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Sales management control level and competencies: Antecedents and consequences

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ABSTRACT

The pursuit of superior salesperson performance and higher levels of sales organization effectiveness is a growing management priority. Management control is an important antecedent to several aspects of salesperson performance and organizational effectiveness. However, prior research has neglected two important issues. First, the impact of market orientation on sales manager control approaches has not been previously considered. Second, sales manager competencies in behavior-based control have not been examined, as research has focused on the level and form of control. Market orientation and the critical sales skills required of salespeople have strong antecedent relationships with sales manager control. Also, sales manager control competencies play a significant role in shaping salesperson performance, and the impact of control competencies is larger than control level. Sales manager control competencies play an important mediating role between sales manager control level and salesperson performance and sales organization effectiveness. Our findings are based on a study of British companies in which five hundred sales managers were sent surveys and 300 usable responses (a response rate of 60%) were returned. Three important implications derived from this study include: (1) sales managers need to translate market orientation into sales force behaviors; (2) control strategy should be aligned with sales force priorities; and (3) time and resources should be invested in training sales managers.

1. Introduction

In business-to-business marketing and selling, several factors mandate continued attention to the effective management of sales organizations. The traditional tactical role of selling is being transformed in many companies to the strategic responsibility for building and sustaining profitable customer relationships in target markets (Piercy, 2006). The strategizing of the sales organization is underlined by the growth in direct, Internet-based channels for routine order-taking and processing, and the trend to outsourcing many traditional sales functions (Anderson & Trinkle, 2005), focusing the company's sales organization on strategic customer relationships. The growing importance of effectively managing business-to-business customer relationships has been shown in the shift in many companies to more collaborative and relationship-based forms of selling (Weitz & Bradford, 1999).

The escalating costs of sales and account management (e.g., see Galea, 2005) are reinforced by the shift in resources in many organizations from marketing to sales, as executives realise that sales activities are increasingly crucial to attaining many of the top priorities of marketing and business strategy. In many companies, growing channel power has been associated with reduced marketing spending in areas like brand development and communications, accompanied by greater investment in the sales force and key account management (Webster, Malter, & Gavesan, 2005).

There is thus considerable interest in investigating the sources of superior salesperson performance and sales organization effectiveness, and particularly the impact of the sales manager on those outcomes. Management control is a key dimension of running a sales organization. Sales management control spans a continuum from behavior-based control to outcome-based control. Behavior-based control involves closely managing the day-to-day behavior of salespeople as they carry out their job responsibilities, while outcome control encourages and rewards salespersons' results, such as sales volume, profit contribution, and related outcomes. Research suggests that behavior-based control is associated with several important attributes associated with superior salesperson characteristics and performance characteristics (Baldauf, Cravens, & Piercy, 2005).

Importantly, there are two areas largely neglected by prior research, which are of managerial relevance. Firstly, while considerable research attention has been devoted to the practice of behavior-based control by sales managers, this research has primarily examined the *level* of control activities, or the *form* of control exercised by managers. No published research has considered the related issue of *how well* managers carry out behavior-based control activities. For these reasons, the study introduces the issue of sales manager behavior-based control competencies,

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alongside the more conventional construct of sales manager behavior-based control level. The research examines not simply how much control is exercised by sales managers, but how well it is exercised.

Secondly, little attention has focused on the organizational antecedents to effective behavior-based control. In particular, in spite of the large volume of research concerning market orientation, little consideration has been given to the links between market orientation and sales management control approaches and priorities. This question is addressed by examining the relationship between market orientation and sales manager behavior-based control.

First, we develop our research model and hypotheses, and then describe the research study. This is followed by a review of the analysis and results, leading to a discussion of conclusions. The additional insights to the sales management control research stream generated by this study lead to a number of provocative findings and new directions of interest both to researchers and to executives.

2. The model and hypotheses

The core focus of the study is sales manager behavior-based control (Fig. 1). However, we suggest that market orientation will be an important organizational antecedent to sales manager control. The study examines sales manager behavior-based control level, as it has been addressed in prior research, but also introduces the constructs of critical sales skills and sales manager behavior-based control competencies. The model examines the consequences of control level and competencies for salesperson behavior and outcome performance, and for sales unit effectiveness. The logic for the proposals is discussed below.

2.1. Market orientation

Market orientation relates to the firm's desired level of company-wide concern and responsiveness to customer needs and competitive actions (Kohli & Jaworski, 1990; Narver & Slater, 1990). The construct indicates the extent to which the marketing concept has been adopted as a business philosophy (Jaworski & Kohli, 1993). Market orientation can be considered as a set of behaviors, activities and cultural norms that emphasize customers, competitors, and strong inter-functional coordination (Brown, Mowen, Donavan, & Licata, 2002; Hurley & Hult, 1998; Zhao & Cavusgil, 2006). Interests in market orientation have moved increasingly from issues of definition and measurement to those of implementation, and particularly the link between market orientation and the attitudes and behaviors of people employed in the organization (Narver, Slater, & Tietje, 1998; Piercy, Harris, & Lane, 2002).

In examining the impact of market orientation on the sales organization, Siguaw, Brown and Widing (1994) argue strongly that the firm-level behaviors incorporated in the market orientation construct indicate the level of meaningful support provided to salespeople, the capability of salespeople to provide superior value to customers, and guidelines for salesperson conduct. They argue for a strong correspondence between the market orientation desired as a firm level, and the market orientation displayed by the salesforce. Certainly, market orientation has been associated with a number of positive salesperson attitudes and behaviors (Siguaw et al., 1994), and customer orientation has been widely considered as an important salesperson characteristic.

However, while market orientation has been widely studied in the marketing literature, and to a lesser extent in prior sales research, we have been unable to locate any previous studies concerning the relationship between market orientation and sales management control. In particular, prior research does not appear to have examined the impact of market orientation on sales manager control priorities, behaviors and corresponding competencies. Nonetheless, prior research suggests the advantages of a strong linkage between sales management strategy and a company's overall competitive strategy (Olson, Cravens, & Slater, 2001), and a similar logic should apply to market orientation.

2.2. Sales manager control strategy

Conventionally, the purpose of management control in organizations is considered to be the direction and influence of the attitudes and behaviors of participants to achieve the organization's objectives (Eisenhardt, 1985; Jaworski, 1988; Ouchi, 1979). A recent review of control in the sales literature (Baldauf et al., 2005) suggests that a general consensus exists in sales research around the Anderson and Oliver (1987) view of control as the extent of salesperson monitoring, directing, evaluating and rewarding activities by sales managers.

2.2.1. Behavior-based control level

Importantly, Anderson and Oliver (1987) provide a basis for distinguishing between behavior- and outcome-based control. They define behavior-based control in terms of (1) specific sales management activities, and (2) the extent to which managers perform these activities. Behavior-based sales management control is associated with high levels of sales manager monitoring, directing, evaluating and rewarding activities, and performance evaluation centered on the salesperson's job inputs (Oliver & Anderson, 1994). Outcome-based control typically relies on higher levels of salesperson financial incentives, and more limited sales manager control activities. Behavior-based control has been shown to be an antecedent to a number of favourable salesperson attitudes and behaviors (Baldauf et al., 2005). There is support for the proposal that higher levels of non-selling priorities for the sales force are associated with the adoption of behavior-based control systems (Anderson & Onyemah, 2006).

Siguaw et al. (1994) propose that an important aspect of implementing market orientation is to influence salespeople to adopt the chosen orientation in their selling efforts. We propose that market orientation provides an important organizational antecedent relating to sales manager control. Support for our logic comes from the Siguaw et al. (1994) argument that market orientation defines desired salesperson behavior with customers, and the related

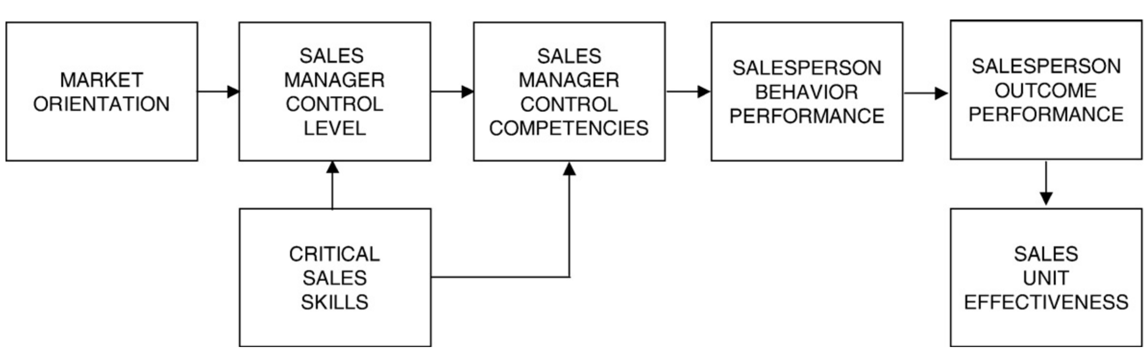

Fig. 1. Sales manager control model.