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Hofstede's National Culture as a Guide for Sales Practices Across Countries: The Case of a MNC's Sales Practices in Australia and New Zealand

by
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Abstract:

When the multinational considers the global strategic sales effort, the temptation is to aggregate practices across seemingly similar countries. While this eases administration, it can lead to sub-optimal local practice. This research focuses on the attitudes of a multinational's sales forces in Australia and New Zealand toward the various practices that are used to train, coach, and motivate the sales force. Scores on Hofstede's national culture dimensions, along with other criteria, suggest similarities between the countries that could lead to the expectation that similar practices will have similar effectiveness in each of the countries. However, the findings suggest that the multinational still needs to customise practices in distinct aspects of the sales system. The findings lend credence to the claim that sales practices need to be adapted to local needs—despite potential temptations for transferring practices across (seemingly) like countries.

Keywords:

SALES MANAGEMENT, GLOBAL, MNC, NATIONAL CULTURE

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1. Introduction

As Hunt and Morgan (1995) attest, “competition is the constant struggle among firms for a comparative advantage in resources that will yield a marketplace position of competitive advantage and, thereby, superior financial performance” (p. 13). While pursuing this advantage in subsidiary countries, a key issue for multinational corporations (MNC’s) is the conduct of the sales effort. At every stage of the MNC’s drive to grow in served markets, sales practices should be chosen that give the MNC comparative advantage vis-à-vis competitors.

MNC’s have a number of considerations in working to give the foreign sales effort comparative advantage. One consideration is the extent that home office management should be “hands on” in managing this effort as opposed to giving room for local management to make key decisions. Another is the extent that sales practices that are effective in a given country should be transferred to other countries. The motivation for transferring practices is clear—a history of success with particular practices grows confidence in the use of similar practices in new markets. Further, continuity of practices across countries provides ease of administration for the MNC’s management team. Still, with the goal of heightening sales force productivity in each country, management should not assume that practices can be successfully transferred. Thus, a challenge facing the MNC is how to determine best practices and across which countries the transfer of practices should take place.

The seminal work on national culture of Geert Hofstede suggests strongly that decisions regarding organisational practices should be made on the basis of scores for a country across four national culture dimensions (power distance, uncertainty avoidance, individualism–collectivism, masculinity–femininity). The knowledge that all people are culturally conditioned (e.g. Hofstede 1980a) and that culture affects how salespeople in subsidiary countries respond to sales practices provides home office management with appropriate caution in developing sales practices across its domain. It also suggests that knowledge of the cultural similarities and dissimilarities across countries provides an awareness of where sales practices can be effectively transferred.

After 30 years of development and use, Hofstede’s national culture dimensions are familiar to many in academia, consulting, and management, providing guidance for understanding differences in the “collective mental programming of people” (Hofstede 1980b) and for determining organisational structure and managerial practices.¹ In this manuscript I extend the application of these dimensions to hypothesise effective sales practices dependent on country scores on these dimensions. Further, I empirically test the notion that a MNC can confidently use scores on the dimensions to determine whether transfer of sales practices across subsidiary countries will be effective.

With the enthusiastic cooperation of a MNC, sales groups in two countries were chosen for this research, Australia and New Zealand. These countries have considerable similarity across the national culture dimensions (both have moderate

1. Clearly, Hofstede offers but one framework that allows MNC management to cluster countries according to national culture. Numerous other cultural clustering efforts have been undertaken as a means to guide MNC managers in selecting practices and communicating with subsidiary personnel (see Ronen (1986) for review and synthesis).

scores on uncertainty avoidance and masculinity, somewhat low power distance, and high individualism). In addition, they have geographic and psychic closeness, characteristics also thought associated with successful transfer of practices (e.g. Hill, Still & Boya 1991). As suggested by these similarities, the MNC uses very similar practices across these countries but had been doing so without an examination as to whether these practices were leading to desired outcomes in each country. That is, while the MNC management group understood that they were meeting financial goals in these countries, they also wanted to know whether they were using practices that engendered positive attitudes from their sales groups (i.e. perceived effectiveness of sales supervisors, satisfaction, commitment).

I begin with a discussion of the issues faced by firms when determining sales practices in foreign markets. This is accompanied by a discussion of why an understanding of culture is crucial to successful sales management practice across countries. With Hofstede's national culture dimensions as the orientation, expectations are given for effective sales practices. I then introduce the study, discussing the data collection procedure, characteristics of the sample, and methods. Then, the results of the study are discussed, providing insight into the strengths and possible limitations of Hofstede's dimensions, along with ideas for effective sales management practices in Australia and New Zealand.

Allowing for the exploratory nature of the study and my focus on a single MNC (while controlling for company culture, sample size and representativeness were concerns), the findings suggest that sales practices should be customised across even similar countries. As this implies, Hofstede's national culture dimensions may need to be used with a degree of caution when determining sales practices between countries.

2. Issues in Foreign Market Sales Practices

As suggested above, in seeking to gain comparative advantage over rivals (Hunt & Morgan 1995), MNC's strive to design organisational practices that gain desired goals, including financial (e.g. sales, market share, profits), attitudinal (e.g. employee satisfaction, commitment) and behavioral (e.g. employee effort, intent to stay). As a starting point for the choice of practices, the MNC should decide the degree of corporate influence on local sales management policies and issues. Regarding these decisions, evidence suggests that the subsidiary should maintain most of the decisions when (1) personal selling is a relatively minor part of the promotion mix; (2) 'tradition' drives markets; (3) underlying conditions include intensive distribution and/or long sales channels; and (4) product synergies are lacking. The decision also includes such concerns the often large differences in market potential, the inability to gain similarly educated and/or skilled sales personnel, effects on compensation system choices due to local legalities, rules, customs, etc., and differences in human relations (Hill, Still & Boya 1991). As suggested earlier, decisions regarding practices should ultimately be attentive to national culture, the collective mental programming of the people in a country that makes them distinct from the people of other countries (Hofstede 1980a).

After deciding on the degree of corporate influence, MNC's still need to determine preferred practices in subsidiary countries (even if simply to approve

subsidiary decisions). To this end, MNC's often have a high ranking official (such as Asia-Pacific Vice President) assigned specific countries, usually within a geographic region, and/or post officials from the home office to better familiarise the MNC with subsidiary markets and to serve as mentors to subsidiary efforts. Assigning responsibility on a regional basis can provide operational and logistic synergies for the MNC, along with the opportunity to better discern whether sales practices should be transferred between countries.

MNC's are able to gain an appreciation of the kinds of sales practices that might be suited for subsidiary countries through an increasing body of literature including country/industry specific research and national culture research. For instance, country specific research on sales practices includes the work by Avlonitis, Manolis and Boyle (1985) who reported on sales practices in the United Kingdom. Specifically, they focused on the manufacturing sector and examined common practices used by manufacturers in such areas as selection criteria and sources of recruitment as well as deployment, training, and compensation. Insights from studies such as this provide direction for designing subsidiary sales practices. Unfortunately, country/industry specific studies provide only a case by case understanding of potentially effective practices; they do not transfer well across countries.

The second source for guiding practice has been national culture research. This has been a rich source for guidance, especially since MNC's are increasingly aware that universal managerial practices are often not successful across countries (Popp & Davis 1986). National culture research has added relevance today, with increasing numbers of companies involved in the global market. Clearly, a consciousness to cultural differences allows firms to adapt appropriately and to improve communication between executives of different cultures (Tse, Lee, Vertinsky & Wehrung 1988) and the MNC can better determine best practices by understanding the culturally determined perceptions and attitudes of people in these markets.

A study of US, Japanese, and Korean electronics industry salespeople illustrates the importance of understanding cultural differences (Dubinsky, Kotabe, Lim & Michaels 1994). Across these countries, differences in expectancy, instrumentality, and valence toward awards were found—with implications for training, coaching and rewarding salespeople. For instance, lower expectancy estimates in Japan and Korea led to the observation that, "...special attention needs to be focused on illuminating...where salespeople's efforts should be directed and how much effort is needed in those alternative tasks" (p. 182). As this suggests, sensitivity to culture needs to be integrated into management thinking. That is, knowledge of the culturally determined differences in perceptions and attitudes that should be anticipated across countries is important to developing successful sales practices.

3. National Culture

Culture has been referred to as:

...the whole set of social norms and responses that condition a population's behavior...culture is acquired and inculcated. It is the set of rules and behavior patterns that an individual learns but does not inherit at birth...this process..., called enculturation, conditions individuals so that a large proportion of their behavior fits the requirements of their culture yet is determined below the level of conscious thought. (Robock & Simmonds 1989, p. 408)

In essence, "what society has impressed upon the person forms the basis from which individual characteristics grow, which in turn make an individual unique among other members of society (Kolland 1990, p. 322). Thus, while differences exist between individuals within a society (leading some to assert that multi-modal personalities may more appropriately describe national character; e.g. Biervert 1975), the acquisition of culture creates a national character that represents the enduring personality characteristics found in particular nation states (Clark 1990).

In what has become a classic study of cross-cultural difference, Hofstede (1980a) surveyed the values and perceptions of respondents (the employees of a MNC) across 53 countries. By examining between-country differences in values and perceptions, four cultural dimensions emerged: power distance, uncertainty avoidance, individualism (collectivism), and masculinity (femininity). Hofstede suggests that differences in these dimensions between countries represent the modal personality for the respective nations.

The dimensions are defined as follows (Hofstede 1991):

Power Distance. The extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally. (p. 28)

Uncertainty Avoidance. The extent to which the members of a culture feel threatened by uncertain or unknown situations. (p. 113)

Individualism/Collectivism. *Individualism* pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family. *Collectivism* as its opposite pertains to societies in which people from birth onwards are integrated into strong, cohesive groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty. (p. 51)

Masculinity/Femininity. *Masculinity* pertains to societies in which social gender roles are clearly distinct (i.e. men are supposed to be assertive, tough, and focused on material success whereas women are supposed to be more modest, tender, and concerned with the quality of life); *femininity* pertains to societies in which social gender roles overlap (i.e. both men and women are supposed to be modest, tender, and concerned with the quality of life). (pp. 82/83)

Hofstede's work has received considerable attention, with numerous studies providing validation of the dimensions and exploring theoretical and practical contributions (Bochner 1994). In response to the relevance of the dimensions today, Hofstede (1991) relates that even though scores within countries may change (in particular, that power distance globally may be lowering), differences

between countries remain. A challenge to the nation's personality concept has been the increasing cultural diversity within nations due to global population shifts. However, within-country diversity has thus far proven to be a further opportunity to validate Hofstede's findings albeit in single, multi-cultural settings (e.g. Bochner & Hesketh 1994). Agreed by all in the discussion is that by attuning to country differences (in nation personality), the MNC can better determine the practices that guide personnel toward high productivity. Each of the dimensions and their implications for sales practice follow.

3.1 *Power Distance*

In societies with greater power distance personnel expect, and accept, that power is distributed unequally (Hofstede & Bond 1988), leading to a tendency toward submissiveness in superior-subordinate relationships. With these cultural conditionings in place, subordinates in countries with high power distance tend to be more submissive toward their superiors and, with regard to preferred management styles, prefer a more autocratic/paternalistic superior (Hofstede 1980a). An implication of this preference is that "individuals from high power distance countries would be more likely to subscribe to McGregor's (1960) Theory X, that people are inherently lazy and dislike work" (Bochner & Hesketh 1994, p, 236).

The conduct/character of effective superior-subordinate relationships in low power distance countries may be quite different. In these countries, personnel likely value equality, with a preference toward democratic processes. These personnel may tend to prefer a decentralised management structure, particularly since this structure would tend to be a sign that superiors trust them to perform well (Nakata & Sivakumar 1996). Additionally, personnel in low power distance countries view superiors as being similar to them and accessible (Hofstede 1980a). Thus, the psychological 'gap' between supervisors and employees is expected to be small, with salespeople in these countries likely valuing a close relationship to their supervisors.

3.2 *Uncertainty Avoidance*

Societies with greater uncertainty avoidance tend to feel threatened by ambiguity. Among other things, ambiguity is reduced through career stability and by establishing more formal rules (Hofstede 1980a). With regards to sales practices, it might be expected that salespeople in these societies would feel better about their jobs under conditions where compensation is structured with a low *at risk* portion (bonus/commission) and where behavior controls and outcome controls are in place. These practices would provide a high degree of clarity regarding performance expectations.

Meanwhile, in societies with low uncertainty avoidance, ambiguity is much more tolerated and salespeople could be expected to work well under very different conditions. For instance, salespeople in these countries could be expected to have less apprehension about pay at risk. These salespeople would have a greater tendency to appreciate the potential that pay at risk provides rather than being disturbed by the uncertainty associated with this compensation

structure. Also, these salespeople may tend to prefer fewer controls, particularly behavior controls, thereby providing them with greater flexibility in determining how to accomplish goals.

3.3 Individualism/Collectivism

Societies that are highly individualistic tend to focus on the “I”, desiring autonomy and viewing their identity from the self rather than from organisations to which they belong. This notion of *self* leads people in these societies to be more independent and self-contained, valuing their independence (Bochner 1994). Also, this orientation affects one’s psychological contract with the firm (Schein 1986), leading to a relationship that is calculative and utilitarian (Bochner & Hesketh 1994).

Meanwhile, in societies that are collectivist, identity tends to be much more connected to the organisation (social network). This orientation leads to valuing membership and identification with networks to which one belongs. Further, group processes and decisions are greatly valued and the desire is to help the network (clan) succeed by pulling together toward the common purpose of strengthening the group.

The implications of these thoughts for effective sales practices are numerous. First, salespeople in collectivist nations, desiring to feel close to the group, seem likely to prefer that their supervisor works with them frequently and that communications between themselves and the firm are numerous. With these practices in place, salespeople in highly collectivist nations could be expected to have higher affective commitment to the firm and be more satisfied with their jobs because these practices help them feel close to the group. Also, these salespeople may be expected to prefer opportunities to work on teams, as well as having a dislike of situations where they have to compete with their peers. In societies with high individualism, the reverse could be expected. The focus on the “I” creates a preference for autonomy and individual-based reward mechanisms, along with a more calculative relationship to the firm.

3.4 Masculinity

Societies with high masculinity tend to admire qualities such as ambitiousness, achievement, and assertiveness, with an understanding that performance is the means to gain wealth and admiration (Hofstede 1980). In these societies, one might expect individuals to strive aggressively to advance their careers, both by performing well and by gaining recognition from their superiors. It also seems possible that the ambitious striving for advancement might be associated with less attentiveness to customer needs since short-term gains may be the mark of rapidly advancing high performers.

Meanwhile, in societies with lower masculinity scores, more nurturing of relationships can be expected, with a valuing of the interdependence of people. Also, these societies are associated with a patience with the way things are—motivation comes from a desiring to serve and work is viewed as a necessity for living rather than the focus of life (Hofstede 1980a).

To summarise this discussion, Hofstede’s national culture dimensions of *power distance*, *uncertainty avoidance*, *individualism*, and *masculinity* can provide insights for characteristics of effective sales practices. That is, for a firm to gain desired outcomes (financial, as well as positive sales force attitudes and behavior), sales practices may need to vary in ways identified by Hofstede’s national culture dimensions. As part of this thesis, it can be expected that countries with similar scores on the national culture dimensions can have similar sales practices in place to gain similar outcomes from their salespeople. Next, I examine this expectation by focusing on a MNC’s sales practices in Australia and New Zealand.

4. Australia and New Zealand

As suggested, Hofstede’s national culture dimensions may be effective for discerning needed differences in sales practices between nations. For Australia and New Zealand, Hofstede (1980a) found:

	Power Distance	Uncertainty Avoidance	Individualism	Masculinity
Australia	36	51	90	61
New Zealand	22	49	79	58
Range of Scores for 50 Countries in IBM Study	11–104	8–112	6–91	5–95

As this indicates, Australia and New Zealand are in close proximity for each of the dimensions, with differences that might be meaningful only for power distance and for individualism. Despite these differences, both exhibit low power distance, moderate uncertainty avoidance, high individualism, and moderately high masculinity. The suggestion from these scores is that their national cultures are quite similar and that the MNC should be able to encourage similar sales practices in both countries with expectations for similar outcomes (e.g. extent that desired goals including financial, attitudinal, and behavioral are met).² Next, I focus on the sales practices used by a MNC in Australia and New Zealand and examine the extent that sales practices between the two countries are similar. I then focus on the attitudinal outcomes of the system and discuss whether these outcomes would have been anticipated according to the expectations for effective practices discussed above.

2. The similarities between these countries occur on other dimensions as well. For instance, though dissimilar in land mass and population, Australia and New Zealand each represent relatively small markets (19 million and 3.5 million respectively), are in geographic proximity, with similar market development, and with an historic affiliation with Great Britain, similarly affecting their political and legal climates.

5. Method

5.1 *Sample Characteristics*

The sampling frame consisted of salespeople from the Australia and New Zealand sales forces of a US based MNC whose involvement in each country spanned commercial, industrial, and health care products. The decision to include only one company in the study had the advantage of controlling for company culture, with the accompanying disadvantage of lack of power for analyses (small sample). However, given the exploratory nature of this effort, the advantage of controlling for company culture was compelling—it meant that differences between countries could more readily be attributed to sales practice effects than if this were a multi-company study (Hofstede 1980a).

For each country, management provided mailing lists, along with a supportive letter (encouraging response and assuring anonymity). Three weeks after the initial mailing a reminder letter was sent to the entire sample. This letter stressed the importance of the study to the management groups involved and again encouraged participation. After eight weeks there were 52 responses for the Australian group and 23 for the New Zealand group, a response rate of 32 and 48 per cent respectively.

5.2 *Survey Preparation*

After discussing with management the intent of the research and gaining agreement as to the particular sales practices to include in the study (components of the system were selected based on their apparent relevance to Hofstede's dimensions discussed above), a survey was prepared. Then, management from each country reviewed the survey. In some instances, revisions were requested and changes were made. Between country differences in the finished survey were minor, reflecting local (English) language variations. Then the surveys, along with the management provided supportive letter, were mailed to salespeople, along with postage paid return envelopes.

5.3 *Survey*

The first section of the survey contained self-report items related to the respondent's position. Sales system items included span of control, communications received, frequency manager works with salesperson, compensation structure, and special incentives. The second section included multi-item measures of satisfaction, organisational commitment, and relationship to supervisor. The third section included multi-item measures of behavior controls, outcome controls and the respondent's desire to stay in sales for their career. To finish, the fourth section of the survey asked salespeople to respond to demographic items.

5.4 Respondent Demographics and Sales System

The demographics and sales system characteristics of the respondent groups are shown in Table 1 and Table 2. As shown, the only demographic that is significantly different between Australia and New Zealand is gender, with Australia having a greater percentage of males in the respondent group ($p < .05$).

Similarities in the sales system include compensation structure (percent that is salary/at risk), frequency that sales managers work with salespeople, and number of communications sent to the sales force (Table 2). However, in New Zealand the span of control of sales managers tends to be smaller ($p < .05$). Also, with regard to control measures, in New Zealand salespeople are more likely to indicate that the number of sales calls they make, as well as their sales performance are being closely monitored ($p < .05$).

Table 1
Demographics

	Australia n = 48	New Zealand n = 23	
Position			NS
Trainee/Junior Level	8%	4%	
Regular Level	25%	39%	
Advanced Level	67%	52%	
Years in Sales			NS
3 years or less	27%	53%	
4 to 10 years	31%	30%	
11 to 20 years	29%	13%	
21 or more years	13%	4%	
Age			NS
under 30	10%	26%	
30 to 39	30%	30%	
40 to 49	35%	17%	
50 to 59	23%	22%	
60 or older	2%	0%	
Education			NS
Secondary	33%	4%	
Some tertiary	28%	31%	
Tertiary	25%	48%	
Post Graduate	12%	9%	
Gender			A > NZ*
Male	90%	61%	

Note: $p < .05$

Table 2
Sales System

	Australia <i>n</i> = 48	New Zealand <i>n</i> = 23	
Compensation			
Average % salary	87%	88%	NS
Sales Contests			
Average # each year	2.1	2.0	NS
Sales manager is responsible for (span of control)			
			A > NZ*
6 or fewer salespeople	43%	72%	
7 to 8	17%	8%	
9 to 10	17%	12%	
11 or more	21%	8%	
Sales manager works with salespeople			
			NS
2 or more days monthly	2%	20%	
1 day monthly	19%	4%	
4 to 11 days yearly	50%	52%	
3 or fewer days yearly	29%	24%	
Control Mechanisms**			
• Number of sales calls is closely monitored	3.1	4.0*	A < NZ
• Sales performance is closely monitored	4.8	5.8*	A < NZ
• Content and form of sales presentations is closely monitored	3.8	3.8	NS
• Expense account is closely monitored	4.6	5.0	NS
• Supervisor emphasises quality of customer relations	5.3	5.5	NS
Communications received from boss and other staff members (email; phone)			
			NS
4 or more daily	27%	36%	
2 or 3 daily	35%	28%	
one daily	6%	4%	
2 to 4 weekly	15%	32%	
one weekly or less	17%	0%	

Note: * $p < .05$

** 7-point scale anchored strongly disagree (1) to strongly agree (7).

6. Results and Discussion

As indicated above (Table 2) the sales practices that were examined were compensation (percentage *salary* vs *at risk*), special incentives (sales contests), supervisor issues (span of control, work habits, and relationship with salespeople), control mechanisms, and communications to the sales force. The MNC involved in

this research felt that these practices were relevant particularly because the findings would be actionable by the MNC. During analysis I examined how these sales practices are affecting salespeople in their satisfaction, perceived effectiveness of supervisory staff, and commitment to the firm.

6.1 Compensation

Motivating the sales force is one of the major tasks of sales managers. Along with the need for ongoing training and coaching, a competitive pay package is a fundamental prerequisite for keeping and motivating good people (Colletti & Chonko 1997). Using a 7-point scale anchored *strongly disagree* and *strongly agree*, each sales group was asked to report the extent they felt their “firm provides a competitive pay package (comparable or better than others in the industry)”. Overall, each group indicated similar feelings toward the competitiveness of their pay (Australia, mean score of 4.9 and New Zealand, mean score of 5.0). Also, the groups reported similar *salary/at risk* balance in the structure of their compensation schemes. In Australia the percentage of pay *at risk* is, on average, 13 per cent and in New Zealand the average *at risk* component is 12 per cent.

Despite nearly identical pay schemes (perceived competitiveness of salaries and salary/at risk balance), the sales groups were not comparably satisfied with their compensation. On a 7-point scale anchored *strongly dissatisfied* and *strongly satisfied*, Australia had a mean of just 4.7, with New Zealand noticeably higher with a mean of 5.2 ($p < .05$). I examined whether this might be due to the salary/at risk balance. To do this, salespeople were asked, “If you had the opportunity to decide the percentage of your pay that would be salary and the percentage at risk, what would you choose?”. I found that in Australia 12.5 per cent prefer 100 per cent salary (only 1 respondent in New Zealand expressed this preference), another 27 per cent prefer 95/5 (8 per cent for New Zealand), 33 per cent prefer a 90/10 plan (56 per cent for New Zealand) and 10 per cent prefer an 80/20 plan (24 per cent for New Zealand). The remaining responses for each group ranged from 40/60 plans to 75/25 plans.

Interestingly, the nearly identical scores of Australia and New Zealand on Hofstede’s (1980a) uncertainty avoidance dimension suggest that salespeople from each country have similar (moderate) apprehension toward uncertainty. If so, then maintaining a similar at risk component in both Australia and New Zealand should have yielded similar attitudes toward compensation. However, as the findings indicate, while both groups have 20 per cent *at risk* as their collective tolerance for uncertainty, the Australian sales group clearly tends to prefer a higher salary component than their New Zealand counterparts. When asked why they chose this salary/results based balance, the consistent theme of the Australian group was the greater certainty that a high salary component provides. Of the 36 comments received, the typical reasons cited by the Australian salespeople for desiring a high salary component were as follows:

- Greater at risk leads to inconsistent compensation. Irregular pay patterns would affect home finance management (90/10).
- A 90 per cent salary offers more security—the rep is not under unneeded personal stress to meet domestic financial needs (90/10).

- Too many outside influences can control my results (95/5).
- I would prefer 100 per cent salary rather than be at the mercy of conditions and industry slow downs of which I have no influence (100/0).

Similar themes were expressed by the New Zealand group. However, where nearly all of the Australian comments were security focused (even for the salespeople with a 75/25 preference), the New Zealand responses included several responses that spoke of motivation to work harder due to the *at risk* component. These included the following:

- It gives you more incentive to work that little bit harder (80/20).
- It provides motivation/opportunity to earn more (80/20).
- Reward for hard work and good results must be worth something of reasonable amount (85/15).

To further examine these tendencies, a *distance from ideal salary/at risk* measure was used. This measure is the difference between the current salary component and the ideal salary component preference. In Australia, nearly 40 per cent of the sales group indicate that their ideal scheme has a smaller *at risk* component than their current compensation scheme, with 18 per cent preferring a higher *at risk* component. At the same time, just 16 per cent of the New Zealand group indicate a preference for an ideal scheme with a lower *at risk* component. Also, 20 per cent have an ideal scheme with a higher *at risk* component than their current compensation scheme.

6.2 Sales Contests

Sales contests are a class of special incentives designed to gain increased effort on short-term objectives (Churchill, Ford & Walker 1997). In the United States, sales contests are widely used across industry groups and companies (Couretas 1985; Chrapek 1989). This usage is supported by substantial evidence that sales contests stimulate sizable increases in targeted goals (Wotruba & Schoel 1983; Urbanski 1986) and can contribute to sales and profits with little or no adverse effects on sales of other products (Wildt, Parker & Harris 1987).

With widespread belief that sales contests are effective motivators, MNCs often transfer their use to subsidiary countries. I asked each sales group the number of sales contests they have in a given year. In Australia 79 per cent have at least one sales contest annually, (17 per cent have one, 25 per cent have two, and 37 per cent have three or more). In New Zealand the numbers are similar, with 84 per cent having at least one sales contest annually (36 per cent have one, 20 per cent have two, and 28 per cent have three or more).

To examine attitudes toward sales contests I asked two questions. The first used a 7-point scale asking the extent that respondents agreed with the statement, "I really like sales contests". Both sales groups indicate that they like sales contests, with Australia having a mean of 5.2 and New Zealand with a mean of 5.1. Using the same 7-point scale, I also asked the extent that respondents agreed with the statement that "sales contests are a good way to get extra effort from the sales force". Again, responses between the countries were similar (Australia, 5.5;

New Zealand, 5.6), with each group tending to believe that sales contests are a good way to gain extra effort.

Similarities in sales force preferences between Australia and New Zealand were evident when I next asked respondents to indicate how “good” or “poor” were each of a series of sales contest designs on a series of 7-point scales. Preferences in design for each group are shown in Table 3.

The indication that the New Zealand group indicates a greater willingness to compete against other salespeople for top finisher positions seems contrary to Hofstede’s (1980a) finding that Australia has a higher individualism score than New Zealand. As suggested earlier, higher individualism should be expected to be associated with a greater focus on the “I”, with individual-based reward mechanisms being preferred. The New Zealand group also had a noticeably higher score for competing on teams. The higher collectivist orientation (Hofstede 1980a) of New Zealand could account for this. However, in each instance the differences were non-significant (at $p < .05$) and in both countries these designs were less favored than the exceeding a sales target option.

Table 3
Sales Contest Design Preferences – Format

	Australia	New Zealand
• Exceeding a target (sales in units or dollars)	5.8	6.1
• Increasing frequency of activities and/or improving quality of targeted activities	5.1	4.9
• Combination of exceeding sales target(s) and supervisor opinion of efforts	4.4	4.6
• Combination of exceeding sales target(s) and beating other reps for top finisher positions	4.2	4.9
• Competing on teams for top finisher positions	3.3	4.0

As to other aspects of sales contests, each group had greatest preference for awards that are a combination of cash and travel (Table 4). The option of a travel award to be taken with a significant other, but without supervisory staff or other winners, was considered the next most attractive award in both Australia and New Zealand. Differences in award preference were apparent when the choice was travel award with other winners and supervisory staff. The New Zealand group rated this much higher than the Australian group ($p < .05$). Other observed differences were for ratings of merchandise awards and for a combination of merchandise and cash awards. In each instance, Australian salespeople rated these awards higher than their New Zealand counterparts ($p < .05$).

Table 4
Sales Contest Design Preferences - Awards

	Australia	New Zealand
• Combination of cash and travel	6.2	6.1
• Travel award with partner but without other winners or staff	5.7	5.6
• Travel award with partner, other winners, and supervisory staff	4.2	5.4*
• Cash	5.6	5.4
• Combination of cash and merchandise	5.7	5.2*
• Merchandise	5.1	4.6*

Note: * $p < .05$

6.3 Supervisor Effectiveness and Satisfaction with Supervisor

Job satisfaction has been an extensively studied variable in sales force research, with over 30 potential antecedents and/or consequences having been examined (Brown & Peterson 1993). Among these investigations, various supervisory behaviors including closeness of supervision, leader consideration, and job feedback (as well as contingent rewards, arbitrary punishment, and amount of commission) have been associated with job satisfaction.

Given these insights, discussions with the participating MNC led to examining how several of these variables affect the attitudes of salespeople, both with regard to how effective they felt their immediate supervisor was and with regard to their satisfaction with their supervisor. The decision to include three antecedent variables was because the MNC was keenly interested in the effects of closeness of supervision and job feedback (proxied with *span of control* and *frequency boss works with salesperson* variables), along with leader consideration (proxied with *relationship to supervisor* variable). For purposes of analyses, we agreed that these variables might be more directly linked to a salesperson's perceptions of the effectiveness of the supervisor than to satisfaction, therefore the effectiveness variable acts as a mediator in this research. Finally, we chose to examine *satisfaction with the supervisor* rather than the multidimensional job satisfaction construct.³ Thus, in this study I examined the likely effects of three variables on supervisory effectiveness, along with the ensuing relationship between perceived effectiveness of the supervisor and satisfaction with supervisor.

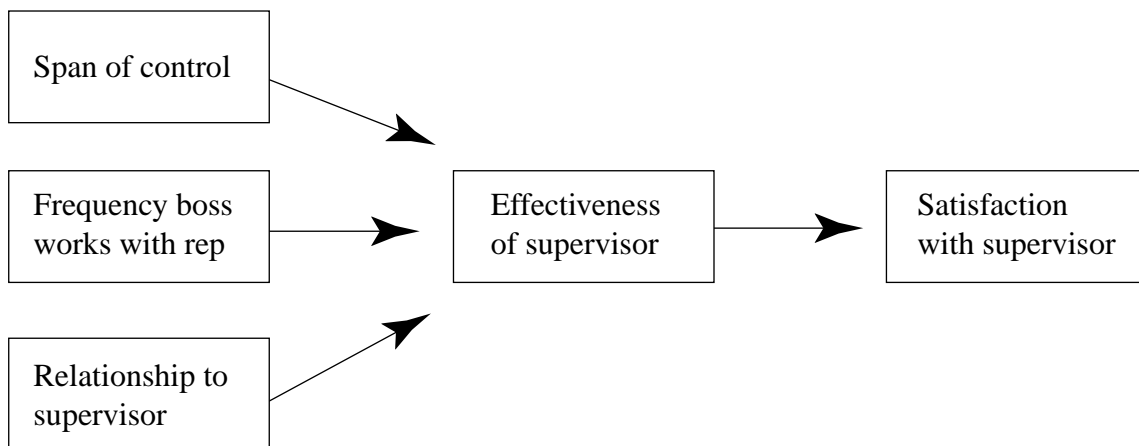
Based on their high individualism scores, salespeople in both Australia and New Zealand might be expected to prefer high autonomy, made possible by a large span of control and infrequent supervisory contact. At the same time, low power distance scores suggest that the psychological distance between

3. Job satisfaction has been characterised as having numerous dimensions including satisfaction with supervisor, the job, compensation, incentives, opportunity for promotion, co-workers, and benefits. As Brown and Peterson (1993) note, it is not uncommon for researchers to consider the effects of individual components.

salespeople and their sales supervisors in Australia and New Zealand should be small. If these inferences from Hofstede are correct, then supervisory effectiveness and satisfaction with their sales supervisors in these countries should be based on large spans of control and somewhat infrequent contact (providing autonomy), but with close relationships to sales supervisors.

As noted earlier (Table 2), the span of control for sales managers in the Australian sales group is significantly larger than for the New Zealand sales force ($p < .05$). In fact, 38 per cent of the Australia sales force have supervisors who are in charge of nine or more salespeople while just 20 per cent of the New Zealand sales force works in similar conditions. Perhaps a reflection of this is the observation that almost no sales managers in Australia work with their salespeople two or more times each month whereas in New Zealand 20 per cent of the sales force has their boss work with them with that frequency.

Figure 1
Sales System Impacting Perceived Supervisory Effectiveness and Satisfaction



For the *relationship to supervisor* variable I used a four item subset of the Tyagi (1985) leadership behavior measure. I put the items into first-person context and to maintain consistency with other measures I used 7-point instead of 5-point scales anchored *strongly disagree* and *strongly agree*. The items were (1) my supervisor is eager to recognise my performance when it is good; (2) my supervisor treats me with respect; (3) I find my supervisor friendly and easy to approach; (4) my supervisor is usually attentive to what I say. The final measure was obtained by taking the average of the four item scores. The measure exhibited good reliability (Cronbach's coefficient alpha was .76 in Australia and .87 in New Zealand). For Australia, the resultant relationship to supervisor score was 5.7 and for New Zealand it was 5.9.

I also asked respondents to indicate the extent that they feel that their “supervisor handles the job in such a way that you consider him/her an effective supervisor?”. Using a 7-point scale anchored *not at all* and *always/completely*, the mean for the Australia group was 4.3 and the mean for New Zealand was 5.0 ($p < .10$). In addition, I asked how satisfied they were with their supervisor. The mean for Australia was 5.4 and for New Zealand the mean was 5.9.

I then used a regression model to examine the effects of span of control, frequency working with salespeople, and relationship to supervisor on perceived effectiveness of supervisor. Despite small sample sizes and resultant lack of power, for Australia the model adjusted R^2 was .37 ($F < .001$) with relationship to supervisor ($p < .01$) and frequency of working with salesperson ($p < .05$) significant, while span of control was not significant. For New Zealand the model adjusted R^2 was .79 ($F < .001$). Only relationship to supervisor was significant ($p < .01$) with span of control and frequency of working with salesperson not significant. Thus, consistent with the power distance expectation, salespeople in both countries feel their supervisor is more effective if they have a close relationship with their supervisor. However, only in Australia was the frequency of working with salesperson a significant predictor of effectiveness while span of control was not significant in either country.

Finally, I tested the second half of the model (from Figure 1), with satisfaction with supervisor as the dependent variable and with perceived effectiveness as the independent variable. Analysis for both Australia and New Zealand indicates that perceived supervisory effectiveness is a significant factor in satisfaction with supervisor. (In Australia adjusted $R^2 = .45$, $F < .001$; in New Zealand adjusted $R^2 = .55$, $F < .001$.)

6.4 Control Systems and Communications

Using 7-point scales anchored *strongly disagree* and *strongly agree*, I asked the respondents to indicate their extent of agreement that their supervisors closely monitor each of five control mechanisms, including behavior controls (e.g. number of sales calls is closely monitored), and outcome controls (e.g. closely monitors my sales performance with respect to sales goals). As evidenced in Table 2, on most control variables the New Zealand sales group tends to report more strongly that control measures are being closely monitored, with number of sales calls and performance to sales goals each significantly higher than Australia ($p < .05$).

With regard to communications, each sales group receives frequent communications (Table 2), though a surprising number of salespeople in the Australian group report receiving just one communication or less each week.

6.5 Organisational Commitment and Satisfaction

Based on the sales systems in place in Australia and New Zealand, management has decided that similar systems will produce desired outcomes from each sales group. On the surface, this may be the case; management in both Australia and New Zealand relate that their sales results consistently meet or exceed financial targets. However, in addition to meeting or exceeding targeted sales goals, desired

outcomes include a sales force committed to, as well as one satisfied with, the organisation.

Organisational commitment is built on the notion that members of a firm develop attachments to the firm apart from a purely instrumental worth. Organisational commitment has been associated with a process whereby members of a firm identify with the goals and values of the firm and desire to maintain their relationship with the firm. Johnston, Parasuraman, Futrell and Black (1990) define commitment as the degree that individuals attach themselves to, identify with, and become part of an organisation. The positive effects of organisational commitment include personal sacrifice for the organisation, persistence in behaviors not dependent on rewards, and a preoccupation with the organisation (Scholl 1981), as well as a desire to see the firm prosper and be more effective (Lawler 1979).

To examine organisational commitment, I asked the respondents to indicate their extent of agreement to two questions including, (1) I am happy to make personal sacrifices for this organisation if it is important for the organisation's well-being; and (2) In general, I am proud to work for this organisation (as a subset of the organisational commitment measure of Jaworski and Kohli (1993), these items tap the affective commitment dimension). In Australia the mean score was 6.0 and in New Zealand the mean was 6.4 ($p < .05$).

Satisfaction. Satisfaction is considered a key outcome of the sales system. That is, with all components of the sales system in place, if, following good performance and commensurate rewards, a salesperson experiences satisfaction, then he/she is expected to desire to maintain good performance. Analyses were conducted on a seven item satisfaction scale. This 7-point scale, anchored *strongly dissatisfied* and *strongly satisfied*, included satisfaction with compensation, opportunities for promotion, supervisor, the company, special incentives, co-workers, and health benefits. With satisfaction scores based on the average of these seven items, Australia had a mean of 5.1 and New Zealand had a mean of 5.6 ($p < .05$).

7. Implications and Conclusion

MNCs working to gain competitive advantage in subsidiary markets need to develop managerial practices that are effective at gaining desired financial, attitudinal, and behavioural goals. As the discussion suggests, attention to national culture provides a means by which the MNC can better understand the appropriateness of practices. Fundamentally, the impact of culture on perceptions and attitudes is pervasive, with personnel at all levels in a given country conditioned (not unlike their US counter-parts) to respond to their environment in culturally determined ways. Thus, culture has an impact on all aspects of sales force response to sales practices, including the nature of superior-to-subordinate relationships and responses to tools used to motivate (compensation, special incentives, etc.).

The participants in the process, the foreign members of the sales force, may not know, nor necessarily understand, why the MNC uses certain sales practices in their markets. At times, transferred practices, insensitive to culture, almost surely do more harm than good with regard to the salespeople they are intended to motivate and gain productivity. The knowledge that sales force responses are

culturally conditioned should make management realise that a knowledge of culture is needed in order to design and implement effective sales practices in served markets.

Through cross-cultural research that identifies cultural similarities (e.g. Hofstede 1980a) and/or clusters countries according to similarities (e.g. Ronen 1986), MNCs have some awareness as to whether particular managerial practices will be effective in subsidiary countries. The focus here was Hofstede's national culture dimensions. As discussed, Australia and New Zealand have moderate scores on uncertainty avoidance and masculinity, somewhat low power distance, and extreme values only for the individualism dimension (high). Due to their similarities across the dimensions, it was therefore expected that similar sales practices would yield similar outcomes for the MNC.

Aligned with these thoughts, the MNC involved in this research uses similar sales practices in Australia and New Zealand, with the exceptions being that control mechanisms were greater in New Zealand and span of control was greater in Australia. This being the case, I examined whether Hofstede-based predictions would hold—that personnel in countries with similar scores on the national culture dimensions would respond similarly to sales practices.

The findings of this exploratory study provide mixed support for this thesis. As discussed, the New Zealand sales group indicates greater commitment and satisfaction than their Australian counterparts. Additionally, there were differences in preferences toward compensation (Australia preferring greater security through larger salary component) and special incentives (New Zealand having a much higher preference toward travel with other winners and supervisory staff). Each of these findings suggest that these practices should vary between the countries. These and other observations suggest that the MNC needs to realise that their sales forces in Australia and New Zealand must be treated uniquely if the MNC is going to gain desired outcomes from these sales groups.

An additional finding was that in both Australia and New Zealand the perceived effectiveness of their sales supervisors can be attributed to their relationship to the supervisor more so than to either span of control or frequency of working with a salesperson. This seems consistent with Hofstede's thesis that in low power distance countries superiors are expected to be similar to sales personnel and accessible—the relationship variable reflects this closeness. In Australia, the frequency variable was also associated with perceived effectiveness. It seems that despite the great geographic distance that often exists between sales supervisors and salespeople in Australia, sales supervisors need to maintain a higher frequency of working with their salespeople (than at present) if they want their sales group to feel that they are being effective supervisors.

There are several possible reasons why these sales groups do not seem to respond to sales practices in ways consistent with expectations derived from Hofstede's national culture scores. First, the sample was restricted to the sales groups of just one MNC and of just two countries in the MNC's domain. Thus, the findings may not be representative of sales personnel from other companies in Australia and New Zealand nor may they apply beyond these countries. However, as noted earlier, I decided that for the purposes of this exploratory study controlling for company culture, thereby leaving differences in national culture as a primary cause of difference, justified the choice of sample (e.g. Hofstede 1980a).

Second, the expectations for effective practices were discussed on the basis that scores on the national culture dimensions were at extreme values. As noted above, Australia and New Zealand have moderate scores on most of the dimensions and extreme scores on only the individualism dimension. It may be that the implications for effective sales practice are most applicable when countries are at extreme points on the cultural dimensions (power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity) rather than at mid-range values. If so, then Hofstede's national culture dimensions may provide little value to countries with midrange scores on the dimensions.

Third, there may be fault in the hypothesis that similar sales practices can be used in countries with similar scores on national culture dimensions (with expectations for similar outcomes). This is a provocative possibility, providing a challenge to measurement and to the role of national culture itself. As to measurement, it could be that Hofstede's scores for Australia and New Zealand fail to identify relevant differences between the countries and the findings of the current study are an artifact of some unexplained national culture characteristic. As to national culture, it could be that the role of national culture has been exaggerated, suggesting that there are other factors that affect responses to sales practices in these countries that are not associated with national culture.

Despite these possible reasons that the findings failed to support my expectations, this exploratory study should be viewed as just the starting point for understanding the role of national culture in the design of effective sales practices across countries. We need more studies that examine sales force attitudes across countries, particularly since use of the integrated sales force is on the rise in world markets today. The tentative conclusion that should be drawn is that MNC's need to understand that without sound rationale for doing so, transferring practices across even similar countries may suboptimize the sales force effort, leading to unwanted outcomes such as lessened commitment and satisfaction. Thus, despite the ease of administration of using the same or similar practices across seemingly similar countries, national culture should be used with caution when selecting sales practices in subsidiary countries.

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