



# The influence of formal and informal sales controls on customer-directed selling behaviors and sales unit effectiveness



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## ABSTRACT

Adaptive selling (AS) and customer-oriented selling (COS) constitute two key customer-directed selling behaviors for the success of the modern sales force. However, knowledge regarding the organizational factors that can induce salespeople to engage in those behaviors is strikingly limited. Against this background, we develop a comprehensive model that delineates the influences of formal and informal sales controls on AS and COS and, through them, on sales unit effectiveness. Based on a sample of sales managers in a major European Union country, we present new evidence that (a) formal and informal sales controls exert differential impact on salespeople's AS and COS behaviors; (b) AS directly and positively influences sales unit effectiveness; (c) COS affects sales unit effectiveness only indirectly, i.e. by fostering AS; and (d) outcome and cultural controls directly improve sales unit effectiveness. We conclude with a discussion of our findings for academics and practitioners.

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## 1. Introduction

Mounting meta-analytic evidence consistently indicates that two customer-directed selling behaviors – that is, customer-oriented selling and adaptive selling – are key success factors for improving sales performance (e.g., Franke & Park, 2006; Jaramillo, Locander, Spector, & Harris, 2007; Verbeke, Dietz, & Verwaal, 2011). Given that both customer-oriented selling (COS, hereafter) and adaptive selling (AS, hereafter) behaviors can be affected by organizational actions (Saxe & Weitz, 1982; Sujaan, Weitz, & Sujaan, 1988; Weitz, Sujaan, & Sujaan, 1986), a logical next step in this line of research would be to explore how organizations can induce salespeople to engage in such behaviors (Franke & Park, 2006; Jaramillo et al., 2007). Surprisingly, however, very few empirical studies have examined the organizational antecedents of COS or AS (e.g., Ahearne, Mathieu, & Rapp, 2005; Guenzi, De Luca, & Troilo, 2011; Schwepker & Good, 2004; Siguaw, Brown, & Widing, 1994). Indeed, the lack of research attention in this area is documented by a recent meta-analysis of AS and COS where no organizational-level antecedent was included (Franke & Park, 2006).

Among the various organizational-level factors that may drive salespeople to engage in COS or AS, sales controls constitute important organizational mechanisms since, by definition, they are designed with the objective of shaping salespeople's selling behaviors (Anderson & Oliver, 1987; Jaworski, 1988). Sales controls are very important for several reasons. They exert a strong influence on a firm's economic performance and its relationships with customers because salespeople operate at the boundaries of a firm (e.g., Albers, Mantrala, & Sridhar, 2010; Krafft, 1999; Palmatier, Scheer, & Steenkamp, 2007). In addition, with regard to the cost structure of many firms, controlling the sales force is vital, since it accounts for the largest portion of marketing personnel and budget (Cravens, Ingram, LaForge, & Young, 1993). Consequently, designing mechanisms for controlling the activities of salespeople is an important area for sales research and practice (Baldauf, Cravens, & Piercy, 2005). Furthermore, there is ample theoretical and empirical evidence pinpointing the importance of controls for improving organizational outcomes (e.g., Anderson & Oliver, 1987; Cravens et al., 1993; Jaworski, 1988).

Noteworthy research on sales management controls over the past two decades includes landmark contributions by Anderson and Oliver (1987), Jaworski (1988), and Challagalla and Shervani (1996). Their work prompted others to conduct further investigation into the consequences of sales control systems, producing a solid body of research. However, recent reviews of the literature on this topic noted that empirical studies led to contradictory or inconsistent findings (Baldauf et al., 2005; Darmon & Martin, 2011; Panagopoulos & Avlonitis, 2008). More specifically, a critical inspection of past studies examining the role that

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**Table 1**

Empirical studies examining the influence of sales control on COS and AS.

Study	Type of sales Control examined	Customer-directed Selling behavior(s) examined	Key findings and limitations
Cravens et al. (1993)	Formal controls	COS	<ul style="list-style-type: none"> <li>Behavior-based control is positively related to the importance of customer orientation to the success of the sales force.</li> <li>Informal sales controls are not considered.</li> <li>AS is not considered.</li> <li>COS is operationalized differently than the original conceptualization of the construct.</li> </ul>
Oliver and Anderson (1994)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control is positively related to a salesperson's "working smarter" (adaptive selling) behaviors.</li> <li>Informal sales controls are not considered.</li> <li>COS is not considered.</li> </ul>
Oliver and Anderson (1995)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control is positively related to a salesperson's "working smarter" (adaptive selling) behaviors.</li> <li>Informal sales controls are not considered.</li> <li>COS is not considered.</li> </ul>
Babakus, Cravens, Grant, Ingram, and LaForge (1996)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control positively influences how well the sales force performs on adaptive selling (which is treated as a dimension of sales force behavioral performance) in the sample of field sales managers but not in the chief sales executive sample.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is not considered.</li> </ul>
Grant and Cravens (1996)	Formal controls	AS	<ul style="list-style-type: none"> <li>Monitoring, evaluating, and rewarding (but not directing) activities positively influence how well the sales force performs on adaptive selling, which is treated as a dimension of sales force behavioral performance.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is not considered.</li> </ul>
Piercy, Cravens, and Morgan (1998)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control positively influences how well the sales force performs on adaptive selling, which is treated as a dimension of sales force behavioral performance.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is not considered.</li> </ul>
Piercy, Cravens, and Morgan (1999)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control (i.e., directing, evaluating, and rewarding – but not monitoring – activities) positively influences how well the sales force performs on adaptive selling, which is treated as a dimension of sales force behavioral performance.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is not considered.</li> </ul>
Baldauf, Cravens, and Piercy (2001)	Formal controls	AS and COS	<ul style="list-style-type: none"> <li>Behavior-based sales control positively influences how well the sales force performs on adaptive selling, which is treated as a dimension of sales force behavioral performance. Also, behavior-based sales control positively influences salespeople's behavioral strategy, which, among other things includes two items measuring customer focus.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is operationalized as two items in a composite measure of sales force behavioral strategy.</li> </ul>
Joshi and Randall (2001)	Formal and informal controls	COS	<ul style="list-style-type: none"> <li>Organizational controls (i.e., second-order factor of output, process, and professional controls) do not directly influence salesperson customer orientation.</li> <li>Formal and informal controls are lumped together and treated as first-order indicators of a second-order construct termed "organizational controls".</li> <li>AS is not considered.</li> </ul>
Baldauf, Cravens, and Grant (2002)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control does not influence how well the sales force performs on adaptive selling (which is treated as a dimension of sales force behavioral performance) in either Australia or Austria.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is not considered.</li> </ul>
Rouziès and Macquin (2003)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control is positively related to a salesperson's "smart selling" (adaptive selling) behaviors.</li> <li>Informal sales controls are not considered.</li> <li>COS is not considered.</li> </ul>
Piercy, Low, and Cravens (2004)	Formal controls	AS	<ul style="list-style-type: none"> <li>Behavior-based sales control positively influences how well the sales force performs on adaptive selling (which is treated as a dimension of sales force behavioral performance) in India and Greece but not in Malaysia.</li> <li>Informal sales controls are not considered.</li> <li>AS is one item in a composite measure of sales force behavioral performance.</li> <li>COS is not considered.</li> </ul>
Schwepker and Good (2004)	Formal controls	COS	<ul style="list-style-type: none"> <li>Ethical climate (a form of process control) positively influences sales force's customer orientation.</li> <li>Informal sales controls are not considered.</li> <li>AS is not considered.</li> </ul>
Evans, Landry, Li, and Zou (2007)	Formal controls	COS	<ul style="list-style-type: none"> <li>Process and capability control (but not output control) positively influences a salesperson's perceptions of her/his firm's customer orientation (i.e., a dimension of psychological climate).</li> <li>Informal sales controls are not considered.</li> <li>AS is not considered.</li> <li>OS is operationalized differently than the original conceptualization of the construct.</li> </ul>

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