of 50 managers who had prior sales experience and 50 managers who did not have prior sales experience. I determined the location managers’ prior sales experience by the customized prior-experience report provided by the human-resources director of the target
company. The customized report detailed prior positions held by each location manager. Using the random-number-generator function in Excel, I chose an even number of location managers with prior sales experience and without prior sales experience for this study. Chapter 3 provided greater detail on the selection process.

For this study, I excluded from the study sample any location that reported responses from fewer than five employees. The average location size consisted of 10 employees \((M = 10.23, SD = 5.53)\) and no locations reported more than 32 employees. As mentioned earlier, the locations were geographically spread throughout 25 states and four Canadian provinces (see Table 9).

Manager effectiveness was reported at the location level. I measured this construct on a 5-point Likert-type scale, reported as a location score. For example, a score of 90 indicated that 90% of the employees at that location provided a favorable response (either a 4 or 5 on the Likert-type scale) to the questions that compromised the manager-effectiveness scale in the original engagement survey (i.e., open and honest, provides regular feedback, respectful, and demonstrates concern). Access to individual responses was unavailable because the original engagement survey guaranteed individual responses would not be shared with anyone outside the global advisory firm that conducted the survey. Overall, the average location score for manager effectiveness was 85 \((M = 85.28, SD = 10.34)\).

Sustainable engagement was also reported at the location level, measured and reported similar to the reporting of the manager-effectiveness-construct results. Access to individual responses pertaining to sustainable engagement was also unavailable. Overall, the average location score for sustainable engagement was 91 \((M = 91.21, SD = 6.12)\).
For this study, I also considered the location’s financial performance using three financial metrics: sales, EBITDA, and ROCA. Because each rental location varies in size, product, and sales, to ascertain comparable financial performance by location, I considered the location’s financial performance to plan. Essentially, I measured how each location performed relative to expectations set the prior year (in this case 2016). Overall, the average location sales performance to plan was 1.14 ($M = 1.14$, $SD = .40$). In general, the average location EBITDA performance to plan was -.025 ($M = .025$, $SD = .10$). Overall, the average location ROCA performance to plan was -.030 ($M = .030$, $SD = .15$). Refer to Table 10 for a summary of these results.

**Assumption of Homogeneity of Variance**

Prior to conducting an ANOVA, it is important to determine the homogeneity-of-variance assumption is met. The homogeneity of variance is the “assumption that the variance of one variable is stable (i.e., relatively similar) at all levels of another variable” (Field, 2013, p. 876). When the assumption of homogeneity of variance is not met, an increased likelihood exists of falsely rejecting the null hypothesis. The most commonly used calculation for testing the null hypothesis that the population variances are equal is Levene’s test. A $p$ value less than .05 in Levene’s test indicates a violation of the assumption of homogeneity of variance. Table 11 shows the homogeneity of variance test for the variables in this study, which all show acceptable $p$ values: Manager Effectiveness, .697; Sustainable Engagement, .678; Revenue, .824, EBITDA, .234; and ROCA, .600.
Table 11

*Test of Homogeneity of Variance*

<table>
<thead>
<tr>
<th></th>
<th>Levene statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
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<tr>
<td>Manager effectiveness</td>
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<td>1</td>
<td>98</td>
<td>.697</td>
</tr>
<tr>
<td>Sustainable engagement</td>
<td>.173</td>
<td>1</td>
<td>98</td>
<td>.678</td>
</tr>
<tr>
<td>Revenue</td>
<td>.050</td>
<td>1</td>
<td>98</td>
<td>.824</td>
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<tr>
<td>EBITDA</td>
<td>1.434</td>
<td>1</td>
<td>98</td>
<td>.234</td>
</tr>
<tr>
<td>ROCA</td>
<td>.277</td>
<td>1</td>
<td>98</td>
<td>.600</td>
</tr>
</tbody>
</table>

*Note.* EBITDA = earnings before interest, tax, depreciation and amortization, ROCA = return on controllable assets.

**ANOVA Analysis**

When examining the relationship between variables, researchers have the option of using an ANOVA or a *t*-test to compare the means of two groups. The main difference between a *t*-test and ANOVA is that researchers can use an ANOVA to compare two or more groups, whereas researchers can only use the *t*-test to compare means between two groups. The *t*-test is simple to conduct but the advantage of an ANOVA over a *t*-test is that it allows for better control in avoiding type 1 errors. Therefore, to control type 1 errors, I made use of an ANOVA in data analysis.

I performed a one-way between-subjects ANOVA in SPSS to assess the impact of the independent variable, leaders’ prior career experience on the dependent variables, desired employee outcomes (i.e., sustainable engagement and the perception of managerial effectiveness), and organizational outcomes (i.e., location sales, EBITDA, and ROCA performance). I briefly discuss each relationship analysis below.

**Perception of Manager’s Effectiveness**

Employees’ perceptions of their manager’s effectiveness measures the level of confidence they had in the decisions made by their manager, whether they felt their manager was
honest and fair, if they felt able to communicate openly and honestly, whether their manager kept them informed about decisions that affected them, if they received regular feedback and coaching, whether they felt they were treated with respect, and if their manager demonstrated concern for their well-being. When followers perceive their manager as being effective, they exhibit higher levels of organizational commitment, are more willing to abide by their manager's requests, and demonstrate higher levels of job satisfaction, which leads to better follower performance (Chiu et al., 2017; de Luque et al., 2008; Epitropaki & Martin, 2004; Lord & Maher, 1991). I performed a one-way between-subjects ANOVA to compare the effect of the leaders’ prior career experience to employees’ perceptions of the managers’ effectiveness. Prior to conducting the ANOVA, I tested and satisfied the homogeneity of variance based on Levene’s $F$ test, $F(1, 98) = .904, p = .344$. The ANOVA demonstrated no significant effect from the leaders’ prior career experiences on employees’ perceptions of managerial effectiveness at the $p < .05$ level, $F(1, 98) = 2.63, p = .108$. Locations led by managers with prior sales experience perceived their manager as being slightly more effective ($M = 86.95; SD = 9.77$) compared to locations whose manager did not have prior sales experience ($M = 83.62; SD = 10.72$). See Table 12.

Table 12

Manager’s Effectiveness

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>$df$</th>
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<th>$F$</th>
<th>Sig</th>
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<tr>
<td>Within groups</td>
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<td>98</td>
<td>105.224</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10588.551</td>
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</tbody>
</table>
Sustainable Engagement

Sustainable engagement measures the level of excitement an employee holds toward the company’s mission and values, the level of enablement they perceive to do their job, and the presence of a work environment that promotes and supports their well-being. Higher levels of sustainable engagement link to positive employee attitudes (Byrne et al., 2016; Saks, 2006; B. Shuck et al., 2017), improved performance (Alfes et al., 2013; Mackay et al., 2017; Willis Towers Watson, 2012), and greater profitability (Barrick et al., 2015; Harter et al., 2002; Willis Towers Watson, 2012). I performed a one-way between-subjects ANOVA to compare the effect of leaders’ prior career experience on the employee level of sustainable engagement. Prior to conducting the ANOVA, I tested and satisfied the homogeneity of variance based on Levene’s $F$ test, $F(1, 98) = .173, p = .678$. The ANOVA demonstrated no significant effect from the leaders’ prior career experiences on employees’ levels of sustainable engagement at the $p < .05$ level $F(1, 98) = 2.67, p = .104$. Locations led by managers with prior sales experience demonstrated higher levels of sustainable engagement ($M = 92.20; SD = 5.68$) compared to locations whose manager did not have prior sales experience ($M = 90.21; SD = 6.43$). See Table 13.

Table 13

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>Within groups</td>
<td>3607.960</td>
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<tr>
<td>Total</td>
<td>3706.843</td>
<td>99</td>
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</table>
Location Sales Performance

Sales (revenue) is crucial to organizational performance as it is tied to a firm’s gross margin and profit margin. Higher sales numbers often indicate company growth and may contribute to the valuation of the organization. I performed a one-way between-subjects ANOVA to compare the effects of leaders’ prior career experiences on the locations’ sales performances. Prior to conducting the ANOVA, I tested and satisfied the homogeneity of variance based on Levene’s F test, $F(1, 98) = .050, p = .824$. The ANOVA demonstrated no significant effect from the leader’s prior career experience on the location’s sales performance at the $p < .05$ level $F(1, 98) = .016, p = .899$. Locations led by managers without prior sales experience demonstrated higher levels of location sales performance to plan ($M = 1.15; SD = .40$) compared to locations whose manager did have prior sales experience ($M = 1.14; SD = .40$). See Table 14.

Table 14

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
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<th>F</th>
<th>Sig</th>
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<tr>
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<td>.016</td>
<td>.899</td>
</tr>
<tr>
<td>Within groups</td>
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<td>98</td>
<td>4.149865808563.26</td>
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<td></td>
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<tr>
<td>Total</td>
<td>4.06754364094186.94</td>
<td>99</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Location EBITDA Performance

EBITDA is a key financial metric that reflects the operating profitability of an organization as a percentage of the firm’s total revenue. A higher EBITDA often means the organization is able to cover its operating costs while maintaining a sizeable percentage of its revenue. I performed a one-way between-subjects ANOVA to compare the effects of leaders’ prior career experiences on the locations’ EBITDA performance. Prior to conducting the
ANOVA, I tested and satisfied the homogeneity of variance based on Levene’s $F$ test, $F(1, 98) = 1.434, p = .234$. The ANOVA demonstrated no significant effect from leaders’ prior career experiences on the locations’ EBITDA performance at the $p < .05$ level $F(1, 98) = .189, p = .665$. Locations led by managers without prior sales experience demonstrated higher levels of location EBITDA performance to plan ($M = -.020; SD = .113$) compared to locations whose manager did have prior sales experience ($M = -.029; SD = .092$). See Table 15.

Table 15

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
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<th>$F$</th>
<th>Sig</th>
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<tr>
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<td>.002</td>
<td>.189</td>
<td>.665</td>
</tr>
<tr>
<td>Within groups</td>
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<td>98</td>
<td>.011</td>
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<tr>
<td>Total</td>
<td>1.051</td>
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</tbody>
</table>

**Location ROCA Performance**

ROCA represents how efficiently the organization uses invested capital. A higher ROCA often represents a better use of capital investments toward generating profits. I performed a one-way between-subjects ANOVA to compare the effect of leaders’ prior career experiences on locations’ ROCA performance. Prior to conducting the ANOVA, I tested and satisfied the homogeneity of variance based on Levene’s $F$ test, $F(1, 98) = .277, p = .600$. The ANOVA demonstrated no significant effect from leaders’ prior career experiences on the locations’ ROCA performance at the $p < .05$ level $F(1, 98) = .348, p = .556$. Locations led by managers with prior sales experience demonstrated higher levels of location ROCA performance to plan ($M = -.021; SD = .156$) compared to locations whose manager did not have prior sales experience ($M = -.038; SD = .141$). See Table 16.
Table 16

Location ROCA Performance

<table>
<thead>
<tr>
<th></th>
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<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>.008</td>
<td>1</td>
<td>.008</td>
<td>.348</td>
<td>.556</td>
</tr>
<tr>
<td>Within groups</td>
<td>2.179</td>
<td>98</td>
<td>.022</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>2.187</td>
<td>99</td>
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Summary

To determine what effect a leader’s prior career experience had on desired employee- and organizational-performance outcomes, I made use of a subsample of responses from an employee-engagement survey administered by Willis Towers Watson in 2017. For this study, I conducted an ANOVA to test differences in means for desired employee and organizational outcomes between locations led by managers with prior sales experience and locations led by managers without prior sales experience. The ANOVA demonstrated no statistically significant differences in the variables of interest (i.e., manager effectiveness, sustainable engagement, and location performance) between locations led by managers with sales experience and locations led by managers without sales experience.

Thus, I confidently rejected the null hypotheses (H₀) that having sales experience would affect employees’ perceptions of the level of effectiveness of their manager, employee sustainable engagement, and, most importantly, desired organizational-performance outcomes such as higher location revenue, higher location EBITDA, and higher location ROCA. I discuss the significance of these findings at length in the following chapter.
CHAPTER 5
CONCLUSION

Finding competent individuals to effectively lead teams is a major challenge for many organizations. It is critical that hiring managers find the best candidate to lead a team, as leadership plays a pivotal role in organizational commitment (Avolio et al., 2004; Walumbwa et al., 2005), job satisfaction (Walumbwa et al., 2005), sustainable engagement (Aon, 2016, Willis Tower Watson, 2012), and individual and group-level performance (Bass et al., 2003; Schaubroeck et al., 2007; Walumbwa et al., 2008; H. Wang et al., 2005). Organizations must consider many critical questions when selecting leaders, such as: How much experience is needed for a leader to be successful? Is there a specific type of experience that better prepares someone to lead? Does experience transcend organizational and industry boundaries? Although leadership is one of the most studied phenomena to date, much complexity persists about leadership, accompanied by much uncertainty when entrusting someone to lead a team. The consequences of appointing ineffective leaders can negatively impact organizational and employee outcomes (e.g., lower sales, decreased quality of customer service, increased employee turnover, decreased performance levels, lower team morale, and low engagement). Thus, selecting a leader is an important decision for any organization.

Organizational leaders at the study’s target company show a strong preference toward candidates with prior sales experience when hiring a location manager. They share the opinion that employees aspiring to become location managers need to have a certain amount of sales experience before they are considered for a leadership role. Their belief is that success in a sales role paves the way for advancement into a leadership role. This belief has formed over time and is largely driven by intuition, as the target organization has not conducted any performance
studies that would validate their belief. Candidates labeled as “operations” are advised to obtain sales experience prior to being considered for a location-manager role. This approach to selecting location managers has the potential to create some negative consequences for the organization as a whole, such as a higher turnover, lower employee morale, and the attrition of employees who have the potential to be successful leaders but do not have sales experience. Through personal observation and informal conversations with several employees, those with only operations experience (and not sales experience) often choose to leave, lose motivation, or do not apply for leadership roles they otherwise would have.

The purpose of this study was to determine the potential effects of a leader’s prior career experience, explicitly prior sales experience, on important employee and organizational outcomes. Specifically, in this study I set out to determine how leaders’ prior career experiences affected employees’ perceptions of their level of effectiveness, employee sustainable engagement, and, most importantly, desired organizational-performance outcomes, including revenue generation, profitability (EBITDA), and ROCA. I accomplished this analysis by conducting an ANOVA on responses to a previously administered engagement survey to help identify any statistically significant mean differences between locations led by managers with prior sales experience and locations led by managers without prior sales experience relative to employee attitudes and location financial performance. Study results presented in the previous chapter supported my hypothesis that having sales experience does not affect employees’ perceptions of the level of effectiveness of their managers or employees levels of sustainable engagement, and most importantly, does not affect desired organizational-performance outcomes. I discuss the meaning and significance of these results below.
Meaning and Significance of Findings

As discussed in Chapter 4, study results did not show any statistically significant differences in employee attitudes or location performance between locations led by managers with prior sales experience and those led by managers without sales experience. Therefore, findings indicated a high likelihood that the location’s performance and the level of desired employee attitudes are attributed to something other than the location manager’s prior career experience. Despite the absence of statistically significant differences in employees’ perceptions of managers’ effectiveness, sustainable engagement, revenue generation, profitability (EBITDA), and ROCA between locations led by managers with prior sales experience and those led by managers without prior sales experience, slight differences warranted further examination. More comprehensive discussion of manager effectiveness, sustainable engagement, and location performance follow.

Manager Effectiveness

Employees’ perceptions of managers’ effectiveness was slightly higher for locations led by managers with prior sales experience: just over 3% (86.9% favorable responses compared to 83.6% favorable responses). Although not statistically significant, this finding can illuminate the question of the potential effects of having sales experience on desired employee and organizational outcomes. Previous researchers (Mumford et al., 2007) suggested that a leader’s level of effectiveness can increase when leaders use interpersonal skills to influence employees to accomplish organizational objectives. Willis Towers Watson’s manager-effectiveness construct depends largely on a manager’s ability to effectively communicate with employees (see Appendix B). The manager-effectiveness-construct questionnaire asks employees about their perceptions of their managers’ effectiveness. Higher scores on the manager-effectiveness
construct indicate employees felt able to communicate openly and honestly with their manager, felt their manager kept them informed about decisions that affected them, felt they received regular feedback and coaching from their manager, and felt they were treated with respect by their manager.

The ability to effectively communicate is considered essential for interpersonal success as a leader (Maellaro, 2008). For a sales person at the target equipment rental company (see Table 1 for a full description), success is driven by the ability to effectively communicate (e.g., cold calling, educating, and personal visits) with customers to increase rental revenue. The high-performing salesperson needs interpersonal skills to build customer relationships, satisfy customer needs, and nurture ongoing relationships (Moncrief & Marshall, 2005). Therefore, location managers with prior sales experience should be effective communicators who would have the opportunity to develop interpersonal skill through their prior sales experience.

Additionally, as discussed in Chapter 2, the experience literature suggested that prior experience is useful when applied to similar roles or similar occupations (Dokko et al., 2009). Although the location-manager role and sales role have distinct responsibilities, they share a similar component for success. To be successful in either role, leaders must have effective interpersonal skills, specifically, the ability to effectively communicate. Prior success in a sales role at this rental company can help explain the slightly better performance on the manager-effectiveness construct of this study, because prior sales experience would allow for the development of communication skills, which would be useful in communicating with location employees.
**Sustainable Engagement**

Sustainable engagement was marginally higher for locations led by managers with prior sales experience than for those locations led by managers without prior sales experience (92% compared to 90%). The difference between groups (prior sales experience and no prior sales experience) in this case was smaller than the difference of the manager-effectiveness construct, by only 2% in favorable responses. This result is not surprising considering that one key driver of sustainable engagement is employees’ perceptions of their leader (Aon, 2016; Bersin, 2015; Willis Towers Watson, 2012). The components of leadership that drive sustainable engagement include the way leaders treat employees, such as being honest, fair, and respectful; the extent and frequency of their coaching of employees; the level of interest displayed in their employees’ well-being; and the level of trust in the relationship between leader and employee (Willis Towers Watson, 2012). Leadership is a key driver of engagement and employees who perceive their manager as more effective display higher levels of sustainable engagement (Carasco-Saul, Kim, & Kim, 2015; Xu & Cooper Thomas, 2011; Willis Towers Watson, 2012). Such was the case in this study: locations led by managers with prior sales experience reported higher manager-effectiveness scores than locations led by managers without prior sales experience; consequently, these locations also reported higher levels of sustainable engagement.

**Location Performance**

Financial performance was marginally higher for locations led by managers without prior sales experience over locations led by managers with prior sales experience. Locations led by managers without sales experience achieved marginally better revenue to plan performance (115% to plan compared to 114% to plan) and slightly better EBITDA to plan performance (-.020 to plan compared to -.029 to plan). However, locations led by managers with prior sales
experience demonstrated better ROCA to plan performance (-.021 to plan compared to -.038 to plan). As with the other variables of interest in this study, differences were not statistically significant.

Optimizing a location’s financial performance is ultimately the responsibility of the location manager. The slightly better performance in sales (revenue) and EBITDA by location managers without prior sales experience demonstrates better revenue generation and operating profitability compared to locations led by managers with prior sales experience. Essentially, these locations had better earnings and demonstrated better operational efficiency while controlling for the effects of capital investments. If one were to consider the effects of capital investment, ROCA would be an appropriate metric. ROCA considers the effects of capital investment; locations led by managers with prior sales experience achieved slightly better performance to plan than their counterparts without prior sales experience. However, EBITDA is a metric more commonly used to measure the financial health of a business (Brigham & Houston, 2012).

One possible explanation for the difference in financial performance is that location managers without prior sales experience do not carry some of the cognitive and behavioral rigidities that a location manager with prior sales experience might. For example, location managers with prior sales experience might be predisposed to a strong focus on avoiding conflict and maintaining a positive relationship with employees at all costs, as success in their previous sales roles required them to maintain positive relationships with their customers. The need to keep people happy might hinder their ability to make warranted difficult or unpopular decisions to maintain the location’s financial health (e.g., working weekends, disciplining employees, or denying vacation requests) for fear of upsetting the relationship with their employees (Beverland,
Because location managers without prior sales experience might not have that same predisposition, they can focus on making decisions that are needed to maintain the financial health of the branch. This is not to suggest that these managers (without sales experience) do not take their relationships with their employees into consideration when they are making decisions; instead, these managers understand that healthy conflict should exist within their teams and that not all of their decisions will be popular ones (De Dreu, & Van Vianen, 2001; Harvard Business Review, 2017; Tjosvold, 1997).

Another cognitive and behavioral rigidity noted in chapter 2 that might negatively impact the financial performance of locations led by managers with prior sales experience, is that they are accustomed to working independently and being very hands-on; (Agarwal & Ramaswami, 1993; Jaramillo et al., 2005; Johnston et al., 1988; Weitz & Bradford, 1999) whereas success in the location manager role requires the ability to delegate and work through people. This might be a challenge for location managers with prior sales experience as they are more accustomed to being responsible for themselves and not accountable to or for their team. By delegating and working through their employees, location managers are able to accomplish more and focus on the overall health of their location as opposed to being bogged down having to make all the day-to-day decisions required of leaders who are not good delegators.

**Summary**

This study found that the differences in employee attitudes or location performance between locations led by managers with prior sales experience and those led by managers without prior sales experience were insignificant. These findings support the study’s hypotheses that prior sales experience will not affect employee’s perception of the level of effectiveness of
their manager, employee levels of sustainable engagement, and, most importantly, will not affect
desired organizational-performance outcomes.

While this study failed to identify any significant differences in the study’s variables of
interest between the two groups (leaders with sales experience and leaders without sales
experience) marginal differences in employee responses to the Willis Towers Watson survey
existed between the two groups.

Location managers with sales experience were perceived as being slightly more effective
and appeared to have more engaged employees. A potential explanation for these results is the
interpersonal skills, specifically communication skills, acquired through prior sales experience.
Managerial interpersonal skills have been defined as “the ability to effectively integrate a
sequence of verbal and nonverbal behaviors with others that are directed toward a specific goal
or desired outcome” (Maellaro, 2008, p. 6). The timing and control of the behavior is guided by
the manager’s intellectual and emotional processes and remains “flexible and capable of being
adjusted according to the response of the other person, acceptable within the given social context
and which sustain the functional socioemotional state and continuance of the relationship”
(Maellaro, 2008, p. 7). Because managers with prior sales experience have had the opportunity to
develop their interpersonal skills through their tenure in sales roles, they appear more effective to
their employees, as evidenced by the higher manager effectiveness scores in the Willis Towers
Watson engagement survey for managers with prior sales experience.

Additionally, location managers with prior sales experience drove higher levels of
employee sustainable engagement. The results of this study are consistent with prior findings
which suggest that leadership is a key driver of sustainable engagement, and employees who
view their leadership as more effective are likely to display higher levels of engagement at work
(Aon, 2016; Carasco-Saul et al., 2015; Maslach et al., 2008; Saks, 2006; Willis Towers Watson, 2012).

This study also found marginal differences in location financial performance between the two groups. Location managers without prior sales experience drove higher revenue numbers and delivered better earnings versus their counterparts with prior sales experience. One possible explanation for these results is that location managers with prior sales experience focus heavily on building and maintaining relationships, while location managers without sales experience focus on the decisions that affect the branches financial performance. In other words, location managers without prior sales experience focus on all aspects of their role, not just on building relationships.

This is in line with the full-range leadership research which suggests that managers need to display a full-range of leadership behaviors in order be successful (i.e., transactional and transformational behaviors), and, as suggested by Hersey and Blanchard (1969), understand the appropriate situations in which to apply the behaviors (Bass, 1999; Hersey & Blanchard, 1969). Transactional leaders cater to their followers’ immediate self-interests in order to obtain desired performance from them (Bass, 1999). Meanwhile, transformational leaders seek to inspire their followers to move beyond their self-interest and exceed performance expectations for the good of the organization (Bass, 1999). It has been my experience that location managers with sales experience gravitate more toward transformational behaviors; meanwhile, location managers without sales experience gravitate more toward transactional behaviors. Leadership research tells us that effective leaders incorporate both transactional leadership behaviors as well as transformational leadership behaviors, with transactional leadership behaviors serving as the foundation of effective leadership (Bass, 1999; Wofford et al., 1998; Yukl & Van Fleet, 1992).
Contributions

The current study provides contributions for businesses that face difficult hiring decisions when selecting candidates to fill leadership roles.

First, this study empirically demonstrated that the presence of prior sales experience does not make a candidate a more effective leader over someone without prior sales experience. The marginal differences in perception of manager effectiveness, sustainable engagement, and financial performance were insignificant. Additionally, the marginal differences in performance relative to the variables of interest between the two groups were mixed, with each group outperforming the other in different variables. Location managers with prior sales experience drove higher levels of engagement and were perceived as being more effective by their followers. Meanwhile, managers without prior sales experience drove better revenue numbers and demonstrated better operating efficiency. These mixed results do not support the popular belief at this organization that having sales experience will make someone a better leader over those that do not have prior sales experience.

Second, this study highlights that experience is not the only criterion that matters when selecting leaders who have the potential to be most successful. The two groups here had different career experience relative to prior sales experience. Yet, both groups were found to be fairly effective with minor differences in performance between them in the variables of interest. This highlights the fact that it is not only a leader’s prior career experience that impacts their ability to produce positive results; rather, it is the task relevant knowledge and skills that manifest as a result of their experience. It is important to note here that career experience is not the only way to acquire task relevant knowledge and skills. Training is another way to develop task knowledge and skills that can be applied to one’s current and future roles. Based on the results of this study
and the literature review discussed in Chapter 2, providing interpersonal skills training to employees who have not had the opportunity to practice it is highly desirable. Conversely, it would be beneficial to provide financial acumen training for employees who might have great interpersonal skills but lack the financial acumen to recognize which levers to pull in order to have the desired financial impact. In the case of the target organization, managers with prior sales experience would benefit from the opportunity to strengthen their business acumen via formal training in the financial field and managers without prior sales experience would benefit from some soft skills training in order to help them build, maintain, and nurture relationships with their employees. Meanwhile, regardless of prior career experience, both groups of this study (prior sales experience and no prior sales experience) would benefit from training which will help them understand the appropriate situations in which to apply the behaviors (Bass, 1999; Hersey & Blanchard, 1969).

Lastly, this study provides some contrasting results to the practitioner engagement literature that many organizations subscribe to. Several management consulting firms have publications regarding studies that link engagement to organizational performance (Aon, 2016; Gallup, 2016; Harter et al., 2002; B. Shuck, 2011; Willis Towers Watson, 2012). However, this study found that higher levels engagement did not affect organizational performance. In fact, the group of managers that had lower sustainable engagement scores outperformed, even if marginally, their counterparts with higher sustainable engagement scores. This runs counter to the current practitioner literature.

One potential explanation for this finding is that while the literature has found a correlation between engagement and performance (Demerouti & Cropanzano, 2010), the correlation is relatively modest in nature. This means that as one variable increases the likelihood
of the other variable increasing gets smaller as the \( r \) gets closer to zero. Studies that have looked at the correlation between engagement and performance often find correlations near or below the modest/weak correlation of \( r.30 \) (Demerouti & Cropanzano, 2010; Schaufeli, Taris, & Bakker, 2006). This moderate relationship between engagement and performance may help explain why the slightly higher engagement scores for locations led by managers with prior sales experience did not translate into better performance.

**Limitations**

Regardless of the care taken in conducting research, all studies have limitations and this study is no exception. This section details sources of internal and external validity as possible limitations to the research.

**Threats to Internal Validity**

Threats to internal validity are present in this study. The organization was not chosen at random as it was specifically chosen for convenience; however, the responses from location managers and their direct reports to the archived engagement survey were chosen at random. There are many individual differences that were not controlled for and any of these differences could contribute to how the respondents answered the survey’s questions. For example, some of the direct reports might be motivated to perform at certain levels by something other than their manager, or their level of engagement might depend on factors that were not measured in this study.

Additionally, this study did not control for several external factors that could affect the findings. For example, it is possible that market conditions may have positively or negatively contributed to each location’s financial results.
Moreover, as is the case with most management consulting firms, Willis Towers Watson’s approach to sustainable engagement is proprietary and thus not accessible to external peer review, which limits the transparency towards the theoretical rigor behind the firm’s research regarding the construct (Schaufeli, 2013). This threatens the internal validity of this study as management consulting firms often operationalize and measure engagement using a mixture of items from research on work attitudes (e.g., Gallup Workplace Audit), such as organizational commitment and job satisfaction (Macey & Schneider, 2008; Schaufeli, 2013). This practice blends established constructs (e.g., job commitment and organizational commitment) into employee engagement (Newman & Harrison, 2008; Saks, 2006) and creates difficulties when trying to distinguish between engagement and other existing constructs such as job satisfaction, job involvement, and organizational commitment (Zigarmi et al., 2009).

Lastly, this study did not control for maturation which is a threat to internal validity. Location managers who took part in this study may have participated in leadership and management training provided by the target organization or a third party, and as a result, may have developed business acumen or interpersonal skills, thereby influencing the results of this study. Without this distinction, the training could possibly have provided the location managers with task relevant knowledge and skills that this study is linking to prior career experience alone.

**Threats to External Validity**

Threats to external validity are present in this study as well. This study made use of the field study methodology and one of the tradeoffs when implementing this methodology is generalizability. The results of this study cannot be generalized to the population, as the majority of the participants were likely White males, which is not an accurate representation of the general population at large. Additionally, the study’s sample was comprised of employees from a
single organization that operates in a single industry, and there is the potential that the study’s findings would differ if this study were to sample different companies in the same industry or companies from different industries altogether. Ultimately, this will limit the generalizability of this study to similar organizations in similar industries as the target rental company.

Another threat to external validity is that this study was cross-sectional and represents a snap-shot of the relationship between the chosen constructs (i.e., prior career experience, manager effectiveness, sustainable engagement, and financial performance); thus it was not possible to observe or measure any long-term effects or any changes in these relationships over the course of time. The results might differ if the study was to take a longitudinal approach.

Future Research

As a potential replication of this study, future research should conduct similar studies with different organizations that operate in similar and distinct industries from that of the target company. This will help determine if the findings are consistent with those of this study or if the findings are specific to this industry or this organization. If the findings are consistent across studies then that will increase the generalizability of the findings discussed in this study and provide more assurance that the results are valid and reliable.

The results of this study provide interesting possibilities for future research as extensions of this study. For example, experience can be operationalized in many different ways; the current study operationalized prior experience at the job level of specificity within the target organization. However, three possible extensions to this study would be to make use of Quiñones et al.’s (1995) career experience frame work and operationalize prior career experience within the organization (amount), the tenure amassed in different roles (time), or the level of complexity of each sales job held (type).
Another extension to this study would be to expand the study to include the general rental business segment of the target organization which was not included in the current study. This study only analyzed the specialty rental segment which accounts for roughly 20% of the overall organization. It would be interesting to include the general rental population and run the same (or similar) analysis to see if the results differ from those found in the specialty rental segment. This would considerably increase the sample size of this study and would serve to further validate the current results.

Lastly, other work attitudes not addressed by this study could be of interest in future studies. Job satisfaction and organizational commitment are the two constructs most commonly related to job attitudes (Judge, Weiss, Kammeyer-Mueller, & Hulin, 2017). Job satisfaction was featured in over 80% of attitude-related articles from 1950 onward, and organizational commitment has appeared in the literature prominently from 1990 forward (Judge et al., 2017). It would be interesting to analyze how a leader’s prior career experience, specifically the presence of prior sales experience, affects these well-established work related constructs, and how they affect organizational performance.

**Conclusion**

The consequences of appointing ineffective leaders can negatively impact both organizational and employee outcomes. As such, selecting a leader is an important decision for any organization that should not be taken lightly. Most often, organizations engage in a standardized hiring practice when selecting a leader (Keller, 2018). The hiring process usually begins with a review of candidates’ resumes which are often comprised of three main categories: academic qualifications, work experience, and extracurricular activities. Of the three resume
categories, recruiters have assigned the greatest weight in their hiring decisions to a candidate’s prior work experience (Singer & Bruhns, 1991).

Organizational leaders at this target company share the opinion that employees aspiring to become location leaders need to have a certain amount of sales experience before they are considered for a leadership role. Their belief is that success in a sales role paves the way for advancement into a leadership role. The intent of this study was to determine what effect a leader’s prior career experience has on their employees’ perception of their level of effectiveness as a manager, desired employee outcomes (i.e., sustainable engagement) and, most importantly, desired organizational-performance outcomes.

The study’s findings suggest that differences in employee attitudes or location performance between locations led by managers with prior sales experience and those led by managers without prior sales experience are insignificant. However, there were marginal performance differences as location managers with prior sales experience drove slightly higher engagement scores and were viewed as being more effective by their employees. Conversely, managers without prior sales experience drove slightly higher revenue numbers and had better EBITDA performance when compared to their counterparts.

Consistent with previous literature that suggests that prior experience is useful when applied to similar roles or similar occupations (Dokko et al., 2009), the results of the current study suggest that the absence of sales experience on a resume would not make a candidate less capable of being a successful leader. This study provides some clarity to the target organization and other organizations with similar hiring mindsets when making leadership hiring decisions. The intuitive appeal of hiring a candidate with prior sales experience is that they would able to drive greater revenue over those candidates that lack prior sales experience; however, as
demonstrated in this study, the absence of sales experience does not affect one’s ability to drive revenue. In fact, in the current study, the location managers who lacked prior sales experience generated better revenue numbers when compared to their counterparts that had prior sales experience.

Lastly, it is important to recognize that the desired attribute when selecting a candidate with prior sales experience is not the experience itself. It is the opportunity that prior experience is able to provide; that is, the opportunity to gain task relevant knowledge and skills that can be applied to the new role. Experience is one way to obtain the desired task relevant knowledge and skills but it is not the only way. Training and job assignments can also provide opportunities to develop desired task relevant knowledge and skills. In the case of the target company, providing interpersonal skill training (e.g., communication and negotiation training) or temporary sales assignments will allow candidates that lack prior sales experience the opportunity to further develop their interpersonal skills. Conversely, financial training and temporary assignments outside of sales will allow candidates that currently have sales experience the opportunity to fine-tune their business acumen and decision-making skills.

The marginal differences found in this study are important to practitioners as the results suggest that discarding a candidate based on lack of sales experience for a leadership role has the potential to affect top line sales and bottom line profits. On the other hand, hiring a candidate with prior sales experience has the potential to positively affect desired employee outcomes (e.g., sustainable engagement). Ideally, providing the adequate training (e.g., interpersonal skills, business acumen) or job assignments will help provide missing task relevant knowledge and skills needed for success in a leadership role regardless of prior career experience.
REFERENCES


APPENDIX A: ORGANIZATIONAL CHART (BUSINESS SEGMENTS)
APPENDIX B: MANAGER EFFECTIVENESS

1. I have confidence in the decisions made by my manager (branch manager for branch employees or immediate supervisor for other employees).

2. My manager (branch manager for branch employees or immediate supervisor for other employees) is honest and fair.

3. I feel able to openly and honestly communicate my views upwards.

4. My manager (branch manager for branch employees or immediate supervisor for other employees) keeps me informed about issues that affect me.

5. My manager (branch manager for branch employees or immediate supervisor for other employees) gives me regular feedback and coaching on my performance.

6. Employees are treated with respect at this target company, regardless of their job.

7. My manager (branch manager for branch employees or immediate supervisor for other employees) demonstrates concern for the well-being of employees.
APPENDIX C: SUSTAINABLE ENGAGEMENT

Traditional Engagement Items

1. I understand how my branch/department contributes to the success of this organization.

2. I believe strongly in the goals and objectives of this organization.

3. I would recommend my organization to others as a good place to work.

4. I work beyond what is required to help this organization succeed.

5. Which of the following statements best describes your future plans to stay with this organization?

   a) I have no plans to leave

   b) I am not looking, but I would consider another offer if one presented itself

   c) I am actively looking for another job

   d) I have made plans to leave my current job

   e) I plan to retire in the next few years.

Enablement Items

1. There are no substantial obstacles at work to doing my job well.

2. My team is able to meet our work challenges effectively.

Energy Items

1. I am able to sustain the level of energy I need throughout the work day.

2. My work provides me with a sense of personal accomplishment.
APPENDIX D: UNIVERSITY OF DALLAS INSTITUTIONAL REVIEW BOARD

APPROVAL

IRB00007703  FWA 00016247  IORG0006409

April 3, 2019

Cesar Cedillos
Doctoral Candidate, Business Administration
Satish & Yasmin Gupta College of Business
University of Dallas
Irving, TX 75062

RE: IRB approval of proposal # 20019042

Dear Cesar Cedillos:

Thank you for submitting your research proposal for prior approval by the Institutional Review Board (IRB). Your proposal was reviewed under the procedure for expedited review, as it poses minimal risk for participants using surveys with adults. You indicate that steps will be taken to procure informed consent and protect participants’ identities. The reviewer(s) recommended approval of your request to complete the research described in your proposal under the conditions stated above.

As you complete your research, please keep in mind that substantive changes to the research method, participant population or project end date will require IRB review, and that any participant injuries or complaints must be reported to the IRB at the time they occur. The IRB policies require that you provide an annual report of the progress of this research project, or a report upon completion, whichever occurs first.

On behalf of the members of the IRB, I wish you success in this project.

[Signature]

Gilbert Garza, Ph.D
IRB Chair
APPENDIX E: NATIONAL INSTITUTES OF HEALTH CERTIFICATE

Certificate of Completion

The National Institutes of Health (NIH) Office of Extramural Research certifies that CESAR CEDILLOS successfully completed the NIH Web-based training course "Protecting Human Research Participants".

Date of completion: 01/12/2017.

Certification Number: 2269758.