



# The influence of an optimal control system on salesperson performance and championing



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## ABSTRACT

In this study, the effect of a deviation from an optimally blended control system on salesperson performance and championing is investigated. Blended control systems represent combinations of many different forms of control, affording sales managers the opportunity to better match a control system with the overall context in which their firm operates, addressing such things as current salesperson, firm, and environmental variables. The extent to which the blended system represents an appropriate match with the overall context, however, is of primary concern. As demonstrated here, deviations from optimal control negatively affect both individual salesperson performance, as well as salesperson championing. In combination, these findings emphasize the importance of understanding a broader picture of salesperson control than is allowed through simple direct effect analysis.

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## 1. Introduction

Effective organizational management requires careful consideration of many interconnected elements of strategy (e.g., Walker & Ruekert, 1987). It is impossible to fully understand the outcomes that a given strategic decision holds for an organization, without an understanding of all the variables at play (Slater & Olsen, 2000; Vorhies & Morgan, 2003). We argue that, in order to arrive at a more complete understanding of sales strategy, it is necessary to examine relationships between many variables simultaneously.

For instance, control systems are one of the most important determinants of the effective management of salespeople. The influence of control on employee job tension and job satisfaction (e.g., Jaworski & Kohli, 1991; Ramaswami, 1996), teamwork and adaptive selling (e.g., Baldauf, Cravens, & Piercy, 2001; Oliver & Anderson, 1994), expertise and competence (e.g., Cravens, Ingram, LaForge, & Young, 1993; Oliver & Anderson, 1994), motivation and performance (e.g., Cravens et al., 1993; Oliver & Anderson, 1994) has been studied extensively. However, much of this research has taken a piecemeal approach studying the relationship between control systems (e.g., behavioral and output) and performance.

In this study, we question the plausibility that control systems exert a direct effect on performance. One of the main weaknesses of previous control studies is they examine one or two variables in isolation. Given the complex nature of the organizational environment, it is more likely that a host of interconnected variables influence the relationship between the control system and performance (Oliver & Anderson, 1995).

Along these lines, we extend existing knowledge of the relationship between managerial sales control and individual performance by taking a holistic approach. Our approach accounts for the influence of multiple moderators of the relationship between control and the outcome variables. In particular, our investigation focuses on how well a control system fits with individual, firm, and environmental characteristics, and how the subsequent fit (or misfit) affects outcomes. As such, fit is conceptualized as the contextual appropriateness of a control system. We assume that a particular managerial control system will be most successful when it fits with other variables (e.g., salesperson past experience, market turbulence, product complexity, managerial empowerment strategy, and selling strategy).

## 2. Configuration theory

To assess control system fit, we use configuration theory. Configuration theory suggests that for each set of strategic characteristics (in this case, control strategy) there exists an optimal set of organizational characteristics that yields the highest performance (Van de Ven & Drazin, 1985). The optimal configurations best represent complex “gestalts” of multiple, interconnected, and mutually reinforcing characteristics that enable the firm to achieve its strategic goals (Vorhies & Morgan, 2003, p. 201). Consistent with this, we take a holistic approach via the identification of gestalts, or optimal configurations, rather than a typical moderation or interaction approach where the effects of only one, or occasionally two, individual moderators are observed. As such, a configuration approach enables us to evaluate fit in terms of many variables simultaneously, rather than just the few feasible with moderation.

Applying configuration theory, we study the effect of the optimal configuration between control and relevant individual, firm,

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and environmental characteristics on two important outcome measures (i.e., individual performance and championing). We focus on individual sales performance and championing for several reasons. First, the primary role of sales management is to drive sales performance (Cron & Levy, 1987). With increased competition, the pressure for salespeople to perform at a high level has intensified. Thus, understanding the relationship between sales management practices like control strategy and performance is essential. Furthermore, increased competition has heightened the need for organizations to continuously evolve and innovate. The significance of formal planning has changed (Floyd & Wooldridge, 1996). In order for effective organizational change to take place, organizational champions (i.e., individuals who persuasively communicate proposals or new ideas within the organization) are essential. Salespeople are well suited to fill the role of organizational champions because they are positioned between management and customers. Salespeople have access to important customer information that could potentially enhance organizational change. Understanding the relationship between sales management control and the likelihood that salespeople will step up and effectively act as champions is important.

To summarize, we employ insights from configuration theory and the control systems literature to consider the relationship between control strategy, individual, firm, and environmental characteristics and its effect on salesperson performance and championing. In Fig. 1, we provide a conceptual model that depicts the importance of fitting control strategy to these other characteristics.

In the remaining sections, we describe the process followed to assess fit. Then, we develop hypotheses and present our empirical study. Finally, we discuss results and offer conclusions and directions for future research.

### 3. Conceptual development and hypotheses

#### 3.1. Description of the process followed to assess fit

A large number of past studies have evaluated holistic relationships between multidimensional phenomena (i.e., researchers have studied the match, congruence, or fit between numerous constructs and the resultant relationship to a dependent variable). The approach for analyzing such phenomena has varied from study to study. Venkatraman (1989) categorized these approaches in terms of

the degree of specificity of the functional form of the fit-based relationship (i.e., high versus low specificity) relative to the number of variables in the fit equation. Venkatraman recommends a particular analytical approach for each category derived on these bases. For instance, if the degree of form specificity is high and few variables are to be included in the equation, *moderation* is the recommended analytical approach to study the effect of fit on a given criterion variable (e.g., performance). However, when many variables are to be included in the fit equation, the researcher will have to decrease the level of specificity. When fit among multiple variables is considered simultaneously and its impact on criterion variables is being investigated, fit should be conceptualized and assessed via *profile deviation*, whereby deviation is the difference between the characteristics represented in the optimal case versus the remaining cases (Venkatraman, 1989). Thus, in our case, fit is operationalized as the degree to which the firm's profile (across a number of individual, firm, and environmental characteristics) differs from that of the optimal organization that has been identified as a superior performer.

Taking a configuration theory approach requires the considerate selection of the characteristics to be used to calibrate the optimal profile as well as the identification of high performers. According to the literature, the optimal profile may be identified either theoretically or empirically (e.g., Venkatraman, 1990); however, it is often unlikely that the past literature supports the assessment of this theoretically. Therefore, it is common to approach the identification of the profile empirically. Thus, in our study, this approach requires (1) the identification of cases with high performing firms implementing a given control strategy, (2) the identification of characteristics with which fit to control strategy will be important, and (3) the calibration of the important characteristics of the high performers as the optimal against which others will be measured (see Venkatraman & Prescott, 1990 for a detailed review of these steps).

#### 3.2. Determination of the characteristics to be included in the profile

We initially measured a number of characteristics for possible inclusion in our profile. As noted, these characteristics came from three broad categories: 1) individual (i.e., age and past sales experience), 2) firm (i.e., relationship selling strategy, empowerment strategy, and

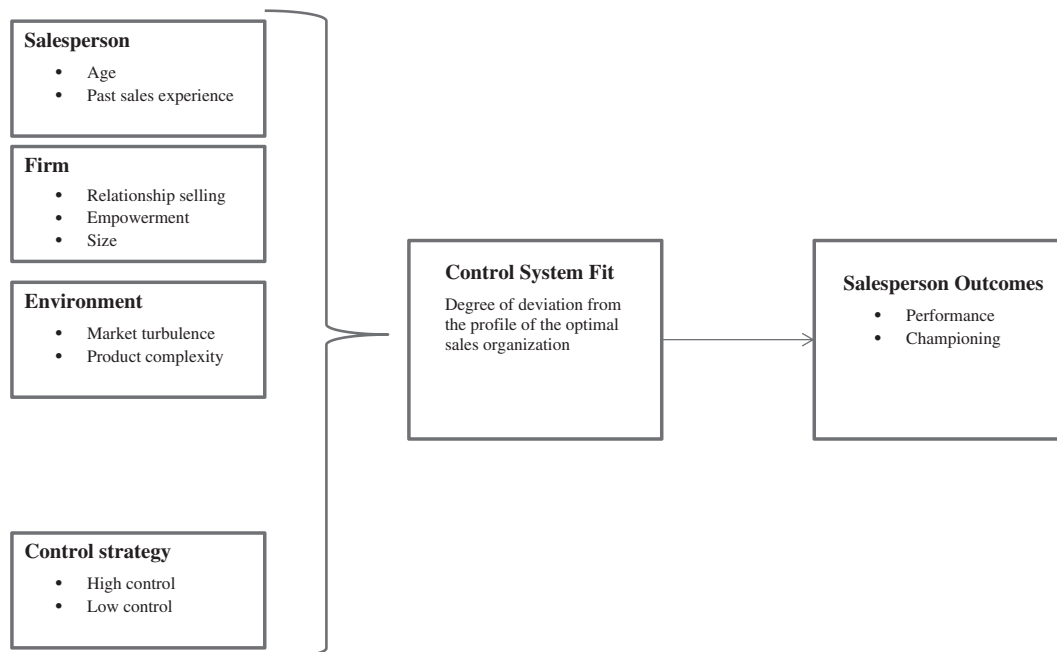


Fig. 1. The effect of sales control strategy fit with salesperson, firm and environmental characteristics on salesperson outcomes.

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