

**Perceived Marketing/Sales Relationship Effectiveness:
A Matter of Justice**

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Perceived Marketing/Sales Relationship Effectiveness: A Matter of Justice

ABSTRACT

There is a compelling need to improve the relationship between managers embedded in firms' marketing and sales departments. This paper argues that one critical way of enhancing individual managers' perceptions of relationship effectiveness between these departments is to view the issue as a matter of justice, and suggests that perceived marketing/sales relationship effectiveness is positively influenced by managers' perceptions of organizational justice. Furthermore, it proposes that interfunctional communication has the potential to enhance the proposed positive effects of justice and hence needs to be considered and effectively managed when looking at marketing / sales relationship effectiveness. Data drawn from a survey of 203 marketing and sales managers in 38 consumer packaged goods companies are used to empirically test these predictions. The authors find that perceived sales/marketing relationship effectiveness is influenced by perceptions of distributive, procedural, and interactional justice. Greater interfunctional communication is found to further enhance the positive effects of distributive and procedural justice on perceived relationship effectiveness, but it does not contribute to the already strong positive effects of interactional justice. Furthermore, results reveal important differences in the effects of justice on perceived relationship effectiveness across the marketing and sales departments.

(Keywords: Organizational justice; sales/marketing interface; relationship effectiveness; HLM)

The relationship between the sales and marketing functions has persisted as one of the major sources of organizational conflict (Webster 1997, pp. 45).

To perform its job, the sales force currently uses marketing input, but increasingly needs marketing skills and marketing support. Conversely, marketing managers currently vie for sales force support in the execution of their brand programs, but increasingly need the local sales unit's input in the development of programs.(Cespedes 1995, pp.12-13).

Marketing's key strategic position within organizations requires marketers to manage a wide range of important cross-functional relationships (Dawes and Massey 2006; Hutt 1995). The relationship between the marketing and sales functions is among the most important of these cross-functional relationships, yet despite its key importance it remains under-explored in the academic literature (Dewsnap and Jobber 2000; Rouziès et al. 2005).

In today's organizations there are growing pressures for the sales and marketing functions to work together in dealing with customers who demand a coordinated effort (Cespedes 1995; Dawes and Massey 2006; Moorman and Rust 1999; Rouziès et al. 2005). More complex and changing environments create a greater need for functions to interact (Ruekert and Walker 1987). This means sharing information on customers and competitors, providing support via advice and technical information, cross-utilizing personnel and technology, and working together to build new forms of customer value. Furthermore, shorter product life cycles require faster adaptation and responsiveness, engendering the need for marketing and sales to work closely together (Cespedes 1995). Overall, sales/marketing integration is one of the most important issues facing sales and marketing managers today¹ (Rouziès et al. 2005).

However, both research and anecdotal evidence indicate that the marketing/sales

¹ Following Cespedes (1995; pp. 31-44), we distinguish between "marketing" and "sales" managers in terms of their organizational responsibilities. Marketing managers assume broad strategic responsibilities for brand health, initiate and lead business development programs, execute and control the marketing plan, develop strong working relationships with ad agencies, and train/ develop the marketing group. Sales managers establish and maintain direct customer contact, work with orders, service products and/or accounts, work with resellers, and solicit, interpret, and relay information from both customers and channel partners.

relationship is problematic (Rouziès et al. 2005). In their review of the limited literature on the marketing / sales relationship, Dewsnap and Jobber (2000, pp. 109) noted that it is characterized by “lack of cohesion, poor co-ordination, conflict, non-cooperation, distrust, dissatisfaction, and mutual negative stereotyping.” Driven by different goals and rewards, different backgrounds, and different worldviews, these two departments often have ineffective working relationships (Cespedes 1995; Levy 2011; Montgomery and Webster 1997; Workman 1993). Given the importance of the marketing / sales relationship and its often problematic character, more needs to be learned about factors that might increase its effectiveness.

In this paper, we argue that individual perceptions of the effectiveness of the relationship between marketing and sales are in part a function of *justice*. Perceived marketing / sales relationship effectiveness (PRE) is the degree to which individual managers in these departments perceive that the relationship between the two departments is effective in advancing organizational objectives (Dawes and Massey 2006). Justice deals with notions of the fair distribution of resources (distributive justice), the fairness of procedures (procedural justice), and the quality of interaction (interactional justice) between parties in an organization (e.g., Colquitt et al. 2001). We propose that individual managers’ perceptions of distributive, procedural, and interactional justice will positively influence their assessment of the two departments’ relationship effectiveness. Furthermore, we suggest interfunctional communication as a moderator of the effects of perceived justice on marketing / sales relationship effectiveness. Specifically, we argue that interfunctional communication – a key aspect of interfunctional interaction – has the potential to enhance the positive effects of the three facets of justice on relationship effectiveness and hence needs to be considered when managing marketing / sales relationship effectiveness.

Consistent with past research studying the interaction between marketing and other functional units in an organization, we assess justice and relationship effectiveness as perceived by individual managers drawn from the marketing and sales departments of the same firms (e.g., Dawes and Massey 2006; Massey and Dawes 2007; Ruekert and Walker 1987). According to Ruekert and Walker (1987) the individual employee level of analysis is the most appropriate starting point for studies of interfunctional interactions because the flow of resources and information between individuals in different departments serves as the primary link between the departments. More recently, Dawes and Massey (2006) and Massey and Dawes (2007) adopted the individual employee level of analysis and explored individual marketing and sales managers' perceptions of the cross functional relationship between the two departments.

Our research contributes to the existing literature in several important ways. First, we investigate how individual managers' perceptions of justice affect their perceptions of marketing/sales relationship effectiveness. Despite the publication of some 220 organizational justice studies in the past few decades (e.g., see Cohen-Charash and Spector 2001; Colquitt et al. 2001; Konovsky 2000 for reviews), little is known about how perceptions of justice affect relationships between groups in the same organization, and there is no previous work that investigates the impact of perceived justice on the effectiveness of the marketing/ sales relationship. By studying this important link, our research can help companies to effectively manage the critical interface between marketing and sales in order to better achieve key organizational objectives.

Second, we investigate interfunctional communication as a moderator of the perceived justice – marketing / sales relationship effectiveness link. Past research has identified interfunctional communication as one of the major aspects of marketing's interaction with other

functional units (Ruekert and Walker 1987), and one of the key drivers of cross-functional integration (Rouziès et al. 2005). We explore this important, managerially controllable factor and show that in situations when one or more levels of perceived justice are high, communication has the potential to further enhance their positive effects on managers' perceived marketing / sales relationship effectiveness. This finding allows us to propose managerial interventions that improve communication, and thereby enhance relationship effectiveness.

Our findings contribute to the vast literature establishing the positive effects of communication (e.g., Gupta, Raj, and Wilemon 1985; Morgan and Hunt 1994; Souder 1988) by establishing its ability to enhance the positive effects of justice perceptions on relationship effectiveness. However, our research goes further to reveal that increasing communication is not always beneficial (see e.g., Maltz and Kohli 1996; Rouziès et al. 2005), since its positive effects on interdepartmental relationship effectiveness emerge only under existing conditions of fairness. Specifically, only when justice perceptions are already high does increasing interfunctional communication help managers in both departments understand the equitable allocation of resources and the fair procedures surrounding the allocation, and aid them in building more considerate, trusting, and effective interactions.

Third, we explore whether there are any differences in our proposed effects across the marketing and sales departments. Homburg and Jensen (2007) provide evidence of differences between the thought worlds of managers working in marketing versus sales departments, and such differences have the potential to translate into distinct perceptions of relationship effectiveness (see also Cespedes 1995). Related work by Dawes and Massey (2006) suggests that when differences in institutional influence exist across departments, the stronger group is likely to have a more positive view of relationship effectiveness. Recognition of any differences in

these perceptions across marketing and sales departments can help managers to identify appropriate department-specific appeals to foster more effective working relationships between marketing and sales.

The balance of the paper unfolds as follows. We start by reviewing past research looking at the marketing/sales interface. We then argue that three facets of organizational justice are important antecedents of perceived relationship effectiveness, propose interfunctional communication as an important moderator of these effects, and develop our hypotheses. After describing our research context and methodology, we present our results, discuss our findings, and explore their implications.

THE MARKETING/SALES INTERFACE

While past research has investigated links between marketing and other departments such as R&D (Griffin and Hauser 1996) and engineering (Fisher, Maltz, and Jaworski 1997; Keaveney 2008), less attention has been paid to the unique relationship between marketing and sales. Managerially, there is recognition that the marketing / sales relationship is critical to organizational success yet is also fraught with friction, mistrust, even animosity (e.g., Cespedes 1995; DiBari 1984; Lorge 1999). It is also clear that sales and marketing have distinct orientations and different ways of approaching problems (Cespedes 1995; Homburg and Jensen 2007; Levy 2011; Workman 1993).

Recently, researchers have started to more closely study this relationship (e.g., Dawes and Massey 2006; Dewsnap and Jobber 2000; Homburg and Jensen 2007; Maltz and Kohli 1996, 2000; Massey and Dawes 2007; Rouziès et al. 2005). For example, the Dewsnap and Jobber (2000), Maltz and Kohli (2000), and Rouziès et al. (2005) papers all suggest that integration mechanisms – by fostering interaction and collaboration – can positively affect performance.

Dawes and Massey (2006) and Massey and Dawes (2007) propose trust, conflict, and bidirectional communication as strong drivers of relationship effectiveness between individual sales and marketing managers. Our paper further contributes to this research domain by examining managers' perceived effectiveness of the marketing / sales relationship as a function of perceived justice, a perspective that has not been explored in prior work.

We propose that *justice*, as perceived by individual managers in the sales and marketing departments, is one of the key drivers of their perceptions of marketing / sales relationship effectiveness. Social exchange theory argues that fairness is an important precursor to relationship stability and effectiveness at the individual level (Blau 1964). Thus, if managers in one department perceive that they have been unfairly treated by those in the other department, or by the overall organization within which they are embedded, they may resist coordinated efforts, refuse to engage in joint decision making, and fail to cooperate for the effective achievement of super-ordinate goals. As Lind suggests (2001, p. 65), “fair treatment leads people to respond cooperatively to the demands and requests of others and of the group as a whole. On the other hand, if they believe that they have been treated unfairly, this cooperative orientation is rejected in favor of a self-interested orientation.”²

PERCEIVED ORGANIZATIONAL JUSTICE

The importance of justice in organizations has been widely recognized, and its important consequences include satisfaction and commitment (McFarlin and Sweeney 1992; Tang and Baldwin 1996), job satisfaction and lower intent to turnover (Dailey and Kirk 1992), positive

² In this paper, we view “fairness” and “justice” as essentially equivalent notions. We prefer to use the term justice for two primary reasons. First, in our empirical work we use the “justice” measures proposed by Tax et al. (1998). Second, empirical work in marketing often refers to this underlying phenomenon as “justice” (e.g., Maxham and Netemeyer 2003; Maxham, Netemeyer, and Lichtenstein 2008; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekar 1998).

interpersonal relationships in the organization (Tyler and Bies 1990), the resolution of disputes between groups (Deutsch 1985; Lind and Tyler 1988), and interorganizational trust and relationship continuity (Scheer, Kumar, and Steenkamp 2003).

Justice has been traditionally conceptualized with the individual as the target, and supervisors and/or the broader organization as the source (e.g., Cobb, Vest, and Hills 1997). Research within marketing is consistent with this perspective, focusing on how individual customers' perceptions of justice following service failures affect their firm satisfaction (Maxham and Netemeyer 2003; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekar 1998), or how employees' justice perceptions influence their own performance (Maxham, Netemeyer, and Lichtenstein 2007). In the current research we use a similar perspective, examining perceptions of fairness held by individual managers who are embedded in marketing and sales departments within the same organization.

Justice Dimensionality

A meta-analysis by Colquitt et al. (2001) concluded that three dimensions of justice – distributive, procedural, and interactional – can be clearly distinguished from one another (see also Cohen-Charash and Spector 2001; Schminke, Cropanzano, and Rupp 2002). Furthermore, all three dimensions affect important outcomes. For example, in the marketing literature, both Tax, Brown, and Chandrashekar (1998) and Maxham and Netemeyer (2003) found that all three justice facets significantly affect customers' service evaluations, while Smith, Bolton, and Wagner (1999) discovered that distributive and interactional justice are strongly linked to service encounter satisfaction.

Justice Sources

Traditionally, the justice literature has looked at both individuals (e.g., supervisors) and

the overall organization's policies and procedures as sources of justice (e.g., Greenberg 1990). More recently, organizational structure as a source of justice has been explored (e.g., Schminke, Ambrose, and Cropanzano 2000; Schminke, Cropanzano, and Rupp 2002). This has led to the notion of multi-source justice models (e.g., Cropanzano et al. 2001; Rupp and Cropanzano 2002). Both distributive and procedural justice originate mainly from the organization as a whole, whereas interactional justice tends to originate from other individuals or groups of individuals in the organization. Thus, in our context distributive justice deals with sales/marketing managers' perceptions about the fairness of organizational decisions; procedural justice deals with sales/marketing managers' perceptions of the fairness of organizational policies and procedures; and interactional justice deals with the perceived fairness of the treatment sales managers receive from marketing managers (and vice versa), when they interact.

Justice Outcomes

Past justice work has examined two levels of justice outcomes – individual outcomes such as organizational commitment and job satisfaction (e.g., Mossholder, Bennett, and Martin 1998), and group-level outcomes such as team performance (e.g. Colquitt, Noe, and Jackson 2002). We extend this thinking by examining another, previously unstudied, group-level outcome: perceived interdepartmental relationship effectiveness.³

RESEARCH MODEL AND HYPOTHESES

Based on the above review of organizational justice, we now develop our research model (see Figure 1).

³ Note that while interdepartmental relationship effectiveness is an important and managerially relevant group-level outcome, our hypotheses and measures assess the perception of this outcome from the perspective of the individual sales and marketing managers working in the organization, in line with past literature discussed above, which has studied individual employees' perceptions of interfunctional interactions (e.g., Dawes and Massey 2006; Ruekert and Walker 1987).

----- Please insert Figure 1 about here-----

Organizational Justice and Relationship Effectiveness

An individual manager's perception of relationship effectiveness (PRE) between the marketing and sales departments is the degree to which the manager perceives that this inter-relationship is effective in achieving organizational objectives (Dawes and Massey 2006). Perceived effectiveness can be viewed as a precursor to more objective outcomes that an organization may strive for, including: better trade relationships, lower employee turnover, and increased sales. Since perceived relationship effectiveness is a necessary pre-condition to these more objective outcomes, it is worthy of examination in and of itself.

Using social exchange theory, we argue that justice is an important precursor to relationship effectiveness (Blau 1964). Since justice can facilitate the formation and/or maintenance of social exchange relationships (Masterson et al. 2000; Rupp and Cropanzano 2002; Schminke, Cropanzano, and Rupp 2002), managers in sales and marketing departments may form an effective relationship based on the three facets of perceived fairness. More specifically, Mossholder, Bennett, and Martin (1998, p. 132) state that "units may feel that policies/procedures thwart their attempts to service internal or external customers." This suggests that perceived injustice may preclude productive and effective interdepartmental relationships. Conversely, justice brings about closer relationships at work, builds strong interpersonal bonds, and promotes cooperation (Cropanzano and Byrne 2000; Cropanzano et al. 2001; Tyler 1999). Since high levels of cooperation allow for efficient and harmonious cross-functional relationships and lead to high group and organizational performance and effectiveness (Smith, Carroll, and Ashford 1995), increases in perceived justice should engender more effective interdepartmental relationships.

Related support for our view is offered by the social exchange model of organizational citizenship behavior (OCB; Konovsky and Pugh 1994; Organ 1988). OCB is defined as work-related behavior that is discretionary and not related to the formal organizational reward system, with the potential to improve organizational functioning and effectiveness (Organ 1988). Research has established that OCB is driven largely by perceptions of fairness (Cohen-Charash and Spector 2001; Konovsky and Pugh 1994; Moorman 1991; Organ 1988) and has shown that OCB contributes to the effectiveness of work teams and organizations by enhancing coworker productivity and coordination between team members and across work groups (Konovsky and Pugh 1994; Podsakoff and MacKenzie 1997; Podsakoff et al. 2000). Given that relationship effectiveness can be viewed as a form of organizational citizenship behavior, it should also be driven by perceptions of justice.

We now turn to making specific predictions about the effects of each of the three dimensions of justice on relationship effectiveness.

Distributive justice deals with the fairness of organizational decision outcomes, such as the fairness of the allocation of benefits and costs (Deutsch 1985; Greenberg 1990; Tax, Brown, and Chandrashekar 1998). Evaluations of inequitable distributions are thought to produce negative emotions, which in turn motivate parties to change their behaviors or distort their perceptions of fairness (Gilliland 1993). Instrumental models (e.g., Thibaut and Walker 1975) suggest that perceptions of being fairly treated in terms of resources distribution (i.e., distributive justice) can lead to a sense that long-term outcomes are protected and hence should have strong positive effects on group cohesiveness and loyalty. Moreover, when employees are treated fairly by the organization, they tend to devote greater efforts towards helping the organization achieve its goals (Settoon et al. 1996; Wayne et al. 1997). If managers in a marketing or sales department

evaluate resource distributions as equitable – that is if they perceive that distributive justice is exhibited by the organization as a whole – they will be more willing to work effectively with managers in other departments in the organization towards the achievement of organizational goals. Thus:

Hypothesis 1: Managers' perceptions of marketing/sales relationship effectiveness are positively related to their perceptions of distributive justice.

Procedural justice deals with the perceived fairness of the organizational policies and procedures used to make decisions and allocate resources – the fairness of the means by which ends are achieved (Greenberg 1990; Lind and Tyler 1988; Tax, Brown, and Chandrashekar 1998). Starting with the work of Thibaut and Walker (1975) and Leventhal and colleagues (Leventhal 1980; Leventhal, Karuza, and Fry 1980), there has been a trend in organizational justice work towards emphasizing the fairness of allocation *processes* (Cohen-Charash and Spector 2001). Instrumental models (Thibaut and Walker, 1975) propose that another factor that might affect group cohesiveness and loyalty deals with peoples' perceptions of having control over procedures that lead to the distribution of resources (i.e., procedural justice). Furthermore, the group-value or relational model of justice (e.g., Lind and Tyler 1988) suggests that fair decision making procedures affirming people's standing in a group produce positive feelings towards the group, leader, and organization, such as group harmony and cohesiveness, trust in leader, and organizational commitment. Procedural justice has been shown to be “a source of both satisfaction and positive evaluations of the organization ... {and to} make individuals more willing to subordinate their own short-term individual interests to the interests of a group or organization” (Lind and Tyler 1988, p. 191). Given that procedural justice judgments have strong positive influence on attitudes towards the organization and its outcomes (Lind and Tyler 1988),

and can lead to enhanced team performance (Konovsky and Pugh 1994), we suggest that if managers in a marketing or sales department feel respected through the demonstration of procedural justice by the organization, they will be more willing to work effectively with managers in other departments towards the successful advancement of organizational objectives. Thus:

Hypothesis 2: Managers' perceptions of marketing / sales relationship effectiveness are positively related to their perceptions of procedural justice.

Interactional justice refers to the interpersonal treatment received from employees in the organization during the enactment of procedures and to the explanations received regarding allocation decisions (e.g., Bies 1986; Tyler and Bies 1990). Fair interactional treatment is reflected in aspects of politeness, respect, timely feedback, and honesty in interactions, independent of whether the outcome is favorable or not (Bies 1986; Tax, Brown, and Chandrashekar 1998; Tyler and Bies 1990). We expect that when managers in a marketing or sales department are treated fairly by those in another department, they will be more likely to cooperate, support their decisions, and offer help and assistance when needed (Colquitt 2001; Tyler and Smith 1998). Masterson and her colleagues (2000) have argued that acts of fairness obligate employees to act in ways that preserve their social exchange relationships, through voluntary behaviors or attitudes targeted towards the source of justice. Employees' interactional justice perceptions are also positively related to their commitment and citizenship behavior directed at the source of interactional justice (i.e., the supervisor; cf. Masterson et al. 2000).

If managers reciprocate to the source of justice, and they are treated fairly by managers in another department, they should respond by cooperating and effectively interacting with the

managers in this department. High levels of cooperation allow for efficient and harmonious cross-functional relationships and lead to high group and organizational performance (Smith, Carroll, and Ashford 1995). Research has also established a direct positive link between employees' interactional justice perceptions and employees' performance effectiveness (Masterson et al. 2000). Thus:

Hypothesis 3: Managers' perceptions of the marketing / sales relationship effectiveness are positively related to their perceptions of interactional justice.

Marketing/Sales Departments Differences

The effects of the three facets of justice on perceived relationship effectiveness noted above are expected to hold for both marketing and sales managers. However, it is possible that in some contexts differences in managers' perceptions of relationship effectiveness will exist across the two groups (Ruekert and Walker 1987). This may be attributable in part to differences in their "thought worlds" (e.g., Cespedes 1995; Deshpandé and Webster 1989; Homburg and Jensen 2007; Workman 1993), but can also be influenced by organizational factors. For example, Dawes and Massey (2006) show that the relative influence of marketing managers (versus sales managers) has a significant and positive effect on the level of perceived relationship effectiveness. Furthermore, Homburg et al. (1999, pp. 11) demonstrate that marketing's influence tends to be greater within large consumer goods companies than other companies they study. They attribute this to the development of a brand management system in these companies, and the resulting internal differentiation of tasks and activities. Because, as we discuss in more detail below, we focus our empirical study on larger firms operating in the consumer packaged goods industry, marketing's influence in the firms we study

should be relatively high. Given the link between relative influence and perceived relationship effectiveness established by Dawes and Massey (2006), we expect that:

Hypothesis 4: Managers' perceptions of marketing / sales relationship effectiveness will be more positive for marketing managers than for sales managers.

Moderating Role of Interfunctional Communication

In their framework of marketing's interaction with other functional units in the organization, Ruekert and Walker (1987) proposed that an important aspect of interfunctional interaction is communication between employees in different functional areas. More recently, Rouziès and colleagues (2005) identified interfunctional communication as one of the key drivers of cross-functional integration. Interfunctional communication represents the quality and effectiveness of communication between the marketing and sales groups (e.g., Ruekert and Walker 1987; Walton, Dutton, and Cafferty 1969). Inter-group communication has been linked to a variety of positive outcomes, including increased understanding and harmony between departments (Souder 1988), interfunctional integration (Gupta, Raj, and Wilemon 1985), and increased relationship commitment (Morgan and Hunt 1994). Dawes and Massey (2006) and Massey and Dawes (2007) also found that bidirectional communication is a strong driver of relationship effectiveness between individual sales and marketing managers. Conversely, lack or difficulty of inter-group communication has negative consequences for cross-functional interaction. For example, Ruekert and Walker (1987) argued that communication difficulties can lower perceived effectiveness of relationships between marketing personnel and personnel in other departments. Walton, Dutton, and Cafferty (1969) proposed that barriers to communication are positively related to conflict, whereas

Hutt (1995) identified communication problems as a source of tension in cross functional relationships. Moreover, there is some evidence that two-way communication is linked to perceptions of justice (Greenberg 1986).

Given the established importance of communication for effective interfunctional interaction, we explore this key factor under the organization's control as a potential moderator of our proposed effects of justice on relationship effectiveness. We suggest that in situations when distributive, procedural, and interactional justice are high, increasing interfunctional communication can help crystalize positions around the fair distribution of resources, clarify the just procedures used to make decisions and allocate resources, and provide opportunities to work through interaction difficulties. Thus, we predict that interfunctional communication has the potential to further enhance the predicted positive effects of the three facets of justice on relationship effectiveness.

Specifically, when levels of distributive justice are high in an organization, greater interfunctional communication will disseminate the knowledge about the organization's equitable resource allocations and fair outcome distributions across the two departments, further strengthening the link between perceived distributive justice and perceived relationship effectiveness. Similarly, when levels of procedural justice are high, greater interfunctional communication will disseminate the knowledge that allocation procedures are consistent across departments and that these procedures are not biased in favor of one department over the other. Finally, when perceptions of interactional justice are high, enhanced interfunctional communication will allow employees department members to further build rapport, display consideration and concern, and engender trust in and commitment to the other department (Gopinath and

Becker 2000). Thus, we predict that:

Hypothesis 5: Interfunctional communication will enhance the positive effects on managers' perceptions of sales/marketing relationship effectiveness of:
(a) distributive justice;
(b) procedural justice; and
(c) interactional justice.

METHOD

Design – Survey Context and Data Collection

We surveyed multiple managers drawn from both the sales and marketing departments of the same firms and asked them about their individual perceptions of the relationship between marketing and sales (i.e., they are key informants), as well as the independent constructs described earlier. This was done in the context of the consumer packaged goods (CPG) industry, where interdepartmental relationship effectiveness is a particularly important issue.⁴ Typical customers in this industry are large food retailers, franchised restaurant chains, and contract caterers that expect their suppliers to develop unique offers and tailored packaging (Dewsnap and Jobber 2000). Cespedes (1995), drawing on interviews with executives of a large, unnamed CPG firm, notes that such expectations can only be met through effective interdepartmental relationships within a supplier's organization.

Initially, senior executives (e.g., VPs of sales) in the business units of organizations that are members of a North American consumer package goods manufacturing trade association were sent covering letters soliciting cooperation for the study. Thirty eight companies agreed to participate. (Not all companies agreed to be named, but participating firms included Kraft,

⁴ The consumer packaged goods industry typically requires both sales and marketing to play important roles in achieving business success. Given the complexities of data collection (multiple responding managers from both sales and marketing departments, across multiple firms) we decided to focus here solely on the CPG industry.

Procter & Gamble, Quaker, and other major manufacturing firms in the CPG industry.) The senior executives from these companies then identified key senior manager contacts in both their marketing and sales departments (e.g., regional sales managers), who were in turn called and asked for the names of potential managers in each department (e.g., sales account managers) who might participate as respondents in our study. These managers are the members of their firms who are both most knowledgeable about and most likely to be affected by any perceived deficiencies in the marketing – sales relationship. Survey packages were then sent to the identified managers, with an average of 7.1 surveys sent to each organization.⁵ When completing the survey, managers were asked to “think about your department’s interactions and relationship with the sales/marketing department within your business unit over the past six months” (i.e., a specific referent was provided). We employed several procedural remedies for controlling method variance as recommended by Podsakoff, MacKenzie, Lee, and Podsakoff (2003). First, to create psychological separation between the predictor justice measures and the criterion relationship effectiveness measure, the items relating to these constructs were physically separated in our questionnaire by other important – but unrelated – measures. Second, we assured respondents that their answers would remain anonymous and that there were no right or wrong answers so that they should respond to the questions as honestly and completely as possible.

Final Sample

Ultimately, 203 usable surveys were received, for an overall response rate of 70 percent (203/292). Four percent of the responding managers withdrew during survey completion, and the remaining 26% did not reply at all. No significant differences were noted in the responses from early versus later informants (Armstrong and Overton 1977). An average of 5.34 responses

⁵ Separate questionnaires were created for the sales and marketing managers. The same measurement items were used in both versions, but appropriate wording changes were made.

was received from the 38 participating firms, with the exact number ranging from 2 to 12. Roughly half of these responses were from marketing managers (mean = 2.68) and half from sales managers (mean = 2.66). Thus, for a typical firm multiple responses from both marketing and sales managers were received.

Measures (see Appendix A)

Justice Perceptions. We measured the three facets of justice using scales developed by Tax, Brown, and Chandrashekar (1998). *Distributive justice* was measured with four items ($\alpha = .84$) reflecting the fairness of allocation outcomes.⁶ For *procedural justice* we used six items ($\alpha = .75$) designed to measure the perceived fairness of allocation policies and procedures. *Interactional justice* was measured using four items reflecting the fairness of treatment marketing/ sales managers receive from the other department during the enactment of procedures ($\alpha = .92$).

Perceived Relationship Effectiveness between the sales and marketing departments was assessed using seven items ($\alpha = .94$) to measure the degree to which individuals view the relationship between the two departments as worthwhile, satisfying, and effective. These measures were drawn from Smith and Barclay (1999) and Ruekert and Walker (1987).

Interfunctional Communication was measured using six items based on work by Walton, Dutton, and Cafferty (1969) and Likert and Likert (1976) ($\alpha = .90$). These items examine different aspects of the quality and effectiveness of communication between managers in marketing and sales departments.

ANALYSIS AND RESULTS

A three-factor model incorporating measures for all three justice constructs was first

⁶ All measures employed here are based on 7-point Likert scales.

estimated using LISREL, resulting in good overall fit ($\chi^2 = 186$, $df = 116$, $\chi^2 / df = 1.60$, $IFI = .96$, $CFI = .96$, $NNFI = .95$, $RMSEA = .054$). This model provides a significantly better fit to the data than an equivalent, one-factor justice model ($\chi^2 = 715$, $df = 135$; $\Delta\chi^2 = 529$, $\Delta df = 19$, $p < .0001$), as well as all two-factor alternatives ($\Delta\chi^2$ ranges from 34 to 41, $\Delta df = 1$; $p < .0001$ in all three cases).⁷ These results confirm that there is clear discriminant validity between the three justice constructs, consistent with previous findings (e.g., Colquitt et al. 2001).

Table 1 reports the means and standard deviations, by construct, as well as the correlations between the constructs and coefficient alpha for each construct (in the diagonal). Overall, the measures for the constructs demonstrate good composite reliability – all Cronbach's alphas are .7 or greater, the threshold recommended by Nunnally (1978) – and the constructs appear to be well discriminated from one another.

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In addition, to address concerns of potential common method bias, we employed the approach recommended by Podsakoff et al. (2003). Specifically, we estimated two new CFA models using the measures for all five constructs (predictors, criterion, and moderator). For the first model we estimated a traditional CFA measurement model; for the second we added a single unmeasured latent method factor as an additional construct (with links to the measures of all five constructs) and re-estimated the model. Our results showed that the significance of the structural parameters did not differ whether the latent common methods factor was in the model or not. Thus, common method bias does not appear to be a major concern in our study.

The Effects of Perceived Justice on Perceived Relationship Effectiveness

Because our study uses responses from multiple individual managers working in the same

⁷ In the interests of space, individual item loadings for these models are not reported here. However, details are available upon request from the first author.

department (marketing or sales) within the same firm, it is necessary to account for a correlated error structure. Since individual respondents are nested in departments, which are in turn nested in firms, use of a hierarchical linear modeling (HLM) approach is appropriate (Raudenbush and Bryk 2002). We use a three-level HLM model structure to account for all three sets of influences.

Researchers have traditionally argued that multiple rating sources for the same phenomenon should be averaged across informants (e.g., Scullen, Mount, and Goff 2000). However, there are three problems with this approach. First, it dramatically reduces the available sample size (e.g., in the current situation the sample size would drop from 203 informants to 38 firms). Thus, power is substantially – and unnecessarily – reduced. Second, the coefficient estimates that result from this approach are generally biased, and their standard error estimates are inflated (see Raudenbush and Bryk (2002; pp. 102-117) for detailed comparisons between HLM and OLS separately applied to individual-only and firm-only data sets). As Raudenbush and Bryk (pp. 102) note, if the data “are analyzed at the person level ... the estimated standard errors will be too small, and the risk of type I errors inflated. Alternatively, if the data are analyzed at the organization level ... inefficient and biased estimates of organizational effects can result.” Third, we are interested in looking at individual managers’ perceptions of department-level relationship effectiveness. Aggregating responses from the individual to the departmental or organizational level would create a mismatch between the unit of analysis stated in our hypotheses and our analytic approach. Use of HLM avoids all three problems.

Our model looks at (1) the individual level predictors that may influence a manager’s perception of relationship effectiveness (i.e., individuals’ perceptions of distributive, procedural, and interactional justice), (2) a departmental level predictor (i.e., whether they belong to a marketing or sales department), and (3) an organizational level predictor (i.e., which of the 38

organizations they belong to). The individual level predictors are all measured at the individual manager level. The departmental predictor is modeled as having potential systematic effects on perceived relationship effectiveness (PRE). The organizational level predictor is modeled as a random effects component.⁸ Each of these three levels of predictors is described separately below. Appendix B describes how the three levels of predictors can be combined to form a single, reduced form equation.

Level 1 (Individual Manager)

The dependent measure in our model is the perceived relationship effectiveness (PRE_{ijk}) expressed by manager i working in department j of firm k . This perception is potentially influenced at the individual level (i.e., level 1) by the manager's perceptions of interactional justice (IJ), distributive justice (DJ), and procedural justice (PJ) in his or her organization. Note that the justice perceptions are person-specific, but their estimated parameters vary only by department and firm (i.e., our model assumes that these parameters are department- and firm-specific, as is the constant term, and that any deviation around these values is accounted for by the individual random error component e_{ijk}):

$$PRE_{ijk} = \pi_{0jk} + \pi_{1jk}DJ_{ijk} + \pi_{2jk}PJ_{ijk} + \pi_{3jk}IJ_{ijk} + e_{ijk} \quad (1)$$

Level 2 (Department)

At the departmental level, the dichotomous variable **MARKETING** (1 if the individual is a marketing manager, 0 if s/he is a sales manager) is introduced as a predictor of both the intercept term (π_{0jk}) and the slope terms (π_{1jk} , π_{2jk} , and π_{3jk}) in equation (1). Thus, whether or

⁸ This means that the average PRE for all managers of a given firm is modeled as a random deviation from the grand mean PRE value (based on information from all 203 responding managers). This deviation reflects firm-specific effects not otherwise incorporated into the model. This approach is commonly employed in HLM models, and uses one degree of freedom. An alternative approach would be to include firm-specific fixed effects variables in the model. This requires the use of $k-1$ dummies (and $k-1$ degrees of freedom). Given our relatively small sample size, we prefer use of the former approach.

not the respondent is a sales or marketing manager can have a differential main effect, and/or it can have a differential interaction effect with one or more of the justice components (as shown in Appendix B). Formally:

$$\pi_{0jk} = \beta_{00k} + \beta_{01k} * \text{MARKETING} + r_{0jk} \quad (2a)$$

$$\pi_{1jk} = \beta_{10k} + \beta_{11k} * \text{MARKETING} + r_{1jk} \quad (2b)$$

$$\pi_{2jk} = \beta_{20k} + \beta_{21k} * \text{MARKETING} + r_{2jk} \quad (2c)$$

$$\pi_{3jk} = \beta_{30k} + \beta_{31k} * \text{MARKETING} + r_{3jk} \quad (2d)$$

Level 3 (Firm)

We model the third level as a random effect on the constant term in level 2 (this captures all firm-specific variance not otherwise accounted for in our model), with all of the other parameters modeled as fixed effects (i.e., they are grand means). That is:

$$\beta_{00k} = \gamma_{000} + u_{00k} \quad (3a)$$

$$\beta_{01k} = \gamma_{010} \quad (3b)$$

$$\beta_{10k} = \gamma_{100} \quad (3c)$$

$$\beta_{11k} = \gamma_{110} \quad (3d)$$

$$\beta_{20k} = \gamma_{200} \quad (3e)$$

$$\beta_{21k} = \gamma_{210} \quad (3f)$$

$$\beta_{30k} = \gamma_{300} \quad (3g)$$

$$\beta_{31k} = \gamma_{310} \quad (3h)$$

Following established HLM practice, we first estimate a null model (shown in the first column of Table 2) that includes only a constant term.⁹ This null model is equivalent to a one-way ANOVA with random effects, and is used solely as a comparison point for the alternative

⁹ In all models, the independent variables have been grand-mean centered (i.e., they represent deviations from the overall, cross-respondent means), except for MARKETING, which as a dichotomous variable is entered in its original form.

models we subsequently estimate (Raudenbush and Bryk 2002). Two key elements of this null model result form the basis for our comparisons. First, the estimated null model has a deviance value of 566.51. Better fitting models will result in smaller deviance (-2 times the value of the log-likelihood function), and the difference in the deviance value between models is chi-square distributed. Second, the overall variance is partitioned by HLM into (in this case) a within-department component ($\sigma^2 = .680$, estimating e_{ijk} in equation 1), a between-department, within-firm component ($\tau = .118$, estimating r_{0jk} in equation 2a), and a between-firm component ($u = .406$, estimating u_{00k} in equation 3a). For each level, one can then look at the proportion of variance explained by a particular model, relative to these null model results.

----- Please insert Table 2 about here -----

When we initially estimated the model described above by equations (1), (2), and (3), we found that the error terms r_{1jk} , r_{2jk} , and r_{3jk} were not significant, and they were thus dropped from all subsequent estimations. (Only r_{0jk} is retained in our reported models.) Doing this did not noticeably affect the parameter estimates, but substantially improved estimation efficiency. Furthermore, the slope effects of MARKETING on procedural justice (β_{21k} in equation 2c; this represents the potential interaction between MARKETING and PJ) and interactional justice (β_{31k} in equation 2d; the interaction between MARKETING and IJ) were found to be non-significant. In the interest of parsimony, we dropped these two terms from our final model, shown as Model A in Table 2. Deviance for this model is 430.88, representing a significant improvement over the null model ($\chi^2 = 135.63$, $df = 5$, $p < .001$). Furthermore, as shown at the bottom of this table the proportion of variance explained above the null model is substantial in all three levels, ranging from 42 % (individual level) to almost 100 % (departmental level).

Both the constant term ($\beta_{00k} = 4.722$, $p < .001$) and the intercept main effect of

MARKETING ($\beta_{10k} = .258, p < .01$) in Model A are significant.¹⁰ This shows that marketing managers are – *ceteris paribus* – significantly more positive than sales managers in their perceptions of relationship effectiveness, supporting H4. For interactional justice, the intercept effect is significant ($\beta_{30k} = .610, p < .001$), confirming that interactional justice is a significant positive predictor of relationship effectiveness, in support of H3. The slope effect – as already noted – is not significant (i.e., the effect of MARKETING (β_{31k}) is essentially zero), implying that MARKETING does not interact with the perception of interactional justice, and that the effect of IJ on PRE is therefore the same for all managers. Similarly, for procedural justice the intercept effect is significant ($\beta_{20k} = .167, p < .01$), suggesting that procedural justice is a significant positive predictor of relationship effectiveness, in support of H2, while the slope effect is not (i.e., β_{21k} is not significant), suggesting that the effect of PJ on PRE is the same for all managers. For distributive justice, both the intercept effect is significant ($\beta_{10k} = .217, p < .01$), supporting H1, and the slope effect ($\beta_{11k} = -.156, p < .05$) is significant. More specifically, the slope for marketing managers is significantly smaller than it is for sales managers.

To better understand the nature of the distributive justice slope interaction effects of MARKETING, it is useful to look at the estimated (reduced form) equation separately for marketing and sales managers (ignoring the subscripts and error terms). For MARKETING = 0 (i.e., sales managers):

$$\text{PRE} = 4.722 + .610 \text{ IJ} + .217 \text{ DJ} + .167 \text{ PJ} \quad (4a)$$

For MARKETING = 1 (i.e., marketing managers):

$$\begin{aligned} \text{PRE} &= (4.722 + .258) + .610 \text{ IJ} + (.217 - .156) \text{ DJ} + .167 \text{ PJ} \\ \text{PRE} &= 4.980 + .610 \text{ IJ} + .061 \text{ DJ} + .167 \text{ PJ} \end{aligned} \quad (4b)$$

¹⁰ We report these as β coefficients, although they are technically more correctly labeled as γ coefficients, as shown in equations 3b – 3h. And for equation 3a, the expected value of $\beta_{00k} = \gamma_{000}$.

Figure 2 plots these two equations for different levels of DJ.¹¹ When DJ is high (i.e., greater than 1.65 standard deviations above the mean), sales managers perceive a degree of relationship effectiveness that is as high (or higher) than that of marketing managers. However, for average and lower levels of DJ, the opposite is true: sales managers perceive a lower degree of relationship effectiveness than do marketing managers. As their perception of distributive justice declines, sales managers will become more and more disenchanted with the effectiveness of their relationship with marketing.

Overall, marketing managers have a more positive perception than sales managers of relationship effectiveness, consistent with H4. Moreover, the obtained interaction shows that when DJ is high – both departments have similar perceptions of PRE. However, when DJ is low – marketing managers’ perceptions of PRE remain high, whereas sales managers’ perceptions are lower. This difference is likely due to the fact that, as discussed earlier, marketing tends to have greater influence in CPG companies, such as those studied here, which suggests that they likely receive more resources under conditions of distributive injustice.

----- Please insert Figure 2 about here -----

Moderating Effects of Interfunctional Communication

As proposed earlier, interfunctional communication is an important potential moderator of the justice – PRE relationships. To test this effect, the moderator variable was first mean centered before creating the interaction term. We then ran two new HLM models. The first (Model B) added only the main effect of the moderator to Model A (which is reproduced from Table 2), while the second (Model C) adds all potential interactions. Results for both of these new models are reported in Table 3.

¹¹ Recall that the equations are estimated using grand-mean centered values for IJ, DJ, and PJ. Thus, for an average firm, PRE is estimated by the constant term alone. The mean value of DJ is 4.40, and its standard deviation is 1.00.

----- Please insert Table 3 about here -----

Model B represents a significant improvement over Model A (chi-square = 32.42, $df = 1$, $p < .001$), and Model C represents a significant improvement over Model B (chi-square = 18.96, $df = 3$, $p < .001$). Thus, in the discussion that follows we focus on the results of Model C. The proportions of variance explained by Model C for all three levels are quite high: 53 % for the individual level, virtually 100 % for the departmental level, and 79 % for the firm level. The coefficients reported for Models B and C at the top of the columns in Table 3 are directly comparable to those for Model A and in general, these results are similar for all three models.

For interfunctional communication, the main effect on PRE is significant ($\beta = .375$, $p < .001$), and both the distributive justice – interfunctional communication ($\beta = .206$, $p < .01$) and the procedural justice – interfunctional communication ($\beta = .149$, $p < .05$) interactions are significant, in support of H5a and H5b. The significant positive interaction between interfunctional communication and distributive justice indicates that when managers' perceptions of distributive justice is high, greater interfunctional communication reinforces this perception. Similarly, the significant positive interaction between interfunctional communication and procedural justice indicates that when the perception of procedural justice is high, greater interfunctional communication reinforces the perception. However, the interactional justice – interfunctional communication interaction is not significant ($\beta = .015$, *n.s.*), counter to H5c.

Relationship Effectiveness and Organizational Outcomes

All of the measures described thus far were collected from the same informants, and focused on predicting perceived relationship effectiveness. As a result, our findings may be attributable in part to a single source bias. To address this concern, and to also ensure that our

findings have organizational and managerial implications beyond these individual perceptions, we approached senior contacts within each participating firm and asked them to complete a second questionnaire focusing on various organizational outcomes over the past six-month period. As shown in Appendix C, perceived relationship effectiveness – as reported by our marketing and sales managers– is strongly correlated with many of these organizational outcomes measures. This suggests that the decision to focus on perceived relationship effectiveness is a reasonable one, and does not bias our findings.

DISCUSSION

In this section, we review key findings and discuss their implications for both researchers and managers. We also note limitations of our study and suggest directions for future research.

Research Implications

First, the current research reveals that all three facets of organizational justice – distributive, procedural, and interactional – have significant positive effects on managers' perceptions of marketing / sales relationship effectiveness, suggesting that perceived justice may be a powerful mechanism for enhancing or eroding inter-group relationship effectiveness. Despite growing interest in understanding the important marketing / sales interface (e.g., Cespedes 1995; Dewsnap and Jobber 2000; Homburg and Jensen 2007; Rouziès et al. 2005; Workman 1993), no previous work has looked at the role of justice in affecting relationship effectiveness, either in the marketing / sales context or more generally. While researchers have looked at other marketing-related intra-firm relationships (e.g., Fisher, Maltz and Jaworski 1997; Griffin and Hauser 1996; Keaveney 2008), they have ignored the effect of organizational justice. Our results suggest that justice is an important organizational construct worthy of further study as researchers try to better understand marketing's role in the firm (Homburg, Workman, and

Krohmer 1999; Moorman and Rust 1999). Future work is needed to assess how perceptions of justice interact with more traditional inter-group constructs such as commitment and trust (e.g., Morgan and Hunt 1994) to influence organizational outcomes.

Second, the current study proposes interfunctional communication as an important moderator of the justice – relationship effectiveness link. Results from the current research show that while interfunctional communication has its own strong direct effect on relationship effectiveness, a finding consistent with past literature (e.g., Dawes and Massey 2006; Morgan and Hunt 1994; Ruekert and Walker 1987), it also has a significant additional interactional effect on the positive effects of distributive and procedural justice on perceived relationship effectiveness. Specifically, when perceptions of distributive or procedural justice are high, greater interfunctional communication reinforces these perceptions. Both of these facets of justice have the organization as their source. Thus, it appears that an inter-departmental construct (communication) reinforces and enhances the positive effects of organizationally-based constructs (procedural and distributive justice).

In contrast, no such interaction effect is found for interactional justice. This finding might be due to the fact that both interactional justice and interfunctional communication are departmentally-based. While both factors have strong and positive effects in their own right on perceived relationship effectiveness, it may be that they do not interact because they are both already embedded in the inter-group relationship between marketing and sales. By definition, interactional justice refers to aspects of the communication process between the source and the recipient of justice, such as politeness, honesty, and respect (Bies 1986). Thus, interfunctional communication should already be high when perceived interactional justice is also high. This is an important distinction, and it suggests that firms' use of multiple-level interventions (e.g., both organizationally- and departmentally-based) to foster perceptions of relationship effectiveness

may be more effective than using single-level approaches (e.g., only organizationally- or only departmentally-based). Moreover, our research revealed that the positive effects of interfunctional communication on interdepartmental relationship effectiveness emerge only under existing conditions of fairness, contributing to recent work, which has suggested that increasing communication might not be always beneficial (e.g., Maltz and Kohli 1996; Rouziès et al. 2005).

Third, our results reveal interesting differences across the marketing and sales departments. Specifically, marketing managers, as compared to sales managers in the same firm, reported more positive perceptions of the effectiveness of their working relationship. This is further evidence that the “thought worlds” between marketing and sales, as they relate to important organizational constructs, can differ (e.g., Deshpandé and Webster 1989; Homburg and Jensen 2007; Workman 1993). Moreover, it suggests that organizational factors (e.g., the relative influence of marketing versus sales managers) may play a key role in influencing managers’ perceptions of success (e.g., Dawes and Massey 2006). Homburg et al. (1999) demonstrate that marketing’s influence tends to be greater within large consumer goods companies (like those we study here) due to the internal differentiation of tasks and activities that results from the development of a brand management system. Although we did not measure relative influence in our study, our results are consistent with such an explanation.

Managerial Implications

The results of our study also have several important managerial implications. First, it is clear that justice matters to perceived relationship effectiveness, a finding that – albeit intuitive – has not been previously substantiated empirically. To foster more effective inter-group relationships, then, managers should create a context of fairness. In the specific context of marketing / sales relationship effectiveness, managers should focus on enhancing perceptions of

all three dimensions of justice within their department, as all three were found to be important predictors of managers' perceptions of relationship effectiveness. For example, ensuring equitable distribution of resources and fair allocation of benefits and costs across the marketing and sales departments can enhance distributive justice perceptions (e.g., Thibaut and Walker 1975). Fostering fair and consistent procedures that are not biased to either department, enabling employees in both departments to voice their concerns, and giving them the opportunity to influence the information that will be used to make decisions can lead to higher procedural justice perceptions (e.g., Greenberg 1986; Lind and Tyler 1988). Finally, encouraging timely feedback and overall interpersonal treatment of sales and marketing managers characterized by politeness, respect, and honesty would ensure high interactional justice perceptions (Tyler and Bies 1990). According to findings from the current research, these enhanced perceptions of justice are likely to lead to more effective relationships between marketing and sales managers. Improving relationship effectiveness is an important issue, since as shown in Appendix C, increased perceptions of relationship effectiveness have significant positive links to important organizational outcomes such as new product success, market share growth, sales growth, increased profitability, a reduction in the number of major accounts lost, and decreased staff turnover.

Second, our results reveal that the positive effects of distributive and procedural justice can be effectively enhanced by encouraging better inter-departmental communications that are both formal and informal in nature (see also Maltz and Kohli 1996). One way this can be achieved is by reducing the "perspectives divide" between departments. This might involve the implementation of database systems (e.g., CRM) that allow both departments to share common information (both content and quantity), to set and reward shared goals, and to develop training sessions aimed at gaining an appreciation for other groups (Cespedes 1995). Levy (2011)

suggests that new advances in interactive technology and social media in particular can help facilitate such information exchanges. Furthermore, managers can attempt to remove obstacles to interfunctional communication such as physical barriers, difficulties in synchronizing contact, and lack of knowledge about the other department's work (Cespedes 1995; Walton, Dutton, and Cafferty 1969). Such changes can enhance two important aspects of interfunctional communication: its amount and its ease (Reukert and Walker 1987).

Third, the differences in perceptions that we observe between marketing and sales managers in our study suggest that companies need to be cognizant of "gaps" between groups, and should use department-specific approaches to appropriately close those gaps. Our study shows that perceptions of distributive justice interact with department such that when perceived distributive justice is low, sales managers will have much lower perceptions than marketing managers of relationship effectiveness. In this latter situation it will be particularly important for senior managers to use organizational levers to improve perceptions of distributive justice.

To further explore the implications of our work, and to obtain additional thoughts on how to use our findings to enhance managers' perceptions of sales – marketing relationship effectiveness, we approached four senior marketing and sales executives with substantial consumer package goods (CPG) experience. Two of these executives are VPs working in the same firm.

The executives generally agreed with our findings. The consensus on both the marketing and sales side was that in CPG companies, marketing tends to have more power than sales, such that it gets its pick of resources and procedures are designed to its advantage. As a result, the perception of sales managers is that marketing is better treated by the company in terms of distributive and procedural justice, which tends to hurt their perceptions of relationship

effectiveness. Based on their experiences, these executives also noted that interfunctional communication is critical for easing the tension between marketing and sales, particularly when the organizational structure “is siloed and departmentalized.”

To encourage greater interfunctional communication, the executives suggested a variety of actions, including frequent cross-functional meetings to review joint priorities and understand the other function’s perspective, organizational dissemination of knowledge about the fairness of the company’s structure and policies, and most importantly, getting marketing managers to spend time working with the field sales force to understand both what it takes to get their programs through the system and what the customer requires (versus what the end consumer needs).

An important observation made by the executives we interviewed was that our findings are more important for lower level managers. At the executive level, information about the distribution of resources is readily disseminated and there tends to be a shared understanding that “all functions work towards the same goal.” In contrast, there is “more tension at the lower levels,” and for these managers there can be “misperceptions of how and where resources are allocated.” Thus, using interfunctional communication to disseminate knowledge about the organization’s fair allocations and procedures becomes particularly important at this level. Furthermore, functional exchange programs aimed at helping managers see the world from a different point of view are likely to be particularly effective for lower level managers (and therefore should receive more organizational support).

Limitations and Future Research Directions

Concerns that apply generally to cross-sectional, survey-based research are appropriate here. While we attribute changes in perceptions of relationship effectiveness to perceptions of justice, perceptions of relationship effectiveness might also guide changes in justice perceptions.

For example, reductions in relationship effectiveness between marketing and sales departments may motivate declines in perceptions of justice. Our research design is not able to tease out which causal explanation is best, although theory supports the direction we have hypothesized. Our research approach also limits the extent to which we can develop process explanations for the effects we report. A more detailed examination of a smaller number of firms might yield richer process information.

Furthermore, we focus here only on firms drawn from the consumer packaged goods industry. Future work could examine the relationships between justice and marketing / sales relationship effectiveness in other industries, where the relative importance and influence of the sales and marketing roles are different. For example, in the personal computer industry sales plays a more significant role than in the CPG industry (Workman 1993). The sales group plays an important role in both industries, but its relative influence (versus marketing) is likely to be different. Furthermore, when one group is much more influential than the other, this may affect subsequent perceptions of justice by both groups. We did not measure relative influence in our study, but it could be assessed in future work either directly or by examining the nature of the organization's leadership (e.g., Does sales have its own VP? Is a marketing or sales person in charge of both departments? Is the CEO a sales or marketing person?).

Relatedly, our paper focuses on larger organizations that have distinct sales and marketing departments. However, in many small and medium size enterprises the two groups are part of the same department. In this latter case, inter-group communication may be easier. On the other hand, some residual differences between the groups may still endure (e.g., distinct responsibilities, different hiring and training backgrounds, unique "thought worlds"). Thus, the perceptual differences between marketing and sales described here may be less extreme in small

companies, but the degree to which this might be so is not currently known. Future research could explore this issue further.

In a similar vein, the respondents in our sample were all North American employees of CPG companies. It seems plausible that similar findings would be obtained from employees of large CPG firms outside of North America, and this is an issue worthy of further study. As the natures of both organizational buyers and consumers change, the appropriate responses for marketing and sales employees may change as well.

CONCLUSION

There is a growing recognition that managers and researchers need to focus on factors that can enhance the effectiveness of relationships between marketing and sales departments. We believe that our study has contributed to this research area in a number of ways. First, it is the first study to examine the effect of organizational justice on sales / marketing relationship effectiveness, bringing a new perspective to this important issue. Second, it examines interfunctional communication, a factor under the organization's control, as a moderator of the justice – relationship effectiveness link, which provides managers with a potential lever to use to improve relationship effectiveness. Third, it demonstrates important differences in perceptions of distributive justice and relationship effectiveness across the marketing and sales departments, providing further evidence that the “thought worlds” between marketing and sales, as they relate to important organizational constructs, can differ. Overall, the current study provides a nuanced – and useful – view of how to most effectively manage the marketing / sales interface.

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TABLE 1
Descriptive Statistics and Construct Correlation Matrix

Construct	# Items	Mean	s	1	2	3	4	5
1. Interfunctional communication	6	5.08	1.09	.90				
2. Distributive justice	4	4.44	1.16	.39	.84			
3. Procedural justice	6	4.18	1.02	.33	.36	.75		
4. Interactional justice	4	4.95	0.91	.62	.46	.35	.92	
5. Relationship effectiveness	7	4.89	1.09	.64	.48	.40	.59	.94

Notes:

^a The diagonal entries in bold are Cronbach's alphas.

All items are measured using 7-point Likert scales

TABLE 2

Main Effects of Justice on Relationship Effectiveness

Antecedent	Null Model	Model A
Constant	4.835 ***	4.722 ***
Interactional Justice – intercept	--	.610 ***
Interactional Justice – slope	--	--
Distributive Justice – intercept	--	.217 **
Distributive Justice – slope	--	-.156 *
Procedural Justice – intercept	--	.167 **
Procedural Justice – slope	--	--
Marketing (dummy)	--	.258 **
σ^2	.680	.398
τ	.118 #	.0003
u	.406 ***	.162 ***
Model Deviance	566.51	430.88
Proportion of variance explained (vs. null)		
Level 1	--	.415
Level 2	--	.997
Level 3	--	.601

Note: Significance levels for two-tailed t-tests:

$p < .1$; * $p < .05$; ** $p < .01$; *** $p < .001$

TABLE 3

Moderating Effects of Interfunctional Communication

Antecedent	Model A	Model B	Model C
Constant	4.722 ***	4.801 ***	4.792 ***
Interactional Justice (IJ) – intercept	.610 ***	.354 ***	.421 ***
Distributive Justice (DJ) – intercept	.217 **	.193 **	.188 ***
Distributive Justice – slope	-.156 *	-.165 *	-.151 *
Procedural Justice (PJ) – intercept	.167 **	.067 *	.106 #
Marketing	.258 **	.116	.141
Interfunctional Communication		.376 ***	.375 ***
Comm * IJ		--	.015
Comm * DJ		--	.206 **
Comm * PJ		--	.149 *
σ^2	.398	.359	.319
τ	.001	.0002	.0001
u	.162 ***	.088 ***	.085 ***
Model Deviance	430.88	398.46	379.50
Proportion of variance explained (vs. null)			
Level 1	.415	.472	.531
Level 2	.997	.998	.9998
Level 3	.601	.783	.791

Note: Significance levels for two-tailed t-tests:

$p < .1$; * $p < .05$; ** $p < .01$; *** $p < .001$

FIGURE 1

**Model of Interdepartmental Relationship
Effectiveness**

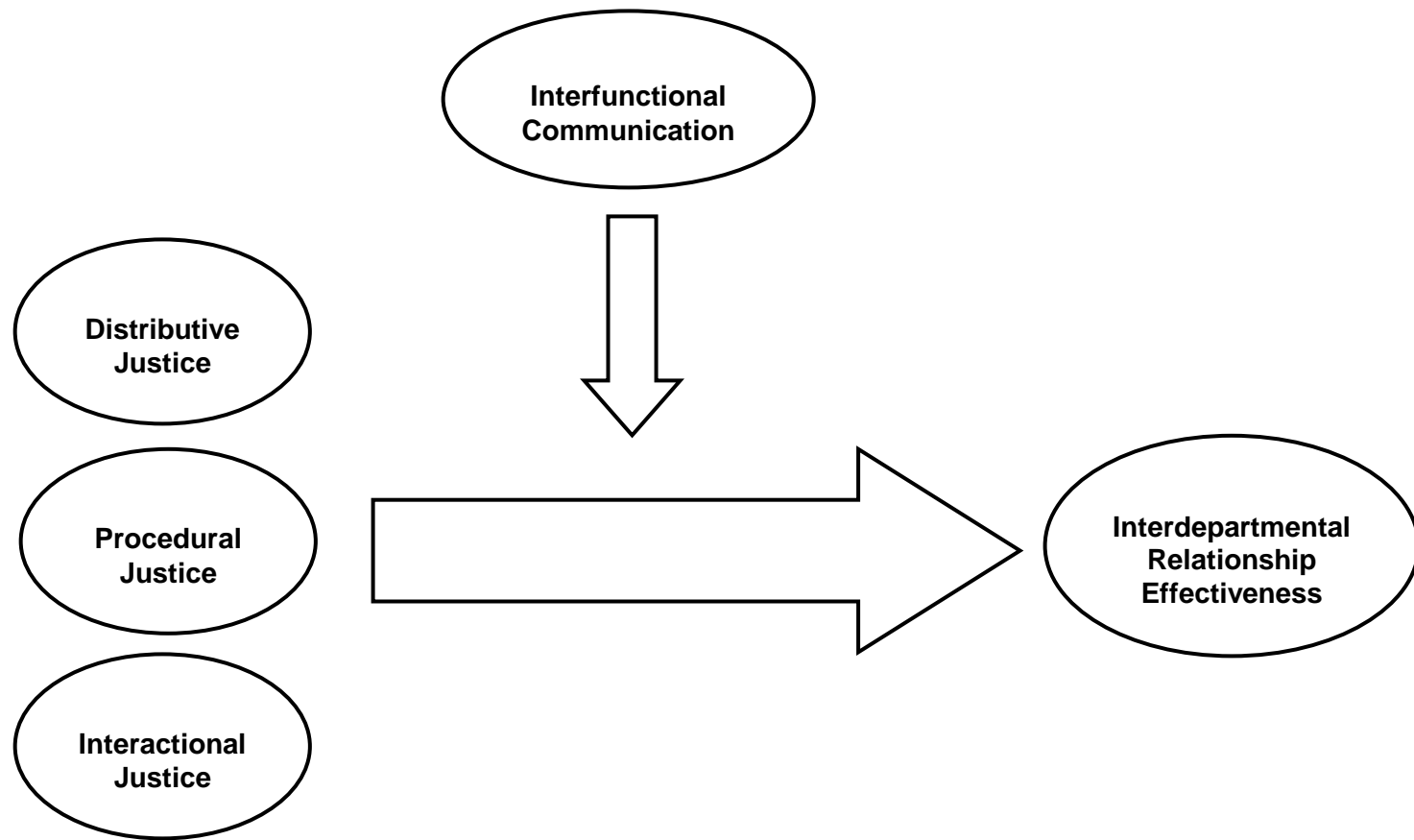
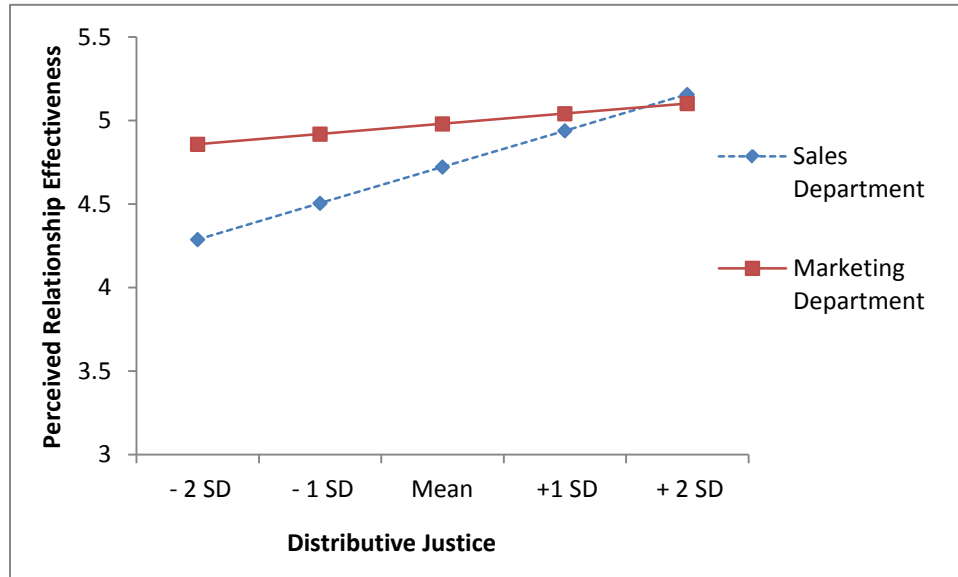


FIGURE 2

Moderating Effects of Department on Distributive Justice Perceptions



APPENDIX A

Measurement Items by Construct

Construct	Measures
Distributive Justice <i>(Tax, Brown, and Chandrashekar 1998)</i>	1. Marketing and Sales both get what they deserve in this business unit. 2. Our department receives the resources it needs. 3. Resources are allocated fairly across Marketing and Sales. 4. Sales and Marketing are equitably rewarded and recognized for their efforts.
Procedural Justice <i>(Tax, Brown, and Chandrashekar 1998)</i>	1. Our department has little say in how resources are allocated. (R) 2. Resource allocation decisions are determined entirely outside our department. (R) 3. It is difficult to determine where to lodge complaints about resource allocation decisions in this company. (R) 4. Resource allocations are made in a timely fashion in this company. 5. Many of the budget decisions that are made here seem arbitrary. (R) 6. We are often not given much of a chance to explain our resource needs. (R)
Interactional Justice <i>(Tax, Brown, and Chandrashekar 1998)</i>	1. Sales/Marketing is empathetic to our needs. 2. Sales/Marketing puts effort into resolving any complaints we may have. 3. We can believe what Sales/Marketing tells us. 4. Sales/Marketing is pleasant to deal with.
Relationship Effectiveness <i>(Smith and Barclay 1999; Reukert and Walker 1987)</i>	1. Overall, we have both been satisfied with our working relationship. 2. The customers we deal with together are pleased. 3. We have conducted a lot of successful business together. 4. From a performance perspective, our working relationship has been very effective. 5. The time we have spent developing and maintaining our relationship with Sales/Marketing has been worthwhile. 6. We have met our responsibilities and commitments to each other. 7. Our working relationship has been productive.
Interfunctional Communication <i>(Walton, Dutton, and Cafferty 1969; Likert and Likert 1976)</i>	1. When messages are left with Sales/Marketing, they are promptly returned. 2. Our contacts at Sales/Marketing are good at dealing with people. 3. People in Sales/Marketing know how to get their points across to us. 4. There are open channels of communication between Sales/Marketing and our department. 5. The channels of communication between Sales/Marketing and our department are effective. 6. All things considered, Sales and Marketing communicate well.

Note: (R) indicates a reverse-coded item.

APPENDIX B

Reduced Form Equation

Equations (1), (2a) through (2d), and (3a) through (3h) can be combined to create the following reduced form equation:

$$\begin{aligned} \text{PRE}_{ijk} &= \gamma_{000} + \gamma_{010}\text{MARKETING} + (\gamma_{100} + \gamma_{110}\text{MARKETING}) \text{DJ}_{ijk} + (\gamma_{200} + \\ &\quad \gamma_{210} \text{MARKETING}) \text{PJ}_{ijk} + (\gamma_{300k} + \gamma_{310} * \text{MARKETING}) \text{IJ}_{ijk} + e_{ijk} + r_{0jk} + \\ &\quad r_{1jk} + r_{2jk} + r_{3jk} + u_{00k} \\ &= \gamma_{000} + \gamma_{010} * \text{MARKETING} + \gamma_{100}\text{DJ}_{ijk} + \gamma_{110} \text{MARKETING} * \text{DJ}_{ijk} + \\ &\quad \gamma_{200}\text{PJ}_{ijk} + \gamma_{210} \text{MARKETING} * \text{PJ}_{ijk} + \gamma_{300k} \text{IJ}_{ijk} + \\ &\quad \gamma_{310} \text{MARKETING} * \text{IJ}_{ijk} + e_{ijk} + r_{0jk} + r_{1jk} + r_{2jk} + r_{3jk} + u_{00k} \end{aligned} \quad (\text{B1})$$

Careful inspection of equation (B1) shows that an individual manager's perception of relationship effectiveness is a function of a constant (i.e., constant to all respondents), the main effects of MARKETING, DJ, PJ, and IJ, three interaction terms (between MARKETING and each justice dimension perception), and a set of error components. This equation varies in form from a traditional OLS regression equation only in that it contains extra variance components (the r and u terms). This means that an individual's perception (PRE) is influenced by (1) an idiosyncratic personal error component (e_{ijk}), (2) potential departmental level error components (r_{0jk} , r_{1jk} , r_{2jk} , r_{3jk}), and (3) a firm-specific error component (u_{00k}). Thus, the effects of DJ, PJ, and IJ on PRE are estimated while taking into account individual differences, departmental differences, and firm-specific differences.

APPENDIX C

Results from Organizational Outcomes Survey of Senior Managers

A total of 28 senior managers completed a second survey, one informant per firm. None of these individuals was part of the original survey. This follow-up survey was administered about three months after the main survey. (These data could not be combined with the earlier observations for two main reasons. First, we were able to obtain responses for only 28 of the 38 firms originally surveyed. Second, these measures represent aggregate, firm level outcomes, and cannot therefore be combined with the individual perceptual measures we use in our HLM models.)

We compared the organizational outcome measures obtained from these senior managers to an aggregated measure of perceived relationship effectiveness (computed as the average across all informants from each company) using bivariate correlations. Despite the small sample size, a number of significant relationships were found. Over a six month period, superior relationship effectiveness was significantly correlated with greater new product success ($r = .46$, $p < .05$), market share growth ($r = .42$, $p < .05$), sales growth ($r = .47$, $p < .05$), increased profits ($r = .42$, $p < .05$), greater customer focus ($r = .44$, $p < .05$), a reduction in the number of major accounts lost ($r = -.33$, $p < .1$), and decreased staff turnover ($r = -.51$, $p < .01$). These results provide solid support for our claim that informants' perceptions of relationship effectiveness are related to meaningful organizational performance outcomes.