



Motivating industrial salesforce with sales control systems: An interactive perspective



C. Fred Miao ^{a,*}, Kenneth R. Evans ^{b,1}

^a 362 New Snell Hall, School of Business, Clarkson University, Potsdam, NY 13699-5765, United States

^b Michael F. Price College of Business, University of Oklahoma, Norman, OK 73019-4007, United States

ARTICLE INFO

Article history:

Received 5 January 2012

Accepted 15 April 2013

Available online 10 May 2013

Keywords:

Sales control interactive effects

Intrinsic motivation

Extrinsic motivation

Sales performance

Job satisfaction

ABSTRACT

This research examines the interactive effects on industrial salespeople's intrinsic and extrinsic (I/E) motivation of outcome control, activity control, and capability control above and beyond their main effects. I/E motivation are disaggregated into their cognitive and affective dimensions. Moderated regressions using a sample of industrial salespeople find that (1) outcome control and capability control have positive interactive effects on task enjoyment and recognition seeking, (2) outcome control and activity control have a positive interactive effect on compensation seeking but a negative interactive effect on task enjoyment, and (3) activity control and capability control have a negative interactive effect on recognition seeking. Moreover, we find that compensation seeking has a stronger positive effect on sales performance when salespeople deal with more new customers whereas the opposite is true for challenge seeking; compensation seeking appears to elevate job satisfaction only when there is a lower percentage of new customers but the positive effect of recognition seeking on job satisfaction is enhanced when salespeople handle a higher number of new accounts. These findings offer important theoretical and managerial implications by providing compelling evidence that sales control interactive effects should be considered when studying relationships among sales control systems, salesperson motivation, and job outcomes.

© 2013 Elsevier Inc. All rights reserved.

1. Introduction

As business-to-business firms are focusing on building long-term relationships with their customers, their salesforce—the key boundary spanner between the firm and its business customers—is playing an increasingly important role in relationship marketing (Morgan & Hunt, 1994), the successful launch of new products (Ahearne, Rapp, Hughes, & Jindal, 2010), and the cross-functional product development processes (Joshi, 2010). In fact, this service-centric relational exchange context calls for an embedded salesforce that “integrates on a regular basis with both its own organizational subunits as well as the customers' subunits for the purpose of creating customized products and services for its customers” (Bradford et al., 2010, p. 241). None of these initiatives would be accomplished successfully, however, if the salesforce were not adequately motivated which has been noted as the key driver of desirable salesforce behaviors and sales performance (Churchill, Ford, Hartley, & Walker, 1985; Spiro & Weitz, 1990; Weitz, Sujan, & Sujan, 1986). Despite the importance of salesperson motivation in the ever increasingly challenging sales environment, concerns with salesforce motivation are repeatedly cited as a key issue managers have to deal with when directing their salespeople (Brown, Evans, Mantrala, & Challagalla, 2005; Miao, Evans, & Zou, 2007;

Smith, Jones, & Blair, 2000). Therefore, sales organizations can benefit from a better understanding of *what* and *how* managerial actions may have a positive (or negative) influence on salesforce motivation.

One of the widely studied managerial means to shaping and influencing salesperson motivation is the sales control systems (Anderson & Oliver, 1987). Following the seminal work of Anderson and Oliver (1987), most empirical studies have focused on the main effects of behavior versus outcome control. In general it has been found that behavior control is more strongly related to intrinsic motivation, whereas outcome control is more closely associated with extrinsic motivation (Cravens, Ingram, LaForge, & Young, 1993; Oliver & Anderson, 1994). However, an important limitation is that the effects on salesperson motivation of sales control systems have been studied in isolation from one another, which may lead to questionable or even misleading conclusions due to sales control interactive effects (Wang, Dou, & Zhou, 2012). Therefore, more research attention to effects on salesperson motivation of hybrid sales control systems is warranted, especially in the new selling environment (Brown et al., 2005).

Although some researchers have started exploring effects of hybrid sales control systems (Cravens, Lask, Low, Marshall, & Moncrief, 2004; Jaworski, Stathakopoulos, & Krishnan, 1993; Onyemah & Anderson, 2009), notable research gaps remain. For example, both Cravens et al. (2004) and Jaworski et al. (1993) operationalized behavior control and outcome control as categorical variables (high vs. low), which may not adequately account for a variety of complex hybrid control combinations. Therefore, behavior and outcome control should be viewed as continuous

* Corresponding author. Tel.: +1 315 268 3879; fax: +1 315 268 2301.

E-mail addresses: fmiao@clarkson.edu (C.F. Miao), evansk@ou.edu (K.R. Evans).

¹ Tel.: +1 405 325 0100; fax: +1 405 325 3421.

variables when studying sales control interactions (Wang et al., 2012). In this study we advance our understanding of the hybrid sales control strategies in three important ways. First, we treat control systems as continuous variables which would allow us to test for a range of possible interaction effects on salesperson motivation. Second, prior studies yielded inconsistent findings with respect to the effects of hybrid sales control strategies on salesperson performance (Cravens et al., 2004; Jaworski et al., 1993; Onyemah & Anderson, 2009). Because these studies linked sales control combinations directly to sales performance, the mechanisms through which hybrid controls operate remain in a black box. Therefore, investigating intrinsic and extrinsic (I/E) motivation as mediating variables can potentially explain observed patterns of results across studies. A point of departure from previous studies is that we disaggregate I/E motivation into their cognitive and affective dimensions because social psychology (Amabile, Hill, Hennessey, & Tighe, 1994) and recent sales research (Miao et al., 2007) have demonstrated that they have distinct antecedents and consequences. Third, most prior studies of hybrid control strategies do not distinguish between activity control and capability control. Given that activity control and capability control are two distinct dimensions of behavior control which may have differential and even opposite psychological and behavioral consequences (Challagalla & Shervani, 1996; Miao et al., 2007), they should be treated as separate constructs. Outcome–activity control combination and outcome–capability control combination, for example, may have opposite interactive effects on task enjoyment (i.e., an affective dimension of intrinsic motivation). Outcome–activity control combination induces effort attribution, which enhances outcome performance expectancy by fulfilling externally regulated activities (e.g., call rate). Therefore, the loss of autonomy due to external locus of control perceived in outcome–activity control combination may dampen task enjoyment. In contrast, outcome–capability control combination gives rise to strategy/ability attribution, which subsequently redirects salespeople's attention to improving selling abilities/skills for higher performance expectancy. Because capability control enhances perceived competence and outcome control renders a high degree of autonomy, outcome–capability control combination may enhance task enjoyment (Ryan & Deci, 2000).

Drawing on *Attribution Theory*, *Expectancy Theory*, and *Cognitive Evaluation Theory*, we advance and empirically test the theoretical model depicted in Fig. 1. Moderated regressions using a sample of

industrial salespeople provide substantive support for the premise that sales control systems have, above and beyond their main effects, differing interactive effects on I/E motivation, which subsequently affect sales performance and job satisfaction. Moreover, we find that the strength of effects on job outcomes of I/E motivation depends on the percentage of new accounts in the salesperson's customer portfolio. Taken together, these findings offer important theoretical and managerial implications by providing compelling evidence that sales control interactive effects should be considered when studying relationships among sales control systems, salesperson motivation, and job outcomes.

The remainder of this paper is organized as follows. After a review of relevant literature, we develop our hypotheses. We then describe our research method, data analysis procedure and report hypotheses testing results, followed by a discussion of research findings and managerial implications. The paper concludes with its limitations and future research directions.

2. Background literature

2.1. Sales control systems

Sales control systems are the formalized policies, rules, and procedures employed by sales organizations to influence and direct salespeople's motivation and behaviors for desired sales outcomes (Anderson & Oliver, 1987). In their seminal work, Anderson and Oliver identified two types of formal sales control styles: behavior and outcome control. Behavior control requires active management involvement in directing, training, evaluating and rewarding salespeople according to their inputs in the selling process (e.g., number of new customers visited) rather than simply focusing on immediate sales output (e.g., sales quota). In contrast, outcome control uses incentives (e.g., commission) to reward salespeople on the basis of their sales outcome (e.g., sales volume) with minimal management involvement in the selling process. Behavior control can be further disaggregated into activity control and capability control (Challagalla & Shervani, 1996). Activity control requires salespeople to perform a prescribed combination of selling activities deemed important for achieving desirable levels of performance. For example, under activity control salespeople may be required to call a pre-determined number

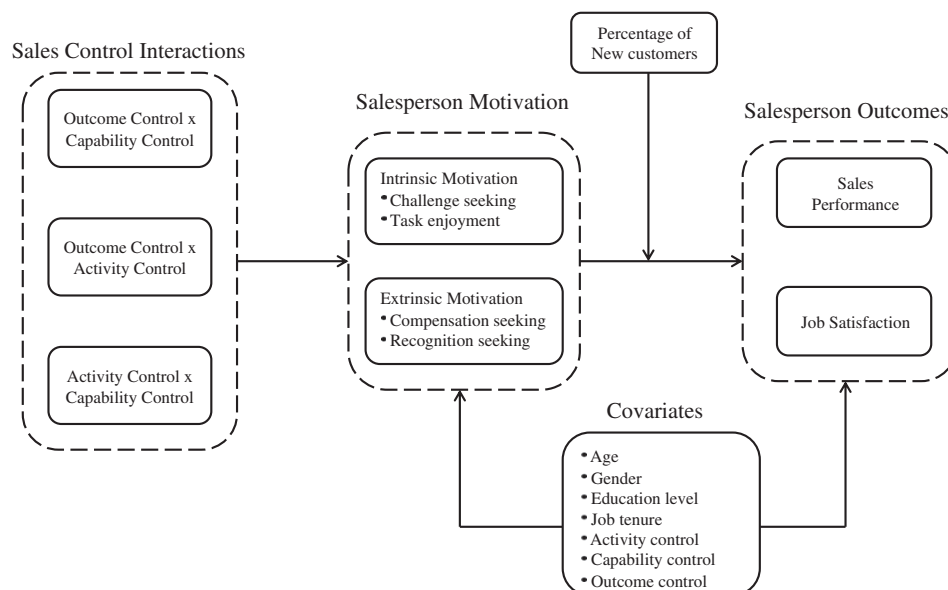


Fig. 1. Sales control interactive effects on salesperson's I/E motivation.

Download English Version:

<https://daneshyari.com/en/article/1017027>

Download Persian Version:

<https://daneshyari.com/article/1017027>

[Daneshyari.com](https://daneshyari.com)