

Predicting Sales Manager Control: A Comparison Of Control-System And Leadership Approaches

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Abstract

How much latitude should the field sales manager allow his or her subordinates? Two schools of thought have addressed this question. This study tests proposals from these two approaches. The control-system approach contends the field sales manager's behaviors should be consistent with other sales organization controls. The findings here do not support these contentions but do provide some support the leadership approach. The sales managers in this study varied their control behaviors depending upon the quality of their working relationship with their subordinate or upon the perceived effort levels of the salesperson.

Introduction

The industrial sales manager is faced with a unique set of challenges. Determining the appropriate level of supervision for a sales force has long vexed practitioners and researchers alike. Too much supervision may restrict the salesperson's ability to respond and adapt to the customer's needs. Too little supervision may deprive the salesperson of support. Recent research in this area suggests the level of supervision should be consistent with other sales force control components. Leadership researchers, on the other hand, claim managers are influenced by more interpersonal issues.

Based on the control-system viewpoint, the degree of supervision should be consistent with the compensation method. An outcome-based control system achieves its results primarily through the use of financial incentives (i.e., com-

missions) rather than direct supervision. A behavior-based control system must rely on managerial efforts to monitor, provide feedback, evaluate and reward the sales force. According to this control system approach, a salaried sales force requires a higher degree of supervision than one paid on straight commission.

A different approach, one that has evolved from leadership research, contends it is dyadic and interpersonal factors that influence the degree of supervision. The relationship between the salesperson and manager evolves and influences the manager. For example, a sales manager will exert lower levels of control over more competent subordinates. According to leader-member exchange theory, the degree of supervision will depend on the quality of the subordinate-superior working relationship.

This study compares these two approaches; control system and leadership. In so doing, it addresses the question "Is managerial control of the sales force determined by control-system variables, or by subordinate-level dyadic variables?"

Background: Control System versus Leadership Approaches

According to the control-system conceptualization offered by Anderson & Oliver (1987), the extent of sales manager supervision is dependent upon the compensation method. A sales force paid on a straight commission basis is responsible for results (i.e., generating income). Under this system, outcomes are rewarded directly by the financial incentives. The risks of engaging in successful or unsuccessful behaviors are shifted to the commissioned salesperson. It would be unnecessary and inefficient for the sales manager to spend extensive time monitoring the behaviors of the salesperson. A sales force paid on a straight salary, however, would need a higher degree of managerial control. The extent of supervision is higher since the sales manager must monitor, evaluate and reward the behaviors of the salaried sales staff. These two systems, one focused on outcomes and one focused on behavior, represent two anchor points on a continuum. According to this control-system viewpoint, the degree of managerial supervision should be related to the proportion of compensation based on commissions.

While this approach is logical and compelling, studies show this type of consistency is illusive. Cravens, Ingram, LaForge & Young (1993) found the extent of supervision is not integrated with the compensation method. Oliver & Anderson (1994), drawing conclusions from similar findings, states that managerial control behaviors may "vary from individual to individual" or from "decision to decision." The conclusion of both studies is that there is no discernible pattern. Evidence from leadership research suggests a pattern does exist.

Leadership research efforts have investigated sources of variability in leader behavior.

One leadership approach that has emerged adopts a dyadic perspective and is based on social exchange theory. This leadership theory is called Leader-Member Exchange (LMX) and contends the subordinate-superior relationship is based on exchange. The supervisor offers positional resources to subordinates who are contributing personal resources (such as competence, experience or loyalty). The sales manager will develop different relationships with his or her subordinates. It is the quality of these relationships - these vertical (subordinate-superior) dyadic relationships - that will explain the variability in leader behavior. According to LMX, the extent of supervision is one of the positional resources the supervisor offers to the subordinate. The manager offers more latitude to a subordinate who is perceived to be more informative (Kozlowski & Doherty 1989) or more trustworthy (Lagace 1990; Scott 1983). Based on LMX theory, therefore, characteristics of the subordinate (i.e., the salesperson) and the dyad will strongly influence managerial behaviors (such as granting latitude or exerting control).

While LMX theory suggests the extent of control will be heavily influenced by dyadic exchange, the control system approach claims the manager's controlling behaviors should be related to the other parts of a company's system. This study, therefore, will compare these explanatory factors. Specifically, this study will compare two sets of factors: one set associated with control-systems, one set associated with the salesperson-manager exchange relationship. The purpose of this study is to compare the predictive ability of each of these sets of factors in explaining the extent of manager control.

Hypotheses

This study explores three company-level variables that all relate to the control system. The company-level issues that describe either an outcome or behavior based system (Anderson & Oliver 1987) include the compensation method, the size of the company and the extent of managerial experience. The majority of firms today rely on some form of combination method in compensating their salespeople (Sales & Marketing Management

1995). By using the combination method (i.e., salary + commission), a firm attempts to influence both the behaviors and the outcomes of the sales force. The salaried portion of the compensation plan attempts to control behavior and the commission controls outcomes. The method of control and evaluation varies with the size of the company. Large firms tend to use a wider range of these behavior and outcome criteria by which to evaluate the sales force (Jobber, Hooley & Shipley 1993). Under a transaction cost perspective a firm with a smaller sales force will be more likely to use outcome-based control methods (Anderson & Oliver 1987).

According to leadership theorists, the control system provides the context for the more important interpersonal issues. Therefore, the extent of supervision will be less influenced by these company-level control system variables. Control systems comprise elements established at higher levels of the organization and are standardized for employees (such as compensation, evaluation criteria, etc.). The extent of supervision, however, is subject to influences at lower levels of the organizational hierarchy. Evidence from LMX stream of research indicates that the amount of latitude a manager allows his or her subordinate is negotiated informally, rather than standardized formally (Graen, Novak & Sommerkamp 1982; Graen & Schriesheim 1978; Katerberg & Hom 1981). These findings from LMX seem to be supported by those in sales management. Sales management studies that have examined the relationship between the extent of supervision and the compensation method found low correlations (Cravens, Ingram, LaForge & Young 1993; Oliver & Anderson 1994).¹ It is hypothesized, therefore, that these company-factors will not be influential in explaining the variability in sales manager control behavior.

Hypothesis 1: Company control factors (i.e., compensation method, size of company and managerial experience) are not related to sales manager latitude.

Leadership theorists claim the variation in leader behavior can be explained by variations in

the subordinate-superior relationship and the needs of the subordinate. In short, the manager's behavior is influenced by his working relationship with the subordinate (i.e., dyad factors) and the characteristics of the person being supervised (i.e., individual sales person factors). Dyadic variables describe the working relationship between the salesperson and manager. Three dyadic variables will be examined. They are the quality of the working relationship, the duration of the relationship and the level of loyalty.

Leader-Member Exchange (LMX) research results seem to indicate subordinate-superior dyads differ significantly (Lagace 1990; Lagace, Castleberry & Ridnour 1993; Strutton, Pelton & Lumpkin 1993; Tanner & Castleberry 1990; Tanner, Dunn & Chonko 1993). Typically LMX studies define high and low quality dyads on the basis of the degree of latitude a manager allows a subordinate. In effect LMX defines the relationship by that which has been invested or exchanged (i.e., managerial latitude allowed to each subordinate). By describing the quality of the exchange in terms of latitude, LMX draws no distinction between the exchanges within the dyad (i.e., the investment of managerial latitude) and the outcomes of the exchange (i.e., the quality of the relationship). This approach has been called into question and recent efforts have focused on the dimensions of the relationship (Dienesch & Liden 1986; Schriesheim, Neider, Scandura & Tepper 1992; Schriesheim, Scandura, Eisenbach & Neider 1992). This study, therefore, separates these two issues (quality of the working relationship and latitude granted) to explore the degree to which the dyadic exchange quality explains managerial behavior. If LMX theory underpinnings are valid, this relationship should be linear, positive and significant.

The length of time the salesperson has been reporting to the sales manager may affect the degree to which the manager seeks to control the salesperson. The duration of the dyadic relationship has been found to affect performance appraisals and trust levels (Duarte, Goodson & Klich 1994; Lagace 1990). Over time the sales manager benefits from firsthand experiences and observa-

tions and may make appropriate adjustments to how they supervise a particular subordinate. One might expect, therefore, that a sales manager may be less willing to assume the risks inherent in allowing a subordinate latitude when he or she has less firsthand experience working with that salesperson.

The degree to which the salesperson is loyal to his or her manager, according to social exchange theory, is an integral part of the relationship. Loyalty has been defined as the expression of public support for the goals and personal character of the manager (Dienesch 1987; Graen & Scandura 1987). Loyalty is seen as a form of social approval, and one way to reward a superior (Marcus & House 1973). Leaders often differentiate subordinates based on their loyalty (Graen & Cashman 1975; Schriesheim, Neider, Scandura & Tepper 1992). Loyalty, therefore, is a valued contribution made by the salesperson or manager. According to LMX and social exchange theory, it is more likely that the salesperson's contribution of loyalty will be reciprocated by the sales manager's contribution of latitude.

These three dyadic factors (quality, duration and loyalty) are not regimented at a company level. Rather, they depend upon the evolving relationship between the salesperson and manager. Sales managers can save time and effort by closely monitoring some subordinates - and allowing other subordinates more operating freedom. In an effort to allocate time and effort efficiently, it is likely the manager may allow higher levels of latitude to subordinates with whom they have been working longer, enjoy a better working relationship and from whom they receive more support.

Hypothesis 2: Higher levels of dyadic relationship factors (quality of working relationship, length of working relationship and loyalty levels) share a positive relationship with higher levels of latitude granted by the sales manager.

In addition to those factors that involve both the salesperson and manager, this study will explore factors which describe the salesperson's contributions to the exchange relationship. The

salesperson's competence, effort and experience are three contributions studied here.

If the sales manager is attempting to allocated limited resources efficiently, he or she may allow a more competent subordinate more freedom. Research in participatory decision making supports this notion. Competence seems to moderate the link between participation and performance (Steel & Mento 1987). Social exchange research also supports this notion as leaders are more likely to engage in noncontractual social exchange with subordinates who had the most to offer (Kim & Organ 1982). These relationships have not, however, received unqualified support in the sales setting. Correlations between subordinate competence and the extent of supervision have ranged between .12 and .26 (Cravens, Ingram, LaForge & Young 1993; Oliver & Anderson 1994). Since the conceptual underpinning of this study is social exchange theory, one would expect a positive relationship. Social exchange theory contends behavior is a function of perceived benefits and costs. Costs to the sales manager arising from the activities of an incompetence subordinate may be worth the investment of time involved in closely monitoring. In the same vein, the manager may believe he or she will more likely reap benefits from allocating more latitude to a more competent subordinate. The notions of social exchange, therefore will be tested in this study and a positive relationship is expected.

A subordinate's effort, like their competency level may be seen as a valued contribution. Unlike competency, however, effort level measures the amount or the quantity of work-related activities. Effort level may be valued by the manager as it will reduce his or her needed time and attention- and increase the likelihood of success. If a sales manager allows more freedom to a subordinate who expends more effort, the manager's assumption of risk (inherent in not closely monitoring) may be diminished. As a result, it is likely the manager will exchange latitude for effort levels. There is less support for this notion in the selling literature. Brown & Peterson (1994) suggests that a subordinate expends effort for its terminal value rather than for its exchange value. Part of

this terminal value may be the response the salesperson receives from his or her manager. LMX theory suggests this response will include increased operating freedom.

The experience level of the salesperson may influence the sales manager's control behaviors. For example, the salesperson's level of experience corresponds to behavioral measures of performance (Kohli & Jaworski 1994) and salesperson failure is associated with lower levels of experience (Morris, LaForge & Allen 1994). The sales manager may allow the more experienced and proven sales representatives more latitude than the novices. The socialization process suggests the more experienced salesperson is less dependent upon his or her manager (Cron 1984; Dubinsky, Howell, Ingram & Bellenger 1986). These findings suggest the experienced salesperson relies less on the direct supervision of his or her manager and is allowed more latitude.

The competence, effort and experience level of the subordinate provide a basis on which the sales manager may differentiate his or her behavior. LMX contends these individual characteristics represent one part of the exchange. The manager adapts his or her behavior based on the rewards or costs arising from these individual subordinate characteristics. The manager allows more latitude to the salesperson who offers more competence, effort and experience to the leader-member exchange relationship. Thus, the following hypothesis is offered.

Hypothesis 3: Higher levels of dyadic exchange factors (salesperson competence, effort and experience levels) share a positive relationship with higher levels of latitude granted by the sales manager.

These hypotheses will compare the predictive ability of the control system approach suggested by Anderson & Oliver (1987) and Oliver & Anderson (1994) with that of Leader-member Exchange theory of leadership (Graen & Cashman 1975). In short these three hypotheses contend a sales manager's control behavior will be explained using the leadership approach (H_2 and H_3) rather

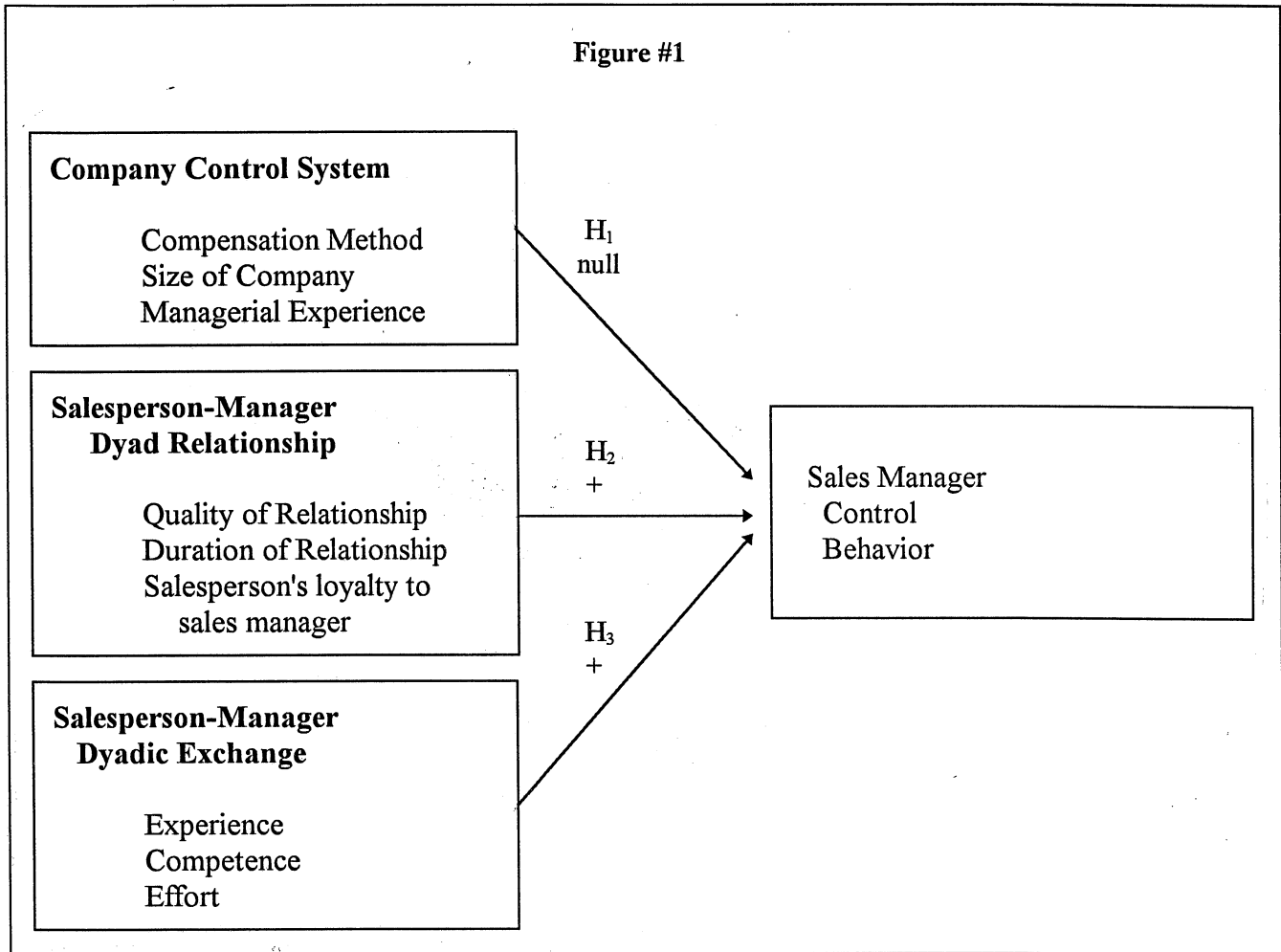
than the control system approach (H_1). (See Figure #1 for summary of hypothesized relationships and variables.)

Method

To provide a diverse and relevant sample, manufacturing firms were identified using Thomas' Register of Manufacturers. Manufacturers with headquarters in the southeast United States were screened and solicited for voluntary participation in this research effort. These firms employed their own field sales force. As a result the firms were all faced with the common problem of directing and evaluating a geographically dispersed sales force. Sales force control issues, therefore, were important to these manufacturers. Participating firms provided addresses for their field sales managers and their subordinates. A randomly selected group of these salesperson-manager dyads was used for this sample. Survey instruments were mailed to 270 salespeople-manager dyads. Questionnaire items in the salesperson version asked the respondent to evaluate his or her immediate sales supervisor/manager. The sales manager version of the questionnaire asked for responses as they related to the specific salesperson named on the front of the survey. A survey coding system allowed the salesperson and manager versions to be matched for the subsequent analysis. The salesperson surveys were coded using a numerical code located on the margins of the last page. The sales manager surveys named the subordinate on the front page. Using the salesperson numerical and the sales manager named system, the received responses were matched to form a response from both dyad members. Follow-up requests were conducted three weeks after the initial mailing.

Dependent Variable: Managerial Latitude

Managerial latitude was measured using scale items similar to those of previous control system studies. These items asked respondents to evaluate the extent or direction of supervision (Cravens, Ingram, LaForge & Young 1993; Oliver & Anderson 1994). The Cravens, Ingram, LaForge & Young (1993) study used a two-item scale that asked respondents to evaluate the extent



of direct monitoring and the amount of direction provided by the field sales manager. Oliver & Anderson (1994) used an 8 item Likert scale with statements such as "We are subject to very little direction from our company's management." and "Management here stays very well informed of salespeople's activities." This study combined and modified those previously used by asking eight Likert scale items that related to the behaviors of the salesperson's immediate supervisor. (See Table #1 for sample items).

Independent Variables: Control System and Dyadic Variables

The method of compensation, size of company and managerial experience factors were measured using sales manager responses. The compensation method categories included straight

salary, salary plus bonus, salary plus commission or straight commission. Bonus differed from commissions. Commission is a variable amount and is based on the revenues generated. A bonus is a fixed amount and is based on the achievement of performance objectives. Thus, in terms of control system continuum suggested by Anderson & Oliver (1987), the behavior-based system is best represented by straight salary and the outcome-based system uses straight commission. Most control systems are a blend of these two types. Between these two anchors, salary plus bonus occupies a point closer to behavior control and salary plus commission is closer to outcome control system. Therefore, the categories were coded such that higher values indicated higher reliance on financial rewards. The size of the company was measured by annual revenues (in dollars). Managerial experience was measured by the sales manager respon-

dents years of employment with the current employer (i.e., the firm participating in this study).

Typically LMX studies divide dyads based on the amount of negotiating latitude the manager allows the subordinate. Thus, the quality of the relationship has been defined in terms of latitude. This approach has been criticized (see Dienesch & Liden 1986) - and based on those criticisms measured in a more conceptually consistent manner here. Leader-Member Exchange (LMX) research results seem to indicate subordinate-superior dyads differ significantly (Lagace 1990; Lagace, Castleberry & Ridnour 1993; Strutton, Pelton & Lumpkin 1993; Tanner & Castleberry 1990; Tanner, Dunn & Chonko 1993). Typically LMX studies define high and low quality dyads on the basis of the degree of latitude a manager allows a subordinate. This measure has been criticized based on its lack of conceptual development. Critics claim the quality of a working relationship is comprised of more than managerial latitude (Dienesch & Liden 1986; Schriesheim, Neider, Scandura & Tepper 1992; Schriesheim, Scandura, Eisenbach & Neider 1992). If leader behavior can best be described in terms of the exchange relationship between subordinate and superior, then measuring one exchanged resource is incomplete. This study, therefore, separates and measures these two variables (i.e., quality of the working relationship and the dependent variable- latitude granted). Salesperson respondents indicated on a seven-point semantic differential scale which adjective best described their working relationship with their sales manager (excellent-poor, superior-inferior, and close-distant).

The degree of the loyalty was evaluated from the perspective of the sales manager. Since the sales manager is, according to social exchange theory, the recipient of subordinate loyalty, their perceptions are relevant. Social exchange theory contends behaviors are based on perceptions of benefits received and costs incurred. Since this study attempts to describe the manager's behaviors, his or her perceptions of loyalty received should predict leader behavior. Previous studies using the subordinate-superior loyalty measures have found that the scale items which describe loyal behaviors

(rather than cognition) tend to be more reliable and consistent (Atwater 1988; Graen & Cashman 1975). The salesperson's degree of loyalty to his or her manager, therefore, was measured by the manager's responses to seven Likert items describing relevant behaviors.

Consistent with social exchange theory, the subordinate contributes his personal resources (such as competence, effort and experience) in exchange for the positional resources held by the sales manager. Salesperson competence and effort were measured using scales modified from previous research. Similar to previous studies, competence scale items evaluated the skills and knowledge of the salesperson (Cravens, Ingram, LaForge & Young 1993; Oliver & Anderson 1994). The manager's perceptions of competencies may be influenced by the type of selling situation (Churchill, Ford & Hartley & Walker 1985; Hite & Bellizi 1985). The items in this competency scale, therefore, were modified to fit the industrial selling (rather than consumer selling) situations. Salesperson effort was measured by sales manager response to items evaluating the amount of work-related activities of the salesperson. (See Table 1.)

Consistent with social exchange theory, the dyad member who was the recipient of any valued resource was used as the respondent. Social exchange theory contends the behavior of an individual depends on his or her perceptions of that which has been given by or received from the dyad member. Since the sales manager's behavior of managerial latitude is considered a valued resource by the salesperson, managerial latitude was measured based on the perceptions of the salesperson. Similarly, the manager's allocation of latitude (the behavior of interest in this study) is based on the degree to which the manager perceives he or she has not incurred exorbitant costs or has contributed appropriate rewards. Therefore, the sales manager's perceptions of valuable contributions received from the salesperson - of loyalty, experience, competence and effort are used in this study. In summary, that which the manager contributes to the exchange (i.e. managerial latitude) is measured using the perceptions of the salesperson. That which the salesperson contributes to the exchange

Table #1
Measures: Respondents, Items and Sources

<u>Variable</u>	<u>Respondent SM SP</u>	<u>Number of Items</u>	<u>Sample Items</u>	<u>Source</u>
Latitude	✓	4	*As long as I keep my sales manager informed, I have plenty of operating freedom. * I rarely am required to ask for approval regarding implementing changes in my sales responsibilities. (R)	Based on: Oliver & Anderson 1994 Cravens, Ingram, LaForge & Young 1993
Quality of Relationship	✓	3	Degree to which adjective describes relationship with manager: excellent-poor close-distant	New Scale
Loyalty	✓	9	*This salesperson can be counted on to go along with my decisions. *This salesperson would come to my defense if customers criticized me.	Based on: Atwater 1988 Dienesch 1987
Competence	✓	7	Evaluate level of salesperson's competency in: product knowledge customer knowledge general selling skills	Based on: Cravens et al 1993
Effort	✓	12	*This salesperson devotes above average amounts of time on his/her responsibilities. * This salesperson will maintain a high level of energy in executing tasks.	Dienesch 1987

(loyalty, competence, and effort) is measured using the perceptions of the sales manager.

Least-squares estimation was used to fit the regression models. Each hypothesis was tested by regressing three independent variables on managerial latitude. The first model tests the ability of company control variables (compensation method, size of company and managerial experience). The results of this model are used to evaluate the first hypothesis (the null hypothesis). The predictors suggested by LMX theory were tested using two models: one for variables describing the salesperson-manager relationship and one for the exchange contributions offered by the salesperson. The second model tested the dyadic variables: the duration of the dyad, the quality of the relationship and the sales manager's perceptions of salesperson loyalty to him or her. The third and final model tests the predictive ability of salesperson individual characteristics such as experience, competence and effort levels.

Results

Data were collected from salespeople employed with a diverse set of manufacturing firms. Of the total fifty-two firms participating, 22% were manufacturers of consumer durable goods, 31% were manufacturers of consumer nondurable goods, and 47% manufactured industrial goods. A total of 155 usable responses was received (from the 270 surveys sent to salesperson-manager dyads), resulting in a 57.4% response rate. Most of the salespeople respondents had a college degree and earned over \$40,000. Over 70% of the industrial sales managers in this sample completed a college degree and earned over \$60,000. These education and income levels suggest this sample is highly representative of manufacturers' field sales personnel (*Sales & Marketing Management* 1995).

The estimates of reliability fell within acceptable ranges for both the dependent and independent measures (Nunnally 1978). The five item

Table #2
Measures: Mean, Standard Deviation and Coefficient Alpha

Variable	Mean	Standard Deviation	Coefficient Alpha
Latitude ¹	23.47	4.47	.84
Quality of Relationship ²	16.35	3.4	.87
SP Loyalty to SM ³	48.87	8.17	.85
Duration of Relationship (yrs)	3.5	3.6	*
Sales Mgr Yrs in Mgmt	10.6	7.5	*
Salesperson Yrs in Sales	16.2	11.3	*
Salesperson Competence ⁴	33.2	5.5	.88
Salesperson Effort ⁵	65.9	12.7	.95

* Measured with response to one item.

¹ Sum of four Likert items with response scale of 1 to 7.

² Sum of three Semantic Differential items with response scale of 1 to 7.

³ Sum of nine Likert items with response scale of 1 to 7.

⁴ Sum of six Likert items with response scale of 1 to 7.

⁵ Sum of twelve Likert items with response scale of 1 to 7.

scale measuring managerial latitude had a coefficient alpha of .84. This average pairwise correlation compares favorably to those used in previous control-system studies.² (See Table #2 for Means, Standard Deviations and Coefficient Alpha.)

Regression results from three separate models provide support for each hypothesis. Support for the null hypothesis suggested by H_1 is provided by the first model. The overall F-statistic was .369 (with a p-value of .7758) for the three control system variables. See Table #3 for Regression Results. The control system variables proposed by previous research (i.e., compensation system, size of the company and the amount of managerial experience) did not explain the variation in the controlling behaviors of the manager. It is interesting to note that the isolation of just two

variables (the compensation method and the managerial behavior) runs counter to relationships expected by "control system" approaches. The bivariate correlation between compensation method and managerial latitude was -.04. This is in the opposite direction and strength hypothesized by previous researchers. Based on the F-test for all three control system variables, the first hypotheses is supported. The degree of managerial latitude seems to be unrelated to either the compensation method, size of the company or the experience levels of their managers.

The second and third models indicate that dyadic variables or individual characteristics of the subordinate can explain the variation in managerial latitude. Both models were significant with an F statistic of 36.858 and 9.416 respectively. The

Table #3
Least Squares Regression Statistics

	Standardized β	F Statistic	p-value	Adjusted r^2
Hypothesis #1 Mgr Lat =f(Control System Var) Compensation Company Size Mgrl Experience	 -.03 -.36 .02	0.369	0.7758	-0.0125
Hypothesis #2 Mgr Lat= f(Dyad Var) Quality of Reltnshp Loyalty Duration	 .78* .01 -.08	36.858	0.0001	0.4113
Hypothesis #3 Mgr Lat= f(Subordinate Var.) Experience Competence Effort	 .04 .07 .10*	9.416	0.0001	0.1408

*Parameter estimate significant at $p < .001$

comparison of overall model statistics indicates clearly the superiority of dyad or subordinate variables in predicting the behavior of the manager. The second hypotheses is supported since the second model explains over 41% of the variation in the independent variable. The adjusted r^2 was used to evaluate the amount of variability in managerial latitude explained by this set of predictor variables. The adjusted r^2 reflects the degrees of freedom (i.e., considers both the number of predictors and the sample size) for each model (Judge, Griffith, Hill & Lee 1980). Similarly, results from the analysis of this data indicate that the salesperson's experience, competence and effort can collectively explain 14% of the variation in the amount of latitude his or her sales manager is willing to grant the salesperson.

While both the second and third hypotheses are supported, results here indicate there are some differences between these two models. The overall model indicators are much higher for the second hypotheses. The second model explains over 41% of the variation in latitude, whereas the third model explains 14%. While both F-statistics are significant, they are not of similar size. While the second model explains more variation, it does so in a disconcerting manner. Based on the standardized coefficients, it is evident that the quality of relationship dominates this set of predictors. The standardized beta for this one predictor was very high (.78), and is the only significant one in this set. A more parsimonious approach to explaining managerial latitude may rest with the traditional LMX measure used. LMX approach traditionally uses managerial latitude to define the quality of the superior-subordinate relationship. Another cause for caution is indicated by the possible relationship between duration and latitude. Results indicate that a (weak and) negative relationship may exist. This runs counter to the expected results. It was expected that field sales managers would grant more latitude to those subordinates with whom they had more opportunities to develop dyadic exchanges. The dominance of quality of relationship and the inverse relationship between one of the predictors and the independent variable may be cause for caution. Based on these two results, a cautious interpretation would con-

tend that the second hypothesis receives partial support. While the overall model statistics indicate dyadic variables are significant predictors, only one of the three provided a statistically significant explanation for the variation in managerial latitude.

The third model regressed three subordinate characteristics as perceived by the sales manager on managerial latitude (as perceived by the salesperson). The overall model statistics indicate a significant relationship exists between one or more of the three variables and managerial latitude. The F-statistic was 9.416 with an associated p-value of .0001. Unlike the second model, all of the predictors share a positive relationship with managerial latitude. Similar to the second model, however, only one of those variables was statistically significant. The salesperson's effort was a significant predictor of latitude with a standardized beta of .10. The relative size of this coefficient indicates this one variable does not dominate the entire model and that the 14% of variation explained in managerial latitude depends on more than simply one variable. Given the fact that the independent variable was measured based on the viewpoint of the salesperson and the predictor variables were measured based on the viewpoint of the manager, these results are encouraging. The behavior of the sales manager (as seen by his or her subordinates) can be explained by the manager's perception of subordinate contributions. The results indicate the sales manager will vary his or her latitude based on individual characteristics of the subordinate, especially the perception that the subordinate is investing a high degree of effort in his or her assigned tasks.

Clearly the null hypothesis is supported by the results from the first model. The results from the second model provide partial support for the predictive ability of dyadic variables. Finally, the third hypothesis is supported since the overall model statistics and individual beta weights are more consistent with expectations. The sales manager's behavior appears to be less influenced by control system issues and more a function of relationship and subordinate characteristics.

Conclusions and Implications

Sales managers in this sample tended to vary their overall control levels depending on the subordinate - rather than the control system. This is not to say that a sales manager may not coordinate control at the field level with control at higher organizational levels. Because managerial latitude was measured using global statements (which did not specify the activity which the manager was trying to control), drawing conclusions may be premature. The very basis of the control-system continuum suggests the focal activity may make a difference. This continuum suggests firms can be described based on the degree to which they emphasize outcomes or effective selling behaviors. Activities that are more closely related to outcomes (such as closing techniques used) may be controlled more closely by firms that reward outcomes. Activities that are more closely related to behaviors (such as pre-call preparation) may be the focus of more managerial control in behavior-based systems. While it is clear that overall managerial latitude seems to be more a function of dyad or individual level variables, this may not be true for activity-specific managerial latitude. Testing these relationships will require a refinement of the global latitude scale (to one that identifies the focal point of the managerial control efforts).

The evidence here supports the importance of the salesperson-manager dyad. Since the manager is influenced by issues surrounding his or her working relationship with the subordinate, these dyad factors should be incorporated into the "Behavior versus Outcome Control System" approach. Sales managers alter their overall control behaviors based on the characteristics of the subordinate. As hypothesized, the subordinate who is perceived to be more competent and to expend more effort is allowed more latitude. The nature of the working relationship is a significant predictor of manager control behavior. The sales manager varies the extent of supervision depending on the person being supervised. Sales managers tend to respond to the nature of the interpersonal relationship. Sales managers in this diverse sample, however do not seem to be influenced by control system issues. Consistent with LMX theory, a sales

manager allocates more freedom to subordinates with whom he enjoys a good working relationship.

The quality of the relationship was significantly associated with managerial latitude. The empirical results seem to lend support to the lack of distinction made in the earlier LMX studies (between latitude and the quality of the relationship). Apparently salespeople evaluate the quality of their working relationship based largely upon the amount of latitude given to them. In the field sales setting, this latitude may be seen as an especially valuable. The field salesperson must interact with a diverse set of buyers and organizations. To do this effectively, the salesperson may perceive the entrustment of managerial latitude as an approval of his or her methods. Since the salesperson and manager must contend with physical and psychological distances, managerial latitude may be seen as a powerful endorsement. The latitude allowed to the salesperson, therefore, reflected not simply one managerial contribution to the LMX relationship-- but the culmination of all of the subsequent exchanges.

Given the unexpected findings concerning the impact of both salesperson experience and dyad duration, a longitudinal design may provide more insights. The cross-sectional design used here allowed for a test across diverse settings- but not across time. The quality of the working relationship was measured uni-dimensionally but this approach may ignore the complexities of the subordinate-superior exchange relationship (Schriesheim, Neider, Scandura & Tepper 1992 Schriesheim, Scandura, Eisenbach and Neider 1992). While the quality of the relationship and managerial latitude shared a significant amount of variation, the source of that variation requires additional research efforts. Both latitude and quality of relationship were based on salesperson reports. Thus, the shared variation may be due to same source variability. Measures comparing the quality of relationship assessments from both sides of the dyad (salesperson and manager) may prove useful here. Finally, while this study sought to explain the variability in sales manager control behaviors, the impact those behaviors have on important outcomes such as performance and satisfaction remains un-

addressed. Predicting managerial behaviors that have marginal effect on outcomes may be of little use. Additional research, therefore is needed to explore the impact sales manager control behaviors have on outcomes.

In effect managers are responding to variations in sales people - and these variations may be incorporated into the conceptualization of sales force control systems. The control system continuum describes salesperson characteristics as outcomes. Perhaps we should view the salesperson characteristics as inputs. When the salesperson inputs are not consistent with the control system elements, then the manager must adapt his or her control behaviors. These results imply there is a relationship between management control and subordinate effort or competence levels. For example, when a less competent salesperson works for a firm using outcome-based control methods (i.e. straight commission), the manager may have to allocate more time, direction and control to this salesperson. In an outcome-based control system, the compensation system should act to "weed out" nonperformers. This weeding out process takes time, and in this interim the manager may intervene. This intervention takes the form of closer supervision to the less competent. In this case, the characteristics of the salesperson were not coordinated with the compensation system. This inconsistency results in the sales manager attempting to control (when the compensation system did not).

Both researchers and practitioners seem to assume compensation method acts alone as a "screening" device in selecting the appropriate salesperson. The results from this study imply this is may not be the case. If the salesperson characteristics are not suited to the demands of a commission based compensation system, then the manager may allocate more time and attention to this subordinate. Selecting the appropriate salesperson may alleviate the inconsistencies in the control system. From a practitioners and researcher's viewpoint, over reliance on financial incentives and compensation system to act as screening device may create inefficiencies in the total control system.

Suggestions for Future Research

Given the unexpected findings concerning the impact of both salesperson experience and dyad duration, a longitudinal design may provide more insights. The cross-sectional design used here allowed for a test across diverse settings- but not across time. The quality of the working relationship was measured uni-dimensionally but this approach may ignore the complexities of the subordinate-superior exchange relationship (Schriesheim, Neider, Scandura & Tepper 1992 Schriesheim, Scandura, Eisenbach and Neider 1992). While the quality of the relationship and managerial latitude shared a significant amount of variation, the source of that variation requires additional research efforts. Both latitude and quality of relationship were based on salesperson reports. Thus, the shared variation may be due to same source variability. Measures comparing the quality of relationship assessments from both sides of the dyad (salesperson and manager) may prove useful here. Finally, while this study sought to explain the variability in sales manager control behaviors, the impact those behaviors have on important outcomes such as performance and satisfaction remains un-addressed. Predicting managerial behaviors that have marginal effect on outcomes may be of little use. Additional research, therefore is needed to explore the impact sales manager control behaviors have on outcomes. □

Footnotes

1. Oliver & Anderson (1994) found the extent of supervision correlated with percent of salary-based pay ($r = .14$). The extent of supervision and pay as a control mechanism were inversely related with a correlation of $-.17$.
2. Cravens, Ingram, LaForge & Young (1993) found an correlation of $.76$ for their two item scale. Oliver & Anderson's (1994) coefficient alpha for the 8-item scale was $.856$.

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