Chapter 3
REVIEW OF LITERATURE

This chapter presents a brief description of salesforce control system, its framework, antecedents and consequences, followed by the identification of research gap. The chapter covers most of the important work done relating to salesforce control system. Effort has been made to include more relevant and latest studies.

3.1 Framework of Salesforce Control System

Anderson and Oliver (1987) defined salesforce control system as an organization’s set of procedures for monitoring, directing, evaluating and compensating its employees. They proposed a framework for selecting an appropriate salesforce control system. Taking inference from economic theories of control (transaction cost analysis and agency theory), organization theory, and cognitive psychology, they proposed that salesforce control system has an effect on salesperson cognitions and capabilities, affects and attitudes, motivation, behavioral strategies and performance.

Cravens, Ingram, LaForge and Young (1993) converted propositions by Anderson and Oliver (1987) into specific hypothesis and tested them empirically. They divided salesforce control system into two dimensions: (1) the extent of monitoring and amount of direction by field sales managers called as FMSC (Field Sales Management Control), (2) Salesforce compensation, called as CC (Compensation Control). In their study on 144 chief sales executive, they analyzed the effect of salesforce control system on salesforce characteristics, salesforce behavioural and outcome performance and sales organization effectiveness.

Oliver and Anderson (1994) themselves converted their propositions into specific hypotheses and analyzed the consequences of salesforce control system on 347 salespeople. Later on the studies by Babakus, Cravens, Grant, Ingram and LaForge (1996) as well as Piercy, Cravens and Morgan (1999) analyzed the relationships among salesforce control system, sales territory design, salesforce performance and sales organization effectiveness.
3.2 Antecedents of Behaviour based Salesforce Control System

Ouchi and Maguire (1975) examined the conditions that lead to the use of behaviour based control. In their study in 5 retail department stores owned by two midwestern companies, they found that greater task interdependence, routine in the managers' work, manager's knowledge of the tasks of his subordinates and familiarity of managers' supervisor with the performance of subordinates are positively associated with emphasis on behavior control. While higher hierarchical level of the managers is negatively related to behavior control.

Taking into account the perspectives of organization theory and agency theory, Eisenhardt (1985) attempted to relate task characteristics, information systems and uncertainty to the use of behaviour based and outcome based control. The result of the study on retail salespeople in 54 stores reveal that more task programmability and high cost of outcome measurement is strongly related to the use of behaviour based control.

In an important work on salesforce control system Jaworski (1988) gave following proposition regarding the antecedents of behaviour based control system: The greater the knowledge of the transformation process, the greater the use of process controls.

Eisenhardt (1989) in her review of agency theory emphasized that task programmability, information systems, outcome uncertainty, risk aversion of the agent and the length of the agency relationship are positively related to behavior based control system.

Jaworski and MacInnis (1989) considered the relationships among two characteristics associated with senior marketing positions (procedural knowledge and performance documentation) and management controls. Analyzing data of 379 senior marketing executives, they found that procedural knowledge is associated with the use of process controls.

Stathakopoulos (1996) developed a comprehensive model of salesforce control in which outcome observability (a key construct from organization theory), behavior observability (a key construct from agency theory), TSA (a key construct from TCA theory), and task programmability (a key construct in all three theories) together determine the design of salesforce control system. They emphasized that when task
programmability, outcome observability, behavior observability and transaction specific assets (TSA) are high, behavior based control is likely to be used.

Ramaswami (1996) in their study on 318 U.S.-based members of the American Marketing Association (AMA), found that when procedural knowledge is high, process control is associated with lower dysfunctional behavior while availability of performance documentation does not have an effect on the relationship between process control and dysfunctional behavior. These findings indicate that procedural knowledge mitigates the effects of controls on dysfunctional behaviours of employees.

Joseph and Thevaranjan (1998) examined the role of monitoring as well as incentives in the design of salesforce control systems. Monitoring was interpreted in a similar way as the elements of behavior based control described by Anderson and Oliver (1987). They emphasized that when marginal cost of risk tolerance and the importance of internal activities increases, the firm prefers monitoring/behaviour based control.

Taking insights from agency theory and transaction cost analysis, Manfred Krafft (1999) analysed the impact of environmental, company, and salesperson characteristics on the design of salesforce control systems. The analysis of 270 chief sales executives of German salesforces gave following results: (1) Environment Variables: Environmental uncertainty and customers per salesperson were found to have a positive impact on the use of behavior control systems, (2) Company Variables: Knowledge of transformation process, outcome measurement inadequacy and measurability of behaviour have a positive impact on the use of behaviour based control system while size of the salesforce was negatively related negatively to the use of behavior based control. Management's willingness to assume risk was not related significantly to the use of behaviour based control system, (3) Salesperson Variables: Higher amount of minimum utility required by salespeople was found to have a positive impact on the use of behaviour based control system. Transaction-specific assets and risk aversion of salespeople were not related to the use of behavior based control. Overall the research showed that environmental and company factors play a much more important role in the design of control systems than salesperson characteristics.
Ramaswami (2002) examined the impact of salesforce control system on opportunistic behaviors of salespeople. Analyzing data of 155 U.S. based members of American Marketing Association, he found that the use of behavior control is positively related with performance documentation. This finding can be justified on the basis of logic that when performance documentation is available, then supervisors can see what salespeople are doing and they can monitor salespeople activities and provide feedback on how they can improve their performance.

Lapierre and Skelling (2005) examined the influence of salesperson and sales manager on the salesforce control system used by high-tech industries. Analyzing data of 200 managers from computer and electrical industry in Canada, they found that radical innovation, salesperson’s specific investments, information availability, sales manager’s activity allocation and sales manager’s contract formality are good predictors of behavior based control system. These findings reveal that both salesperson and sales manager characteristics have an influence on the design of salesforce control system.

Analyzing data of 108 sales and human resource managers of Spanish firms, Verano-Tacoronte and Melia´n-Gonzalez (2008) found that when uncertainty and risk aversion of salespeople is high, salespeople will achieve better outcomes if behavior based salesforce control system is used rather than outcome based control.

Mallin, Asree, Koh, and Hu (2010) empirically tested an integrated framework investigating the antecedents to managerial trust and sales control in Malaysian salesforce. They found that the sales manager’s knowledge of the salesperson was positively related to the use of behaviour based salesforce control system.

Exploring the important phenomena of interpersonal identification, Ahearne, Haumann, Kraus, and Wieseke (2013) in their study on 285 sales managers and 1,528 salespeople, found that if the salesperson’s interpersonal identification with the sales manager is stronger than the sales manager’s identification with the salesperson, behavior based control is preferable for customer satisfaction and sales performance as dependent variables.

The review of the studies revealed that high level of task programmability, high cost of outcome measurement, behaviour and outcome observability, risk aversion and
outcome uncertainty are the most important antecedents of behaviour based salesforce control system.

3.3 Antecedents of Outcome based Salesforce Control System

Ouchi and Maguire (1975) examined the conditions that lead to the use of outcome based control. The study on 5 retail department stores revealed that there is a strong tendency for managers to emulate their superiors in the use of output control. If a department manager receives a great deal of output control from the assistant store manager, then he will use a great deal of output control on his subordinates. As for the perception of output control received, the subordinate feels that the higher his level and the larger the company, the more output control he will receive; and the more complex his job, the less output control he will receive.

Ouchi (1977) uncovered the relationship between structure and control. In their study on 78 full-line, non-discount, retail department store companies located in United States, they revealed that nonroutine and unanalyzable tasks, higher clientele income and completeness of output measures in sales volume is associated positively with use of output control. While availability of formalized rules and procedures to specify behaviour and larger training staff is negatively associated with the use of output control.

Task programmability is the degree to which sales managers can specify to salespeople as to what selling and nonselling activities they should engage in so that they achieve a desired outcome (Eisenhardt 1985; Ouchi 1977). Eisenhardt (1985) in their study on retail salespeople of 54 stores revealed that less task programmability is positively related with the use of outcome based control.

Jaworski (1988) gave an important proposition regarding the antecedent of outcome based control system. The proposition is as follows: The greater the ability to measure individual work output, the greater the use of output control.

In her review of agency theory, Eisenhardt (1989) stated that goal conflict between principal and agent and outcome measurability is positively related to outcome based control.
Performance documentation is the degree to which documents are available to measure an employee's performance. Jaworski and MacInnis (1989) analysed the relationships among procedural knowledge, performance documentation) and salesforce controls. The study on 379 senior marketing executives showed that performance documentation is positively related with the use of output control.

In their study on 318 U.S.-based members of the American Marketing Association (AMA), Ramaswami (1996) they found that output control is associated with lower dysfunctional behavior when procedural knowledge is high while availability of performance documentation does not have an effect on the relationship between output control and dysfunctional behavior.

Rouziès and Macquin (2002) examined the role of culture on sales personnel governance structures. Analyzing data of 232 European salespeople (Latin countries - France, Italy, and Spain and Anglo and Germanic countries - Germany, Great Britain), they found that culture has a strong effect on salespersons' use of smart selling techniques while they found no significant interaction effect between culture and salesforce control systems.

Examining the impact of salesperson and sales manager characteristics on salesforce control system, Lapierre and Skelling (2005) in their study on 200 managers in Canada found that development of more new products, salesperson’s freedom and extrinsic motivation are predictors of an outcome based system.

Analyzing data of 94 sales managers, Mallin, Asree, Koh and Hu (2010) found that goal congruence was positively related to trust and to outcome based salesforce control system but not to behaviour based salesforce control system. This may be because when manager’s trust in salespeople is low, then they feel that there is a need to monitor, supervise and report salespeople activities in order to reduce uncertainty. The study also revealed that salesperson past outcome performance was positively related to the use of outcome based salesforce control system.

Ahearne, Haumann, Kraus and Wieseke (2013) explored important phenomena of interpersonal identification in the sales manager–salesperson dyad. Analyzing data of 285 sales managers and 1,528 salespeople and using multilevel polynomial regression approach to test the hypotheses, they found that when the level of interpersonal
identification congruence is high, outcome based control is beneficial for both customer satisfaction and sales performance.

The review of studies showed that non routine and unanalyzable tasks, outcome measurability and salesperson’s freedom and extrinsic motivation are the most important antecedents of outcome based salesforce control system.

3.4 Consequences of Salesforce Control System

Measuring salesforce control system on dimensions of FMSC (Field Sales Management Control) and CC (Compensation Control), Cravens et al (1993) in their study on 144 chief sales executives found that behavior based system is positively associated with professional competence, team orientation, planning orientation, sales support orientation, customer orientation, risk aversion and recognition motivation.

In their analysis of 347 salespeople, Anderson and Oliver (1994) revealed that behaviour control philosophies are related to commitment, acceptance of authority, teamwork and review, a lack of extrinsic motivation, a greater interest in serving the agency, participative decision making, less use of pay as a control mechanism, and an innovative and supportive culture.

Piercy, Cravens and Morgan (1999) investigated the impact of salesforce control system on sales territory design, salesforce performance and sales organization effectiveness. Their study on 144 field sales managers revealed that behavior based salesforce control system is positively related with satisfaction with sales territory designs and higher behavioural and outcome performance of salespeople.

Analyzing the impact of salesforce control system on sales territory design, salesforce performance and sales organization effectiveness, Babakus et al (1996) in their study on 58 chief sales executives and 146 sales managers found that the greater extent of behaviour based sales management control is associated with more satisfaction of sales managers with their field unit designs and performance of salespeople in their units.

Various consequences of salesforce control system such as salesforce performance, salesforce characteristics and sales organization effectiveness are discussed below.
3.4.1 Salesforce Performance

Salesperson performance is defined as an evaluation of the salesperson’s behavior contributing to achieving the organization’s objectives (Churchill, Ford, Hartley & Walker, 1985). Some studies have categorized salesforce performance into behaviour performance and outcome performance. Behaviour performance which focuses on the behaviors carried out by salespeople and while outcome performance focuses on the results achieved by salespeople (Jaworski and Kohli, 1991).

3.4.1.1 Salesforce Behavior Performance

Behavior performance refers to those activities with which salespeople are involved in performing their job responsibilities (Baldauf, Cravens and Grant, 2002). The components of behaviour performance are adaptive selling, technical knowledge, teamwork, sales presentation, sales planning and sales support (Cravens, Piercy and Low, 2006). It is more important for sales managers to measure behavior performance because salespeople have more control over their behaviours than the results they achieve (Piercy, Low and Cravens, 2004a). Earlier, salesperson performance was assessed using sales results, but now sales managers are placing more emphasis on behavior performance as they recognize the importance of customer relationship building activities of salespeople and their sales results (Piercy, Low and Cravens, 2004a).

Various studies have disaggregated behavioral performance into two salesforce nonselling behaviour performance and salesforce selling behaviour performance (Cravens et al., 1993; Piercy et al., 1997) and have analyzed the impact of salesforce control system on it.

- **Salesforce nonselling behavioral performance**: Salespeople often perform certain activities that are not directly related to generating sales, at least in the short run (Cravens et al, 1993). Examples of these activities are "providing information" and "controlling expenses" as mentioned in the Behrman and Perreault (1982) scale. The performance of these non-selling activities may be important because they can be directly related to the effectiveness of the sales organization (Cravens et al, 1993). In study by Piercy et al. (1997), the
nonselling performance comprised of teamwork, adaptiveness, sales planning and sales support.

- **Salesforce selling behavioral performance**: Examples of these activities are "using technical knowledge" and "making sales presentations" as mentioned in Behrman and Perreault (1982) scale.

### 3.4.1.2 Salesforce Outcome Performance

Outcome performance is a distinct dimension of performance that considers the results that the salesperson generates (Piercy, Low and Cravens, 2004a). Salespeople can control their job activities (behavior) more directly than their results, but they produce results with their activities. Outcome performance is an assessment of the results that can be attributed to the salesperson (Piercy, Low and Cravens, 2004a). Outcome performance can be measured in terms of sales, sales growth, market share or new customers (Cravens, Piercy and Low, 2006). The scale by Behrman and Perreault (1982) addresses salesforce outcome performance through the “achieving sales objectives” dimension.

Anderson and Oliver (1987) proposed that, “In control systems that are more behavior-based than outcome-based, individual salespeople will come closer to achieving the sales agency's goals and to serving customer needs, but will perform more poorly on traditional output measures of individual-level performance”.

Behrman and Perreault (1984) proposed an integrative model of the antecedents and consequences of salesforce role stress, with particular emphasis salesforce performance and satisfaction. In their study on 196 industrial salespeople found that performance is negatively affected by role ambiguity suggesting that uncertainty on the part of salesperson about what needs to be done in the selling job and how it should be done has a deleterious impact on reported performance. One of the very interesting finding is that the conflict is positively related to performance.

### 3.4.1.3 Behaviour based Salesforce Control System and Salesforce Behaviour Performance

Investigating the relationship between salesforce behavioral performance and two dimensions of control: Field sales manager control (FSMC) and compensation control
(CC) on 144 sales organizations, Cravens et al (1993) found limited support for the direct effect of CC on the "providing information" dimension and negative indirect effect of FSMC on the "providing information" dimension of salesforce non-selling behavioral performance. These findings suggest complex relationship between behaviorally oriented FSMC and CC and salesforce non-selling behaviour performance. Their findings highlight the important role of field sales managers and fixed compensation in improving the salesforce behaviour performance. Oliver and Anderson (1994) stated that salespeople working under behavior control will outperform their outcome-control counterparts when performance is measured on inputs.

Examining the relationship among salesforce control system, behaviour and outcome performance and sales organization effectiveness, Babakus, Cravens, Grant, Ingram and LaForge (1996) in their study on 58 chief sales executives and 146 sales managers in Australia found that behaviour based control has an impact on salesforce behaviour performance.

In the study of 146 Australian field sales managers, Grant and Cravens (1996) found that outcome performance of salespeople is positively related with technical knowledge, adaptive selling, teamwork, sales presentation, sales planning, and sales support performance of salespeople. They also found that high amount of monitoring, directing, evaluating, and rewarding activities of sales managers is associated with high behavior and outcome performance. These results reveal that higher behaviour and outcome performance of salesforce is positively associated with behavior-based salesforce control system.

Exploring the relationship between behaviour based salesforce control systems and outcome based salesforce control systems, Piercy, Cravens and Morgan (1998) in their study on 144 field sales managers of 62 companies in U.K. found a positive relationship between behaviour based salesforce control system and behaviour performance.

Baldauf and Cravens (1999) in their study on 159 field sales managers from 79 Austrian companies found that organizations employing behavior based control give importance to both behavior and outcomes in evaluating their performance.
Collecting data from chief sales executives in Austria and U. K., Baldauf, Cravens and Piercy (2001a), found that behavior based control was positively related to salesperson behavior performance in Austrian sample but not in U. K. sample. This may be because of the cultural differences between the two countries as Austria is more collectively orientated while the United Kingdom focuses more on the individual (Baldauf, Cravens and Piercy, 2001a; Hofstede, 1997).

Baldauf, Cravens and Piercy (2001b) examined the effect of various variables on organization effectiveness. Analyzing data of 159 Austrian field sales managers from 60 companies and 142 field sales managers from 62 companies of U.K., they found that salespeople working in behaviour based control system show higher behaviour performance in terms of technical knowledge, sales support, adaptive selling, teamwork and sales planning of salespeople.

In their study on 174 field sales manager in Austria and Australia, Baldauf, Cravens and Grant (2002) found a lack of direct relationship between behaviour based control and behavior performance. Although the study indicated an indirect effect of salesforce control system on salesperson behavior performance through salesperson characteristics.

Fang, Evans and Zou (2004) in their study of 290 salespeople in U.S. and 247 salespeople in China, found that when goal-specificity is low, activity control has a significant, positive relationship with behavior performance.

Piercy, Low and Cravens (2004a) examined the effectiveness of salesforce control activities in their study on field sales managers in Greece, India and Malaysia. They found that behavior based control system has a direct impact on salesperson performance and the greater extent of behavior control was found to be associated with higher behavior performance in Greece sample of their study.

Piercy, Low and Cravens (2004b) in their study in Greece, India and Malaysia, found that behavior control has a positive impact on behavior performance.

In the study on 1000 field sales managers in 8 countries (Austria, Greece, Bahrain and Saudi Arabia, India, Israel, Malaysia, Nigeria, and U.K.), Cravens, Piercy and Low (2006) indicated that behavior based control and behavior performance are positively
related across all the countries except in Malaysia where the relationship was not found to be significant.

Theodosiou and Katsikea (2007) investigated the impact of behavior based control on the performance of export sales managers. In their study on 210 exporters in U.K., they found that behavior based control system has a positive effect on behavioral performance of export sales managers.

In their study on 300 sales managers in U.K., Piercy, Cravens and Lane (2009) examined the impact of control level and competencies on salesperson performance and sales unit effectiveness. The findings of the study showed that salesperson behavior performance is strongly related to sales manager behaviour based control level. The study also showed positive relationships between behavior performance to outcome performance and from outcome performance to sales unit effectiveness.

Onyemah and Anderson (2009) investigated how inconsistencies among the perceived elements of a salesforce control system influence salesperson performance. Their study on 1,290 salespeople in 30 companies revealed that the “degree of behavior control” is negatively associated with salesperson performance.

Küster and Canales (2011) examined the effect of compensation system and control system on individual performance and sales organization effectiveness. The findings of the study showed that companies with a compensation system based on a fixed salary use behavior control more than companies with a compensation system based on commission. It also showed that salespeople who receive a greater proportion of their pay as a fixed salary give better individual performance and are more effective than those paid largely by commission. These findings show a positive relationship between behaviour based control system and sales performance.

Kim and Tiwana (2014) investigated how formal control influence salesforce performance in the presence of input control and informal control in a salesforce control portfolio. The study on 120 apparel manufacturers and 94 retailers in South Korea indicated that process control when preceded by high input control improves salesforce performance. These findings indicate a positive relationship between behaviour based control and salesforce performance.
The review of the studies suggests that behaviour based salesforce control system is positively related to behaviour performance. It is because under this control philosophy, sales managers communicate and collaborate with salespeople to assist them in performing their jobs.

3.4.1.4 Behaviour based Salesforce Control System and Salesforce Outcome Performance

Anderson and Oliver (1987) proposed that under behavior based control, salesperson outcome performance will be lower as compared to outcome based control. The logic behind this association is that as behavior based salesforce control focuses on long-term results for the organization, it may have a negative effect on the short-term outcome performance of salespeople (Baldauf, Cravens and Grant, 2002).

The results of the study by Cravens et al (1993) indicate a positive relationship between behaviourally oriented Field sales manager control (FSMC) and compensation control (CC) and achieving sales objectives performance. The findings also show the positive impact of behaviour based salesforce control system on salesforce outcome performance through their relationships with salesforce characteristics and behavioral performance.

Babakus et al. (1996) in their study on from 58 chief sales executives and 146 sales managers in Australia, found that outcome performance is influenced by behaviour based salesforce control system. The study also revealed that behaviour based salesforce control system is related with more satisfaction of sales managers with salespeople performance in their units.

Examining salesforce performance in organizations that use behavior-based salesforce control system, Grant and Cravens (1996) in the study on 146 sales managers from 58 companies in Australia found that outcome performance is lower when the extent of behaviour based control is low. This indicates a positive relationship between behavior based control and salesforce outcome performance.

In their analysis of organization effectiveness on 144 field sales managers in U.K., Piercy, Cravens and Morgan (1997) found that more effective sales organizations pay salary in the range of 75-95 per cent of total compensation, place more emphasis on coaching and communicating to help salespeople develop their potential and
evaluating salespeople on the quality of their sales presentations and their sales results, are characterized by high salesperson motivation, sales support, and customer orientation and higher level of outcome performance. These findings stress on the fact that more effective sales organizations utilize behaviour-based control which leads to higher behaviour and outcome performance.

Exploring the relationship between behaviour control and salesforce performance, Piercy, Cravens and Morgan (1998) in their study on 144 field sales managers found that behaviour based salesforce control system is positively related with outcome performance.

Highlighting the role of behaviour based control, Piercy, Cravens and Morgan (1999) in their study on 144 salespeople revealed that when behaviour based control system is used, managers expect salespeople to perform well on both behaviour performance and outcome performance.

Examining relationship between salesforce control system and salesforce performance, Baldauf, Cravens and Piercy (2001a) in their study on chief sales executives in Austria and U.K., found no direct effect of behavior based control on salesperson outcome performance in both the countries.

Examining the effect of various variables on sales organization effectiveness, Baldauf, Cravens and Piercy (2001b) in their study on 159 Austrian field sales managers from 60 companies and 142 field sales managers from 62 companies of U.K. found that outcome performance and behaviour based control are significantly correlated.

Piercy, Low and Cravens (2004a) found that managers’ monitoring, directing, and evaluating activities play an important role in driving salesperson’s outcome performance. Piercy, Low and Cravens (2004b) found that behavior control indirectly influences effectiveness through behavior performance and outcome performance. These findings indicate that outcome performance is affected by behaviour based salesforce control system.

In the study on 1000 field sales managers in 8 countries (Austria, Greece, Bahrain and Saudi Arabia, India, Israel, Malaysia, Nigeria, and U.K), Cravens, Piercy and Low (2006) found positive relationship between behavior based control and outcome
performance across all the countries except India and the Gulf States which did not display significant relationship.

Katsikea, Theodosiou and Morgan (2007) examined the relationships among salesforce control system, territory, psychic distance, sales performance, and sales organization effectiveness in an export-marketing context. Their study on 146 exporters found no significant impact of behavior based salesforce control on outcome performance of export sales managers.

Analyzing the impact of salesforce control system on salesforce motivation and salesforce performance, Miao, Evans and Zou (2007) found that activity control does not have a significant direct impact on outcome performance while capability control has a negative direct impact on outcome performance.

Verano-Tacoronte and Melía’n-González (2008) examined the relationship between control system and firm outcomes. In their study on 108 sales and human resource managers in Spanish firms, they found firm outcomes in terms of product knowledge, sales call planning and sales presentation skills to be directly related to behavior based salesforce control system.

Saldanh, Hunt, and Mello (2013) proposed a model including a combination of formal and informal controls to improve driver’s operational performance. The results of the study suggest that activity control directly affects operational performance and indirectly affects market performance through its effect on operational performance.

In their meta-analysis, Crosno and Brown (2014) suggested that process control is more positively associated with relationship quality than process monitoring. The findings also indicated that process control is more strongly and positively associated with performance and relationship quality within organizations than between them.

The review of the studies report mixed associations between behavior based control system and salesforce performance. But the support is strongest for a positive relationship between behavior based salesforce control system and salesperson outcome performance (Cravens et al 1993; Grant and Cravens 1996; Piercy, Cravens and Morgan 1998; Baldauf, Cravens and Piercy 2001b; Piercy, Low and Cravens 2004a; Cravens, Piercy and Low 2006; Verano-Tacoronte and Melía’n-González 2008). This is contrary to Anderson and Oliver (1987) proposition as they proposed
that salespeople working in behaviour based system will perform poorly on outcome measures of performance.

3.4.1.5 Outcome based Salesforce Control System and Salesforce Outcome Performance

Higher incentive pay encourages salespeople to pursue short-term sales opportunities. This is because as the percentage of incentive in the total pay increases, it motivates salespeople to perform well on the basis of outcomes (Churchill and Pecotich, 1982). The study by Jaworski and Kohli (1991) on 150 salespersons of European car manufacturer, showed that positive output feedback has a strong effect on performance. This finding indicates the positive role of outcome based salesforce control system in influencing performance. Findings by Cravens et al (1993) suggest that emphasis on fixed compensation is directly related to outcome performance.

Oliver and Anderson (1994) stated that salespeople working under outcome based control will out-perform their behaviour control counterparts when performance is measured on outputs. Oliver and Anderson (1995) demonstrated that a hybrid control strategy, compared to straight outcome or behavior control, is more effective in enhancing sales reps’ work planning behavior and achievement of company sales/profit goals. They found that a hybrid form of control was positively associated with higher salesforce performance. This form of control includes high behavior-based control in combination with substantial incentive compensation.

Bello and Gilliland (1997) examined the impact of salesforce control system on performance within the export channel. Using structural equation modeling to analyze data of 160 export executives, they found that output control-along with flexibility enhances export channel performance but process control was not found to have any performance effect.

Aulakh and Gencturk (2000) examined the effect of different control mechanisms on behavioral and economic performance in international principal–agent relationships. Analyzing data of 205 managers who were responsible for their respective firms’ international operations, they found that there is a strong negative relationship between output control and agent performance in external exchanges.
Kwaku Atuahene-Gima and Li (2002) examined salesforce control system as moderators of the relationship between supervisee trust and sales performance in the context of selling new products. Their study on 215 U.S. salespeople and 190 Chinese salespeople revealed that in Chinese sample supervisee trust enhances sales performance when output control is used.

Cravens, Lassk, Low, Marshall and Moncrief (2002) examined an alternative perspective to behaviour based management control in sales organizations. They investigated the impact of the high, bureaucratic, clan, and low control combinations on salesperson consequences. Using 1042 salespeople from a broad range of industries and companies, they found that high form of management control is associated with favorable consequences (e.g., higher salesperson performance, higher job satisfaction, lower role ambiguity and conflict, lower turnover intentions, and higher organizational commitment).

In their study of 290 salespeople in U.S. and 247 salespeople in China, Fang, Evans and Zou (2005) proposed a model in which the effects of sales control systems on job performance are moderated by goal-setting characteristics (goal difficulty, goal specificity, and goal participation). The findings of the study showed that when goal difficulty is at a moderate level, outcome control has a significant positive effect on outcome performance. When goal difficulty was low and high, it was found that outcome control has no significant effect on outcome performance.

Piercy, Low and Cravens (2004a) found no clear impact of incentive pay on outcome performance. In their study of 8 countries of Austria, Greece, Bahrain and Saudi Arabia, India, Israel, Malaysia, Nigeria, and U.K., Cravens, Piercy and Low (2006) found that salesperson behavior or outcome performance was not influenced by incentive pay in any of the countries except Israel and the Gulf States of Bahrain and Saudi Arabia.

Collecting data from 293 salespeople using cross-sectional mail survey and using factor analysis (CFA) to assess the measurement model of the constructs and using structural path model to test the research hypotheses, Evans, Landry, Li and Zou (2007) found that outcome performance is positively and significantly influenced by output control.
Using structural path model in their study on 175 sales managers, Miao, Evans and Zou (2007) found that outcome control has a positive impact on outcome performance.

Katsikea, Theodosiou and Morgan (2007) stated that in outcome based salesforce control system, salespeople are motivated by their immediate self-interest. Using structural equation modeling to analyze data of exporters, they found that there is no significant impact of outcome based salesforce control on outcome performance of export sales managers.

Miao and Evans (2012a) found that when outcome control and capability control are combined together they enhance adaptive selling behavior and selling effort of salespeople. When outcome control and activity control are combined together, they reduce adaptive selling behavior and role clarity.

Taking reference from Expectancy Theory and Cognitive Evaluation Theory, Miao and Evans (2012b) investigated the combinatory effects of three well-established formal sales control styles: outcome, capability, and activity control. In their study on 195 salesperson-sales manager dyads in US manufacturing industry, they found that activity and outcome control has a positive main effect on salesperson knowledge which in turn has a positive effect on performance.

Investigating the interactive effects of output, activity, and capability control on salespeople behaviours and customer outcomes on 301 buyer–seller dyads in China, Wang, Dou, and Zhou (2012) stated that behavior control and outcome control can interact to affect salesperson's customer-directed sales behaviors.

Ahearne, Haumann, Kraus and Wieseke (2013) explored the phenomena of interpersonal identification and showed how it is related to sales performance. Using multilevel polynomial regression approach to analyze data of 285 sales managers and 1,528 salespeople, they found that at high levels of interpersonal identification congruence, outcome-based control is beneficial for sales performance.

Investigating the effect of control on driver’s operational performance, Saldanh, Hunt, and Mello (2013) found that output control directly affects market and operational performance.
Kim and Tiwana (2014) investigated the effect of formal control and informal control on salesforce performance. Analyzing data of 120 apparel manufacturers and 94 retailers in South Korea using LISREL 8.54, they found that outcome control, when preceded by high input control, hampers salesforce performance, suggesting a negative relationship between outcome control and salesforce performance.

In their meta-analysis to derive some empirical generalizations and reconcile the contradictory results about the effects of organizational control in marketing exchange relationships, Crosno and Brown (2014) found that both output and process control are positively related to performance.

Samaraweera and Gelb (2015) investigated the effects of salesforce control system on revenue performance. The meta analysis of 39 studies showed that behaviour controls and output controls have a positive impact on salespeople’s revenue performance.

The review of studies revealed that there is a positive impact of outcome based salesforce control system on salesforce outcome performance. It is because the focus of this system is on the outcome achieved by the salespeople rather than their behaviour.

### 3.4.2 Salesforce Characteristics

Salesforce characteristics such as profession competence, motivation and customer orientation have been considered by previous researchers. They have analyzed the impact of salesforce control system on these characteristics.

#### 3.4.2.1 Professional Competence

Anderson and Oliver (1987) proposed that in a behaviour based control system, salespeople will have more product knowledge, company knowledge and integrated sales expertise and will be more professionally competent.

Oliver and Anderson (1994) reported a significant correlation between sales expertise/competence and behavior-based salesforce control system. Cravens et al (1993) did not find strong support for the effect of salesforce control system on competence.
Cravens, Piercy and Low (2006) found out a positive relationship between success characteristics and behavior based salesforce control system. They defined success characteristics as ‘‘Salespeople’s attitudes and behavior that are expected to have a favorable impact on performance.’’ These included capabilities, motivation, and attitudes.

Theodosiou and Katsikea (2007) examined six job-related characteristics that are considered relevant and important for the export sales context: team orientation, intrinsic motivation, recognition motivation, professional competence, sales support orientation, and customer orientation. They found out that behavior-based sales management control has a positive effect on export sales manager's motivation and attitudes. The findings also suggested that export sales manager's motivation and attitudes are associated with export sales manager's capabilities and behavioral strategies. Further, export sales manager's capabilities and behavioral strategies were found to have a positive impact on export sales manager's behavioral performance.

The studies revealed that there is a positive impact of behavior based salesforce control system on salesforce professional competence.

3.4.2.2 Motivation

Salespeople working under behavior based sales management control are expected to possess higher levels of intrinsic motivation, be motivated by peer recognition and be motivated to serve the sales organization (Anderson & Oliver, 1987).

In a behaviour based system salespeople have a fixed salary, encouragement of management to focus on behavior and less concern for results. All these factors are thought to permit and encourage salespeople to pursue intrinsic goals and consider their employer's well-being. While in outcome based system, salespeople are compensated for the risk they assume and have relatively low level of day-to-day contact with and support from management. So they become more self-oriented and less employer oriented (Oliver and Anderson, 1994). Baldauf et al (2002) focused on directional motivational aspects and considered intrinsic and recognition motivation in their study.

Baldauf et al (2002) stated that the greater the extent of behavior based salesforce control strategy, the higher will be the extent of salespeople’s job related
characteristics (attitudes, motivation, and cognitions and capabilities.) The findings of their study emphasize that salespeople’s attitudes and orientations heavily direct their behaviors, but can be influenced by appropriate management processes.

Using meta-analysis of 116 articles, Churchill, Ford, Hartley, and Walker (1985) investigated the determinants of salespeople’s performance. The results of the meta analysis indicated that the determinants can be ordered in the following way in terms of the age size of their association with performance: (1) role variables, (2) skill, (3) motivation, (4) personal factors, (5) aptitude, and (6) organizational/environmental factors.

Salesforce motivation has been categorized into intrinsic and extrinsic motivation.

3.5.2.3 Intrinsic Motivation

Measuring motivation along two dimensions of control: FSMC (field sales manager control) and CC (Compensation control), Cravens et al (1993) found that FSMC is related to intrinsic motivation, but no relationship was found between CC and intrinsic motivation. These findings suggest that both intrinsic motivation can be enhanced through FSMC. Intrinsic motivation is internally induced and therefore it is difficult to influence as compared to extrinsic motivation (Tyagi, 1990). Cravens et al (1993) suggests that it is important to enhance the intrinsic motivation of salespeople especially when organizations cannot grant extrinsic rewards because of economic limitations. In outcome based control system, when salespeople may suffer reduction in pay during unfavourable economic cycles, overall motivation levels should be enhanced by increasing salespeoples’ intrinsic motivation levels.

Analyzing data of 144 field sales managers in U.K., Piercy, Cravens and Morgan (1997) found that more effective sales organizations using behaviour based salesforce control system have salespeople with high motivation, who get a feeling of accomplishment and challenge from the work they do.

Tansu Barker (1999) investigated salesforce performance in more successful as well as less successful firms. Investigating 250 firms in Canada, he found that effective salespeople have high intrinsic motivation. They also get a feeling of accomplishment, growth and challenge from the work they do. These findings indicate that the higher-performing salespeople are associated with behaviour based
salesforce control system rather than outcome based salesforce control and behaviour based control has an effect on intrinsic motivation of salespeople.

Baldauf and Cravens (1999) proposed a model of sales organization effectiveness. In their study on 159 Austrian field sales managers, they found that salespeople in the more effective sales units are high on intrinsic motivation, sales support and customer orientation. It can be inferred from the study results that intrinsic motivation is an important characteristics of high performance salespeople in organizations where behaviour based control system is employed.

Baldauf, Cravens and Piercy (2001b) examined the effect of various variables on organization effectiveness. Analyzing data of 159 field sales managers in Austria and 142 field sales managers in U.K., they found intrinsic motivation and behaviour based salesforce control system to be positively related.

Baldauf, Cravens and Grant (2002) in their study on 174 field sales manager in Austria and Australia found that intrinsic motivation of the salespeople in the sales unit is higher when sales manager's control strategy is behavior-based.

Brown, Evans, Mantrala, and Challagalla (2005) suggested a positive relationship between motivation and monitoring & control by stating that clear performance feedback by management fosters motivation.

Suggesting that capability control should increase salespeople's task related enjoyment, Ryan and Deci (2000) stated that an important source of task enjoyment is a work environment that encourages salespeople to learn new skills and place low importance to immediate outcomes. Miao, Evans and Zou (2006) found that capability control positively influences task enjoyment (an affective component of intrinsic motivation), indicating a positive relationship between behaviour based control and intrinsic motivation. Capability control suggests to salespeople that it is not the overall amount of effort but rather one's selling skills and abilities that effectively drive sales performance (Miao and Evans, 2014). Capability control develops and rewards salespeople's selling skills and is likely to have an impact on intrinsic motivation by promoting task enjoyment (Challagalla and Shervani, 1996).

In activity control, expectations are imposed on the activities salespeople should perform (Ramaswami, 1996), thus reducing role ambiguity. So activity control's role
in reducing role ambiguity should have a negative effect on challenge seeking by salespeople (Jaworski and Kohli, 1991). Miao, Evans and Zou (2006) found positive impact of activity control on challenge seeking (cognitive component of intrinsic motivation) which is contrary to expectations.

Theodosiou and Katsikea (2007) measured the impact of salesforce control system on (a) motivation and attitudes consisting of team orientation, intrinsic and recognition motivation (b) capabilities and behavioural strategies consisting of professional competence, sales support and customer orientation. Analysis of 210 exporters in U.K. revealed that behavior-based salesforce control system is positively related with export sales manager's motivation and attitudes.

Miao and Evans (2012b) have disaggregated the behaviour based control into activity and capability and have analyzed the relationship between the three types of control (outcome, activity and capability) and salesforce motivation. They found no direct effects of activity control and capability control on intrinsic motivation.

Analyzing the relationship between three different types of control (outcome, activity and capability) and salesforce motivation, Miao and Evans (2012b) found that outcome control has a positive effect on intrinsic motivation. This finding is contrary to Anderson and Oliver (1987) proposition.

Anderson and Oliver (1987) stated outcome control may decrease intrinsic motivation, depending on the nature (controlling or informational) of outcome feedback. According to Cognitive Evaluation Theory, if outcome feedback helps salespeople in improving their competence and abilities, it can result in an increase in intrinsic motivation. But if salespeople think that outcome feedback is a part of control, intrinsic motivation will decrease (Deci and Ryan, 1985).

The review of studies reveal that behaviour based salesforce control system is positively related to intrinsic motivation. This may be because in behaviour based control system, salespeople are given the luxury of financial security in the form of a fixed amount of salary (Oliver and Anderson, 1994). Motivation and encouragement provided by the management to focus on behaviours rather than results encourages salespeople to pursue intrinsic goals and consider the well-being of their employer.
3.4.2.4 Extrinsic Motivation

Cravens et al (1993) measured motivation along two dimensions of control: FMSC (field sales manager control) and CC (Compensation control). Analyzing data of 144 salespeople, they found that FSMC but not CC was correlated with recognition motivation. This finding suggests that recognition-based motivation can be enhanced through FSMC. In outcome based control system, when salespeople may suffer reduction in pay during unfavourable economic cycles, overall motivation levels should be enhanced by using recognition-based rewards.

Oliver and Anderson (1994) empirically tested the propositions about how control system perceptions influence salespeople by measuring motivation on the basis of internal versus external nature of motivation (intrinsic versus extrinsic) and on the basis of object of the motivational effort (i.e., to place serving oneself or one's agency/firm first). Analyzing data of 347 salespeople in the electronic components industry, they found that behavior based control philosophies are related to a lack of extrinsic motivation, a greater interest in serving the agency and participative decision making. These findings indicate that behaviour based control system and extrinsic motivation are negatively related.

In their study on 159 Austrian field sales managers, Baldauf and Cravens (1999) found that salespeople in the more effective sales organizations have high level of extrinsic motivation. It can be inferred from the findings that recognition motivation is an important characteristic of high performing salespeople in organizations employing behaviour based salesforce control system.

Examining the effect of various variables on organization effectiveness and using judgment sampling to collect data from 159 field sales managers in Austria and 142 field sales managers in U.K., Baldauf, Cravens and Piercy (2001b) found a positive relationship exists between behaviour control and recognition motivation.

Analyzing data of 174 field sales manager in Austria and Australia, Baldauf, Cravens and Grant (2002) found that recognition motivation of the salespeople in the sales unit is higher when sales manager’s control strategy is behavior-based. These findings suggest that adopting a more behavior based control philosophy can increase recognition motivation.
Miao, Evans and Zou (2006) found that capability control is positive related with compensation seeking (cognitive component of extrinsic motivation). In capability control, salespeople are rewarded on the level of their skills, so an improvement in their competence results in an increase in compensation seeking.

Miao, Evans and Zou (2006) found that activity control and recognition seeking (affective component of extrinsic motivation) are positively related. In activity control, salesperson’s need for recognition increases (Kohli et al., 1998). In activity control, salespeople are given fixed salaries, so for them a positive appraisal from their supervisor is more important than the compensation.

Measuring the impact of salesforce control system on motivation of export sales managers, Theodosiou and Katsikea (2007) in their study on 210 exporters in U.K., found that recognition motivation of salespeople and behavior-based salesforce control system are positively related.

Compensation seeking is likely to be related to outcome based control system while recognition seeking is not likely to be related to outcome based control system because in outcome based salesforce control system, salespeople performance is not evaluated based on the subjective criteria used by their supervisors. Contrary to expectations, Miao, Evans and Zou (2006) found that outcome control is not related to compensation seeking (cognitive dimension of extrinsic motivation) as well.

Analyzing data of 94 sales managers, Mallin, Asree, Koh and Hu (2010) found that salesperson extrinsic motivation has a positive impact on managerial trust in the salesperson. These findings suggest that extrinsically motivated salespeople will be trusted by their managers because managers will be confident that such type of salesperson will achieve sales results. The study also revealed a positive relationship between outcome based control system and extrinsic motivation. In outcome based control system, as there is low level of day-to-day contact with and support from management, salespeople become more self-oriented and they try to achieve more sales results in order to increase extrinsic rewards.

The review of studies revealed that there is a positive relationship between outcome based salesforce control system and salesforce extrinsic motivation.
3.4.2.5 Customer Orientation

Customer-oriented selling refers to “the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs” (Saxe and Weitz, 1982, p. 344). The key principles of customer-oriented selling are to enhance long-term customer satisfaction and to avoid actions which sacrifice customer interest to increase the probability of making an immediate sale (Saxe and Weitz, 1982, p. 344).

Measuring salesforce control system on two dimensions: (1) the extent of monitoring and amount of direction by field sales managers called as FMSC (Field Sales Management Control), (2) Salesforce compensation, called as CC (Compensation Control), Cravens, Ingram, LaForge and Young (1993) in their study on 144 chief sales executives found that FSMC (Field sales management control) and CC (Compensation control) are related to customer orientation, indicating a positive relationship between behaviour based salesforce control system and salesforce customer orientation.

Investigating the relationship between different bases of salespeople's incentives and customer service response behavior, Sharma and Sarel (1995) in their study on 53 graduate students found that incentive systems based on customer satisfaction increase salespeople's customer service response more than the incentive systems based on sales volume. Mixed incentives (based on a combination of sales volume and customer satisfaction) were found to reduce the customer service response of salespeople. Examining the relationship between customer service response behavior and training, their study on 43 graduate students revealed that training has a positive impact on salespeople's customer service behavior for all incentive plans.

Joshi and Randall (2001) developed a conceptual model indicating indirect effects of organizational controls on salesperson performance and on salesperson customer orientation through task clarity and affective commitment of salespeople. Analyzing data of 152 salespeople using confirmatory factor analysis, they found that organizational controls affect both salesperson’s task clarity and the salesperson’s affective commitment to the organization. In turn, task clarity affects salesperson performance, but it has no effect on customer orientation while affective commitment has a significant impact on both salesperson performance and customer orientation.
Schwepker Jr. and Good (2004a) examined the influence of sales managers' quotas on their response to salespeople's unethical behavior and its resulting effect on the customer orientation of the salesforce. Analyzing data of 240 sales managers using multiple regression analysis, they found that there was a positive relationship between sales managers' perceived quota difficulty and the probability of them allowing salespeople to act unethically. Salesforce customer orientation was found to be negatively related to sales manager's probability of allowing salespeople to act unethically and positively related to ethical climate. These findings indicate that sales quota, which is a component of outcome based salesforce control system, can have a negative impact on salesforce customer orientation.

Schwepker Jr. and Good (2004b) explored the relationship among sales manager ethical attitudes, customer orientation, coaching and quota achievement. Analyzing data of 240 sales managers using multiple regression analysis, they found that sales manager ethical attitudes are positively related to coaching for ethical situations. Their findings further revealed a positive relationship between coaching for ethical situations and salesforce customer orientation. These findings indicate that salesforce will be more customer oriented when coaching will be provided to them and the provision of coaching is more likely to be associated with behaviour based salesforce control system than with outcome based salesforce control system.

Investigating the effect of salesforce control system on sales-related outcomes by taking into account the mediating effects of three important organizational sales-related psychological climate perceptions (OSPCP) of organization’s customer orientation, sales innovativeness and sales supportiveness, Evans, Landry, Li, and Zou (2007) found that process and capability controls have a positive and significant effect on the OSPCP of organizational customer orientation while the effect of output controls on the OSPCP of organizational customer orientation was not significant.

Developing and empirically testing a conceptual model as to how an organization can use salesforce control systems to improve new product success, Ahearne, Rapp, Hughes and Jindal (2010) in their study on 226 sales representatives of a pharmaceutical company and 428 physicians found that a behavior-based control system hindered the relationship between salesperson effort and customer product perceptions. This suggests that under an outcome-based system, sales representatives
have more control over the necessary number of sales calls to conduct and can have a
greater influence on customer product perceptions than in situations in which a
behavior-based system is in place.

Darmon and Martin (2011) proposed a new conceptual framework of salesforce
control system taking into consideration the effects of salesforce control system on
salespeople’s transactional and customer relationship-building performance.
According to their proposition, “If a sales organization is customer relationship
oriented and decentralized, its control mix relies more heavily on control tools
designed to influence the salespersons’ qualitative level of their long-run oriented
activities, compared with other types of control tools”. They also proposed a positive
relationship between the amount of qualitative level of long-term-oriented activity
control exerted by management and a salesperson’s customer relationship
development performance. These propositions indicate a positive relationship
between behaviour based salesforce control system and customer relationship
development because in behaviour based salesforce control system long-term-oriented
activities are given more importance as compared to outcome based salesforce control
system.

Wang, Dou, and Zhou (2012) investigated the interactive effects of output, activity,
and capability control on salespeople behaviours and customer outcomes. The
analysis of 301 buyer–seller dyads in China revealed that output and capability
controls interact positively to affect problem solving while output and activity control
interact negatively to affect opportunism. In turn problem solving has a positive
effect on customer relationship satisfaction while opportunism has a negative effect
on customer relationship satisfaction.

Ahearne, Haumann, Kraus and Wieseke (2013) explored interpersonal identification
in the sales manager–salesperson dyad and showed how it is related to important
marketing outcomes. Analyzing data of 285 sales managers and 1,528 salespeople
using multilevel polynomial regression approach, they found that at high levels of
interpersonal identification congruence, outcome-based control is beneficial for both
customer satisfaction and sales performance.

The review of studies revealed that there is a positive impact of behaviour based
salesforce control system on salesforce customer orientation.
3.4.3 Sales Organization Effectiveness

Sales organization effectiveness consists of a summary evaluation of overall organizational outcomes (Churchill, Ford, Hartley, & Walker, 1985). Total sales volume, market share, profitability, and customer satisfaction, compared with the major competitor and the sales unit objectives are the most popular measures of sales organization effectiveness. Other measures like assessment of costs, profit contribution, residual income and return on assets have also been used by other researchers.

Anderson and Oliver (1987) proposed that salesforce control system will have an influence on salesforce characteristics (affects, attitudes, cognitions and behaviour) and their performance. Their proposition on sales organization effectiveness is as follows – “Salespeople working under behavior-based salesforce control system are expected to come closer to achieving sales organization goals (e.g. effectiveness) and customer needs as compared to salespeople in outcome-based systems”.

Stressing the importance of sales management in creating high performance selling situations, Cravens, Grant, Ingram, LaForge and Young (1992a) showed that high performance salesforces have a better customer focus, are able to get more results per call than other salesforces and they pursue customer focused activities that generate high performance results.

Cravens, Grant, Ingram, LaForge and Young (1992b) compared Australian and American sales management practices in order to identify the field sales management activities performed in high effectiveness sales organizations. Analyzing data of chief sales executive of 99 Australian and 107 American, they concluded that Australian firms are more effective as Australian chief sales executives assigned higher importance to evaluating profit contribution achieved by each salesperson rather than sales results and they also compensated their salesforce more heavily by salary. In contrast, American firms considered it more important for field sales managers to evaluate sales results of salespeople and to use incentive compensation as major means for motivating salespeople.

Cravens, Ingram, LaForge and Young (1993) converted the propositions of Anderson and Oliver (1987) into specific hypotheses. They analyzed the effect of two
dimensions of salesforce control system: Field Sales Manager Control (FMSC) and Compensation Control (CC) on sales organization effectiveness. Measuring sales organization effectiveness on the dimensions of sales volume and growth, profitability, and customer satisfaction, they found positive effect of behavior based control on customer satisfaction and financial effectiveness at the chief sales executive level.

Oliver and Anderson (1994) proposed that salespeople in behaviour based control systems will come closer to achieving the sales agency goals. The relationship between behaviour based control system and effectiveness is more relevant at the field sales management level than at the salesperson level of the organization because sales managers have more influence on sales unit effectiveness compared to the salesperson.

Babakus et al (1996) examined the impact of sales management control on sales unit effectiveness. Analysis of 146 Australian field sales managers revealed that a significant positive correlations exists between greater extent of directing and evaluating sales management control dimensions and profitability effectiveness.

Tansu Barker (1997) investigated the factors that influence the effectiveness of their sales organizations. Analyzing data of 42 senior sales executives and 96 field sales managers in Canadian firms, they found that the high performance firms and field managers consider building long-term relations, inter-departmental co-ordination, training for both salespeople and field managers (who direct and coach salespeople) and team selling as most important factors in improving the effectiveness of the salesforce. These findings suggest that the behaviour based aspects of managing the salesforce are becoming more important than measuring outcome-based factors such as sales.

Measuring effectiveness on the basis of sales volume, market share, profitability and customer satisfaction relative to each company’s major competitor and also relative to the sales unit’s objectives, the study by Piercy, Cravens and Morgan (1997) found that the most effective sales organizations pay a high proportion of salary in the range of 75-95 per cent of total compensation, salespeople have a sense of accomplishment, sense of personal growth and development, creativity, imaginativeness, stimulation and challenge from their work, leading to the gaining of respect from supervisors and
fellow workers and a sense of loyal association with the company, engage in sales support activities like providing after sales support. They also found that in most effective sales organizations, field sales managers spend significantly more effort on each aspect of behaviour based control, place more emphasis on coaching and communicating, observe the performance of salespeople and make joint sales calls and pay attention to salesperson travel, expense accounts and credit terms given, help salespeople to develop their potential, discuss performance, and actively participate in training, as well as provide encouragement for salespeople by rewarding achievements and evaluate salespeople on the basis of their professional development, quality of their sales presentations and their sales results.

Baldauf and Cravens (1999) examined the relationship among effectiveness, salesforce control system, sales territory design, salesperson characteristics and salesforce performance. In their study of 159 field sales managers in 79 companies in Austria, they found that behavior based sales management control strategies are associated with higher levels of sales unit effectiveness, with sales management directing activities having the strongest link to effectiveness. Sales management directing included following activities: (1) encourage salespeople to increase their sales results by rewarding them for their achievements; (2) actively participate in training salespeople on the job; (3) regularly spend time coaching salespeople; (4) discuss performance evaluations with salespeople; and (5) help salespeople develop their potential. The study further found that salespeople in more effective organizations are high on sales support orientation, customer orientation, intrinsic motivation and recognition motivation stressing the fact that more effective organizations employ behaviour based salesforce control system.

Tansu Barker (1999) investigated the activities that enhance the performance of salespeople in more successful versus less successful firms. The study focuses on three interrelated constructs: (a) outcome performance, (b) selling behaviour performance, and (c) nonselling behaviour performance. Multivariate analysis of variance (MANOVA) indicated that there are no differences between the highly effective and the less effective firms in terms of technical knowledge and selling capability but significant differences were found between high versus lower performing salespeople as higher performing salespeople were found to be more innovative, creative and more stimulated and fulfilled by their jobs, more loyal to the
firm, get a greater sense of accomplishment, growth, stimulation and challenge from their work, and are more willing to take risks, spend both more time and work harder at providing after sales service and handling customer complaints than lower performing salespeople. High-performing salesforces are also more willing to accommodate the needs of the customers, resulting in long term relationship with them. These findings indicate that the higher-performing salesforces possess characteristics that are associated with behaviour orientation rather than outcome orientation.

Highlighting the indirect effect of sales management control system, Piercy, Cravens and Morgan (1999) state that sales management control impacts on behavioural and outcome performance and on the satisfaction with sales territory design which leads to sales organization effectiveness.

Measuring effectiveness on dimensions of sales volume and market share, profitability and customer satisfaction, Grant and Cravens (1999) proposed a framework of effectiveness by investigating the effects of salesforce performance, sales territory design, salesforce control system, customer relationship strategy and organizational commitment on sales organization effectiveness. In their study of 146 field sales managers in 58 Australian sales organizations, they found that sales unit effectiveness is positively related to the use of behaviour based salesforce control system. The strongest positive relationship was found between behaviour based control and profitability and satisfaction with organization.

Tansu Barker (2001) in their study of 102 Canadian field sales managers, found that more effective organizations have a higher salary ratio, managers actively participating in training salespeople on the job, spending more time encouraging salespeople to increase their sales result by rewarding them for their achievement and discussing their performance with them. Salespeople in more effective organizations have high motivation, customer orientation, team orientation and sales support orientation, are willing to accept direction and authority from their supervisors and spend more time to plan sales call and are more satisfied. These findings emphasize the use of behaviour based control system in more effective sales organizations.
In the study conducted in Austria and United Kingdom, Baldauf, Cravens and Piercy (2001a) found that the customer value dimension of strategy has a strong effect on sales organization effectiveness in United Kingdom but not in Austria.

Baldauf, Cravens and Piercy (2001b) measured sales unit effectiveness in terms of sales and market share, profitability and customer satisfaction. The results of their study conducted in Austria and UK, revealed that both sales unit effectiveness and satisfaction with salespeople are positively and significantly correlated with behaviour based salesforce control system.

Analyzing the relationship between organization citizenship behaviour, sales manager control strategy and sales unit effectiveness, Piercy, Lane and Cravens (2002) in their study on 214 salespeople and 35 managers found that sales teams displaying higher levels of behaviour based salesforce control system and organization citizenship behaviour would display higher levels of effectiveness.

Emphasizing the role of behavior-based control in affecting sales organization effectiveness, Baldauf, Cravens and Grant (2002) found indirect support for a positive relationship between behavior-based salesforce control system and higher levels of effectiveness. The findings suggest that behavior-based salesforce control system has an indirect effect on sales organization effectiveness through salesperson characteristics and salesperson performance.

Piercy, Cravens and Lane (2003) examined the sales manager gender issue across multiple companies from the perspective of sales managers. Their study on 267 manufacturing organizations in U.K. revealed that female sales managers performed significantly higher levels of behavior-based control activities than male managers and sales units led by female managers displayed higher effectiveness than those led by male managers.

Measuring export sales organization effectiveness on the dimension of sales volume, market share, profitability, and foreign customer satisfaction, Katsikea and Skarmeas (2003) investigated how export sales organizations are differentiated from other export units with respect to key sales management aspects. Using multiple discriminant analysis and MANOVA to analyze data of 234 exporting firms, they found that export sales management behavioural control was associated with high
Export sales unit effectiveness. Export sales organisation design, export salespeople behavioural attributes such as sales planning, sales presentation, adaptive selling, sales support, technical knowledge and export manager’s characteristics such as professional competence and customer orientation were also found to differentiate the extreme groups of high and low export sales unit effectiveness.

Piercy, Low and Cravens (2004a) examined the impact of management control in combination with incentive pay and territory design on salesperson performance and sales unit effectiveness in developing countries. Using multiple regression to analyze data collected from Greece, India and Malaysia, they found that behavior based salesforce control system and incentive pay are important predictors of sales unit effectiveness in Greece. While incentive pay has a positive impact on sales unit effectiveness in Greece and India.

Piercy, Low and Cravens (2004b) examined the consequences of sales management's behavior based and compensation based control on important salesperson and organizational consequences (satisfaction with sales territory design, salesperson behavior and outcome performance, and sales unit effectiveness) from the sales manager's perspective in developing countries. Analyzing data of 120 field sales managers in Greece, 107 field sales managers in India (Chennai, Mumbai and Kolkata) and 125 field sales managers in Malaysia, they found that (1) In India: Compensation control and design both were found to have a positive effect on sales unit effectiveness while it does not affect outcome performance. These findings suggest that higher incentive pay and high design satisfaction drive effectiveness. (2) In Greece: Behavior control was found to indirectly influence effectiveness through behavior performance, outcome performance and territory design. (3) In Malaysia: Behavior control has an indirect effect on sales unit effectiveness through sales territory design. Overall the results reveal that compensation control (percentage of incentive pay) has a major impact on effectiveness and performance increases at high levels of both behavior based salesforce control system and compensation control.

Emphasizing the positive effect of behaviour based control system on sales organization effectiveness, Baldauf, Cravens and Piercy (2005) found a positive influence of behavior control on sales organization effectiveness (sales, market share,
profitability, and customer satisfaction), as well as other overall performance measures such as channel or project performance.

In the study on 1000 field sales managers in 8 countries, Cravens, Piercy and Low (2006) found that incentive pay has a mixed impact on effectiveness, with relationship being positive and significant for Greece, Israel, and India and non-significant for the Gulf States, Nigeria, Malaysia, and UK. Their study also revealed that behavior control and effectiveness relationship is consistently positive across all of the countries except India and the Gulf States where control has no apparent impact while relationship is much stronger in Nigeria than in the other countries.

Kuster and Canales (2008) examined activities that affected the effectiveness of the salesforce and tried to differentiate between more and less effective teams. Analyzing data of 108 field sales managers in SMEs in Spain and using cluster analysis to analyze the differences between the most and least effective sales teams, they found that behaviour based salesforce control system, salespeople professionalism (attitude, motivation and strategic behaviour), salespeople behaviour performance and salespeople outcome performance have a positive and significant impact on salesforce effectiveness. Effectiveness was measured on the dimensions of salesforce efficacy and manager satisfaction.

Verano-Tacoronte and Melía-González (2008) examined the relationship between the HR control system and organizational results, examining the moderating effect of uncertainty and HR risk behavior. They found that behavior-based control is directly related to firm outcomes. The strongest relationships occurred in the variables of salesforce outcomes and performance, such as sales call planning, product knowledge and sales presentation skills. The study concluded that the higher level of behavior-based control is associated with higher performance attained by the firm, whether in comparison with competitors or compared with its own objectives.

Kuster and Canales (2011) examined the effect of compensation system and control system on individual performance and sales organization effectiveness. Analyzing data of 108 field sales managers of small and medium enterprises in Valencia, Spain and using LISREL 8.30 to conduct confirmatory factorial analyses and ANOVA to test hypotheses, they found that the companies with a compensation system based on a fixed salary use behavior control more than companies with a compensation system
based on commission. Measuring salesforce effectiveness on the dimensions of financial effectiveness and supervisor satisfaction with the salespeople, they also found that salespeople who receive a greater proportion of their pay as a fixed salary give better individual performance and are more effective than those paid largely by commission.

Kim and Takashima (2014) in their study on 176 executives of retail companies in Japan found that outcome-based control, through the central, mediating role of relationship continuity, encourages cooperation with suppliers, and this cooperation yields greater organizational performance for retailers.

Guenzi, Baldauf and Panagopoulos (2014) analyzed the impact of formal and informal sales controls on sales unit effectiveness. Analyzing data of sales managers in a major European Union country, they found that outcome controls and cultural controls directly improve sales unit effectiveness.

Anderson and Oliver (1987) proposed a positive relationship between behaviour based control system and sales organization effectiveness. Various studies empirically analyzed the relationship between the two kinds of salesforce control system (Behaviour based salesforce control system and Outcome based salesforce control system) and sales organization effectiveness. Most of the studies found positive relationship between behaviour based salesforce control system and sales organization effectiveness (Cravens et al., 1993; Piercy, Cravens and Morgan, 1997; Tansu Barker, 2001; Piercy, Lane and Cravens, 2002). While studies by Piercy, Low and Cravens (2004a) and Cravens, Piercy and Low (2006) emphasized the positive effect of incentive pay on sales organization effectiveness.

3.5 Conclusion

The review of the literature revealed important antecedents of behaviour and outcome based salesforce control system such as risk aversion, team orientation etc. The review also highlighted important consequences of behaviour and outcome based salesforce control systems such as salesforce motivation, salesforce performance and sales organization effectiveness.
3.6 Research Gaps

The research gaps identified from the review of the literature are as follows:

- In most of the studies, researchers considered salesforce control system for industries other than pharmaceutical.

- Most of the salesforce control system research has been done in U.K, U.S. and Australia, but not in India.

- There has not been a comprehensive study which has focused on analyzing the impact of salesforce control system on salesforce characteristics, salesforce performance and sales organization effectiveness in pharmaceutical sector.

- There has not been a study which has analyzed the differences in the perceptions of salespeople and sales managers with respect to salesforce control system.

Having identified these gaps in the literature review, the study has been undertaken in order to bridge these gaps. A greater understanding of how behavior based and outcome based salesforce control system affect salesforce and organization consequences in pharmaceutical industry in India is an important research priority. The next chapter presents the methodology used in the research.