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The Benefits of a Coaching Culture

A brief synopsis of **The Performance Effects of Coaching: A Multilevel Analysis Using Hierarchical Linear Modeling** (University of Maryland Robert H. Smith School Research Paper No. RHS 06-031, February 2006) by Ritu Agarwal, Corey M. Angst and Massimo Magni

HUMAN RESOURCES

The Benefits of a Coaching Culture

Coaching increases performance, productivity and job satisfaction at all levels.

The practice of coaching as a tool for work force and leadership development has gained popularity in recent years. In theory, coaching asks supervisors to spend more time giving constructive, individualized feedback on performance to subordinates, rather than barking orders and sending their troops to boot-camp training programs. Does this softer style of leadership produce hard results?

Three researchers believe so. Ritu Agarwal and Corey M. Angst, professor of information systems and research assistant professor, respectively, at the Robert H. Smith School of Business at the University of Maryland, along with Massimo Magni, assistant professor of organization and MIS at Bocconi University, studied the sales force of a multinational manufacturer whose managers had undergone a two-day coaching workshop in 2003. They found that instilling a coaching culture in the sales organization paid dividends.

Three months after the workshop, the researchers surveyed salespeople to find out if their sales managers spent more time coaching them — and whether that coaching produced results. Sure enough, those salespeople who reported more intense coaching from their sales managers also reported real performance improvements over the time period.

Thus, Agarwal concludes, “You will get a significant boost in productivity and performance when your supervisor employs a coaching culture.” In fact, the differences in coaching represented 36% of the differences in reported performance among surveyed salespeople. “I wouldn’t go so far as to say that means there would be a 36% [boost in productivity],” adds Agarwal.

“But coaching works well, because coaching is set up to address specific performance deficiencies or gaps, as opposed to general purpose training.” Coaching’s benefits remained even when controlling for salespeople’s level of job satisfaction — often thought to be a determinant of employee performance.

In their February 2006 working paper, “The Performance Effects of Coaching: A Multilevel Analysis Using Hierarchical Linear Modeling,” the authors distinguish between developmental coaching — the focus of the study — and executive coaching. “Executive coaching is a different brand of coaching and requires a different type of coach,” says Agarwal. Developmental coaching empowers a supervisor to address specific individual knowledge gaps, such as a better understanding of how a widget works or why invoicing is done a certain way. Nevertheless, “When you get to the senior level, you are talking ... less about functional knowledge, and more about behaviors,” says Agarwal. So executive coaches are typically peers who can tell senior managers how the world sees them. An executive coach might provide insights, for example, on how direct reports — or investors — are reacting to the executive’s managerial style.

This distinction is important, particularly when thinking about how managers at different levels of the organization respond to coaching. To this point, the researchers simultaneously looked at how the company’s sales managers were themselves coached by executives, and found that developmental coaching was still effective, but not quite as much. In this case, 29% of the reported differences in performance were attribut-

able to coaching intensity. In part, that could be because there is simply less one-on-one interaction between coach and sales manager than between sales manager and salesperson. So there are fewer opportunities to coach the middle managers actively.

However, it’s also possible that executive coaching, rather than developmental coaching, becomes more relevant at the upper rungs of the corporate ladder. “At higher levels [of the organization], coaching needs to be more and more individualized and customized,” explains Agarwal. “While at the lower levels, performance gaps are more closely performance related as opposed to behavior related.”

The authors also found that middle managers who were coached more intensely by executives did not necessarily coach their sales forces more intensely. So the behaviors they ostensibly saw from their superiors did not necessarily rub off on them. “That was a bit of a surprise,” says Agarwal. “One would expect [managers] to do a little behavioral modeling: watch their supervisors in the workplace and pick up different tricks that they think would help them perform better.” In this case, the middle managers did not seem impressed enough with their supervisors’ coaching to make them want to coach those under them more. Or it could simply be that sales managers didn’t see their supervisors frequently enough to internalize their leadership styles.

While the study looked at only one company’s sales force, the authors believe the results would be pretty similar for sales teams in other companies and industries. However, the effects of coaching might vary in different departments, the authors concede, particularly with inward-focused or more easily prescribed functions, like on the manufacturing shop floor.

The paper can be downloaded from <http://ssrn.com/abstract=918810>. For more information, contact Ritu Agarwal at ragarwal@rhsmith.umd.edu, Corey M. Angst at cangst@rhsmith.umd.edu or Massimo Magni at emme.magni@unibocconi.it.

— Larry Yu

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