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## **Interplay between culture and interests – the case of sales techniques institutionalization**

### **1. Introduction**

Sales techniques are popular and recognizable tools used in organizations which sell their products or negotiate transactions. A large number of publications and trainings that popularize the techniques, demonstrate the high level of their institutionalization. Statements on usefulness of such techniques are often an important part of organizational knowledge. Techniques are seen as effective tools, which increase the sellers' outcomes. However, when we consider them closely from the point of view of the social sciences methodology, some questions arise. We use an example from a training. During a business psychology seminar, a group of students were told about a technique which enhances sales outcomes – when you do not use a word “but” in a negotiation, effectiveness of your action rises. A trainer explained, that the word “but” in a sentence negates the sentence as a whole and then communication becomes “negative”. In social psychology we can find an experiment which refers to a specific role of the word “but” in communication, however, this experiment deals with a different social situation, which is listening to a radio program [Tannenbaum 1972, p. 319]. The description of the experiment does not contain any information about knowledge of the discussion subject among attendees, which can affect the results. A sales negotiation is a different type of social situation: there is an interaction, negotiators know the subject and, what is more, other factors can also affect their final decisions. The rule of a word “but” avoidance cannot determine a negotiation outcome, but it was presented this way during the seminar and attendees did not question it. Sale trainers propose many similar techniques, based for example on visualization of success or using of specific words and phrases. The example stimulates questions: Why is

a probably ineffective technique widely used and accepted in organizations? Is it possible to perceive the technique as ineffective and use it at the same time? The sales techniques, in spite of their questionable impact on sales negotiation, are widely used. This situation can be treated in two ways: we can admit that it is an anomaly, but it does not explain how the process of knowledge adaptation takes place. We can also search for a conceptual model and empirical evidence which will help us to explain the case, and that was undertaken in this paper.

## 2. Cultural and economic factors in knowledge adaptation

The economic sociology has a particular view on cultural processes in organizations. Paul DiMaggio, an advocate of cultural approach in economic sociology, is rather sceptical about a full scale cultural analysis of the economy and indicates that in most cases the economy shapes culture, the culture does not determine the economy. Modern economic sociologists do not reduce the economy to social relations and networks, but propose an alternative of taking both, economic and social factors into account, to “plot the middle course between cultural and social absolutism” [Swedberg 2003, p. 42]. Mark Granovetter, in his notable work on relationships between economic action and social structure, indicates that models of human behavior are often oversocialized or undersocialized. Modern sociology promotes the conception of people as extremely sensitive to the opinions of others, obedient to the systems of norms that are internalized through socialization. In contrast, classical and neoclassical economy operates with a conception of *homo oeconomicus*, the self-interest oriented and rational individual, supplied with perfect information [1985, pp. 483–484]. These extreme positions are only partially confirmed by empirical research and practice in real work settings, as the relationships are far more complex. Modern definition of culture still differentiates between its main elements: language, values, symbols and norms, but also challenges the notion that human action is overwhelmingly determined by these components of culture. Researchers, instead of viewing organizational cultures as integrated and absolute entities, employ a fragmentation perspective, according to which cultures are inconsistent, ambiguous and in a constant state of change [Hatch 1997, p. 230]. Employing the above outlined perspectives allows us to overcome the dichotomy of interests and culture and gives us a chance to explain the phenomena which are far from an integrated or dichotomous view on organizations.

The article considers sales techniques’ phenomena as the institutionalized form of knowledge. From the viewpoint of social sciences methodology, the technique which includes an asymmetrical communicational pattern and the clear intention for manipulation, cannot be the main reason for the completion of a purchase act, but the techniques are presented as rational tools. The analysis is based on economic sociology and two related ways of conceptualizing human action taken from neo-institutional sociology and social construction of

technology approach, and indicates that sales techniques do not cause the selling results directly. They are loosely coupled with the sales departments' objectives. They contribute to the organizational growth and survival, but as factors which increase the stability of relations within organizations and between them. The organizational actors do not need to believe in the technique's effectiveness or understand its mechanisms to use it. Economic motives of organizational actors are an important and often underestimated mechanism which can facilitate the knowledge adaptation process. It may take place when employers have some market power over workers who can have an ability to criticize a technique, but they use it to protect their positions. Through the emphasis on conformism and opportunistic aspects of organizational actors' decisions, we challenge concepts of common cognitive assumptions and values, which enable people to act in organizations. Following this reasoning, the knowledge on a technique can be diffused even when two people have different views on its effectiveness, but a common economic interest in its adapting. Knowledge on cultural norms promoted in a certain organizational setting support them in finding an accepted way of acting in a given situation.

### **3. Institutional myths and norms**

The proposed view on sales techniques refers to the research on adaptation of business strategies because of cultural constructions [Fligstein 2001, Zajac and Westphal 2004]. According to the above example, sales techniques do not appear as effective tools for achieving goals. Nevertheless, they are adopted by many organizations and accepted by their employees, who do not question the techniques' efficiency. In order to study the case of sales techniques within the most appropriate theoretical framework, we considered three perspectives: rational, social and open systems views. The first perspective states that organizations are instruments for achieving goals. According to this view, organizational members act in a rational way and particular actions are intended to cause desired outcomes [Scott 1992, p. 29]. The effectiveness of the actions can be enhanced through scientific research, which is manifested in scientific management [Scott 1992, pp. 29–34]. The case of the sales technique cannot be described well within this framework. It can be achieved with the second perspective, which conceptualizes organizations as social constructions, and therefore relations between participants' behavior and organizational goals are more complex. Natural system analysts emphasize that no organization devotes its full resources to producing outcomes and must expend energy to maintain itself [Scott 1992, p. 52]. The third, open system perspective, directs our analysis towards the interaction between an organization and its environment, and towards organizational boundaries maintenance [Scott 1992, p. 83]. Sales techniques are adopted from the organizational environment, but they do not contribute directly to the effectiveness of actions, therefore they can be

described well within the theoretical framework which combines natural and open systems views – neo-institutional theory.

The main theorists of the neo-institutional school, John Meyer and Brian Rowan, described the institutional rules as “the taken for granted classifications built into society as reciprocated typifications or interpretations”. Institutional rules may have effects on organizational structures and activities, because organizations maintain ceremonial conformity and adopt them [Meyer and Rowan 1997, p. 341]. The concept of *institutional myths* emphasizes that the technology can be accepted in spite of its real impact on work outcomes. Technologies may also become *institutional myths* and apart from their possible efficiency, they establish an organization as appropriate, rational and modern [Meyer and Rowan 1997, p. 344]. In their research on educational institutions Meyer and Rowan argued that reforms in this system fail, because the real purpose of schools is not to provide knowledge and skills, but to sort and certify people. Regardless of its efficiency, the educational profession is protected. Schools are also important consumers of many goods, therefore interests of their suppliers need to be protected. The problem of adolescents who cannot immediately enter the labor market before they obtain a minimum level of socialization is solved by the school system. Therefore, irrespective to the system performance, many groups find this institution useful [Perrow 1986, pp. 266–267].

The institutional approach stresses that organizations are open systems. They are seen as open entities, shaped by different macro-social and macro-economic processes. This aspect is also important for answering of a question how the technique “works”. The increase in sales can be coincident with the technique used, but not necessarily caused by it. It is worth mentioning that the sales trainings are usually bought by companies which have financial resources for such activities. These organizations may also take advantage of the scale of their influence, position, or economic growth in a particular market.

The institutional framework was previously employed to analyze trainings in organizations. We can find it in the work of John Meyer, Richard Scott and Susanne Monhan “Employee Training: the Expansion of Organizational Citizenship” [1994]. Also Luo researched personal development trainings in organizations employing the institutional perspective [2005]. He stated that the dominant theoretical approaches in training studies are ahistorical, like human capital theory or technological approach, focused on the growing demand for training from changing technologies and work organization. For the human capital approach, a training is an investment in human capital and it is provided when its cost is smaller than the benefit from productivity gains. The technological approach views training as a skill formation process. Both approaches assume an instrumental logic and a technical rationality behind training decisions and indicate that training satisfies technological needs of organizations. According to Luo the controversy about the personal development

trainings comes in four ways. They are “not innately or immediately related to the technical aspects of specific job tasks”. Second, “prior needs analysis is rarely conducted for such training”. Third, “organizations and trainers seldom conduct evaluations of behavior or outcome changes brought about by such training”. Fourth, “the rapid expansion of personal development training has taken place in the absence of scientific evidence of any link between such training and improvement in organizational bottom lines” [Luo 2005, pp. 1–2]. Luo proposed an institutional frame for the research on trainings, because of two reasons: “training is not only provided to satisfy functional needs of firms, but also shaped by the shared understanding about individuals and organizations and training decisions are not only affected by the internal conditions of an organization, but are also affected by the dominant ideologies and practices in the organizational field” [Luo 2005, p. 2]. The status of sales techniques trainings in organizations is similar to the status of the personal development trainings. Even if they are defined as a skill formation process, the methodological evaluation (for example, the “but” index analysis) shows that their role as sales facilitators is limited. On the contrary, there is also functional research on sales techniques. Korczynski emphasizes manipulative aspect of sales techniques and their importance in a purchase act. The author claims that there is a contradictory relationship of instrumental empathy between the capitalist firm and the customers and that sale workers attempt to manage this contradiction by promoting the myth of customer sovereignty [2005, p. 69]. Techniques are seen as tools which enhance a purchase decision. Therefore a core problem is defined as: how the technique’s users cover its unacceptable features with promoting such a myth? This viewpoint is very different from the one presented in this article, which does not consider an ethical problem, but focuses on an indirect impact of sales techniques and the problem of their adaptation.

According to Luo, trainings are provided because organizations have different dominant organizational models. In this approach, the personal development trainings are the result of the participatory model, which has emphasized the role of individuals in organizations. Under this model, success of an organization does not depend on rules but on the expertise and commitment of individuals [Luo 2005, p. 3]. But supporting the organizational values is not the only effect of knowledge adaptation during trainings. In our analysis we focus on trainings adaptation as an answer to uncertainty, needs for legitimating and stable economic position of organizational actors.

DiMaggio and Powell treat bureaucratization and other forms of organizational change as results of processes that make organizations more similar without necessarily making them more efficient [1983, p. 147]. The authors identified mechanisms through which institutional change occurs: coercive, mimetic and normative isomorphism. The three types of isomorphism are not always empirically distinct, but they can be useful as a tool for the analysis of sales

trainings. Coercive isomorphism is related to environmental regulations and law requirements, mimetic is encouraged by uncertainty and normative refers to the formation of professions [DiMaggio and Powell 1983, p. 150]. Mimetic and normative isomorphic processes are important for sales techniques adaptation. The uncertainty in sales processes is high, because the work of a seller is a *people work*, where behavior cannot be easily predicted, especially when the time for prediction is limited. There is a strong need for a technological solution, which will be addressed in the further example of Weick's article. When the organizational technologies are poorly understood, when goals are ambiguous or the environment creates symbolic uncertainty, organizations may model themselves on other organizations. These developments have also a ritual aspect; companies adopt these innovations to enhance their legitimacy and demonstrate that improvement of their activities takes place [DiMaggio and Powell 1983, p. 151]. The cost of looking for a solution to these problems is also lower when the organization models itself on other organizations [Cyert and March 1963, in: DiMaggio and Powell 1983, p. 151].

Normative pressures for the professionalization of sales workers and sales department managers are also significant. DiMaggio and Powell interpret professionalization as "the collective struggle of members of an occupation to define the conditions and methods of their work, to control the 'production of producers' and establish a cognitive base and legitimation for their occupational autonomy". An important mechanism for encouraging normative isomorphism is the filtering of personnel and training practices [1983, p. 152]. If the extent to which technologies are uncertain is great, or goals are ambiguous within a field, the range of isomorphic change increases [DiMaggio and Powell 1983, p. 156]. It is important to notice again that each of the isomorphic processes can be expected to proceed in the absence of evidence that they increase internal organizational efficiency [DiMaggio and Powell 1983, p. 153]. Sales trainings are designed with the intention for increasing selling outcomes. The techniques can fulfill the function in specific situations, but they are far from being universal or rational tools. This leads us to the concept of loose coupling. The elements of organizations do not have to be coupled through tight linkages, they are often tied loosely. This observation denies the view that organizations achieve their goals because of rationalized procedures [Weick 1976, p. 1]. The knowledge can serve as a tool for increasing homogeneity of behavior in organizations. There is also evidence that if a group uses common knowledge, the stability of group relationships rises [Carley 1991]. The concept of loose coupling indicates that coupled elements are responsive, but each event also preserves its own identity and some evidence of its physical or logical separateness [Weick 1976, p. 3]. The strength of coupling between elements can be different. Organizational members, Weick states, tend to overrationalize their activities and to attribute greater meaning, predictability and coupling among them than in fact they have

[1976, p. 9]. The author stresses a need for a contextual approach in the research on loose coupling. According to him, a contextually sensitive methodology would record both the fact that some people are in one place generating events and the fact that the same people are thereby absent from some other place [Weick 1976, p. 10] and activity. If the sales worker uses the techniques, at the same time he does not undertake any other verbal or non-verbal action. Thus the communication between him and costumers is controlled and directed.

It should be added that the sales activity, like education and other forms of work with people, requires a very specific technology. As Weick indicates, from the technological point of view, education is a diffuse task and therefore technology is uncertain. By the very nature of the task any organizational form can be equally appropriate and should be more flexible [1976, p. 12]. But sales trainings are similar no matter to whom the sellers have to sell and what to sell. Therefore, like in the case of educational institutions, this observation leads us to the concept of ritual certification, rather than a search for any effective technological solution.

The research on diffusing of sales techniques and their redefinition can be enriched with the use of analytical tools taken from the social construction of technology (SCOT) concepts. Term *technology* can be used in reference to material things and machines as well as to the knowledge and skills of employees [Scott 1992, p. 227; Perrow 1986, p. 141; Hatch 1997, p. 128]. Sales techniques are a part of service technologies. Analogically to the distinction between rational and social systems, there are two approaches to the technology research: it can be treated as rationally or socially constructed [Scott 1992, pp. 244–245; Hatch 1997, pp. 151–153]. Empirical studies of technology concentrate mostly on material artefacts, but their endeavours can also be used in the research of intangible artefacts. The case of “but” index rule shows a process similar to a tangible artefact construction, the rule is redefined and serves the purposes of a group which adopts it; not social researchers, but sellers. The concept of redefinition, as well as the other classic concepts from SCOT studies, can be employed to interpret the case of sales techniques. Klein and Kleinman enriched the SCOT analysis with special attention directed to the social structure, economic and political power, which have an influence on the technology construction process [2002].

To complete the reflection on the sales techniques seen through the lens of the neo-institutional perspective, we have to consider the mechanisms which cause the previously described processes. The neo-institutional theory is developed in many directions. According to DiMaggio we can identify three types of institutionalisms: Rational-Action Institutionalism (RAN), Social-Constructivist Institutionalism (SCN) and Mediated-Conflict Institutionalism (MCN). RAN emphasizes individual rational action, which is channeled by laws and norms and sees actors as stable and exogenous. SCN argues that actors, their interests and

preferences are socially constructed and endogenous. Research within this field focuses on cognitive schemata, roles and *taken-for-grantedness*. The third type of institutionalism, MCN, considers how state and other institutions structure and mediate conflict among groups with different interests [1998 in: Nielsen 2001, pp. 3–4). But not all institutional approaches are covered by this typology. Nielsen criticizes the presented typification and shows that DiMaggio ignores approaches which do not fit into the one of three presented categories [2001, p. 8]. The author indicates that the most advanced and promising endeavors to develop the institutional theory all attempt to integrate elements from the three mentioned types. They perceive behavior as intendedly rational, emphasize the constitutive role of cultural and cognitive framework and recognize the importance of power and conflict. Among these approaches are: New Economic Sociology, Institutional Evolutionary Economics, and Cognitive Institutional Approach developed by Douglass North. In the case of sales techniques adaptation we can also find more than one type of organizational actors' motivation. The technique users are motivated by their material interest and at the same time act according to organizational norms; no matter if they imitate behavior or internalize cognitive schemata as their own view of the world. Organizational actors can be seen as potentially imitating and not interested in the reflection on sales techniques. This proposition is inspired by research in social psychology, which shows that people are able to respond to situations without having access to the mental or cognitive processes that produced the actions [Nisbett & Wilson 1977, Berry & Broadbent 1984]. Behavior and interpersonal relations – not only cognition – can catalyze the process of knowledge construction, and community of practice is formed [Aldrich 1999, p. 142]. Behavior can be imitated without reflection on its origins and values which are related to actions. At the same time social relations facilitate the replication of norms. Thus, imitation on the ecological level is enhanced by imitation on the socio-psychological level.

#### **4. Culture in economically oriented action**

The phenomenon of sales trainings and sales techniques is complex. The knowledge taken from social psychology is redefined and adopted by users, who may be driven by different motives. In this case, the three types of isomorphism should be considered: coercive, mimetic and normative<sup>1</sup>. The sales techniques institutionalization can be also investigated from the point of view of their history. The rise of mass training and using of the techniques can be attributed to the domination of service professions over production professions in the last decades. The growth of selling divisions created a need for controlling and

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<sup>1</sup> Mizruchi's and Fein's overview of research applications of the neo-institutional concept of isomorphism shows that mimetic isomorphism has received attention which is disproportionate to its role in DiMaggio and Perrow's work (1999). The research tends to underestimate the other types of isomorphism. From this point of view, an "ideal" inquiry should take all of them into consideration.



directing its activities. What is more, a technique which seems not to work as a rational tool, can be effective for particular types of personalities and its using can produce desirable side effects, for example increase self esteem or create omnipotent self-images among sellers. These are psychological issues. Likewise, the socio-psychological concept of a group attribution can refer to the case of a technique, when a group agrees that the technique is effective. Another issue is sales techniques' impact on communication with customers. The techniques do not facilitate the information exchange, which is a feature of call centers, whose workers use standard language constructions to sell a product instead of asking questions. All these aspects of a technique adaptation are important, but we decided to narrow the scope of this article to relationships between culture and economic interest in the technique adaptation process. Culture is considered as a framework which allows organizational actors to follow their material interests. The two components of culture that receive special attention in our analysis are values and norms. Values constitute the basis of making judgments about what is right and what is wrong and they may refer to moral or ethical code. Norms are the rules which allow members of an organization to know what is expected from them in a variety of situations [Hatch 1997, p. 214]. Norms and values are conventionally viewed in social and organizational science as closely associated [Swedberg 2004, p. 221]. It is said that individuals internalize certain values, perceive them as their own and therefore behave according to the given norms. The new economic sociology proposes alternative understanding of the phenomena and directs our attention towards economic interests as a significant motivator.

Economic sociology considers *social economic action*, which is oriented toward two dimensions: the orientation towards other people and towards the profit maximization [Swedberg 2004, p. 15]. Interests provide the force of action, whereas culture determines its general direction [Swedberg 2004, p. 220]. Actors' common understandings, conceptualized as cultural values, are not assumed to be consequential to explaining their actions [Fligstein 2001, p. 30]. Norms or values themselves do not motivate people toward undertaking a particular action, but they regulate and constitute the actions. Managers across firms develop expectations of one another's behavior and that increases the reproducibility of a given set of rules [Fligstein 2001, p. 155]. Social approval and disapproval are routinely emitted by actors during their everyday interaction. Conformity is rewarded, and the deviance is punished by social disapproval and ostracism. Monitoring of norms is a spontaneous by-product of social interaction [Nee & Ingram 1998, p. 28].

DiMaggio, as it was mentioned before, indicates that there are three ways of considering people's action in institutionalisms: rational, social and political. The rational and economic motives in the knowledge institutionalization process are often underestimated, probably because of lack of conceptual

toolkit and empirical research. Some researchers see economic rationality and social norms as two distinctly different sources of human behavior. However, acting in accordance with social norms can also be seen as reasonable, and legitimacy is not “irrational” concern [Nielsen 2001, p. 13]. If organizational members, who use the technique, act according to the norm of its acceptance, they protect their positions and develop their careers. Similarly, in neo-institutional economy, a discussion over emergence of social conventions out of the situation of a repeated game is an attempt to explain a social rule in a way which refers to the standard notions of rational maximalization [Akerlof in: Rutherford 1994, p. 54]. Redefinition mechanism in knowledge adaptation process can also be driven by material interests. The research on Harvard Business School is an example of how the interests can cause knowledge redefinition and shape it as a product [Contardo and Wensley 2004].

Summarizing, knowledge adaptation process is composed of a set of behaviors which are approved in a particular social context. These behaviors are regulated by norms, but it does not necessarily mean that the norms are the consequences of values. Conformism and opportunism may also lead to fulfilling the norms. The adaptation of a technique does not have to be a product of basic assumptions, which lies outside the organizational members’ awareness. Similar mechanisms can cause adaptation of a technique by organizational decision makers, who can be aware of its ineffectiveness, but they buy a training to follow the current beliefs about effectiveness and modernity. The concept of “opportunism” does not have to be used in a pejorative form. Transaction cost economics describes it as the use of guile in pursuit of one’s interests. Williamson notices that opportunism, despite its Machiavellistic connotations, can also take subtle and natural forms. The subtle form is a consequence of a strategy undertaken by an individual to achieve goals [Williamson 1994, p. 81].

## **6. Summary – implications for management**

In real work settings, culture (especially values) and economic interests are frequently over- or underestimated. If we imagine an organization without values, where managers motivate people only through financial gains; behavior of its workers could be heterogeneous, to the extent that would negatively affect coordination of actions. Such an organization would provide workers with motivation, but does not propose a normative framework for regulating their behaviors. Then again, if we focus on values and neglect economic motivation, it may lead to imaged stability. Organization may expend its energy on promoting particular values, like effort, diligence and even altruistic behaviors, and at the same time not properly reward its members in terms of financial incentives. It may lead to increase of employees fluctuation and reduce quality of work.

The fragmentation approach to culture stresses the possible incoherence between values and norms, and states that the mechanism of mimicry (imitative

behavior) can also facilitate gaining social approval. In business communication, we cannot expect that a person from a totally different culture can acquire in-depth understanding of the other culture and therefore will form a trustworthy business partnership. The mechanism of mimicry, emphasis on economic motives and norms are especially useful for explaining and implementing such actions.

### Abstract

*The concept of culture is marginal in new economic sociology, which is concerned mostly with a concept of interest and embeddedness of economic action in social structure. According to economic sociology, as well as to new institutional economy, cultural processes regulate communication, but do not motivate individuals. Culture is usually considered as a dependent variable. This model is also confirmed by empirical research from the field of social psychology. Why, in spite of it all, does economic sociology not exclude culture from its terminology? In which situations does the concept of culture support the model based on interest realization? What important role can culture, as a „weak” variable, play in communication which leads to economic achievements? I will try to answer these questions using an example of sales techniques institutionalization.*

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