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Sales Control Systems and Behavioral Responses: 
Mediating Role of Regulatory Focus and 
Moderating Role of P-O Fit*

Jaewon Yoo**

Built on regulatory focus theory, this article develops a research model proposing the relationship between management controls (outcome, activity and capability), sales employees’ prevention and promotion focus and their behavioral responses (feedback seeking from different sources and relationship investment). The model also suggests that salesperson perceived organizational fit (P-O fit) contributes by influencing the situational self-regulatory mechanism based on regulatory fit theory.

To analyze the data, a structural equation model procedure using LISREL 8.5 was employed. To access the potential common method bias, the MV™ marker method was applied using a scale theoretically unrelated to at least one scale in the analysis as the MV marker.

The results showed that the greater the salesperson’s perceived activity control system, the greater the extent of employee prevention focus. The findings also showed that output control and capability control system are positively related to the promotion focus of salespeople. Salespeople’s prevention focus relates negatively to the relational investment and positively to organization feedback seeking. The results indicate that salespeople who have promotion focus exhibit the predicted positive influence on their relationship investment.

A significant contribution of this research framework is suggesting salesperson regulatory focus as a mediator and its’ effects on different types of sales-related behaviors. The author suggests that the motivational orientations of salespeople play key roles in shaping feedback seeking behaviors from different sources: broadly, that employees with a promotion focus will be more sensitive to customers’ feedback, and employees with a prevention focus will seek more feedback from the organization. Furthermore, salespeople with a promotion focus will invest more resources to build relationships with customers than salespeople with a prevention focus. This research also explains the moderating role of person-organization fit on the effect of salespeople’s regulatory focus and behavioral responses based on regulatory fit theory.

Key words: Management control systems, Prevention focus, Promotion focus, Feedback seeking, Relational investment, P-O fit

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I. Introduction

Many organizations have seen a shift in resource allocation from marketing to sales (Webster et al., 2003) as companies recognize that sales activities are crucial to the attainment of marketing's top priorities (Onyemah, 2005). Accordingly, research attention has focused on sales management control and several organizational factors associated with superior salesperson performance (Lee and Ji, 2013; Pierce et al., 2006).

A firm’s management control system is often recognized as an important management tool that affects salesperson behaviors and outcomes (Oliver and Anderson, 1994). The manager’s control system communicates powerfully what is important and how salespeople should behave. Salespeople are likely to use the control system as a perceptual screen to filter their own evaluations of their sales performance (Lord and Maher, 1990).

Challagalla and Shervani (1996) note three types of formal supervisory control systems (output, capability, and process control) to direct employees’ job-related outcomes. Interestingly, empirical studies focusing on the effects of control have uncovered some unexpected and ambiguous findings (Challagalla and Shervani, 1996). Recent research on the regulatory focus theory (RFT) suggests that people often face decisions between stability (prevention focus) and change (promotion focus). They may need to decide whether to continue a current course of action or undertake a different action or to decide whether to keep an object they have or exchange it for another one (Higgins, 1997: 1998).

While progress has been made in understanding sales management control and self-regulatory theory, several research questions remain in better understanding how management control systems may be linked to salespeople’s regulatory focus and different types of sales-related behavior. This research offers new insights into the sources of different sales behaviors by considering the impact of sales management control on salespeople’s regulatory focus. Specifically, this study suggests that sales force regulatory focus is primed by the sales control system. The promotion system is derived from outcome and capability control and employs accomplishing behavior. It is sensitive to the presence and absence of positive outcome. The prevention system is derived from activity control and employs goal-responsible behavior.

Two basic assumptions for developing this research framework are suggested. First, management control systems can be regarded as situational cues of regulatory focus. According to Higgins (1998), a person’s differing focus can be seen either as a dispositional or situational feature. In organizational settings, specific climates developed by leaders may capture such situational cues (Zohar, 2000). Second, salespeople’s regulatory focus is shaped at the group level and dominates a salesperson’s self-regulation.
derived from his or her personality. Shah et al. (2004) focus on the group-level and social identity-based regulatory focus, which are referred to as collective regulatory focus. So collective regulatory focus can be defined as promotion- or prevention-related goals and strategies that have become part of a group’s identity, and direct individual group members toward promotion- or prevention-oriented behavior. Thus, although collective regulatory focus can be seen as a group norm or group strategy, it is a norm/strategy that operates via the social identity of the group members through the process of social categorization.

Based on the regulatory fit theory, the moderating role of perceived organizational fit is also explored. Regulatory fit makes people “feel right” about what they are doing and strengthens engagement in goal-directed behaviors (Higgins 2000). Higgins (2000) suggests that greater person–environment regulatory focus fit heightens work motivation, while regulatory focus theory also suggests that within different states of person–environment fit, employees may cause different behavioral outcomes.

II. Theoretical Background

2.1 Regulatory Focus Theory

Regulatory focus theory (RFT: Higgins 1997) distinguishes between two distinct regulatory orientations: promotion focus and prevention focus. People with a promotion focus are sensitive to the absence and presence of positive outcomes; they are concerned with growth, accomplishments, and aspirations. In contrast, those with a prevention focus are sensitive to the absence and presence of negative outcomes: they are concerned with safety, responsibilities, and obligations. According to RFT, any goal may be pursued with a promotion or a prevention focus (Kim 2014).

Fundamentally, a person’s differing focus can be seen either as a dispositional or situational feature. According to Higgins (1998), differences in chronic focus are attributable to the lasting effect of different learning styles and standard values in the course of socialization.

In another instance, the regulatory focus can be determined by the situation in which an individual finds him or herself, such as the possibility of having to buy a reliable household product versus wanting to purchase a representative status object (so-called situational focus: Förster et al. 1998; Higgins et al. 1994). However, Higgins (1997) stated that situational framing can also influence individuals in such a manner as to instill one focus or the other. This study examines regulatory focus as a situational state that can be induced by the interdependency structure of a group task.

Over the past few years, regulatory focus has increasingly been studied in group contexts (e.g.,
Faddegon et al. 2008; Faddegon et al. 2009; Jonas et al. 2010; Rietzschel 2011; Shah et al. 2004). These studies have shown that groups can develop or adopt a joint focus on promotion or prevention. Clearly, whether the joint focus of a group is on promotion or prevention can have important implications for the performance of many groups and work teams (Faddegon et al. 2009).

For instance, when a situation is framed in terms of achievement and accomplishments (e.g., production), employees may be inclined to adopt a promotion focus. If, on the other hand, a situation is framed in terms of accurate and error-free task completion (e.g., completing a task safely), then a prevention focus may be adopted. Levine et al. (2000) have shown that group members’ regulatory focus strategies can be categorized as having either a promotion or prevention focus, depending on how the outcomes of a joint task are framed (i.e., as gains vs. non-gains or as losses vs. non-losses).

In organizational settings, specific climates developed by leaders may capture such situational cues (cf. Zohar 2000). In this case, situational cues take on added importance as employees seek out information related to behavioral expectations and their potential consequences (Scott and Bruce 1994).

Shah et al. (2004) focus on group-level and social identity-based regulatory focus, which are referred to as collective regulatory focus. Collective regulatory focus can be defined as promotion or prevention-related goals and strategies that have become part of a group’s identity, and direct individual group members toward promotion- or prevention-oriented behavior. Faddegon et al. (2008) examine how the “collective” promotion or prevention focus of a group influences the behavior of individual group members based on social identity theory and self-categorization theory. Faddegon et al. (2009) showed that chronic regulatory focus affected creative group performance in an anagram task. Rietzschel (2011) suggests that the levels of team’s collective promotion focus will positively predict the specific aspects of team innovation such as idea generation and idea promotion activities; the opposite relationship should hold for prevention focus.

III. Research Model and Hypotheses

According to Lord and Maher (1990), salespeople are likely to use their control system as a perceptual screen to filter their own evaluation of their sales performance. However, no attempt to investigate how sales control systems influence salesperson self-regulation formation has been made so far.

In organizational settings, situational cues take on added importance as employees seek information related to behavioral expectations and
their potential consequences (Scott and Bruce 1994). Situational cues that emphasize nurturance needs, attainment of ideals, and potential gains tend to induce a promotion mindset, whereas situational cues that emphasize security needs, fulfillment of obligations, and potential losses tend to induce a prevention mindset (Higgins 1997; 1998). Based on the relationship between management control systems and sales force regulatory focus, the cause of differences in salesperson behavioral responses can be inferred.

3.1 Salespeople’s Response to Management Control Systems

Management control systems are used by managers to encourage the attainment of desired organizational objectives (Challagalla and Shervani 1996). Management control in organizations concerns the efforts of managers to influence the behavior and activities of personnel to accomplish the objectives of the organization (Jaworski et al. 1993). Scholars concur on this general view of management control but differ as to the dimensions and types of control (Piercy et al. 2006). Anderson and Oliver (1987) conceptualized two types of control systems (outcome control and behavior control).

When using outcome control, the sales manager is concerned with the results produced by salespeople in terms of sales, market share, and profit contribution (Oliver and Anderson 1994).
Anderson and Oliver (1987) defined behavior control in terms of (1) specific sales management activities and (2) the extent to which managers perform the activities. Managers employing sales management behavior control are involved to a great extent in monitoring salespeople: directing salespeople’s activities; evaluating salespeople on an input basis, employing subjective and more complex performance measure; and rewarding salespeople with a substantially higher proportion of fixed salary compared to incentive compensation.

Due to the broad nature of behavior control systems, Challagalla and Shervani (1996) determined the need to further divide behavior control systems into two components: 1) activity control and 2) capability control. Specifically, activity control addresses the monitoring and supervision of activities in pursuit of sales (e.g., making sales calls, delivering proposals, presentations, and customer demonstrations, etc.). Salesperson activity control may be perceived by the salesperson as controlling or manipulative of his or her behavior since it involves more prescriptive direction (from the manager) as to how the selling job should be performed (Mallin and Pullins 2009).

According to regulatory focus theory, prevention-focused individuals are likely to value safety and follow rules (Kark and Van Dijk 2007). Furthermore, prevention-focused individuals are concerned with what they ought to do, acting out of obligation and in accordance with expectations (Higgins 1997; 1998). Shah and Higgins (1997) suggest that a prevention focus involves construal of achievement goals as responsibilities whose attainment brings security. Commitment to these security goals is characterized by doing what is necessary. Neubert et al. (2008) also suggest that the leader’s behavior that is focused on directing and structuring subordinates’ tasks is related with employees’ prevention focus.

Oliver and Anderson (1995) explain that risk-avoiding salespeople may wish to shift their efforts to those sales team activities with greater stability (account maintenance, specification, and term) or to product lines with more predictable demand characteristics. Task stability would appear to argue for a behavior control approach (especially activity control) as the sales process is more orderly and potentially measurable (Oliver and Anderson 1995). Firms that possess a prevention focus are likely to opt for process-based control systems, which specify requisite behaviors that firms must adhere to. There are clean norms as to what is and what is not acceptable behavior, and deviation from these norms invites penalties such as activity control (Das and Kumar 2011).

Thus, considerable monitoring of salespeople’s activities and results, high levels of management direction, and intervention in the activities of salespeople make salespeople more focused on avoiding inappropriate behavior and fulfilling required behavior from the manager’s
Hypothesis 1: Activity control systems positively impact salesperson prevention focus.

Outcome control uses incentives to reward salespeople in direct proportion to their sales outcomes (e.g., sales volume). Outcome control represents a “hands-off” approach to managing salespeople in that they are given a great deal of autonomy and independence to perform their duties and are compensated for the output they achieve.

According to Hofstede (1980), people in low-uncertainty avoidance cultures (promotion focus) relish risk and challenging work. Faddegonet al. (2008) suggest that group members need to be creative and have to take risks (e.g., a product development team), and thus a joint focus on promotion is most suitable. Shah and Higgins (1997) suggest that a promotion focus involves construal of achievement goals as aspirations whose attainment brings accomplishment. Das and Kumar (2011) also suggest that firms with a promotion regulatory focus are likely to emphasize outcome-based control systems for managing inter-partner conflict.

Thus, salespeople in outcome-based control are more concerned about achieving their sales goals and put more effort into increasing their sales performance, which is the main criterion for evaluation.

Hypothesis 2: Outcome control systems positively impact salesperson promotion focus.

Compared to activity control, capability control is designed to develop and reward salesperson selling skills and has been suggested to impact intrinsic motivation primarily by promoting an enjoyable task environment (Challagalla and Shervani 1996). Capability control enhances salespeople’s perceived competence (Challagalla and Shervani 1996) and allows salespeople to apply learned skills in a more autonomous fashion (Kohli et al. 1998). Like output control, the ultimate goal of capability control is to improve the salesperson’s performance outcome (Miao et al. 2007).

According to Higgins et al. (1994), the promotion focus of strong ideals leads to greater accomplishment-related strategies for self-regulation. Thus, capability control may be perceived as an endorsement of promotion-focused assumptions, which then encourages goal-oriented behavior for enhancing outcomes by eliciting a promotion focus from salespeople. Thus, under capability control, salespeople are more concerned about achievement by adopting a promotion focus.

Hypothesis 3: Capability control systems positively impact salesperson promotion focus.
3.2 Regulatory Focus and Sales Force Behavior

This study suggests the effect of management control systems on employees' behavioral responses through the mediation of sales force regulatory focus. Wu et al. (2008) suggest that prevention focus emphasizes minimal goals, such as minimizing the "risk" of a risk-return dilemma. In the attempt to fulfill safety or security needs, prevention-focused individuals strive to bring themselves into alignment with their "ought" selves (Higgins 1997). As a result, they are attentive to the absence or non-absence of negative outcomes and are more oriented toward avoidance of loss or failure.

A key purpose of activity control is to ensure that organizational members focus their efforts on actions that supervisors deem important for the long term effectiveness of the organization (Challagalla and Shervani 1996). From the perspective of the salesperson in activity control systems, negative outcomes can be disobedience from behavioral guidelines and misfit with their organization's behavioral expectations. The most important interaction in activity control systems may occur in the relationship between salespeople and their organizations. Thus, salespeople with a prevention focus are more sensitive to their organizational response feedback because of the characteristics of a prevention focus.

Hypothesis 4: Salesperson prevention focus positively impacts a salesperson's organizational feedback seeking behavior.

In contrast, when individuals experience a promotion focus, attention is predominantly allocated to maximal goals, such as maximizing the "return" in a risk-return dilemma. To fulfill nurturance needs, promotion-focused individuals strive to bring themselves into alignment with their ideal selves (Higgins 1997). As a result, they are attuned to the presence or non-presence of positive outcomes and are drawn toward the pursuit of approach-oriented ends, such as gains or success.

The ultimate goal of capability control and output control is to improve the salesperson's outcome performance (Miao et al. 2007). From the perspective of a salesperson in activity and output control systems, the desired outcomes and gains can be defined as sales volume (Fanget al. 2005). In this case, the most important interaction may occur in the relationship between salespeople and customers. Thus, salespeople with a promotion focus are more sensitive to their customer responses feedback because of the characteristics of a promotion focus.

Hypothesis 5: Salesperson promotion focus positively impacts a salesperson's customer feedback seeking behavior.

A seller's relationship investment resembles specific assets in channels literature (Heide and
Stump 1995) and refers to the time, effort, and resources that sellers invest in building stronger relationships (Palmatier et al. 2006). Such investments often generate expectations of reciprocation that can help strengthen and maintain a relationship. Therefore, they positively influence relational mediators (Ganesan 1994).

People with a promotion focus regulate their behavior for advancement, aspirations, and accomplishments. In contrast, people with a prevention focus are concerned with the absence or presence of negative outcomes. They orient their behavior toward protection, safety, and responsibilities (Higgins 1997; 1998). Zhou and Pham (2004) also found that individuals are differentially sensitive to gains and losses depending on whether a decision task evokes a promotion or a prevention focus.

In the context of relationship building, secure investment alternatives often only provide small returns, while riskier investment alternatives have the potential for higher returns along with the danger of high losses (Florack and Hartmann 2007). Thus, salespeople who have high promotion focus will invest more effort for higher returns (sales growth) and prevention-focused salespeople will spend less input because of the potential loss.

**Hypothesis 6**: Salesperson prevention focus negatively impacts a salesperson’s relationship investment.

**Hypothesis 7**: Salesperson promotion focus positively impacts a salesperson’s relationship investment.

### 3.3 Moderating Effects of Perceived Organizational Fit on Sales Force Behavior

In an organizational context, organizational behavior and marketing researchers have approached about the notion of fit between worker and environment in several ways. This research examined P-O fit as a person’s perception of his or her compatibility with an organization’s culture and members.

Although regulatory focus relates to the goals to be pursued, an equally important consideration is the means available in their pursuit, as fit or misfit between the two can influence many aspects of workplace functioning.

Regulatory fit has been described as the mechanism that explains how employees adapt to the demands of their work situation (Lee and Aaker 2004). In particular, a leader’s pattern of behavior is a salient work-environment cue that is likely to evoke a promotion or prevention focus in organizational members (Brockner et al. 2004). Although previous research on regulatory focus has provided important insights on the role of dispositions and states in influencing goals, the role of situational characteristics has been relatively neglected, even though this is an area described as an important focus.
One prominent factor that can help explain situation-induced regulatory focus in organizational settings is the employee’s perceived congruence with their work environment such as P-O fit. Specifically, lower perceived fit with the organization has a better regulatory fit for salespeople with a promotion focus than for individuals with a prevention focus because lower perceived fit with the organization gives salespeople with a promotion focus the opportunity to engage in behavior that fits their regulatory needs, such as sales outcome-oriented behavior (achievement and accomplishment). Conversely, higher perceived fit with the organization offers a better regulatory fit for salespeople with a prevention focus than for salespeople with a promotion focus because a high level of P-O fit allows salespeople to show behavior that fits the regulatory needs of salespeople with a prevention focus, namely, a focus on safety and security, such as organization-oriented behavior.

For instance, if salespeople have a high prevention focus, they will follow their organizational rules and only show organizationally required behavior because prevention-focused individuals are concerned with responsibilities and safety and focus on the presence or absence of negative outcomes (Shah et al., 1998). Thus, if salespeople experience more fit with their organization, their motivation for responsibility may also be enhanced. Thus, salesperson with a prevention focus will express more organizational feedback seeking behavior and less salesperson relationship investment efforts.

**Hypothesis 8:** The effect of prevention focus on a salesperson’s organizational feedback seeking behavior is stronger, when salesperson P-O fit is high than when salesperson P-O fit is low.

**Hypothesis 9:** The effect of prevention focus on a salesperson’s relationship investment are weaker, when salesperson P-O fit is high than when salesperson P-O fit is low.

Salespeople who have a promotion focus may exhibit more outcome-oriented behavior, and their outcomes are accomplished by interactions with customers. However, when salespeople have higher perceived fit with their organizations, they are also concerned about their organizational well-being. In this case, salespeople can experience the conflicts and ambivalences due to the differences in their goal orientations (customer-oriented behavior for better outcomes vs. organizational-oriented behavior due to high P-O fit). Because of limitation of resources, salespeople with a high promotion focus may reduce customer-relationship investment and customer feedback seeking and increase organizational feedback seeking due to their concern about their organizational well-being.

Thus, salespeople with a high promotion focus and P-O fit may reduce customer-relationship investment and customer feedback seek-
ing behavior due to the experience of goal-orientation conflicts.

**Hypothesis 10:** The effect of promotion focus on a salesperson’s customer’s feedback seeking behavior is weaker when salesperson’s P-O fit is high than when a salesperson’s P-O fit is low.

**Hypothesis 11:** The effect of promotion focus on a salesperson’s relationship investment is weaker when the salesperson’s P-O fit is high than when a salesperson’s P-O fit is low.

**IV. Research Methodology**

**4.1 Measures**

All measures are adapted from or developed based on prior research. Individual measurement items for the constructs are listed in Appendix A.

To measure output, activity, and capability control, this study used 15 items drawn from Miao et al. (2007). Five items were adopted to measure each type of control. The 12-items regulatory focus at work previously utilized by Wallace and Chen (2005) and Wallace et al. (2009) was used. Wallace and Chen (2005)’s measure contains two factors, each with six items, (1) promotion focus and (2) prevention focus. In line with regulatory focus theory, promotion items that capture employees’ behavioral manifestations are likely to promote positive outcomes at work, whereas prevention items capture behavioral manifestations that are likely to prevent negative outcomes at work. Person-organization fit was assessed using a scale developed by Netemeyer et al. (1997) that measures the congruence of personality traits, beliefs, and values of an individual employee with the culture, strategic needs, norms, and values of his/her organization (based on employee perceptions of this fit). Four items asked service workers to assess the fit between their personal values and the organization’s values. Feedback seeking was measured with a 6-item scale adapted from Callister et al. (1999). One scale measured feedback seeking from supervisor and the other measure feedback seeking from customers. Respondents indicated the extent to which statements about feedback seeking matched their experiences on 7-point scales. All items used a response scale ranging from 1, “strongly disagree” to 7, “strongly agree.”

**4.2 Sampling Procedure and Data Collection**

Data for the study were collected from a
cross-sectional sample of retail bank and insurance companies in South Korea. The sample contained responses from salespeople. All the organizations involved in the data collection offered services and directly sell service products to customers.

The instrument was prepared in English and then translated into Korean. It was checked for accuracy in line with conventional back-translation processes. Data were collected onsite from each participating bank and insurance company. The sample for the study was drawn with the help of chief executive officers (CEOs) who worked for 10 top-ranked banks and 15 top-ranked insurance companies headquartered in Seoul. The initial contact was letters to top managers, explaining the purpose of the survey and asking them to persuade their branch managers to participate in the survey. Four out of 10 CEOs in the banking industry and 8 out of 15 CEOs in the insurance industry agreed to ask their branch managers to participate. Based on the list of branches suggested by the CEOs, branch managers were asked to help with survey administration.

An interviewer scheduled appointments with branch managers as informants, who then introduced the interviewer to the other employees at their branches. The interviewer presented the respondents with the survey questionnaires and collected the questionnaires upon completion.

4.3 Sample Characteristics

Questionnaires were distributed to 750 frontline employees across several banks and insurance companies. Of these, 543 usable questionnaires were returned, a response rate of 72.4% (with the interviewer presence certainly aiding this response rate). Twenty-five questionnaires were deleted because 6 were internal employees with no contact with customers, and 19 respondents did not completely fill out the questionnaires (adjusted response rate = 69.07%). The employee sample was 67.2% female, with an average age of 35 years and less than 8-year tenure in their current positions, and 48.5% of the sample had a university degree.

V. Research Findings

5.1 Measurement Model Analysis and Results

To analyze the data, a structural equation model procedure using LISREL 8.5 was employed (Jöreskog and Sörbom 1996). Reliabilities of the individual measurement scales were assessed using Cronbach’s coefficient α and Fornell and Larker’s (1981) composite reliability formula. The average variance extracted, composite reliability calculations, and items appear in Appendix A. The measurement model in this study con-
sisted of 47 reflective indicators and 8 correlated latent factors corresponding to the 8 constructs of the study depicted in Figure 1.

The first step in the analysis was to test the hypothesized measurement relationships and evaluate the reliability and discriminant validity of the constructs. To do this, an 8-construct confirmatory factor analysis was estimated using the covariance matrix as input. Overall, the confirmatory factor model fit the data well. The chi-square (df) was 1215.55 (398), the comparative fit index (CFI) was .98, the root mean squared error approximation (RMSEA) was .063, the normed fit index (NFI) was .96, and the relative fit index (RFI) was .96.

As indicated in Appendix A, the Cronbach alpha reliability estimates were all well above Nunnally’s (1978) recommended level of .70. Fornell and Larcker’s (1981) index of the average amount of variance each latent factor accounted for in its indicators (pvc(η_i)) was well above the recommended level of .50 for all constructs. Evidence of discriminant validity is provided by the fact that all of the construct intercorrelations

\[
\begin{array}{cccccccccc}
& OC & AC & CC & PREF & PROF & OFS & CFS & RI & POF \\
OC & 0.888 & -0.447** & 0.324** & -0.372** & 0.367** & -0.163** & 0.255** & 0.397** & -0.121** \\
AC & -0.431** & 0.942 (.805) & -0.481** & 0.316** & -0.362** & 0.205** & -0.173** & -0.345** & 0.018** \\
CC & 0.368** & -0.464** & 0.899 (.691) & 0.331** & -0.469** & 0.242** & -0.301** & -0.402** & 0.124** \\
PREF & -0.359** & 0.323** & 0.338** & 0.930 (.728) & -0.647** & -0.078** & -0.325** & -0.431** & 0.184** \\
PROF & 0.374** & -0.349** & -0.455** & -0.631** & 0.912 (.677) & -0.207** & 0.281** & -0.113** \\
OFS & -0.152** & 0.213** & 0.250** & -0.069** & -0.195** & 0.915 (.844) & -0.173** & -0.210** \\
CFS & 0.263** & -0.162** & -0.288** & -0.312** & 0.289** & -0.162** & 0.791 (.655) & 0.00** \\
RI & 0.404** & -0.332** & -0.388** & -0.417** & 0.422** & -0.122** & 0.500** & 0.818 (692) \\
POF & -0.110** & 0.028** & 0.133** & 0.193** & -0.102** & -0.198** & 0.003** & -0.146** & 0.911 (.723) \\
MV & 0.122** & -0.076** & -0.175** & -0.124** & 0.109** & -0.0532** & 0.010** & 0.068** & -0.200** \\
\end{array}
\]

Note: 1. Outcome control (OC), Activity control (AC), Capability control (CC), Prevention focus (PREF), Promotion focus (PROF), Organizational feedback seeking (OFS), Customer feedback seeking (CFS), Relational investment (RI), Person-organization fit (POF), MV Marker (MV).
2. Diagonals are AVE (bold) and CR.
were significantly \((p < .05)\) less than 1.00. Further, the variance shared by any two constructs (i.e., the square of their intercorrelation) was always less than the \(\rho_{vc}(\eta)\)’s for the constructs.

To access the potential common method bias, the MV marker method, which used a scale theoretically unrelated to at least one scale in the analysis, was applied (Lindell and Whitney 2001). A 5-item scale was used to measure manager’s perceived team cooperation (Cadogan et al. 2009, Cronbach’s \(\alpha = 0.805\)) and selected the lowest positive correlation \((r = 0.010)\) between the MV marker and other variables to adjust the construct correlation and statistical significance (Lindell and Whitney 2001). None of the significant correlations became insignificant after adjustment (see Table 1). Therefore, common method bias was not a serious concern.

5.2 Results and Analysis

Using structural equation modeling with LISREL 8.5, the research hypotheses were tested (Jöreskog and Sörbom 1996). The overall fit of this model was acceptable. The chi-square \((\text{df})\) was 1748.35 \((421)\), the comparative fit index (CFI) was .96, the root mean squared error approximation (RMSEA) was .078, the normed fit index (NFI) was .94, and the relative fit index (RFI) was .94.

Table 2 shows the structural estimates of this model. The analyses provide support for most hypothesized relationships.

Hypotheses 1, 2, and 3 respectively hypothesize that different types of control systems are positively associated with salespeople’s regulatory focus. Hypothesis 1 states that the greater the salesperson’s perceived activity control system, the greater the extent of the employee’s prevention focus. Structural equation modeling supports this view through finding a positive \(( \gamma = 0.36, p < .01)\) and significant association between the degree of activity control system and salespeople’s prevention focus. Hypothesis 2 argues that salespeople’s perceived outcome control system influences the extent of an em-

<table>
<thead>
<tr>
<th>Hypothesized relationships</th>
<th>Unstandardized Estimates</th>
<th>t - value</th>
<th>StdError</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity control (\rightarrow) Prevention focus</td>
<td>0.36</td>
<td>7.69</td>
<td>0.05</td>
<td>H1 supported</td>
</tr>
<tr>
<td>Outcome control (\rightarrow) Promotion focus</td>
<td>0.15</td>
<td>2.20</td>
<td>0.07</td>
<td>H2 supported</td>
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<td>Capability control (\rightarrow) Promotion focus</td>
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<td>5.93</td>
<td>0.07</td>
<td>H3 supported</td>
</tr>
<tr>
<td>Prevention focus (\rightarrow) Organization feedback seeking</td>
<td>-0.05</td>
<td>-1.37</td>
<td>0.04</td>
<td>H4 not supported</td>
</tr>
<tr>
<td>Promotion focus (\rightarrow) Customer feedback seeking</td>
<td>0.44</td>
<td>7.39</td>
<td>0.06</td>
<td>H5 supported</td>
</tr>
<tr>
<td>Prevention focus (\rightarrow) Relationship investment</td>
<td>-0.32</td>
<td>-6.70</td>
<td>0.05</td>
<td>H6 supported</td>
</tr>
<tr>
<td>Promotion focus (\rightarrow) Relationship investment</td>
<td>0.39</td>
<td>7.49</td>
<td>0.05</td>
<td>H7 supported</td>
</tr>
</tbody>
</table>
ployee’s promotion focus. The results lend strong support for this relationship in that outcome control and promotion focus ($\gamma = 0.15$, $p < .01$) is positively and statistically significant. Hypothesis 3 contends that capability control system positively relates to the promotion focus of salespeople. Hypothesis 3 is strongly supported by the results in a highly significant parameter ($\gamma = 0.41$, $p < .01$) and, therefore, is accepted.

Hypotheses 4 and 5 argue that salespeople’s regulatory focus is positively related with employee’s feedback seeking from different sources. Hypothesis 4 contends that a salesperson’s prevention focus is positively associated with organizational feedback seeking. However, Hypothesis 4 is not supported by the results in a non-significant parameter ($\gamma = -0.05$, $p > .1$) and is therefore rejected. Hypothesis 5 states that the greater the salesperson’s promotion focus, the greater the extent of the employee’s customer feedback seeking behavior. Structural equation modeling supports this view through finding a positive ($\gamma = 0.44$, $p < .01$) and significant association between the degree of salespeople’s promotion focus and their customer feedback seeking.

Hypotheses 6 and 7 argue that salesperson’s regulatory focus is inversely related with employee’s relational investment. Hypothesis 6 contends that salespeople’s prevention focus negatively relates to their relational investment. Hypothesis 6 is strongly supported by the results in a highly significant parameter ($\gamma = -0.32$, $p < .01$) and is accepted. Hypothesis 7 pertains to promotion focus of salespeople and its influence on relational investment. The results indicate that salespeople who have promotion focus exhibited the predicted positive influence on their relationship investment (standardized coefficient value of $\gamma = 0.39$, $p < .01$).

5.3 Results of Moderating Effects of P-O fit

Hypotheses 8 to 11 were tested via hierarchical moderated regression analysis. As suggested by Aiken and West (1991), the variables of promotion focus, prevention focus, and person-organization fit were mean-centered to minimize the threat of multicollinearity in equations where interaction terms were created. The values of the variance inflation factor were well below the cut-off of 10, which was recommended by Neter et al. (1996).

Table 3 shows the results of our hypotheses. Hypothesis 8 posits that prevention focus would be more positively related to salespeople’s organizational feedback seeking when they perceive more fit with their organization. The results of the moderated analysis demonstrate a positive and significant interaction effect of prevention focus as well as person-organizational fit on the salesperson’s organizational feedback seeking ($\beta = 0.443$, $p < .01$). These findings support Hypothesis 8, which is that salespeople
who are prevention focused are more concerned about organizational feedback when they perceive more fit with organizations. Hypothesis 9 contends that prevention focus will be less positively related to relationship investment when salespeople perceive more fit with their organization. The result indicates that the interaction between prevention focus and P-O fit has a significant and negative effect ($\beta = -0.388$, $p > .1$) on salesperson’s relationship investment. Thus, Hypothesis 9 is supported.

Table 4 shows the moderating effect of P-O fit in the relationships among promotion focus, customer feedback seeking, and relationship investment.

### Table 3: Moderated Regression Results from the Effect of Prevention Focus

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Organizational feedback seeking</th>
<th>Relationship investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor</td>
<td>Step 1</td>
<td>Step 2</td>
</tr>
<tr>
<td>PREV</td>
<td>-.068***</td>
<td>-.031***</td>
</tr>
<tr>
<td>POF</td>
<td>-.183***</td>
<td>-.260***</td>
</tr>
<tr>
<td>PREVXPOF</td>
<td>.443**</td>
<td></td>
</tr>
<tr>
<td>$df$</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.005</td>
<td>.037</td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td>.032</td>
<td>.042</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.002</td>
<td>.033</td>
</tr>
<tr>
<td>F</td>
<td>2.088</td>
<td>8.560</td>
</tr>
</tbody>
</table>

***Significant at $p < .01$, **Significant at $p < .05$, and *Significant at $p < .1$. PREV (prevention focus) and POF (person-organization fit)

### Table 4: Moderated Regression Results from the Effect of Promotion Focus

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Organizational feedback seeking</th>
<th>Relationship investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor</td>
<td>Step 1</td>
<td>Step 2</td>
</tr>
<tr>
<td>PROM</td>
<td>.289***</td>
<td>.295***</td>
</tr>
<tr>
<td>POF</td>
<td>.050***</td>
<td>.194***</td>
</tr>
<tr>
<td>PROMXPOF</td>
<td>-.350***</td>
<td></td>
</tr>
<tr>
<td>$df$</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.084</td>
<td>.086</td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td>.002</td>
<td>.089</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.082</td>
<td>.082</td>
</tr>
<tr>
<td>F</td>
<td>40.841</td>
<td>21.0028</td>
</tr>
</tbody>
</table>

***Significant at $p < .01$, **Significant at $p < .05$, and *Significant at $p < .1$. PREV (prevention focus) and POF (person-organization fit)
investment. Hypothesis 10 posits that promotion focus would be less positively related to salespeople's customer feedback seeking when they perceive more fit with their organization. The results of the moderated analysis demonstrate a negative and significant interaction effect of promotion focus and person–organizational fit on the salesperson's customer feedback seeking (β = -0.350, p < .01). These findings support Hypothesis 10, which is salespeople who are promotion focused are less concerned about customer feedback when they perceive more fit with organizations.

Hypothesis 11 contends that promotion focus will be less positively related to relationship investment when salespeople perceive more fit with their organization. The result indicates that the interaction between promotion focus and P-O fit has significant and negative effect (β = -0.258, p > .1) on salesperson's relationship investment. Thus, Hypothesis 11 is also supported.

VI. Discussion and Conclusion

There is a substantial body of literature examining the management control system, both in academia and practitioner publications. Both streams agree that there is a potential effect of the management control system on salespeople's emotional and behavioral responses. Nevertheless, there are significant gaps in our understanding of management control systems. This paper attempts to fill this gap by adopting the regulatory focus theory and presenting an integrated model that explains that organizational control systems prime the salesperson's goal orientation (a prevention focus vs. a promotion focus). Though, a focus on promotion and prevention may not be the only motivations influencing sales employees' behavior, the present results suggest that these motivations offer crucial insight into how employees react in the different management control systems.

A research model was developed to explain the effect of control systems on sales force behavioral responses based on the regulatory focus and regulatory fit theories. This study explains how different types of salesperson's regulatory focus are built based on their perceived control systems. Even though, regulatory focus research is predominantly concentrated on the behavior of individuals, in many cases people's behavior at the group level cannot simply be inferred from an individual level consideration. Fadlegone et al. (2008) argue that membership in a group influences the regulatory focus strategies used by group members in ways that cannot be simply deduced from their individual regulatory focus inclinations.

A significant contribution that our model makes is suggesting that a salesperson's regulatory focus acts as a mediator and its effects are on different types of sales-related behavior. According to the rapid change in the market environment,
the growth in popularity of relationship marketing has been explained. It underscores the importance of building long-term relationships with customers. This research shows that salesperson’s regulatory focus is affected by different control systems, and this goal orientation leads to different sales-related behaviors that can affect relationship building with customers. Thus, managers must understand the effect of control systems on their employees’ behaviors and provide appropriate control systems to meet organizational goals.

We enhance our model by examining the person-organization fit as a moderator on the effect of salesperson’s regulatory focus and behavioral responses based on regulatory fit theory. Generally, salespeople have no power to change their control systems, and their sales behaviors are shaped by this system. However, the perceived fit with their organizations may enhance or weaken the effects of the regulatory focus on sales-related behaviors. Thus, if managers are not able to change their organizational control systems, they can reduce the negative effects of salesperson’s goal orientation by monitoring and increasing salesperson’s P-O fit.

6.1 Limitations and Future Research

The current study has some limitations that should be mentioned. Most importantly, the findings come from a cross-sectional study. Therefore, although this study claimed to study processes in employees’ well-being, it is not possible to draw conclusions about the causal relationships among the study variables. Longitudinal study designs are needed to examine the proposed processes.

In this research, this study examined the effects of three types of control systems that were suggested by Challagalla and Shervani (1996) on the salesperson’s regulatory focus. However, there are differences on how management control in marketing and sales has been conceptualized, so it is useful to examine the alternative control philosophies. For example, Jaworski (1988) proposes formal (output-and process-controls) and informal forms (social-, cultural-, and self-control) of management control. Brashear et al. (2005) suggested process and decision control as antecedents of salesperson trust. Flaherty et al. (2007) evaluated four different types of control—output, process, self, and professional. By adopting the different concepts of management-control system, we can increase our understanding of the relationship between management control and employee’s regulatory focus.

Not only are there different types of control system but there are also different organizational contexts or cultures that can be leading factor of an employee’s regulatory focus. For example, a firm’s innovative culture or open-mindness can be a positive antecedent of an employee’s promotion focus and negative leading factor of prevention focus. Managers’ leadership styles also can be regarded as potential influential varia-
Based on the regulatory fit theory, the moderating effect of a salesperson’s P-O fit in the links between regulatory focus and employee’s behavioral responses were examined. For future research, a match or mismatch between managers’ and employees’ regulatory focus can be potential moderators in the link between a salesperson’s regulatory focus and behavioral responses. People who experience greater regulatory fit, and therefore derive greater value from fit, are more inclined toward goal pursuit. That is, as fit increases, people become more motivated to put forth effort toward achieving their goal and focus their attention on goal attainment. In addition, when regulatory fit is higher, their evaluations of goal pursuits, and that which enables their goal pursuits, will be more positive as well (Benjamin and Flynn 2006).

Finally, this study investigated a theoretical model using samples from the various banks and insurance companies in South Korea, but the generalizability of the findings cannot be extrapolated beyond this context.

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〈Accepted April 23, 2015〉

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Onyemah, Vincent (2005), “How inconsistent sales force control systems hinder sales and marketing objectives,” MSI Board of Trustees’ Meeting, April, 14-15, Boston.


## Measurement Items and CFA results

<table>
<thead>
<tr>
<th>Construct</th>
<th>Loading</th>
<th>Path</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome control</strong></td>
<td>1. My manager tells me about the expected level of achievement on sales volume or market share targets,</td>
<td>.82–.87</td>
</tr>
<tr>
<td>(Miao et al, 2007)</td>
<td>2. My manager monitors my performance on achieving sales volume or market share targets,</td>
<td>.888</td>
</tr>
<tr>
<td></td>
<td>3. I receive frequent feedback about whether I am meeting expected achievement levels on sales volume or market share targets,</td>
<td>.908</td>
</tr>
<tr>
<td></td>
<td>4. My manager ensures that I am aware of the extent to which I attain sales volume or market share targets,</td>
<td>.727</td>
</tr>
<tr>
<td></td>
<td>5. I would be recognized by my manager if I performed well on sales volume or market share targets,</td>
<td></td>
</tr>
<tr>
<td><strong>Activity control</strong></td>
<td>1. My manager informs me about the sales/services activities I am expected to perform,</td>
<td>.87–.93</td>
</tr>
<tr>
<td>(Miao et al, 2007)</td>
<td>2. My manager monitors how I perform required sales/services activities,</td>
<td>.942</td>
</tr>
<tr>
<td></td>
<td>3. My manager informs me about whether I meet his/her expectations on sales/services activities,</td>
<td>.929</td>
</tr>
<tr>
<td></td>
<td>4. My manager readjusts my sales/services activities when necessary,</td>
<td>.805</td>
</tr>
<tr>
<td></td>
<td>5. I would be recognized by my manager if I perform sales/services activities well,</td>
<td></td>
</tr>
<tr>
<td><strong>Capability control</strong></td>
<td>1. My manager periodically evaluates the selling skills I use to accomplish a task (e.g., how I negotiate),</td>
<td>.78–.87</td>
</tr>
<tr>
<td>(Miao et al, 2007)</td>
<td>2. My manager provides guidance on ways to improve my selling skills and abilities,</td>
<td>.899</td>
</tr>
<tr>
<td></td>
<td>3. My manager evaluates how I make sales presentations and communicate with customers,</td>
<td>.887</td>
</tr>
<tr>
<td></td>
<td>4. My manager assists me by illustrating why using a particular sales/services approach may be effective,</td>
<td>.691</td>
</tr>
<tr>
<td></td>
<td>5. I would be commended if I improved my selling/servicing skills,</td>
<td></td>
</tr>
<tr>
<td>Construct</td>
<td>Loading</td>
<td>Path</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Prevention focus</strong> (Wallace and Chen 2005)</td>
<td>1. I focus on following rules and regulations at work.</td>
<td><img src="loading1" alt="loading" /> <img src="cramer1" alt="cramer" /> <img src="reliability1" alt="reliability" /> <img src="AVE1" alt="AVE" /></td>
</tr>
<tr>
<td></td>
<td>2. I focus on completing work tasks correctly.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I focus on doing my duty at work.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. I focus on my work responsibilities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. I focus on fulfilling my work obligations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. I focus on the details of my work.</td>
<td></td>
</tr>
<tr>
<td><strong>Promotion focus</strong> (Wallace and Chen 2005)</td>
<td>1. I focus on accomplishing a lot at work.</td>
<td>![loading2] ![cramer2] ![reliability2] ![AVE2]</td>
</tr>
<tr>
<td></td>
<td>2. I focus on getting my work done no matter what.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I focus on getting a lot of work finished in a short amount of time.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. I focus on work activities that allow me to get ahead at work.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. I focus on my work accomplishments.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. I focus on how many job tasks I can complete.</td>
<td></td>
</tr>
<tr>
<td><strong>Person-organization fit</strong> (Netemeyer et al. 1997)</td>
<td>1. I identify strongly with the goals of my organization.</td>
<td>![loading3] ![cramer3] ![reliability3] ![AVE3]</td>
</tr>
<tr>
<td></td>
<td>2. My personal goals and the goals of my organization are very similar.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I don’t care about the goals of this organization as much as many of my co-workers do. (r)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. The things that I value in life are very similar to the things that my organization values.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. My personal values match my organization’s values and culture.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. My organization’s values and culture provide a good fit with the things that I value in life.</td>
<td></td>
</tr>
<tr>
<td><strong>Organizational feedback seeking</strong> (Callister et al. 1999)</td>
<td>1. I ask my supervisor how I am doing.</td>
<td>![loading4] ![cramer4] ![reliability4] ![AVE4]</td>
</tr>
<tr>
<td></td>
<td>2. I ask my supervisor if I am meeting all my job requirements.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. From watching my supervisor, I can tell how well I am performing my job.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. From watching my supervisor’s reaction to what I do, I can tell how well my supervisor thinks I am doing.</td>
<td></td>
</tr>
<tr>
<td>Construct</td>
<td>Loading</td>
<td>Path</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Customer feedback seeking</td>
<td>1. I regularly monitor my customers’ satisfaction level.</td>
<td>.77-.85</td>
</tr>
<tr>
<td></td>
<td>2. I pay close attention to after-sales service.</td>
<td>.791</td>
</tr>
<tr>
<td></td>
<td>3. I encourage informal feedback regarding my services.</td>
<td>.818</td>
</tr>
<tr>
<td></td>
<td>4. I ask my customers to evaluate the quality of my work and service.</td>
<td>.655</td>
</tr>
<tr>
<td></td>
<td>(Callister et al., 1999)</td>
<td></td>
</tr>
<tr>
<td>Relationship investment</td>
<td>1. I make efforts to increase regular customers’ loyalty.</td>
<td>.81-.83</td>
</tr>
<tr>
<td></td>
<td>2. I make various efforts to improve my tie with regular customers.</td>
<td>.818</td>
</tr>
<tr>
<td></td>
<td>3. I really care about keeping regular customers.</td>
<td>.815</td>
</tr>
<tr>
<td></td>
<td>(De Wulf et al., 2001)</td>
<td>.692</td>
</tr>
</tbody>
</table>