Florian Mueller

Sales Management
Control Strategies in Banking

Strategic Fit and Performance Impact

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Dedicated to
my parents and Lisa

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Abbreviations

AVE .... **A**verage **V**ariance **E**xtracted
avg. .... **av**era**g**e
Bn .... **Bi**llio**n**
bn .... **b**illio**n**
CAGR .... **C**ompound **A**nnual **G**rowth **R**ate
cc .... **c**ustomer **c**onsultant
CRD .... **C**apital **R**equirements **D**irective
CRM .... **C**ustomer **R**elationship **M**anagement
FSAP .... **F**inancial **S**ervices **A**ction **P**lan
FTE .... **F**ull **T**ime **E**quivalent
IT .... **I**nformation **T**echnology
LISREL .... **Li**near **S**tructural **Rel**ations
LV .... **L**atent **V**ariable
MiFID .... **M**arkets **i**n **F**inancial **I**nstruments **D**irective
NIE .... **N**ew **I**institutional **E**conomics
PLS .... **P**artial **L**east **S**quares
R&D .... **R**esearch and **D**evelopment
SEM .... **S**tructural **E**quation **M**odeling
SMC .... **S**ales **M**anagement **C**ontrol
SOCO .... **S**elling **O**rientation - **C**ustomer **O**rientation
ss .... **s**ales **s**upport
TCA .... **T**ransaction **C**ost **A**nalysis
UK .... **U**nited **K**ingdom

Symbols

$\bar{X}_{ij}$ .... Mean for the Ideal Profile along the jth Dimension
Δ .... Vector of the Residuals $\delta_1, ..., \delta_n$
η .... Latent Variable with Formative Measurement
Γ_x .... Weighting Vector $y_1, ..., y_n$

λ_i	Component Loading to an Indicator
ρ_c	Composite Reliability
ζ	Measurement Errors
f^2	Effect Size of an Independent Variable on a Dependent Variable
Q^2	Stone-Geisser-Criterion
q^2	Predictive Relevance of an Independent Variable for a Dependent Variable
R^2	Explained Variance of Total Variance
R^2_{excl}	Explained Variance excluding an Independent Variable
R^2_{incl}	Explained Variance including an Independent Variable
X	Vector of the Indicators $x_1, ..., x_n$
X_{sj}	Score for a Bank in the Study Sample on the jth Dimension
ACHIEVEMENT .	Average Degree of Target Achievement
CENTR INDEX ...	Organizational Centralization Index
COMP INDEX	Compensation Control Index
D	Omission Distance
E	Sum of Squares of Prediction Error
FUNCTION	Existence of Centralized Sales Management Control Functions
FUNCTION EMPL	Number of Employees in the FUNCTION
j	Number of Profile Dimensions
O	Sum of Squares Errors using the Mean for Prediction
PERCENT	Percentage of Variable Compensation
SHARE	Share of Employees with Variable Compensation
TARGET	Target for the Payment of Maximum Variable Compensation
TOTAL EMPL	Total Number of Employees in the Bank

1 Introduction

1.1 Problem Definition

Since late 2007 the turbulences of the sub-prime mortgage market and its consequences haven shaken the international banking industry (cf. Wheeler and Werchola, 2007, p. 48-57; Nagl, 2008, p. 26). What started as a risky adventure became a problem when the U.S. housing bubble burst and the interest rates rose, significantly aggravating the high risk borrowers' possibilities to refinance and causing defaults on a large scale (cf. Lahart, 2007, p. 1; Wheeler and Werchola, 2007, p. 48-57). Due to the wide distribution of mortgage-backed derivatives, however, the problem did not remain confined to the U.S. market but rose to an international banking crisis heavily impacting banks all over the world (cf. Economist, 2007, p. 1; Nagl, 2008, p. 26). So far, the temporary peak of the global financial crisis has been reached in September and October 2008 with nationalizations (e.g. Fannie Mae, Freddie Mac, Fortis, Landsbanki), acquisitions (e.g. Bear Stearns, Merrill Lynch), and bankruptcies (e.g. IndyMac, Martinsa-Fadesa, Lehman Brothers) of multiple international big banks (cf. Eberle and Ziener, 2008, p. 2; Kazim, 2008, p. 1-2; International Monetary Fund, 2008b, p. 16). Even though the German banks have yet been mostly spared these fates, the private commercial banks (e.g. Deutsche Bank, Commerzbank), public banks (e.g. WestLB, BayernLB), and credit cooperatives (e.g. DZ Bank) nonetheless have to bear their share in the overall estimated losses of $1.4 trillion (cf. Wheeler and Werchola, 2007, p. 48-57; Economist, 2007, p. 1; Nagl, 2008, p. 26; Reuters, 2008, p. 1; International Monetary Fund, 2008a, p. ix-53; International Monetary Fund, 2008b, p. 8). And in spite of the increasingly strong involvement and support of national governments, central banks, and regulatory agencies, the aftermath of the crisis is expected to affect the banking industry over the next few years (cf. International Monetary Fund, 2008b, p. 62; Luttmer, 2008, p. 22; Riecke, 2008, p. 26).

In view of these severe losses and dramatic changes in the international banking industry, it is often ignored that there are further fundamental developments which are impacting the German banking system beyond the current turbulences. One of these is the changing legal and regulatory environment (cf. Dermine,

2002, p. 1-21; European Central Bank, 2007, p. 10-18). On the national level, for example, the abolishment of state guarantees increased the pressure on savings banks and landesbanks[1], and on an international level the implementation of the *Capital Requirements* and *Markets in Financial Instruments Directive* significantly impacts all three pillars of the German banking market (cf. Börner, 2000, p. 1-2; Hackethal and Schmidt, 2005, p. 24; Committee of European Banking Supervisors, 2006, p. 2-41; Bundesverband Deutscher Banken, 2006a, p. 57-59; Bundesverband Deutscher Banken, 2006b, p. 2-3; Zeitler, 2007, p. 9-16; European Central Bank, 2007, p. 10-11). Additionally the traditional German universal banks are operating in an increasingly competitive environment (cf. Bundesverband Deutscher Banken, 2006a, p. 8-18). Not only is the market in a general process of consolidation, but new players like foreign, specialized, and direct banks are gaining market share from the established institutions (cf. Hackethal, 2003, p. 1-2; Hackethal, 2004, p. 71-72; Hackethal and Schmidt, 2005, p. 17-26; Güttler and Hackethal, 2006, p. 13-14; Marsch et al., 2007, p. 1-14; European Central Bank, 2007, p. 11; Wheeler and Werchola, 2007, p. 100). Trying to make up for sins of the past, some institutions also pursue an outsourcing strategy for non-strategic and scalable processes to increase the competitive pressure from a cost and ultimately price perspective (cf. Fuchs, 2003, p. 29-50; Graband and Wand, 2003, p. 55-70; Wendt, 2003, p. 89-99; Friedrich et al., 2004, p. 11-26; Hackethal and Schmidt, 2005, p. 18-19). On top of that the retail, corporate, and private banking institutions face changes in behavior of their customers (cf. Büschgen, 1998, p. 56; Salmen, 2003, p. 22-39; Wheeler and Werchola, 2007, p. 72-73). And due to the general availability of information technologies, the transparency of the banking market is significantly elevated and the switching cost reduced (cf. Bundesverband Deutscher Banken, 2006a, p. 9). As a result, the well informed, emancipated clients are less loyal and willing to obtain financial products and services from various different institutions, which best serve their needs in terms of price and quality (cf. Büschgen, 1998, p. 655; Salmen, 2003, p. 24; Wheeler and Werchola, 2007, p. 72-73). This deal-based banking approach

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[1]   Landesbanks are the central banks of the German savings banks, function as the house banks of the respective states, and operate as more or less independent universal banks (cf. Hoppenstedt, 2001, p. 1955-1956; Hackethal, 2004, p. 80; Hackethal and Schmidt, 2005, p. 11).

of the private and corporate customers exemplifies the continuing transformation in Germany from a seller's to a buyer's market (cf. Edwards and Fischer, 1996, p. 8-19; Börner, 2000, p. 292; Thomsen, 2001, p. 1; Stahl, 2005, p. 23). All of the above factors and the global financial crisis constitute the major challenges for the German banking industry.

To cope with this overall very difficult environment, the German retail, private, and corporate banking institutions primarily plan to adjust their sales efforts: a vast majority of 87% of the banks intend to intensify their sales via cross- and upselling, 39% will reorganize their sales departments' structures and processes altogether, and 29% plan to adjust their sales planning and control (cf. Engstler et al., 2007, p. 10-11). Throughout the crisis, especially the selling of deposit products has become one of the banks' top priorities due to the liquidity shortage triggered by the banking crisis (cf. International Monetary Fund, 2008b, p. 62).

In view of these overall intentions, sales management control, which encompasses the "monitoring, directing, evaluating, and compensating" (Anderson and Oliver, 1987, p. 1) of employees with the aim to align its salespeople's attitudes and behaviors with the company's objectives, is crucial (cf. Eisenhardt, 1985; Anderson and Oliver, 1987; Ouchi, 1979; Jaworski, 1988). Only if the bank can eliminate opportunistic behavior[2] and steer its sales activities goal-congruently with a holistic sales management control system, is the institution able to exploit the planned cross-selling opportunities and conduct its sales operations in an effective and efficient manner (cf. Bergen et al., 1992, p. 12; Krafft, 1999, p. 120; Baldauf et al., 2005, p. 11-24). Therefore an integrated approach combining all relevant control dimensions, i.e. compensation, behavior, cultural, professional, and self control, tailored to the bank's business strategy, organizational characteristics, and external parameters is of utmost importance (cf. Anderson and Oliver, 1987; Jaworski, 1988; Lusch and Jaworski, 1991; Baldauf et al., 2005).

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[2]   For example sales personnel that reduced lending standards even further or turned a blind eye toward subprime borrowers' misbehavior to better their position at the expense of the bank institution (cf. Zywicki and Adamson, 2008, p.43-49).

In view of banking institutions need for sales management control, the next section will evaluate the status of research on that topic, especially the existing research gaps, and accordingly define the objectives of this study.

1.2   Research Objectives and Contribution to Literature

It has been shown that, especially in the current global financial crisis, sales management control is of utmost importance for the German retail, private, and corporate banking institutions. However, while sales management control has received significant attention from scientists and practitioners during the past decade, to the best of the author's knowledge, it has not been specifically researched for banks, let alone the German banking market. The only empirical study explicitly evaluating German companies has been conducted by *Krafft (1999)* using a multi-industry sample out of which 23% of the firms were from the financial services segment but that segment has not been addressed separately.

Regardless of the missing banking specifics, the research stream is characterized by diverging points of view and gaps in multiple areas (Baldauf et al., 2005, p. 7). These are mostly the result of the two differing, seminal conceptualizations of sales management control by *Anderson and Oliver (1987)* and *Jaworski (1988)*. Since either of the structurally different concepts, *Anderson and Oliver (1987)* include only formal controls whereas *Jaworski (1988)* also incorporates informal control elements, has been used for the more than 40 studies[3] on the topic, there has been no agreement reached on the construct's conceptualization and the relevant dimensions of control (cf. Baldauf et al., 2005). Additionally, most recent research identified compensation control, which previously had only been included as part of a higher-order control dimension, as an important and separate control element (see e.g. Piercy et al., 2004a). Accordingly *Baldauf et al. (2005)* identify two distinctive research needs in their synthesis of the sales management control stream (cf. Baldauf et al., 2005, p. 21-22): (1) the assessment if one of the two management control conceptualizations or a combination thereof should be ap-

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[3]   These studies comprise the works of e.g. *Cravens et al. (1993)*, *Babakus et al. (1996)*, *Kohli et al. (1998)*, *Krafft (1999)*, *Baldauf and Cravens (2003)*, and *Piercy et al. (2006)*.

plied in future research and (2) the examination of compensation as a separate sales management control dimension and its interdependencies with other control elements such as behavior control.

Answering these calls, the first major research objective of this study is not only to combine the conceptualizations of *Anderson and Oliver (1987)* and *Jaworski (1988)* but also to incorporate compensation control as separate control dimension in a holistic sales management control research framework.

Further research needs concern especially the proper blend of the individual control dimensions, the degree of control to be exercised, the factors determining the right choice of sales management control, and the impact on the individual and organizational performance (cf. Baldauf et al., 2005, p. 21-25). Generally, there is an emerging view that a blend of different control elements is more appropriate than the reliance on a limited set of control dimensions (cf. Jaworski et al., 1993; Cravens et al., 2004; Baldauf et al., 2005). However, to determine which combination and what extent of control is most suited for a banking institution and able to increase its performance, it is necessary to evaluate its internal and external environment (cf. Baldauf et al., 2005, p. 23-24). Especially strategy as an antecedent has been mostly neglected so far (cf. Baldauf et al., 2005, p. 23). Accordingly *Baldauf et al. (2005)* identify three specific research needs in their analysis of the research stream (cf. Baldauf et al., 2005, p. 22-24): (1) research to "guide deciding which control dimensions to include in the management control strategy" (Baldauf et al., 2005, p. 22), (2) an assessment of the drivers for choosing a sales management control strategy, and (3) an assessment of "how and to what extent management control affects salesperson performance" (Baldauf et al., 2005, p. 24).

Answering these calls, the second major research objective of this study is to determine the interrelationship between environmental parameters, organizational characteristics, business strategy, and the different sales management control dimensions as well as their impact on the individual and organizational performance.

This study relies on the one hand on the commonly used theories of the research stream such as the Transaction Cost Theory (e.g. Williamson, 1975, 1981, 1985; Robins, 1987; Rindfleisch and Heide, 1997), Agency Theory (e.g. Wilson, 1968; Arrow, 1971; Eisenhardt, 1989; Nilakant and Rao, 1994; Walker and Vasconcellos, 1997), and Organizational Control Theory (e.g. Ouchi, 1979, 1980). On the other hand, bringing in a new theoretical perspective and contrary to previous studies on sales management control, which either focus only on consequences (e.g. Jaworski and Kohli, 1991; Cravens et al., 1993; Robertson and Anderson, 1993; Joshi and Randall, 2001; Piercy et al., 2006; Panagopoulos and Dimitriadis, 2009) or on antecedents and consequences (e.g. Jaworski and MacInnis, 1989; Agarwal and Ramaswami, 1993; Jaworski et al., 1993; Bello and Gilliland, 1997; Krafft, 1999; Piercy et al., 2009), the rationale of the configurational school[4] (e.g. Chandler, 1962; Miles and Snow, 1978; Mintzberg, 1973, 1978, 1979; Miller and Friesen, 1984) is applied to investigate the fit of the previously mentioned elements.

In view of the previously described practical need for sales management control in the very challenging environment for German banking institutions, the existing research gaps as well as the derived research objectives, the goal of this study can be summarized as answering the following overarching question and the three subsequently listed specific research questions:

How should a retail, private or corporate banking institution's sales management control strategy be designed in view of its internal and external parameters in order to increase the individual and organizational performance?

　　1. *How should a retail, private or corporate banking institution's sales management control strategy be designed when following a certain business strategy to ensure an optimal performance?*

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[4]　　To the best of the author's knowledge, configurations have only been considered to some extent by *Flaherty et al. (2007)* and *Onyemah and Anderson (2009)*.

2. *How should the retail, private or corporate banking institution's organiza-tional characteristics be reflected in the sales management control strategy in order to increase the individual and organizational performance?*

3. *What is the optimum sales management control strategy in view of the retail, private or corporate banking institution's external environment?*

The structure of analysis to answer these central research questions will be detailed in the next chapter.

1.3   Structure of Analysis

This study is organized into seven chapters.

Chapter 1 provides the introduction to this study. Building on the most recent developments in the German banking market caused by the global financial crisis and further fundamental factors, *Chapter 1.1* sets out the relevance of sales management control. Subsequently *Chapter 1.2* investigates the status quo of the research stream, identifies important research needs, and consequently defines the research objectives and questions of this study as well as its contribution to the literature. Thereafter, in *Chapter 1.3*, the structure of analysis is laid out.

Chapter 2 describes banking in Germany. Following an initial overview of the German banking market in *Chapter 2.1*, the three pillars of the German banking system, namely the private commercial banks, the savings bank group, and the cooperative banking group, are detailed in *Chapter 2.2*. Thereafter the universal banks' three main lines of business, which are the objects of experience in this study, are described in *Chapter 2.3*. The focus of the differentiation between the retail, private, and corporate banking segments is on the diverging customer groups and their distinctive needs as well as the organizational structure, since the latter are especially relevant in the context of sales management control. Then *Chapter 2.4* investigates the trends in the German banking industry before *Chapter 2.5* summarizes the main findings on banking in Germany.

Chapter 3 describes the terminological, conceptual, and theoretical basics of this study. First *Chapter 3.1* explains the concepts of strategy and strategic management. A special focus is placed on the configurational school, whose thoughts and concepts such as the fit model are used to structure the theoretical and empirical analysis, and the banking institutions' business strategies, which are an important element of the theoretical framework. Then *Chapter 3.2* investigates the primary scientific object of this work: sales management control. After an initial overview of the evolution and definition of the research stream, the formal and informal management control dimensions, which form the centerpiece of the investigation, are evaluated. Thereafter, the main underlying theories of the research stream, namely the transaction cost theory, the agency theory, and organizational control theory, which are also used to derive the hypotheses of this study, are detailed. Subsequently *Chapter 3.3* evaluates the internal and external variables, which influence the choice of a sales management control strategy. From an organizational point of view the organizational culture, organizational centralization, and sophistication of the information technology are of special relevance. Investigating the external environment, the dynamism, predictability, and competition of a banking institution's relevant market are considered to be particularly influential. *Chapter 3.4* then describes the three performance dimensions against which the fit of the sales management control strategy with the internal and external parameters is evaluated. To be able to evaluate the correctness of a chosen control approach in an appropriate and differentiated manner, this study distinguishes the organizational performance, i.e. sales organization outcomes, and the individual performance, i.e. salesperson behavioral and salesperson outcome performance. *Chapter 3.5* concludes the section on terminological, conceptual, and theoretical basics with a summary of the major findings.

Chapter 4 describes the theoretical framework and hypotheses of this study. In *Chapter 4.1* the conceptual framework, which addresses the first objective of this study by combining the two existing philosophies of sales management control with compensation control, is developed. Following the rationale of the configurational school it not only evaluates and integrates the relationships between sales

management control, banking business strategy as well as the internal and external influencing variables that were described in the previous chapter, but also assesses their fit and the resulting impact on performance - this study's second objective. Correspondingly, *Chapter 4.2* derives the hypotheses on both the relationships between the individual constructs and their fit using the three major theories elaborated in the previous chapter. Subsequently *Chapter 4.3* summarizes the theoretical framework and its hypotheses.

Chapter 5 then presents the empirical data which is used for the testing of the theoretical framework and hypotheses. First, the process of data gathering, the structure of the questionnaire, and potential sources for bias are described in *Chapter 5.1*. Thereafter *Chapter 5.2* analyzes the characteristics of the data sample, including its distribution along sectors, segments, size, support ratios, and geographical location. *Chapter 5.3* rounds off the section by depicting the operationalization approach and the operationalization of the study's constructs itself.

Chapter 6 details the empirical analysis of the theoretical model. Since the study's investigation is also subdivided in two parts, this section also includes two different streams of analysis. First in *Chapter 6.1* a PLS model is used to analyze the relationships between the five sales management control dimensions and the business strategy, the organizational characteristics as well as the environmental parameters. Then in *Chapter 6.2* the profile as deviation approach is used to evaluate the performance impact of the congruence with the theoretical relationship hypotheses. Thereafter *Chapter 6.3* analyzes the root causes for hypotheses which are rejected.

Chapter 7 concludes this study by summarizing the major findings and recommendations in *Chapter 7.1* and by deriving the implications for future research in *Chapter 7.2*.

An overview of the structure of this study is visualized in Figure 1.1.

Figure 1.1: Structure of the Study
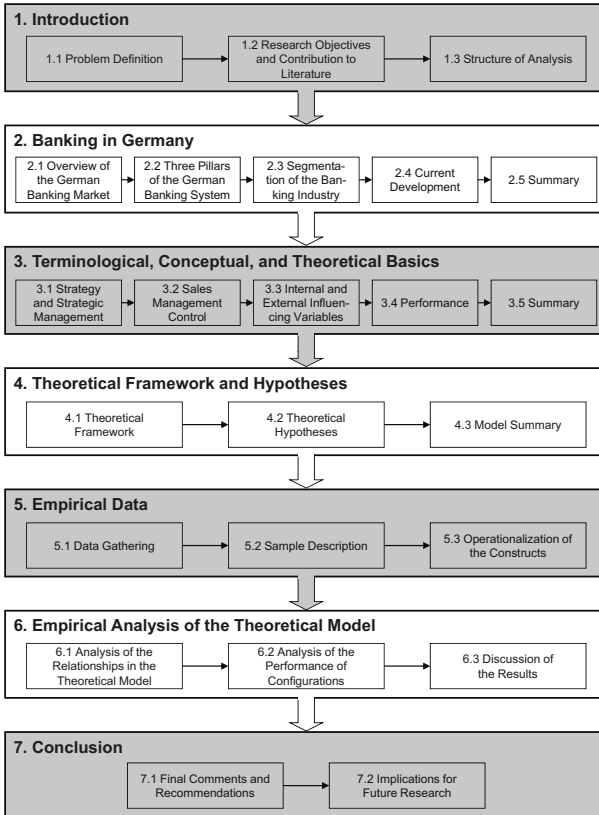
Source: Own illustration.

2 Banking in Germany

This chapter provides an introduction to banking in Germany. After an initial overview of the German banking market in *Chapter 2.1*, the three pillars of the German banking system are detailed in *Chapter 2.2*. Thereafter the universal banks' three main lines of business, which are the objects of experience in this study, are described in *Chapter 2.3*. Then *Chapter 2.4* investigates the trends in the German banking industry before *Chapter 2.5* summarizes the main findings on banking in Germany.

2.1 Overview of the German Banking Market

"The German banking system is a universal banking system" (Hackethal, 2003, p. 4). Unlike other countries such as the United States where the legal regulations[1] enforced a specialization of the banks, German institutions offer all lines of banking business (cf. Edwards and Fischer, 1996, p. 1; Canals, 1998, p. 623-624; Danthine et al., 1999, p. 10; Schmidt et al., 1999, p. 54; Barth et al., 2000, p. 1; Schmidt et al., 2001, p. 30; Hackethal, 2003, p. 4). The German legislation correspondingly also provides a comparatively broad definition of credit institutions and banking business (cf. Edwards and Fischer, 1996, p. 66; Hackethal, 2003, p. 5), which comprises eleven distinctive activities (Deutsche Bundesbank, 2002, p. 8):

1. "the acceptance of funds from others as deposits or of other repayable funds from the public unless the claim to repayment is securitised in the form of bearer or order debt certificates, irrespective of whether or not interest is paid (deposit business),

2. the granting of money loans and acceptance credits (lending business),

3. the purchase of bills of exchange and cheques (discount business),

4. the purchase and sale of financial instruments in the credit institution's own name for the account of others (principal broking services),

5. the safe custody and administration of securities for the account of others (safe custody business),

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[1] The Glass-Steagall Act of 1933 regulated the separation of commercial and investment banking in the United States of America until its repeal by the Gramm-Leach-Bliley Act in 1999 (cf. Barth et al., 2000, p. 1; Hein, 2001, p. 232-235).

6. the business specified in section 1 of the Act on Investment Companies (Gesetz über Kapitalanlagegesellschaften) (investment fund business),

7. the incurrence of the obligation to acquire claims in respect of loans prior to their maturity,

8. the assumption of guarantees and other warranties on behalf of others (guarantee business),

9. the execution of cashless payment and clearing operations (giro business),

10. the purchase of financial instruments at the credit institution's own risk for placing in the market or the assumption of equivalent guarantees (underwriting business),

11. the issuance and administration of electronic money (e-money business)".

As a result of this legal and regulatory environment, only a few specialized banks operate in the otherwise universal bank-dominated German banking industry (cf. Hackethal, 2003, p. 2; Hackethal and Schmidt, 2005, p. 5). As shown in Figure 2.1 (p. 13), only 209 or 9.09% of the total of 2,299 institutions are special institutions (cf. Statistisches Bundesamt, 2008, p. 440). While 31.58% of these are special banks, 68.42% are other monetary institutions like investment companies, housing enterprises with savings facilities, securities depositories or institutions conducting only guarantee business (cf. Statistisches Bundesamt, 2008, p. 440).

The universal banks on the other hand, which are the major focus of this study, are distributed (see Figure 2.2, p. 13) along the three major pillars of the German banking industry: 60.33% (1261 institutions) credit cooperatives (incl. WGZ and DZ bank), 22.44% (469 institutions) savings banks (incl. landesbanks and DekaBank), and 17.22% (360 institutions) commercial banks (cf. Statistisches Bundesamt, 2008, p. 440). However, even though the credit cooperatives and public banks constitute the majority of the institutions, they have approximately the same number of branches as the commercial banks (cf. Statistisches Bundesamt, 2008, p. 440). As shown in Figure 2.3 (p. 14), the public banks range from 14,721

Figure 2.1: German Banking Market - Specialized Banking Institutions
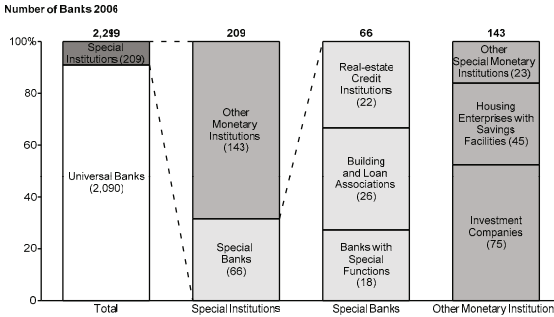
Source: Own illustration, following *Statistisches Bundesamt (2008, p. 440)* and *Hackethal and Schmidt (2005, p. 6)*.

branches (36.34%) only slightly more than the credit cooperatives with 13,855 branches (34.20%) to the commercial banks with 11,938 branches (29.47%) (cf. Statistisches Bundesamt, 2008, p. 440).

Figure 2.2: German Banking Market - Universal Banking Institutions
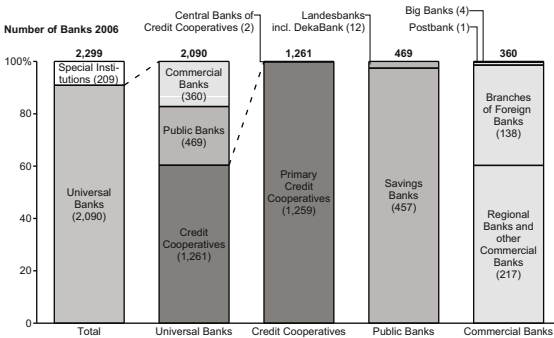
Source: Own illustration, following *Statistisches Bundesamt (2008, p. 440)*.

Overall the German banking market is characterized by a high degree of fragmentation which is not only documented by the large number of banking institutions but also by a market share of 22.0% (in % of total assets) of the five largest Ger-

Figure 2.3: German Banking Market - Universal Bank Branches
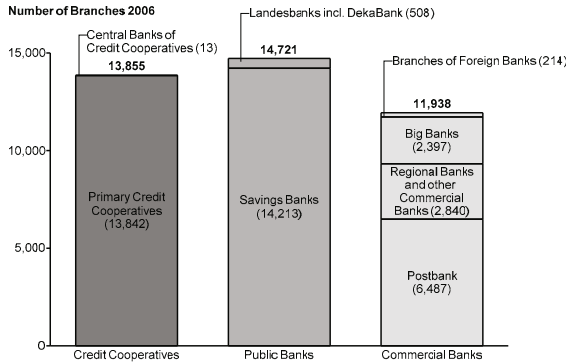
Source: Own illustration, following *Statistisches Bundesamt (2008, p. 440)*.

man banks[2] in 2006, which is significantly below the European average[3] of 59.2% (cf. Hackethal, 2003, p. 6; Hackethal and Schmidt, 2005, p. 6; European Central Bank, 2007, p. 53).

However, in order to be able to understand the dynamics and peculiarities of the German banking market and why 82.78% of all the German institutions, the savings banks and credit cooperatives, are "not strictly profit maximizing entities" (Hackethal and Schmidt, 2005, p. 5), it is necessary to further describe the three pillars of the German banking system (cf. Statistisches Bundesamt, 2008, p. 440).

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[2] However, the treatment of the savings bank group and the cooperative banking group as two large entities, as argued by *Hackethal (2003); Hackethal and Schmidt (2005)*, would increase the market share of the five largest credit institutions close to the European 25 average.

[3] Calculated as the unweighted average of the market share (in % of total assets) of the five largest credit institutions in Belgium, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Slovenia, Slovakia, Finland, Sweden, and the United Kingdom (cf. European Central Bank, 2007, p. 53).

2.2   The Three Pillars of the German Banking System

As mentioned before, the German universal banking system[4] is characterized by the so-called three pillars which are depicted in Figure 2.4 (cf. Edwards and Fischer, 1996, p. 99; Hackethal, 2003, p. 5; Hackethal, 2004, p. 74; Hackethal and Schmidt, 2005, p. 5-6).

Figure 2.4: The Three Pillars of the German Banking System

German Banking System

Private Commercial Banking	**Savings Bank Group**	**Cooperative Banking Group**

• Big Banks
    – Deutsche Bank
    – Commerzbank
    – Dresdner Bank
    – HVB Group
• Regional Banks
• Private Bankers
• Foreign Banks
• Other Commercial Banks
	• Savings Banks
	• Landesbanks
	• DekaBank
	• Leasing Companies
	• Public insurance comp.
	• Building and Loan Associations
	• DSGV
	
	• Free Savings Banks
		• Cooperative Banks
		• WGZ and DZ Bank
		• Building and Loan Association
		• Insurance Company
		• Investment Company
		• Leasing Company
		• Specialized Institutions

Source: Own illustration, following *Statistisches Bundesamt (2008, p. 440)*.

Therefore first the private commercial banks will be described in *Chapter 2.2.1*, followed by a depiction of the savings bank group in *Chapter 2.2.2*, and an overview of the cooperative banking group in *Chapter 2.2.3*.

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[4]   See also *Hackethal (2003, 2004)* and *Hackethal and Schmidt (2005)* for a detailed overview of the German banking system and an in-depth description of the German commercial banks, savings bank group, and cooperative banking group.

Table 2.1: Top 10 German Banks 2007

Ranking	Bank	Total assets (in € Mio.)	Total assets (in € Mio.)	Bank Offices	Staff	Banking Group
2007		2007	2006	2007	2007	
1	Deutsche Bank AG	2,020,349	1,584,493	1,889	78,291	Private
2	Commerzbank AG	616,474	608,278	1,517	36,767	Private
3	Dresdner Bank AG	500,209	554,897	1,074	26,309	Private
4	Landesbank Baden-Württemberg	443,424	417,285	220	12,303	Public
5	DZ Bank AG	431,337	421,684	36	24,210	Cooperative
6	Bayerische Hypo- und Vereinsbank AG	422,129	508,033	846	24,784	Private
7	Bayerische Landesbank	415,639	344,369	1	19,226	Public
8	Hypo Real Estate Holding AG	400,174	161,593	21	2,000	Private
9	KfW Bankengruppe	353,997	334,389	3	3,571	Public
10	WestLB AG	286,552	285,287	41	6,477	Public

Source: Own illustration, adapted from *Kuck (2008, p. 36-37)*.

2.2.1 *Private Commercial Banks*

The core of the private commercial banking group are the four, or after the full integration of the Dresdner Bank and Commerzbank only three, so-called big banks (cf. Hackethal, 2003, p. 7; Landgraf and Nagl, 2008, p. 21). After the first joint-stock institutions were founded in the 19th century, when the "private bankers were no longer able to satisfy the growing financing needs of mass-production industrial companies" (Hackethal, 2003, p. 6), the banking crisis of 1931/32 caused a consolidation of the German banking market out of which the Deutsche Bank, Commerzbank, and Dresdner Bank emerged as the dominant players (cf. Hackethal, 2003, p. 7). Despite their dismantling following World War II and the subsequent reassembly in 1957 and 1958, they became, as shown in Table 2.1, the three largest German banking institutions in terms of total assets in 2007 (cf. Hackethal, 2003, p. 7; Kuck, 2008). The fourth bank, the Bayerische Hypo- und Vereinsbank, which is now owned by the UniCredit Group, joined the big bank category as the new entity which resulted from the merger between the two Bavarian banks Bayerische Hypotheken- und Wechselbank and Bayerische Vereinsbank (cf. Hackethal, 2003, p. 7).

Also part of the private commercial banks are the regional banks, private bankers, foreign banks, and other commercial banks (cf. Hackethal, 2003, p. 5). Some of

the largest institutions amongst these, in terms of total assets, are the Postbank ranked at 13, ING-DiBa (24), and the SEB (26) (cf. Kuck, 2008, p. 36-37; see *Appendix A* for an overview of all the top 100 German banks in 2006). While the commercial banks in Germany are more or less comparable with commercial banks in other countries, the savings banks, which will be discussed in the subsequent chapter, are to certain degree specific to the German banking market (cf. Hein, 2001, p. 230-242; Bikker, 2004, p. 216; Hackethal, 2004, p. 78-82; Hackethal and Schmidt, 2005, p. 9-13).

2.2.2   *Savings Bank Group*

"The first German public savings bank was founded in 1801 in Göttingen after most existing private savings banks had suffered seriously from the Napoleonic wars. The Prussian savings bank act of 1838 ruled out the legal independency of all 234 Prussian savings banks and put them under the regime of the respective local governments. As a result of similar developments in all other German regions a total of 2,700 public institutions existed at the beginning of the twentieth century. To avoid an excessive indebtedness of local governments in the wake of the great depression of 1929, savings banks were given autonomous legal status in 1931" (Hackethal and Schmidt, 2005, p. 78). At the same time, the Gewährträgerhaftung (guarantor's liability), which signifies that the public founding entity is unrestrictedly liable for its savings bank in the case of default, and the Anstaltslast (institutional liability), which obliges the public founding entity to inject capital if the savings bank is at risk, were introduced (cf. Hoppenstedt, 2001, p. 1959-1960; Deutscher Sparkassen- und Giroverband, 2002, p. 4; Hackethal, 2003, p. 10; Hackethal and Schmidt, 2005, p. 9). While the guarantor's liability for the savings banks and landesbanks has been abolished in 2005 (for new liabilities), the institutional liability has been modified with the aim that the relationship between the public founding entity and the savings bank should resemble relations in the private sector (cf. Die Bundesregierung, 2002; Deutscher Sparkassen- und Giroverband, 2002, p. 4; Bundesverband Deutscher Banken, 2006a, p. 44-46; Deutscher Sparkassen- und Giroverband, 2008).

Nonetheless the German savings banks are still subject to state-specific savings bank laws which not only entail a service mandate (Versorgungsauftrag) but also specific obligations, e.g. "to serve the public interests of their region by fostering individual savings and by satisfying the credit needs of their local communities" (Hackethal, 2004, p. 9). Additionally, they are also burdened with restrictions of their business model (cf. Hoppenstedt, 2001, p. 1955-1966; Hackethal, 2004, p. 79; Hackethal and Schmidt, 2005, p. 9-10). Besides being confined to their local area (regional principle), the savings banks are prohibited from holding shares in companies which are not part of the savings bank group, to be part of an underwriting consortium or to trade on their own account (cf. Hoppenstedt, 2001, p. 1955-1966; Hackethal, 2004, p. 79; Hackethal and Schmidt, 2005, p. 10). And "although savings banks have to conduct their business according to sound economic principles, profit maximization must not be their primary business objective" (Hackethal and Schmidt, 2005, p. 79).

Besides the savings banks as the primary institutions, 11 landesbanks are part of the savings bank group (cf. Deutscher Sparkassen- und Giroverband, 2006). They are not only the central banks of the savings banks but also function as the house banks of the respective states and operate as more or less independent universal banks (cf. Hoppenstedt, 2001, p. 1955-1956; Hackethal, 2004, p. 80; Hackethal and Schmidt, 2005, p. 11). Also included in the savings bank group[5] are e.g. the DekaBank, six leasing companies, 11 LBS building and loan associations, two factoring companies, public insurance companies, and the German Savings Bank Association (DSGV) (cf. Hackethal, 2003, p. 10-13; Hackethal, 2004, p. 78-82; Hackethal and Schmidt, 2005, p. 9-11). Additionally there are seven free, self-controlled savings banks, which, even though not part of the savings bank group, are "more or less comparable to their public peers" (Hackethal, 2003, p. 11).

Also to a certain degree specific to the German banking market is the third pillar, the cooperative banking group, which will be detailed in the following chapter.

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[5]   See *Hoppenstedt (2001)*, *Hackethal (2003, 2004)*, and *Hackethal and Schmidt (2005)* for a detailed description of the entire savings bank group.

2.2.3   *Cooperative Banking Group*

The first Volksbanks, in the urban environments, and Raiffeisenbanks, in the rural areas, were founded in the middle of the nineteenth century with the aim of alleviating the social and financial problems of German farmers and craftsmen (cf. Grüger, 2001, p. 962). The financial constraints of these mostly small and medium-sized enterprises were aggravated by the existing private and commercial banks, which focused on the financing of the trade, manufacturing, and transportation industries, and the savings banks, which required collateral in exchange for credit (cf. Grüger, 2001, p. 962-963; Hackethal, 2003, p. 15; Hackethal and Schmidt, 2005, p. 13). Therefore the credit cooperatives were founded under the principles of self-aid (Selbsthilfe), self-responsibility (Selbstverantwortung), as well as self-administration (Selbverwaltung) and with the objective of supporting its members' business by means of a commonly owned bank (cf. Hackethal, 2003, p. 15; Hackethal and Schmidt, 2005, p. 13; Lang and Weidmüller, 2005, p. 55). More specifically, "[t]he savings of depositors were transferred to members with financing needs and once a year the profits of a credit cooperative were distributed among its members" (Hackethal, 2003, p. 15). Therefore, until 1974, when non-members became eligible to receive loans, the associates and customers of the cooperative banks were identical (Identitätsprinzip) (cf. Grüger, 2001, p. 963-964; Hackethal, 2003, p. 15; Hackethal and Schmidt, 2005, p. 13). Even today the cooperative banks are limited in their business model in so far as they are only allowed to raise equity from their cooperative members (cf. Grüger, 2001, p. 963-964; Hackethal, 2004, p. 83; Hackethal and Schmidt, 2005, p. 14). This regulation not only limits their scope and scale of business but also hinders profitable growth (cf. Hackethal, 2003, p. 16; Hackethal, 2004, p. 83; Hackethal and Schmidt, 2005, p. 14). Therefore the cooperative banking group started to pursue an active concentration policy in the middle of the twentieth century with the aim of increasing the effectiveness and efficiency of its primary institutions (cf. Grüger, 2001, p. 965-966). As shown in Figure 2.5 (p. 20), the number of institutions was thereby decreased from 7,096 in 1970 to 1,232 in 2007 (cf. Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, 2007a, p. 1).

Figure 2.5: Development of the German Cooperative Banks since 1970

Number of Cooperative Banking Institutions
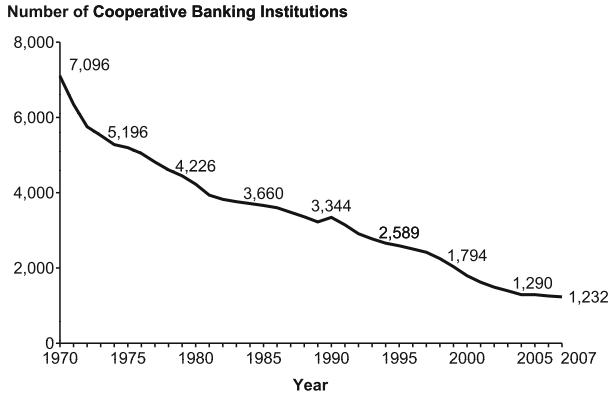
Source: Own illustration, following *Bundesverband der Deutschen Volksbanken und Raiff-eisenbanken (2007a, p. 1).*

Also part of the cooperative banking group are two central institutions (WGZ Bank and DZ Bank), which are to a certain degree comparable to the landes-banks, mortgage banks, as well as one building and loan association, one insurance company, one investment company, one leasing company, and other specialized monetary and banking-affiliated institutions (cf. Hackethal, 2004, p. 83; Hack-ethal and Schmidt, 2005, p. 13; Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, 2007b, p. 44).

Besides these general characteristics of the German banking market, like its dis-tinctive three pillar system, it is also important to understand the different lines of business in which the universal banks are engaged. Therefore the next chapter will further examine these segments.

2.3   Segmentation of the Banking Industry

In many cases, the German universal banks' lines of business are organized around their distinctive customer groups and their differing needs (cf. Büschgen, 1998, p. 500-501; Wiedemann, 2001, p. 498). Since each of them is characterized by a differing sales approach, this study will also structure its analysis around the three segments: retail banking (private clients), private banking (wealthy private clients), and corporate banking (corporate customers) (cf. Kobler, 1993, p. 8; Büschgen, 1998, p. 500-501; Danthine et al., 1999, p. 10-11; Wiedemann, 2001, p. 498-499; Bartmann et al., 2001, p. 603-604; Seifert, 2002, p. 188; Salmen, 2003, p. 90-91; Seifert, 2005, p. 83). All of the latter will be depicted in more detail in the subsequent chapters. Even though some universal banking institutions also engage in asset management and investment banking activities, which are often treated as separate lines of business, those lines will not be incorporated into this investigation due to their structural differences and the resulting smaller relevance of sales management control (cf. Danthine et al., 1999, p. 10-11; Bonacker, 2004, p. 119-122).

2.3.1   *Retail Banking*

The customers of a bank's retail banking division are, as mentioned before, mainly private national clients but often also craftsmen and small corporate customers (cf. Kobler, 1993, p. 8; Seifert, 2002, p. 216; Salmen, 2003, p. 90-91). The retail banking products are mostly standardized and require little explanation (cf. Kobler, 1993, p. 8; Seifert, 2002, p. 216-225; Salmen, 2003, p. 90-93; Seifert, 2005, p. 84). The basis is normally a checking account, which is used to ensure liquidity and to conduct monetary transactions (cf. Seifert, 2002, p. 216). Normally, the product portfolio is complemented by credit cards, deposits (e.g. savings, fixed deposits, money market funds), simple building loans, standardized investments (e.g. equity and debt funds, bonds, stocks), and consumer credits (cf. Kobler, 1993, p. 15; Seifert, 2002, p. 216; Salmen, 2003, p. 90-93; Seifert, 2005, p. 80-81).

Overall the customers are offered little individualized services and advice (cf. Schröder, 2001, p. 598-599; Seifert, 2002, p. 216-225; Salmen, 2003, p. 90-93;

Figure 2.6: Sample Structure of a Retail Banking Branch
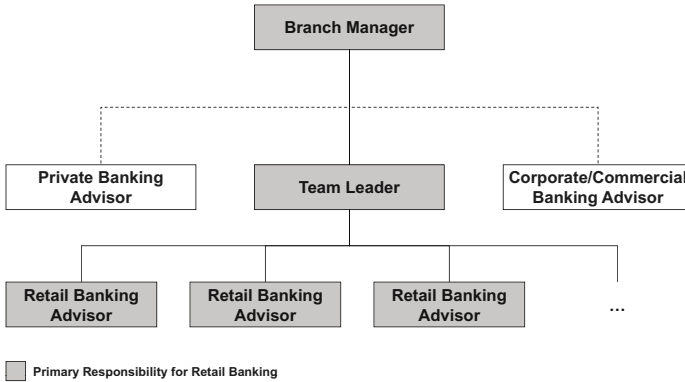
Source: Own illustration.

Seifert, 2005, p. 80-81). This fact is also reflected in the organizational structure (see Figure 2.6) of the sample institutions' primary branches, which are the main point of contact for the retail banking clients (cf. Schröder, 2001, p. 599; Salmen, 2003, p. 90-93). While the customers are normally served by the general customer advisors, the private as well as the small commercial and corporate clients are only selectively referred to a centralized or decentralized specialist (cf. Salmen, 2003, p. 90-93).

The thresholds for the segmentation of a standard retail banking customer are thereby institution specific and can include various classification criteria such as the credit transactions, net assets or net income of the household (cf. Salmen, 2003, p. 91). As a benchmark, *Salmen (2003, p. 91)* references a value of €52,000 to €100,000 for the household's net assets and a net income of €2,500 to €3,500 per month for the differentiation of retail banking and private banking clients. Some banks also provide the so-called personal banking, which offers the wealthier clients of the standard segment a more personalized service and in many cases also a specific point of contact within the responsible branch (cf. Schröder, 2001, p. 599; Salmen, 2003, p. 90-91). As such it is a preliminary stage of private banking, which will be detailed in the subsequent chapter.

2.3.2 *Private Banking*

The customers of an institution's private banking division are wealthy national and international private clients, the so called *high net worth individuals*, which require a high degree of service and advice to help them realize their personal and financial long-term goals (cf. Smith and Walter, 1997, p. 278; Büschgen, 1998, p. 500-501; Seifert, 2002, p. 231-238; Salmen, 2003, p. 72). In contrast to the commercial, cooperative, and savings banks, for which the before mentioned thresholds of €100,000 (net assets) and €3,500 (net income) are a valid point of reference, private bankers almost exclusively focus on clients with net assets above €250,000 (cf. Schmidt, 2001, p. 1711-1714; Salmen, 2003, p. 92; Datamonitor, 2006, p. 20). Comparably, some commercial institutions also further differentiate their service offering for *high high net worth individuals* with net assets above €500,000 and *ultra high net worth individuals* with multiple million euros in liquid funds (cf. Stuhldreier, 2002, p. 77; Salmen, 2003, p. 92). The latter, however, due to the divergent customer handling and support are not part of the analysis.

Overall, the private banking business is less linked to a specific product portfolio and characterized more by its personal, high quality service and advice (cf. Salmen, 2003, p. 91). This fact is also reflected in the organizational structure of the division, which commonly reflects one of the three alternatives (see Figure 2.7, p. 24) or a combination thereof: (1) decentralized dedicated private banking advisors within the retail banking branches, (2) decentralized private banking branches, or (3) a centralized private banking department.

In contrast to the retail banking clients, private customers concentrate primarily on wealth management and only secondarily on increasing their assets (cf. Salmen, 2003, p. 91-93). But also the two segments differ with regard to aspects of transaction and interaction quality, advisory and problem solving competence, and value for money, as shown in Figure 2.8 (p. 24) (cf. Wagner, 1999, p. 29; Salmen, 2003, p. 93). While the private banking clients value a constant advisor for example, who offers them an individual service and multioptional packages at an appropriate price, retail banking customers for example require

a 24/7 availability with little waiting times to obtain standardized services and products at a competitive price (cf. Salmen, 2003, p. 93).

Figure 2.7: Sample Structure of a Private Banking Division
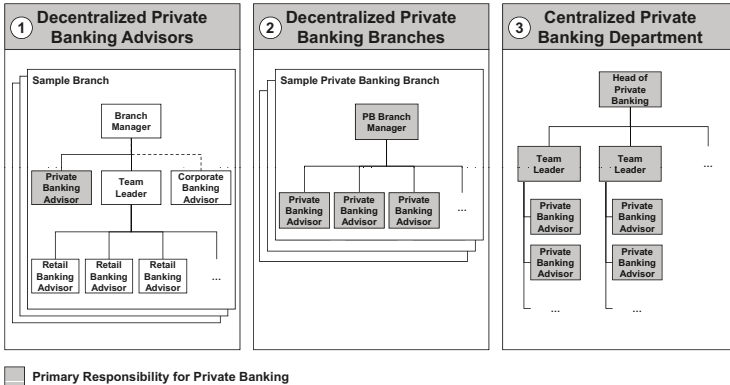
Source: Own illustration.

Figure 2.8: Retail and Private Banking Customers' Requirements

Source: Own illustration, adapted from *Wagner (1999, p. 29)* and *Salmen (2003, p. 93)*.

A segment with similar requirements but different products, corporate banking, will be detailed in the subsequent chapter.

2.3.3   Corporate Banking

Corporate banking[6], as implied by the name, is the banking institution's line of business for corporate customers (cf. Büschgen, 1998, p. 560; Danthine et al., 1999, p. 10-11; Börner, 2000, p. 187-207; Wiedemann, 2001, p. 498-499; Bartmann et al., 2001, p. 603-604). The offered products and services, as shown in Figure 2.9, can be classified into three broad categories: (1) debt financing, (2) liquidity management, and (3) investment banking (cf. Tolkmitt, 2004, p. 377). The latter, however, due to its structural differences and the resulting smaller relevance of sales management control will not be incorporated into the analysis.

Figure 2.9: Corporate Banking Service Offering
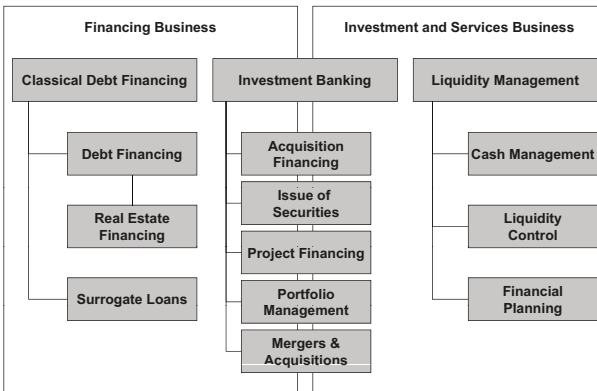
Source: Own illustration, adapted from *Tolkmitt (2004, p. 377)*.

Besides the provision of accounts to conduct monetary transactions, the corporate banking business is mostly concerned with classical debt financing, which subsumes debt financing in the narrower sense and also surrogate loans (cf. Tolkmitt, 2004, p. 377). Another service being provided is liquidity management (e.g. cash management, liquidity control, financial planning), which, however,

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[6]   In contrast to the definition applied in this study, corporate banking is sometimes also used to describe non-bank enterprises which engage in activities and businesses which are typical for banking institutions (cf. Jacob, 2001, p. 516).

is sometimes also positioned within the investment banking division as a separate treasury department (cf. Tolkmitt, 2004, p. 377). Overall, the needs of the corporate customers in terms of individualized advice and service offering are comparable to the private banking segment. As such the organizational structure is often also similar and resembles one of the three subsequent alternatives (see Figure 2.10): (1) decentralized dedicated corporate banking advisors within the retail banking branches, (2) decentralized corporate banking branches, or (3) a centralized corporate banking department. Many institutions also use a combination thereof for a sub-segmentation of the corporate clients, e.g. large corporate clients served by a centralized department, small and medium corporate clients handled by the decentralized branches, and large commercial clients taken care of by the dedicated corporate banking advisors in the retail banking branches.

Figure 2.10: Sample Structure of a Corporate Banking Division
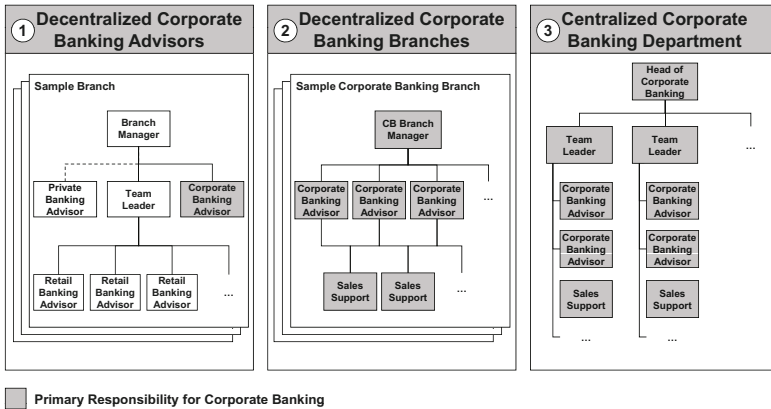
Source: Own illustration.

After the general characteristics of the retail, private, and corporate banking business have been depicted, it is also necessary to understand the market trends which impact the three segments. Therefore the next chapter will detail the current developments in the German banking industry.

2.4   Current Development

As mentioned in *Chapter 1.1*, the German banking industry is currently heavily impacted by the global financial crisis (cf. Wheeler and Werchola, 2007, p. 57; Economist, 2007; Nagl, 2008, p. 26; Reuters, 2008; International Monetary Fund, 2008a; International Monetary Fund, 2008b, p. 8). As in many other countries, banking institutions in Germany have been "severely weakened by mounting losses on impaired and illiquid assets, uncertainty regarding the availability and cost of funding, and further deterioration of loan portfolios as global economic growth slows" (International Monetary Fund, 2008b, p. 1). While these turmoils are surely unprecedented along multiple dimensions, it should nevertheless be noted that there are other fundamental developments which are impacting the German banking system beyond the current crisis (cf. International Monetary Fund, 2008b, p. 1-38).

One of these is the fact that the German, like the European banking market, has witnessed an intensification of competition in recent years, which is among others things reflected in the decreasing interest margins shown in Figure 2.11 (p. 28) (cf. Hackethal, 2003, p. 34; OECD, 2005). As a result many institutions have sought alternative sources of income such as trading activities and fee-based businesses to compensate for the decreasing interest income (cf. Hackethal, 2003, p. 29; see Figure 2.12, p. 28). While many Anglo-Saxon banks also responded to the changing environment by cutting their costs, the "German banks have been less successful in reducing operating expenses and as a result have suffered from declining returns" (Hackethal, 2003, p. 22; see Figure 2.13, p. 29).

In view of these historic developments and missed opportunities as well as the current trends in the German banking market, the environment for retail, private, and corporate banking is challenging overall (cf. International Monetary Fund, 2008b, p.1-38). Since the past is irreversible, this chapter will focus on the current trends, which can be grouped into three key factors[7] which are of major

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[7]   These factors highlight major trends that affect the German banking industry and are not intended to be exhaustive.

Figure 2.11: Development of National Margins (Net Interest Income/Total Assets) in Banking 1990-2003
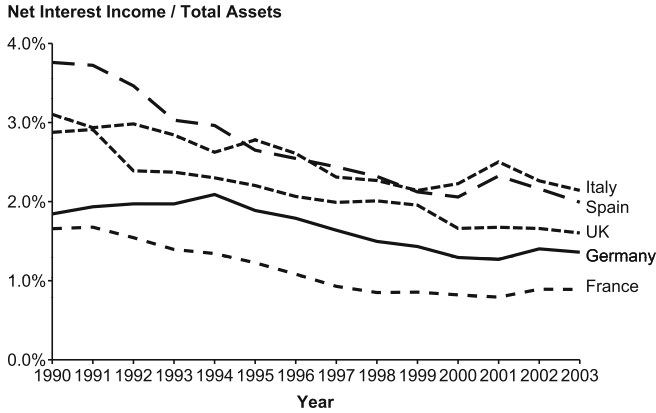
Net Interest Income / Total Assets

Note: Data for all banks in Italy, Spain, Germany, and France and for commercial banks in UK.

Source: Own illustration, following *OECD (2005)*.

Figure 2.12: Development of National Margins (Net Non-Interest Income/Net Interest Income) in Banking 1990-2003
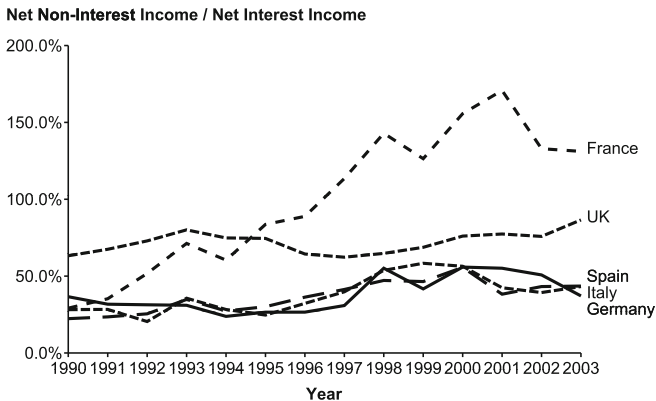
Net Non-Interest Income / Net Interest Income

Note: Data for all banks in Italy, Spain, Germany, and France and for commercial banks in UK.

Source: Own illustration, following *OECD (2005)*.

Figure 2.13: Development of National Margins (Income before Tax/Total Assets) in Banking 1990-2003

Income before Tax / Total Assets

Note: Data for all banks in Italy, Spain, Germany, and France and for commercial banks in UK.

Source: Own illustration, following *OECD (2005)*.

relevance for the banking industry: (1) the changing regulatory environment, (2) the increasing competitive pressure, and (3) the changing customer behavior (see Figure 2.14, p. 30).

The first factor impacting the German banking market concerns the **changes in the legal and regulatory environment** (cf. Dermine, 2002, p. 3-8; European Central Bank, 2007, p. 10-11).

One of the most important national developments, as mentioned before, is the **abolishment of state guarantees** for the savings banks and landesbanks in 2005 following a state aid complaint lodged by the European Banking Federation in 1999 (cf. Die Bundesregierung, 2002; Deutscher Sparkassen- und Giroverband, 2002, p. 4; Bundesverband Deutscher Banken, 2006a, p. 44-46; Deutscher Sparkassen- und Giroverband, 2008). Due to the guarantor's liability the public institutions had previously gained considerable refinancing advantages, which they could pass on to their customers to increase their competitive position vis-à-vis private and cooperative banks (cf. Hackethal and Schmidt, 2005, p. 24;

Figure 2.14: Trends in the German Banking Market
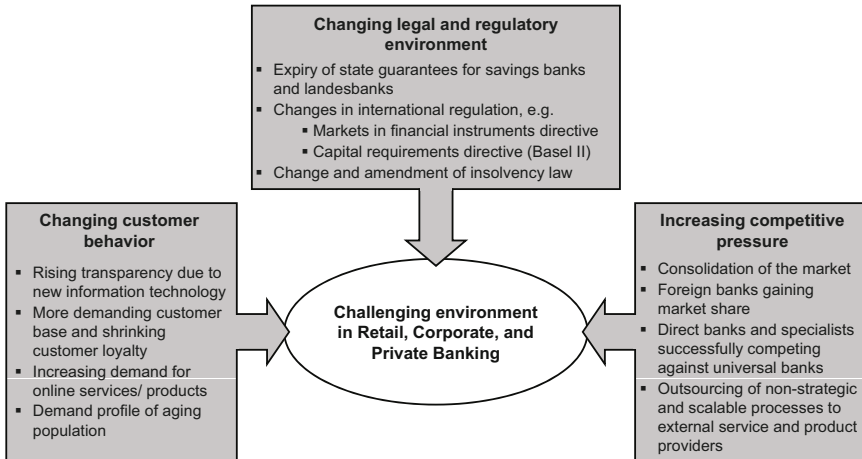
Source: Own illustration.

Bundesverband Deutscher Banken, 2006a, p. 3). While this regulatory change now creates a more or less level playing field, it also increases the pressure on the savings banks and landesbanks (cf. Bundesverband Deutscher Banken, 2006a, p. 44-46).

The second important legal development on a national level is the **change of insolvency law** in 1999 and 2001 (cf. Remmert, 2007, p. 1-10). While the first change distinguishes regular and personal insolvencies, introduces proceedings with regard to the discharge of residual debt, and reduces the period of good conduct to six years, the second amendment allows individuals to delay the cost of insolvency proceedings (cf. Remmert, 2007, p. 8-9; Wheeler and Werchola, 2007, p. 50-51). As a result the number of insolvencies increased dramatically (see also *Appendix B*) from 6,149 in 1998 to 14,024 in 2000 (Compound Annual Growth Rate (CAGR) = 51%) and from 17,048 in 2001 to 124,047 in 2006 (CAGR = 49%) (cf. Wheeler and Werchola, 2007, p. 50-51). This development is comparable with the United Kingdom (UK), where an increase in insolvencies occured in 2005, and

"was received badly by the domestic banks due to the corresponding uptick in provisioning requirements" (Wheeler and Werchola, 2007, p. 51).

Another development on an international level, which influences the banks in Germany, are the two key initiatives of the Financial Services Action Plan (FSAP) which came into effect in 2007: the **Capital Requirements Directive**[8] (CRD) and the **Markets in Financial Instruments Directive** (MiFID) (cf. European Central Bank, 2007, p. 10-11). While the CRD, which implements Basel II for investment firms and credit institutions, "provides incentives for improving risk management systems to better align capital requirements to the risk profile of each institution [...], the MiFID facilitates the cross-border offering of financial services by investment firms, as it extends the range of services and activities that investment firms can passport and adds clarity to the allocation of responsibilities between the home and host authorities, and promotes investor protection" (European Central Bank, 2007, p. 10). Even though the CRD on average decreases the minimum capital requirements, it puts pressure on the German banks to continuously improve their risk management (cf. Committee of European Banking Supervisors, 2006, p. 2-41). The MiFID, on the other, hand not only increases the competition due to the reduced barriers for cross-border services and the increased transparency but also burdens the banks with additional requirements such as an increased duty to inform and a verification of the customers' abilities (cf. Bundesverband Deutscher Banken, 2006b, p. 2-3; Zeitler, 2007, p. 9-16).

The second major factor which impacts the German retail, corporate, and private banking institutions is the increasing **competitive pressure** (cf. Bundesverband Deutscher Banken, 2006a, p. 8-11). Generally the German banking market is in a **process of consolidation**, which is reflected in the decreasing number of institutions (CAGR (02-06) = -2.8%), branches (CAGR(02-06) = -4.6%), and employees (CAGR(02-06) = -1.7%) as well as the increasing total assets (CAGR(02-06) = 2.3%) shown in Figures 2.15 and 2.16 (p. 32) (cf. Marsch et al., 2007, p. 1-14).

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[8]   The Capital Requirements Directive comprises the Directive 2006/48/EC and Directive 2006/49/EC (cf. European Central Bank, 2007, p. 10).

Figure 2.15: German Banks - Decreasing Number of Institutions, Branches, and Employees

Number of Credit Institutions
Number of Branches   **Number of Employees**

Source: Own illustration, following *European Central Bank (2007, p. 51-52)*.
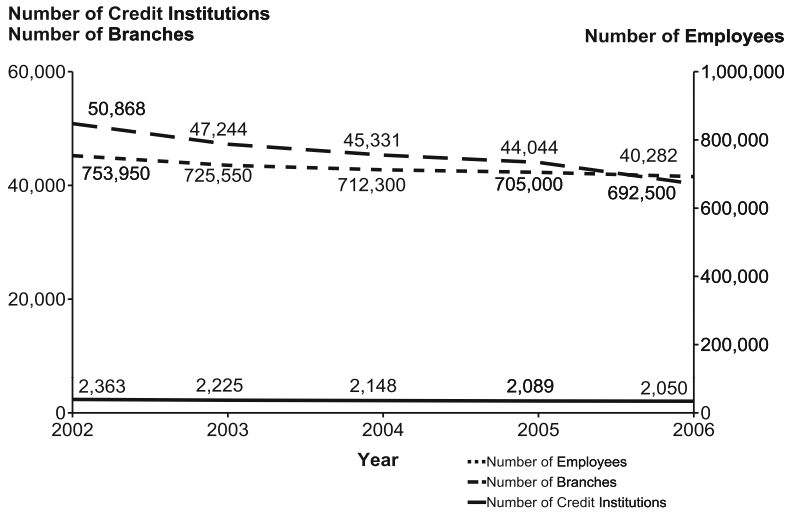
Figure 2.16: German Banks - Increasing Total Assets

Total Assets in € Bn

Source: Own illustration, following *European Central Bank (2007, p. 52)*.
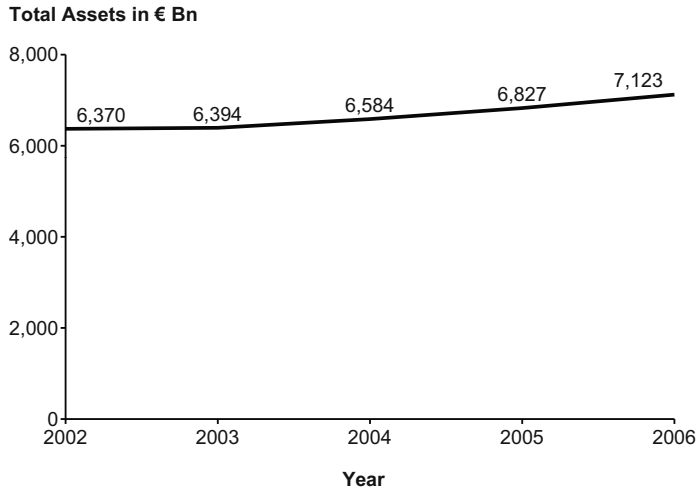
Figure 2.17: Branches of Foreign Banks Gaining Market Share

Number of Foreign Branches   **Total Assets in € Bn**
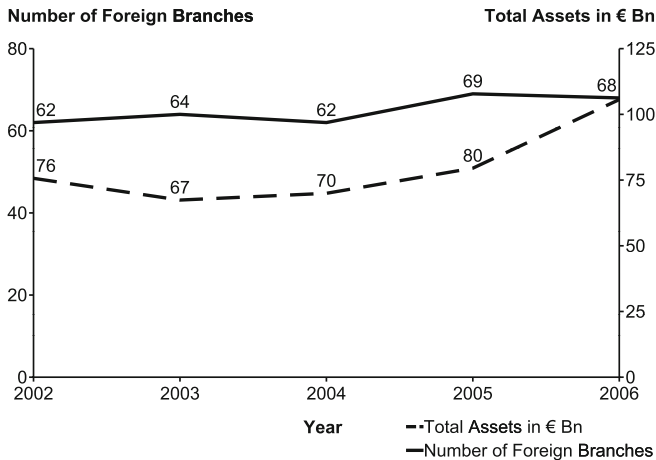
Source: Own illustration, following *European Central Bank (2007, p. 60-61)*.

However, despite the consolidation of the market, there are players which are
able to gain market share and thus increase the overall competitive pressure (cf.
Bundesverband Deutscher Banken, 2006a, p. 8-11; European Central Bank, 2007,
p. 60-61). One group of those players are the **foreign banks from European
countries**, which, as shown in Figure 2.17, have not only increased their number
of branches (CAGR(02-06) = 1.9%) but also their total assets (CAGR(02-06) =
6.9%) (cf. European Central Bank, 2007, p. 60-61). In other words, they have
been able to outgrow the overall German banking market and increase their, ad-
mittedly still low, market share from 1.19% in 2002 to 1.46% in 2006.

Another group of banks which are competing successfully against the traditional
German universal banks are the **specialist and direct banks** (cf. Wheeler and
Werchola, 2007, p. 72-73). The most prominent example of the latter is ING-
DiBa which has become the 6th largest private retail banking institution (overall
rank 24) in terms of total assets (cf. Güttler and Hackethal, 2006, p. 5-6; Kuck,

2008, p. 36). Its success[9] is thereby attributable to a combination of factors: its "unique business model as a direct bank, its concentration on a small number of retail products and its mass marketing of the teaser Extra-Konto, coupled with the fact that, at the time when this approach was being implemented, Germany was an ideal environment for it" (Güttler and Hackethal, 2006, p. 2). Additionally, due to its cost advantages, ING-DiBa is able to offer its products at conditions that the retail banks, which are burdened with cost of their branch network, have difficulties competing with (cf. Güttler and Hackethal, 2006, p. 14).

Another aspect which also drives the competitive situation from a cost perspective is the **outsourcing** of non-strategic and scalable processes to external service and product providers (cf. Friedrich et al., 2004, p. 11-26; Hackethal and Schmidt, 2005, p. 18-19). Even though outsourcing is still in its infancy, many banks, in contrast to the above mentioned ING-DiBa which has kept its information technology and all processes within the institution, have started to outsource parts of their operations and/or infrastructure (cf. Fuchs, 2003, p. 29-50; Graband and Wand, 2003, p. 55-70; Wendt, 2003, p. 89-99; Friedrich et al., 2004, p. 11-26; Hackethal and Schmidt, 2005, p. 18-19; Güttler and Hackethal, 2006, p. 11). The Sparda-Banken, Sal. Oppenheim, BHW, and Deutsche Bank are just some of institutions which exemplify an outsourcing approach aimed at the variabilization and reduction of costs in order to improve the competitive position (cf. Kaib, 2003, p. 1-12; Kallewegge, 2003, p. 15-26; Gasda, 2003, p. 75-84).

The third major factor which impacts the retail, private, and corporate banking business in Germany is the changing **customer behavior**.

Due to the general availability of information technologies, the **transparency** of the banking market is significantly elevated and the switching cost reduced (cf. Bundesverband Deutscher Banken, 2006a, p. 9). The banking customers are no longer passive but well informed and emancipated (cf. Salmen, 2003, p. 24). And as the clients become more demanding, they show an increased willingness

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[9]   See *Güttler and Hackethal (2006)* for a detailed description of ING-DiBa's success factors.

to obtain financial products and services from various different institutions which serve their needs in terms of price and quality better (cf. Salmen, 2003, p. 24; Wheeler and Werchola, 2007, p. 72-73). This **decreasing customer loyalty**, however, does not only include the retail and private banking segment but also the corporate banking customers (cf. Büschgen, 1998, p. 655). Despite the long-established German tradition of Hausbanks, many companies are moving from a relationship banking philosophy to a deal-based banking approach (cf. Edwards and Fischer, 1996, p. 8-19; Büschgen, 1998, p. 655; Börner, 2000, p. 204-207). In other words, the German banking market is increasingly transforming from a seller's to a **buyer's market** (cf. Thomsen, 2001, p. 1; Stahl, 2005, p. 23).

Additionally there are also changes in the clients' products and services preferences to which the banking institutions need to respond (cf. Engstler et al., 2007, p. 8-9; Wheeler and Werchola, 2007, p. 64-73). Examples for the latter are the increasing demand for online services and products as well as the divergent demand profile of senior citizens in the aging German society (cf. Salmen, 2003, p. 22-39; Wheeler and Werchola, 2007, p. 72-73; Association of German Banks, 2007, p. 1).

2.5 Summary

In this chapter the banking industry in Germany has been outlined. After an overview of the market, the three pillars of the German banking system have been detailed. Subsequently the objects of experience of this study, retail, private, and corporate banking institutions, have been depicted. The most relevant insights are again summarized below.

1. The German banking market is dominated by universal banks. They are therefore the main focus of this study.

    (a) Out of the 2,229 banking institutions in Germany, 90.91% (2,090) are universal banks, which offer all lines of banking business (cf. Edwards and Fischer, 1996, p. 1; Canals, 1998, p. 623-624; Danthine et al., 1999, p. 10; Schmidt et al., 1999, p. 54; Barth et al., 2000, p. 1; Schmidt et al., 2001, p. 30; Hackethal, 2003, p. 4).

(b) As a result of the legal and regulatory environment, which unlike the former system in the United States does not require the separation of commercial and investment banking, only a few specialized banks (9.09% or 209 institutions) have emerged (cf. Hackethal, 2003, p. 2; Hackethal and Schmidt, 2005, p. 5; Statistisches Bundesamt, 2008, p. 440).

(c) The market is characterized overall by a high degree of fragmentation, documented not only by the large number of institutions but also the low market share of the five largest banks (22% in 2006) which is significantly below[10] the European average of 59.2% in 2006 (cf. Hackethal, 2003, p. 6; Hackethal and Schmidt, 2005, p. 6; European Central Bank, 2007, p. 53).

2. The German banking system is characterized by its so-called three pillars: the savings bank group, the cooperative banking group, and the private commercial banks. Thus all three are included in the analysis of this study in order to provide a realistic picture of the German banking market.

(a) Despite an ongoing, active concentration policy, the credit cooperatives constitute the vast majority of banking institutions (1,261 or 60.33%) in Germany (cf. Grüger, 2001, p. 965-966; Statistisches Bundesamt, 2008, p. 440). Founded under the pinciples of self-aid, self-responsibility, and self-administration, the cooperative banks historically used the deposits of their members to fulfill the financing needs of other members (cf. Hackethal, 2003, p. 15; Hackethal and Schmidt, 2005, p. 13; Lang and Weidmüller, 2005, p. 55). Even today the institutions are limited in their business as they can only raise equity from their cooperative members (cf. Grüger, 2001, p. 963-964; Hackethal, 2004, p. 83; Hackethal and Schmidt, 2005, p. 14).

(b) The savings bank group consists of 469 banking institutions (22.44%) in public ownership (cf. Statistisches Bundesamt, 2008, p. 440). As a

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[10] Even after the completed acquisition of the Dresdner Bank through Commerzbank, the share will remain significantly below the European average (cf. Landgraf and Nagl, 2008, p. 21)

result of the latter and their historic development, the savings banks are subject to specific obligations and restrictions, e.g. a service mandate, a confinement to their local area (regional principle) and the prohibition against trading on their own account (cf. Hoppenstedt, 2001, p. 1951-1966; Hackethal, 2004, p. 78; Hackethal and Schmidt, 2005, p. 9-10). One of their main advantages, the guarantor's liability, however, was abolished for new liabilities in 2005 (cf. Bundesverband Deutscher Banken, 2006a, p. 44-46; Deutscher Sparkassen- und Giroverband, 2008).

(c) 360 institutions (17.22%) make up the group of commercial banks, which are more or less comparable to commercial banks in other countries (cf. Statistisches Bundesamt, 2008, p. 440). The most prominent representatives are the four so-called big banks Deutsche Bank, Commerzbank, Dresdner Bank, and the HVB Group (cf. Hackethal, 2003, p. 7).

3. German universal banks' lines of business are in many cases organized around their distinctive customer groups and their differing needs (cf. Büschgen, 1998, p. 500-501; Wiedemann, 2001, p. 498-499). Since each of them is characterized by a differing sales approach, this study will also structure its analysis around the three segments: retail banking, private banking, and corporate banking.

(a) The private national clients and small corporate customers of the retail banking segment are offered a rather standardized product portfolio and little individualized services and advice (cf. Kobler, 1993, p. 8; Schröder, 2001, p. 598-599; Seifert, 2002, p. 216-225; Salmen, 2003, p. 90-93; Seifert, 2005, p. 80-81). The customers are generally served out of the institution's branches and only selectively referred to a centralized or decentralized specialist (cf. Salmen, 2003, p. 90-93).

(b) The customers of an institution's private banking division are wealthy national and international private clients, who are offered personal, high quality service and advice as well as an individualized product

portfolio (cf. Smith and Walter, 1997, p. 278; Büschgen, 1998, p. 500-501; Seifert, 2002, p. 231-238; Salmen, 2003, p. 91-93). They are either served by (1) decentralized dedicated private banking advisors within the retail banking branches, (2) decentralized private banking branches, (3) a centralized private banking department or a combination thereof.

(c) A comparable sales approach is pursued by the institutions' corporate banking business. The corporate customers are not only offered individualized products and advice but also served by a comparable organizational structure, i.e. (1) decentralized dedicated corporate banking advisors within the retail banking branches, (2) decentralized corporate banking branches, (3) a centralized corporate banking department or a combination thereof for a further sub-segmentation for example (cf. Büschgen, 1998, p. 560-562; Danthine et al., 1999, p. 10-11; Börner, 2000, p. 198-228; Wiedemann, 2001, p. 498-499; Bartmann et al., 2001, p. 599-608).

4. The German banking industry is currently heavily impacted by the global financial crisis and multiple banking institutions have been severely weakened (cf. Wheeler and Werchola, 2007, p. 57; Economist, 2007; Nagl, 2008, p. 26; Reuters, 2008; International Monetary Fund, 2008a; International Monetary Fund, 2008b, p. 8). Additionally the German banking market has witnessed an intensification of competition in recent years (cf. Hackethal, 2003, p. 2-4; OECD, 2005). And today the market in Germany is still challenging. Besides the global financial crisis, this is mostly attributable to three major factors: (1) the changing regulatory environment, (2) the increasing competitive pressure, and (3) the changing customer behavior.

The detailed description of this study's objects of experience provides a starting point for further analysis. However, in order to be able to place them and the German banking system in a higher frame of reference, the following chapter now outlines the terminological, conceptual, and theoretical basics of this study.

3 Terminological, Conceptual, and Theoretical Basics

Before the design of the actual research framework and analysis of the empirical data, a common understanding of the terminology, concepts, and theory underlying this study is required. First *Chapter 3.1* not only depicts the general notion of strategy, strategic management, and the configurational school but also more specifically the two dimensions of a bank's business strategy: sales and advice orientation. Subsequently *Chapter 3.2* outlines the key element of this study - sales management control. Besides an illumination of its definition, evolution over time, and underlying theories, the central concepts of formal and informal management controls are detailed. Then *Chapter 3.3* distinguishes the internal and external variables that influence sales management control strategies. Regarding the internal parameters, *Chapter 3.3.1* differentiates organizational culture and centralization as well as information technology. Addressing the external forces of the market, *Chapter 3.3.2* illustrates the environmental parameters dynamism, predictability, and competition. As the last building block of the research framework, performance - in its individual (salesperson behavioral and outcome performance) and organizational (sales organization outcomes) specification - is the topic of *Chapter 3.4*.

3.1 Strategy and Strategic Management

With their statement that "strategy is one of those words that we inevitably define in one way yet often also use in another", *Mintzberg et al. (1998, p. 9)* illustrate an inherent problem of research on strategy and strategic management: the lack of consistent definitions and conceptualizations (cf. Porter, 1996, p. 61; Mintzberg et al., 1998, p. 12-19; Welge and Al-Laham, 2004, p. 12; Müller-Stewens and Lechner, 2005, p. 20). "Strategy has become a catchall term used to mean whatever one wants it to mean" (Hambrick and Fredrickson, 2001, p. 49) and is often also used interchangeably with strategic management (cf. Bowman and Helfat, 2001, p. 4). As a result of a missing integrated approach and definition, the field of strategy research has not only remained underdeveloped but also partially lost its link to practice (cf. Hafsi and Thomas, 2005, p. 507).

Therefore it is necessary to clearly delineate the concepts of strategy and strategic management and to depict their evolution, interpretations, and various conceptualizations (*Chapter 3.1.1.1* and *Chapter 3.1.2.1*). Since only a precise and specific definition of strategy is suitable for practitioners and scientists alike (cf. Hafsi and Thomas, 2005, p. 507), the relevance of the different levels of strategy is evaluated in *Chapter 3.1.1.2* and business strategies in banking which build on them are assessed in *Chapter 3.1.1.3*. As mentioned above, a synthesizing approach to strategic management is required to bridge the existing gaps between academia and executives (cf. Elfring and Volberda, 2001b, p. 15-18). Therefore the configurational school, which integrates various aspects of the other schools of strategic management (cf. Mintzberg and Lampel, 1999), and its key elements fit concept (*Chapter 3.1.2.2.1*) as well as development of configurations (*Chapter 3.1.2.2.2*) will be detailed and applied in this study.

3.1.1   *Concept of Strategy*

3.1.1.1   Evolution and Definition

After its first reference in the Old Testament (or Tanach), strategy has been discussed throughout history by famous writers like *Homer*, *Euripides*, *Socrates*, *Sun Tzu*, *Montesquieu*, *Immanuel Kant*, *Georg Wilhelm Friedrich Hegel*, *Carl von Clausewitz*, and *Lev N. Tolstoy* (cf. Mintzberg, 1978, p. 935; Bracker, 1980, p. 219; Evered, 1983, p. 57-61; Welge and Al-Laham, 2004, p. 12). Etymologically, strategy is derived from the Greek word for general (strategos) which is a composite of stratos (army) and agein (lead) (cf. Bracker, 1980, p. 219).

Therefore it is not surprising that strategy has mostly been discussed and developed in a military context (Bracker, 1980, p. 219). As stated by *Mintzberg (1978, p. 935)*: "[i]n military theory, strategy is 'the utilization during both peace and war, of all of the nation's forces, through large-scale, long-range planning and development, to ensure security and victory'". Sun Tzu for example sees strategy as the basis of military success: "[a]ll men can see the tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved" (Tzu and Giles, 2005). As such it is not surprising that early strategic concepts were

only used by political theorists and militarists like *Niccolò Machiavelli*, *Napoléon Bonaparte*, *Otto von Bismarck*, and *Yamamoto Isoroku* (cf. Bracker, 1980, p. 219).

Building on these historic concepts, the theory of games by *Neumann and Morgenstern (1947)* was the first modern work to relate strategy to business (cf. Bracker, 1980, p. 219). Since then numerous concepts of strategy (see Table 3.1 (p. 42) for an overview of classic definitions of strategy) have been developed (cf. Bracker, 1980, p. 219-221). One the most famous classic definitions has been formulated by *Chandler (1962, p. 13)*: "[s]trategy is the determinator of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Bracker, 1980, p. 220).

Chandler's (1962) definition thereby builds on the assumption that strategy is the result of rational planning and accordingly does not describe the action itself but the intention behind it (cf. Rümenapp, 2002, p. 21; Welge and Al-Laham, 2004, p. 13; Weigl, 2008, p. 16). It follows that the classical view of strategy is described by the following seven characteristics (cf. Mintzberg, 1978, p. 935; Barney, 2001, p. 10-12; Weigl, 2008, p. 16-17):

1. Strategy is explicit.

2. Strategy is "developed consciously and purposefully" (Mintzberg, 1978, p. 935).

3. Strategy is "made in advance of the specific decisions to which it applies" (Mintzberg, 1978, p. 935).

4. Strategy is the outcome of various interconnected decisions.

5. Strategy results from the organization's mission and objectives and leads into tactics and policies, i.e. strategy is a hierarchical construct.

6. Strategy characterizes an organization's positioning.

7. Strategy describes an organization's resource allocation.

Table 3.1: Classic Definitions of Strategy

Author	Definition
Neumann and Morgenstern (1947, p.79-84)	Strategy is a series of actions by a firm that are decided on according to the particular situation.
Drucker (1954, p.17)	Strategy is analyzing the present situation and changing it if necessary. Incorporated in this is finding out what one's resources are or what they should be.
Chandler (1962, p.13)	Strategy is the determinator of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.
Ansoff (1965, p.118-121)	Strategy is a rule for making decisions determined by product/market scope, growth vector, competitive advantage, and synergy.
Cannon (1968, p.9)	Strategies are the directional action decisions which are required competitively to achieve the company's purpose.
Learned et al. (1969, p.15)	Strategy is the pattern of objectives, purposes, or goals and *major* policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be.
Newman and Logan (1971, p.70)	Strategies are forward-looking plans that anticipate change and initiate action to take advantage of opportunities that are integrated into the concepts or mission of the company.
Schendel and Hatten (1972, p.4)	Strategy is defined as the basic goals and objectives of the organization, the major programs of action chosen to reach these goals and objectives, and the major pattern of resource allocation used to relate the organization to its environment.
Uyterhoeven et al. (1973, p.9-10)	Strategy provides both direction and cohesion to the enterprise and is composed of several steps: strategic profile, strategic forecast, resource audit, strategic alternatives explored, tests for consistency and, finally, strategic choice.
Ackoff (1974, p.29)	Strategy is concerned with long-range objectives and ways of pursuing them that affect the system as a whole.
Paine and Naumes (1974, p.7)	Strategies are specific major actions or patterns of actions for the attainment of the firm's objectives.
McCarthy et al. (1975, p.19)	Strategy is an analysis of the environment and selection of economic alternatives that will match the corporate resources and objectives at a risk commensurate with the profit and viability which the alternatives offer.
Glueck (1976, p.3)	Strategy is a unified, comprehensive, and integrated plan designed to assure that the basic objectives of the enterprise are achieved.
McNichols (1977, p.9)	Strategy is embedded in policy formulation: it comprises a series of decisions reflecting the determination of basic business objectives and the utilization of skills and resources to attain these goals.
Mintzberg (1979, p.25)	Strategy is a mediating force between the organization and its environment: consistent patterns in streams of organizational decisions to deal with the environment.
Schendel and Hofer (1979, p.516)	Strategy provides directional cues to the organization that permit it to achieve its objectives, while responding to the opportunities and threats in its environment.

Source: Own illustration, adapted from *Bracker (1980, p. 220-221)*.

Due to the rapidly and constantly changing environment, however, the development of formalized and rationally planned strategies becomes increasingly difficult for the company's management (cf. Mintzberg, 1978, p. 935; Weigl, 2008, p. 17). Accordingly, the main criticism of the classical view of strategy is rooted in the premise of rationalism (cf. Mintzberg et al., 1998, p. 9; Welge and Al-Laham, 2004, p. 16; Weigl, 2008, p. 17). Addressing this drawback, *Mintzberg* and his co-researchers (Mintzberg, 1973; Mintzberg et al., 1976; Mintzberg, 1978, 1979; Mintzberg and McHugh, 1985; Mintzberg, 1987a,b; Mintzberg et al., 1998; Mintzberg and Lampel, 1999) conceptualize strategy much more broadly. More specifically, instead of one single definition, *Mintzberg (1987a, p. 11-16)* provides

five interrelated definitions of strategy as plan, ploy, pattern, position, and per-
spective:

1. **Strategy as plan** most strongly corresponds to the classical conceptualiza-
   tion since it considers strategy as a "consciously intended course of action"
   (Mintzberg, 1987a, p. 11). Accordingly strategies are (1) made in advance
   of the situations and actions to which they apply and (2) developed pur-
   posefully and consciously (cf. Mintzberg, 1987a, p. 11).

2. **Strategy as ploy**, in contrast to a plan which can be of specific or gen-
   eral nature, is a specific maneuver to surprise or outwit a competitor (cf.
   Mintzberg, 1987a, p. 12). An announced increase of a bank's branches and
   sales force, for example, can be used to discourage the market entry of an
   opponent (cf. Mintzberg, 1987a, p. 12). Since the real intention is the threat
   and not the expansion itself, it is a ploy (cf. Mintzberg, 1987a, p. 12).

3. **Strategy as pattern** is "consistency in behavior, whether or not intended"
   (Mintzberg, 1987a, p. 12). In other words, while patterns in the company's
   actions are strategy, they might be the result of an intentional plan but
   they might not be (cf. Mintzberg, 1972, p. 90-93; Mintzberg and Waters,
   1985, p. 257; Mintzberg, 1987a, p. 12-13). It follows that a distinction
   of intended and realized strategies is required (see Figure 3.1): deliberate
   strategies which are the outcome of the key decision makers' intentions and
   emergent strategies which result without or despite the company's aims (cf.
   Mintzberg, 1987a, p. 13).

4. **Strategy as position**, defines strategy as the match (cf. Hofer and Schen-
   del, 1978, p. 4) or mediating force between the environment (external con-
   text) and the organization (internal context) (cf. Mintzberg, 1987a, p. 15).
   From an ecological point of view, strategy is a niche; from an economic
   point of view, it is a unique place that generates rent (cf. Bowman, 1974, p.
   47; Mintzberg, 1987a, p. 15-16). Whether the position is obtained through
   plan, ploy, or pattern is irrelevant and as such compatible with all of the
   three above mentioned definitions (cf. Mintzberg, 1987a, p. 15).

Figure 3.1: Deliberate and Emergent Strategies
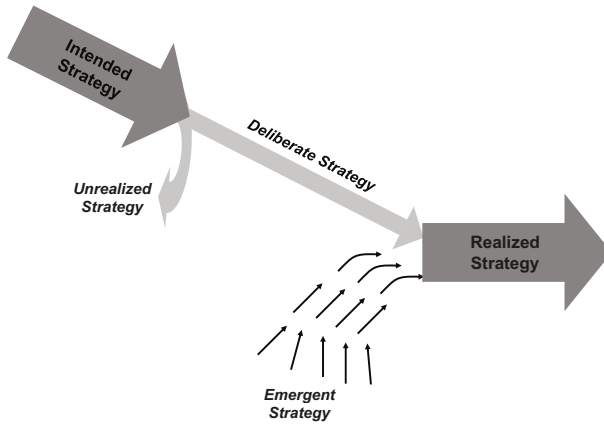
Source: Own illustration, adapted from *Mintzberg (1987a, p. 14)*.

5. **Strategy as perspective** is an internal-oriented definition and deals with
   the "ingrained way of perceiving the world" (Mintzberg, 1987a, p. 16).
   Comparable with the personality of the individual, strategy is the philosophy
   of the organization's collective strategist (cf. Mintzberg, 1987a, p. 16). As
   such the company's worldview and the decisions makers' preferences, views,
   and predilections shape the strategic positioning of the firm (cf. Mintzberg,
   1987a, p. 16).

As any conceptualization, Mintzberg's view offers many advantages but also cer-
tain disadvantages. The main benefit of the above definitions clearly lies in the
conceptual openness which overcomes the restrictions of the classical view and
integrates soft factors like emergent strategies (cf. Welge and Al-Laham, 2004, p.
18-19; Weigl, 2008, p. 19). At the same time, however, the openness is also a
drawback since it does not delineate the phenomena which should be taken into
account; for instance day-to-day activities might be included which are not related
to the company's strengths, weaknesses, or competitive position (cf. Welge and
Al-Laham, 2004, p. 18-19; Weigl, 2008, p. 19-20).

Overall Mintzberg's view of strategy, due to its holistic and integrative nature, is the most appropriate approach for the analysis at hand. It allows the assessment of the many facets of strategy as well as their interplay with the environment, organizational characteristics, and sales management control strategy.

Due to the complex nature of the strategy construct and its influence on and link to many areas of the organization, three different levels of strategy need to be differentiated (cf. Macharzina, 1995, p. 226; Staehle, 1999, p. 653; Steinmann and Schreyögg, 2005, p. 155-156). These will be discussed in the subsequent section.

3.1.1.2 Levels of Strategy

Traditionally three levels of strategy are of relevance for most firms (cf. Macharzina, 1995, p. 226; Staehle, 1999, p. 653; Steinmann and Schreyögg, 2005, p. 155-156): corporate strategy, business strategy, and operational strategy (see Figure 3.2, p. 46). Some researchers also investigate a fourth level, the so-called collective or cooperative strategies (see e.g. Astley and Fombrun, 1983; Astley, 1984; Nielsen, 1987; Nielsen, 1988; Barnett et al., 2000; Weigl, 2008). Since this layer deals with the "joint mobilization of resources and formulation of action within collectivities of organizations" (Astley and Fombrun, 1983, p. 578), it is, however, only of minor interest in the banking sector and the analysis of this study.

The **Corporate Strategy** deals with the purpose and scope of the organization with the overall aim to satisfy the stakeholders' requirements (cf. Grant, 1995, p. 396; Macharzina, 1995, p. 226; Staehle, 1999, p. 653; Steinmann and Schreyögg, 2005, p. 156; Weigl, 2008, p. 23). It thus addresses two fundamental questions: (1) What type of businesses should the organization pursue? (2) How should the different business units be managed? (cf. Porter, 1987, p. 43). In other words, corporate strategy is the choice of where to compete, in which industries, and in which geographies (cf. White, 1986, p. 217). As a result, it is a broad domain which incorporates various elements such as diversification, new ventures, acquisitions, resource allocation, and vertical integration (cf. Dess et al., 1995, p.

Figure 3.2: Three Levels of Strategy

Corporate Strategy…

…deals with the purpose and scope of the organization with the overall aim to satisfy the stakeholders' requirements.

Business Strategy…

…addresses how an organization should position itself among its competitors to reach its goals.

Operational Strategy…

…mostly has a short- or medium-term horizon and is restricted to the domain of an individual function or department.

Source: Own illustration, adapted from *Schendel and Hofer (1979)*, *Grant (1995)*, *Macharzina (1995)*, *Mcmenamin (1999)*, *Staehle (1999)*, and *Weigl (2008)*.

357-388; Richter and Schmidt, 2005, p. 334-347). In the words of *Porter (1987, p. 43)*: "Corporate strategy is what makes the corporate whole add up to more than then sum of business unit parts".

A **Business Strategy** deals with the creation of "competitive advantage in each of the businesses in which a company competes" (Porter, 1987, p. 43). It addresses the central question of how an organization should position itself among its competitors to reach its goals (cf. Schendel and Hofer, 1979, p. 12). Since this competition for sales and profits in the respective markets is crucial for the firm's success, a strategy at the business level is very important (cf. Dess et al., 1995, p. 374). The business strategy thereby influences and determines the set-up of important variables such as factor inputs, processing, product or service, distribution, and allied services (see e.g. Porter, 1980; Levitt, 1980; Hambrick, 1983; White, 1986).

A **Operational Strategy** mostly has a short- or medium-term horizon and is restricted to the domain of an individual function or department (cf. Mcmenamin,

1999, p. 519; Staehle, 1999, p. 653; Steinmann and Schreyögg, 2005, p. 155-156).
As such most companies have several operational strategies, e.g. marketing, legal,
and supply strategy, which are interlinked with the organization's corporate and
business strategy (cf. Macharzina, 1995, p. 226; Staehle, 1999, p. 653; Stein-
mann and Schreyögg, 2005, p. 155-156; Weigl, 2008, p.24). Given the aim of
each department to fulfill the overall goals and objectives of the organization, the
operational strategies are derived from and add up to the other levels of strategy
(cf. Macharzina, 1995, p. 226; Mcmenamin, 1999, p. 519; Staehle, 1999, p. 653;
Steinmann and Schreyögg, 2005, p. 155-156).

In consideration of the above and the aim of this study, to determine an optimum
configuration of the retail, corporate, and private banking business, an analysis
of a bank's strategy at the corporate level would be too superficial and at the
operational level too granular. Accordingly the focus will be on the business
strategy which not only has a substantial impact on a bank's success but also its
overall configuration (see e.g. Powers and Hahn, 2004; Weigl, 2008). Therefore
the next section will depict Banking Business Strategies in further detail.

3.1.1.3   Banking Business Strategy

As mentioned before, business strategy is the relevant level of analysis in consid-
eration of the scope and objectives of this study. Therefore, following the notion
to apply traditional strategy theories to banking (e.g. Hayes III et al., 1983; Son-
theimer and Thorn, 1986; Carey, 1989; Ennew et al., 1990; Jennings and Lump-
kin, 1992; Metzger and Rau, 1992; Ennew et al., 1993; Farrance, 1993; Powers and
Hahn, 2004), *Porter's (1980)* competitive strategies will be applied comprehen-
sively for retail, private, and corporate Banking. Acknowledging that there are
several methods for the classification of business strategy, *Porter's (1980)* is the
best known concept and by some considered to be superior to separate companies
along their strategic orientation, amongst others, in view of the following two as-
pects (cf. Bush and Sinclair, 1992, p. 63-69; Campbell-Hunt, 2000, p. 127-129;
Powers and Hahn, 2004, p. 47):

1. Many other typologies such as the **industry attractiveness** and **business position matrices** (see e.g. Henderson, 1970; Buzzell et al., 1975; Hall, 1980; Hofer and Schendel, 1978; Wissema et al., 1980) which are often mistaken as addressing business strategy really deal with the corporate strategy problem and therefore are not applicable in the given context (cf. White, 1986, p. 219).

2. Another approach that directly addresses business strategy has been formulated by *Miles and Snow (1978)*. The researchers distinguish four different organizational strategies: **prospector**, **defender**, **analyzer**, and **reactor** (cf. Miles and Snow, 1978, p. 550-558). Due to the fact that these represent organizational structures, processes, and strategies that occur together, an analysis of the interaction effects of strategy and organization-specific characteristics - as intended in this study - is not possible and therefore not suitable (cf. White, 1986, p. 219).

Nevertheless it needs to be pointed out that any attempt to categorize business strategy into a limited set of archetypes is an oversimplification (cf. White, 1986, p. 220). "However, testing the fit between complex, multidimensional strategic types and similarly complex organizational types would require more data (and theory) than are currently available" (White, 1986, p. 220). Therefore, in order to reduce complexity, a business strategy conceptualization which has a strong theoretical foundation and includes the most critical strategic dimensions is most suited for the analysis of the strategy organization fit (cf. White, 1986, p. 220-221). *Porter's (1980)* generic strategy concept fulfills these criteria and therefore is the most appropriate choice (cf. White, 1986, p. 220).

Porter (1980) states that the pursuit of a generic strategy is required in a competitive industry. Only if a firm pursues a cost leadership, differentiation, or focus strategy, will it be able to achieve superior performance and defend its position in the long run (cf. Porter, 1980, p. 34). While a focus on one of these primary targets is essential for sustainable success, a company focusing on cost leadership nonetheless needs to invest in differentiation activities whereas a firm pursuing a differentiation strategy should also pay heed to cost aspects (cf. Porter, 1980, p.

34). A differentiation strategy "does not allow the firm to ignore costs, but rather they are not the primary strategic target" (Porter, 1980, p. 37). If an organization, however, does not apply either of the strategies it will be stuck-in-the-middle and realize a lower performance (cf. Powers and Hahn, 2004, p. 44). While research has also identified hybrid strategies, a company pursuing both cost leadership and differentiation (see e.g. Wagner and Digman, 1997), there is an ongoing argument if this is just due to a misclassification of a stuck-in-the-middle phenomenon. Overall there are thus three dimensions which underly *Porter's (1980)* competitive strategies: scale/scope, differentiation, and efficiency (cf. Hambrick, 1983, p. 689).

Studies specifically analyzing the banking industry have shown that cost leadership and differentiation strategies in contrast to focus strategies are predominant (cf. Powers and Hahn, 2004). These results are also supported by the empirical research on the German banking market by *Bloch et al. (2004)* which demonstrated that banking institutions either pursue sales-oriented or advice-oriented strategies, which are roughly equivalent to *Porter's (1980)* cost leadership and differentiation strategies respectively:

1. **Sales-oriented banking institutions** pursue a cost-efficient business model (high efficiency) with an active, in parts even aggressive, and standardized sales approach of standard products (low differentiation) (cf. Bloch et al., 2004, p. 2). The focus of the institution is on the generation of short-term sales rather than the building of long-term relationships (cf. Bloch et al., 2004, p. 2). As such, the institution also distinguishes itself from the competition by offering their products and services at low prices (cf. Hambrick, 1983, p. 688; Bloch et al., 2004, p. 26).

2. **Advice-oriented banking institutions**, on the other hand, focus on long-term relationships with their clients and offer their customers individualized consulting (high differentiation, low efficiency) (cf. Bloch et al., 2004, p. 2). This, however, needs to be differentiated from closing-oriented talks with the customer which are common in Germany (cf. Bloch et al., 2004, p. 7). Such a rather *pseudo-consultation* is not a trait of an advice-oriented bank (cf. Bloch et al., 2004, p. 7). The institutions differentiate themselves from

their competition by offering personalized and in-depth consulting which is also reflected in the prices and fees which are charged at a premium (cf. Bloch et al., 2004, p. 2-3; Powers and Hahn, 2004, p. 45).

The definition of strategy as well as the different levels of strategy and their conceptualization form the basis of strategic management, which will be detailed in the following chapter.

3.1.2 *Strategic Management*

3.1.2.1 Evolution and Definition

Throughout the last decades of the 20th century, strategic management has not only developed as a distinct area of research but also become managerial practice (cf. Shrivastava, 1986, p. 363; Mintzberg et al., 1998, p. 7-9; Weigl, 2008, p. 25). After the initial theoretical works by *Chandler (1962)*, *Ansoff (1965)*, and *Andrews (1965)*, who were the first researchers to give the discipline a discrete profile (cf. Elfring and Volberda, 2001b, p. 3), various paradigms of conflictive and only partly supplementary nature have evolved (e.g. Shrivastava and Lim, 1989; Schendel, 1994). And even today its underlying theoretical conceptualizations and methodological approaches to a large degree are fragmented (cf. Rumelt et al., 1991, p. 6-9; Rumelt et al., 1994; Schendel, 1994, p. 1-4; Cooper, 2001, p. 82; Göbel, 2002; Boyd et al., 2005, p. 841-843; Weigl, 2008, p. 27). Thus, in order to grasp the versatility of strategic management (cf. Elfring and Volberda, 2001b, p. 1), it is necessary to first understand the development of strategic management over time and within organizations along four phases (see e.g. Gluck and Kaufman, 1980, p. 157; Gluck et al., 1980, p. 4; Gluck et al., 1982, p. 11; Bowman, 1990; Kreikebaum, 1997; Göbel, 2002; Bea and Haas, 2005, p. 11-14; Hunter and O'Shannassy, 2007, p. 22-25):

1. **Financial planning** or budgeting: is restricted to the financial domain with revenues, costs, and capital needs forecasted one year in advance (cf. Gluck and Kaufman, 1980, p. 155; Gluck et al., 1980, p. 3-4; Gluck et al., 1982, p. 11-12). The reports of the information systems compare the functional performance with budgetary targets (cf. Gluck and Kaufman, 1980, p. 155;

Gluck et al., 1982, p. 11-12; Hunter and O'Shannassy, 2007, p. 22). Business strategies are rarely formalized and strongly depend on the management's knowledge and business sense of the market, products, and competitors (cf. Gluck and Kaufman, 1980, p. 155; Gluck et al., 1980, p. 3-4; Gluck et al., 1982, p. 11-12). Financial planning was most common in the seller's markets of the 1950s (cf. Hunter and O'Shannassy, 2007, p. 22; Weigl, 2008, p. 25).

2. **Forecast-based planning** or long-range planning: uses more advanced forecasting methodologies like regression models, computer simulation models, as well as trend and portfolio analyses (cf. Gluck and Kaufman, 1980, p. 155-156; Gluck et al., 1980, p. 5-7; Gluck et al., 1982, p. 12-14). The evaluation of long-term trends and the setting of objectives require the managers to analyze the implications of their decisions (cf. Gluck and Kaufman, 1980, p. 155-156; Gluck et al., 1980, p. 5-7; Hunter and O'Shannassy, 2007, p. 23). While forecast-based planning is an improvement compared to financial planning it is still burdened with certain disadvantages: (1) a strong reliance on static and deterministic portfolio analysis which often limits strategic development, (2) the generation of a large volume of data and paper work without link to operational plans and compensation systems, and (3) a high planning effort which limits the adaptability and validity of the forecasts (cf. Gluck and Kaufman, 1980, p. 155-156; Gluck et al., 1980, p. 5-7; Gluck et al., 1982, p. 12-14). Forecast-based planning was especially widespread in the 1960s, which were characterized by a growing capital intensity and an increasing number of foreign competitors (cf. Hunter and O'Shannassy, 2007, p. 23; Weigl, 2008, p. 26).

3. **Externally oriented planning** or strategic planning: addresses the relevance and decision-making drawbacks of forecast-based planning and integrates "a thorough situational analysis of the business environment, the competitive situation, and competitive strategies" (Gluck et al., 1982, p. 14). Resource allocation no longer is static but dynamic: planners look for opportunities in more attractive areas by redefining the market, developing new capabilities or changing the customers' buying behavior (cf. Gluck and

Kaufman, 1980, p. 156-158; Gluck et al., 1980, p. 7-8; Gluck et al., 1982, p. 14-16). Plans are creative and do not build on standard strategies such as investments for growth (cf. Gluck and Kaufman, 1980, p. 156-158; Gluck et al., 1982, p. 14-16). Instead they try to discover 'new ways' and often end up surprising their competitors (cf. Gluck and Kaufman, 1980, p. 156-158; Gluck et al., 1980, p. 7-8; Gluck et al., 1982, p. 14-16). The main advantage of externally oriented planning lies in the identification of multiple strategic alternatives and options (cf. Gluck and Kaufman, 1980, p. 156-158; Gluck et al., 1980, p. 7-8; Gluck et al., 1982, p. 14-16). In the 1970s, when many industries became buyer's markets and suffered from discontinuities, externally oriented planning was especially prevalent (cf. Hunter and O'Shannassy, 2007, p. 23-24; Weigl, 2008, p. 26).

4. **Strategic Management**: is the integration of strategic planning and management into one process (cf. Gluck and Kaufman, 1980, p. 158-161; Gluck et al., 1980, p. 10-16; Gluck et al., 1982, p. 16-21). "Strategic planning is no longer a once-a-year activity performed at the urging of corporate staff and then shelved; it is inseparable from the system of management itself" (Gluck et al., 1982, p. 16). It combines planning and management in six distinctive steps: (1) organizational goal formulation, (2) environmental analysis, (3) strategy formulation, (4) strategy evaluation, (5) strategy implementation, and (6) strategic control (cf. Shrivastava and Lim, 1989, p. 532; Weigl, 2008, p. 28). Besides the flexible planning process, strategic management is supported by a "*planning framework* that cuts across organizational boundaries and facilitates strategic decision making about customer groups and resources [... and ... a] *corporate value system* that reinforces managers' commitment to the company's strategy" (Gluck et al., 1980, p. 10). With the political, cultural, and economical changes of an increasing globalization also began the continual rise of strategic management in the 1980s (cf. Hunter and O'Shannassy, 2007, p. 24; Weigl, 2008, p. 26).

While the described stages (see Figure 3.3, p. 53) of strategic management are characteristic of certain time periods, financial planning, forecast-based planning, and externally oriented planning are today still common in many organizations

Figure 3.3: Evolution Phases of Strategic Management

Effectiveness of Strategic Decision Making

| *Financial Planning* | *Forecast-Based Planning* | *Externally Oriented Planning* | *Strategic Management* |

• Thorough situation analysis and competitive assessments
• Evaluation of strategic alternatives
• "Dynamic" allocation of resources

• Well-defined strategic framework
• Strategically focused organization
• Widespread strategic thinking capability
• Coherent reinforcing management processes
• Supportive value system and climate

• Multi-year budgets
• Gap analysis
• "Static" allocation of resources

• Annual budgets
• Functional focus

Value System   Meet budget   Predict the future   Think strategically   Create the future

Source: Own illustration, adapted from *Gluck and Kaufman (1980, p. 157), Gluck et al. (1980, p. 4)*, and *Gluck et al. (1982, p. 11)*.

(cf. Gluck et al., 1982, p. 11). "He [McKinsey (1922)] would be disappointed to learn that, even today, more than half a century later, an astonishing number of large organizations base their budgets on projections of what they have done rather than on plans for what they should do" (Gluck et al., 1982, p. 11).

As mentioned above, research on strategic management is characterized by various ideas (cf. Knyphausen-Aufseß, 1997, p. 50), approaches (cf. Drazin and Van de Ven, 1985; Koontz, 1980), or schools (cf. Mintzberg, 1990) with different foci, research approaches, assumptions, goals, and theoretical foundations (cf. Göbel, 2002, p. 9-10). Since these conceptualizations are not (cf. Scherer, 1995, p. 5) or only partially combinable (cf. Bowman, 1990; Mintzberg, 1990), a universal defi-

nition of strategic management, detached from the underlying school of thought, is not possible (cf. Elfring and Volberda, 2001b, p. 1). As such it is necessary to evaluate the differing concepts and choose a theoretical approach which suits the analysis of this study.

Mintzberg's (cf. Mintzberg et al., 1998; Mintzberg and Lampel, 1999) classification is especially appropriate as it clearly delineates individual schools, which reflect the thoughts and findings of a specific group of researchers and their contribution to the field of strategic management (cf. Elfring and Volberda, 2001b, p. 1; Weigl, 2008, p. 29). "The characteristic contribution of each school is often the result of a clear choice with respect to approach and assumptions about the content, the process and the context of strategy formation" (Elfring and Volberda, 2001b, p. 3). One of the fundamental distinctions of the schools is their prescriptive (design, planning, and positioning schools) or descriptive (entrepreneurial, cognitive, learning, power, cultural, and environmental schools) character - only the configurational school is both descriptive and prescriptive (cf. Mintzberg and Lampel, 1999, p. 23; Elfring and Volberda, 2001b, p. 3). Unlike the prescriptive schools, which assume a relatively constant environment, the descriptive research streams realistically acknowledge turbulent environments and are therefore gaining influence (see e.g. Fredrickson, 1983; Fredrickson and Mitchell, 1984; Elfring and Volberda, 2001b). In the following, Mintzberg's (cf. Mintzberg et al., 1998; Mintzberg and Lampel, 1999) ten schools of thought in strategic management and their distinctive characteristics (see also Table 3.2, p. 59) will be detailed:

1. **Design School**: represents the predominant view of strategy in the 1970s and still influences today's teaching and practice (cf. Mintzberg and Lampel, 1999, p. 22; Elfring and Volberda, 2001b, p. 3-4). The design school, which includes, for example, the works of *Selznick (1957)*, *Chandler (1962)* and *Andrews (1965)*, focuses on "achieving the essential fit between internal strengths and weaknesses and external threats and opportunities" (Mintzberg and Lampel, 1999, p. 22) and as such initiated the development of the Strength Weaknesses Opportunities Threats (SWOT) Model

(cf. Mintzberg and Lampel, 1999, p. 22). Strategy formation as such follows a deliberate process of conscious thought, that is neither informally intuitive nor formally analytical (cf. Mintzberg and Lampel, 1999, p. 22; Elfring and Volberda, 2001b, p. 3-4).

2. **Planning School**: goes back to the work of *Ansoff (1965)* and was most prominent in the late 1970s and early 1980s (cf. Mintzberg and Lampel, 1999, p. 23; Elfring and Volberda, 2001b, p. 4). Since the planning school developed in parallel with the design school it shares most of the latter's assumptions except one: strategy formation is described as a formal process with an explicit plan (cf. Mintzberg and Lampel, 1999, p. 22). In consequence the board of directors and senior management are no longer responsible for the strategy development but replaced by staff planners (cf. Mintzberg and Lampel, 1999, p. 22; Elfring and Volberda, 2001b, p. 4).

3. **Positioning School**: represents the predominant view of strategy in the 1980s and is associated with the works of *Hatten and Schendel (1977)* and especially *Porter (1980, 1985)* (cf. Mintzberg and Lampel, 1999, p. 22). The positioning school is strongly influenced by economics and is analytical in nature: "strategy reduces to generic positions selected through formalized analyses of industry situations" (Mintzberg and Lampel, 1999, p. 22). Analysts become the key players and determine the choice between cost-leadership, differentiation, and focus strategy (cf. Mintzberg and Lampel, 1999, p. 22; Elfring and Volberda, 2001b, p. 4).

4. **Entrepreneurial School**: is like the positioning school routed in economics and associated with the works of *Schumpeter (1934)* and *Cole (1959)* (cf. Mintzberg and Lampel, 1999, p. 22-23). It centers on the chief executive and describes strategy as a result of his or her experience, intuitions, and creative visions (cf. Mintzberg and Lampel, 1999, p. 22-23; Elfring and Volberda, 2001b, p. 5). The focus is on particular contexts like private ownership and turnarounds (cf. Mintzberg and Lampel, 1999, p. 22-23).

5. **Cognitive School**: goes back to the works of *Simon (1947)* and *March and Simon (1958)* which especially draw on the findings of cognitive psychology

(cf. Mintzberg and Lampel, 1999, p. 23; Elfring and Volberda, 2001b, p. 5). The cognitive school describes strategies as models, concepts, frames or schemas which develop in the decision makers' minds and influence their perception of the environment (cf. Mintzberg and Lampel, 1999, p. 23-24).

6. **Learning School**: challenges the views of the prescriptive schools and describes strategy making as learning (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 5-6). From the learning school perspective "strategies are emergent, strategists can be found throughout the organization, and so-called formulation and implementation intertwine" (Mintzberg and Lampel, 1999, p. 25). Major contributors are *Cyert and March (1963)*, *Braybrooke and Lindblom (1963)* (disjointed incrementalism), *Weick (1969)* (retrospective sensemaking), *Bower (1970)* (venturing), *Mintzberg and McHugh (1985)* (emergent strategies), *Quinn (1980)* (logical incrementalism), and *Hamel and Prahalad (1994)* (cf. Mintzberg and Lampel, 1999, p. 25).

7. **Power School**[1]: is a small research stream which focuses on strategy formation rooted in power (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 6). On the one hand, the power school describes the macro perspective where an organization exerts its power on others to ensure collective strategies which are in its best interest (see e.g. Pfeffer and Salancik, 1978; Astley, 1984). On the other hand, from a micro perspective (e.g. Allison, 1971), it views strategy development within the organization as the result of "a process involving bargaining, persuasion, and confrontation among actors who divide the power" (Mintzberg and Lampel, 1999, p. 25).

8. **Cultural School**: views strategy formation, in strong contrast to the power school, as a "social process rooted in culture" (Mintzberg and Lampel, 1999, p. 25). The cultural school states that a successful formulation and implementation of strategy is only possible if it is rooted in a common perspective

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[1]   The Power School is also referred to as the Political School by Elfring and Volberda (2001b, p. 6) and others.

and a common culture of the organization (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 6). The two prominent researchers of the small school are *Rhenman (1973)* and *Normann (1977)* (cf. Mintzberg and Lampel, 1999, p. 24).

9. **Environmental School**: has been influenced most strongly by the population-ecologists *Pugh et al. (1968)* and *Hannan and Freeman (1977)* (cf. Mintzberg and Lampel, 1999, p. 24; Elfring and Volberda, 2001b, p. 6). The environment is regarded as the central element of the strategy formation process whereas the management has a passive role and only needs to adapt to the external circumstances (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 6). "Strategies are positions in the market and if the favourable conditions that gave rise to the growth of the firm change, the organization is doomed" (Elfring and Volberda, 2001b, p. 6).

10. **Configurational School**: describes organizations as configurations, "coherent clusters of characteristics and behavior" (Mintzberg and Lampel, 1999, p. 25). It is the most extensive of all schools as it synthesizes the other schools' views and claims: subject to the organizational environment, a different configuration and strategy school can dominate, e.g. planning in machine-type organizations under stability and entrepreneurship in the dynamic environment of start-ups (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 22-23)). Besides the analysis of strategy configurations the school also addresses the organization's transformation from one configuration to another (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 22-23). The main contributors of the configurational school are *Chandler (1962)*, *Miles and Snow (1978)*, *Mintzberg (1973, 1978, 1979)*, and *Miller and Friesen (1984)* (cf. Mintzberg and Lampel, 1999, p. 24).

Overall strategic management research is quite fragmented and until today no consensus has been reached regarding the 'right' conceptualization (cf. Mintzberg and Lampel, 1999). However, there is the general notion that a synthesizing

approach is needed which does not attempt to integrate the various perspectives in a single, universal paradigm but acknowledges the diversity of strategy and combines the relevant insights (cf. Elfring and Volberda, 2001b, p. 17; Volberda, 2004, p. 37-38; Weigl, 2008, p. 35). The configurational school adopts this synthesizing approach and provides a theory and problem oriented concept that reflects the multi-dimensionality of strategy: (1) it is based on theories from different disciplines, (2) it is related to various problem areas, and (3) it develops precise problem-solving tools (cf. Elfring and Volberda, 2001b, p. 17; Weigl, 2008, p. 35). As such it is the right approach for this study and the analysis at hand. Therefore the configurational school and its key elements, the fit concept and development of configurations, will be detailed in the subsequent chapter.

Table 3.2: Schools of Strategic Management

School Category	Base Discipline	Intended Message	Realized Message	Sources
Design School: A Process of Conception	• Prescriptive	• None	• Fit	• Think (strategy as case study)	• Selznick (1957), Chandler (1962), Andrews (1965)
Planning School: A Formal Process	• Prescriptive	• Urban Planning, Systems Theory, Cybernetics	• Formalize	• Program (rather than formulate)	• Ansoff (1965)
Positioning School: An Analytical Process	• Prescriptive	• Economics (Industrial Organization), Military History	• Analyze	• Calculate (rather than create or commit)	• Hatten and Schendel (1977), Porter (1980, 1985)
Entrepreneurial School: A Visionary Process	• Descriptive	• None	• Envision	• Centralize (then hope)	• Schumpeter (1934), Cole (1959)
Cognitive School: A Mental Process	• Descriptive	• Cognitive Psychology	• Cope or create	• Worry (being unable to cope in either case)	• Simon (1947), March and Simon (1958)
Learning School: An Emergent Process	• Descriptive	• Learning Theory, Chaos Theory	• Learn	• Play (rather than pursue)	• Cyert and March (1963), Braybrooke and Lindblom (1963), Weick (1969), Mintzberg and McHugh (1985), Quinn (1980), Hamel and Prahalad (1994)
Power School: A Process of Negotiation	• Descriptive	• Political Science	• Promote	• Hoard (rather than share)	• Pfeffer and Salancik (1978), Astley (1984), Allison (1971)
Cultural School: A Social Process	• Descriptive	• Anthropology	• Coalesce	• Perpetuate (rather than change)	• Rhenman (1973), Normann (1977)
Environmental School: A Reactive Process	• Descriptive	• Biology	• React	• Capitulate (rather than confront)	• Pugh et al. (1968), Hannan and Freeman (1977)
Configurational School: A Process of Transformation	• Descriptive and Prescriptive	• History	• Integrate, transform	• Lump (rather than split, adapt)	• Chandler (1962), Miles and Snow (1978), Mintzberg (1973, 1978, 1979), Miller and Friesen (1984)

Source: Own illustration, adapted from *Mintzberg and Lampel (1999, p. 23-24)*.

3.1.2.2   Configurational School

3.1.2.2.1   *Fit Concept*

As mentioned above, a central element of the configurational school and its studies is the so-called fit model (cf. Vorhies and Morgan, 2003, p. 102). The model states, in general, that the success of a firm is dependent on the fit between two or more variables (cf. van de Ven and Drazin, 1985, p. 334-335): "effectiveness is highest in the ideal types of organization [...] because the fit among contextual, structural, and strategic factors is at a maximum in those configurations" (Doty et al., 1993, p. 1201). A prominent example of the fit concept is the widely received hypothesis, that the fit of strategy and structure increases the firm's performance (e.g. Chandler, 1962; Galbraith and Nathanson, 1978; Miles and Snow, 1978; Mintzberg, 1979; Miller, 1987; Walker and Ruekert, 1987; Hamilton and Shergill, 1992; Olson et al., 2005; Weigl, 2008).

While the terminology fit, congruence or match is used in multiple theories and studies, it often lacks a precise definition, conceptualization, and measurement model (e.g. Galbraith and Nathanson, 1979; van de Ven and Drazin, 1985; Drazin and Van de Ven, 1985; Venkatraman, 1989; Doty et al., 1993). And in the worst case, if a fit model is defined inappropriately, it can "fundamentally alter the meaning of the theory itself" (Venkatraman, 1989, p. 423). The recent discussion between Gerdin and Hartmann on the appropriateness of a chosen fit concept (selection versus interaction) illustrates this importance especially for cross-sectional studies (cf. Gerdin, 2005a,b; Hartmann, 2005). As such it is necessary to understand the underlying characteristics of the differing approaches in order to specify the right model for the analysis at hand. One of the most prominent classifications of fit has been conducted by *Venkatraman (1989)* who distinguishes six different types: fit as moderation, fit as mediation, fit as matching, fit as gestalts, fit as profile deviation, and fit as covariation. All of the six approaches fundamentally differ along the following three criteria: (1) the degree of specificity, i.e. the level of precision, (2) the number of variables, which is negatively correlated with the degree of specificity, and (3) the anchoring of the fit model, i.e. criterion-specific

connected to e.g. performance or criterion-free (cf. Venkatraman (1989, p. 424-425), see also Figure 3.4):

Figure 3.4: Classificatory Framework of Fit Methodologies

Low   **Fit as Profile Deviation**   Fit as Gestalts   *Many*

Degree of specificity of the functional form of fit-based relationship   Fit as Mediation   Fit as Covariation   **Number of variables** in the fit equation

High   Fit as Moderation   Fit as Matching   *Few*

Criterion-specific   *Criterion-free*

Choice of **anchoring the specification** of fit-based relationships
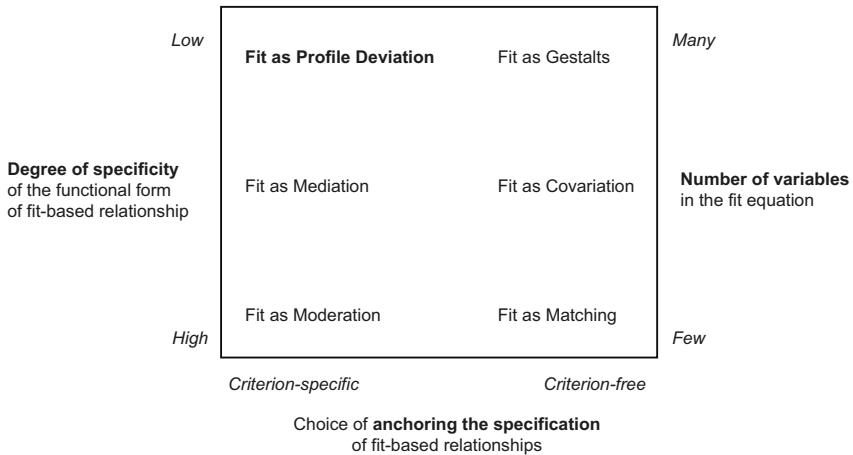
Source: Own illustration, adapted from *Venkatraman (1989, p. 425)*.

1. **Fit as moderation**: is criterion-specific with a high degree of specificity (cf. Venkatraman, 1989, p. 425). The fit as moderation model states that the impact of a predictor variable on a criterion variable depends on a moderator variable (e.g. Schoonhoven, 1981; Harrigan, 1983; Ginsberg and Venkatraman, 1985; Venkatraman, 1989). In other words, the interaction of the predictor and moderator variable determine the criterion variable (cf. Venkatraman, 1989, p. 428-430).

2. **Fit as mediation**: is criterion-specific with a medium degree of specificity (cf. Venkatraman, 1989, p. 428-430). The key principle of the fit as mediation model is that an intervening mechanism exists between an antecedent and consequent variable (cf. Venkatraman, 1989, p. 428-430). In contrast to the moderation variable, the mediator variable(s), however, only exert(s)

indirect influence, e.g. organizational structure is an intervening variable between strategy (antecedent variable) and performance (consequent variable) (cf. Venkatraman, 1989, p. 428-430).

3. **Fit as matching**: is criterion-free with a high degree of specificity (cf. Venkatraman, 1989, p. 430-432). The fit as matching model simply measures the fit between two variables without anchoring it to another variable like performance. (cf. Venkatraman, 1989, p. 430-432)

4. **Fit as gestalts**: is criterion-free with a low degree of specificity (cf. Miller, 1981, p. 5; Venkatraman, 1989, p. 425). The latter is due to the fact that the fit as gestalts model determines "frequently recurring clusters of attributes" (Miller, 1981, p. 5) which are in a state of balance. In other words, gestalts are defined as clusters with a high "degree of internal coherence among a set of theoretical attributes" (Venkatraman, 1989, p. 432).

5. **Fit as profile deviation**: which is sometimes also labeled pattern analysis (e.g. van de Ven and Drazin, 1985) is criterion-specific with a low degree of specificity (cf. Venkatraman, 1989, p. 433-435). In the fit as profile deviation model, fit is defined as the adherence to a specified profile, e.g. the higher the degree of adherence of an organization to an ideal strategy profile, the higher is its performance (cf. van de Ven and Drazin, 1985, p. 532-534; Venkatraman, 1989, p. 433-435).

6. **Fit as covariation**: is similar to the concepts of megastrategy by *Mintzberg (1978)* and pattern of decisions by, among others, *Miles and Snow (1978)* (cf. Venkatraman, 1989, p. 436). The model, which is criterion-free with a medium degree of specificity, defines fit as "a pattern of covariation or internal consistency among a set of underlying theoretically related variables" (Venkatraman, 1989, p. 435).

Table 3.3 (p.64) again visualizes the main aspects of the six fit models. This study will adopt the profile deviation approach (e.g. Doty et al., 1993; Vorhies and Morgan, 2003) as it accounts for the nature of the research problem and is appropriate for "simultaneously specifying and testing fit among a larger set

of variables" (Venkatraman, 1989, p. 432). It is especially suited for the analysis at hand because it "allows a researcher to specify an ideal profile and to demonstrate that adherence to such a profile has systematic implications for effectiveness" (Venkatraman, 1989, p. 434) or other similar dependent variables like performance. As such it is particularly befitting because it allows testing the central proposition that the adherence of the sales management control strategy to the relevant internal parameters and business strategy will be significantly related to performance.

Table 3.3: Comparison of Fit Models

	Fit as Moderation	Fit as Mediation	Fit as Matching	Fit as Gestalts	Fit as Profile Deviation	Fit as Covariations
Underlying conceptualization of fit	• Interaction	• Intervention	• Matching	• Internal congruence	• Adherence to a specified profile	• Internal consistency
Verbalization of a strategy proposition	• The interactive effects of strategy and managerial characteristics have implications for performance	• Market share is a key intervening variable between strategy and performance	• The match between strategy and structure enhances administrative efficiency	• The nature of internal congruence among a set of strategic variables differs across "high" and "low" performance businesses	• The degree of adherence to a specified profile has a significant effect on performance	• The degree of internal consistency in resource allocations has a significant effect on performance
Number of variables in the specification of fit	• Two	• Two to multiple	• Two	• Multiple	• Multiple	• Four to multiple
Analytical scheme(s) for testing fit	• Analysis of variance • Moderated regression analysis • Subgroup analysis	• Path-analysis	• ANOVA • Deviation scores • Residual analysis	• Numerical taxonomical methods – cluster analysis, factor analysis	• The calculation of deviation as a eucledian distance in an n-dimensional space MDS	• Second-order factor analysis (confirmatory)
Measure of fit	• Statistical derivation	• Statistical derivation	• Interval-level measure	• Ordinal/Interval measure	• Interval measure	• Interval measure
Illustrative References	• Gupta and Govindarajan (1984) • Prescott (1986)	• Prescott, Kohli, and Venkatraman (1986)	• Chandler (1962) • Bourgeois (1985) • Dewar and Werbel (1979)	• Miller and Friesen (1984) • Hambrick (1984)	• Van de Ven and Drazin (1985)	• Venkatraman (1986, 1990)

Source: Own illustration, adapted from *Venkatraman (1989, p. 438-439)*.

3.1.2.2.2   *Development of Configurations*

While one part of the configurational school literature deals with the configurations themselves and the underlying fit, the other addresses the development of configurations and the transformation from one state to another (e.g. Chakravarthy, 1982; Kimberly and Quinn, 1984; Pettigrew, 1985; Mintzberg and Lampel, 1999; Weigl, 2008). As such a central element of the configurational school is the recognition of "strategic change as involving a mutual penetration of static (contingency) theories, with their essentially 'mechanistic' assumption of configurations changing in response to altered contingencies and dynamic (evolutionary and revolutionary) theories, which emphasize the direction and scope of strategic change" (Elfring and Volberda, 2001a, p. 275). Changes between configurations thereby occur as a radical or quantum change when organizations face fundamental problems (cf. Miller, 1982, p. 131). However, "most change occurs within an existing configuration rather than between such configurations" (Volberda, 2004, p. 40). The latter, in contrast to changes between configurations, is an incremental change with continuity in direction and evolution (cf. Mintzberg et al., 2001, p. 201; Volberda, 2004, p. 40).

The configurational school in general and the development of configurations is thereby closely connected to the contingency theory and the concept of equifinality (e.g. Tushman and Nadler, 1978; Hrebiniak and Joyce, 1985; van de Ven and Drazin, 1985; Pennings, 1992; Weigl, 2008). Equifinality describes the circumstance that "the final state, or performance of an organization, can be achieved through multiple different organizational structures even if the contingencies the organization faces are the same" (Gresov and Drazin, 1997, p. 404), i.e. there are multiple equally effective configurations and not one optimum solution (cf. Gresov and Drazin, 1997, p. 404). A configuration is appropriate in the right context and at the right time (e.g. Mintzberg, 1990; Elfring and Volberda, 2001a; Weigl, 2008). It follows that an organization and its key decision makers have the flexibility and strategic choice of how to achieve high performance (cf. Weigl, 2008, p. 43).

As described in *Chapter 3.1.2.1*, control is a central element of the strategic management process (cf. Shrivastava and Lim, 1989, p. 532). Therefore the next chapter will outline one of the central components of control and the key element of this study: sales management control.

3.2 Sales Management Control

3.2.1 *Evolution and Definition*

The "growing emphasis on more collaborative forms of selling [...] has stimulated research attention on the role of sales management control (SMC) in coordinating and directing selling processes" (Baldauf et al., 2005, p. 7) and researchers have derived various conceptualizations and constructs of the topic (cf. Baldauf et al., 2005, p. 7). Nonetheless, in literature there is a general consensus that sales management control as a scientific conceptualization considers the extent of "monitoring, directing, evaluating, and compensating [...] employees" (Anderson and Oliver, 1987, p. 1) with the aim of aligning the salespeople's attitudes and behaviors with the company's objectives (e.g. Eisenhardt, 1985; Anderson and Oliver, 1987; Ouchi, 1979; Jaworski, 1988; Baldauf et al., 2005). However, until today there has been no agreement reached regarding the construct's conceptualization and most importantly the degree of control to be exercised (cf. Baldauf et al., 2005, p. 7). While *Walker et al. (1979)* already address different aspects of management control in sales organizations, the two initial, seminal foundations of this research stream have been laid later by *Jaworski (1988)* and *Anderson and Oliver (1987)* (cf. Baldauf et al., 2005, p. 7).

In their conceptual work *Anderson and Oliver (1987)* define a sales management control system as a continuum ranging from outcome-based to behavior-based control. According to the researchers, behavior-based control is characterized by "high levels of supervisor monitoring, direction and intervention in activities, and subjective and more complex methods of evaluating performance, typically centered on the salesperson's job inputs" (Oliver and Anderson, 1994, p. 53). The inputs, however, are not to be understood as sole indicators of the results but rather the factors expected to generate future results (e.g. product know-how,

selling activities, sales strategies) (cf. Anderson and Oliver, 1987, p. 76; Oliver
and Anderson, 1994, p. 54; Baldauf et al., 2005, p. 8-9). To empower the man-
agement to direct, monitor, and rely on subjective judgments, risk is shifted to
the company by relying on salary (cf. Anderson and Oliver, 1987, p. 77; Oliver
and Anderson, 1994, p. 54; Baldauf et al., 2005, p. 8). Outcome-based control on
the contrary is characterized by "little managerial involvement with salespeople,
reliance on straightforward, objective result measures (e.g. sales), and use of com-
pensation methods that shift risk to the salesperson (i.e. commission or bonus)"
(Anderson and Oliver, 1987, p. 53).

The sales management control strategy - the methods of evaluation and compen-
sation as well the degree of monitoring and direction - is then perceived in its
net effect by the sales personnel (cf. Anderson and Oliver, 1987, p. 76; Oliver
and Anderson, 1994, p. 54). Depending on the respective choice of management
control strategy, the sales force's cognitions, affects and behavior are impacted
(see Figure 3.5, p. 68) (cf. Oliver and Anderson, 1994, p. 54).

Jaworski (1988) alternatively proposes a construct of informal and formal types
of management controls. In his view, formal controls are documented and tend
to be initiated and maintained by the management (cf. Jaworski, 1988, p. 26;
Jaworski and MacInnis, 1989, p. 408). The three types of formal control are
differentiated by their timing of management intervention: input control prior to
the implementation of an activity (e.g. training programs), process control to
influence the activity (e.g. standard operating procedures), and output control to
steer by the results (e.g. performance standards) (cf. Jaworski, 1988, p. 26-27;
Jaworski and MacInnis, 1989, p. 408). Informal controls on the other hand, which
are "unwritten, typically worker-based mechanisms"(Jaworski, 1988, p. 27), con-
sist of cultural, social, and self-controls (cf. Jaworski, 1988, p. 27-28; Jaworski
and MacInnis, 1989, p. 408; Baldauf et al., 2005, p. 8). These three informal
controls can be distinguished by their degree of aggregation: individual to small
group to larger social unit (cf. Jaworski, 1988, p. 27).

Figure 3.5: Consequences of the Perceived Control System
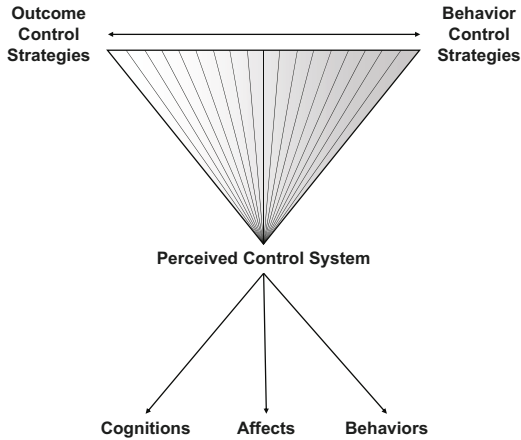
Source: Own illustration, adapted from *Oliver and Anderson (1994, p. 54)*.

While *Anderson and Oliver (1987)* only focus on the consequences of their control concept, *Jaworski (1988)* also incorporates the antecedents in his framework as shown in Figure 3.6 (p. 69).

Although *Anderson and Oliver (1987)* and *Jaworski (1988)* both build their propositions on management theory (see Ouchi, 1979) and therefore have similar theoretical foundations, as shown above, there are distinctive differences between the two conceptualizations (cf. Baldauf et al., 2005, p. 9). The most important aspect is surely the inclusion of informal controls by *Jaworski (1988)* which are not considered in the *Anderson and Oliver (1987)* school of thought. As a result of these differences no unified view of sales management control has developed and either of the two philosophies is the basis of the most relevant empirical studies (see *Appendix C*) and conceptualizations[2] of sales management control (cf. Baldauf et al., 2005, p. 9-10).

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[2]   See also *Baldauf et al. (2005, p. 12-17)* for a review of research on sales management control.

Figure 3.6: Linking Environment, Control, and Consequences
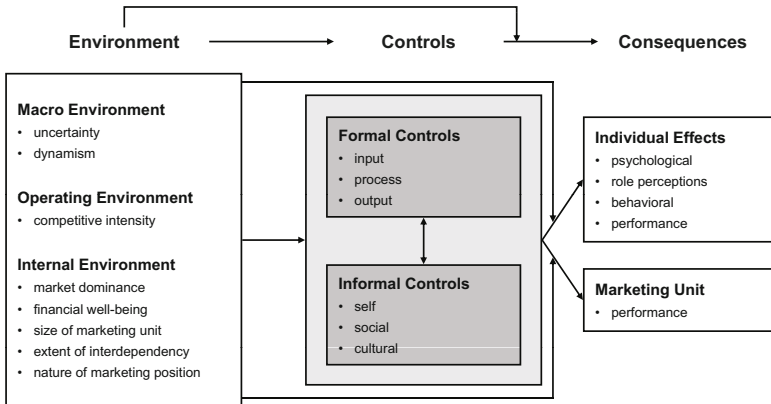
Source: Own illustration, adapted from *Jaworski (1988, p. 25)*.

Compensation, both fixed salary and variable compensation, as mentioned above, has been included in many studies as part of a higher-order control dimension (cf. Baldauf et al., 2005, p. 22). Most recent studies, however, have pointed out the importance of compensation as a separate management control element (cf. Baldauf et al., 2005, p. 22). This builds on the rationale of *Cravens et al. (1993)* and *Churchill and Pecotich (1982)*, that the use of financial rewards is of crucial importance for the motivation of salespeople and thus is also a distinctive form of sales management control. The separate consideration of compensation, in contrast to the incorporation in, for example, the behavioral control measure (cf. Oliver and Anderson, 1994, p. 54), accounts for the empirical findings of *Piercy et al. (2004a)* and *Baldauf et al. (2005)* that high levels of compensation control do not conflict with high levels of behavior-based control but rather they are complimentary.

Drawing on the conceptualizations of both *Jaworski (1988)* and *Anderson and Oliver (1987)* as well as the most recent findings and developments regarding compensation control, an integrative research approach to sales management control,

which combines the best aspects of all worlds, will be formulated subsequently in *Chapter 3.2.2* and *Chapter 3.2.3*.

3.2.2   *Formal Management Controls*

Formal management controls are distinguished from informal controls by the following four criteria defined by *Jaworski (1988, p. 26)*: construction, initiation, documentation, and responsibility of/for controls. The construction of formal controls is rooted in the implicit assumption that the individual goals of the sales personnel are not completely in line with the aims of the corporation and therefore need to be initiated by managers (cf. Jaworski, 1988, p. 26). The most important distinction from informal controls, as already implied by the name, is however that formal controls are explicitly documented (cf. Jaworski, 1988, p. 26). This documentation as well as the responsibility for maintaining and adapting the formal controls lies with the management of the company (cf. Jaworski, 1988, p. 26).

As described in *Chapter 3.2.1*, *Jaworski (1988)* originally distinguishes among three types of formal control (input, process, and output control), however, in latter works (e.g. Jaworski and MacInnis, 1989; Cravens et al., 2004) the number is reduced to two: process and output control. Correspondingly Anderson and Oliver (1987) also consider two more or less equal types of formal control: behavior-based and outcome-based control. While these "normative conceptualization[s] of control" (Piercy et al., 2004a, p. 30) are quite appealing, most recent works on sales management control have adopted a concept more consistent with management practice (cf. Piercy et al., 2004a, p. 30-31; Baldauf et al., 2005, p. 22). As pointed out before, they distinguish the two related yet independent control activities: compensation control and behavior control (cf. Cravens et al., 1993; Piercy et al., 2004a). Due to the fact that both *Jaworski (1988)* and *Anderson and Oliver (1987)* incorporate the compensation aspect in output and outcome-based control respectively, a combination of behavior control with a compensation-based type of control is not possible (cf. Anderson and Oliver, 1987; Jaworski, 1988; Cravens et al., 1993; Piercy et al., 2004a). Due to this structural specificity, this study will adopt the distinction of behavior and compensation

control which is more in line with practice and will be described in detail in the following sections.

3.2.2.1 Behavior Control

Behavior control in contrast to compensation control involves significant monitoring and direction of the sales force (cf. Anderson and Oliver, 1987, p. 76-78; Jaworski, 1988, p. 26-27). The focus of behavior control is on the processes and procedures of the sales organization rather than the end results (cf. Jaworski, 1988, p. 26). The management takes an active role with a clear idea of how the personnel should behave and steers and intervenes in the activities of their sales staff accordingly: "[t]he visible hand of management is substituted for the invisible hand of the market's forces" (Anderson and Oliver, 1987, p. 77).

The evaluation of the sales force and potential adjustments of the compensation (i.e. an increase or decrease of the salary) are based on rather complex and subjective methods and measures like the salesperson's characteristics, activities, and sales strategies (cf. Anderson and Oliver, 1987, p. 76). The factors which form the basis of this evaluation thus "are not themselves measures of achievement but may result in sales performance" (Anderson and Oliver, 1987, p. 78). Commonly used criteria include the closing ability, presentation quality, calls made or the amount of correspondence (cf. Jackson et al., 1983, p. 44-45). Since not all of these measures can be supported with objective data, an evaluation of the salespeople by their direct managers is required (cf. Anderson and Oliver, 1987, p. 76-78; Jaworski, 1988, p. 26). The latter then often weigh and combine all of the items in an integrative assessment (cf. Patton III and King, 1985, p. 1-4). To justify this subjective evaluation methodology and gain control, in many cases the company assumes risk by paying a fixed salary (cf. Anderson and Oliver, 1987, p. 78). However, as pointed out above, a combination with compensation control is also quite common in practice (cf. Cravens et al., 1993, p. 51; Piercy et al., 2004a, p. 33).

As any form of sales management control, behavior control offers advantages but is also burdened with disadvantages (cf. Anderson and Oliver, 1987, p. 78). Therefore the three major vantages and four main drawbacks will be detailed in the following:

Advantages

1. **Direct control**: the manager can exert direct control on the sales force and implement his or her ideas on how, for example, the sales processes should be conducted to achieve results (cf. Anderson and Oliver, 1987, p. 78). This offers the possibility to stress long-term and developmental goals, which are sometimes not covered in solely compensatory systems (cf. Anderson and Oliver, 1987, p. 78).

2. **Adherence to strategy**: the salespeople can be directed to "perform certain behaviors as part of company strategy without the necessity of convincing each salesperson that the strategy is valid" (Anderson and Oliver, 1987, p. 78).

3. **Correction of inequities**: the sales manager is empowered to correct inequities which might result from the salesperson's evaluation on outcome measures (cf. Anderson and Oliver, 1987, p. 78). Due to the fact that the results of any bank are always also impacted by environmental factors which are beyond the influence of the individual salesperson, an adjustment is required to avoid unjustified rewards and punishments (cf. Ryans and Weinberg, 1979, p. 454; Churchill et al., 1985, p. 109-110; Ryans and Weinberg, 1987, p. 229-233).

Disadvantages

1. **Vulnerability to management incompetence**: while the direct control and potent position of the sales manager will lead to favorable results if his or her ideas, approach, and goals are appropriate, the opposite might turn out if the management is insufficiently competent (cf. Anderson and Oliver, 1987, p. 78; Avkiran, 1999, p. 273-274).

2. **Lack of bottom-up feedback and support**: without the necessity to convince all employees of the bank strategy's validity, the sales management might impose a strategy without real support and understanding of the sales force (cf. Anderson and Oliver, 1987, p. 78). This could not only limit the required bottom-up feedback but also decrease the sales personnel's performance (cf. Anderson and Oliver, 1987, p. 78).

3. **Complexity and subjectivity of evaluation**: as already pointed out above, a major drawback lies in the complexity and subjectivity of the evaluation (e.g. Cocanougher and Ivancevich, 1978; Adkins, 1979) which might insert bias, halo effects, ignorance, and lack of credibility into the sales management control system (cf. Behrman and Perreault, 1982; Jackson et al., 1983; Anderson and Oliver, 1987). Due to the complexity of the system, the sales managers are also burdened with the collection and combination of a large amount of information required for the assessment (cf. Anderson and Oliver, 1987, p. 78). Therefore the management is in the predicament of either neglecting other duties or limiting the number of indicators and activities included in their evaluation (cf. Jackson et al., 1983, p. 49-51). The latter, however, might result in an incomplete or in the worst case ineffective sales management control system. (cf. Anderson and Oliver, 1987, p. 78)

4. **Inequity of evaluation**: as in the case of a compensatory system which relies on outcome measures, the control system might also suffer from inequities if behavior-based measures are applied (cf. Anderson and Oliver, 1987, p. 78). If the sales force is evaluated, for example, on the number of customer talks, a salesperson who conducts comparably few consultations but achieves relatively high sales and profit might perceive the system to be unfair (cf. Churchill et al., 1985, p. 116-117; Anderson and Oliver, 1987, p. 78).

Behavior control offers many advantages. However, if it is wrongly or unilaterally applied it also has several drawbacks (cf. Cocanougher and Ivancevich, 1978; Adkins, 1979; Churchill et al., 1985; Anderson and Oliver, 1987). Therefore it is necessary to establish a balanced system that also considers the other relevant

dimensions of sales management control (cf. Baldauf et al., 2005, p. 22). One of those is compensation control which will be detailed in the following section.

3.2.2.2   Compensation Control

In order to better understand the concept of compensation control, it is necessary to also understand the conceptualization of outcome-based or output control. *Anderson and Oliver (1987)* characterize it as a "market contracting arrangement wherein salespeople are left alone to achieve results in their own way using their own strategies" (Anderson and Oliver, 1987, p. 76). The sales personnel are not judged and held accountable for how they achieve their results (i.e. their behavior) but for what the results are (cf. Anderson and Oliver, 1987, p. 77-78; Jaworski, 1988, p. 27; Baldauf et al., 2005, p. 8). Salespeople are only loosely monitored and subject to little managerial direction (cf. Anderson and Oliver, 1987, p. 76; Jaworski, 1988, p. 27). Objective measures, however, are established by the company's management to evaluate their performance (cf. Anderson and Oliver, 1987, p. 77; Jaworski, 1988, p. 27; Krafft, 1999, p. 121). Consequently salespeople are (partly) compensated in accordance with their measurable performance (cf. Anderson and Oliver, 1987, p. 76; Baldauf et al., 2005, p. 8). Overall risk is shifted from the company to the employee who becomes an entrepreneur guided and pressured by market mechanisms (cf. Anderson and Oliver, 1987, p. 76-78). The company's management, applying a laissez faire policy, takes a back seat (cf. Anderson and Oliver, 1987, p. 76-78; Jaworski, 1988, p. 26-27).

As pointed out before, a continuum with behavior control and outcome-based control at either end is quite appealing yet to a certain degree ignorant of management practice (cf. Cravens et al., 1993, p. 56; Piercy et al., 2004a, p. 30-31; Baldauf et al., 2005, p. 22). Therefore this work follows the conceptualizations of *Cravens et al. (1993)* and *Piercy et al. (2004a)* and integrates compensation control "as a separate, related construct to behavior-based control that represents the rewarding dimension of control" (Piercy et al., 2004a, p. 33). In strong contrast to the output control concept, compensation control is not linked to any form of evaluation, assessment or measurement but can be combined with the subjective

methods of behavior control and also objective result measures (cf. Piercy et al., 2004a, p. 33; Baldauf et al., 2005, p. 22).

Like any other dimension of a sales management control system, compensation control offers advantages but also suffers from disadvantages (cf. Anderson and Oliver, 1987, p. 78). Therefore the three advantages and three drawbacks of compensation control will be depicted:

Advantages

1. **Handling of equivocal means-end-relationships**: the selling processes in any industry and especially banking are complex and normally conducted by the responsible salesperson individually. As such, an effective and efficient supervision becomes difficult (cf. Jaworski and MacInnis, 1989, p. 409). Additionally there is no unequivocal delineation of tasks and procedures as well as characteristics and capabilities of salespeople which are required to achieve the goals of the organization (cf. Weitz, 1981, p. 85-87). In other words there is no ubiquitous process of how the sales force's inputs transform into outputs (cf. Ouchi and Maguire, 1975). Therefore a compensation control system with a stronger focus on outcome measures - where the individual salesperson is free to choose its inputs and held accountable for the results - might prove to be more appropriate in some cases (cf. Anderson and Oliver, 1987, p. 77).

2. **Facile administration and reduced complexity**: compensation control is easy to administer and can be applied for many employees and across several departments (cf. Anderson and Oliver, 1987, p. 77). While a "super-manager could apply behavior control" (Ouchi and Maguire, 1975, p. 568), many banks are driven to rely on compensation control to reduce complexity for their sales management.

3. **Motivation through comparison**: another advantage of compensation control lies in the motivation of the sales force (cf. Anderson and Oliver, 1987, p. 77-78). Good performing salespeople are not only motivated by

the (additional) compensation they receive but also by the fact that bad performing co-workers do not receive monetary benefits (cf. Anderson and Oliver, 1987, p. 77).

Disadvantages

1. **Vulnerability to opportunistic behavior**: as already pointed out in *Chapter 3.2.2.1*, a major drawback of compensation control lies in the inherent lack of direction which might not only be detrimental for the bank's long-term goals but in the extreme even harmful to the overall organization (cf. Smyth, 1968; John and Weitz, 1989). The former is mostly due to the limited practicability of long-term measures for the determination of variable compensation (cf. Smyth, 1968, p. 109-117; John and Weitz, 1989, p. 1-12; Anderson and Oliver, 1987, p. 78). The prevailing annual or short-term timing of bonus and commission payments, which heed the industry customs and employee fluctuations, limit the feasibility of an implementation of long-term indicators (cf. Smyth, 1968, p. 109-117; John and Weitz, 1989, p. 1-12). This in turn might incentivize the sales force to focus on immediate pay-offs at the expense of, for instance, the customer service, the sales of new products and the establishment of lasting relationships with the customers (cf. Anderson and Oliver, 1987, p. 78).

2. **Complexity to overcome opportunistic behavior**: to overcome the above problems, sales managers might be tempted to increase the number of indicators and measures and thereby increase the complexity of the system (cf. Anderson and Oliver, 1987, p. 78). As in the case of a complex behavior control the leadership team would be required to spend significant time on the collection, combination, and assessment of information (cf. Anderson and Oliver, 1987, p. 78).

3. **Inequity of evaluation**: in the case of a combination of compensation control with output measures, external influences on the assessment indicators and thus the monetary incentives can not be corrected by the sales manager (cf. Anderson and Oliver, 1987, p. 78). This in turn might be perceived to

be unfair by the sales force (see also *Chapter 3.2.2.1*) and lead to diminished motivation and performance (cf. Anderson and Oliver, 1987, p. 78).

Combining the above with the findings of the previous chapter, Figure 3.7 again summarizes the main advantages and disadvantages of compensation and behavior control likewise.

Figure 3.7: Comparison of Behavior and Compensation Control

	Behavior Control	**Compensation Control**
Definition	Management takes an active role with a clear idea of how the personnel should behave and steers and intervenes in the activities of their sales staff accordingly.	The rewarding dimension of control that is not linked to any form of evaluation but can be combined with the subjective methods of behavior control and objective result measures.
Principle	Visible hand of the management	Invisible hand of the market's forces
Advantages	• Direct control • Adherence to strategy • Correction of inequities	• Handling of equivocal means-end-relationships • Facile administration and reduced complexity • Motivation through comparison
Disadvantages	• Vulnerability to management incompetence • Lack of bottom-up feedback and support • Complexity and subjectivity of evaluation • Inequity of evaluation	• Vulnerability to opportunistic behavior • Complexity to overcome opportunistic behavior • Inequity of evaluation

Source: Own illustration.

In consideration of the above advantages and drawbacks, it can be stated that the overreliance on compensation control without the balance of other control dimensions might not only turn out to be costly but also ineffective (cf. Tyagi, 1990, p. 135-147). Therefore the following sections will further illuminate another important aspect of sales management control: informal management controls.

3.2.3   *Informal Management Controls*

Informal controls[3] are "unwritten determinants of behavior" (Jaworski, 1988, p. 26). In strong contrast to formal controls, informal controls may or may not be in line with the goals of the company and its management (cf. Jaworski, 1988, p. 26; Jaworski and MacInnis, 1989, p. 408). Informal controls are constructed by the sales force which also holds the responsibility for maintaining and adapting the informal control system (cf. Jaworski, 1988, p. 26; Jaworski and MacInnis, 1989, p. 408). The three types of informal controls, which can be distinguished by their level of aggregation, are: self, social, and cultural control (cf. Jaworski, 1988, p. 27). These will be depicted in further detail in the subsequent sections.

3.2.3.1   Self Control

Self control refers to the individual establishment of personal objectives, the monitoring of their achievement, and, if required, the respective adjustment of behavior (see e.g. Dalton, 1971; Hopwood, 1972; Lawler III, 1976; Thomas, 1983; Jaworski, 1988; Ramaswami, 1996). The personal objectives, which the individual sales employee establishes, are thereby mostly congruent with the goals of the organization (cf. Jaworski and MacInnis, 1989, p. 408). In other words, "self controls are operative when the individual shows commitment and willingness to take responsibility for his or her job" (Jaworski and MacInnis, 1989, p. 408). Self control is thus rooted and closely linked to intrinsic motivation, which defines the subjective feelings and subjective rewards of a well performing employee as the driving force behind his or her achievement (cf. Lusch and Jaworski, 1991, p. 400-401).

These feelings of achievement, accomplishment, and developing and using one's abilities, satisfy the sales force's "higher order needs such as self-esteem and self-actualization" (Lawler III, 1969, p. 428). The link between these internal rewards and performance, in strong contrast to extrinsic controls, is more direct and the effort-award probability higher (cf. Lawler III, 1969, p. 427-429). Due to these

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[3]   For further assessments and conceptualizations of informal management controls see also *Barnard (1938)*, *Roethlisberger and Dickson (1939)*, *Dalton (1971)*, *Hopwood (1974)*, *Ouchi (1979)*, *Hofstede (1981)*, and *Merchant (1985)*.

advantages and the high positive value of an intrinsic reward for the sales employees, self control is considered to be an excellent motivator not only in psychology but also management literature (cf. Lawler III, 1969).

Considering the preceding rationale, this study therefore follows the notion of *Lawler III (1976)* who pointed out that self control is not equivalent to no control, but rather an additional control dimension which can help to overcome many of the problems associated with traditional forms of management control. However, it needs to be kept in mind that the sole reliance on self control might lead to suffering performance and thus must be balanced with extrinsic controls (see e.g. Miner, 1975; Kerr and Slocum, 1981) like professional control, which will be detailed in the following section.

3.2.3.2   Professional Control

Professional control is commonly also labeled "small group control" (cf. Dalton, 1971) or "social control" (cf. Jaworski, 1988). *Jaworski (1988)* defines professional control as "prevailing social perspectives and patterns of interpersonal interactions within subgroups" (Jaworski, 1988, p. 27), i.e. centered on and confined to the respective sales departments or units. In general, the control requires and manifests itself in the sales force's engagement in collegial discussions, interactions, and informal evaluations of peers' achievements (see e.g. Becker and Gordon, 1966; Waterhouse and Tiessen, 1978; Peterson, 1984; Jaworski and MacInnis, 1989; Aulakh and Gencturk, 2000; Joshi and Randall, 2001).

Professional control is thereby rooted in the internalization of values and the sales force's mutual commitment toward a common goal, which, however, does not have to be in line with the management's goals (cf. Jaworski, 1988, p. 27). This socialization process already occurs in the early stages of employment (cf. Feldman, 1976a, p. 434-435) and is subdivided into three distinct stages (cf. Feldman, 1976b, p. 65-70):

1. In the **getting in stage** before the actual employment, the salesperson tries to get an impression of his or her potential future employers and accordingly

chooses a bank which in his or her view offers the best fit in terms of use of his or her talents, colleagues, and corporate life (cf. Feldman, 1976b, p. 65-66).

2. During the so-called **breaking in stage** after the completion of the hiring process, the salesperson tries to become an active members of his or her sales unit (cf. Feldman, 1976b, p. 66). The employee not only establishes relationships with his or her new colleagues and principals, but also learns new tasks and clarifies his or her role within the sales organization (cf. Feldman, 1976b, p. 67). Most importantly however "employees not only evaluate their progress within the organization, but also try to come to some agreement with others in the work group about the overall quality of their work and about specific areas of strength and weakness in job performance" (Feldman, 1976b, p. 67).

3. In the **settling in stage** the salesperson has fully entered the organization and optimally no longer has to deal with the issues of his or her work-group; however, the employee needs to shift his or her focus on the conflicts with other units of the organization and the individual work-life balance (cf. Feldman, 1976b, p. 69-70).

Interlinked with the socialization process, professional control more specifically signifies the enforcement of work standards through informal and formal means by the group itself (cf. Dalton, 1971). In the case of deviations, the sales force will initially try to readjust the behavior via subtle forms of control like hinting, humor, and kidding (cf. Lusch and Jaworski, 1991, p. 401). In the case of on-going discrepancies, however, group ostracism is, according to Hopwood (1974), probable (cf. Lusch and Jaworski, 1991, p. 401).

In summary, given the right internally defined standards, professional control will yield positive effects (cf. Jaworski, 1988, p. 27; Jaworski and MacInnis, 1989, p. 409). These, however, are limited to the respective sales unit (cf. Jaworski, 1988, p. 27). Because out of the informal control dimensions only cultural control, which

will be described in the following section, affects the entire sales organization (cf. Wilkins and Ouchi, 1983, p. 468; Jaworski, 1988, p. 27).

3.2.3.3   Cultural Control

As mentioned before, the informal type of control which involves the entire firm or division is the so-called cultural control (cf. Wilkins and Ouchi, 1983, p. 468; Jaworski, 1988, p. 27). In this context culture is defined as "the broader values and normative patterns that guide worker behavior within an entire organization" (Jaworski, 1988, p. 27). Cultural control, in contrast to the other dimensions of informal control, develops slowly due to the steady accumulation of organizational rituals, legends, and norms of interaction over time (see e.g. Meyer and Rowan, 1977; Smith and Steadman, 1981; Jaworski, 1988; Deshpande and Webster Jr., 1989). But only once the individual salesperson has internalized the organizational culture, is the acculturation process completed (cf. Ouchi, 1979, p. 842-844; Jaworski, 1988, p. 27-28). Overall, cultural control is therefore closely connected to the salesperson's cultural identification or organizational commitment[4]: the individual's affective reaction to the bank's characteristics (cf. Cook and Wall, 1980). The organizational identification, however, concerns the feelings of attachment to the aims of the organization "for its own sake, apart from its purely instrumental worth" (Buchanan II, 1974, p. 533).

Nonetheless, as pointed out by *Cherian and Deshpande (1985)* and *Deshpande and Parasuraman (1984)* among others, organizational culture and commitment impact the behavior, tasks, and capabilities of the sales force and thus in the end affect the performance of the sales and marketing departments (cf. Jaworski, 1988, p. 27). As such they constitute important control mechanisms which need to be embedded into an overarching sales management control strategy (cf. Jaworski, 1988, p. 27-28).

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[4]   See also *Sheldon (1971)*, *Kanter (1968)*, *Hrebiniak and Alutto (1972)*, *Lee (1971)*, *Hunt and Morgan (1994)*, *Somers (1995)*, *Cramer (1996)*, and *Reichers (1985)* for further details on organizational commitment.

Overall, the research on sales management control has relied in many parts on three major theories: transaction cost analysis, agency theory, and organizational control theory (cf. Anderson and Oliver, 1987; Krafft, 1999; Baldauf et al., 2005). Since these will also be used for the generation of hypotheses in this study and in order to be able to better understand the concept of sales management control, the following sections will now detail these underlying theories.

3.2.4   *Underlying Theories*

Overall, three theories have most influenced the development of sales management control research: transaction cost economics, organizational control theory,especially Ouchi's organizational approach, and agency theory (cf. Anderson and Oliver, 1987; Krafft, 1999; Baldauf et al., 2005). Since they will also be used for the development of this study's hypotheses, it is first necessary to revisit their joint applicability in the next section. Thereafter the key elements of the individual theories will be detailed.

3.2.4.1   Applicability of Theories

All of the three previously mentioned theoretical approaches are attributed to the same school of thought, the new institutional economics (cf. Ebers and Gotsch, 2006, p. 247; Miller, 2007, p. 367-368; Ménard, 2007, p. 295). More specifically, agency theory and transaction cost analysis are also the central (besides the property rights theory) representatives of the organizational economics (cf. Ebers and Gotsch, 2006, p. 247). And despite their unique foci and perspectives, as well as their partially different assumptions (e.g. the type of contract, the behavior of the involved parties), the literature describes them as complementary concepts (cf. Ebers and Gotsch, 2006, p. 247-308). The same also holds true for Ouchi's organizational approach, which is firmly rooted in and extends transaction cost economics (cf. Mayrhofer, 1998, p. 242; Ebers and Gotsch, 2006, p. 297). The combinability of the three theoretical concepts is additionally reflected in the fact that two or all of them have been used conjointly in previous research on sales management control strategies (see e.g. Anderson and Oliver, 1987; Krafft,

1999). In consideration of the theoretical foundations and scientific precedence, the three theories are accordingly also considered to be combinable in the context of this study. Therefore the subsequent sections will depict transaction cost analysis (*Chapter 3.2.4.2*), agency theory (*Chapter 3.2.4.3*) and organizational control theory (*Chapter 3.2.4.4*) in more detail.

3.2.4.2   Transaction Cost Analysis

Transaction cost analysis (TCA), transaction cost theory, or transaction cost economics, which as stated above also belongs to the new institutional economics (NIE, e.g. Arrow, 1971; Matthews, 1986; North, 1990; Coase, 1990; Williamson, 2000) paradigm, goes back to the seminal work by *Coase (1937)* on *The Nature of the Firm* (cf. Rindfleisch and Heide, 1997, p. 30). *Coase (1937)* proposed that markets and companies constitute alternative governance structures with differing transaction costs. Subsequently additional intermediate or hybrid governance structures (cf. Williamson, 1991) such as provisions and equity arrangements (e.g. Joskow, 1987; Osborn and Baughn, 1990) or concerted planning and information sharing (e.g. Noordewier et al., 1990; Palay, 1985) enhanced the original conceptualization.

The basic principle of TCA is that an economic actor will favor market governance if the associated transaction costs are low and favor the internal organization (or hierarchy) if these costs exceed the production cost advantages of the market (cf. Robins, 1987; Rindfleisch and Heide, 1997). While *Coase (1937)* thereby originally only considered direct ex ante and ex post costs (e.g. negotiating contracts, monitoring agreements), *Williamson (1975, 1981, 1985, 1996)* enhanced the original transaction cost framework and included opportunity costs which might result from inferior governance decisions (see Table 3.4, p. 84). Transaction costs thereby arise from the problematic interaction of the three transaction dimensions (i.e. environmental and behavioral uncertainty as well as asset specificity) and the two main assumptions of TCA (cf. Williamson, 1975): (1) Bounded rationality which states that economic actors only have limited cognitive capabilities and a restricted ability to act rationally and (2) Self-interest which proposes that given

Table 3.4: Sources and Types of Transaction Costs

	Asset Specificity - Safeguarding	**Environmental Uncertainty - Adaptation**	**Behavioral Uncertainty - Performance Evaluation**
Direct Costs	Cost of crafting safeguards	Communication, negotiation, and coordination costs	Screening and selection costs (*ex ante*)
			Measurement costs (*ex post*)
Opportunity Costs	Failure to invest in productive assets	Maladaption or failure to adapt	Failure to identify appropriate partners (*ex ante*)
			Productivity losses through effort adjustments (*ex post*)

Source: Own illustration, adapted from *Rindfleisch and Heide (1997, p. 31)*.

the right opportunity, economic actors will exploit a situation to serve their self-interest (cf. Rindfleisch and Heide, 1997, p. 31). The resulting three governance problems and their associated direct and opportunity costs are depicted below:

1. **Safeguarding problem**: is the result of asset specificity[5], the degree to which an asset can be redeployed to alternative uses and by alternative users without sacrifice of productive value (Williamson, 1991, p. 281), and self-interest (see e.g. Rubin, 1990). As such the safeguarding problem "arises when a firm deploys specific assets and fears that its partner may opportunistically exploit these investments" (Rindfleisch and Heide, 1997, p. 43). Therefore the organization is required to incur costs for the installation of appropriate safeguards as it may otherwise face expropriation or fail to invest in productive assets (cf. Walker and Poppo, 1991, p. 82-85; Pilling et al., 1994, p. 237-249; Rindfleisch and Heide, 1997, p. 44). The safeguarding problem can go both ways in the supply chain, i.e. it can also go upwards as in the case of external representatives who invested in market development and therefore established strong ties with their customers as

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[5] *Williamson (1991, p. 281)* distinguishes six types of asset specificity: (1) site specificity, (2) physical asset specificity, (3) human-asset specificity, (4) brand name capital, (5) dedicated assets, and (6) temporal specificity.

a safeguard against exploitation from their employer (cf. Heide and John, 1988, p. 21).

2. **Adaptation problem**: is the result of bounded rationality and environmental uncertainty (see e.g. Williamson, 1979; Walker and Weber, 1984; Williamson, 1985), which is defined as "unanticipated changes in circumstances surrounding an exchange" (Noordewier et al., 1990, p. 82) in transaction cost theory. As such the adaptation problem follows the rationale of *Hayek (1945)* that economic difficulties are the consequence of change and not situations of certainty. An adaptation problem therefore arises "when a firm whose decision makers are limited by bounded rationality has difficulty modifying contractual agreements to changes in the external environment" (Rindfleisch and Heide, 1997, p. 44-45). To adapt to the changed circumstances, the organization needs to incur direct transaction costs for, among other things, the communication of new information, the renegotiation of agreements, and the coordination of activities (cf. Walker and Weber, 1984, p. 373-390; Rindfleisch and Heide, 1997, p. 45). On the other hand, if the organization fails to adapt, it has to bear the opportunity cost of maladaptation such as a competitive disadvantage (cf. Walker and Weber, 1984, p. 388; Malone, 1987, p. 1323-1325; Niman, 1992, p. 1820-1822; Rindfleisch and Heide, 1997, p. 47).

3. **Performance evaluation problem**: is the result of bounded rationality and behavioral uncertainty. The latter is defined as the difficulty to evaluate individual or relatable performance (cf. Alchian and Demsetz, 1972, p. 778-779; Anderson and Schmittlein, 1984, p. 387-388). It follows that a "performance evaluation problem arises when a firm whose decision makers are limited by bounded rationality has difficulty assessing the contractual compliance of its exchange partners" (Rindfleisch and Heide, 1997, p. 45). Direct as well as opportunity cost associated with the performance evaluation problem can arise ex ante or/and ex post (cf. Rindfleisch and Heide, 1997, p. 45-47). The latter kind not only includes measurement costs in order to avoid exploitation but also productivity losses, i.e. opportunity

costs if the measurement is conducted insufficiently and causes the other party to reduce its efforts (cf. Ouchi, 1979, p. 838-846; Rindfleisch and Heide, 1997, p. 46). While the information asymmetry poses a problem ex post, it is also ex ante of importance: due to adverse selection, when the other party's true characteristics are not verifiable (see Akerlof, 1970, e.g.), selection and screening costs will occur (cf. Bergen et al., 1992, p. 6). Additionally, if a relationship is established with a party who lacks motivation or skill, opportunity costs will result (cf. Rindfleisch and Heide, 1997, p. 47).

According to TCA, if the above mentioned direct and opportunity costs are higher than the market's production cost advantages, the economic actor will favor the internal organization (cf. Williamson, 1975; Robins, 1987; Rindfleisch and Heide, 1997). This is due to the fact that, in contrast to the market, the internal organization has three distinctive advantages which help to minimize transaction costs: First, its powerful monitoring and control mechanisms enhance the ability to detect opportunistic behavior and adapt to changes in the external environment; second, the usage of long-term oriented compensation reduces the profit from opportunistic behavior; third, the organizational culture may align the goals between the relevant parties and thus reduce opportunism (cf. Williamson, 1975; Robins, 1987; Rindfleisch and Heide, 1997).

An intermediate alternative to the market and hierarchical integration are, as mentioned above, hybrid mechanisms (see e.g. Williamson, 1991), which *Heide (1994)* further divides into unilateral (e.g. skill training, binding contingency plans) and bilateral (e.g. joint activities and team responsibilities, value training) hybrid mechanisms (cf. Heide, 1994, p. 75).

One of the most prominent and in-depth investigated forms of hybrid governance is the establishment of close bilateral ties (see e.g. Heide and John, 1990; Noordewier et al., 1990; Heide and John, 1992; Sriram et al., 1992; Walker and Poppo, 1991; Anderson and Weitz, 1992; Pilling et al., 1994; Williamson, 2002). *Heide and John (1990)* exemplary show that joint actions and unity (i.e. the bilateral expectation of a long-term relationship) will create close ties which help to overcome the

above mentioned problems: "close relationships emerge as responses to the need for safeguarding transaction-specific assets and adapting to uncertainty" (Heide and John, 1990, p. 33).

Another hybrid mechanism which can be applied to address the above mentioned problems are relational or social norms (cf. Palay, 1985; Heide and John, 1992; Anderson and Weitz, 1992), which are defined as "expectations about behavior that are at least partially shared by a group of decision makers" (Heide and John, 1992, p. 34). Their presence in a relationship between two economic actors not only reduces opportunism but also fosters the safeguarding of transaction-specific assets (cf. Rindfleisch and Heide, 1997, p. 48-50): "supportive norms have significant economic value when specific assets need to be safeguarded" (Heide and John, 1992, p. 42).

Besides the transaction cost analysis, as mentioned before, agency theory is another theory which influenced research on sales management control (cf. Anderson, 1985; Anderson and Oliver, 1987; Krafft, 1999). Therefore it will be detailed in the subsequent section.

3.2.4.3   Agency Theory

3.2.4.3.1   *Evolution and Definition*

Agency theory originates from the economic risk sharing literature (e.g. Wilson, 1968; Arrow, 1971) which addressed the problems arising from cooperating individuals or groups with divergent attitudes toward risk (cf. Eisenhardt, 1989, p. 58). Agency theory then broadened this perspective by incorporating the so-called agency problem which emerges in the case of cooperating parties with differing goals and the division of labor (cf. Jensen and Meckling, 1976; Ross, 1973; Baiman, 1982). Using the metaphor of a contract, *Jensen and Meckling (1976, p. 308)* therefore define an agency relationship as a "contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to

the agent". Overall agency theory thus tries to resolve two problems which may result from the above described relationship (cf. Eisenhardt, 1989, p. 58):

1. **Agency problem**: exists when the principal cannot verify the appropriateness of the agent's behavior (cf. Eisenhardt, 1989, p. 58; Nilakant and Rao, 1994, p. 652; Walker and Vasconcellos, 1997, p. 32). This is the case when "(a) the desires or goals of the principal and agent conflict and (b) it is difficult for the principal to verify what the agent is actually doing" (Eisenhardt, 1989, p. 58). As a result moral hazard, the agent's lack of effort, adverse selection, and the agent's misrepresentation of his or her abilities can impede an effective agency relationship (cf. Fama and Jensen, 1983).

2. **Risk sharing problem**: can arise if the principal and agent have divergent attitudes toward risk and thus differing preferences for actions (cf. Wilson, 1968, p. 119; Eisenhardt, 1989, p. 58; Nilakant and Rao, 1994, p. 652; Walker and Vasconcellos, 1997, p. 32).

The overarching aim of the agency theory is thus to determine an optimum contract for the governance of the principal-agent relationship which at the same time reduces the agency costs: "(1) the monitoring expenditures by the principal, (2) the bonding expenditures by the agent, (3) the residual loss" (Jensen and Meckling, 1976, p. 308). The theory thereby relies on certain assumptions regarding human nature, information, and organizations (see Table 3.5, p. 89) (cf. Eisenhardt, 1989). One of the key assumptions, as mentioned above, is that agents as well as principals act in their self-interest in order to increase their own welfare (cf. Fama, 1980, p. 289; Nilakant and Rao, 1994, p. 653; Drnevich et al., 2006, p. 24): "[i]f both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interests of the principal" (Jensen and Meckling, 1976, p. 308). Besides the information asymmetry between the agent and principal, another central assumption is that information is a commodity which is purchasable (cf. Eisenhardt, 1989, p. 58; Nilakant and Rao, 1994, p. 653).

Table 3.5: Agency Theory - Key Facts and Assumptions

Agency Theory – Key Facts and Assumptions	
Key Idea	Principal-agent relationships should reflect efficient organization of information and risk-bearing costs
Unit of Analysis	Contract between principal and agent
Human assumptions	Self interest Bounded rationality Risk aversion
Organizational assumptions	Partial goal conflict among participants Efficiency as the effectiveness criterion Information asymmetry between principal and agent
Information assumption	Information as a purchasable commodity
Contracting problems	Agency (moral hazard and adverse selection) Risk sharing
Problem domain	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g. compensation, regulation, leadership, impression management, vertical integration, transfer pricing)

Source: Own illustration, adapted from *Eisenhardt (1989, p. 59)*.

Under these presuppositions, agency theory is applicable at the macro (e.g. regulations) as well as the micro level (e.g. lying, blame) (cf. Eisenhardt, 1989, p. 58-59). As such it has been used for the investigation of various different phenomena, e.g. diversification and acquisition strategies (e.g. Amit and Wernerfelt, 1990), board relationships (e.g. Fama and Jensen, 1983; Kosnik, 1987), vertical integration (e.g. Eccles, 1985; Anderson, 1985), compensation (e.g. Conlon and McLean Parks, 1990; Eisenhardt, 1985; Krafft, 1999) as well as financing and ownership structures (e.g. Jensen and Meckling, 1976; Agrawal and Mandelker, 1987) (cf. Eisenhardt, 1989, p. 59).

Most of the empirical and theoretical work thereby falls into one of the two agency research streams which have evolved over time: positivist agency theory and principal-agent theory (cf. Jensen, 1983, p. 334; Nilakant and Rao, 1994, p.

650; Walker and Vasconcellos, 1997, p. 32). In order to determine which of the latter two is most appropriate for the analysis at hand, both will be detailed in the next section.

3.2.4.3.2   *Positivist Agency Theory*

As mentioned before, agency theory can be organized into two research streams: positivist agency and principal-agent theory (cf. Jensen, 1983, p. 334; Nilakant and Rao, 1994, p. 650; Walker and Vasconcellos, 1997, p. 32). While "[b]oth streams are similar in that both identify a principal and an agent and focus on the contract between the two" (Walker and Vasconcellos, 1997, p. 32), they also display certain differences (cf. Jensen, 1983, p. 334-336; Eisenhardt, 1989, p. 59; Nilakant and Rao, 1994, p. 652-663; Walker and Vasconcellos, 1997, p. 32-33).

The first branch of agency theory, the so-called **positivist agency theory**, focuses on the separation of ownership from control and the governance of the management through external labor markets, capital markets, and compensation systems (see e.g. Fama, 1980; Amihud and Lev, 1981; Fama and Jensen, 1983; Jensen and Ruback, 1983; Nilakant and Rao, 1994). Positivist research, which is in general less mathematical than principal-agent research, thereby almost exclusively investigates the agency relationship between managers and owners of public corporations (cf. Eisenhardt, 1989, p. 59-60; Walker and Vasconcellos, 1997, p. 33). With the overall aim of defining a governance mechanism which helps to overcome the agency problem, positivist theory and research have formulated two central propositions (cf. Jensen and Meckling, 1976, p. 308-310; Eisenhardt, 1989, p. 59-60; Nilakant and Rao, 1994, p. 653; Walker and Vasconcellos, 1997, p. 32):

1. **Incentive-based solution**: the usage of outcome-based contracts will align the preferences of the principal and agent, since the rewards for both are dependent on the same actions (cf. Nilakant and Rao, 1994, p. 653; Walker and Vasconcellos, 1997, p. 32). As such the conflicts of self-interest will be reduced (cf. Nilakant and Rao, 1994, p. 653). "When the contract between the principal and agent is outcome based, the agent is more likely to behave in the interests of the principal" (Eisenhardt, 1989, p. 60). *Jensen and*

Meckling (1976) for example showed that an increase in the management's company ownership will decrease opportunism.

2. **Information-based solution**: if the principal obtains information on the agent's actual behavior, the latter will know that he or she cannot betray the principal (cf. Eisenhardt, 1989, p. 60). "When the principal has information to verify agent behavior, the agent is more likely to behave in the interests of the principal" (Eisenhardt, 1989, p. 60). Potential information sources are, for example, the labor and capital markets (e.g. Fama, 1980) or the board of directors (e.g. Fama and Jensen, 1983).

While positivist agency theory is criticized by some as minimalistic (cf. Perrow, 1986; Hirsch et al., 1987) and rigorless (cf. Jensen, 1983), its propositions are undisputedly valuable and have led to considerable research (cf. Eisenhardt, 1989).

3.2.4.3.3 *Principal-Agent Theory*

Principal-agent theory in contrast to the positivist agency theory takes the ownership of corporations as given and focuses on the design of information systems and ex-ante employment contracts (cf. Baiman, 1990, p. 342-343; Nilakant and Rao, 1994, p. 650). Its conceptualization is thereby much broader and not only applicable to the owner-management constellation but to any form of agency relationship (cf. Eisenhardt, 1989, p. 60-63; Walker and Vasconcellos, 1997, p. 32). The theory's approach involves more testable propositions and its research is more mathematical (cf. Eisenhardt, 1989, p. 60; Walker and Vasconcellos, 1997, p. 32). In the words of *Eisenhardt (1989, p. 60)*: "Positivist theory identifies various contract alternatives, and principal-agent theory indicates which contract is the most efficient under varying levels of outcome uncertainty, risk aversion, information, and other variables". As such principal-agent research has put forth several models which differ in the restrictiveness of their assumptions (cf. Eisenhardt, 1989, p.60-63).

The simple principal-agent model presumes the straightforward measurement of outcome as well as an agent and principal with divergent goals and attitudes

toward risk (cf. Eisenhardt, 1989, p. 60). Since the agent can not diversify his employment, he is more risk averse than the principal who can diversify his investments and thus should be risk neutral (cf. Eisenhardt, 1989, p. 60-61). The simple model contains two central propositions which deal with unobservable behavior of the agent due to such things as adverse selection or moral hazard (cf. Demski and Feltham, 1978, p. 339-341; Eisenhardt, 1989, p. 61):

1. "Information systems are positively related to behavior-based contracts and negatively related to outcome-based contracts" (Eisenhardt, 1989, p. 61). Since the principal buys the actions of the agent, a behavior-based contract is more efficient than an outcome-based contract which needlessly transfers risk to the agent who has a higher risk aversion (cf. Eisenhardt, 1989, p. 61). Therefore the investment in information systems (e.g. control systems, processes, and procedures), which makes the behavior of the agent visible, enables the usage of behavior-based contracts (cf. Holmstrom, 1979, p. 74-89; Shavell, 1979, p. 55-57; Eisenhardt, 1989, p. 61).

2. "Outcome uncertainty is positively related to behavior-based contracts and negatively related to outcome-based contracts" (Eisenhardt, 1989, p. 61). Another option in the case of unobservable behavior is the contracting on the outcomes of the agent's actions - co-aligning the preferences (cf. Eisenhardt, 1989, p. 61). However, if the outcome of the agent's actions is subject to external influences and therefore uncertain, risk is introduced; and the higher the risk, the higher the cost for shifting the risk to the agent (cf. Shavell, 1979, p. 55-57; Eisenhardt, 1989, p. 61).

An extension of the simple model includes the modification of the risk aversion of the principal and agent with two corresponding propositions (cf. Harris and Raviv, 1979, p. 231-234; Eisenhardt, 1989, p. 61-62):

1. "The risk aversion of the agent is positively related to behavior-based contracts and negatively related to outcome-based contracts" (Eisenhardt, 1989, p. 62). If for example the agent becomes wealthy and thus less risk averse, the usage of an outcome-based contract is more attractive (cf. Harris and Raviv, 1979, p. 233-257; Eisenhardt, 1989, p. 62). On the other hand, if

the agent grows more risk averse, the cost for passing the risk to the agent increases (cf. Eisenhardt, 1989, p. 62).

2. Following the preceding rationale: "[t]he risk aversion of the principal is negatively related to behavior-based contracts and positively related to outcome-based contracts" (Eisenhardt, 1989, p. 62).

Other modifications of the simple model relate to the four aspects: principal-agent goal conflict, task programmability, outcome measurability, and length of the agency-relationship (cf. Ouchi, 1979; Lambert, 1983; Anderson, 1985; Eisenhardt, 1985; Perrow, 1986; Eisenhardt, 1988, 1989; Nilakant and Rao, 1994):

1. **Principal-agent goal conflict**: In the case of selfless agents or strongly socialized organizations, the goal conflict between principal and agent is reduced and the latter will behave in the best interest of the principal (cf. Ouchi, 1979, p. 845-846; Eisenhardt, 1989, p. 62). Outcome-based contracts are thus less attractive since the motivational aspect becomes irrelevant while the risk considerations remain (cf. Eisenhardt, 1989, p. 62). It follows that "[t]he goal conflict between principal and agent is negatively related to behavior-based contracts and positively related to outcome-based contracts" (Eisenhardt, 1989, p. 62).

2. **Task programmability**: If the tasks of the agent are more programmed, it is easier to specify an appropriate behavior in advance and to observe and evaluate the actual actions (cf. Eisenhardt, 1985, p. 136-143; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). It follows that, since the information about the agent's behavior is easily obtained, behavior-based contracts are more attractive (cf. Eisenhardt, 1985, p. 136-137; Eisenhardt, 1988, p. 493-494; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). "Task programmability is positively related to behavior-based contracts and negatively related to outcome-based contracts" (Eisenhardt, 1989, p. 62).

3. **Outcome measurability**: While the simple model is based on the assumption that outcomes are easy to measure, research has shown that outcome is often rather difficult to assess (cf. Eisenhardt, 1985, p. 136-143; Eisenhardt,

1989, p. 62; Krafft, 1999, p. 121-122). Due to the influence of various factors and a time lag of outcome realization, outcome measurability is not always exact or feasible within a reasonable time frame (cf. Eisenhardt, 1985, p. p. 136-143; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). It follows that "[o]utcome measurability is negatively related to behavior-based contracts and positively related to outcome-based contracts" (Eisenhardt, 1989, p. 62).

4. **Length of the agency relationship**: If the agent and principal have established a long-term relationship, the principal learns about the agent and has a better ability to evaluate the agent's behavior (cf. Lambert, 1983, p. 447-448; Eisenhardt, 1989, p. 62-63). On the contrary, in the case of short-term relationships, the information asymmetry is greater and outcome-based contracts less attractive: "The length of the agency relationship is positively related to behavior-based contracts and negatively related to outcome-based contracts" (Eisenhardt, 1989, p. 63).

While both agency streams are controversial with regard to their assumptions, generalizability, and to a certain degree their realism (cf. Nilakant and Rao, 1994, p. 652-663), they form an important and "powerful theory" (Jensen, 1983, p. 324) for the analysis of cooperative structures. As such, the findings of both positivist agency theory as well as principal-agent theory will be incorporated in the analysis at hand.

Besides the agency theory, as mentioned before, organizational control theory is another theory which influenced research on sales management control (cf. Anderson, 1985; Anderson and Oliver, 1987; Krafft, 1999). Therefore it will be detailed in the subsequent section.

3.2.4.4   Organizational Control Theory

Organizational control theory, as implied by the name, states that organizational control is an essential aspect of all organizations, which affects every member of the organization, and is required to achieve the ultimate aims of the organization (cf. Das, 1989, p. 459-462). In the words of *Tannenbaum (1962, p. 237)*: "Organization implies control. A social organization is an ordered arrangement of individual human interactions. Control processes help circumscribe idiosyncratic behaviors and keep them conformant with the rational plan of the organization. [...] The co-ordination and order created out of the diverse interests and potentially diffuse behaviors of members is largely a function of control. [...] Control is an inevitable correlate of organization."

In general,the evolution and development of organizational control theory is characterized by fragmented research and multiple conceptualizations spanning sociological, administrative, and psychological perspectives (cf. Flamholtz et al., 1985, p. 36). The approaches vary widely (cf. Das, 1989, p. 460) including, among other things, aspects of power and influence (e.g. Etzioni, 1965; Tannenbaum, 1968), choice of rules (e.g. Arrow, 1964), feedback mechanisms and cybernetic processes (e.g. Beer, 1959, 1966, 1995; Thompson, 1967; Reeves and Woodward, 1970), cybernetics and resource dependence (e.g. Green and Welsh, 1988), information flows (e.g. Galbraith, 1973), social power (e.g. Storey, 1983), and authority (e.g. Weber, 1947; Blau and Scott, 1962; Perrow, 1986).

One of the most prominent concepts has been developed by *Ouchi (1979, 1980)* who distinguishes two basic modes of control (output and behavior measurement) and three mechanisms of control or mediation in organizations[6]: markets, bureaucracies, and clans. Building on transaction cost theory (see *Chapter 3.2.4.2*) and its efficiency criterion as well the social exchange theory (see e.g. Homans, 1958; Gouldner, 1960), *Ouchi (1979, 1980)* specifies the characteristics of control and their applicability (cf. Das, 1989, p. 462; Mayrhofer, 1998, p. 242-244).

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[6]   *Ouchi (1980)* defines organizations as "any stable pattern of transactions between individuals or aggregations of individuals" (Ouchi, 1980, p. 140).

Even though displaying similarities with the previously described agency theory, Ouchi's approach differs with regard to certain assumptions, e.g.: (1) the measurement of behavior and output may not be possible at all and (2) the goals of the organization and the individual may be congruent (cf. Eisenhardt, 1985, p. 137-139; Anderson and Oliver, 1987, p. 80). In the following, first the three mechanisms of control and then the two modes of control will be detailed.

As mentioned above, *Ouchi (1979, 1980)* distinguishes the three control mechanisms: markets, bureaucracies, and clans. Additionally, he combines the findings of transaction cost analysis regarding goal incongruence and performance ambiguity (see *Chapter 3.2.4.2*) with his newly developed organizational failures framework to specify the conditions under which each of the mechanisms mediates transactions most efficiently (cf. Ouchi, 1980, p. 137; Das, 1989, p. 462; Mayrhofer, 1998, p. 243). The organizational failures framework (see Table 3.6, p. 98) differentiates between two types of requirements, normative and informational, whose elements are relevant for one, two or all of the mechanisms:

1. **Normative requirements**: are "basic social agreements that all members of the transactional network must share if the network is to function efficiently, without undue costs of performance auditing or monitoring" (Ouchi, 1980, p. 137). One of those is the universal[7] rule of reciprocity which states that an exchange between actors requires an equal give and take (cf. Mayrhofer, 1998, p. 243). If no such rule is in place, a potential exchange partner would have to invest too much effort ex-ante and ex-post, extraordinarily increasing transaction costs (cf. Ouchi, 1980, p. 137-138). Another normative requirement is legitimate authority which allows superiors to specify assignments for their subordinates and to evaluate their performance (cf. Mayrhofer, 1998, p. 243). The last potential requirement in the context of the organizational failures framework are common values and beliefs which harmonize the individual interests with the goals of the

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[7]   There are only two universal rules or social agreements which are applied omnibus across cultures and time: reciprocity and the incest taboo (cf. Gouldner, 1960; Ouchi, 1980).

organization and reduce the chances of opportunistic behavior (cf. Ouchi, 1980, p. 138; Mayrhofer, 1998, p. 243).

2. **Informational requirements**: are "needed to guide the transaction process" (Mayrhofer, 1998, p. 243). Prices, while a highly sophisticated type of information for decision making, are difficult to determine correctly due to, among other factors, novelty and technological interdependence (cf. Ouchi, 1980, p. 138). Rules, which in contrast to prices are not as sophisticated, pose different problems; since each rule only applies to a specific problem, a large number of rules and a decision maker with the overview about which rule to apply in a given situation is required (cf. Ouchi, 1980, p. 138-139; Mayrhofer, 1998, p. 244). Nonetheless, due to the fact that not all potential circumstances can be anticipated, organizations in most cases specify a set of rules which only covers routine decisions and escalate exceptions up the hierarchy (cf. Ouchi, 1980, p. 139). Especially in situations of complexity and uncertainty, however, Galbraith (1973) points out that the organizational hierarchy can become overloaded and the quality of decisions may suffer. Traditions, on the other hand, "are implicit rather than explicit rules that govern behavior" (Ouchi, 1980, p. 139) which a new employee can only acquire and learn over time. Even though they are a crude form of information, traditions provide a framework for how the organization should work and a guideline for appropriate decisions in all potential situations (cf. Ouchi, 1980, p. 139; Mayrhofer, 1998, p. 244). While traditions which are appropriately passed on can thus function as a complete form of control, a disturbance of the socialization process can lead to inefficiencies (cf. Ouchi, 1980, p. 139).

In accordance with the above shown organizational failures framework, either markets, bureaucracies or clans are most appropriate. The definition of markets and bureaucracies builds to a large degree on the findings of the transaction cost theory and the work of *Williamson (1975)* (see also *Chapter 3.2.4.2*).

1. **Markets**: are contractual relationships that govern the exchange between economic actors (cf. Ouchi, 1979, p. 835). "The three most typical forms of

Table 3.6: Organizational Failures Framework

Mode of Control	Normative Requirements	Informational Requirements
Market	Reciprocity	Prices
Bureaucracy	Reciprocity Legitimate authority	Rules
Clan	Reciprocity Legitimate authority Common values and beliefs	Traditions

Source: Own illustration, adapted from *Ouchi (1980, p. 137)*.

contracts are spot/sales contracts (all obligations are fulfilled at the spot), contingent claims contracts (specification of obligations, contingent on all future states of nature), and sequential spot contracts (series of contracts for a short period of time)" (Mayrhofer, 1998, p. 242). Following the rationale of transaction cost analysis, markets will be preferred if they offer production cost advantages and if the associated transaction costs are low (cf. Robins, 1987; Rindfleisch and Heide, 1997) and "are efficient when performance ambiguity is low and goal incongruence is high" (Ouchi, 1980, p. 129). Additionally they require reciprocity (normative) as well as prices (informational) (cf. Ouchi, 1980, p. 137).

2. **Bureaucracies**: rely on an incomplete contract, namely the employment relation, which offers the possibility of directing and monitoring the employee as well as of establishing an atmosphere of trust (cf. Ouchi, 1979, p. 835-836; Ouchi, 1980, p. 133-134; Mayrhofer, 1998, p. 242-243). Bureaucracies will be favored if the transaction costs of the market exceed the associated production cost advantages (cf. Robins, 1987; Rindfleisch and Heide, 1997) and "are efficient when both goal incongruence and performance ambiguity are moderately high" (Ouchi, 1980, p. 129). Following the rationale of the organizational failures framework, reciprocity and legitimate authority

(normative) as well as rules (informational) are required (cf. Ouchi, 1980, p. 137).

3. **Clans**: are the obverse of the market mechanism and as such efficient under opposite circumstances, namely low goal incongruence and high performance ambiguity (cf. Ouchi, 1980, p. 137). Additionally, they require reciprocity, legitimate authority, common values and beliefs (normative) as well as traditions (informational) (cf. Ouchi, 1979, p. 836-837; Ouchi, 1980, p. 134-137). In general, clans are characterized by a high degree of organic solidarity (see e.g. Durkheim, 1933) which manifests itself as a "union of objectives between individuals which stems from their necessary dependence upon one another" (Ouchi, 1980, p. 136). The clan organizations, which mostly achieve organic solidarity through complete socialization, display a high degree of discipline and regularity of relations despite the lack of explicit rules and regulations (see e.g. Argyris, 1964; Etzioni, 1965; Ouchi, 1979, 1980). In view of the resulting overlap of individual and organizational aims, "opportunism is unlikely and equity in rewards can be achieved at a relatively low transactions cost" (Ouchi, 1980, p. 136). In contrast to bureaucracies, clans do not require an explicit performance evaluation, but rely on the subtle interpretation of signals which are exchanged between co-workers but can not be transformed into verifiable measures (cf. Ouchi, 1980, p. 137; Mayrhofer, 1998, p. 243). "This means that there is sufficient information in a clan to promote learning and effective production, but that information cannot withstand the scrutiny of contractual relations. Thus, any tendency toward opportunism will be destructive, because the close auditing and hard contracting necessary to combat it are not possible in a clan." (Ouchi, 1980, p. 137).

Closely connected to the three mechanisms of control are the underlying modes of control or measurement approaches (cf. Ouchi, 1979, p. 843). Since markets and bureaucracies rely on the measurement of output and behavior respectively, *Ouchi (1979)* proposes a framework to determine under which conditions either measurement approach is feasible and accordingly which control mechanism is most appropriate (see Figure 3.8). One of the elements which determines the

Figure 3.8: Output Behavior Measurement Matrix

		Knowledge of the Transformation Process	
		Perfect	*Imperfect*
Ability to Measure Outputs	*High*	**Behavior or output measurement**	**Output measurement**
	Low	**Behavior measurement**	**Clan control**

Source: Own illustration, adapted from *Ouchi (1979, p. 843)*.

ability to measure behavior and output is the knowledge of the transformation process, i.e. the understanding of "the means-end relationships involved in the basic production or service activities" (Ouchi, 1979, p. 842). The second element which is of central importance is the ability to measure outputs (cf. Ouchi, 1979, p. 842). Depending on the organization's specific setting regarding the two elements, four different options arise: (1) if the ability to measure outputs is low and the knowledge of the transformation is perfect, the organization can effectively ensure the appropriate output by specifying rules and procedures, i.e. install a bureaucratic control mechanism; (2) if the knowledge of the transformation process is perfect and the ability to measure outputs is high, the organization can effectively apply a market or bureaucracy control mechanism; (3) if the knowledge of the transformation process is imperfect but the ability to measure outputs high, the organization is best advised to rely on market control; (4) in the case when neither the ability to measure outputs is high nor the knowledge of the transformation process is perfect, the organization should rely on clan control (cf. Ouchi, 1979, p. 842; Eisenhardt, 1985, p. 135; Anderson and Oliver, 1987, p. 81).

After the preceding descriptions of the theories, which mainly influenced research on sales management control (cf. Anderson, 1985; Anderson and Oliver, 1987; Krafft, 1999) and which will also be used for the generation of hypotheses in study, the next chapter will evaluate the internal and external variables that impact the choice of a sales management control strategy.

3.3   Internal and External Influencing Variables

3.3.1   *Organizational Structure and Characteristics*

Research on the organizational parameters affecting sales management control has so far mostly focused on resource adequacy, complexity of the products, measurability as well as firm and task characteristics (see e.g. Agarwal and Ramaswami, 1993; Bello and Gilliland, 1997; Jaworski and MacInnis, 1989; Jaworski et al., 1993; Krafft, 1999; Ramaswami, 2002). In particular task programmability in terms of procedural knowledge and the measurability of outcome and behavior has received substantial researchers' attention (cf. Baldauf et al., 2005, p. 18). Thus, extending the scope of empirical research on sales management control, this paper will assess the interplay with organizational culture, organizational centralization, and IT sophistication. These will be detailed in the following paragraphs.

3.3.1.1   Organizational Culture

Culture and more specifically organizational culture has been researched extensively by anthropology, sociology, and management scholars for over a century (cf. Hatch, 1993, p. 657). A tremendous amount of seminal studies, articles, and books haven been published in the 40s (Chapple, 1941, 1943; Whyte, 1948), 50s (Jacques, 1951; Whyte, 1951; Roy, 1952, 1954; Dalton, 1959), 60s (Whyte, 1961; Trice et al., 1969), 70s (Clark, 1971; Pettigrew, 1973; Handy, 1976; Messenger, 1978; Pettigrew, 1979), and 80s (Pascale and Athos, 1981; Deal and Kennedy, 1982; Kilmann et al., 1985) of the last century. The most influential work, however, has been written by *Schein (1981, 1983, 1984, 1985)* who proposed a framework "for analyzing and intervening in the culture of organizations" (Hatch, 1993, p.

657). *Schein (1985, p. 9)* defines organizational culture[8] as "[t]he pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems".

While there are multiple dimensions, facets, and concepts of organizational culture, only a limited set can be evaluated in the course of this study. As the supposedly most impacting and therefore most interesting in the context of sales management control, the conceptualization of *Denison (1984)* and *Denison and Mishra (1989)*, who also build on the works of *Schein (1985)*, will be applied. The researchers distinguish the four discrete elements: mission, involvement, consistency, and adaptability, out of which the latter three are included in the analysis:

1. **Involvement**[9] subsumes the bank's organization around teams, the development of human capabilities, and most importantly the empowerment of the sales force (see e.g. Likert, 1961; Becker, 1964; Denison and Mishra, 1995; Lawler III, 1996; Fey and Denison, 2003). The latter especially fosters a strong sense of ownership and commitment on the part of the individual salesperson (cf. Fey and Denison, 2003, p. 688) which enables the sales force to "operate under conditions of autonomy" (Denison and Mishra, 1995, p. 214). Employees on all levels of the sales organization as well as the entire company have "input into decisions that will affect their work" (Fey and Denison, 2003, p. 688). This not only increases the quality of the decisions reached but also enables the sales personnel to recognize the direct link to the aims and goals of the organization (cf. Katzenbach and Smith, 1993; Denison and Mishra, 1995; Spreitzer, 1995). This dedication toward the commonly developed goals bridges the traditional principal agent problem and not only fosters the individual commitment but also strengthens the

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[8]   *Schein (1985)* distinguishes three levels on which the organizational culture exists simultaneously: assumptions, values, and artifacts.

[9]   See also *Argyris (1964)*, *Likert (1967)*, *Ouchi (1981)*, *Lawler III (1991)*, *Peters and Waterman (2004)*, as well as *McGregor (2005)* for further explorations of involvement in organizational theory.

cooperation and collaboration among the sales personnel (cf. Eisenhardt, 1985; Fey and Denison, 2003).

2. **Consistency** signifies a stable work environment and an internal integration rooted in a common mindset of the company's employees[10] (cf. Fey and Denison, 2003, p. 688). *Denison and Mishra (1995, p. 214)* define it as "the collective definition of behaviors, systems, and meanings in a integrated way that requires individual conformity rather than voluntary participation". According to *Saffold III (1988)* and *Davenport (1993)* the culture of a consistent organization is also mostly strong and well coordinated (cf. Fey and Denison, 2003, p. 688). Regardless of the scope, ranging from a unitary culture (see e.g. Martin et al., 1983; Allaire and Firsirotu, 1984) to only a limited set of rules, consistency can be a trait of either (cf. Denison and Mishra, 1995, p. 214). Overall, managers as well as the sales employees in a consistent organization have a high level of agreement about the way the business is run (cf. Block, 1991; Denison and Mishra, 1995; Fey and Denison, 2003). The approach to doing business is transparent and even in ambiguous situations foreseeable on all hierarchical levels: general principles enable a predictable reaction in an unpredictable environment (see e.g. Martin et al., 1985; Denison and Mishra, 1995; Fey and Denison, 2003).

3. According to Kanter (1983), a potential negative result of the above described high levels of integration and consistency is often that the company is less responsive and thus less open to adapt to external changes (cf. Fey and Denison, 2003, p. 688). **Adaptability**, on the contrary, describes an organization which is driven by its customers, learns from its successes and failures (cf. Stalk, 1988; Senge, 1990; Nadler, 1998), and has the "capability and experience at creating change" (Fey and Denison, 2003, p. 688). *Denison and Mishra (1995, p. 215)*[11] define an adaptive bank accordingly as an organization that develops "norms and beliefs that support its capacity to receive and interpret signals from its environment and translate these into internal cognitive, behavioral, and structural changes". As such, banks

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[10]   See also Senge (1990).
[11]   See also *Starbuck (1971)* and *Kanter (1983)*.

which exhibit a high degree of adaptability do not run the risk of becoming insular bureaucracies (cf. Denison and Mishra, 1995, p. 215-216) but rather are more likely to try new ideas and satisfy internal and external clients (cf. Denison and Mishra, 1989, p. 169; Calori and Sarnin, 1991, p. 52-73).

Another aspect which strongly shapes the organizational culture of any company is the form and style of communication (cf. Child, 1974; Broms and Gahmberg, 1983; Hofstede et al., 1990; Marcoulides and Heck, 1993; Smith et al., 1994; Viega et al., 2000; Sørensen, 2002; Nahm et al., 2004; Ginevicius and Vaitkunaite, 2006). This is due to the fact that communication is a key element of group behavior (see e.g. Shaw, 1981) and essential for any social system (see e.g. Katz and Kahn, 1978) (cf. Smith et al., 1994, p. 418). Communication is defined as the transfer of a message from a sender to a receiver (see e.g. Jakobson, 1972) which can vary in frequency (see e.g. Daft and Lengel, 1984; Ancona and Caldwell, 1992) and informality (see e.g. Katz and Kahn, 1978) (cf. Smith et al., 1994, p. 418). While frequency refers to the amount of interaction (see e.g. Katz and Kahn, 1978; Shaw, 1981; Daft and Lengel, 1984), informality deals with the extent to which groups "favor less formal communication channels, such as spontaneous conversations and unstructured meetings, over more formal channels, such as highly structured meetings and written communication" (Smith et al., 1994, p. 418). While both elements are distinct dimensions of communication, they are also interconnected in so far as informal communication increases the frequency of interaction (cf. Shaw, 1981, p. 150; Smith et al., 1994, p. 418). Therefore only the informality of communication will be included in the analysis at hand.

3.3.1.2　Organizational Centralization

In control literature there has been an ongoing discussion regarding the conceptual differentiation of control and organizational structure (cf. Jaworski, 1988, p. 27). While many researchers in the fields of management (e.g. Arrow, 1964; Child, 1972; Galbraith, 1977), accounting (e.g. Bruns Jr. and Waterhouse, 1975), and sociology (e.g. Blau and Scott, 1962; Perrow, 1965; Thompson, 1967) view the organizational structure as a distinct form of control, various differing conceptualizations co-exist. *Ouchi (1978)* for example argues that the organizational

structure influences the behavior of individuals and groups within the company as well as the associated control processes (see e.g. Phillips, 1982) and therefore represents an indirect control mechanism. This study, however, follows the concepts by *Flamholtz (1983)* and *Flamholtz et al. (1985)* which state that the organizational structure is not a control in itself but rather influences the configuration of the sales management control strategy (cf. Jaworski, 1988, p. 27).

Besides the structural differentiation and the often investigated formalization (see e.g. Agarwal, 1999), centralization is one the of the most important and fundamental characteristics of an organizational structure (cf. Hall, 1977; Mintzberg, 1979; Zmud, 1982; Miller, 1987; Govindarajan, 1988; Stathakopoulos, 1998). Centralization describes the hierarchical nature of companies: "[d]ecision-making authority and input tend to be concentrated in organizations with a pronounced hierarchical structure and to be more dispersed in other organizations" (John and Martin, 1984, p. 171-172). Therefore *Aiken and Hage (1968)* differentiate between two dimensions of organizational centralization:

1. **Locus of authority** describes the degree of concentration of decision-making power about certain activities within a small group.

2. **Participation** is the employees' extent of input on the respective activities.

Since participation in its core is a cultural rather than an organizational element and as such already captured by involvement (see *Chapter 3.3.1.1*), only locus of authority will form the basis of centralization in this study. As such, organizational centralization following John and Martin (cf. 1984, p. 172) is defined as the extent to which sales planning, controlling, and management control decisions and activities are concentrated within a few positions.

Besides the organizational centralization, IT sophistication is another important characteristic of banking institutions which impacts sales management control and therefore will subsequently be discussed.

3.3.1.3   Information Technology

Information Technology (IT) is broadly defined as "the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware" (Information Technology Association of America, 2007, p. 30). The general aim of a sophisticated information technology is thereby to increase or to create, amongst others, three major competitive advantages (cf. Rockart and Morton, 1984, p. 84-94; Bakos and Treacy, 1986, p. 111):

1. Improve value adding functions

2. Increase linkage with suppliers and customers

3. Create new businesses

In the financial services and banking industry more specifically, information technology is of crucial importance to increase sales, reduce costs, fulfill regulatory requirements, and most importantly to better serve the institutions' customers (cf. Wright and Donaldson, 2002). In particular, the bank's sales force requires a sophisticated sales information and customer relationship management system to be able to work effective and efficiently (cf. Wright and Donaldson, 2002). And since the IT system not only aids the sales force in executing their daily routines, but also provides a higher transparency to their tasks as well as to specific results, information technology is also essential for any successful sales management control configuration (cf. Bitici et al., 2004).

As such, two distinct IT systems are relevant in the context of sales and sales management control:

1. The primary role of a **sales management control IT system** is to support the banking institution's sales planning, management, and control (cf. Wright and Donaldson, 2002). This is mostly achieved by providing data on the output and/or behavior of the division, unit and/or individual salesperson (cf. Wright and Donaldson, 2002). In an additional variation, the system can also function as a work flow application precisely guiding and

steering the actions of the sales force (see e.g. Pullig et al., 2002; Veling, 2007).

2. A **Customer Relationship Management** (CRM) **system**, in contrast, primarily focuses on external parameters and supplies "the adequate technological basis for distributing information about customers more efficiently and systematically in the enterprise organization and towards the customer" (Moedritscher and Mussnig, 2005, p. 368). While the analytical CRM provides data and analyses about customer contacts and reactions, a functional CRM manages all applications which are relevant for the direct customer interaction (cf. Moedritscher and Mussnig, 2005, p. 368). Like a sales management control system, the latter can be carried out in an automated work flow environment (see e.g. Pullig et al., 2002; Veling, 2007).

As for IT in general (see e.g. Hackethal et al., 2008), both of the systems are ideally combined in one application and infrastructure or connected using automated interfaces in order to reduce complexity and increase effectiveness and efficiency.

As an additional evaluatory component, the perceived sophistication of the IT-system is included in the analysis. While this incorporates superficially only a subjective element, *Wright and Donaldson (2002, p. 409)* have shown that "subjective perceptions [of the IT system's sophistication] are reflected in objective reality" and thus constitute a valid measure.

3.3.2   *Environmental Parameters*

Not only the fact that "environments affect organizations" (Aldrich, 1979, p. 61) is widely acknowledged in organizational and strategy literature (see e.g. Ansoff, 1965; Lawrence and Lorsch, 1967; Child, 1972; Starbuck, 1976; Hofer and Schendel, 1978; Miles and Snow, 1978; Pfeffer and Salancik, 1978; Mintzberg, 1979; Bourgeois III., 1980; Porter, 1980; Hambrick, 1981; Miller and Friesen, 1983; Dess and Beard, 1984; Hrebiniak and Joyce, 1985; Miller, 1993) but also that a higher fit with the external environment has "significant positive implications for performance" (Venkatraman and Prescott, 1990, p. 1). Therefore it is crucial to also

consider sales management control in view of the banks' environmental parameters.

3.3.2.1   Dynamism

Environment, as used in this study, builds on the definition of the organizational task environment by *Dess and Beard (1982, p. 246)*: "[t]he task environment of the industry of which a subject organization is a member plus all other organizations that are members of the subject organization's industry". The industrial task environment is thereby defined as "all of the organizations (classified by industry or not) with which a given industry's member organizations have transactions involving the input or output of resources" (Dess and Beard, 1982, p. 245). One of the three factors analyzed in this study, which shape the organizational task environment of the banking industry significantly, is dynamism.

Dynamism is one of the two subdimensions often subsumed under the umbrella term environmental uncertainty[12] (see e.g. Aldrich, 1979; Dess and Beard, 1982) used to describe the stability or instability of the environment (cf. Dess and Beard, 1984, p. 56). More specifically, it represents the rate of environmental change within the industry (cf. Lawrence and Lorsch, 1967; Miles et al., 1974; Jurkovich, 1974; Miller, 1983), i.e. the extent and frequency of changes in "customer tastes, competitive behavior, technology, sources of supply, and the like" (Miller and Dröge, 1986, p. 545).

The second subdimensions of the umbrella term environmental uncertainty is predicatablity. It will be described in the next section.

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[12]   Environmental uncertainty is sometimes also referred to as environmental dynamism by researchers.

3.3.2.2 Predictability

Predictability conceptualizes the degree to which the above described changes in the environment, i.e. dynamism, are foreseeable for the banking institutions, for example, are the competitor's behavior and changes in the customers' preferences predictable or not (cf. Miller and Dröge, 1986, p. 545-557)? These external changes are often "obscure to administrators and therefore difficult to predict or plan for" (Aldrich, 1979, p. 69). In other words, these "[c]hanges can come from anywhere without notice and produce consequences unanticipated by those initiating the changes and those experiencing the consequences" (Pfeffer and Salancik, 1978, p. 68). As a result, increasing dynamism and unpredictability not only augment the amount of information which needs to be processed in order to maintain a certain level of performance (cf. Galbraith, 1973, p. 4), but also require specific activities (e.g. buffering, long-term contracts) to reduce uncertainty (cf. Dess and Beard, 1984, p. 56). To deal with dynamism and predictability is thus the "essence of the administrative process" (Thompson, 1967, p. 159) and requires the adjustment of the sales management control strategy in accordance with the environmental parameters.

Another dimension which significantly impacts the organizational task environment in the banking industry is competition. It will be described in detail in the following section.

3.3.2.3 Competition

"There is probably no concept in all of economics that is at once more fundamental and pervasive, yet less satisfactorily developed, than the concept of competition" (McNulty, 1968, p. 639). While competition is a conditio sine qua non of economic literature (cf. McNulty, 1967), multiple non-congruent conceptualizations have been formulated throughout the last centuries (see e.g. Steuart, 1767; Smith, 1776; Ricardo, 1817; Cournot, 1838; Mill, 1864; Schumpeter, 1912; Knight, 1921; Hume, 1955). This is due to the fact that the theoretical development of competition is not characterized by a continuous improvement process but "important ruptures, some neglects of important contributions, and even some retreats and

regressions" (Saviotti and Krafft, 2004, p. 1). As a result various schools of thought (e.g. Classical Economists, Mathematical School, Harvard School, New Industrial Economics, Chicago School) have emerged, each with its own concept, definition, and conditions[13] of competition (cf. Stigler, 1957).

One of the more widely accepted definitions has been postulated by *Stigler (1987)*, Laureate of the Nobel Memorial Prize in Economic Sciences and prominent leader of the Chicago School, in the *New Palgrave*. He defines competition as "a rivalry between individuals (or groups or nations), and it arises whenever two or more parties strive for something that all cannot obtain" (Stigler, 1987, p. 531). Three distinctive characteristics of the definition need to be noted (cf. Vickers, 1995):

1. *Stigler (1987)* postulates a broad definition which includes all forms of rivalry (e.g. market trading, races, wars of attrition), instruments of rivalry (e.g. research and development (R&D), advertising, pricing), objects of rivalry (e.g. market share, corporate control, profit), and types of rival (cf. Vickers, 1995, p. 3). Therefore it is more or less universally applicable though at the same time not specifically tailored to a particular market (cf. Vickers, 1995, p. 3).

2. It is not a static definition but rather - unlike many sophisticated conceptualizations of perfect competition - defined in behavioral terms (cf. Vickers, 1995, p. 3). This is in line with *Schumpeter (1943)* who stressed the appropriateness of a dynamic approach due to the fact that companies also do not operate in static environments (cf. Vickers, 1995).

3. The definition above does not include any welfare criteria, i.e. it is not presumed that increased competition is good or a goal in itself (cf. Vickers, 1995, p. 3).

In consideration of the points mentioned above, the definition by *Stigler (1987)* is adequate for the analysis at hand; however, since not all sales employees and managers are rational, utility-maximizing individuals with complete knowledge of

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[13] Since this study does not presume to evaluate the differing theories, the various schools and concepts will not be detailed.

the market, it is necessary to also incorporate cognitive aspects (cf. Jenkins, 1998; Paton and Wilson, 2001). The most important of those is that the reliance on constricted or biased information and the limited cognitive capacity of the sales force and management results in a subjectively constructed view of the competitors and the environment (see e.g. Grinyer, 1992; Pfeffer, 1990; Porac and Thomas, 1990, 1994; Sparrow, 1994; Jenkins, 1998; Tyson, 1999; Paton and Wilson, 2001). It follows that the perception of competition is influenced by beliefs and the individual historic experience (cf. Porac and Thomas, 1994; Pfeffer, 1990; Sutcliffe and Huber, 1998). While this might result in an inappropriate response to the objective competition, it also guides the behavior of the sales employees and perception of the sales management control system (cf. Paton and Wilson, 2001, p. 289-291). As such the perception of the competitive environment is more important for the analysis at hand than the objective reality and therefore will be operationalized accordingly.

3.4   Performance

While the interactions of business strategy, organization-specific characteristics, environmental parameters, and sales management control in themselves are already of high interest, the results perspective is required to complete the analysis of this study, because only the performance dimension allows the overall evaluation of the 'rightness' of a chosen sales management control strategy in view of the organization and environment.

The evaluation and measurement of performance, though, is often conducted inappropriately (cf. Churchill et al., 1985, p. 113-116). One of the most common imperfections, for example, concerns the measurement of salesperson performance using the total sales volume which is not directly attributable to the respective employee (cf. Cravens et al., 1993, p. 49). Therefore this study distinguishes the performance of the individual salesperson and the company or division as a whole. Hence, sales organization outcomes on the corporate and salesperson behavioral and salesperson outcome performance on the individual level (cf. Jaworski and

Kohli, 1991, p. 195; Cravens et al., 1993, p. 49-50; Babakus et al., 1996, p. 347-348) will be detailed in the following sections.

3.4.1 *Sales Organization Outcomes*

Sales organization outcomes or effectiveness is defined as the integrative evaluation of an entire sales organization's or an organizational subset's (e.g. specific sales districts, territories, customer groups or divisions) outcomes (cf. Cravens et al., 1972, p. 31-34; Cravens and Woodruff, 1973, p. 242-246; Beswick and Cravens, 1977, p. 136-139; Ryans and Weinberg, 1979, p. 454; Ryans and Weinberg, 1987, p. 229-233; Babakus et al., 1996, p. 347). The variation in sales organization outcomes is thereby not only attributable to the sales force of the respective bank but also influenced by environmental and organizational factors (cf. Cravens and Woodruff, 1973, p. 242-246; Lucas et al., 1975, p. 298-304; Beswick and Cravens, 1977, p. 136-139; LaForge and Cravens, 1982, p. 11-12; Ryans and Weinberg, 1987, p. 229-233; Cravens et al., 1993, p. 50): sales organization outcomes "does not refer to behavior directly; rather it is a function of additional factors not under the individual salesperson's control" (Churchill et al., 2000, p. 559). It follows that sales organization outcomes and salesperson outcome performance are connected yet conceptually different constructs (cf. Cravens et al., 1993, p. 50).

Common measures of sales organization outcomes include for example return on assets under management, profit contributed, residual income or various forms of cost ratios (see e.g. Beswick and Cravens, 1977; Dubinsky and Barry, 1982; Jackson et al., 1983; Morris et al., 1991; Ingram and LaForge, 1992; Churchill et al., 1993). This paper, however, follows the in sales management research prevailing conceptualization of *Babakus et al. (1996)* to combine the three subdimensions: sales and market share effectiveness, profitability, and customer satisfaction. Each of the four items[14] is thereby compared to the planned sales goals as well as the respective major competitor (cf. Babakus et al., 1996, p. 361). While customer satisfaction is not a direct measure of financial performance (see e.g. Kaplan and

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[14] See *Chapter 5.3.6* for the exact operationalization of sales organization outcomes.

Norton, 1996) it will lead to future financial pay-offs (cf. Banker et al., 2000) and is therefore included in the conceptualization.

3.4.2   *Salesperson Behavioral Performance*

Due to the fact, as pointed out in the previous chapter, that "the variation in sales organization effectiveness is explained by environmental, organizational, and salesperson factors" (Babakus et al., 1996, p. 347) and thus is only partly attributable to the sales force (see e.g. Cravens et al., 1972; Beswick and Cravens, 1977; LaForge and Cravens, 1985; Ryans and Weinberg, 1987; Churchill et al., 1993), a separate evaluation of the performance under control of the individual salesperson is required. Therefore salesperson performance, which is the assessment of the sales force's contribution to achieving the bank's objectives (cf. Churchill et al., 1985, p. 116; Behrman and Perreault, 1982, p. 355-369; Cravens et al., 1993, p. 50; Baldauf et al., 2001a, p. 111-112), needs to be integrated into the analysis.

In this line of reasoning, salesperson behavioral performance is defined as the evaluation of the sales force's activities and strategies in executing their job (cf. Walker et al., 1979; Babakus et al., 1996; Jaworski and Kohli, 1991; Cravens et al., 2006). These activities, which include for example sales planning, adaptive selling, team-work, and sales presentations (cf. Behrman and Perreault, 1982, p. 366-367), however, do not necessarily have to be related directly to the sales generation, i.e. generate immediate results, but may also involve sales support or aim at the building of effective customer relationships (cf. Weitz, 1981, p. 85-87; Baldauf et al., 2001a, p. 112; Piercy et al., 2004a, p. 35-36).

3.4.3   *Salesperson Outcome Performance*

As a result of the sales force's activities and skills, output (e.g. sales, accounts, market share) is generated which constitutes the salesperson outcome performance (cf. Cravens et al., 1993, p. 50; Babakus et al., 1996, p. 348; Piercy et al., 2003, p. 222; Piercy et al., 2004a, p. 37). This performance, in contrast to the sales organization outcomes, is entirely directly attributable to the individual salesperson's efforts (cf. Cravens et al., 1993, p. 50; Babakus et al., 1996, p. 348; Cravens

et al., 2006, p. 295). The latter, however, constitutes a challenge for the sales management and researchers trying to evaluate salesperson outcome performance (cf. Piercy et al., 2004a, p. 37). A common approach in practice is therefore the adjustment of overall result quotas for externalities which are not under the control of the sales personnel (see e.g. Cravens et al., 1972; Cravens and Woodruff, 1973; Lucas et al., 1975; Beswick and Cravens, 1977; Ryans and Weinberg, 1979, 1987; Cravens et al., 1993). While this is a way to cope with the difficulties, if wrongly executed it may introduce bias in the data and cause the sales force to perceive the evaluation to be unfair (cf. cf. Anderson and Oliver, 1987, p. 78; cf. Cravens et al., 1993, p. 49-50; see also *Chapter 3.2.2.2*). Therefore a better approach would be to collect and use the relevant sales and profit information on an individual level (cf. Cravens et al., 1993, p. 49-50).

Figure 3.9 provides an overview of all the performance dimensions and their interplay.

Figure 3.9: Overview of the Performance Dimensions

Salesperson Behavioral Performance	Salesperson Outcome Performance	Sales Organization Outcomes
• Sales force's activities and strategies in executing their job • Directly attributable and under the control of the individual salesperson	• Output (e.g. accounts, sales) as a result of the sales force's skills and activities • Directly attributable and under the control of the individual salesperson	• Integrative evaluation of the entire organization's outcomes (e.g. market share, profitability) • Additionally influenced by organizational and environmental factors

Source: Own illustration.

3.5   Summary

In this chapter the terminology, concepts, and theory underlying this study have been detailed. The most relevant insights are again summarized below.

1. Strategy and strategic management

   (a) In this study Mintzberg's (1987) open conceptualization of strategy as plan, ploy, pattern, position, and perspective is adapted (cf. Mintzberg, 1987a, p. 11-16). It is especially suited to analyze the interplay between strategy, environment, organizational characteristics, and sales management control strategy.

   (b) The focus is thereby laid on the business strategy (cf. Porter, 1987). More specifically, Porter's (1980) generic strategies are utilized as they not only reduce complexity to an appropriate degree, but have a strong theoretical foundation and include the most critical strategic dimensions (cf. White, 1986, p. 220). Reflecting previous studies on the German banking market, only cost leadership (sales-oriented strategy) and differentiation (advice-oriented strategy) strategies are being investigated (cf. Bloch et al., 2004).

   (c) From a strategic management perspective, the concepts of the configurational school are applied in this study (cf. Mintzberg, 1973, 1978, 1979; Mintzberg et al., 1998; Mintzberg and Lampel, 1999). This synthesizing school of thought combines multiple base disciplines and views organizations as clusters of behavior and characteristics (cf. Mintzberg and Lampel, 1999, p. 25). One of its key elements and also a central element of the analysis at hand is the fit concept (cf. Vorhies and Morgan, 2003).

   (d) The fit concept states that an organization is most effective when it displays a high fit between its structural, strategic, and contextual factors (cf. Doty et al., 1993, p. 1201). More specifically, the fit as profile deviation approach, which accommodates the multivariate nature of this work and allows testing of the performance impact of the adherence to

an ideal profile, is used in this study (cf. van de Ven and Drazin, 1985; Venkatraman, 1989).

2. Sales management control

    (a) Research on sales management builds in many parts on three major theories: transaction cost analysis, agency theory, and organizational control theory (cf. Anderson and Oliver, 1987; Krafft, 1999; Baldauf et al., 2005). Given their high theoretical relevance and appropriateness for the analysis at hand, they will also be used in this study for the development of hypotheses.

    (b) Formal management control, as used in this study, distinguishes two related yet independent control activities (cf. Cravens et al., 1993; Piercy et al., 2004a). (1) Behavior control involves significant monitoring and direction of the sales force exerted by a management which steers and intervenes actively in the processes and procedures (cf. Anderson and Oliver, 1987, p. 76; Jaworski, 1988, p. 26). (2) Compensation control is the rewarding dimension of control that is not linked to any form of evaluation but can be combined with the subjective methods of behavior control and objective result measures alike (cf. Cravens et al., 1993, p. 55-56; Piercy et al., 2004a, p. 33; Baldauf et al., 2005, p. 22).

    (c) Informal management control, as applied in the analysis at hand, differentiates among three distinctive types of control at different levels of aggregation. (1) Self control refers to the individual establishment of personal objectives, the monitoring of their achievement, and, if required, the respective adjustment of behavior (see e.g. Dalton, 1971; Hopwood, 1972; Lawler III, 1976; Thomas, 1983; Jaworski, 1988; Ramaswami, 1996). (2) Professional control signifies the enforcement of work standards within a confined sub-unit through informal and formal means by the group itself, e.g. in the case of deviations, the sales force will initially try to readjust the behavior via subtle forms of control like hinting, humor, and kidding but if there are ongoing discrepancies group ostracism is probable (cf. Dalton, 1971; Jaworski, 1988, p.

27; Jaworski and MacInnis, 1989, p. 408; Lusch and Jaworski, 1991, p. 401). (3) Cultural control comprises normative patterns and values that guide the behavior of the entire bank's personnel (cf. Jaworski, 1988, p. 27-28).

3. Internal and external influencing variables

   (a) One of the internal influencing variables being investigated in this study is organizational culture, more specifically four key elements of the latter. (1) Involvement subsumes the bank's organization around teams, the development of human capabilities, and most importantly the empowerment of the sales force (see e.g. Likert, 1961; Becker, 1964; Denison and Mishra, 1995; Lawler III, 1996; Fey and Denison, 2003). (2) Consistency signifies a stable work environment and an internal integration rooted in a common mindset of the company's employees (cf. Fey and Denison, 2003, p. 688). (3) Adaptability describes an organization which is driven by its customers, learns from its successes and failures, and has the experience and capability of creating change (cf. Stalk, 1988; Senge, 1990; Nadler, 1998; Fey and Denison, 2003). (4) Informality of communication describes the degree to which an organization and its members prefer informal communication channels like unstructured meetings and spontaneous conversations over formal channels (cf. Smith et al., 1994, p. 418).

   (b) Another important internal influencing variable included in the analysis at hand is organizational centralization (cf. Hall, 1977; Mintzberg, 1979; Zmud, 1982; Miller, 1987; Govindarajan, 1988; Stathakopoulos, 1998). It describes the extent to which sales planning, controlling, and management control decisions and activities are concentrated within a few positions (cf. John and Martin, 1984, p. 171-172).

   (c) Also included in the research approach is the internal influencing variable information technology sophistication (cf. Wright and Donaldson, 2002). It describes the degree to which a bank utilizes information technology to support its operations, especially its sales management

control activities, and how sophisticated the IT system is perceived to be by the institution's employees (cf. Wright and Donaldson, 2002; Bitici et al., 2004).

(d) From an external perspective three influencing variables, which shape the organizational task environment of the banking industry, are considered in this study. (1) Dynamism represents the rate of environmental change within the banking industry, i.e. the extent and frequency of changes in e.g. technology, customer tastes, and sources of supply (cf. Lawrence and Lorsch, 1967; Miles et al., 1974; Jurkovich, 1974; Miller, 1983). (2) Predictability describes the degree to which the changes in the environment are foreseeable for the banking institutions, e.g. are the competitor's behavior and changes in the customers' preferences predictable or not (cf. Miller and Dröge, 1986, p. 545-557). (3) Competition is the rivalry between organizations, which strive for something that all cannot obtain (cf. Stigler, 1987, p. 531).

4. Performance

(a) This study includes the performance dimension to determine the 'rightness' of a chosen sales management control strategy in view of the banking institution's organization and environment. In order to do so, three performance elements, on the individual and corporate level, are being evaluated (cf. Jaworski and Kohli, 1991, p. 195; Cravens et al., 1993, p. 49-50; Babakus et al., 1996, p. 347-348).

(b) Sales organization outcomes is defined as the integrative evaluation of an entire sales organization's or an organizational subset's outcomes and as such not only attributable to the sales force of the respective bank but also influenced by environmental and organizational factors (cf. Cravens et al., 1972, p. 31-34; Cravens and Woodruff, 1973, p. 242-246; Beswick and Cravens, 1977, p. 136-139; Ryans and Weinberg, 1979, p. 454; Ryans and Weinberg, 1987, p. 229-233; Babakus et al., 1996, p. 347).

(c) Salesperson behavioral performance describes the evaluation of the sales force's activities and strategies in executing their job (cf. Walker et al., 1979; Babakus et al., 1996; Jaworski and Kohli, 1991; Cravens et al., 2006).

(d) As a result of the sales force's activities and skills, output (e.g. sales, accounts, market share) is generated which then constitutes the salesperson outcome performance (cf. Cravens et al., 1993, p. 50; Babakus et al., 1996, p. 348; Piercy et al., 2003, p. 222; Piercy et al., 2004a, p. 37).

After the major theories and conceptual building blocks of this study have been laid out, the next chapter will now integrate them into one research framework and derive the corresponding hypotheses.

4 Theoretical Framework and Hypotheses

In this chapter the theoretical framework of this study is derived. The framework facilitates the analysis of the interdependencies between sales management control strategy, organization-specific characteristics, business strategy, environmental parameters, and performance. The aim is thereby to answer the research questions specified in *Chapter 1.2*:

1. *How should a retail, private or corporate banking institution's sales management control strategy be designed when following a certain business strategy to ensure an optimal performance?*

2. *How should the retail, private or corporate banking institution's organizational characteristics be reflected in the sales management control strategy in order to increase the individual and organizational performance?*

3. *What is the optimum sales management control strategy in view of the retail, private or corporate banking institution's external environment?*

Using these research questions as a starting point, *Chapter 4* is subdivided into six sections. First *Chapter 4.1* details the framework used for the analysis of this study. Afterwards *Chapter 4.2.1* addresses the question of how a bank's strategy influences the sales management control system. Then *Chapter 4.2.2* deals with the interdependencies of the organizational structure and the sales management control strategy. The influence of the environment on the configurations is evaluated in *Chapter 4.2.3*. Subsequently *Chapter 4.2.4* details the hypotheses on the performance of the configurations. Thereafter *Chapter 4.3* recapitulates the key elements of the theoretical framework and the hypotheses.

4.1 Theoretical Framework

To be successful, a sales management control system should not rely on single or fixed control categories but rather combine a conclusive set of different control elements in accordance to the institution's specific conditions (cf. Jaworski, 1988; Baldauf et al., 2005). Only the right blend of all control dimensions - tapping the full potential of the formal as well as the informal control dimensions - is able to increase the individual and organizational performance (cf. Baldauf et al., 2005).

Therefore, the research framework (see Figure 4.1, p.125) assesses and incorporates a bank's **sales management control strategy** - the centerpiece of the analysis - as a whole, i.e. including behavior (cf. Anderson and Oliver, 1987, p. 76-78) and compensation control (cf. Cravens et al., 1993, p. 55-56; Piercy et al., 2004a, p. 33) as well as the informal control elements self control, professional control, and cultural control (cf. Jaworski, 1988, p. 26-27; Jaworski and MacInnis, 1989, p. 408).

In contrast to all previous studies on sales management control (see also *Chapter 3.2.1*) which either focus only on consequences (e.g. Jaworski and Kohli, 1991; Cravens et al., 1993; Robertson and Anderson, 1993; Joshi and Randall, 2001; Piercy et al., 2006) or on antecedents and consequences (e.g. Jaworski and MacInnis, 1989; Agarwal and Ramaswami, 1993; Jaworski et al., 1993; Bello and Gilliland, 1997; Krafft, 1999), this study follows the rationale of the configurational school (see *Chapter 3.1.2.2*). As such it does not only regard the individual interaction of the constructs but also assesses the fit of the sales management control strategy with relevant organizational and environmental parameters. Using the profile deviation approach, the impact of the adherence to an ideal profile on a success criterion is being evaluated (cf. van de Ven and Drazin, 1985, p. 532-534; Venkatraman, 1989, p. 433-435).

The **organizational parameters**, which are included in the fit analysis, comprise elements of strategy and structure. As pointed out in *Chapter 3.1.1.2*, the bank's business strategy is thereby the most appropriate object of investigation since an analysis of a bank's strategy at the corporate level would be too superficial and at the functional level too granular. Therefore the fit of sales- and advice-oriented strategies (cf. Bloch et al., 2004, p. 2-26) and sales management control is being investigated. Another element which strongly impacts any banking institution is the organizational culture (see e.g. Roy, 1952; Clark, 1971; Deal and Kennedy, 1982; Schein, 1985; Hatch, 1993). Out of the multiple facets of culture, especially the dimensions involvement, consistency, adaptability (cf. Denison and Mishra, 1989, p. 169; Denison and Mishra, 1995, p. 214-215; Fey and Denison, 2003, p.

688), and communication (cf. Shaw, 1981, p. 150; Smith et al., 1994, p. 218) are expected to strongly influence the institution's sales management control approach (see *Chapter 3.3.1.1*). Additional organization-specific aspects which are incorporated in the theoretical framework are the sophistication of the IT systems and infrastructure (cf. Rockart and Morton, 1984, p. 84-94; Bakos and Treacy, 1986, p. 111; Wright and Donaldson, 2002; Moedritscher and Mussnig, 2005, p. 368; see *Chapter 3.3.1.3*) and the degree of organizational centralization (see e.g. Aiken and Hage (1968); Flamholtz (1983); John and Martin (1984); Flamholtz et al. (1985); see *Chapter 3.3.1.2*).

The **environmental parameters** which are assessed in the theoretical framework, as elaborated in *Chapter 3.3.2*, refer to the organizational task environment (cf. Dess and Beard, 1982, p. 246) of the respective banks. Central is the environmental uncertainty (see e.g. Aldrich, 1979; Dess and Beard, 1982) which comprises the dynamism, i.e. the extent and frequency of changes, and predictability of the environment (cf. Pfeffer and Salancik, 1978, p. 68; Dess and Beard, 1984, p. 56; Miller and Dröge, 1986, p. 545-557). Additionally the intensity of competition (cf. Stigler, 1987; Grinyer, 1992; Paton and Wilson, 2001) is considered as it relates to the appropriate sales management control strategy.

To determine the results and outcomes of the configurations, **performance** is included as the respective success criterion of the fit analysis in the theoretical framework. Since the measurement of performance, as pointed out in *Chapter 3.4*, is often conducted inappropriately (cf. Churchill et al., 1985, p. 113-116), this study distinguishes the performance of the bank as a whole as well as that of the individual salesperson. On the organizational level, the sales organization outcomes determine the success of the bank in terms of sales, market share, and customer satisfaction (cf. Babakus et al., 1996, p. 361; see *Chapter 3.4.1*). The individual performance in turn is subdivided into salesperson behavioral performance, i.e. the evaluation of the sales force's activities and strategies in executing their job (cf. Walker et al. (1979); Babakus et al. (1996); Jaworski and Kohli (1991); Cravens et al. (2006), see *Chapter 3.4.2*) and salesperson outcome

performance, which describes the output directly attributable to the individual salesperson's activities and skills (cf. Cravens et al., 1993, p. 50; Babakus et al., 1996, p. 348; Piercy et al., 2003, p. 222; Piercy et al., 2004a, p. 37; see *Chapter 3.4.3*).

As mentioned above, the overall conceptualization of the theoretical framework builds on the findings of the configurational school. The individual hypotheses, which will be detailed in the subsequent sections, are derived from transaction cost theory (cf. Coase (1937); Williamson (1975, 1981); Rindfleisch and Heide (1997), see *Chapter 3.2.4.2*), organizational control theory (cf. Ouchi (1979, 1980), see *Chapter 3.2.4.4*), positivist agency theory and principal-agent theory (cf. Jensen and Meckling (1976); Eisenhardt (1989); Nilakant and Rao (1994); Walker and Vasconcellos (1997), see *Chapter 3.2.4.3*). As mentioned in *Chapter 3.2.4.1*, in consideration of the theoretical foundations and scientific precedence, the three theories are considered to be combinable in the context of this study.

Figure 4.1: Theoretical Framework
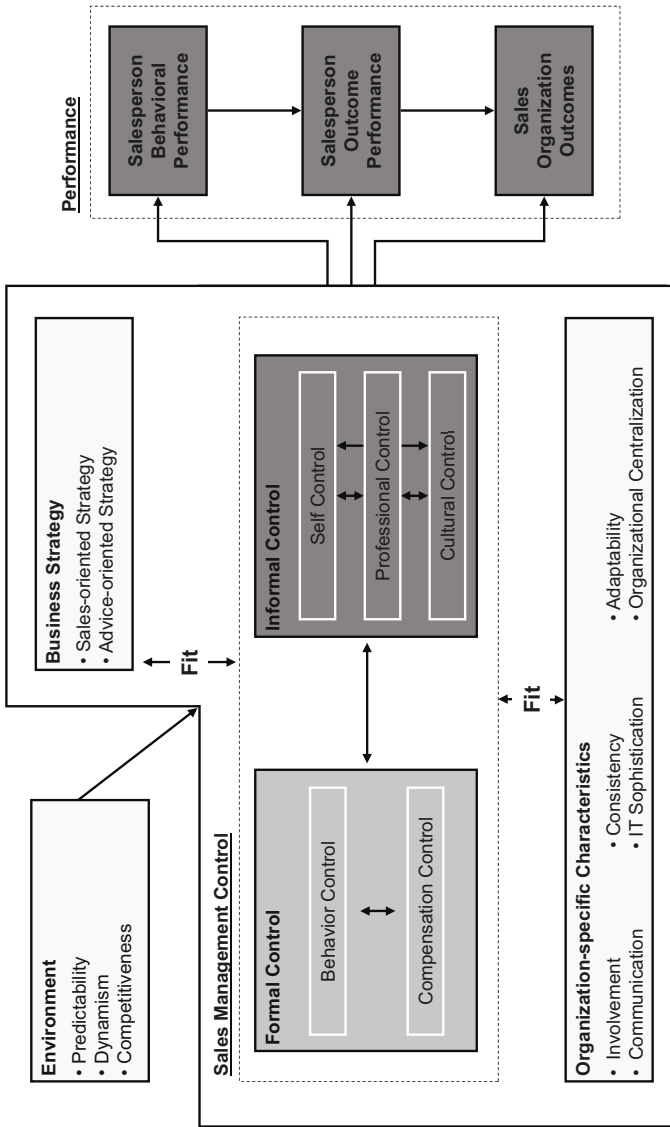
Source: Own illustration.

4.2   Theoretical Hypotheses

4.2.1   *Strategy Control Fit*

Despite the undisputed hypothesis that the strategy strongly influences an organization and its sales management control strategy, their interdependence is still underresearched so far (cf. Baldauf et al., 2005, p. 23). Therefore this study aims to further advance research in this area not only by integrating compensation control, informal control, and Porter's (1980) generic strategies, but also by investigating it from a configurational perspective. As mentioned in *Chapter 3.1.1.3*, two major strategies are of relevance in the German banking sector: advice- and sales-oriented strategies (cf. Bloch et al., 2004, p. 2). While the first is roughly equivalent to Porter's (1980) differentiation strategy the latter corresponds to the cost leadership strategy. The relevance of both strategies for sales management control will be investigated in view of transaction cost theory, organizational control theory, and agency theory.

Advice-oriented bank institutions focus on long-term relationships with their clients and offer their customers individualized consulting (cf. Bloch et al., 2004, p. 2). The institutions differentiate themselves from their competition with personalized and in-depth consulting, which is also reflected in the prices and fees which are charged at a premium (cf. Bloch et al., 2004, p. 2-3; Powers and Hahn, 2004, p. 45).

From a **transaction cost** theoretical perspective two aspects are most relevant. First, due to the intensive training and transfer of knowledge to the advice-oriented bank's sales force, the relationship is characterized by a high degree of human-asset specificity which might cause a safeguarding problem (cf. Heide and John, 1988, p. 21; Williamson, 1991, p. 281; Rindfleisch and Heide, 1997, p. 43). Second, since the business model is long-term oriented (cf. Bloch et al., 2004, p. 2) and the payoffs therefore often not realized immediately, an evaluation of the individual salesperson's output in a timely manner is difficult. The result of this behavioral uncertainty is a performance evaluation problem (cf. Alchian and

Demsetz, 1972, p. 778-779; Anderson and Schmittlein, 1984, p. 387-388). Since both problems increase the transaction cost associated with market governance, transaction cost theory states that the internal organization, which is roughly equivalent to behavior control (cf. Anderson and Oliver, 1987, p. 76-78; John and Weitz, 1989, p. 1-4; Krafft, 1999, p. 121-122), or hybrid mechanisms are preferable (cf. Williamson, 1979; Rindfleisch and Heide, 1997). One of the hybrid mechanisms proposed to overcome the safeguarding problem is the generation and enforcement of shared relational or social norms (see e.g. Palay, 1985; Heide and John, 1992; Anderson and Weitz, 1992; Rindfleisch and Heide, 1997) which is roughly comparable to professional control. Another hybrid mechanism which transaction cost theory considers to be favorable to overcome the above problems is the establishment of close bilateral ties (see e.g. Heide and John, 1990; Walker and Poppo, 1991; Anderson and Weitz, 1992; Pilling et al., 1994). The close ties, which lead to a harmonization of goals and a strong commitment by all involved parties (cf. Heide and John, 1990, p. 24-34; Anderson and Weitz, 1992, p. 27-28), are thereby roughly equivalent to cultural control. Another option which addresses the fundamental assumption of self-interest and helps to overcome the associated problems is self-control (cf. Williamson, 1975, p. 31-33; Williamson, 1979, p. 234; Williamson, 1981, p. 553-554; Rindfleisch and Heide, 1997, p. 31-48). If the individual salesperson establishes objectives, which are commonly in line with the goals of the organization, monitors their achievement, and, if required, adjusts his or her behavior (cf. Jaworski, 1988, p. 27; Jaworski and MacInnis, 1989, p. 408), the problem of performance evaluation is reduced.

The knowledge of the transformation process and the ability to measure outputs determine, according to **organizational control theory**, among other factors, the applicability of control mechanisms (cf. Ouchi, 1979, p. 843). As already mentioned, the measurability of outputs of advice-oriented banks, due to the long-term horizon of customer relationships, is significantly reduced (cf. Bloch et al., 2004, p. 2). And due to the fact that the institutions offer an individualized consultation with an inherent low task programmability (cf. Ouchi, 1979, p. 843-844; Jaworski and MacInnis, 1989, p. 408; Govindarajan and Fisher, 1990, p. 261;), the

knowledge of the transformation process is medium perfect. Therefore, following organizational control theory's output behavior measurement matrix (see *Chapter 3.2.4.4*), behavior or clan control are most efficient (cf. Ouchi, 1980, p. 843). Clan control is roughly equivalent to professional control (see Ouchi, 1979, p. 836-837; Ouchi, 1980, p. 134-137; Jaworski, 1988, p. 27; Jaworski and MacInnis, 1989, p. 408; Mayrhofer, 1998, p. 243).

From a **Principal Agent** perspective, two aspects of the extended model (see *Chapter 3.2.4.3.3*) are especially relevant for the evaluation of the bank's strategic positioning. First, due to the above mentioned time lag of output realization (cf. Bloch et al., 2004, p. 2), the measurability of the sales forces' (i.e. agent) outcomes is low. In line with transaction cost analysis and organizational control theory, principal-agent theory states that in this case behavior-based contracts, which are roughly equivalent to behavior control, are more appropriate (cf. Eisenhardt, 1985, p. 136-143; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). Second, since the agent offers individualized consultations for his or her customers, task programmability (cf. Eisenhardt, 1985, p. 136-137; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122) is only partially given. According to principal-agent theory, task programmability is positively related to behavior control and negatively related to outcome-based contracts, which are comparable to compensation control (cf. Eisenhardt, 1985, p. 136-137; Eisenhardt, 1988, p. 493-493; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). Overall, despite the medium task programmability, behavior control is more appropriate for advice-oriented banking institutions than compensation control, following the principal-agent theory.

Combining the above insights from organizational control theory, transaction cost analysis, and agency theory, the subsequent hypotheses are derived:

Hypothesis 1.1 (= $\beta(\xi_{1.1})$): *The higher the advice orientation of the banking institution's strategy, the higher the degree of behavior control.*

Hypothesis 1.2 $(= \beta(\xi_{1.2}))$: *The higher the advice orientation of the banking institution's strategy, the lower the degree of compensation control.*

Hypothesis 1.3 $(= \beta(\xi_{1.3}))$: *The higher the advice orientation of the banking institution's strategy, the higher the degree of cultural control.*

Hypothesis 1.4 $(= \beta(\xi_{1.4}))$: *The higher the advice orientation of the banking institution's strategy, the higher the degree of professional control.*

Hypothesis 1.5 $(= \beta(\xi_{1.5}))$: *The higher the advice orientation of the banking institution's strategy, the higher the degree of self control.*

Sales-oriented banks, in contrast to advice-oriented banking institutions, pursue a cost-efficient business model with an active, in part even aggressive, and standardized sales approach of standard products (cf. Bloch et al., 2004, p. 2). The focus of the institution is on the generation of short-term sales rather than the building of long-term relationships (cf. Bloch et al., 2004, p. 2). As such, the institution also distinguishes itself from the competition by offering their products and services at low prices (cf. Hambrick, 1983, p. 688; Bloch et al., 2004, p. 26).

From a **transaction cost** perspective, sales-oriented banks will favor compensation control for two reasons. First, unlike advice-oriented banks, sales-oriented institutions, with their standardized products, do not need to overly invest in the training of their employees or transfer knowledge. In the absence of asset specificity, the institutions are thus not burdened with a safeguarding problem (cf. Williamson, 1991, p. 281; Rindfleisch and Heide, 1997, p. 43-44). Second, also in contrast to advice-oriented banks, the business model is short-term oriented and the payoffs are often realized immediately (cf. Bloch et al., 2004, p. 2). As such, an evaluation of the individual salesperson's output in a timely manner is feasible and there is no apparent performance evaluation problem (cf. Alchian and Demsetz, 1972, p. 778-779; Anderson and Schmittlein, 1984, p. 387-388; Rindfleisch and Heide, 1997, p. 45-47). It follows, since both problems are negligible,

that the transaction costs associated with market governance are lower than the cost advantages, and therefore, ceteris paribus, favorable compared to the internal organization and hybrid forms of control. Thus sales-oriented banks will choose compensation control, which is roughly equivalent to market governance.

As described above, according to the **organizational control theory**, the knowledge of the transformation process and the ability to measure output are among other factors most important for determining the appropriateness of control mechanisms (cf. Ouchi, 1979, p. 843). Since sales-oriented banks offer a rather standardized customer consultation and focus on the sales of standardized products (cf. Bloch et al., 2004, p. 2), the knowledge of the means-end relationship is higher than in advice-oriented banks. Combined with the already mentioned high measurability of outputs, compensation and, to a certain degree, behavior control are most efficient from an organizational control perspective (see output behavior measurement matrix in *Chapter 3.2.4.4*) (cf. Ouchi, 1979, p. 843).

The extension of the **principal-agent theory's** simple model arrives at conclusions in line with organizational control theory. First, since the measurability of outcome is high, the application of compensation control is deemed appropriate (cf. Eisenhardt, 1985, p. 136-143; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). Second, given the high degree of task programmability, the reliance on behavior control can also be taken into consideration (cf. Eisenhardt, 1985, p. 136-137; Eisenhardt, 1988, p. 493-493; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122). The latter, however, would also require the investment in information systems to make the behavior visible (see e.g. Demski and Feltham, 1978; Holmstrom, 1979; Shavell, 1979; Eisenhardt, 1989). Therefore, in consideration of the cost sensitivity of the sales-oriented institutions, the high measurability of outcome outweighs the task programmability.

Following the above rationale based on organizational control theory, transaction cost analysis, and agency theory, the subsequent hypotheses are derived:

Hypothesis 2.1 ($= \beta(\xi_{2.1})$): *The higher the sales orientation of the banking institution's strategy, the lower the degree of behavior control.*

Hypothesis 2.2 ($= \beta(\xi_{2.2})$): *The higher the sales orientation of the banking institution's strategy, the higher the degree of compensation control.*

Hypothesis 2.3 ($= \beta(\xi_{2.3})$): *The higher the sales orientation of the banking institution's strategy, the lower the degree of cultural control.*

Hypothesis 2.4 ($= \beta(\xi_{2.4})$): *The higher the sales orientation of the banking institution's strategy, the lower the degree of professional control.*

Hypothesis 2.5 ($= \beta(\xi_{2.5})$): *The higher the sales orientation of the banking institution's strategy, the lower the degree of self control.*

4.2.2 *Organization Control Fit*

The influence of organizational characteristics on sales management control strategies has been investigated quite frequently (cf. Baldauf et al., 2005). However, most studies have focused exclusively on resource adequacy, complexity of the products, and measurability, as well as firm and task characteristics (see e.g. Agarwal and Ramaswami, 1993; Bello and Gilliland, 1997; Jaworski and MacInnis, 1989; Jaworski et al., 1993; Krafft, 1999; Ramaswami, 2002). This study extends the theoretical and empirical scope by investigating organizational culture (i.e. consistency, adaptability, involvement, and communication), organizational centralization, and IT sophistication. The relevance of these constructs to sales management control will be assessed subsequently, in view of transaction cost theory, organizational theory, and agency theory.

Consistency (see *Chapter 3.3.1.1*) signifies a stable work environment and an internal integration rooted in a common mindset of the company's employees (cf. Fey and Denison, 2003, p. 688). *Denison and Mishra (1995, p. 214)* define it as

"the collective definition of behaviors, systems, and meanings in a integrated way that requires individual conformity rather than voluntary participation". Overall, the sales force and key decision makers have a high level of agreement about the way the business is run (cf. Block, 1991; Denison and Mishra, 1995; Fey and Denison, 2003). The approach to doing business is transparent and, even in ambiguous situations, foreseeable on all hierarchical levels: general principles enable a predictable reaction in an unpredictable environment (see e.g. Martin et al., 1985; Denison and Mishra, 1995; Fey and Denison, 2003).

Following **transaction cost theory**, the degree of the safeguarding, adaptation, and performance evaluation problems determine the appropriateness of market governance and the internal organization (cf. Williamson, 1979; Rindfleisch and Heide, 1997). While consistency per se has no impact on asset specificity and environmental uncertainty and thus the safeguarding and adaptation problem respectively (cf. Rindfleisch and Heide, 1997), it decreases the degree of behavioral uncertainty. Due to the fact that the approach of doing business is consistent, transparent, and predictable (cf. Denison and Mishra, 1995, p. 214; Fey and Denison, 2003, p. 688), the output of the sales force is only to a small degree subject to changes of the organization. It follows that banking institutions are not burdened with a performance evaluation problem. Therefore, ceteris paribus, market governance or compensation control is considered more efficient than behavior control.

The ability to measure outputs and the knowledge of the transformation process are from an **organizational control theory** point of view central to determine the 'right' type of control mechanism (cf. Ouchi, 1979, p. 843). As mentioned above, the ability to measure outputs is high in banking institutions which have a consistent organizational culture. While consistency signifies a stable work environment (cf. Denison and Mishra, 1995, p. 214; Fey and Denison, 2003, p. 688) it, however, does not imply a high task programmability or an increased knowledge of the transformation process. Even though the predictability of the sales force's actions is increased, the required actions to achieve a specific goal are not nec-

essarily obvious. Therefore following organizational control theory, compensation control is more efficient than behavior control.

Principal-agent theory largely follows the rationale of the preceding theories. In consideration of the increased outcome measurability, which "is negatively related to behavior-based contracts and positively related to outcome-based contracts" (Eisenhardt, 1989, p. 62), it follows that consistent banking institutions will favor compensation control.

While organizational control theory, transaction cost analysis, and principal-agent theory are applicable for the evaluation of compensation and behavior control, they do not directly provide any indication about informal controls of consistent banks. Nonetheless, the nature of institutions with high consistency indicates the extent and direction of the relationships. As mentioned above, the institutions are characterized by strong socialization and sales employees with a common mindset (cf. Denison and Mishra, 1995, p. 214; Fey and Denison, 2003, p. 688). Since these are traits which are considered to increase cultural control (cf. Jaworski, 1988, p. 27-28), it follows that consistent banks will exhibit a high degree of cultural control. In a similar manner, professional control, whose collegial interactions, discussions, and evaluations are also based on common social perspectives and an internalization of values (see e.g. Becker and Gordon, 1966; Waterhouse and Tiessen, 1978; Peterson, 1984; Jaworski and MacInnis, 1989; Aulakh and Gencturk, 2000; Joshi and Randall, 2001), will also be increased. In contrast to the other informal control dimensions, self control is expected to be negatively related to consistency for the following reason. Consistency "requires individual conformity rather than voluntary participation" (Denison and Mishra, 1995, p. 214). By at least partially imposing the bank's ways, consistency hinders the development of personal objectives, even though those might have been in line with the organizational goals, and individual actualization, which are both central traits of self control (cf. Lawler III, 1969; Thomas, 1983; Jaworski and MacInnis, 1989; Ramaswami, 1996).

Following the above rationale based on organizational control theory, transaction cost analysis, and agency theory, the subsequent hypotheses are derived:

Hypothesis 3.1 ($= \beta(\xi_{3.1})$): *The higher the degree of consistency, the lower the degree of behavior control.*

Hypothesis 3.2 ($= \beta(\xi_{3.2})$): *The higher the degree of consistency, the higher the degree of compensation control.*

Hypothesis 3.3 ($= \beta(\xi_{3.3})$): *The higher the degree of consistency, the higher the degree of cultural control.*

Hypothesis 3.4 ($= \beta(\xi_{3.4})$): *The higher the degree of consistency, the higher the degree of professional control.*

Hypothesis 3.5 ($= \beta(\xi_{3.5})$): *The higher the degree of consistency, the lower the degree of self control.*

Adaptability (see *Chapter 3.3.1.1*), in contrast to consistency, typifies an organization which is driven by its customers, learns from its successes and failures (cf. Stalk, 1988; Senge, 1990; Nadler, 1998), and has the "capability and experience at creating change" (Fey and Denison, 2003, p. 688). As mentioned in *Chapter 3.3.1.1, Denison and Mishra (1995, p. 215)* define an adaptive bank as an organization that develops "norms and beliefs that support its capacity to receive and interpret signals from its environment and translate these into internal cognitive, behavioral, and structural changes".

Since adaptability is, to a certain degree, the opposite of consistency, it is not surprising that **transaction cost theory** deems different control mechanisms most appropriate. While the adaptable nature of the banking institution again does not influence the asset specificity or the environmental uncertainty, it creates behavioral uncertainty and the associated performance evaluation problem

(cf. Rindfleisch and Heide, 1997, p. 45-46). This is due to the fact that the more frequent changes of the company and the sales organization impact the outcome, and thus make it difficult to assess the salesperson's individual output (cf. Denison and Mishra, 1995, p. 204-221; Fey and Denison, 2003, p. 688-698). Therefore TCA considers behavior control to be efficient. Additionally, transaction cost theory postulates that hybrid governance mechanisms are able to overcome the performance evaluation problem (cf. Williamson, 1979; Rindfleisch and Heide, 1997). As such, relational norms, comparable to professional control, and close bilateral ties, roughly equivalent to cultural control, are also appropriate (see e.g. Palay, 1985; Heide and John, 1990; Heide and John, 1992; Anderson and Weitz, 1992; Rindfleisch and Heide, 1997). As previously mentioned, another option which addresses the fundamental assumption of self-interest and helps to overcome the associated problems is self-control (cf. Williamson, 1975, p. 31-33; Williamson, 1979, p. 234; Williamson, 1981, p. 553-554; Rindfleisch and Heide, 1997, p. 31-48). If the individual salesperson establishes objectives, which are commonly in line with the goals of the organization, monitors their achievement, and, if required, adjusts his or her behavior (cf. Jaworski, 1988, p. 27; Jaworski and MacInnis, 1989, p. 408) the problem of performance evaluation is reduced.

From an **organization control theory** perspective, the ability to measure outputs and the knowledge of the transformation process are again pivotal to evaluate the different control mechanisms in the light of adaptability (cf. Ouchi, 1979, p. 843). As mentioned above, adaptable banking institutions have a limited ability to measure outputs. While adaptability in itself does not indicate the transparency of the means-end relationship, it can be presumed that the frequent changes diminish rather than increase the knowledge of the transformation process. Nonetheless, since no precise classification is possible, both behavior control and professional control are thinkable from an organizational control point of view.

Principal-agent theory roughly follows the above theories' line of thought. In the case of low outcome measurability, behavior-based contracts, i.e. behavior control, are more appropriate than outcome-based contracts, i.e. compensation

control (cf. Eisenhardt, 1985, p. 136-143; Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122).

In line with the above rationale the following is hypothesized:

Hypothesis 4.1 (= $\beta(\xi_{4.1})$): *The higher the degree of adaptability, the higher the degree of behavior control.*

Hypothesis 4.2 (= $\beta(\xi_{4.2})$): *The higher the degree of adaptability, the lower the degree of compensation control.*

Hypothesis 4.3 (= $\beta(\xi_{4.3})$): *The higher the degree of adaptability, the higher the degree of cultural control.*

Hypothesis 4.4 (= $\beta(\xi_{4.4})$): *The higher the degree of adaptability, the higher the degree of professional control.*

Hypothesis 4.5 (= $\beta(\xi_{4.5})$): *The higher the degree of adaptability, the higher the degree of self control.*

Involvement (see *Chapter 3.3.1.1*) describes the banking institution's organization around teams, the development of human capabilities, and most importantly the empowerment of the sales force (see e.g. Likert, 1961; Becker, 1964; Denison and Mishra, 1995; Lawler III, 1996; Fey and Denison, 2003). The latter especially fosters a strong sense of ownership and commitment on the part of the individual salesperson (cf. Fey and Denison, 2003, p. 688), which enables the sales force to "operate under conditions of autonomy" (Denison and Mishra, 1995, p. 214). Employees on all levels of the sales organization as well as the entire company have "input into decisions that will affect their work" (Fey and Denison, 2003, p. 688).

Principal-agent theory provides, to a certain degree, an ambiguous answer with regard to which control mechanism is most appropriate in view of high degrees of involvement. On the one hand, involvement partially bridges the classic principal agent problem (cf. Eisenhardt, 1985; Fey and Denison, 2003). Due to their input into the decision making process, the sales force recognizes the direct link to the aims of the organization, which in turn leads to a harmonization of the goals of the principal and the agent (cf. Katzenbach and Smith, 1993; Spreitzer, 1995). Since the motivational aspect becomes less relevant, an outcome-based contract would now only needlessly transfer risk to the agent - as such behavior control would be more appropriate and efficient (cf. Eisenhardt, 1989, p. 61-62). Additionally, organizing around teams decreases the measurability of individual performance, again diminishing the applicability of compensation control (cf. Eisenhardt, 1989, p. 62). On the other hand, involvement signifies that hierarchical governance is given up, to certain degree, which in turn moves the control mechanism slightly in the direction of market governance (cf. Eisenhardt, 1989).

As in the case of the principal-agent theory, involvement touches **transaction cost theory**'s underlying assumption of self-interest or opportunism (cf. Williamson, 1975; Rindfleisch and Heide, 1997). At the first glance, the reduced opportunism would diminish the problems associated with safeguarding, adaptation, and performance, and thus indicate that market governance, i.e. in this case compensation control, is more appropriate (cf. Williamson, 1975; Rindfleisch and Heide, 1997). However, following the rationale of transaction cost analysis (cf. Williamson, 1975; Rindfleisch and Heide, 1997), it is questionable how far an involvement as described above is achievable with market governance. Overall, from a **Transaction Cost** theoretical perspective, involvement is therefore most closely connected to hybrid governance mechanisms. Namely these are close bilateral ties, which are roughly equivalent to cultural control, and social or relational norms, which resemble professional control (see e.g. Palay, 1985; Heide and John, 1990; Heide and John, 1992; Anderson and Weitz, 1992; Rindfleisch and Heide, 1997).

Following the lines of **Organizational Theory**, clans are most efficient in the case of low goal incongruence and high performance ambiguity (cf. Ouchi, 1979, p. 838; Ouchi, 1980, p. 137). As such, ceteris paribus, professional control is most appropriate for banking institutions with a high degree of involvement. Additionally, due to the increased interaction within the sales department, involvement is expected to increase the knowledge of the transformation process, which in turn would also favor the reliance on behavior control (cf. Ouchi, 1980, p. 843-844).

As mentioned above, involvement increases the sales employee's sense of ownership and commitment towards the bank (cf. Denison and Mishra, 1995, p. 214; Fey and Denison, 2003, p. 688). Therefore involvement is also expected to increase the level of self control.

Following the above rationale based on organizational control theory, transaction cost analysis, and agency theory, the subsequent hypotheses are derived:

Hypothesis 5.1 (= $\beta(\xi_{5.1})$): *The higher the degree of involvement, the higher the degree of behavior control.*

Hypothesis 5.2 (= $\beta(\xi_{5.2})$): *The higher the degree of involvement, the higher the degree of compensation control.*

Hypothesis 5.3 (= $\beta(\xi_{5.3})$): *The higher the degree of involvement, the higher the degree of cultural control.*

Hypothesis 5.4 (= $\beta(\xi_{5.4})$): *The higher the degree of involvement, the higher the degree of professional control.*

Hypothesis 5.5 (= $\beta(\xi_{5.5})$): *The higher the degree of involvement, the higher the degree of self control.*

The last dimension of the bank's organizational culture which will be evaluated in the context of this study is **communication**. As described in detail in *Chapter 3.3.1.1*, communication is defined as the transfer of a message from a sender to a receiver which can vary in frequency and informality (cf. Smith et al., 1994, p. 418). Since informality, which deals with the extent to which groups "favor less formal communication channels, such as spontaneous conversations and unstructured meetings, over more formal channels, such as highly structured meetings and written communication" (Smith et al., 1994, p. 418), also increases the frequency, i.e. the amount of interaction (cf. Shaw, 1981, p. 150; Smith et al., 1994, p. 418), the focus of the analysis will be on the degree of informality.

While communication has no direct influence on the three central root causes of transaction costs (i.e. the safeguarding, adaptation, and performance evaluation problem), informal levels of communication are mostly associated with the internal organization (cf. Williamson, 1975; Rindfleisch and Heide, 1997). Nonetheless, **transaction cost theory** provides no clear indication whether behavior or compensation control is most appropriate. However, since an informal and frequent communication is required to establish close relationships and to develop social norms (see e.g. Palay, 1985; Heide and John, 1990; Heide and John, 1992; Anderson and Weitz, 1992; Rindfleisch and Heide, 1997), it is hypothesized that communication is positively related to professional and cultural control.

From an **organizational control theory** point of view, communication mostly impacts the knowledge of the transformation process and the development of common values and beliefs (cf. Ouchi, 1979, p. 837-844). First, due to the frequent and informal interaction among the sales force and across different hierarchical levels, including key decision makers in the sales departments, the transparency of the means-end relationship is increased. Second, informal communication is the basis for the genesis of corporate traditions and common values and beliefs, which are the normative and informational requirements of an "informal social system" (Ouchi, 1979, p. 837) such as the clan (cf. Ouchi, 1980, p. 134-137). It follows that both behavior and professional control are most appropriate.

In view of the **principal-agent theory**, communication fosters the learning of the principal about the agent. Comparable with the effect of a long-term relationship, the principal's ability to evaluate and assess the agent's behavior is increased (cf. Lambert, 1983, p. 447-451; Eisenhardt, 1989, p. 62-63). As a result of the reduced information asymmetry, behavior control is more attractive for banking institutions with an extensive informal communication (cf. Lambert, 1983, p. 447-451; Eisenhardt, 1989, p. 62-63).

While neither of the three theories clearly indicates the relationship to self control, it is hypothesized that informal communication is positively related to the latter. As detailed in *Chapter 3.2.3.1*, self control is linked to intrinsic motivation and rooted in the sales force's need for self-esteem and self-actualization (cf. Lawler III, 1969, p. 428; Jaworski and MacInnis, 1989, p. 408; Lusch and Jaworski, 1991, p. 400-401). However, in order to fulfill these higher order needs, "the individual must receive meaningful feedback" (Lawler III, 1969, p. 429). Even though the sales employee individually defines what type and form of feedback is most meaningful to him or her (cf. Lawler III, 1969, p. 428-430), personally communicated feedback is generally considered to be most constructive (cf. Eden, 1992; London, 1995). Therefore a higher degree of informal communication is expected to lead to a higher degree of self control.

Following the above detailed rationale, the subsequent hypotheses are derived:

Hypothesis 6.1 (= $\beta(\xi_{6.1})$): *The higher the degree of informal communication, the higher the degree of behavior control.*

Hypothesis 6.2 (= $\beta(\xi_{6.2})$): *The higher the degree of informal communication, the lower the degree of compensation control.*

Hypothesis 6.3 (= $\beta(\xi_{6.3})$): *The higher the degree of informal communication, the higher the degree of cultural control.*

Hypothesis 6.4 ($= \beta(\xi_{6.4})$): *The higher the degree of informal communication, the higher the degree of professional control.*

Hypothesis 6.5 ($= \beta(\xi_{6.5})$): *The higher the degree of informal communication, the higher the degree of self control.*

As detailed in *Chapter 3.3.1.3*, **IT sophistication** has a positive effect on three major competitive advantages: improved value adding functions, increased linkage with suppliers and customers, and the creation of new businesses (cf. Rockart and Morton, 1984, p. 84-94; Bakos and Treacy, 1986, p. 111). With regard to the banking institution's sales department, a sophisticated sales management control IT system and customer relationship management IT system not only aid the sales force in executing their daily routines, but also provides a higher transparency to their tasks, as well as specific results (cf. Wright and Donaldson, 2002; Bitici et al., 2004). More specifically, the systems can provide data on the output, behavior, and customers of the division, unit or individual salesperson (see e.g. Wright and Donaldson, 2002; Moedritscher and Mussnig, 2005) and can be used to guide the sales processes electronically.

Both **principal-agent** (see *Chapter 3.2.4.3.3*) and **positivist agency theory** (see *Chapter 3.2.4.3.2*) explicitly consider the impact of information systems on the choice of the control system (cf. Holmstrom, 1979, p. 74-89; Shavell, 1979, p. 55-57; Eisenhardt, 1989, p. 60-61; Nilakant and Rao, 1994, p. 653-655). The theories follow the rationale that since a principal buys the actions of the agent, a behavior-based contract is more efficient than an outcome-based contract, which needlessly transfers risk to the agent who has a higher risk aversion (cf. Eisenhardt, 1989, p. 60-62). Therefore the investment in sophisticated information systems and technology, such as the above described sales management control IT systems, which make the behavior of the employee visible, fosters the reliance on behavior control (cf. Eisenhardt, 1989, p. 61). On the other hand, it is also necessary to consider the increased outcome measurability due to the usage of sophisticated information technology, regarding which the extended principal-agent

model postulates a positive relationship to compensation control (cf. Eisenhardt, 1989, p. 62; Krafft, 1999, p. 121-122).

From an **organizational control theory** perspective again, the ability to measure outputs and the knowledge of the transformation process determine appropriateness of the different control mechanisms (cf. Ouchi, 1979, p. 843). As pointed out above, both aspects are high in banking institutions with a sophisticated IT infrastructure and therefore, following the output behavior measurement matrix (see *Chapter 3.2.4.4*), behavior as well as compensation control are considered to be applicable (cf. Ouchi, 1979, p. 843).

Investigating IT sophistication from a **transaction cost theory** point of view, especially the influence on the performance evaluation problem is relevant. Due to the fact that the sales management control and CRM IT systems increase the ability to assess the individual and relatable performance and thus also the evaluation of the exchange partner's compliance, the problem of performance evaluation is lower (cf. Alchian and Demsetz, 1972, p. 778-779; Anderson and Schmittlein, 1984, p. 387-388; Rindfleisch and Heide, 1997, p. 45-47). As a result transaction costs are, ceteris paribus, lower, in which case transaction cost theory considers compensation control more efficient (cf. Williamson, 1979; Rindfleisch and Heide, 1997).

Following the above rationale based on organizational control theory, transaction cost analysis, and agency theory, the subsequent hypotheses are derived:

Hypothesis 7.1 ($= \beta(\xi_{7.1})$**):** *The higher the degree of IT sophistication, the higher the degree of behavior control.*

Hypothesis 7.2 ($= \beta(\xi_{7.2})$**):** *The higher the degree of IT sophistication, the higher the degree of compensation control.*

Organizational centralization is the last organization specific characteristic which is evaluated in the context of this study. As described in *Chapter 3.3.1.2*, organizational centralization is thereby defined as the extent to which sales planning, controlling, and management control decisions and activities are concentrated within a few positions (cf. John and Martin, 1984, p. 172). While this centralization overall leads to a professionalization of sales management control, it does not signify that control can only be exerted by specific functions. If the latter were the case, centralization would wrongly foreclose behavior control.

In contrast to transaction cost analysis and agency theory which do not consider organizational centralization, **organizational control theory** provides an indication of the relationship to the different control mechanisms. As mentioned before, the centralization of sales management control and its surrounding activities, such as the planning and controlling of sales activities, leads overall to an increased professionalism. The heightened engagement of the banking institution thereby increases the knowledge of the general sales processes and especially the means-end relationship. Therefore, following the rationale of organizational control theory, organizational centralization is, ceteris paribus, positively related to behavior control and negatively to compensation control (cf. Ouchi, 1979, p. 843).

Following the above rationale, the subsequent relationships are hypothesized:

Hypothesis 8.1 $(= \beta(\xi_{8.1}))$: *The higher the degree of organizational centralization, the higher the degree of behavior control.*

Hypothesis 8.2 $(= \beta(\xi_{8.2}))$: *The higher the degree of organizational centralization, the lower the degree of compensation control.*

4.2.3 *Influence of the Environment on Configurations*

Not only the fact that "environments affect organizations" (Aldrich, 1979, p. 61) is widely acknowledged in organizational and strategy literature (see e.g. Ansoff, 1965; Lawrence and Lorsch, 1967; Child, 1972; Starbuck, 1976; Hofer and Schendel, 1978; Miles and Snow, 1978; Pfeffer and Salancik, 1978; Mintzberg, 1979; Bourgeois III., 1980; Porter, 1980; Hambrick, 1981; Miller and Friesen, 1983; Dess and Beard, 1984; Hrebiniak and Joyce, 1985; Miller, 1993) but also that a higher fit with the external environment has "significant positive implications for performance" (Venkatraman and Prescott, 1990, p. 1). Therefore sales management control is also evaluated in view of the banks' environmental parameters (see also *Chapter 3.3.2*). Environment as used in this study builds on the definition of the organizational task environment by *Dess and Beard (1982, p. 246)*: "The task environment of the industry of which a subject organization is a member plus all other organizations that are members of the subject organization's industry". Three dimensions which shape the organizational task environment of the banking industry significantly and which determine the degree of environmental uncertainty are dynamism, predictability, and competition (cf. Dess and Beard, 1984, p. 56; Miller and Dröge, 1986, p. 545-557; Stigler, 1987, p. 531). These will be evaluated subsequently in view of transaction cost theory, organizational control theory, and agency theory.

Two of these dimensions which increase the environmental uncertainty are dynamism and competition. As described in *Chapter 3.3.2.1*, **dynamism** represents the rate of environmental change within the banking industry (cf. Lawrence and Lorsch, 1967; Miles et al., 1974; Jurkovich, 1974; Miller, 1983), i.e. the extent and frequency of changes in "customer tastes, competitive behavior, technology, sources of supply, and the like" (Miller and Dröge, 1986, p. 545). The second element which increases the environmental uncertainty is **competition** (see *Chapter 3.3.2.3*) which, as used in this study, builds on the following definition by *Stigler (1987, p. 531)*: "a rivalry between individuals (or groups or nations), and it arises whenever two or more parties strive for something that all cannot obtain". However, since not all sales employees and managers are rational, utility-maximizing

individuals with complete knowledge of the market, cognitive aspects are also incorporated (cf. Paton and Wilson, 2001, p. 289-291). Therefore the perception of the competition, which actually guides the behavior of the sales employees and influences the perception of the sales management control system, is being assessed (see e.g. Grinyer, 1992; Pfeffer, 1990; Porac and Thomas, 1990, 1994; Sparrow, 1994; Jenkins, 1998; Tyson, 1999; Paton and Wilson, 2001).

Principal-agent theory explicitly incorporates the effects of uncertainty in the evaluation of the applicability of control mechanisms (cf. Eisenhardt, 1989, p. 61; Krafft, 1999, p. 121-122). The theory argues that if the outcome of the agent's actions is subject to external influences and therefore uncertain, risk is introduced (cf. Eisenhardt, 1989, p. 61). And the higher the risk, the higher the cost for shifting the risk to the agent (cf. Eisenhardt, 1989, p. 61; Krafft, 1999, p. 121-122). Therefore *Eisenhardt (1989, p. 61)* states that "[o]utcome uncertainty is positively related to behavior-based contracts and negatively related to outcome-based contracts". It follows therefore that increased competition and dynamism are positively related to behavior control and negatively related to compensation control (cf. Eisenhardt, 1989, p. 61).

Transaction cost theory also incorporates environmental uncertainty in one of its root causes of transaction costs: the adaptation problem (see e.g. Williamson, 1979; Walker and Weber, 1984; Williamson, 1985). The latter is the result of a decision maker with bounded rationality who has difficulties in adapting the contractual agreements to the environmental changes[1], which include competition and dynamism alike (cf. Noordewier et al., 1990, p. 82; Rindfleisch and Heide, 1997, p. 44-45). This in turn can not only incur direct costs for, for example, the communication of new information, the renegotiation of agreements, and the coordination of activities (cf. Walker and Weber, 1984, p. 373-390; Rindfleisch and Heide, 1997, p. 45) but also opportunity cost if the organization fails to adapt (cf. Walker and Weber, 1984, p. 388; Malone, 1987, p. 1323-1325; Niman, 1992,

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[1] While some researchers only consider the adaptation problem in view of high asset specificity (see e.g. Anderson, 1985; Krafft, 1999), *Rindfleisch and Heide (1997, p. 44-45)* state that it is solely the result of environmental uncertainty and bounded rationality.

p. 1820-1822; Rindfleisch and Heide, 1997, p. 47). As a result of the increased transaction costs, market contracting, i.e. compensation control, becomes less attractive and the internal organization, i.e. behavior control, more attractive (cf. Williamson, 1979; Rindfleisch and Heide, 1997). An intermediate alternative to overcome the adaptation problem is, as already mentioned earlier, the reliance on hybrid governance mechanisms such as relational norms, comparable to professional control, and close bilateral ties, roughly equivalent to cultural control (see e.g. Palay, 1985; Heide and John, 1990; Heide and John, 1992; Anderson and Weitz, 1992; Rindfleisch and Heide, 1997). Another option which addresses the fundamental assumption of self-interest and helps to overcome the associated problems is self-control (cf. Williamson, 1975, p. 31-33; Williamson, 1979, p. 234; Williamson, 1981, p. 553-554; Rindfleisch and Heide, 1997, p. 31-48). If the individual salesperson establishes objectives, which are commonly in line with the goals of the organization, monitors their achievement, and, if required, adjusts his behavior (cf. Jaworski, 1988, p. 27; Jaworski and MacInnis, 1989, p. 408), the problem of performance evaluation is reduced.

From an **organizational control theory** point of view, dynamism and competition only impact the ability to measure outputs and not the knowledge of the transformation process itself (cf. Ouchi, 1979, p. 839-845). Due to the dynamic and competitive environment, the outputs of the banking institution, to a large degree, are subject to external influences and therefore the relatable individual outcome difficult to determine. Thus, according to the theory's output behavior measurement matrix (see *Chapter 3.2.4.4*), behavior and professional control are, ceteris paribus, most appropriate (cf. Ouchi, 1980, p. 843).

Following the above detailed rationale based on transaction cost analysis, principal-agent theory, and organizational control theory, the subsequent hypotheses are derived:

Hypothesis 9.1 (= $\beta(\xi_{9.1})$): *The higher the degree of dynamism, the higher the degree of behavior control.*

Hypothesis 9.2 (= $\beta(\xi_{9.2})$): *The higher the degree of dynamism, the lower the degree of compensation control.*

Hypothesis 9.3 (= $\beta(\xi_{9.3})$): *The higher the degree of dynamism, the higher the degree of cultural control.*

Hypothesis 9.4 (= $\beta(\xi_{9.4})$): *The higher the degree of dynamism, the higher the degree of professional control.*

Hypothesis 9.5 (= $\beta(\xi_{9.5})$): *The higher the degree of dynamism, the higher the degree of self control.*

Hypothesis 10.1 (= $\beta(\xi_{10.1})$): *The higher the degree of competition, the higher the degree of behavior control.*

Hypothesis 10.2 (= $\beta(\xi_{10.2})$): *The higher the degree of competition, the lower the degree of compensation control.*

Hypothesis 10.3 (= $\beta(\xi_{10.3})$): *The higher the degree of competition, the higher the degree of cultural control.*

Hypothesis 10.4 (= $\beta(\xi_{10.4})$): *The higher the degree of competition, the higher the degree of professional control.*

Hypothesis 10.5 (= $\beta(\xi_{10.5})$): *The higher the degree of competition, the higher the degree of self control.*

Predictability, on the other hand, describes the degree to which environmental changes are foreseeable for the banking institutions (see also *Chapter 3.3.2.2*), e.g. are the competitor's behavior and changes in the customers' preferences predictable or not (cf. Miller and Dröge, 1986, p. 545-557). As such, a high degree of predictability decreases the uncertainty of the environment. Therefore the above detailed rationale for competition and dynamism based on transaction cost theory, organizational control theory, and principal-agent theory is reversed and the subsequent relationships are hypothesized:

Hypothesis 11.1 ($= \beta(\xi_{11.1})$**)**: *The higher the degree of predictability, the lower the degree of behavior control.*

Hypothesis 11.2 ($= \beta(\xi_{11.2})$**)**: *The higher the degree of predictability, the higher the degree of compensation control.*

Hypothesis 11.3 ($= \beta(\xi_{11.3})$**)**: *The higher the degree of predictability, the lower the degree of cultural control.*

Hypothesis 11.4 ($= \beta(\xi_{11.4})$**)**: *The higher the degree of predictability, the lower the degree of professional control.*

Hypothesis 11.5 ($= \beta(\xi_{11.5})$**)**: *The higher the degree of predictability, the lower the degree of self control.*

4.2.4   *Performance of Configurations*

To be successful, a sales management control system should not rely on single or fixed control categories but rather combine a conclusive set of different control elements in accordance with the institution's specific conditions, such as the environmental parameters and organization-specific characteristics (cf. Jaworski, 1988; Baldauf et al., 2005). Therefore, as mentioned in *Chapter 3.1.2.2*, this study builds on the configurational school (cf. Mintzberg and Lampel, 1999, p. 25; Elfring and Volberda, 2001b, p. 22-23) and the associated fit concept (cf. Vorhies

and Morgan, 2003, p. 102). The fit model thereby states that the success of a firm is dependent on the fit between two or more variables (cf. van de Ven and Drazin, 1985, p. 334-335): "effectiveness is highest in the ideal types of organization [...] because the fit among contextual, structural, and strategic factors is at a maximum in those configurations" (Doty et al., 1993, p. 1201). Therefore, applying the fit as profile deviation approach (cf. van de Ven and Drazin, 1985, p. 532-534; Venkatraman, 1989, p. 433-435), it is hypothesized that the adherence of a bank to the previously defined relationships (see *Chapters 4.2.1, 4.2.2, and 4.2.3*) will increase the institution's performance.

The latter is thereby subdivided (see *Chapter 3.4*) into sales organization outcomes on the corporate level and salesperson behavioral and salesperson outcome performance on the individual level (cf. Jaworski and Kohli, 1991, p. 195; Cravens et al., 1993, p. 49-50; Babakus et al., 1996, p. 347-348). As detailed in *Chapter 3.4.1*, **sales organization outcomes** is defined as the integrative evaluation of an entire sales organization's or an organizational subset's outcomes (cf. Cravens et al., 1972, p. 31-34; Cravens and Woodruff, 1973, p. 242-246; Beswick and Cravens, 1977, p. 136-139; Ryans and Weinberg, 1979, p. 454; Ryans and Weinberg, 1987, p. 229-233; Babakus et al., 1996, p. 347). The variation in sales organization outcomes is thereby not only attributable to the sales force of the respective bank but also influenced by environmental and organizational factors (cf. Cravens and Woodruff, 1973, p. 242-246; Lucas et al., 1975, p. 298-304; Beswick and Cravens, 1977, p. 136-139; LaForge and Cravens, 1982, p. 11-12; Ryans and Weinberg, 1987, p. 229-233; Cravens et al., 1993, p. 50). Due to the fact, as pointed out above and in Chapter *3.4.2*, that "the variation in sales organization effectiveness is explained by environmental, organizational, and salesperson factors" (Babakus et al., 1996, p. 347) and thus is only partly attributable to the sales force (see e.g. Cravens et al., 1972; Beswick and Cravens, 1977; LaForge and Cravens, 1985; Ryans and Weinberg, 1987; Churchill et al., 1993), a separate evaluation of the performance under control of the individual salesperson is required. The first element to assess the latter is the **salesperson behavioral performance** which is defined as the evaluation of the sales force's activities and strategies in executing

their job (cf. Walker et al., 1979; Babakus et al., 1996; Jaworski and Kohli, 1991; Cravens et al., 2006). These activities, which include, for example, sales planning, adaptive selling, team-work and sales presentations (cf. Behrman and Perreault, 1982, p. 366-367), however, do not necessarily have to be related directly to sales generation, i.e. they do not have to generate immediate results, but may also involve sales support or aim at the building of effective customer relationships (cf. Weitz, 1981, p. 85-87; Baldauf et al., 2001a, p. 112; Piercy et al., 2004a, p. 35-36). The second element to evaluate the performance under control of the individual salesperson is the **salesperson outcome performance** (see *Chapter 3.4.3*). The latter is the output (e.g. sales, accounts, market share) of the sales force's activities and skills (cf. Cravens et al., 1993, p. 50; Babakus et al., 1996, p. 348; Piercy et al., 2003, p. 222; Piercy et al., 2004a, p. 37). Again, in contrast to the sales organization outcomes, this performance is entirely directly attributable to the individual salesperson's efforts (cf. Cravens et al., 1993, p. 50; Babakus et al., 1996, p. 348; Cravens et al., 2006, p. 295).

In view of the above rationale, the optimal path of analysis would be to define a profile based on the previously defined hypotheses and assess the impact of adherence to the profile on performance (cf. van de Ven and Drazin, 1985, p. 532-534; Venkatraman, 1989, p. 433-435; Vorhies and Morgan, 2003, p. p. 102). However, since a translation of the theoretically derived relationships into numerical estimates across the different dimensions is difficult, an empirically driven approach is more suited: "[w]hen ideal profiles cannot be precisely specified from existing theory, the configuration literature advocates assessing fit with empirically derived profiles" (Vorhies and Morgan, 2003, p.102). Therefore high-performing banking institutions have to be identified in order to define one or more ideal profiles (cf. Venkatraman, 1989, p. 434-435; Vorhies and Morgan, 2003, p. 102). It follows that the analysis of this study and the respective hypotheses will be adjusted accordingly and comprise two distinctive steps:

1. Analysis of the performance impact of adherence to the empirically derived ideal profile(s).

2. Evaluation if the empirically derived ideal profile(s) correspond(s) to previously defined theoretical relationships.

Therefore in a first step, following the above rationale of the configurational school and the fit model, the subsequent hypotheses are derived:

Hypothesis 12: *The more similar the banking institution's configuration to that of the ideal banking institution, the higher its sales organization outcomes.*

Hypothesis 13: *The more similar the banking institution's configuration to that of the ideal banking institution, the higher its salesperson behavioral performance.*

Hypothesis 14: *The more similar the banking institution's configuration to that of the ideal banking institution, the higher its salesperson outcome performance.*

Then in a second step it is hypothesized that the best performing banking institutions, which exhibit an ideal configuration (cf. Venkatraman, 1989, p. 434-435; Vorhies and Morgan, 2003, p. 102), are in line with the previously derived theoretical hypotheses regarding the strategy control fit *(see Chapter 4.2.1)*:

Hypothesis 15.1: *The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of behavior control than other institutions.*

Hypothesis 15.2: *The best performing banking institutions have a higher/lower degree of advice orientation and a lower/higher degree of compensation control than other institutions.*

Hypothesis 15.3: *The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of cultural control than other institutions.*

Hypothesis 15.4: *The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of professional control than other institutions.*

Hypothesis 15.5: *The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of self control than other institutions.*

Hypothesis 16.1: *The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of behavior control than other institutions.*

Hypothesis 16.2: *The best performing banking institutions have a higher/lower degree of sales orientation and a higher/lower degree of compensation control than other institutions.*

Hypothesis 16.3: *The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of cultural control than other institutions.*

Hypothesis 16.4: *The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of professional control than other institutions.*

Hypothesis 16.5: *The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of self control than other institutions.*

Following the same line of reasoning, it is hypothesized that the best performing banking institutions are in line with the previously derived theoretical hypotheses regarding the organization control fit (see *Chapter 4.2.2*):

Hypothesis 17.1: *The best performing banking institutions have a higher/lower degree of consistency and a lower/higher degree of behavior control than other institutions.*

Hypothesis 17.2: *The best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of compensation control than other institutions.*

Hypothesis 17.3: *The best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of cultural control than other institutions.*

Hypothesis 17.4: *The best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of professional control than other institutions.*

Hypothesis 17.5: *The best performing banking institutions have a higher/lower degree of consistency and a lower/higher degree of self control than other institutions.*

Hypothesis 18.1: *The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of behavior control than other institutions.*

Hypothesis 18.2: *The best performing banking institutions have a higher/lower degree of adaptability and a lower/higher degree of compensation control than other institutions.*

Hypothesis 18.3: *The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of cultural control than other institutions.*

Hypothesis 18.4: *The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of professional control than other institutions.*

Hypothesis 18.5: *The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of self control than other institutions.*

Hypothesis 19.1: *The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of behavior control than other institutions.*

Hypothesis 19.2: *The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of compensation control than other institutions.*

Hypothesis 19.3: *The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of cultural control than other institutions.*

Hypothesis 19.4: *The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of professional control than other institutions.*

Hypothesis 19.5: *The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of self control than other institutions.*

Hypothesis 20.1: *The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of behavior control than other institutions.*

Hypothesis 20.2: *The best performing banking institutions have a higher/lower degree of informal communication and a lower/higher degree of compensation control than other institutions.*

Hypothesis 20.3: *The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of cultural control than other institutions.*

Hypothesis 20.4: *The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of professional control than other institutions.*

Hypothesis 20.5: *The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of self control than other institutions.*

Hypothesis 21.1: *The best performing banking institutions have a higher/lower degree of IT sophistication and a higher/lower degree of behavior control than other institutions.*

Hypothesis 21.2: *The best performing banking institutions have a higher/lower degree of IT sophistication and a higher/lower degree of compensation control than other institutions.*

Hypothesis 22.1: *The best performing banking institutions have a higher/lower degree of organizational centralization and a higher/lower degree of behavior control than other institutions.*

Hypothesis 22.2: *The best performing banking institutions have a higher/lower degree of organizational centralization and a lower/higher degree of compensation control than other institutions.*

In line with the above, it is also hypothesized that the best performing banking institutions, which exhibit an ideal configuration (cf. Venkatraman, 1989, p. 434-435; Vorhies and Morgan, 2003, p. 102), correspond with the previously derived theoretical hypotheses regarding the influence of the environment on configurations (see *Chapter 4.2.3*):

Hypothesis 23.1:   *The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of behavior control than other institutions.*

Hypothesis 23.2:   *The best performing banking institutions which face a higher/lower degree of dynamism have a lower/higher degree of compensation control than other institutions.*

Hypothesis 23.3:   *The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of cultural control than other institutions.*

Hypothesis 23.4:   *The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of professional control than other institutions.*

Hypothesis 23.5:   *The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of self control than other institutions.*

Hypothesis 24.1:   *The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of behavior control than other institutions.*

Hypothesis 24.2:   *The best performing banking institutions which face a higher/lower degree of competition have a lower/higher degree of compensation control than other institutions.*

Hypothesis 24.3:   *The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of cultural control than other institutions.*

Hypothesis 24.4:   *The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of professional control than other institutions.*

Hypothesis 24.5:   *The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of self control than other institutions.*

Hypothesis 25.1:   *The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of behavior control than other institutions.*

Hypothesis 25.2:   *The best performing banking institutions which face a higher/lower degree of predictability have a higher/lower degree of compensation control than other institutions.*

Hypothesis 25.3:   *The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of cultural control than other institutions.*

Hypothesis 25.4:   *The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of professional control than other institutions.*

Hypothesis 25.5: *The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of self control than other institutions.*

4.3 Model Summary

In this chapter, the theoretical framework of this study has been derived. The framework facilitates the analysis of the interdependencies between sales management control strategy, organization-specific characteristics, business strategy, environmental parameters, and performance. In this context, 101 hypotheses have been derived from the transaction cost theory, the principal-agent theory, the organizational control theory, and the configurational school:

- Strategy control fit: 10 hypotheses

- Organization control fit: 24 hypotheses

- Influence of the environment on configurations: 15 hypotheses

- Performance of configurations: 52 hypotheses

While Tables 4.1 (p. 159), 4.2 (p. 160), 4.3 (p. 161), and 4.4 (p. 162) provide an overview of the previously derived hypotheses, Figure 4.2 (p. 163) illustrates the corresponding PLS model.

Table 4.1: Overview of the Hypotheses - Strategy Control Fit and Organization Control Fit

	Hypotheses	Theoretical Foundation
Strategy Control Fit		
1.1	The higher the advice orientation of the banking institution's strategy, the higher the degree of behavior control	TCA, Organizational Control, Principal Agent
1.2	The higher the advice orientation of the banking institution's strategy, the lower the degree of compensation control	TCA, Organizational Control, Principal Agent
1.3	The higher the advice orientation of the banking institution's strategy, the higher the degree of cultural control	TCA
1.4	The higher the advice orientation of the banking institution's strategy, the higher the degree of professional control	TCA, Organizational Control
1.5	The higher the advice orientation of the banking institution's strategy, the higher the degree of self control	TCA
2.1	The higher the sales orientation of the banking institution's strategy, the lower the degree of behavior control	TCA, Organizational Control, Principal Agent
2.2	The higher the sales orientation of the banking institution's strategy, the higher the degree of compensation control	TCA, Organizational Control, Principal Agent
2.3	The higher the sales orientation of the banking institution's strategy, the lower the degree of cultural control	TCA
2.4	The higher the sales orientation of the banking institution's strategy, the lower the degree of professional control	TCA, Organizational Control
2.5	The higher the sales orientation of the banking institution's strategy, the lower the degree of self control	TCA
Organization Control Fit		
3.1	The higher the degree of consistency, the lower the degree of behavior control	TCA, Organizational Control, Principal Agent
3.2	The higher the degree of consistency, the higher the degree of compensation control	TCA, Organizational Control, Principal Agent
3.3	The higher the degree of consistency, the higher the degree of cultural control	
3.4	The higher the degree of consistency, the higher the degree of professional control	
3.5	The higher the degree of consistency, the lower the degree of self control	
4.1	The higher the degree of adaptability the higher the degree of behavior control	TCA, Organizational Control, Principal Agent
4.2	The higher the degree of adaptability, the lower the degree of compensation control	TCA, Organizational Control, Principal Agent
4.3	The higher the degree of adaptability, the higher the degree of cultural control	TCA
4.4	The higher the degree of adaptability, the higher the degree of professional control	TCA
4.5	The higher the degree of adaptability, the higher the degree of self control	TCA
5.1	The higher the degree of involvement, the higher the degree of behavior control	Principal Agent
5.2	The higher the degree of involvement, the lower the degree of compensation control	Principal Agent
5.3	The higher the degree of involvement, the higher the degree of cultural control	TCA
5.4	The higher the degree of involvement, the higher the degree of professional control	TCA
5.5	The higher the degree of involvement, the higher the degree of self control	
6.1	The higher the degree of informal communication, the higher the degree of behavior control	Organizational Control, Principal Agent
6.2	The higher the degree of informal communication, the lower the degree of compensation control	Organizational Control, Principal Agent
6.3	The higher the degree of informal communication, the higher the degree of cultural control	TCA
6.4	The higher the degree of informal communication, the higher the degree of professional control	TCA, Organizational Control
6.5	The higher the degree of informal communication, the higher the degree of self control	
7.1	The higher the degree of IT sophistication, the higher the degree of behavior control	TCA, Organizational Control, Principal Agent
7.2	The higher the degree of IT sophistication, the higher the degree of compensation control	TCA, Organizational Control, Principal Agent
8.1	The higher the degree of organizational centralization, the higher the degree of behavior control	Organizational Control
8.2	The higher the degree of organizational centralization, the higher the degree of compensation control	Organizational Control

Source: Own illustration.

Table 4.2: Overview of the Hypotheses - Influence of Environment on Configurations

	Hypotheses	Theoretical Foundation
Influence of Environment on Configurations		
9.1	The higher the degree of dynamism, the higher the degree of behavior control	TCA, Organizational Control, Principal Agent
9.2	The higher the degree of dynamism, the lower the degree of compensation control	TCA, Organizational Control, Principal Agent
9.3	The higher the degree of dynamism, the higher the degree of cultural control	TCA
9.4	The higher the degree of dynamism, the higher the degree of professional control	TCA, Organizational Control
9.5	The higher the degree of dynamism, the higher the degree of self control	TCA
10.1	The higher the degree of competition, the higher the degree of behavior control	TCA, Organizational Control, Principal Agent
10.2	The higher the degree of competition, the lower the degree of compensation control	TCA, Organizational Control, Principal Agent
10.3	The higher the degree of competition, the higher the degree of cultural control	TCA
10.4	The higher the degree of competition, the higher the degree of professional control	TCA, Organizational Control
10.5	The higher the degree of competition, the higher the degree of self control	TCA
11.1	The higher the degree of predictability, the lower the degree of behavior control	TCA, Organizational Control, Principal Agent
11.2	The higher the degree of predictability, the higher the degree of compensation control	TCA, Organizational Control, Principal Agent
11.3	The higher the degree of predictability, the lower the degree of cultural control	TCA
11.4	The higher the degree of predictability, the lower the degree of professional control	TCA, Organizational Control
11.5	The higher the degree of predictability, the lower the degree of self control	TCA
Performance of Configurations		
12	The more similar the banking institution's configuration to that of the ideal banking institution, the higher its sales organization outcomes	Configurational School
13	The more similar the banking institution's configuration to that of the ideal banking institution, the higher its salesperson behavioral performance	Configurational School
14	The more similar the banking institution's configuration to that of the ideal banking institution, the higher its salesperson outcome performance	Configurational School
15.1	The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
15.2	The best performing banking institutions have a higher/lower degree of advice orientation and a lower/higher degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
15.3	The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of cultural control than other institutions	TCA, Configurational School
15.4	The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of professional control than other institutions	TCA, Organizational Control, Configurational School
15.5	The best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of self control than other institutions	TCA, Configurational School
16.1	The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
16.2	The best performing banking institutions have a higher/lower degree of sales orientation and a higher/lower degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
16.3	The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of cultural control than other institutions	TCA, Configurational School
16.4	The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of professional control than other institutions	TCA, Organizational Control, Configurational School
16.5	The best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of self control than other institutions	TCA, Configurational School

Source: Own illustration.

Table 4.3: Overview of the Hypotheses - Performance of Configurations I/II

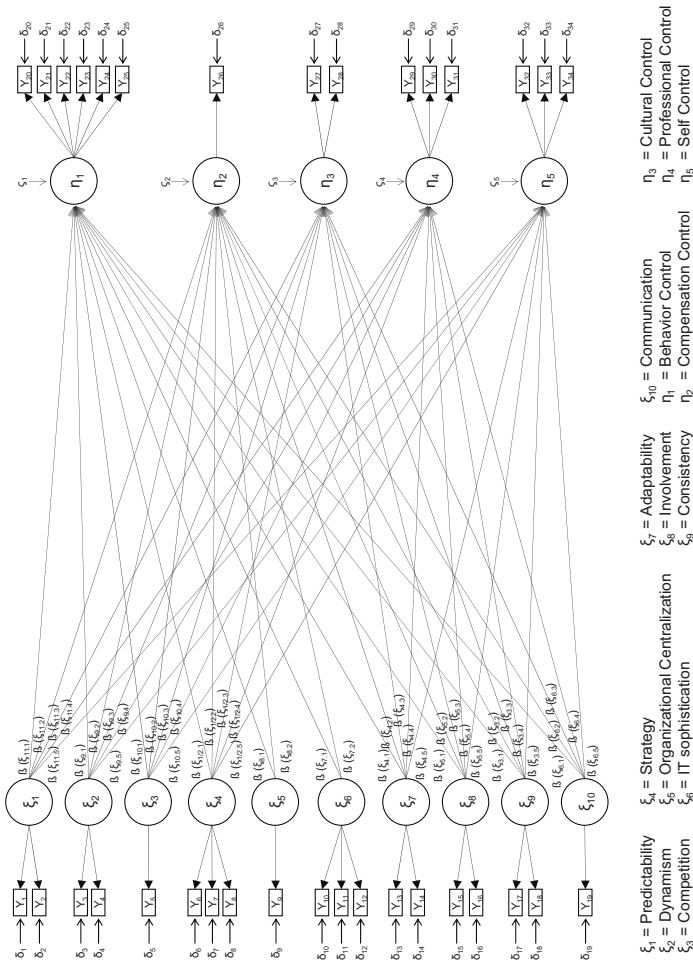|	Hypotheses	Theoretical Foundation
Performance of Configurations		
17.1	The best performing banking institutions have a higher/lower degree of consistency and a lower/higher degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
17.2	The best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
17.3	The best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of cultural control than other institutions	Configurational School
17.4	The best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of professional control than other institutions	Configurational School
17.5	The best performing banking institutions have a higher/lower degree of consistency and a lower/higher degree of self control than other institutions	Configurational School
18.1	The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
18.2	The best performing banking institutions have a higher/lower degree of adaptability and a lower/higher degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
18.3	The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of cultural control than other institutions	TCA, Configurational School
18.4	The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of professional control than other institutions	TCA, Configurational School
18.5	The best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of self control than other institutions	TCA, Configurational School
19.1	The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of behavior control than other institutions	Principal Agent, Configurational School
19.2	The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of compensation control than other institutions	Principal Agent, Configurational School
19.3	The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of cultural control than other institutions	TCA, Configurational School
19.4	The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of professional control than other institutions	TCA, Configurational School
19.5	The best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of self control than other institutions	Configurational School
20.1	The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of behavior control than other institutions	Organizational Control, Principal Agent, Configurational School
20.2	The best performing banking institutions have a higher/lower degree of informal communication and a lower/higher degree of compensation control than other institutions	Organizational Control, Principal Agent, Configurational School
20.3	The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of cultural control than other institutions	TCA, Configurational School
20.4	The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of professional control than other institutions	TCA, Organizational Control, Configurational School
20.5	The best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of self control than other institutions	Configurational School

Source: Own illustration.

Table 4.4: Overview of the Hypotheses - Performance of Configurations II/II

	Hypotheses	Theoretical Foundation
	Performance of Configurations	
21.1	The best performing banking institutions have a higher/lower degree of IT sophistication and a higher/lower degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
21.2	The best performing banking institutions have a higher/lower degree of IT sophistication and a higher/lower degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
22.1	The best performing banking institutions have a higher/lower degree of organizational centralization and a higher/lower degree of behavior control than other institutions	Organizational Control, Configurational School
22.2	The best performing banking institutions have a higher/lower degree of organizational centralization and a lower/higher degree of compensation control than other institutions	Organizational Control, Configurational School
23.1	The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
23.2	The best performing banking institutions which face a higher/lower degree of dynamism have a lower/higher degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
23.3	The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of cultural control than other institutions	TCA, Configurational School
23.4	The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of professional control than other institutions	TCA, Organizational Control, Configurational School
23.5	The best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of self control than other institutions	TCA, Configurational School
24.1	The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
24.2	The best performing banking institutions which face a higher/lower degree of competition have a lower/higher degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
24.3	The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of cultural control than other institutions	TCA, Configurational School
24.4	The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of professional control than other institutions	TCA, Organizational Control, Configurational School
24.5	The best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of self control than other institutions	TCA, Configurational School
25.1	The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of behavior control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
25.2	The best performing banking institutions which face a higher/lower degree of predictability have a higher/lower degree of compensation control than other institutions	TCA, Organizational Control, Principal Agent, Configurational School
25.3	The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of cultural control than other institutions	TCA, Configurational School
25.4	The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of professional control than other institutions	TCA, Organizational Control, Configurational School
25.5	The best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of self control than other institutions	TCA, Configurational School

Source: Own illustration.

Figure 4.2: PLS Model of the Theoretical Research Framework

ξ_1 = Predictability ξ_4 = Strategy ξ_7 = Adaptability ξ_{10} = Communication η_3 = Cultural Control
ξ_2 = Dynamism ξ_5 = Organizational Centralization ξ_8 = Involvement η_1 = Behavior Control η_4 = Professional Control
ξ_3 = Competition ξ_6 = IT sophistication ξ_9 = Consistency η_2 = Compensation Control η_5 = Self Control

δ = Error term of indicator variables, β = Beta value, η = Endogenous construct, ξ = Exogenous construct, y = Reflective indicator, ς = Residual variance

Source: Own illustration.

5 Empirical Data

This chapter gives an overview of the empirical data and research approach used in the course of this study. First, the data gathering process is described in *Chapter 5.1*. Subsequently, an overview of the sample is provided in *Chapter 5.2* and finally the operationalization of the constructs is discussed in *Chapter 5.3*.

5.1 Data Gathering

To enhance the extensive literature review, several interviews have been conducted in advance of the main empirical data gathering, to gain a better understanding of sales management control in banking from a theoretical and practical perspective. As such interviews were conducted with a group of eleven experts who were either directly employed at a bank (sales managers with direct personnel responsibility) or else knowledgeable of the topic (university professors and management consultants). While the interviews have been conducted in an open and flexible manner, the same topics were covered in every interview[1]. While these interviews were good indicators for determining the dimensions which required further in-depth assessment, they are not sufficient by themselves for making quantitative assessments or drawing conclusions on the relevant population (cf. Dillmann, 1999; Weigl, 2008). Thus, in order to fulfill the latter requirement, a standardized questionnaire (i.e. all recipients had an identical questionnaire with the same questions in a constant order) was used to generate the required empirical data.

The questionnaire contains nine sections (see also *Appendix D*):

1. **General contact information**: The respondents are asked to confirm the information obtained in the course of the sample selection (see below) regarding their exact name, job title, function within the bank, and classification of the institution (i.e. retail banking, corporate banking, and private banking).

2. **Organization**: The interviewees are requested to provide information on the overall tasks conducted with regard to sales planning, management, and

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[1] The topics covered were the development of the banking industry, sales trends, sales management control, and key success factors of sales management control.

control, as well as the organizational responsibility for those. Additionally, the number of full time equivalents (FTEs) of the respective unit is recorded.

3. **Compensation**: The participants are asked to detail the compensation system of their institution in terms of the degree of variable compensation, the percentage of employees with variable compensation, as well as their average targets and achievement rates. Additionally, the criteria used for the evaluation of the latter are assessed.

4. **Information technology**: The respondents are requested to describe the state of information technology in their institution (e.g. the employment of customer relationship management systems, as well as the usage of software tools to support the sales processes and sales management control) and to evaluate the sophistication of the bank's IT applications.

5. **Leadership**: The interviewees are asked to evaluate the degree to which certain tasks are performed by sales managers with direct responsibility for salespeople. These activities include, for example, participation in the day-to-day business of salespeople or actively training salespeople in the job.

6. **Market environment and strategy**: The participants are asked to indirectly assess the institution's strategic orientation along several items to determine if the institution is either sales- or advice-oriented. Additionally, they are asked to evaluate the specific business environment in their respective markets.

7. **Sales culture**: The respondents are requested to evaluate their institution's specific characteristics, culture, customs, and conventions. Subsequently, they are asked to define their own attitude towards their job and function as well as their view on responsibility for success and failure.

8. **Performance**: The interviewees are asked to evaluate the relative strengths and improvement potential of their salespeople, regarding various aspects of behavioral and outcome performance. On the business unit level, they then are asked to compare the performance over the last 24 months both with the institution's strongest competitor and with the bank's sales goals.

9. **Statistical data**: In the last section, the participants are requested to provide more detailed information on the general parameters of the bank and the respective business unit. The data includes, among other things, the number of full-time equivalents and the return on equity.

The standardized questionnaire in German was pre-tested for clarity and length, among other criteria, in the identical way the subsequent full-scope survey was executed (cf. Riley et al., 2000; Weigl, 2008). The pre-test was conducted on a sample of 30 banks with 10 retail banking, corporate banking and private banking institutions respectively. Thanks to the extensive literature research, the usage of previously applied operationalizations, and expert interviews conducted in advance, the overall results of the pre-test were successful. Only negligible wording changes were reflected in the questionnaire.

The most crucial element of the data gathering process is sampling, which is the extraction of members of the population to represent the entire population (see e.g. Alreck and Settle, 1994; Weigl, 2008). Therefore, sampling needs to be conducted in a diligent fashion in order not to incur error or bias in the data set (cf. Alreck and Settle, 1994; Weigl, 2008). As pointed out before, retail, corporate, and private banks are the focus of this study. A key informant design was chosen which is common for studies of marketing and sales organizations (see e.g. Moorman and Rust, 1999; Olson et al., 2005). In order to obtain high-quality data from key informants, the guidelines of *Huber and Power (1985)* were applied. In line with previous studies (see e.g. Olson et al., 2001; Schwepker Jr. and Good, 2004), the heads of the retail, corporate or private banking sales department were chosen as key informants due to their knowledge, not only of the sales area but also of the broader perspective on strategy, organizational characteristics, environment, and performance. In a first step, the general contact details and institution specifics (e.g. total assets, segment, listing) of all banks operating in either of the respective segments in Germany were extracted from various publicly available databases like Hoppenstedt. Subsequently, drawing on the overall data of 2,000 institutions, a set of 618 banks, in their distribution along the various characteristics representative of the German banking market, was extracted. The systematic

random sample then was contacted by telephone and 1,105 heads of the relevant sales departments, the key informants, were identified. They received a letter informing them of the content of the research project and seeking cooperation from his or her organization. Shortly afterwards, they were contacted by phone by a research firm which had been contracted to conduct the telephone interviews. If the informants were willing to participate in the research project, the interviews were either conducted right away or appointments made. Some of the participants preferred to answer the questionnaire in paper format - a structural comparison of the results, however, has shown that there are no significant differences between the paper and telephone results and, as such, pose no problem to the analysis. While 806 sales managers (72.9%) were not interested in participating, 299 department heads (27.1%) agreed to answer the questions of the standardized questionnaire on the telephone. One participant quit before the completion of all questions, resulting in an overall number of 298 completed interviews - a response rate of 27.0%. This response rate is acceptable and in line with comparable studies (see e.g. Piercy et al., 1999; Olson et al., 2001, 2005). The average time required for a single interview was 32.05 minutes.

With (e-)mail-based and face-to-face surveys incuring low and high cost for conducting research respectively, telephone interviews are considered by some researchers to yield the highest input-output ratio (cf. Massey, 1986, p. 95-96). This is due to the fact that while "the quality of data obtained by telephone on complex attitudinal and knowledge items as well as on personal items is comparable to that collected in person" (Rogers, 1976, p. 65), the cost and time requirements are significantly lower. Additionally, combined with the legally assured confidentiality of a market research company, response bias like leading questions and social desirability are reduced compared to mail surveys. Though comparisons of face-to-face surveys and telephone interviews in the USA have indicated that the latter will probably yield slightly higher social desirability bias due to higher social distance and thus reduced credibility of the confidentiality guarantees (cf. Rogers, 1976, p. 53; Aquilino, 1994, p. 214; Holbrook et al., 2003, p. 79-108), this will not be the case in the given setting due to German laws regarding professional research

firms. As such, social desirability bias will not pose any problems to the analysis. Another potential aspect to consider, non-response bias, has been examined using an extrapolation approach (cf. Armstrong and Overton, 1977, p. 397). A time trend method was applied to evaluate the responses of the institutions which (1) participated in the interview right away, (2) required an appointment for the telephone interview, and (3) required additional information before participating in the survey. The analysis has shown that there are no significant differences between the different waves and therefore it can be concluded that non-response bias is not a problem for the analysis (cf. Armstrong and Overton, 1977, p. 397).

5.2   Sample Description

As previously described 298 telephone interviews were conducted with the heads of the sales department of the respective sectors. Out of the 298 participants, 87 (29.2%) work for savings banks (incl. landesbanks), 154 (51.7%) are employed at credit cooperatives, and 57 (19.1%) lead the sales department of a commercial bank. Compared with the distribution in Germany (Statistisches Bundesamt, 2007, p. 440) credit cooperatives are underrepresented by 8.6%, commercial banks slightly overrepresented by 1.9%, and savings banks overrepresented by 6.7% (see Figure 5.1, p. 170).

The sample is distributed evenly among the investigated segments retail banking (33.2%), corporate banking (33.2%), and private banking (33.6%) with 99, 99, and 100 responses respectively (see Figure 5.2, p. 170). Since, to the best of the author's knowledge, there is no information available regarding the distribution of the segments along sectors in Germany, an assessment of the representativeness is not possible.

As shown in Figure 5.3, out of the participating banks, 125 (52.3%) have average total assets lower than € one billion (bn). A majority of 84.0% (n = 105) of these small institutions are credit cooperatives while only eight (6.4%) are commercial banks and 12 (9.6%) savings banks. Medium sized banks with total assets between € one and 10 bn total 79 (33.1%) institutions, with seven (8.9%) commercial

Figure 5.1: Distribution of the Sample and the German Banking Market along Sectors

Sample   **German Banking Market 2006**
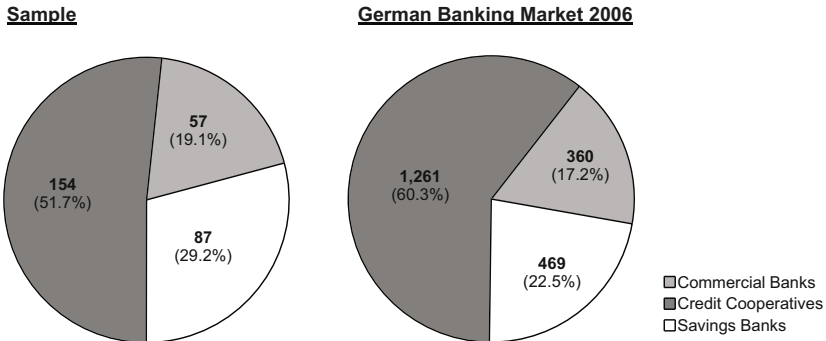
Source: Own illustration.

Figure 5.2: Distribution of the Sample along Segments
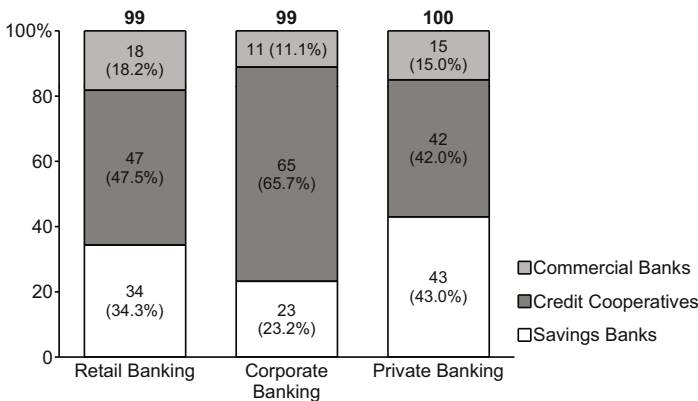
Source: Own illustration.

banks, 33 (41.8%) credit cooperatives, and 39 (49.4%) savings banks. The sample also contains 18 (7.5%) large banks with € 10 to 100 bn average total assets: five (27.8%), one (5.6%), and 12 (66.7%) institutions in the commercial banking, credit cooperatives, and savings banks sector respectively. Of the big banks (n = 17, 7.1%) with average total assets between € 100 and 1,000 bn, seven (41.2%) are commercial banks, five (29.4%) credit cooperatives, and five (29.4%) savings

banks. The big commercial banks on average, however, have significantly higher average total assets (€ 349 bn) compared to credit cooperatives (€ 273 bn) and savings banks (€ 216 bn). Overall, the sample as such reflects the German banking market, where the commercial banks constitute the larger players with the credit cooperatives and savings banks smaller in terms of average total assets.

Figure 5.3: Distribution of the Sample along Average Total Assets
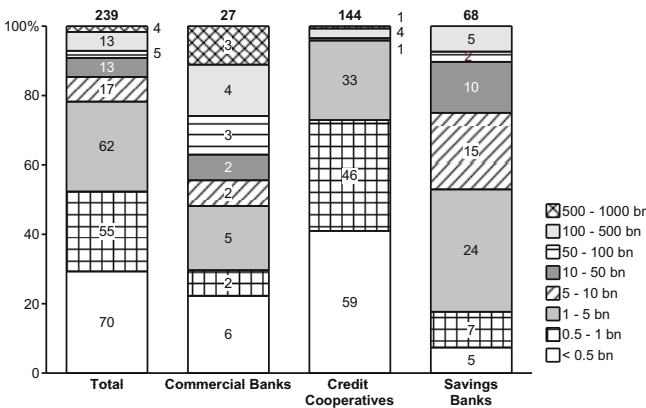
Source: Own illustration.

Evaluating the size of the banks in terms of employees (see Figure 5.4, p. 172), there are 44 (18.3%) small institutions with less than 100 full time equivalent (FTE), 129 (53.5%) medium sized institutions with 100 to 500 FTE, 57 (23.7%) large institutions with 500 to 2,500 FTE, and 23 (9.5%) big institutions with 2,500 and more employees in the sample. The size of the retail banking, corporate banking, and private banking functions of the participating institutions are coherent with the business models and structural characteristics of the respective segments: 86.9% (n = 53) of the institutions employ more than 25 FTE in the retail banking function while only 23.8% (n = 15) of the institutions employ more than 25 FTE in their corporate banking functions. The private banking functions are slighlty larger with 45.6% (n = 26) of the institutions employing more than 50 FTE.

Figure 5.4: Distribution of the Sample along Full Time Equivalents
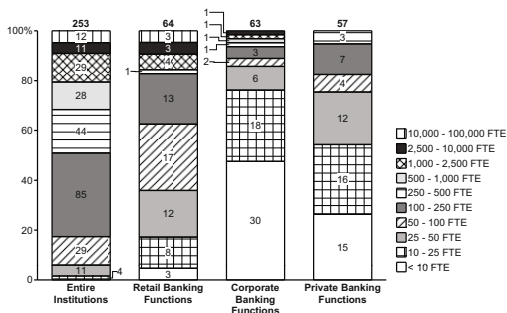
Source: Own illustration.

The segment-specific characteristics are also reflected in the number and ratio of customer consultants (cc) and sales support (ss) staff employed at the participating institutions (see Figure 5.5, p. 173). The number of full time equivalents is the average across all respective institutions. The ratio, however, is only calculated for the institutions which supplied figures for both customer consultants and support staff. In line with the overall institutions, which have a customer consultant sales support ratio of 12, there is only one sales support person for 13 retail banking consultants. The corporate and private banking institutions, on the other hand, have a significantly higher support ratio of 7:1 and 9:1 respectively, stronger relieving its sales force from administrative tasks. With regard to the total size, the functions in retail banking (avg. cc = 410, avg. ss = 54) are significantly larger than the average of all institutions (avg. cc = 246, avg. ss = 50). The corporate (avg. cc = 121, avg. ss = 40) and private banking (avg. cc = 195, avg. ss = 55) functions are naturally even smaller.

A comparable pattern for the commcercial banking sector is depicted by Figure 5.6 (p. 173). The average size of the commercial banking institutions with 563 customer consultants and 49 sales support is well above the average across all sectors. This is also mostly due to the large retail banking functions with an average of 1,353 customer consultants and 95 sales support. The corporate (avg. cc = 176, avg. ss = 59) and private (avg. cc = 237, avg. ss = 23) banking

Figure 5.5: Average Customer Consultants, Sales Support, and Ratio of the Total Sample
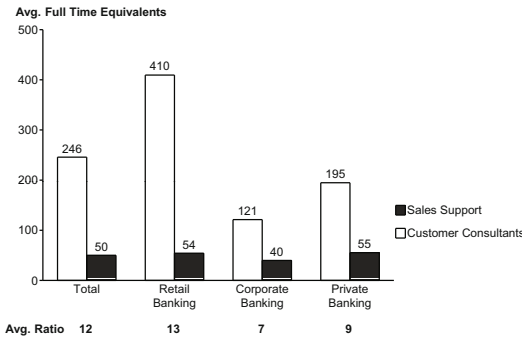
Source: Own illustration.

functions, however, are only slightly larger than the cross-sectoral average. While the overall support ratio is the highest of all sectors (one sales support person for five customer consultants), the individual segments show similar characteristics. Retail banking has the lowest support for its sales staff with a ratio of 7:1 whereas corporate banking (5:1) and private banking (4:1) customer consultants can rely on greater assistance.

Figure 5.6: Average Customer Consultants, Sales Support, and Ratio of Commercial Banks in the Sample
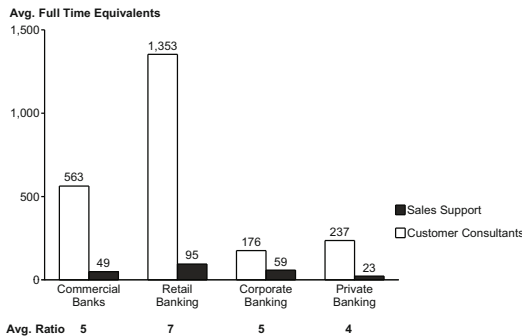
Source: Own illustration.

The credit cooperatives in the sample show a somewhat different profile of the overall size and support ratio (see Figure 5.7, p. 174). In contrast to commercial and savings banks, the average credit cooperative function is smaller (avg. cc = 66, avg. ss = 20) and the private banking units are larger (avg. cc = 86, avg. ss = 20) than the retail (avg. cc = 59, avg. ss = 20) and corporate banking (avg. cc = 58, avg. ss = 20) departments. Additionally the support ratio of 13:1 for private banking is well below retail (11:1) and corporate (7:1) banking. As verified in the expert interviews, the deviating support ratio for private banking is not due to a structural, but rather a philosophical or strategic difference. Many credit cooperatives follow an approach where most of the tasks remain with the customer consultant and are not assigned to the sales support.

Figure 5.7: Average Customer Consultants, Sales Support, and Ratio of Credit Cooperatives in the Sample
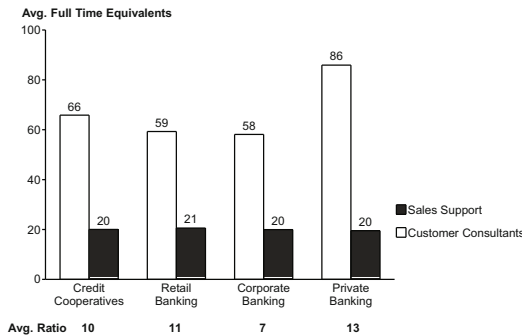
Source: Own illustration.

As shown in Figure 5.8 (p. 175), the savings banks with an average of 278 customer consultants and 98 sales support staff have larger functions than credit cooperatives (avg. cc = 66, avg. ss = 20) but only about half the size of commercial banks (avg. cc = 562, avg. ss = 49). Within the subsets, retail banking (avg. cc = 311, avg. ss = 78) ranks before private (avg. cc = 264, avg. ss = 129) and corporate banking (avg. cc = 244, avg. ss = 81). The analysis of the support ratio reveals the lowest assistance in retail banking with only one sales

support person per 17 customer consultants, while corporate and private banking
offer higher support with a ratio of 7:1 and 9:1 respectively.

Figure 5.8: Average Customer Consultants, Sales Support, and Ratio of Savings Banks in the
Sample
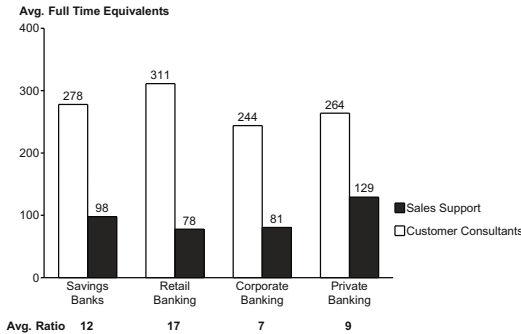
Source: Own illustration.

The 298 participating banking institutions are also evenly distributed in Germany
(see Figure 5.9, p.176). While Baden-Wuerttemberg, Hesse, and North Rhine-
Westphalia are slightly overrepresented, this is in line with the distribution of the
population's headquarters. As such, it follows that there will be no structural bias
due to an uneven weighting of individual regions in Germany.

These results give an overview of the banking institutions in the sample and will
facilitate the analyses and interpretation of the results in *Chapter 6*. First, how-
ever, the operationalization of the constructs will be depicted and discussed in the
next section.

Figure 5.9: Distribution of the Sample in Germany

Source: Own illustration.

5.3   Operationalization of the Constructs

5.3.1   *Overview of the Operationalization Approach*

This study follows an inductive approach to assess the proposed hypotheses and framework. Due to the fact that the latter investigates the relationships of latent variables (LV), i.e. variables which are not directly observable, a methodology is required which is capable of evaluating them: structural equation modeling (SEM) (cf. Backhaus et al., 2006, p. 338). In order to determine the optimum SEM concept, the frequently used covariance-based linear structural relations (LISREL) and partial least squares (PLS) approach need to be evaluated in view of the data set and intended analyses. Table 5.1 following *Chin and Newsted (1999, p. 314)* and *Ringle (2007, p. 8)* gives a condensed overview of the structural differences

between the two approaches (see also Wold, 1974; Fornell and Bookstein, 1982; Dijkstra, 1983; Chin, 1995; McDonald, 1996; Benteler and Yuan, 1999).

Table 5.1: Comparison of PLS and LISREL

	Partial Least Squares (PLS)	**Linear Structural Relations (LISREL)**
Objective	Prediction oriented	Parameter oriented
Approach	Variance based	Covariance based
Assumptions	Predictor specification (nonparametric)	Typically multivariate normal distribution a. independent observations (parametric)
Parameter estimates	Consistent with increasing indicators and sample size	Consistent
Latent variable scores	Explicitly estimated	Indeterminate
Epistemic relationships	Formative or reflective	Typically reflective
Model complexity	Large complexity	Small to moderate complexity
Minimum sample size	Recommendation from 30 to 100 cases	Recommendation from 200 to 800 cases

Source: Own illustration, following *Chin and Newsted (1999, p. 314)* and *Ringle (2007, p. 8)*.

Evaluating these differences in the context of this study, PLS is more appropriate than LISREL for the following reasons. First, even though the overall sample size is suited for an analysis with LISREL, the data sets of the individual subgroups (i.e. retail, corporate, and private banking) will only generate reliable results using PLS. Secondly, PLS is not only capable of confirming theory but also "to suggest where relationships might or might not exist" (Chin, 1998, p. 295). Thirdly, it is better able to accommodate the fit analysis where explicit latent variable scores are required (cf. Venkatraman, 1989).

Following the theories of *Bagozzi (1984)*, *Carnap (1966)*, and others, concerning scientific theory, specifically their research on theoretical and observation language, a PLS model is subdivided into two parts (cf. Fornell and Bookstein, 1982; Fornell and Cha, 1994; Chin, 1998; Chin et al., 2003; Ringle, 2007): a structural model (inner model) and a measurement model (outer model). The measurement model specifies the relationship between the latent and manifest variables, whereas the structural model deals with the relations between the latent variables and their mode of estimation (cf. Chin, 1998, p. 298-299). While the structural model has already been described in *Chapter 4*, the following paragraphs and sections will first outline the methodological assessments of the measurement model and then define the specific operationalizations of the constructs.

Hulland (1999) defines two considerations which are required before the actual evaluation of the construct relationships (i.e. the interpretation of the path coefficients which will be conducted in the course of hypotheses verification in *Chapter 6*). The determination of the "appropriate nature of the relationships between measures and constructs" (Hulland, 1999, p. 198) and the assessment of the validity and reliability of the measures. Both are necessary to ensure appropriate measures of the latent variables before drawing conclusions on the relationship between the latent variables (cf. Hulland, 1999, p. 198-202). The construct indicator/measure relationships, often also referred to as rules of correspondence or epistemic relationships (cf. Fornell and Bookstein, 1982; Bagozzi, 1984), can either be reflective or formative. Reflective indicators, as already suggested by the name, reflect the underlying construct, i.e. the construct causes the manifest variables (Hulland, 1999, p. 201). They are by far the most common measurement in social science and business literature (cf. Bollen and Lennox, 1991, p. 305; Diamantopoulos, 1999, p. 446; Diamantopoulos and Winklhofer, 2001, p. 269; Weigl, 2008, p. 201) and can be expressed by the following mathematical term:

(5.1) $$X = \Gamma_x \cdot \eta + \Delta$$

X describes the vector of indicators $(x_1, ..., x_n)$, Γ_x the weighting vector $(y_1, ..., y_n)$ of the indicators, and Δ the vector of the residuals $(\delta_1, ..., \delta_n)$ (cf. Fassott and Eggert, 2005, p. 36). The individual items of the reflective construct are interchangeable and the removal of a measure does not change the nature of the underlying latent variable (cf. Diamantopoulos and Winklhofer, 2001, p. 271). In contrast to formative measurement models, reflective indicators and their correlation is explained (cf. Diamantopoulos and Winklhofer, 2001, p. 271). Reflective measurement models do not necessarily have to be analyzed in the context of a larger model but instead can be evaluated using, for example, a confirmatory factor analysis (cf. Long, 1983; Bollen, 1989; Bollen and Lennox, 1991; Diamantopoulos and Winklhofer, 2001).

Formative indicators, on the other hand, cause the construct - the latent variable is "completely determined by a linear combination of its indicators" (Hulland, 1999, p. 201). It follows that the latent variable η is defined in the mathematical notation:

(5.2) $$\eta = y_1 x_1 + y_2 x_2 + ... + y_n x_n + \zeta$$

The coefficients $y_1, ..., y_n$ represent the weighting of the indicators for the linear combinatorial calculation of the latent variable η (cf. Fassott and Eggert, 2005, p. 38). In the case of measurement errors, those are represented by the term ζ (cf. Fassott and Eggert, 2005, p. 38). In contrast to reflective measures, formative items cannot be removed because "omitting an indicator is omitting a part of the construct" (Bollen and Lennox, 1991, p. 308). As another peculiarity, the measurement model does not explain the correlation among the formative manifest variables, and the direction, as well as the magnitude of the correlations, do not have to be in line. (cf. Diamantopoulos and Winklhofer, 2001, p. 271) In this regard *Nunnally and Bernstein (1994, p. 489)* stress the fact that even items with negative correlations and thus with little internal consistency can be meaningful for the operationalization of a construct. Formative measurement models often

also need to be placed in the context of a larger model with associated conse-
quences in order not to be statistically underidentified (cf. Bollen, 1989; Bollen
and Lennox, 1991; Diamantopoulos and Winklhofer, 2001). However, even in that
case the latent variables which are measured formatively need to be connected to
two constructs with effect indicators in order to be able to identify the residual
variance (cf. MacCallum and Browne, 1993, p. 533-538).

Overall, the choice of measurement model - reflective or formative - should depend
"on the causal priority between the indicator and the latent variable" (Diaman-
topoulos and Winklhofer, 2001, p. 270). However, *Fassott and Eggert (2005,
p. 46)* have shown that many empirical studies falsely measure constructs reflec-
tively where a formative measurement would have been appropriate. Besides the
wrong choice of epistemic relationship, many researchers also apply inappropriate
criteria[2] to test the validity and reliability of the measures (Krafft et al., 2005,
p. 72). To avoid the latter, the following paragraphs will outline and assess the
proper measures for reflective indicators which are used for all of the constructs
of this study. The rationale of this choice will be detailed in further depth in the
Chapters 5.3.2 to *5.3.6*.

In order to evaluate the validity and reliability of reflective measurement models
and to ensure a successful operationalization of the constructs in the context of
PLS, four general assessments are required (cf. Churchill, 1979; Bagozzi, 1979;
Peter, 1981; Götz and Liehr-Gobbers, 2004; Krafft et al., 2005):

1. **Content validity** is the degree to which the indicators of the measurement
   model belong to the content-semantic domain of the construct (cf. Bohrnst-
   edt, 1970, p. 92). Thus, to evaluate the measures in view of the underlying
   factor structures, *Krafft et al. (2005, p. 73)* recommend the execution of an
   exploratory factor analysis.

2. **Indicator reliability** describes the share of an indicator's variance which
   can be explained by the underlying latent variable (cf. Krafft et al., 2005, p.

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[2]   *Krafft et al. (2005, p. 72)* criticize especially the application of evaluation criteria for
       reflective constructs to formative measurement models.

73). As an overall quality criterion, more than 50% of the variance should be attributable to the respective construct (cf. Krafft et al., 2005, p. 73). This implies that the loadings of the latent variable on each of the indicators should exceed 0.7 (cf. Carmines and Zeller, 1979, p. 27). The common variance of the indicator and construct is thus higher than the variance of the error term (cf. Krafft et al., 2005, p. 73). While loadings below 0.7 are also acceptable for newly developed scales, reflective indicators on which a latent variable loads with less than 0.4 or 0.5 should be removed from the measurement model (cf. Hulland, 1999, p. 198).

3. **Construct reliability** is a quality criterion on the construct level and requires the indicators of one latent variable to be highly correlated (cf. Bagozzi and Baumgartner, 1994, p. 402; Krafft et al., 2005, p. 74). Besides the common measure Cronbach's alpha, which is especially used for non-PLS models, a better estimate of construct reliability is the composite reliability measure (ρ_c) by *Werts et al. (1974)* (cf. Chin et al., 1996, p. 33). In contrast to Cronbach's alpha, the composite reliability "does not assume tau equivalency among the measures with its assumption that all indicators are equally weighted. Therefore, alpha tends to be a lower bound estimate of reliability, whereas ρ_c is a closer approximation under the assumption that the parameter estimates are accurate" (Chin, 1998, p. 320). Using the standardized values for the indicators and latent variables which are part of the PLS output, the composite reliability can be expressed by the following mathematical term (cf. Chin, 1998, p. 320):

$$(5.3) \qquad \rho_c = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum_i var(\epsilon_i)}$$

While λ_i is the component loading to an indicator, $var(\epsilon_i)$ is defined as $1 - \lambda_i^2$. Values above 0.6 or 0.7 are considered to be adequate for reliable constructs (cf. Nunnally and Bernstein, 1994, p. 245; Krafft et al., 2005, p. 74; Ringle and Florentine, 2007, p. 212).

4. **Discriminant validity** is "the extent to which measures of a given construct differ from measures of other constructs in the same model" (Hulland, 1999, p. 199). As such, a commonly used criterion is that a latent variable should share more variance with its indicator than with the other latent variables of the model (cf. Hulland, 1999, p. 199; Krafft et al., 2005, p. 74). *Fornell and Larcker (1981)* propose the usage of Average Variance Extracted (AVE) which is the average variance shared between a latent variable and its indicators and expressed by the following mathematical term (cf. Hulland, 1999, p. 200):

(5.4)
$$AVE = \frac{\sum \lambda_i^2}{\sum \lambda_i^2 + \sum_i var(\epsilon_i)}$$

With λ_i again being the component loading to an indicator, and $var(\epsilon_i)$ being defined as $1 - \lambda_i^2$ (cf. Ringle, 2004, p. 20). While AVE can also be used as a more conservative measure to evaluate composite reliability, requiring an AVE above 0.5 (i.e. more than 50% of the manifest variables' variance should be accounted for), it is also one of the most common measures for discriminant validity (cf. Hulland, 1999, p. 199-201; Krafft et al., 2005, p. 74-75). As such, the AVE needs to be higher than the shared variance between the latent variable and other latent variables, i.e. the squared correlations among the constructs (cf. Hulland, 1999, p. 199-200). The latter can be illustrated using a correlation matrix with the square roots of the AVE values on the diagonal (cf. Hulland, 1999, p. 200). As another measure of discriminant validity, the cross-loadings need to be evaluated (cf. Chin, 1998, p. 312). "If an indicator loads higher with other LVs than the one it is intended to measure, the researcher may wish to reconsider its appropriateness because it is unclear which construct or constructs it is actually reflecting" (Chin, 1998, p. 312).

Additionally the t-statistics, i.e. independent samples t-tests, need to be analyzed for all indicators (cf. Ringle and Florentine, 2007, p. 213). To obtain these val-

ues, resampling techniques like bootstrapping and jackknifing are required in the context of PLS (cf. Chin, 1998, p. 318-320; Ringle and Florentine, 2007, p. 213). While the latter was originally designed to cope with low computation potency, bootstrapping, due to its higher quality results, has now been established as quasi standard for the calculation of t values (cf. Ringle, 2007, p. 101-107).

For most of the research framework's constructs there are multiple operationalization possibilities. Thus, the alternatives with the highest face validity in the pretests and strongest measurement history in the literature are selected (cf. Weigl, 2008, p. 207). The previously conducted exploratory expert interviews were used to support the selection of the most appropriate and relevant measures. However, to assure a high degree of content validity, only items which can be consistently mapped to one of the constructs are included (cf. Venkatraman and Grant, 1986; Weigl, 2008, p. 207). Despite and in provision of the above evaluations, the final decision for or against the incorporation of specific measures should always be based on content-specific considerations (cf. Weigl, 2008, p.207). The specific operationalizations and scales of this study's constructs are subsequently discussed.

5.3.2   *Sales Management Control Strategy*

As pointed out before, sales management control is subdivided into formal (behavior and compensation control) and informal (professional, cultural, and self control) control which are operationalized separately and build on the works of different researchers. The measurement of behavior control is based on the scales by *Cravens et al. (1993, p. 58)* and *Babakus et al. (1996, p. 358-359)* who distinguish among four dimensions of behavior control: monitoring, directing, evaluating, and rewarding. Due to the previously discussed separation of evaluation and compensation aspects (see *Chapter 3.2.2*), however, only the first two dimensions are operationalized. Out of the eight originally collected items (see *Appendix E*), two indicators were eliminated due to insufficient loadings. On the remaining six manifest variables, the latent variable loads above 0.7 significantly at the 1% level.

Compensation control is primarily built on the conceptualization by *Piercy et al. (2004a)*. However, instead of only integrating the ratio of variable compensation and fixed salary, an index is constructed which also accounts for the effectiveness of compensation control. This is in line with the expert interviews, where practitioners specifically stressed the importance of the latter. Therefore the percentage of variable compensation (PERCENT) is not only combined with the share of employees (SHARE) which are entitled to such, but also with the ratio of the average target for a payment of the maximum variable compensation (TARGET) and the average degree of target achievement (ACHIEVEMENT). The exact questions underlying these individual components of the index are detailed in *Appendix E*. In mathematical terms, the calculation of the construct (COMP INDEX) can be expressed as follows:

$$(5.5) \quad COMP\ INDEX = SHARE \times PERCENT \times \frac{ACHIEVEMENT}{TARGET}$$

The results are than transfered into a Likert scale using the following boundaries: 0% (0), 1 - 10% (1), 11 - 20% (2), 21 - 30% (3), 31 - 40% (4), and above 40% (5). Since the latent variable only builds on the compensation index, an analysis of the loadings and t-statistics becomes obsolete.

Professional control is based on the scales by *Jaworski and MacInnis (1989, p. 416)*[3] to evaluate the collegial evaluation and interaction. Two of the original items were not used, due to the fact that one described communication behavior which is operationalized separately in this study and one was considered to be redundant by the experts in the preceding interviews. The construct loads on the three items significantly at the 1% level (see Table 5.2, p. 187). While Y_{29} and Y_{30} have loadings above 0.8, Y_{31} only ranges around 0.5, but was not eliminated due to content-semantic considerations. The exact questions are again detailed in *Appendix E*.

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[3]   The scales of *Jaworski and MacInnis (1989)* build on the conceptual work of *Waterhouse and Tiessen (1978)* and *Becker and Gordon (1966)*.

The operationalization of cultural control is based on the work of *Jaworski et al. (1993, p. 68)*, who in turn built on the work of *Buchanan II (1974)*. The latent variable loads on the two items, which focus on cultural identification (see *Appendix E*), above 0.8 significantly at the 1% level (see Table 5.2).

Self control builds on the works of *Dalton (1971)*, *Hopwood (1974)*, *Lawler III (1976)*, *Miner (1975)*, and *Kerr and Slocum (1981)* and applies the operationalization by *Jaworski and MacInnis (1989, p. 416)*. The focus of the manifest variables is on the degree to which the individual assumes responsibility for job activities. In contrast to professional and cultural control where the manager was asked to evaluate his or her employees or division, the questions (see *Appendix E*) center on the sales manager himself or herself. However, considering the similarity of superiors and subordinates within one company (cf. Rothstein, 1972; Phillips and Bedeian, 1994) which is higher than the cross-company similarities, the results are transferable to the sales employees. The construct loads on all of the three items above 0.7 significantly at the 1% level, only Y_{32} is below 0.5 for the private banking subsample (see Table 5.2). But since the significance is also at the 1% level, the manifest variable is included for all samples.

Since all the constructs are measured reflectively - in line with the measurement models applied by the above researchers - factor analyses were conducted beforehand which confirmed the content validity of the indicators. As shown in Table 5.2, the latent variables load on all indicators above 0.7. Only Y_{21}, Y_{23}, Y_{31}, and Y_{32} are partially slightly below the threshold. This minor deviation though does not impair the reliability of the indicators. Since the values for the composite reliability are above 0.7 and for the AVE above 0.5 (see Table 5.2) the construct reliabilities are also given. To evaluate the discriminant validity, the correlation matrices with the square roots of the AVE on the diagonal are depicted in *Appendix J* and the cross-loadings shown in *Appendix K*. They illustrate that the square roots of the AVE are higher than the correlations with any other latent variable and the respective indicators have higher loadings with the respective constructs than with any other construct. Only very few other latent variables

load above 0.5 on the manifest variables and therefore it follows that discriminant validity is granted. The results of the bootstrapping procedures in Table 5.2 additionally show that the loadings of all construct and indicators are significant at the 1% level. Thus it can be stated in summary that the sales management control constructs are valid and reliable.

Table 5.2: Operationalization of Sales Management Control

	All Segments					Retail Banking					Corporate Banking					Private Banking				
	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings
Behavior Control	0.594	0.898	0.594			0.613	0.937	0.613			0.548	0.878	0.548			0.623	0.983	0.623		
Y_{20} Monitoring of activities				0.788	25.541***				0.868	3.849***				0.783	23.921***				0.777	26.723***
Y_{21} Observation of performance				0.769	17.758***				0.814	28.419***				0.616	8.350***				0.823	37.933***
Y_{22} Training on the job				0.735	18.774***				0.749	23.544***				0.787	13.765***				0.745	19.222***
Y_{23} Coaching				0.751	21.460***				0.777	27.318***				0.669	12.769***				0.791	25.847***
Y_{24} Discussion of performance evaluations				0.789	24.799***				0.743	19.398***				0.813	32.933***				0.824	31.579***
Y_{25} Help in potential development				0.792	25.994***				0.795	29.791***				0.838	33.475***				0.774	24.588***
Compensation Control	1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000		
Y_{26} Compensation Control Index				1.000					1.000					1.000					1.000	
Cultural Control	0.759	0.863	0.759			0.741	0.851	0.741			0.725	0.845	0.725			0.896	0.895	0.896		
Y_{27} Feel part of division				0.876	37.719***				0.858	34.935***				0.863	27.746***				0.940	39.500***
Y_{28} Pride in their work				0.867	38.166***				0.864	37.972***				0.840	29.777***				0.896	57.366***
Professional Control	0.583	0.799	0.583			0.561	0.786	0.561			0.579	0.814	0.579			0.611	0.812	0.611		
Y_{29} Encouragement of cooperation				0.871	37.361***				0.863	37.255***				0.829	28.966***				0.980	36.649***
Y_{30} Respect for colleagues' work				0.861	33.348***				0.823	19.976***				0.838	25.457***				0.913	49.942***
Y_{31} Familiarity with colleagues' productivity				0.498	6.681***				0.512	6.859***				0.591	6.117***				0.426	6.252***
Self Control	0.625	0.834	0.625			0.738	0.876	0.738			0.674	0.860	0.674			0.539	0.752	0.539		
Y_{32} Satisfaction from job				0.618	8.975***				0.767	29.361***				0.760	13.581***				0.352	2.744***
Y_{33} Meaningfulness of job				0.880	38.147***				0.926	66.223***				0.887	4.881***				0.841	15.277***
Y_{34} Accountability for work				0.849	24.858***				0.817	18.719***				0.858	32.334***				0.936	24.424***

* p < 0.10   ** p < 0.05   *** p < 0.01

Source: Own illustration.

5.3.3   *Bank Strategy*

The operationalization of the bank's business strategy builds primarily on the works of *Porter (1980)*, *Saxe and Weitz (1982)*, *Bloch et al. (2004)*, and *Periatt et al. (2004)*. In order to distinguish sales- and advice-oriented institutions (see *Chapter 3.1.1.3*), the selling orientation - customer orientation (SOCO) scale in its condensed version by *Periatt et al. (2004, p. 52-53)* has been adjusted to reflect the specifics of the banking market and general strategic aspects. Therefore six polarity profiles on the organization level[4] have been derived based on the results of the preceding expert interviews, asking the sales managers to evaluate, among other things, the importance of the quality of advice vs. the price performance ratio of the products offered for the company's success (see *Appendix F* for an overview of the questions). Since the constructs load low on three of the polarity profiles, only six items (two for each of the polarity profiles) are included for the operationalization of the bank's strategy. On all of the remaining items, the constructs load above 0.7 significantly at the 1% level, only in one instance significantly at the 5% level. To be able to evaluate the phenomenon of hybrid strategies, the sales-oriented and advice-oriented strategy are included as separate constructs even though they are the opposite ends of the described strategy continuum. As an additional advantage of this separate consideration, the setting of a notional threshold for the distinction can be avoided in favor of a continuous consideration of the strategic dimension.

Since all the constructs are measured reflectively - in line with the measurement models applied by the above researchers - factor analyses were conducted beforehand which confirmed the content validity of the indicators. As shown in Table 5.3 (p. 190), the latent variables load on all indicators above 0.7. Since the values for the composite reliability are above 0.7 and for the AVE above 0.5 (see Table 5.3), the construct reliabilities are also given. To evaluate the discriminant validity, the correlation matrices with the square roots of the AVE on the diagonal are depicted in *Appendix J* and the cross-loadings shown in *Appendix K*. They

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[4]   The original SOCO scale was designed to evaluate the behavior of the individual salesperson.

illustrate that the square roots of the AVE are higher than the correlations with any other latent variable and the respective indicators have higher loadings with the respective constructs than with any other construct. Therefore it follows that discriminant validity is granted. The results of the bootstrapping procedures in Table 5.3 additionally show that the loadings of the constructs and all indicators are significant at the 1% level, except Y_6 (Importance of advice/Importance of price performance ratio) for the private banking sample on which the constructs load significantly at the five percent level. Thus, it can be stated in summary that the bank strategy constructs are valid and reliable.

Table 5.3: Operationalization of Bank Strategy

	All Segments					Retail Banking					Corporate Banking					Private Banking				
	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings
Advice Strategy	0.656	0.856	0.656			0.651	0.848	0.651			0.656	0.850	0.656			0.662	0.854	0.662		
Y_6 Importance of advice				0.734	14.871***				0.714	12.381***				0.756	13.457***				0.772	2.353**
Y_7 Needs of customers rank fist				0.839	31.527***				0.849	48.174***				0.835	25.723***				0.826	25.936***
Y_8 Salespeople advice-oriented				0.852	36.489***				0.854	33.624***				0.879	52.923***				0.841	33.565***
Sales Strategy	0.656	0.856	0.656			0.651	0.848	0.651			0.656	0.850	0.656			0.662	0.854	0.662		
Y_6 Importance of price performance ratio				0.734	14.871***				0.714	12.381***				0.756	13.457***				0.772	2.353**
Y_7 Profitability ranks first				0.839	31.527***				0.849	48.174***				0.835	25.723***				0.826	25.936***
Y_8 Salespeople not advice-oriented				0.852	36.489***				0.854	33.624***				0.879	52.923***				0.841	33.565***

* p < 0.10   ** p < 0.05   *** p < 0.01

Source: Own illustration.

5.3.4   *Organization-Specific Characteristics*

As described in *Chapters 3.3.1.1* to *3.3.1.3* the organization-specific characteristics subsume elements of organizational culture, organizational structure and information technology.

The operationalization of the organizational culture builds on the works of *Denison and Mishra (1995, p. 221)* who originally distinguish among four different cultural traits: involvement, consistency, adaptability, and mission. The latter, however, was not included in the analysis of this study as it is not selective from the business strategy construct and is not expected to yield additional relevant insights. In line with the researchers, each of the latent variables is operationalized with two items[5] on which the constructs load above 0.7 significantly at the 1% level. The only exceptions are Y_{15} (Involvement) and Y_{13} (Adaptability) where the loadings for the corporate banking subsample are slightly below 0.7 but still significant at the 1% level (see Table 5.4, p. 194) and thus pose no problem to the analysis at hand.

Another element of organizational culture is the communication style of the employees. The operationalization is based on the scale proposed by *Ginevicius and Vaitkunaite (2006, p. 209)* and measures the degree of formality vs. informality (see *Appendix G*). Since only one item is measured, the construct resembles the manifest variable and an analysis of the loadings and t-statistics becomes obsolete. It needs to be noted that the measurement of a latent variable with one manifest variable, and therefore below the common threshold of two manifest variables, is debated in literature, ranging from evaluations of perfect to suboptimal measurement of the respective construct (see e.g. Jöreskog, 1977; Fornell, 1983; McFarlane Shore et al., 1990; Kline, 1998; Abramson et al., 2005; Ringle et al., 2005; Huber et al., 2007). Multiple recent studies, however, have shown that the measurement of a latent variable with one manifest variable can lead to viable research results using a PLS model (see e.g. Fritz et al., 2005; Bouncken and Koch, 2005).

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[5]   See *Appendix G* for the exact wording of the questions.

With regard to the organizational structure, organizational centralization as described in *Chapter 3.3.1.2* is evaluated. The measurement does not draw on an established measure but is based on a new scale which was developed as a result of the preceding expert interviews. The organizational centralization index (CENTR INDEX) integrates the existence of centralized sales management control functions (FUNCTION), as well as the ratio of employees in the sales management control functions (FUNCTION EMPL) and the total number of employees (TOTAL EMPL) in the bank. If the institution does not employ dedicated sales planning and management control employees or if those are decentralized, a value of 0 is assigned to the index of the respective case. Otherwise a value of 1 is set and weighted with the employee ratio. In mathematical terms the index can be expressed as follows:

(5.6)

$$CENTR\ INDEX = \begin{cases} 0, & \text{if } FUNCTION \text{ is } 0 \\ 1 \times \left(1 + \frac{FUNCTION\ EMPL}{TOTAL\ EMPL}\right), & \text{if } FUNCTION \text{ is } 1 \end{cases}$$

Since the construct only consists of the index, an analysis of the loadings and t-statistics is not required.

The last construct of the organization-specific characteristics is IT sophistication. The operationalization builds on the measures of *Wright and Donaldson (2002, p. 417)* whose research indicates that the subjective evaluation of IT sophistication reflects the objective reality. However, to enhance the measurement with objective data, the respondents were not only asked to state their perception of the sales planning, management and controlling IT infrastructure, but also if their institution has a sales management control tool and customer relationship management system at its disposal. While Y_{10} (Usage of Sales Management Control IT) and Y_{12} (Evaluation of IT Sophistication) have loadings above 0.7 significant at the 1% level (see Table 5.4, p. 194), the latent variable only loads around 0.4 on Y_{11} (Usage of CRM IT). However, since the loadings are significant at the 1% or 5% level for all samples except corporate banking and since the manifest variable

is required from a content-semantic perspective, it is nonetheless included in the analysis.

Since all the constructs are measured reflectively - in line with the measurement models applied by the above researchers - factor analyses were conducted beforehand which confirmed the content validity of the indicators. Since the values for the composite reliability are above 0.7 and for the AVE are almost all above 0.5 (see Table 5.4) the construct reliabilities are also given. The only exception is IT sophistication for which AVE is only slightly below 0.5 and thus is still acceptable. To evaluate the discriminant validity, the correlation matrices with the square roots of the AVE on the diagonal are depicted in *Appendix J* and the cross-loadings shown in *Appendix K*. They illustrate that the square roots of the AVE are higher than the correlations with any other latent variable, and the respective indicators have higher loadings with the respective constructs than with any other construct. Only very few other latent variables load above 0.5 on the manifest variables and therefore it follows that discriminant validity is granted. The results of the bootstrapping procedures in Table 5.4 additionally show that the loadings of all construct and indicators are significant at the 1% level with the exceptions mentioned above. Thus, it can be stated in summary that the constructs of the organization-specific characteristics are valid and reliable.

Table 5.4: Operationalization of Organization-Specific Characteristics

	All Segments					Retail Banking					Corporate Banking					Private Banking				
	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings
Adaptability	0.718	0.836	0.718			0.739	0.844	0.739			0.661	0.793	0.661			0.751	0.857	0.751		
Y_{13} Customers lead to change				0.800	23.152***				0.835	22.185***				0.695	13.623***				0.873	49.461***
Y_{14} Responsive division				0.893	64.768***				0.934	77.895***				0.917	75.171***				0.859	35.757***
Communication	1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000		
Y_{19} Informal communication				1.000					1.000					1.000					1.000	
Consistency	0.814	0.898	0.814			0.879	0.894	0.879			0.822	0.922	0.822			0.811	0.896	0.811		
Y_{17} Consistent business approach				0.877	18.317***				0.915	16.762***				0.873	5.323***				0.919	29.174***
Y_{18} High level of agreement				0.927	28.945***				0.883	16.350***				0.939	7.678***				0.882	31.795***
IT Sophistication	0.452	0.692	0.452			0.447	0.667	0.447			0.392	0.665	0.392			0.483	0.722	0.483		
Y_{10} Usage of SMC IT				0.813	8.984***				0.742	11.392***				0.957	4.591***				0.716	7.341***
Y_{11} Usage of CRM IT				0.351	2.174**				0.228	2.970***				0.335	0.472				0.418	2.664***
Y_{12} Evaluation of IT sophistication				0.757	5.166***				0.862	14.774***				0.389	1.652***				0.874	8.745***
Involvement	0.647	0.784	0.647			0.613	0.759	0.613			0.642	0.775	0.642			0.657	0.799	0.657		
Y_{15} Salespeople input into decisions				0.715	7.317***				0.844	11.987***				0.619	5.353***				0.724	8.231***
Y_{16} Cooperation and collaboration				0.885	13.415***				0.717	6.368***				0.949	26.835***				0.891	14.132***
Organizational Centralization	1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000		
Y_9 Organizational Centralization Index				1.000					1.000					1.000					1.000	

* p < 0.10   ** p < 0.05   *** p < 0.01

Source: Own illustration.

5.3.5   *Environmental Parameters*

As described in *Chapter 3.3.2*, the environmental parameters evaluated in the context of this study are: dynamism, predictability, and competition.

The measurement of dynamism and predictability builds on the measures of *Khandwalla (1974, 1977)*, *Miller (1983)*, and *Miller and Dröge (1986)* who subsume the two constructs with the latent variable uncertainty. In line with *Miller (1988, p. 307)*, two of the five items measure the predictability of the environment and three manifest variables are used to operationalize dynamism[6]. However, of the last three, one has to be eliminated due to insufficient loadings. The remaining indicators load above 0.7 significantly at the 1% level with the exception of Y_3 (adjustment of sales practices) for the retail and private banking segment on which the construct loads slightly below the threshold, and Y_1 (Customers' demand and taste) for the retail banking segment for which the loading is only significant at the 20% level (see Table 5.5, p. 197). Despite the latter's low significance, the manifest variable is included in the analysis as it is significant for the other three samples and required from a content-semantic perspective.

Competition follows the rationale of *Krafft (1999)* and measures the perceived degree of rivalry in the respective markets of the retail, corporate, and private banking institutions. As it is measured with a single manifest variable, the analysis of loading and t-statistics becomes obsolete. As in the case of the communication construct, it needs to be noted that the measurement of a latent variable with one manifest variable is debated in literature; however, recent studies using a PLS approach have generated viable research results using such a measurement (see e.g. Jöreskog, 1977; Fornell, 1983; McFarlane Shore et al., 1990; Kline, 1998; Abramson et al., 2005; Ringle et al., 2005; Fritz et al., 2005; Bouncken and Koch, 2005; Huber et al., 2007).

Since all the constructs are measured reflectively - in line with the measurement models applied by the above researchers - factor analyses were conducted which

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[6]   See *Appendix H* for the exact wording of the questions.

confirmed the content validity of the indicators. Since the values for the composite reliability are above 0.7 and for the AVE above 0.5 (see Table 5.5), the construct reliabilities are also given. To evaluate the discriminant validity, the correlation matrices with the square roots of the AVE on the diagonal are depicted in *Appendix J* and the cross-loadings shown in *Appendix K*. They illustrate that the square roots of the AVE are higher than the correlations with any other latent variable and the respective indicators have higher loadings with the respective constructs than with any other construct. Only very few other latent variables load above 0.5 on the manifest variables and therefore it follows that discriminant validity is granted. The results of the bootstrapping procedures in Table 5.5 additionally show that the loadings of all constructs and indicators are significant at the 1% level with the one above mentioned exception. Thus, it can be stated in summary that the constructs of the environmental parameters are valid and reliable.

Table 5.5: Operationalization of Environmental Parameters

	All Segments					Retail Banking					Corporate Banking					Private Banking				
	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings	AVE	Composite Reliability	Communality	Loadings	Significance Loadings
Competition	1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000			1.000	1.000	1.000		
Y_5 Perceived competition				1.000					1.000					1.000					1.000	
Dynamism	0.588	0.745	0.588			0.577	0.716	0.577			0.598	0.744	0.598			0.562	0.716	0.562		
Y_3 Adjustment of sales practices				0.781	5.526***				0.522	3.458***				0.883	11.193***				0.644	3.933***
Y_4 Adjustment of business processes				0.753	5.774***				0.939	8.996***				0.644	3.812***				0.842	7.444***
Predictability	0.785	0.829	0.785			0.664	0.797	0.664			0.493	0.586	0.493			0.723	0.839	0.723		
Y_1 Customers' demand and taste				0.787	8.129***				0.733	1.283				0.231	2.692***				0.816	7.163***
Y_2 Actions of competitors				0.893	12.26***				0.890	24.434***				0.966	4.392***				0.883	7.425***

* p < 0.10   ** p < 0.05   *** p < 0.01

Source: Own illustration.

5.3.6   *Performance*

As described in *Chapter 3.4*, performance as evaluated in this study comprises the three dimensions salesperson behavioral performance, salesperson outcome performance, and sales organization outcomes which are operationalized separately[7].

Salesperson behavioral performance is based on the scales by *Behrman and Perreault (1982, p. 366-367)*, *Spiro and Weitz (1990, p. 61-68)*, *Cravens et al. (1993, p. 57-58)*, *Babakus et al. (1996, p. 360-361)*, *Baldauf et al. (2001a, p. 122)*, and *Piercy et al. (2004a, p. 54-55)*. The nine item scale measures the sales force's relative strengths or improvement potential with regard to such activities as conducting sales and consultation talks or planning sales strategies. The construct loads on eight of the nine items above or only slightly below 0.7 significantly at the 1% level (see Table 5.6, p. 200). Only Y_{35} (knowledge about products) has loadings around 0.5 which however are also significant at the 1% level. Considering this significance as well as that the item is required contentwise and has been successfully applied in earlier studies, it will remain part of the construct and anlysis at hand.

Salesperson outcome performance relies on the operationalizations of *Behrman and Perreault (1982, p. 366-367)*, *Cravens et al. (1993, p. 57)*, *Babakus et al. (1996, p. 360)*, and *Piercy et al. (2004a, p. 55)*. It measures the salespersons' relative strengths and improvement potential to, for example, sell products with the highest profit margin, quickly generate sales of new products or generate a high level of sales. The construct loads on four of the six items above 0.7 significantly at the 1% level and on Y_{44} (producing a high market share) and Y_{49} (producing sales with long term profitability) around 0.6, also significantly at the 1% level (see Table 5.6). As such, all of the items are used to operationalize the latent variable.

Sales organization outcomes, which is often also labeled sales unit or sales organization effectiveness, builds on the measures of *Cravens et al. (1993, p. 58)*,

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[7]   See *Appendix I* for an overview of the questions for each of the three dimensions.

Babakus et al. (1996, p. 361), and *Piercy et al. (2004a, p. 55)*. The operationalization measures the performance of the bank in terms of sales volume, market share, profitability, and customer satisfaction compared to the institution's largest competitor and sales targets over a period of 24 months. The construct loads on all of the eight items above 0.7 or slightly below (see Table 5.6). The only exception are Y_{53} for all samples and Y_{57} for the retail banking sample which show loadings around or below 0.5. However, since the loadings are significant at the 1% level, only Y_{53} for the retail banking subsample is not significant, and the manifest variables required from a factual perspective, they are not eliminated from the analysis. The latent variable also loads on all other variables significantly at the 1% level, only on Y_{54} and Y_{56} for the retail banking subsample at the 10% level.

Since all the constructs are measured reflectively - in line with the measurement models applied by the above researchers - factor analyses were conducted which confirmed the content validity of the indicators. Since the values for the composite reliability are above 0.7 and most of the AVE above 0.5 (see Table 5.6), the construct reliabilities are also given. The only exception are the salesperson behavioral performance for the retail banking subsample, sales organization outcomes for all but the corporate banking subsample, and salesperson outcome performance for the corporate banking subsample where the AVE are slightly below the threshold, but still at an acceptable level. To evaluate the discriminant validity, the correlation matrices with the square roots of the AVE on the diagonal are depicted in *Appendix J* and the cross-loadings shown in *Appendix K*. They illustrate that the square roots of the AVE are higher than the correlations with any other latent variable and the respective indicators have higher loadings with the respective constructs than with any other construct. Only very few other latent variables load above 0.5 on the manifest variables and therefore it follows that discriminant validity is granted. The results of the bootstrapping procedures in Table 5.6 additionally show that the loadings of all construct and indicators are significant at the 1% level with the above mentioned exceptions. Thus, it can be stated in summary that the performance constructs are valid and reliable.

Table 5.6: Operationalization of Performance

	All Segments					Retail Banking					Corporate Banking					Private Banking				
	AVE	Comp. Rel.	Comm.	Loadings	Sig. Loadings	AVE	Comp. Rel.	Comm.	Loadings	Sig. Loadings	AVE	Comp. Rel.	Comm.	Loadings	Sig. Loadings	AVE	Comp. Rel.	Comm.	Loadings	Sig. Loadings
Salesperson Behavioral Performance	0.507	0.901	0.507			0.511	0.903	0.511			0.439	0.871	0.439			0.534	0.910	0.534		
Y35 Knowledge about products				0.450	4.755***				0.548	4.448***				0.353	3.371***				0.487	5.812***
Y36 Understanding customers' needs				0.696	14.157***				0.683	5.960***				0.550	8.190***				0.760	19.280***
Y37 Conducting sales and consultation talks				0.775	20.274***				0.797	7.359***				0.761	19.387***				0.765	20.316***
Y38 Being flexible in the selling approaches				0.790	21.854***				0.725	7.007***				0.727	15.326***				0.834	30.276***
Y39 Adapting selling approaches				0.826	23.555***				0.801	7.246***				0.765	14.475***				0.855	35.256***
Y40 Planning customer talks / consultations				0.716	13.359***				0.794	6.913***				0.676	10.222***				0.654	12.609***
Y41 Planning sales strategies				0.757	14.009***				0.777	7.415***				0.789	14.099***				0.733	15.514***
Y42 Handling customer complaints				0.653	12.412***				0.639	4.632***				0.616	10.618***				0.666	15.738***
Y43 Providing feedback to management				0.676	13.917***				0.620	5.409***				0.607	9.122***				0.756	23.810***
Sales Organization Outcomes	0.449	0.865	0.449			0.374	0.821	0.374			0.524	0.896	0.524			0.448	0.861	0.448		
Y50 Sales volume compared to competitor				0.722	7.034***				0.681	4.331***				0.690	6.472***				0.777	11.747***
Y51 Market share compared to competitor				0.666	5.761***				0.776	4.556***				0.782	6.761***				0.399	4.025***
Y52 Profitability compared to competitor				0.696	8.849***				0.707	4.631***				0.644	7.347***				0.755	12.165***
Y53 Customer satisfaction compared to competitor				0.481	3.369***				0.361	1.069				0.570	3.347***				0.492	4.238***
Y54 Sales volume compared to targets				0.712	6.280***				0.533	1.739*				0.774	8.847***				0.794	12.66***
Y55 Market share compared to targets				0.720	8.317***				0.614	4.064***				0.875	12.357***				0.638	8.582***
Y56 Profitability compared to targets				0.745	7.278***				0.617	1.685*				0.807	9.929***				0.788	13.345***
Y57 Customer satisfaction compared to targets				0.577	5.546***				0.502	3.171***				0.594	6.641***				0.592	4.056***
Salesperson Outcome Performance	0.512	0.861	0.512			0.523	0.868	0.523			0.485	0.847	0.485			0.523	0.866	0.523		
Y44 Producing a high market share				0.575	8.426***				0.669	8.414***				0.593	4.717***				0.530	8.416***
Y45 Selling products with highest profit margin				0.768	10.964***				0.779	12.461***				0.761	12.128***				0.735	10.950***
Y46 Generating high level of sales				0.826	24.073***				0.772	13.445***				0.831	18.949***				0.825	24.308***
Y47 Quickly generating sales of new products				0.748	12.482***				0.761	13.323***				0.754	10.312***				0.741	15.502***
Y48 Identifying and selling to target accounts				0.730	12.690***				0.719	8.686***				0.652	11.352***				0.783	12.376***
Y49 Producing sales with long-term profitability				0.615	6.559***				0.627	5.828***				0.542	5.267***				0.689	7.410***

* p < 0.10 ** p < 0.05 *** p < 0.01

Source: Own illustration.

6 Empirical Analysis of the Theoretical Model

In this chapter the hypotheses, which have been developed previously in *Chapter 4*, will be tested. To do so, the statistical data will be analyzed with two different software applications: SPSS 12.0 and SmartPLS 2.0. Given the different strengths and weaknesses of the two programs, SPSS will be used for the required regression analyses, calculations of mean values, and t-tests, whereas SmartPLS will be used for the analyses of the partial least squares (PLS) model. Due to the differing approaches and methodologies, the relationships between the sales management control strategy, the environmental parameters, the organization-specific characteristics, and the business strategy will be analyzed first in *Chapter 6.1*. Then the performance of the configurations will be evaluated in *Chapter 6.2*.

6.1 Analysis of the Relationships in the Theoretical Model

As mentioned in *Chapter 5.3.1*, a partial least squares model (cf. Wold, 1974) is the most appropriate approach for the analysis of the relationships in the theoretical model. However, unlike other approaches such as the covariance-based Linear Structural Relations (LISREL), PLS has no overall goodness-of-fit measures (cf. Hulland, 1999, p. 202). It follows that the PLS model needs to evaluated using non-parametric tests (cf. Chin, 1998, p. 316; Krafft et al., 2005, p. 83). Therefore *Chapter 6.1.1* will first outline the criteria for the evaluation of PLS models. Subsequently, a general evaluation of the theoretical model will be conducted in *Chapter 6.1.2*. Thereafter the predictability and hypotheses of the relationships between the business strategy (*Chapter 6.1.3*), the organization-specific characteristics (*Chapter 6.1.4*), the environmental parameters (*Chapter 6.1.5*), and the sales management control strategy will be assessed and tested.

6.1.1 *Criteria for the Evaluation of PLS Models*

As mentioned before, the analysis of the inner or structural model of the partial least squares model requires, due to the absence of an overall goodness-of-fit measure, a non-parametric evaluation (cf. Chin, 1998, p. 316; Krafft et al., 2005, p. 83).

Therefore four distinctive steps are necessary to determine the predictive relevance, the predictiveness, and the stability of estimates (cf. Chin, 1998, p. 316-321; Ringle, 2004, p. 14-18; Krafft et al., 2005, p. 83-85).

1. In a first step, the **path coefficients** and their **significance** need to be evaluated to determine the relationships between the different constructs (cf. Chin and Newsted, 1999, p. 316; Ringle, 2004, p. 15; Krafft et al., 2005, p. 83). The evaluation itself is thereby comparable to the interpretation of a traditional regression and as such the individual path coefficients of the PLS model can be interpreted as standardized β-coefficients (cf. Krafft et al., 2005, p. 83). The reliability of the path coefficients on the other hand is determined from the t-tests, which are based on resampling procedures like bootstrapping and jackknifing (cf. Chin, 1998, p. 316; Ringle, 2004, p. 18; Krafft et al., 2005, p. 83).

2. In a second step, the **R-squares** of the dependent variables need to be investigated (cf. Chin, 1998, p. 316-317; Ringle, 2004, p. 14-15; Krafft et al., 2005, p. 83). R^2 describes the variance of the latent endogenous variable which is being explained by the antecedent exogenous variables (cf. Ringle, 2004, p. 15; Krafft et al., 2005, p. 83). As such it also measures the goodness of fit of the regression function and the manifest items (cf. Krafft et al., 2005, p. 83; Backhaus et al., 2006, p. 64-68). While R^2 can reach a value between 0 and 1, the higher its value the higher is the explained variance of the total variance (cf. Krafft et al., 2005, p. 83; Backhaus et al., 2006, p. 66). More precisely *Chin (1998, p. 323)* states that R^2 values of 0.67 are substantial, of 0.33 moderate, and of 0.19 weak (see also Ringle, 2004, p. 15). However, *Backhaus et al. (2006, p. 97)* states that it is difficult to determine a minimum value for R^2.

3. Building on the previously described R^2, the third step addresses the impact of a specific exogenous variable on an endogenous variable (cf. Ringle, 2004, p. 15; Krafft et al., 2005, p. 84). To do so the f^2 **effect size** calculates the explained variance including (R^2_{incl}) and excluding (R^2_{excl}) the independent

variable (cf. Cohen, 1988, p. 410-413; Chin, 1998, p. 316-317; Ringle, 2004, p. 15-16; Krafft et al., 2005, p. 84):

$$(6.1) \qquad f^2 = \frac{R^2_{incl} - R^2_{excl}}{1 - R^2_{incl}}$$

Chin (1998, p. 317) states that f^2 values of 0.02, 0.15, and 0.35 are the threshold for small, medium, and large effects of the independent variable at the structural level respectively (see also Cohen, 1988, p. 413; Ringle, 2004, p. 16; Krafft et al., 2005, p. 84).

4. The fourth step in the evaluation of the structural model is the calculation of Q^2 to determine the predictive relevance (cf. Stone, 1974; Geisser, 1975; Chin, 1998, p. 317; Krafft et al., 2005, p. 84-85). This predictive sample reuse technique which has been developed by *Stone (1974)* and *Geisser (1975)*, therefore often labeled **Stone-Geisser-Criterion**, is a synthesis of function fitting and cross-validation (cf. Chin, 1998, p. 317). The perspective is that "the prediction of observables or potential observables is of much greater relevance than the estimation of what are often artificial construct-parameters" (Geisser, 1975, p. 320). Using a blindfolding procedure, parts of the data are omitted during the parameter estimations and afterwards an attempt is made to estimate the omitted data using the estimated parameters (cf. Chin, 1998, p. 317; Ringle, 2004, p. 16; Krafft et al., 2005, p. 84-85). Integrating the sum of squares of prediction error (E), the sum of squares errors using the mean for prediction (O), and the omission distance (D) the Stone-Geisser-Criterion is calculated as follows (cf. Chin, 1998, p. 317; Ringle, 2004, p. 16-17; Krafft et al., 2005, p. 85):

$$(6.2) \qquad Q^2 = 1 - \frac{\Sigma_D - E_D}{\Sigma_D - O_D}$$

In other words, Q^2 describes how well the empirical data can be reconstructed using the model (cf. Fornell and Cha, 1994, p. 72; Chin, 1998, p. 318; Krafft et al., 2005, p. 84). If the value of Q^2 is above 0, the model has

predictive relevance (cf. Fornell and Cha, 1994, p. 73; Chin, 1998, p. 318; Krafft et al., 2005, p. 85). As in the case of f^2, the predictive relevance of individual independent variables can be assessed with q^2 which is calculated as follows (cf. Chin, 1998, p. 318; Ringle, 2004, p. 17):

$$(6.3) \qquad q^2 = \frac{Q^2_{incl} - Q^2_{excl}}{1 - Q^2_{incl}}$$

Since R^2 and Q^2 are overall measures detached from the specific hypotheses, both criteria will be evaluated comprehensively in the subsequent chapter. The path coefficients, significance of the path coefficients, f^2, and q^2 which are, on the other hand, linked to the specific relationships, will be assessed in the chapters of the specific relationship complex, i.e. *Chapters 6.1.3.1, 6.1.4.1*, and *6.1.5.1*.

6.1.2 *General Evaluation of the Theoretical Model*

As mentioned before, R^2 and Q^2 are comprehensive measures which should be used for the evaluation of the theoretical model (cf. Chin, 1998, p. 316-323; Ringle, 2004, p. 14-16; Krafft et al., 2005, p. 83-85). Therefore both will be detailed and assessed in the subsequent paragraphs.

First, the R^2 values of the endogenous constructs are depicted in Table 6.1 (p. 205) for all segments as well as the retail banking, corporate banking, and private banking segments individually. While the explained variance of behavior control (η_1) is moderate to high for all segments, ranging from 0.351 for private banking to 0.557 for retail banking, compensation control's (η_2) R^2 values are slightly lower. Even though the explained variance of the retail banking segment is moderately high with 0.347, the construct's other R^2 values are lower, ranging around 0.19. Cultural control (η_3) again has a high explained variance with R^2 values ranging from 0.544 for all segments to 0.603 for the corporate banking segment. Even higher R^2 values are reached for professional control (η_4) with the lowest for all segments (0.585) and the highest for the corporate banking segment (0.651). Slightly lower but still high is the explained variance of self control (η_5), whose

Table 6.1: R^2 Values of the Theoretical Model

Endogenous Construct	R^2			
	All Segments	Retail Banking	Corporate Banking	Private Banking
η_1 = Behavior Control	0.384	0.557	0.451	0.351
η_2 = Compensation Control	0.181	0.347	0.222	0.181
η_3 = Cultural Control	0.544	0.599	0.603	0.569
η_4 = Professional Control	0.585	0.637	0.651	0.614
η_5 = Self Control	0.493	0.539	0.579	0.474

Source: Own illustration.

Table 6.2: Q^2 Values of the Theoretical Model

Endogenous Construct	Q^2 - Stone-Geisser-Criterion			
	All Segments	Retail Banking	Corporate Banking	Private Banking
η_1 = Behavior Control	0.219	0.332	0.231	0.207
η_2 = Compensation Control	0.182	0.350	0.220	0.184
η_3 = Cultural Control	0.408	0.441	0.434	0.449
η_4 = Professional Control	0.338	0.356	0.380	0.372
η_5 = Self Control	0.303	0.378	0.397	0.244

Source: Own illustration.

values range from 0.474 for the private banking segment to 0.579 for corporate banking. Overall, despite the only moderately explained variance of compensation control, the theoretical model achieves good to excellent R^2 values.

The values of the second overarching evaluation criterion, Q^2 or Stone-Geisser-Criterion, are depicted in Table 6.2 (p. 205). As mentioned above, if the value of Q^2 is above 0, the model has predictive relevance (cf. Fornell and Cha, 1994; Chin, 1998; Krafft et al., 2005). Since this is the case for all endogenous constructs and all segments, the predictive relevance of the theoretical model is given. The Q^2 is thereby moderate to high with values ranging around 0.25 (η_1 behavior control), 0.23 (η_2 compensation control), 0.43 (η_3 cultural control), 0.36 (η_4 professional control), and 0.33 (η_5 self control). Overall, the theoretical model achieves good to excellent Q^2 values.

After the overall evaluation has shown that the theoretical model is able to explain the variance of the dependent constructs and predict the relationships of the variables, the specific hypotheses of the strategy control fit will be evaluated in the next chapter.

6.1.3　*Strategy Control Fit*

In the following sections, the relationship between the banking institution's business strategy and sales management control strategy will assessed. Therefore, after an assessment of predictability in *Chapter 6.1.3.1*, the research hypotheses will be tested in *Chapter 6.1.3.2*.

6.1.3.1　Assessment of Predictability

As described in detail in *Chapter 6.1.1*, before testing the actual hypotheses the effect size f^2 and predictive relevance q^2 of the individual independent constructs need to be evaluated.

First, Table 6.3 (p. 207) depicts the f^2 values for the relationship between business strategy and the different sales management control elements. It not only includes the results for all segments but also the retail banking, corporate banking, and private banking segments individually. The smallest effects are thereby observable for the relationship between strategy and behavior control ($\beta(\xi_{1/2.1})$) for the corporate banking segment (0.006) as well as strategy and compensation control ($\beta(\xi_{1/2.2})$) for all segments (0.008) and the private banking segment (0.003). As will be shown in *Chapter 6.1.3.2*, these results are also reflected in low to no significance of the respective paths. Overall, strategy has the lowest effects on behavior control and compensation control with f^2 values, excluding the before mentioned, ranging around 0.02. The effect on the informal control dimensions is moderately higher with f^2 values ranging around 0.05 for cultural control, 0.09 for professional control, and 0.05 for self control. Especially visible are these effects in the private banking segment where all values are above 0.1. Overall, the f^2 values show small to medium effect sizes and thus confirm the theoretical model.

Table 6.3: f^2 Values of Strategy Control Fit

	f² Effect Size			
	All Segments	**Retail Banking**	**Corporate Banking**	**Private Banking**
ß ($\xi_{1/2.1}$) Strategy → Behavior Control	0.010	0.022	0.006	0.016
ß ($\xi_{1/2.2}$) Strategy → Compensation Control	0.008	0.022	0.026	0.003
ß ($\xi_{1/2.3}$) Strategy → Cultural Control	0.045	0.035	0.029	0.109
ß ($\xi_{1/2.4}$) Strategy → Professional Control	0.068	0.047	0.030	0.196
ß ($\xi_{1/2.5}$) Strategy → Self Control	0.041	0.027	0.023	0.125

Source: Own illustration.

Table 6.4: q^2 Values of Strategy Control Fit

	q²			
	All Segments	**Retail Banking**	**Corporate Banking**	**Private Banking**
ß ($\xi_{1/2.1}$) Strategy → Behavior Control	0.004	0.007	0.002	0.007
ß ($\xi_{1/2.2}$) Strategy → Compensation Control	0.008	0.021	0.025	0.002
ß ($\xi_{1/2.3}$) Strategy → Cultural Control	0.027	0.019	0.015	0.070
ß ($\xi_{1/2.4}$) Strategy → Professional Control	0.024	0.014	0.011	0.072
ß ($\xi_{1/2.5}$) Strategy → Self Control	0.017	0.028	0.029	0.041

Source: Own illustration.

A similar picture is shown in Table 6.4 (p. 207) for the f^2 values of the relationship between business strategy and the different sales management control elements. While all values are positive and thus confirm the predictive relevance of the theoretical model, they vary with regard to their level. Again, the smallest effects are observable for the relationship between strategy and behavior control ($\beta(\xi_{1/2.1})$) for the corporate banking segment (0.002), as well as strategy and compensation control ($\beta(\xi_{1/2.2})$) for the private banking segment (0.002). Besides are the f^2 values higher, with values ranging around 0.03 for the relationship between strategy and the informal dimensions cultural control, professional control, and self control respectively. Strategy also has only a slightly lower predictive relevance for compensation control with values around 0.02. Since all q^2 values are positive, the theoretical model is confirmed.

Since the evaluation of the f^2 effect size and q^2 predictive relevance has confirmed the theoretical model with regard to the relationship between the banking insti-

tution's business strategy and its sales management control strategy, the next chapter will test the specific research hypotheses.

6.1.3.2   Testing of Research Hypotheses

To test the research hypotheses of the Strategy Control Fit (1.1 - 2.5) the path coefficients and the corresponding t-statistics need to be analyzed. Table 6.5 (p. 209) illustrates these values for all segments and the retail banking, corporate banking, and private banking segments individually.

Hypothesis 1.1 states that the higher the advice orientation of the banking institution's strategy, the higher the degree of behavior control. The results of the PLS analysis support this hypothesis. The respective path coefficients $\beta(\xi_{1.1})$ are positive and moderately strong with values of 0.099 for all segments as well as 0.139 for the retail banking, 0.069 for the corporate banking, and 0.125 for the private banking segments. While the path coefficients for the retail and private banking segment are significant at the five percent level, the path for all segments and private banking are significant at a ten percent level.

Hypothesis 1.2 postulates that the higher the advice orientation of the banking institution's strategy, the lower the degree of compensation control. While the respective path coefficients $\beta(\xi_{1.2})$ are negative and moderately strong for retail banking (-0.178), corporate banking (-0.179), all segments (-0.102), and private banking (-0.059), the latter two are not significant with t-statistics values of 1.586 and 1.130 respectively. However, the paths for the retail and corporate banking segments are significant at the one percent level. It follows that the hypothesis is supported for these two segments.

Table 6.5: Path Coefficients and T-Statistics of Strategy Control Fit

	All Segments		Retail Banking		Corporate Banking		Private Banking	
	ß	T-statistics	ß	T-statistics	ß	T-statistics	ß	T-statistics
ß ($\xi_{1,1}$) Advice-oriented Strategy → Behavior Control	0.099	1.880*	0.139	2.274**	0.069	1.653*	0.125	2.094**
ß ($\xi_{1,2}$) Advice-oriented Strategy → Compensation Control	-0.102	1.586	-0.178	2.388**	-0.179	2.620***	-0.059	1.130
ß ($\xi_{1,3}$) Advice-oriented Strategy → Cultural Control	0.180	3.732***	0.178	3.020***	0.136	3.064***	0.272	5.516***
ß ($\xi_{1,4}$) Advice-oriented Strategy → Professional Control	0.211	4.204***	0.192	3.036***	0.131	2.976***	0.345	7.719***
ß ($\xi_{1,5}$) Advice-oriented Strategy → Self Control	0.177	3.408***	0.168	2.757***	0.117	2.816***	0.316	5.324***
ß ($\xi_{2,1}$) Sales-oriented Strategy → Behavior Control	-0.099	1.880*	-0.139	2.274**	-0.069	1.653*	-0.125	2.094**
ß ($\xi_{2,2}$) Sales-oriented Strategy → Compensation Control	0.102	1.586	0.178	2.388**	0.179	2.620***	0.059	1.130
ß ($\xi_{2,3}$) Sales-oriented Strategy → Cultural Control	-0.180	3.732***	-0.178	3.020***	-0.136	3.064***	-0.272	5.516***
ß ($\xi_{2,4}$) Sales-oriented Strategy → Professional Control	-0.211	4.204***	-0.192	3.036***	-0.131	2.976***	-0.345	7.719***
ß ($\xi_{2,5}$) Sales-oriented Strategy → Self Control	-0.177	3.408***	-0.168	2.757***	-0.117	2.816***	-0.316	5.324***

* p < 0.1 ** p < 0.05 *** p < 0.01

Source: Own illustration.

According to hypothesis 1.3, the higher the advice orientation of the banking institution's strategy, the higher the degree of cultural control. The results of the PLS analysis fully support this statement. The corresponding path coefficients $\beta(\xi_{1.3})$ are positive and moderately strong with values of 0.180 for all segments, 0.178 for the retail banking, 0.136 for the corporate banking, and 0.272 for the private banking segment. All paths are significant at the one percent level with t-statistics ranging from 3.020 for retail banking to 5.516 for private banking.

Hypothesis 1.4 states that the higher the advice orientation of the banking institution's strategy, the higher the degree of professional control. Again the hypothesis is supported with path coefficients which are positive and moderately strong: the values of $\beta(\xi_{1.4})$ are 0.211 for all segments, 0.192 for the retail banking, 0.131 for the corporate banking, and 0.345 for the private banking segments. All coefficients are significant at the one percent level with t-statistics ranging from 2.976 for corporate banking to 7.719 for private banking.

Hypothesis 1.5 states that the higher the advice orientation of the banking institution's strategy, the higher the degree of self control. The results of the PLS analysis support this hypothesis. The path coefficients $\beta(\xi_{1.5})$, which are all significant at the one percent level with t-statistics above 2.7, are all positive and moderately strong. The highest value is achieved for the private banking segment (0.316), followed by all segments (0.177), retail banking (0.168), and corporate banking (0.117).

Since strategy is operationalized using polarity profiles (see *Chapter 5.3.3*), it is not surprising that the path coefficients of the sales-oriented banking institutions are reversed compared to the above with identical t-statistics. Therefore the following paragraphs will not repeat the previously mentioned details and just test the respective hypotheses.

Hypothesis 2.1 states that the higher the sales orientation of the banking institution's strategy, the lower the degree of behavior control. Since the path coefficients

$\beta(\xi_{2.1})$ are negative, moderately strong, and significant for all segments, retail banking, corporate banking, and private banking, the hypothesis is supported by the PLS analysis.

Hypothesis 2.2 proposes that the higher the sales orientation of the banking institution's strategy, the higher the degree of compensation control. While the path coefficients $\beta(\xi_{2.2})$ are positive and moderately strong for all segments and the individual segments, the paths for private banking and all segments are not significant. As such the hypothesis is only supported for the retail and corporate banking segments.

In hypothesis 2.3, it is predicted that the higher the sales orientation of the banking institution's strategy, the lower the degree of cultural control. Since the path coefficient $\beta(\xi_{2.3})$ is negative, moderately strong, and significant at the one percent level for all segments as well as retail, corporate, and private banking, the hypothesis is fully supported by the PLS model.

According to hypothesis 2.4, the higher the sales orientation of the banking institution's strategy, the lower the degree of professional control. Since the path coefficient $\beta(\xi_{2.4})$ is negative, moderately strong, and significant at the one percent level for all samples, the hypothesis is fully supported.

Hypothesis 2.5 states that the higher the sales orientation of the banking institution's strategy, the lower the degree of self control. The hypothesis is fully supported by the results for the path coefficient $\beta(\xi_{2.5})$, which is negative, moderately strong, and significant at the one percent level for all segments as well as the retail banking, the corporate banking, and the private banking segments.

Figure 6.1 (p. 212) summarizes the test of the Strategy Control Fit hypotheses.

Figure 6.1: Test of the Strategy Control Fit Hypotheses

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The higher the **Advice Orientation** of the banking institution's strategy,…				
H 1.1: …the higher the degree of Behavior Control	✔	✔	✔	✔
H 1.2: …the lower the degree of Compensation Control	✘	✔	✔	✘
H 1.3: …the higher the degree of Cultural Control	✔	✔	✔	✔
H 1.4: …the higher the degree of Professional Control	✔	✔	✔	✔
H 1.5: …the higher the degree of Self Control	✔	✔	✔	✔
The higher the **Sales Orientation** of the banking institution's strategy,…				
H 2.1: …the lower the degree of Behavior Control	✔	✔	✔	✔
H 2.2: …the higher the degree of Compensation Control	✘	✔	✔	✘
H 2.3: …the lower the degree of Cultural Control	✔	✔	✔	✔
H 2.4: …the lower the degree of Professional Control	✔	✔	✔	✔
H 2.5: …the lower the degree of Self Control	✔	✔	✔	✔

✔ Hypothesis supported   ✘ Hypothesis rejected

Source: Own illustration.

6.1.4   *Organization Control Fit*

In the following sections, the relationship between the banking institution's organization-specific characteristics and sales management control strategy will be assessed. Therefore, after an assessment of predictability in *Chapter 6.1.4.1*, the research hypotheses will be tested in *Chapter 6.1.4.2*.

6.1.4.1   Assessment of Predictability

As described in detail in *Chapter 6.1.1*, before testing the actual hypotheses the effect size f^2 and predictive relevance q^2 of the individual independent constructs need to be evaluated.

First, Table 6.6 (p. 214) depicts the f^2 values for the relationship between organization-specific characteristics and the different sales management control elements. It not only includes the results for all segments but also the retail banking, corporate banking, and private banking segments individually. The lowest effect sizes are thereby observable for the relationship between consistency and behavior control $(\beta(\xi_{3.1}))$, consistency and self control $(\beta(\xi_{3.5}))$, adaptability and compensation control $(\beta(\xi_{4.2}))$, involvement and behavior control $(\beta(\xi_{5.1}))$ as well as involvement and compensation control $(\beta(\xi_{5.2}))$. Additionally, the f^2 values of the private banking segment for the relationship between IT sophistication and compensation control $(\beta(\xi_{7.2}))$ and organizational centralization and behavior control $(\beta(\xi_{8.1}))$, as well as of all segments for the relationship between organizational centralization and compensation control $(\beta(\xi_{8.2}))$ are close to zero and thus a effect is nonexistent. The low and very low f^2 values are thereby reflected in low to no significance of the respective paths (see *Chapter 6.1.4.2*). All other effect sizes are moderately strong with values as high as 0.404 for the relationship between communication and professional control $(\beta(\xi_{6.4}))$ in the corporate banking segment. Overall, with the exception of the previously mentioned very low f^2 values, the theoretical model is confirmed by the small to medium effect sizes.

Table 6.6: f^2 Values of Organization Control Fit

		f² Effect Size			
		All Segments	**Retail Banking**	**Corporate Banking**	**Private Banking**
ß ($\xi_{3.1}$)	Consistency → Behavior Control	0.002	0.002	0.003	0.002
ß ($\xi_{3.2}$)	Consistency → Compensation Control	0.013	0.054	0.007	0.007
ß ($\xi_{3.3}$)	Consistency → Cultural Control	0.022	0.011	0.031	0.024
ß ($\xi_{3.4}$)	Consistency → Professional Control	0.014	0.004	0.043	0.012
ß ($\xi_{3.5}$)	Consistency → Self Control	0.009	0.013	0.008	0.001
ß ($\xi_{4.1}$)	Adaptability → Behavior Control	0.068	0.030	0.131	0.079
ß ($\xi_{4.2}$)	Adaptability → Compensation Control	0.002	0.007	0.004	0.008
ß ($\xi_{4.3}$)	Adaptability → Cultural Control	0.035	0.023	0.054	0.099
ß ($\xi_{4.4}$)	Adaptability → Professional Control	0.024	0.043	0.023	0.060
ß ($\xi_{4.5}$)	Adaptability → Self Control	0.044	0.025	0.172	0.013
ß ($\xi_{5.1}$)	Involvement → Behavior Control	0.002	0.015	0.002	0.001
ß ($\xi_{5.2}$)	Involvement → Compensation Control	0.001	0.008	0.001	0.006
ß ($\xi_{5.3}$)	Involvement → Cultural Control	0.083	0.033	0.097	0.077
ß ($\xi_{5.4}$)	Involvement → Professional Control	0.047	0.006	0.061	0.049
ß ($\xi_{5.5}$)	Involvement → Self Control	0.007	0.000	0.030	0.019
ß ($\xi_{6.1}$)	Communication → Behavior Control	0.057	0.081	0.049	0.029
ß ($\xi_{6.2}$)	Communication → Compensation Control	0.022	0.005	0.011	0.041
ß ($\xi_{6.3}$)	Communication → Cultural Control	0.138	0.182	0.108	0.118
ß ($\xi_{6.4}$)	Communication → Professional Control	0.259	0.252	0.404	0.219
ß ($\xi_{6.5}$)	Communication → Self Control	0.157	0.109	0.125	0.143
ß ($\xi_{7.1}$)	IT Sophistication → Behavior Control	0.042	0.081	0.002	0.059
ß ($\xi_{7.2}$)	IT Sophistication → Compensation Control	0.009	0.013	0.031	0.000
ß ($\xi_{8.1}$)	Organizational Centralization → Beh. Control	0.008	0.009	0.060	0.000
ß ($\xi_{8.2}$)	Organizational Centralization → Com. Control	0.000	0.008	0.014	0.006

Source: Own illustration.

A similar picture is shown in Table 6.7 (p. 215) for the f^2 values of the relationship between organization-specific characteristics and the different sales management control elements. While the majority of the relationships have positive values, there are a few exceptions which are congruent with the above mentioned paths with low effect sizes. Those are specifically relationships between consistency and cultural control ($\beta(\xi_{3.3})$) for the retail banking and private banking segments, between adaptability and compensation control ($\beta(\xi_{4.2})$) for the corporate banking segment, between involvement and behavior control ($\beta(\xi_{5.1})$) for the private banking segment, between involvement and compensation control ($\beta(\xi_{5.2})$) for the corporate banking segment, between IT sophistication and compensation control ($\beta(\xi_{7.2})$) for the private banking segment, between organizational centralization

Table 6.7: q^2 Values of Organization Control Fit

		q^2			
		All Segments	Retail Banking	Corporate Banking	Private Banking
ß ($\xi_{3.1}$)	Consistency → Behavior Control	0.010	0.036	0.013	0.004
ß ($\xi_{3.2}$)	Consistency → Compensation Control	0.016	0.075	0.010	0.029
ß ($\xi_{3.3}$)	Consistency → Cultural Control	0.007	-0.005	0.028	-0.006
ß ($\xi_{3.4}$)	Consistency → Professional Control	0.006	0.007	0.030	0.008
ß ($\xi_{3.5}$)	Consistency → Self Control	0.006	0.024	0.022	0.003
ß ($\xi_{4.1}$)	Adaptability → Behavior Control	0.033	0.015	0.053	0.036
ß ($\xi_{4.2}$)	Adaptability → Compensation Control	0.009	0.025	0.000	0.021
ß ($\xi_{4.3}$)	Adaptability → Cultural Control	0.016	0.004	0.037	0.044
ß ($\xi_{4.4}$)	Adaptability → Professional Control	0.008	0.018	0.027	0.022
ß ($\xi_{4.5}$)	Adaptability → Self Control	0.026	0.023	0.102	0.005
ß ($\xi_{5.1}$)	Involvement → Behavior Control	0.001	0.006	0.001	0.000
ß ($\xi_{5.2}$)	Involvement → Compensation Control	0.001	0.006	-0.001	0.006
ß ($\xi_{5.3}$)	Involvement → Cultural Control	0.050	0.019	0.049	0.060
ß ($\xi_{5.4}$)	Involvement → Professional Control	0.016	0.005	0.036	0.018
ß ($\xi_{5.5}$)	Involvement → Self Control	0.007	0.009	0.035	0.006
ß ($\xi_{6.1}$)	Communication → Behavior Control	0.025	0.055	0.014	0.015
ß ($\xi_{6.2}$)	Communication → Compensation Control	0.030	0.037	0.009	0.066
ß ($\xi_{6.3}$)	Communication → Cultural Control	0.072	0.082	0.064	0.053
ß ($\xi_{6.4}$)	Communication → Professional Control	0.093	0.079	0.148	0.077
ß ($\xi_{6.5}$)	Communication → Self Control	0.070	0.085	0.076	0.050
ß ($\xi_{7.1}$)	IT Sophistication → Behavior Control	0.021	0.036	0.002	0.030
ß ($\xi_{7.2}$)	IT Sophistication → Compensation Control	0.008	0.014	0.025	-0.004
ß ($\xi_{8.1}$)	Organizational Centralization → Beh. Control	0.004	0.003	0.027	0.000
ß ($\xi_{8.2}$)	Organizational Centralization → Com. Control	0.000	0.008	0.016	0.008

Source: Own illustration.

and behavior control ($\beta(\xi_{8.1})$) for the private banking segment, and organizational centralization and compensation control for all segments ($\beta(\xi_{8.2})$). Besides the eight paths which have no predictive relevance, 88 paths have f^2 values which are positive and thus confirm the predictive relevance of the theoretical model.

Since the evaluation of the f^2 effect size and q^2 predictive relevance has confirmed the theoretical model with regard to the relationship between the banking institution's organization-specific characteristics and its sales management control strategy, the next chapter will test the specific research hypotheses.

6.1.4.2   Testing of Research Hypotheses

In order to test the research hypotheses of the Organization Control Fit (3.1 -
8.2), the path coefficients and the corresponding t-statistics need to be analyzed.
Subsequently Table 6.8 (p. 217) illustrates these values for all segments and the
retail banking, corporate banking, and private banking segments individually.

Hypothesis 3.1 states that the higher the degree of consistency, the lower the
degree of behavior control. The results of the PLS analysis do not support this
hypothesis for all samples. Even though the respective path coefficient $\beta(\xi_{3.1})$ for
the retail banking segment is negative, moderately strong with a value of -0.153,
and significant at the one percent level, the values for all segments, corporate
banking, and private banking are not significant.

Hypothesis 3.2 postulates that the higher the degree of consistency, the higher the
degree of compensation control. The PLS analysis and the corresponding path co-
efficient $\beta(\xi_{3.2})$ support this hypothesis for all segments and retail banking which
have positive, moderately strong values which are significant at the ten and one
percent level respectively. Only for the corporate and private banking segments,
the hypothesis needs to be rejected due to the missing significance.

According to hypothesis 3.3, the higher the degree of consistency, the higher the
degree of cultural control. The PLS analysis exhibits values for the path coefficient
$\beta(\xi_{3.3})$ of 0.109 for all segments, 0.129 for corporate banking, 0.125 for private
banking, and 0.029 for retail banking. While the first three are all significant
at the one percent level, the latter is not significant. As such the hypothesis is
supported for all segments, corporate banking, and private banking and rejected
for the retail banking segment.

Table 6.8: Path Coefficients and T-Statistics of Organization Control Fit

	All Segments		Retail Banking		Corporate Banking		Private Banking	
	ß	T-statistics	ß	T-statistics	ß	T-statistics	ß	T-statistics
ß (ξ$_{5,1}$) Consistency → Behavior Control	-0.037	0.880	-0.153	2.978***	0.041	1.414	0.050	1.243
ß (ξ$_{5,2}$) Consistency → Compensation Control	0.114	1.921*	0.226	4.838***	-0.078	1.190	0.091	1.474
ß (ξ$_{5,3}$) Consistency → Cultural Control	0.109	2.576***	0.029	0.842	0.129	3.120***	0.124	2.952***
ß (ξ$_{5,4}$) Consistency → Professional Control	0.083	2.139**	-0.012	0.812	0.134	2.883***	0.089	2.468**
ß (ξ$_{5,5}$) Consistency → Self Control	-0.078	1.882*	-0.146	2.992***	-0.060	0.601	0.020	0.330
ß (ξ$_{4,1}$) Adaptability → Behavior Control	0.275	4.663***	0.167	3.104***	0.378	7.140***	0.303	4.765***
ß (ξ$_{4,2}$) Adaptability → Compensation Control	-0.051	1.014	-0.091	1.408	0.071	0.956	-0.111	1.979**
ß (ξ$_{4,3}$) Adaptability → Cultural Control	0.167	3.088***	0.134	2.555**	0.190	4.073***	0.275	5.488***
ß (ξ$_{4,4}$) Adaptability → Professional Control	0.132	2.778***	0.182	3.665***	0.121	2.598***	0.206	4.902***
ß (ξ$_{4,5}$) Adaptability → Self Control	0.212	3.993***	0.155	3.452***	0.372	7.130***	0.133	2.068**
ß (ξ$_{6,1}$) Involvement → Behavior Control	0.039	0.978	0.096	2.608***	0.002	0.036	0.025	0.874
ß (ξ$_{6,2}$) Involvement → Compensation Control	0.026	0.590	0.082	1.465	0.001	0.121	0.082	1.488
ß (ξ$_{6,3}$) Involvement → Cultural Control	0.216	3.718***	0.133	2.610***	0.223	4.085***	0.219	2.964***
ß (ξ$_{6,4}$) Involvement → Professional Control	0.153	2.699***	0.055	1.684*	0.153	3.525***	0.162	2.038**
ß (ξ$_{6,5}$) Involvement → Self Control	-0.069	1.663*	0.017	0.664	-0.143	3.271***	-0.118	2.111**
ß (ξ$_{6,1}$) Communication → Behavior Control	0.225	3.819***	0.332	5.623***	0.199	4.283***	0.168	2.907***
ß (ξ$_{6,2}$) Communication → Compensation Control	-0.163	2.798***	-0.125	2.291**	-0.115	1.761*	-0.212	3.723***
ß (ξ$_{6,3}$) Communication → Cultural Control	0.305	5.792***	0.353	6.714***	0.260	5.274***	0.262	5.174***
ß (ξ$_{6,4}$) Communication → Professional Control	0.398	8.371***	0.411	8.038***	0.479	10.326***	0.337	7.364***
ß (ξ$_{6,5}$) Communication → Self Control	0.342	6.257***	0.371	7.760***	0.289	5.754***	0.318	5.905***
ß (ξ$_{7,1}$) IT Sophistication → Behavior Control	0.176	2.900***	0.220	4.472***	0.035	0.020	0.221	4.154***
ß (ξ$_{7,2}$) IT Sophistication → Compensation Control	0.092	1.656*	0.102	2.145**	0.170	2.588***	0.006	0.168
ß (ξ$_{8,1}$) Organizational Centralization → Behavior Control	0.072	1.705*	0.063	1.502	0.199	4.586***	-0.015	0.497
ß (ξ$_{8,2}$) Organizational Centralization → Compensation Control	-0.015	0.444	-0.077	1.675*	0.108	2.372**	-0.076	1.469

* p < 0.1 ** p < 0.05 *** p < 0.01

Source: Own illustration.

Hypothesis 3.4 states that the higher the degree of consistency, the higher the degree of professional control. The corresponding path coefficient $\beta(\xi_{3.4})$ is positive and moderately strong with values of 0.083 for all segments (significant at the five percent level), 0.134 for corporate banking (significant at the one percent level), and 0.089 for private banking (significant at the five percent level). Only for retail banking institutions is the path not significant. It follows that the hypothesis is supported for all except the latter segment.

Following Hypothesis 3.5, the higher the degree of consistency, the lower the degree of self control. The hypothesis is supported for all segments and retail banking for which the path coefficient $\beta(\xi_{3.5})$ is negative, moderately strong, and significant at the ten and one percent level respectively. Due to the not significant paths of the corporate and private banking segments the hypothesis is rejected for these institutions.

Hypothesis 4.1 states that the higher the degree of adaptability, the higher the degree of behavior control. The corresponding path coefficient $\beta(\xi_{4.1})$ is positive and strong with values of 0.275 for all segments, 0.167 for the retail banking, 0.378 for the corporate banking, and 0.303 for the private banking segments. Since all path coefficients are also significant at the one percent level, the hypothesis is fully supported for all samples.

Hypothesis 4.2 postulates that the higher the degree of adaptability, the lower the degree of compensation control. With a value of the corresponding path coefficient $\beta(\xi_{4.2})$ of -0.111 for the private banking segment which is significant at the five percent level, the hypothesis is supported. For the all segments, retail banking, and corporate banking samples the hypothesis needs to be rejected due to non significant path coefficients.

According to Hypothesis 4.3, the higher the degree of adaptability, the higher the degree of cultural control. The hypothesis is fully supported for all samples since the respective path coefficient $\beta(\xi_{4.3})$ with values of 0.167 for all segments, 0.134

for retail banking, 0.190 for corporate banking, and 0.275 for private banking are significant at the one or five percent level for all samples.

Hypothesis 4.4 proposes that the higher the degree of adaptability, the higher the degree of professional control. The values of the corresponding path coefficient $\beta(\xi_{4.4})$ are positive and moderately strong with 0.132 for all segments, 0.182 for the retail banking, 0.121 for the corporate banking, and 0.206 for the private banking segments. Since the t-statistics, 2.778, 3.665, 2.598, and 4.902 for all segments, retail banking, corporate banking, and private banking respectively, are significant at the one percent level, the hypothesis is fully supported for all samples.

Following Hypothesis 4.5, the higher the degree of adaptability, the higher the degree of self control. The respective path coefficient $\beta(\xi_{4.5})$ is positive and moderately strong with values of 0.212 for all segments, 0.155 for retail banking, 0.372 for corporate banking, and 0.133 for private banking. Since all of the paths are also significant at the one or five percent level, the hypothesis is fully supported.

Hypothesis 5.1 states that the higher the degree of involvement, the higher the degree of behavior control. However, only the path coefficient $\beta(\xi_{5.1})$ for the retail banking segment supports the hypothesis with a positive, moderate value of 0.096 which is significant at the one percent level. Even though the paths for all segments, retail banking, and private banking are also positive, they are not significant and thus the hypothesis needs to be rejected for these samples.

Hypothesis 5.2 proposes that the higher the degree of involvement, the higher the degree of compensation control. Despite positive values for the corresponding path coefficient $\beta(\xi_{5.2})$, the hypothesis is rejected for all samples due to missing significance.

According to Hypothesis 5.3, the higher the degree of involvement, the higher the degree of cultural control. Given the path coefficient $\beta(\xi_{5.3})$'s positive, moder-

ately strong values of 0.216 for all segments, 0.133 for retail banking, 0.223 for corporate banking, and 0.219 for private banking, which are all significant at the one percent level, the hypothesis is fully supported.

Hypothesis 5.4 postulates that the higher the degree of involvement, the higher the degree of professional control. The corresponding path coefficient $\beta(\xi_{5.4})$ is positive and moderately strong for all samples with values of 0.153, 0.055, 0.153, and 0.162 for all segments, retail banking, corporate banking, and private banking respectively. All paths are significant at the one percent level, except $\beta(\xi_{5.4})$ for the retail banking segment which is significant at the ten percent level. It follows that the hypothesis is fully supported.

Hypothesis 5.5 states that the higher the degree of involvement, the higher the degree of self control. The respective path coefficient $\beta(\xi_{5.5})$ is negative and moderately strong for all segments (-0.069), corporate banking (-0.143), and private banking (-0.118) and significant at the ten, one, and five percent level respectively. And additionally, since the retail banking's $\beta(\xi_{5.5})$ is not significant, the hypothesis is fully rejected.

Hypothesis 6.1 proposes that the higher the degree of informal communication, the higher the degree of behavior control. The hypothesis is fully supported by a positive, strong path coefficient $\beta(\xi_{6.1})$ which is significant at the one percent level for all samples. In detail, the path values are 0.225 for all segments, 0.332 for the retail banking, 0.199 for the corporate banking, and 0.168 for the private banking segment.

Following Hypothesis 6.2, the higher the degree of informal communication, the lower the degree of compensation control. The corresponding path coefficient $\beta(\xi_{6.2})$ is negative, moderately strong with values of -0.163 for all segments, -0.125 for retail banking, -0.115 for corporate banking, and -0.212 for private banking. All coefficients are significant at the one percent level except corporate banking which is significant at the ten percent level and retail banking which is significant

at the five percent level. It follows that the hypothesis is fully supported for all samples.

Hypothesis 6.3 states that the higher the degree of informal communication, the higher the degree of cultural control. The respective path coefficient $\beta(\xi_{6.3})$ is positive and strong for all segments (0.305), retail banking (0.353), corporate banking (0.260), and private banking (0.262). Since the coefficients are also significant at the one percent level, this hypothesis is fully supported.

According to Hypothesis 6.4, the higher the degree of informal communication, the higher the degree of professional control. A very strong, positive path coefficient $\beta(\xi_{6.4})$, significant at the one percent level, with values of 0.398 for all segments, 0.411 for the retail banking, 0.479 for the corporate banking, and 0.337 for the private banking segments fully supports the hypothesis.

Hypothesis 6.5 proposes that the higher the degree of informal communication, the higher the degree of self control. The PLS analysis reveals a strong, positive path coefficient $\beta(\xi_{6.5})$ for all segments (0.342), retail banking (0.371), corporate banking (0.289), and private banking (0.318). Since all the paths are significant at the one percent level, this hypothesis is fully supported.

Hypothesis 7.1 states that the higher the degree of IT sophistication, the higher the degree of behavior control. The respective path coefficient $\beta(\xi_{7.1})$ is positive, moderately strong with values of 0.176 for all segments, 0.220 for retail banking, and 0.221 for private banking. All of the three paths are significant at the one percent level, but the coefficient for the corporate banking segment is not significant. It follows that the hypothesis is supported for all segments, retail banking, and private banking and rejected for corporate banking.

Following Hypothesis 7.2, the higher the degree of IT sophistication, the higher the degree of compensation control. The corresponding path coefficient $\beta(\xi_{7.2})$ is positive and moderately strong with values of 0.092 for all segments, 0.102 for

retail banking, and 0.170 for corporate banking which are significant at the ten, five, and one percent level respectively. It follows that the hypothesis is supported for the previously mentioned samples. However, due to a not significant path coefficient, the hypotheses is rejected for the private banking segment.

Hypothesis 8.1 proposes that the higher the degree of organizational centralization, the higher the degree of behavior control. With values of 0.072 for all segments and 0.199 for corporate banking, which are significant at the ten and one percent level respectively, the path coefficient $\beta(\xi_{8.1})$ confirms the hypothesis for these samples. In consideration of the not significant paths for the retail and private banking segments, the hypothesis needs to be rejected for the latter.

According to hypothesis 8.2, the higher the degree of organizational centralization, the lower the degree of compensation control. The corresponding path coefficient $\beta(\xi_{8.2})$ shows values of -0.077 for the retail banking segment which is significant at the ten percent level. As such, the hypothesis is supported for this sample. However, since the path coefficient for corporate banking is positive and not significant for all segments and private banking, the hypothesis is rejected for the latter three.

Figures 6.2 (p. 223) and 6.3 (p. 224) summarize the test of the Organization Control Fit hypotheses.

Figure 6.2: Test of the Organization Control Fit Hypotheses - Consistency, Adaptability, and Involvement

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The higher the degree of Consistency,...				
H 3.1: ...the lower the degree of Behavior Control	✗	✓	✗	✗
H 3.2: ...the higher the degree of Compensation Control	✓	✓	✗	✗
H 3.3: ...the higher the degree of Cultural Control	✓	✗	✓	✓
H 3.4: ...the higher the degree of Professional Control	✓	✗	✓	✓
H 3.5: ...the lower the degree of Self Control	✓	✓	✗	✗
The higher the degree of Adaptability,...				
H 4.1: ...the higher the degree of Behavior Control	✓	✓	✓	✓
H 4.2: ...the lower the degree of Compensation Control	✗	✗	✗	✓
H 4.3: ...the higher the degree of Cultural Control	✓	✓	✓	✓
H 4.4: ...the higher the degree of Professional Control	✓	✓	✓	✓
H 4.5: ...the higher the degree of Self Control	✓	✓	✓	✓
The higher the degree of Involvement,...				
H 5.1: ...the higher the degree of Behavior Control	✗	✓	✗	✗
H 5.2: ...the higher the degree of Compensation Control	✗	✗	✗	✗
H 5.3: ...the higher the degree of Cultural Control	✓	✓	✓	✓
H 5.4: ...the higher the degree of Professional Control	✓	✓	✓	✓
H 5.5: ...the higher the degree of Self Control	✗	✗	✗	✗

✓ Hypothesis supported ✗ Hypothesis rejected

Source: Own illustration.

Figure 6.3: Test of the Organization Control Fit Hypotheses - Communication, IT Sophistication, and Organizational Centralization

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The higher the degree of **Informal Communication**,…				
H 6.1: …the higher the degree of Behavior Control	✔	✔	✔	✔
H 6.2: …the lower the degree of Compensation Control	✔	✔	✔	✔
H 6.3: …the higher the degree of Cultural Control	✔	✔	✔	✔
H 6.4: …the higher the degree of Professional Control	✔	✔	✔	✔
H 6.5: …the higher the degree of Self Control	✔	✔	✔	✔
The higher the degree of **IT Sophistication**,…				
H 7.1: …the higher the degree of Behavior Control	✔	✔	✗	✔
H 7.2: …the higher the degree of Compensation Control	✔	✔	✔	✗
The higher the degree of **Organizational Centralization**,…				
H 8.1: …the higher the degree of Behavior Control	✔	✗	✔	✗
H 8.2: …the lower the degree of Compensation Control	✗	✔	✗	✗

✔ Hypothesis supported　✗ Hypothesis rejected

Source: Own illustration.

6.1.5 *Environmental Influence on Configurations*

In the following sections, the relationship between the banking institution's environmental parameters and sales management control strategy will assessed. Therefore, after an assessment of predictability in *Chapter 6.1.5.1*, the research hypotheses will be tested in *Chapter 6.1.5.2*.

6.1.5.1 Assessment of Predictability

As described in detail in *Chapter 6.1.1*, before testing the actual hypotheses the effect size f^2 and predictive relevance q^2 of the individual independent constructs need to be evaluated.

First Table 6.9 (p. 226) depicts the f^2 values for the relationship between the environmental parameters and the different sales management control elements. It not only includes the results for all segments but also the retail banking, corporate banking, and private banking segments individually. The lowest effect sizes are shown for the relationship between dynamism and compensation control $(\beta(\xi_{9.2}))$ for the retail and private banking segments, between dynamism and cultural control $(\beta(\xi_{9.3}))$ for retail banking and private banking, between dynamism and professional control $(\beta(\xi_{9.4}))$ for all samples except corporate banking, between competition and compensation control $(\beta(\xi_{10.2}))$ for all segments and private banking, between competition and cultural control $(\beta(\xi_{10.3}))$ for private banking, between competition and professional control $(\beta(\xi_{10.4}))$ for private banking, between predictability and behavior control $(\beta(\xi_{11.1}))$ for all samples, between predictability and cultural control $(\beta(\xi_{11.3}))$ for corporate banking, between predictability and professional control $(\beta(\xi_{11.4}))$ for retail banking, and between predictability and self control $(\beta(\xi_{11.5}))$ for corporate banking. These very low f^2 values are thereby reflected in low to no significance of the respective paths (see *Chapter 6.1.5.2*). However, all other effect sizes are moderately strong. Overall, with the exception of the previously mentioned very low f^2 values, the theoretical model is confirmed by the small to medium effect sizes.

Table 6.9: f^2 Values of Environmental Influence on Configurations

	f² Effect Size			
	All Segments	Retail Banking	Corporate Banking	Private Banking
ß ($\xi_{9.1}$) Dynamism → Behavior Control	0.008	0.012	0.003	0.021
ß ($\xi_{9.2}$) Dynamism → Compensation Control	0.007	0.001	0.085	0.000
ß ($\xi_{9.3}$) Dynamism → Cultural Control	0.004	0.000	0.067	0.000
ß ($\xi_{9.4}$) Dynamism → Professional Control	0.000	0.001	0.006	0.002
ß ($\xi_{9.5}$) Dynamism → Self Control	0.002	0.001	0.002	0.027
ß ($\xi_{10.1}$) Competition → Behavior Control	0.034	0.059	0.075	0.008
ß ($\xi_{10.2}$) Competition → Compensation Control	0.002	0.004	0.006	0.002
ß ($\xi_{10.3}$) Competition → Cultural Control	0.036	0.071	0.134	0.000
ß ($\xi_{10.4}$) Competition → Professional Control	0.033	0.039	0.096	0.000
ß ($\xi_{10.5}$) Competition → Self Control	0.062	0.053	0.130	0.068
ß ($\xi_{11.1}$) Predictability → Behavior Control	0.000	0.002	0.002	0.001
ß ($\xi_{11.2}$) Predictability → Compensation Control	0.032	0.055	0.006	0.068
ß ($\xi_{11.3}$) Predictability → Cultural Control	0.003	0.014	0.001	0.007
ß ($\xi_{11.4}$) Predictability → Professional Control	0.009	0.001	0.021	0.011
ß ($\xi_{11.5}$) Predictability → Self Control	0.003	0.006	0.000	0.010

Source: Own illustration.

A similar picture is shown in Table 6.10 (p. 227) for the f^2 values of the relationship between environmental parameters and the different sales management control elements. While the vast majority of the relationships have positive values, there are a few exceptions which are congruent with the above mentioned paths with low effect sizes. These are specifically the relationships between dynamism and professional control ($\beta(\xi_{9.4})$) for all segments and private banking, between predictability and behavior control ($\beta(\xi_{11.1})$) for all samples except retail banking, between predictability and compensation control ($\beta(\xi_{11.1})$) for corporate banking, and between predictability and self control ($\beta(\xi_{11.5})$) for corporate banking. However, since 53 of the 60 paths have a positive value, the predictive relevance of the theoretical model is confirmed overall.

Since the evaluation of the f^2 effect size and q^2 predictive relevance has confirmed the theoretical model with regard to the environmental influence on the configurations, the next chapter will test the specific research hypotheses.

Table 6.10: q^2 Values of Environmental Influence on Configurations

	q^2			
	All Segments	**Retail Banking**	**Corporate Banking**	**Private Banking**
ß ($\xi_{9.1}$) Dynamism → Behavior Control	0.005	0.007	0.004	0.016
ß ($\xi_{9.2}$) Dynamism → Compensation Control	0.006	0.002	0.086	0.001
ß ($\xi_{9.3}$) Dynamism → Cultural Control	0.002	0.001	0.035	0.001
ß ($\xi_{9.4}$) Dynamism → Professional Control	0.000	0.003	0.018	0.000
ß ($\xi_{9.5}$) Dynamism → Self Control	0.004	0.010	0.019	0.007
ß ($\xi_{10.1}$) Competition → Behavior Control	0.015	0.024	0.020	0.004
ß ($\xi_{10.2}$) Competition → Compensation Control	0.002	0.002	0.005	0.001
ß ($\xi_{10.3}$) Competition → Cultural Control	0.013	0.029	0.079	-0.020
ß ($\xi_{10.4}$) Competition → Professional Control	0.012	0.014	0.051	-0.001
ß ($\xi_{10.5}$) Competition → Self Control	0.026	0.028	0.075	0.023
ß ($\xi_{11.1}$) Predictability → Behavior Control	0.000	0.002	-0.015	0.000
ß ($\xi_{11.2}$) Predictability → Compensation Control	0.030	0.055	-0.039	0.070
ß ($\xi_{11.3}$) Predictability → Cultural Control	0.001	0.005	0.041	0.003
ß ($\xi_{11.4}$) Predictability → Professional Control	0.002	0.005	0.041	0.003
ß ($\xi_{11.5}$) Predictability → Self Control	0.005	0.011	-0.123	0.004

Source: Own illustration.

6.1.5.2 Testing of Research Hypotheses

In order to test the research hypotheses of the environmental influence on configu-
rations (9.1 - 11.5), the path coefficients and the corresponding t-statistics need to
be analyzed. Subsequently, Table 6.11 illustrates these values for all segments and
the retail banking, corporate banking, and private banking segments individually.

Hypothesis 9.1 states that the higher the degree of dynamism, the higher the de-
gree of behavior control. The corresponding path coefficient $\beta(\xi_{9.1})$ shows positive
values of 0.082 for all segments and 0.151 for private banking which are significant
at the ten and five percent level respectively. Since the paths of the other seg-
ments are not significant, the hypothesis is only supported for these two samples
by the results of the PLS analysis.

Table 6.11: Path Coefficients and T-Statistics of the Environmental Influence on Configurations

	All Segments		Retail Banking		Corporate Banking		Private Banking	
	ß	T-statistics	ß	T-statistics	ß	T-statistics	ß	T-statistics
ß ($\xi_{9,1}$) Dynamism → Behavior Control	0.082	1.744*	0.089	1.366	0.045	1.561	0.151	2.501**
ß ($\xi_{9,2}$) Dynamism → Compensation Control	-0.079	1.537	0.026	0.969	-0.273	5.114***	0.021	0.724
ß ($\xi_{9,3}$) Dynamism → Cultural Control	0.043	1.289	-0.015	0.189	0.175	4.478***	-0.018	0.110
ß ($\xi_{9,4}$) Dynamism → Professional Control	0.012	0.530	-0.010	0.447	0.044	1.339	0.034	1.293
ß ($\xi_{9,5}$) Dynamism → Self Control	-0.032	0.841	-0.018	0.909	0.044	1.601	-0.132	2.130**
ß ($\xi_{10,1}$) Competition → Behavior Control	0.177	2.728***	0.223	3.522***	0.227	4.737***	0.097	1.525
ß ($\xi_{10,2}$) Competition → Compensation Control	-0.055	1.293	-0.068	1.348	-0.072	1.310	-0.047	0.878
ß ($\xi_{10,3}$) Competition → Cultural Control	0.157	2.913***	0.229	3.429***	0.265	5.116***	-0.008	0.759
ß ($\xi_{10,4}$) Competition → Professional Control	0.144	2.869***	0.157	3.138***	0.222	4.709***	-0.008	0.761
ß ($\xi_{10,5}$) Competition → Self Control	0.214	4.319***	0.212	3.688***	0.264	5.020***	0.236	4.221***
ß ($\xi_{11,1}$) Predictability → Behavior Control	-0.009	0.303	0.040	0.936	-0.025	1.015	-0.011	1.149
ß (ξ_{12}) Predictability → Compensation Control	0.169	2.832***	0.214	3.695***	0.074	0.909	0.257	3.869***
ß (ξ_{13}) Predictability → Cultural Control	-0.036	1.045	0.086	1.781**	-0.014	1.285	-0.062	1.480
ß (ξ_{14}) Predictability → Professional Control	-0.063	1.578	0.029	1.179	-0.094	2.481**	-0.070	1.971**
ß (ξ_{15}) Predictability → Self Control	-0.046	1.283	0.057	1.469	0.003	0.883	-0.096	2.159**

* p < 0,1 ** p < 0,05 *** p < 0,01

Source: Own illustration.

Following Hypothesis 9.2, the higher the degree of dynamism, the lower the degree of compensation control. The respective path coefficient $\beta(\xi_{9.2})$ has a value of -0.273 for corporate banking which is significant at the one percent level. As such, the hypothesis is supported for this segment. However, since the paths of the all segments, retail banking, and private banking samples are not significant, the hypothesis is rejected for the latter three.

Hypothesis 9.3 proposes that the higher the degree of dynamism, the higher the degree of cultural control. As in the case of the preceding hypothesis, the results only verify the relationship for one sample: corporate banking with a path coefficient $\beta(\xi_{9.3})$ of 0.175 significant at the one percent level. The all segments, retail banking and private banking samples' paths are not significant and thus do not support the hypothesis.

According to Hypothesis 9.4, the higher the degree of dynamism, the higher the degree of professional control. Since the corresponding path coefficient $\beta(\xi_{9.4})$ is not significant for all samples, the hypothesis needs to be rejected entirely.

Hypothesis 9.5 states that the higher the degree of dynamism, the higher the degree of self control. The hypothesis needs to be rejected due to not significant paths (all segments, retail banking, corporate banking) or negative path coefficients (private banking).

Hypothesis 10.1 postulates that the higher the degree of competition, the higher the degree of behavior control. The respective path coefficient $\beta(\xi_{10.1})$ is positive, moderately strong with values of 0.177 for all segments, 0.223 for the retail banking, and 0.227 for the corporate banking, which are all significant at the one percent level. It follows that the hypothesis is fully supported for these samples and rejected for the private banking segment whose path is not significant.

According to Hypothesis 10.2, the higher the degree of competition, the lower the degree of compensation control. While the corresponding path coefficient $\beta(\xi_{10.2})$

is negative for all samples, they are only significant around the 20% level. It follows that the hypothesis is supported for those three and rejected for the private banking segment.

Hypothesis 10.3 states that the higher the degree of competition, the higher the degree of cultural control. The PLS analysis yields a path coefficient $\beta(\xi_{10.3})$ of 0.157 for all segments, 0.229 for retail banking, and 0.265 for corporate banking, which are all significant at the one percent level. Therefore the hypothesis is verified for these samples. Since the coefficient is not significant for the private banking segment, the hypothesis needs to be rejected.

Following Hypothesis 10.4, the higher the degree of competition, the higher the degree of professional control. Since the path coefficient $\beta(\xi_{10.4})$ is significant at the one percent level with values of 0.144 for all segments, 0.157 for the retail banking, and 0.222 for the corporate banking segments, the hypothesis is supported for these three samples. Only for the private banking segment, for which the PLS analysis yielded a not significant coefficient, the hypothesis is rejected.

Hypothesis 10.5 proposes that the higher the degree of competition, the higher the degree of self control. The corresponding path coefficient $\beta(\xi_{10.5})$ is positive and moderately strong with values of 0.214 for all segments, 0.212 for the retail banking, 0.264 for the corporate banking, and 0.236 for the private banking segments. Since all of those are significant at the one percent level, the hypothesis is fully supported for all samples.

Hypothesis 11.1 states that the higher the degree of predictability, the lower the degree of behavior control. The hypothesis needs to be rejected since the path coefficient $\beta(\xi_{11.1})$ is not significant for all samples.

Hypothesis 11.2 proposes that the higher the degree of predictability, the higher the degree of compensation control. The respective path coefficient $\beta(\xi_{11.2})$ is positive and moderately strong with values of 0.169 for all segments, 0.214 for the

retail banking, and 0.257 for the private banking segments. Since all the coefficients are significant at the one percent level, the hypothesis is supported for the three samples. Only for the corporate banking segment the hypothesis is rejected due to the missing significance of the path.

According to Hypothesis 11.3, the higher the degree of predictability, the lower the degree of cultural control. Due to the missing significance (all segments, corporate banking, private banking) or a positive value (retail banking) of the path coefficient $\beta(\xi_{11.3})$, the hypothesis needs to be rejected for all samples.

Hypothesis 11.4 states that the higher the degree of predictability, the lower the degree of professional control. The hypothesis is supported for two samples whose path coefficient $\beta(\xi_{11.4})$ is significant and negative: (1) corporate banking with a value of -0.094 (5% sig.) and (2) private banking with a value of -0.070 (5% sig.). Since the paths for all segments and retail banking are not significant, the hypothesis is rejected for these samples.

Following Hypothesis 11.5, the higher the degree of predictability, the lower the degree of self control. The path coefficient $\beta(\xi_{11.5})$ is negative for the private banking segment with a value of -0.096 which is significant at the five percent level. It follows that the hypothesis is supported for this sample and rejected for all segments, retail banking, and corporate banking whose paths are not significant.

Figure 6.4 (p. 232) summarizes the test of the environmental influence on configurations hypotheses.

Figure 6.4: Test of the Environmental Influence on Configurations Hypotheses

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The higher the degree of **Dynamism**,…				
H 9.1: …the higher the degree of Behavior Control	✓	✗	✗	✓
H 9.2: …the lower the degree of Compensation Control	✗	✗	✓	✗
H 9.3: …the higher the degree of Cultural Control	✗	✗	✓	✗
H 9.4: …the higher the degree of Professional Control	✗	✗	✗	✗
H 9.5: …the higher the degree of Self Control	✗	✗	✗	✗
The higher the degree of **Competition**,…				
H 10.1: …the higher the degree of Behavior Control	✓	✓	✓	✓
H 10.2: …the lower the degree of Compensation Control	✗	✗	✗	✗
H 10.3: …the higher the degree of Cultural Control	✓	✓	✓	✗
H 10.4: …the higher the degree of Professional Control	✓	✓	✓	✗
H 10.5: …the higher the degree of Self Control	✓	✓	✓	✓
The higher the degree of **Predictability**,…				
H 11.1: …the lower the degree of Behavior Control	✗	✗	✗	✗
H 11.2: …the higher the degree of Compensation Control	✓	✓	✗	✓
H 11.3: …the lower the degree of Cultural Control	✗	✗	✗	✗
H 11.4: …the lower the degree of Professional Control	✗	✗	✓	✓
H 11.5: …the lower the degree of Self Control	✗	✗	✗	✓

✓ Hypothesis supported　✗ Hypothesis rejected

Source: Own illustration.

6.2   Analysis of the Performance of Configurations

As described in *Chapter 3.1.2.2.1*, this study utilizes a profile deviation approach
to analyze the performance impact of the fit between the sales management control
strategy, business strategy, organization-specific characteristics, and the environ-
mental parameters. While the optimal path of analysis would be to define a pro-
file based on the previously defined theoretical hypotheses and assess the impact
of adherence to the profile on performance, the analytical realization is difficult
(cf. van de Ven and Drazin, 1985, p. 532-534; Venkatraman, 1989, p. 433-435;
Vorhies and Morgan, 2003, p. p. 102). Due to the fact that the translation of
the theoretically derived relationships into numerical estimates across the differ-
ent dimensions is difficult, an empirically driven approach is more suited: "[w]hen
ideal profiles cannot be precisely specified from existing theory, the configuration
literature advocates assessing fit with empirically derived profiles" (Vorhies and
Morgan, 2003, p.102). Therefore, in a first step, high-performing banking insti-
tutions will be identified in *Chapter 6.2.1* in order to define one or more ideal
empirical profiles (cf. Venkatraman, 1989, p. 434-435; Vorhies and Morgan, 2003,
p. 102). Thereafter, in a second step, the impact of adherence to the empirically
derived ideal profiles will be analyzed in *Chapter 6.2.2*. In a third step, the ideal
empirical profiles will be compared with the hypothesized theoretical relationships
in *Chapter 6.2.3*.

6.2.1   *Identification of Ideal Empirical Profiles*

As mentioned before, the best-performing banking institutions need to be iden-
tified in order to define one or more ideal profiles (cf. Venkatraman, 1989, p.
434-435; Vorhies and Morgan, 2003, p. 102). The best-performing ten or fifteen
percent of the institutions in the sample are most frequently used to calibrate the
profile(s) (cf. Drazin and Van de Ven, 1985, p. 532; Venkatraman, 1989, p. 435;
Venkatraman and Prescott, 1990, p. 9; Vorhies and Morgan, 2003, p. 107; Weigl,
2008, p. 226). In line with this recommendation, the top performing ten percent
of the institutions for the retail banking, corporate banking, and private banking
samples (10 institutions for each segment) were extracted to define ideal profiles.
As an overall measure of performance, a second order construct, comprising the

equally weighted latent variables salesperson behavioral performance, salesperson outcome performance, and sales organization outcomes, was used. For the the all segments sample the same 30 institutions were then used to define an overall ideal profile. To avoid a bias of the analysis, *Venkatraman and Prescott (1990, p. 9-10)* recommend also removing the same number of low performers. Thus, since 10 institutions were extracted for each segment, the bottom 10 institutions were deleted from the retail, corporate, and private banking samples. In line, the same 30 institutions were also removed from the all segments sample. The remaining 240 (80 banks per segment) institutions are then used as the study sample for the following analyses.

As shown in Table 6.12, the best-performing institutions show a superior performance in terms of sales organization outcomes compared with the rest of the study sample. The mean sales organization outcomes of the top performers with 5.263 for all segments, 5.160 for retail banking, 5.380 for corporate banking, and 5.250 for private banking are above the mean for the study sample with values of 4.567, 4.589, 4.549, and 4.563 respectively. All differences of the mean values are significant at the one percent level.

Table 6.12: Sales Organization Outcomes of Ideal Profiles

	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.263	5.160	5.380	5.250
Mean Study Sample	4.567	4.589	4.549	4.563
Difference (Mean)	0.696	0.571	0.831	0.687
Standard Deviation Top Performer	0.344	0.378	0.235	0.395
Standard Deviation Study Sample	0.498	0.432	0.591	0.460
T Statistics	7.427***	3.972***	4.381***	4.506***

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

A similar result is depicted for salesperson outcome performance in the Table 6.13 (p. 235). The best-performing institutions have a mean value of 5.370 (study

sample = 4.369) for all segments, 5.470 (study sample = 4.357) for retail banking, 5.240 (study sample = 4.465) for corporate banking, and 5.400 (study sample = 4.285) for private banking which is in all cases above the respective study sample. The difference is again significant at the one percent level.

Table 6.13: Salesperson Outcome Performance of Ideal Profiles

	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.370	5.470	5.240	5.400
Mean Study Sample	4.369	4.357	4.465	4.285
Difference (Mean)	1.001	1.113	0.775	1.115
Standard Deviation Top Performer	0.332	0.306	0.366	0.313
Standard Deviation Study Sample	0.443	0.454	0.447	0.415
T Statistics	11.939***	7.513***	5.253***	8.183***

* p < 0.1 ** p < 0.05 *** p < 0.01

Source: Own illustration.

Also in the case of the salesperson behavioral performance, as shown in Table 6.14 (p. 236), the best-performing banking institutions have a mean which is above the study sample and significant at the one percent level. With values of 5.307 for all segments, 5.440 for the retail banking, 5.170 for the corporate banking, and 5.310 for the private banking segment all are above the corresponding study samples with values of 4.417, 4.275, 4.534, and 4.438 respectively.

It follows that the top ten percent banks correctly identified the best-performing institutions and can be used to calibrate an ideal profile. The distinctive characteristics, i.e. the mean values of the relevant 13 dimensions, of the latter are depicted in Figure 6.5 (p. 236) for the respective samples. The precise values, however, will be discussed in more detail later in *Chapter 6.2.3*.

Table 6.14: Salesperson Behavioral Performance of Ideal Profiles

	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.307	5.440	5.170	5.310
Mean Study Sample	4.417	4.275	4.534	4.438
Difference (Mean)	0.890	1.165	0.636	0.872
Standard Deviation Top Performer	0.478	0.313	0.595	0.495
Standard Deviation Study Sample	0.498	0.524	0.452	0.488
T Statistics	9.244***	10.037***	4.034***	5.308***

* p < 0.1 ** p < 0.05 *** p < 0.01

Source: Own illustration.

Figure 6.5: Empirically Derived Ideal Profiles
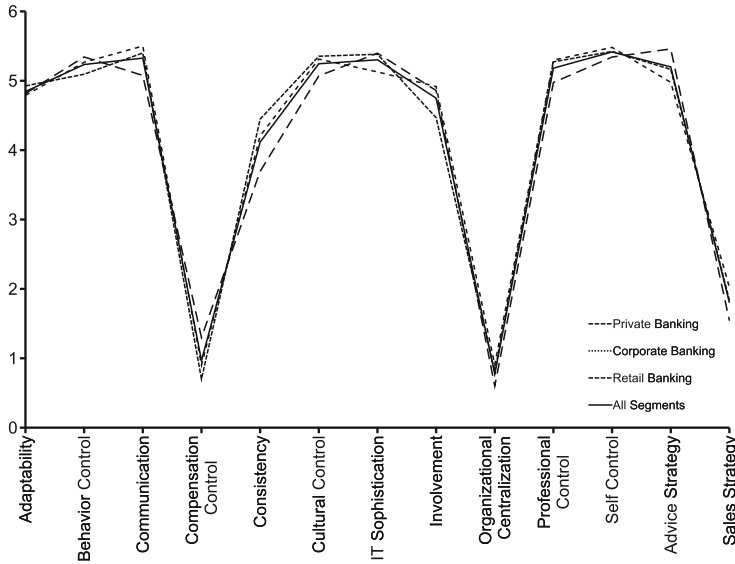
Source: Own illustration.

Nonetheless, it still needs to be investigated to what degree an adherence to the empirically derived ideal profile will increase the organizational and individual

performance of the investigated institutions. This analysis will therefore be conducted in the next chapter.

6.2.2 *Performance Impact of Adherence to Ideal Empirical Profiles*

As detailed in *Chapter 4.2.4*, it is hypothesized that the more similar the banking institution's configuration to that of the ideal banking institution, the higher are its sales organization outcomes (hypothesis 12), salesperson behavioral performance (hypothesis 13), and salesperson outcome performance (hypothesis 14). To test this proposition, the impact of the adherence to the previously defined empirical ideal profiles on the individual and organizational performance needs to be investigated. Therefore, in a first step, the Euclidean distance is being calculated for each bank in the study sample from the ideal profile across the 13 described dimensions (cf. Drazin and Van de Ven, 1985, p. 533; Venkatraman and Prescott, 1990, p. 8; Vorhies and Morgan, 2003, p. 107):

$$(6.4) \qquad Profile\ Deviation = \sqrt{\sum_{j}^{N} \left(X_{sj} - \bar{X}_{ij} \right)^2}$$

In this formula, X_{sj} is the score for a bank in the study sample on the jth dimension, $\bar{X}_{ij}$ the mean for the ideal profile along the jth dimension, and j the number of profile dimensions (cf. Drazin and Van de Ven, 1985, p. 533; Vorhies and Morgan, 2003, p. 108). The result is a profile deviation score which represents the degree to which the configuration of an institution is similar to that of the ideal bank (cf. Vorhies and Morgan, 2003, p. 108). In a second step, the score is regressed onto the respective performance dimension to test the corresponding hypothesis (cf. Drazin and Van de Ven, 1985, p. 533; Vorhies and Morgan, 2003, p. 108). For the hypotheses to be supported, the distance score should be negatively and significantly correlated with performance, demonstrating that the higher the deviation from the ideal profile, the lower the performance (cf. Drazin and Van de Ven, 1985, p. 533).

It follows that in order to test Hypothesis 12, which states that the more similar the banking institution's configuration to that of the ideal banking institution, the higher its sales organization outcomes, the profile deviation score is regressed onto sales organization outcomes. As shown in Table 6.15, the profile deviation coefficients are negative with values of -0.189 for all segments, -0.293 for retail banking, -0.345 for corporate banking, and -0.160 for private banking. With the exception of the latter, which is not significant, all other coefficients are significant at the five percent (retail banking) or one percent (all segments, corporate banking) level. Thus the hypothesis is supported for all except the private banking sample by the results of the regression analysis.

Table 6.15: Fit Impact on Sales Organization Outcomes

	All Segments		Retail Banking		Corporate Banking		Private Banking	
	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile
Profile Deviation	-0.189***	-0.065	-0.293**	-0.032	-0.345***	-0.037	-0.160	-0.124
R²	0.036	0.004	0.086	0.001	0.119	0.001	0.026	0.015
Adjusted R²	0.031	0.000	0.073	-0.013	0.107	-0.013	0.011	0.001
F value	8.422***	0.962	6.581**	0.075	9.609***	0.100	1.714	1.099
T value	-2.902***	-0.981	-2.565**	-0.274	-3.100***	-0.315	-1.309	-1.048

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

Hypothesis 13 proposes that the more similar the banking institution's configuration to that of the ideal banking institution, the higher its salesperson behavioral performance. As shown in Table 6.16 (p. 239), the profile deviation coefficients are negative with values of -0.127 for all segments, -0.167 for retail banking, -0.265 for corporate banking, and -0.173 for private banking. While the All segments sample is significant at the ten percent level and the corporate banking sample at the one percent level and the hypothesis therefore supported, the retail and private banking segments' significances only range around the fifteen percent level and require the hypothesis to be rejected.

Table 6.16: Fit Impact on Salesperson Behavioral Performance

	All Segments		Retail Banking		Corporate Banking		Private Banking	
	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile
Profile Deviation	-0.127*	0.039	-0.167	0.051	-0.265***	-0.017	-0.173	0.049
R²	0.016	0.002	0.028	0.003	0.070	0.000	0.030	0.002
Adjusted R²	0.012	-0.003	0.014	-0.011	0.057	-0.014	0.015	-0.012
F value	3.741*	0.347	2.020	0.185	5.370***	0.021	2.001	0.168
T value	-1.934*	0.589	-1.421	0.430	-2.317***	-0.145	-1.415	0.410

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

In Hypothesis 14, it is proposed that the more similar the banking institution's configuration to that of the ideal banking institution, the higher its salesperson outcome performance. As shown in Table 6.17, the profile deviation scores are again negative with values of -0.130 for all segments, -0.280 for the retail banking, -0.052 for the corporate banking, and -0.172 for the private banking segment. Since the first two coefficients are significant at the five and one percent level respectively and the latter two not significant, the hypothesis is supported for the all segments and retail banking samples.

Table 6.17: Fit Impact on Salesperson Outcome Performance

	All Segments		Retail Banking		Corporate Banking		Private Banking	
	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile	Ideal Profile	Non-ideal profile
Profile Deviation	-0.130**	-0.010	-0.280***	-0.134	-0.052	-0.046	-0.172	0.012
R²	0.017	0.000	0.079	0.018	0.003	0.002	0.030	0.000
Adjusted R²	0.013	-0.004	0.065	0.004	-0.011	-0.012	0.015	-0.014
F value	3.931**	0.022	5.975***	1.298	0.191	0.148	1.911	0.011
T value	-1.983**	-0.149	-2.444***	-1.139	-0.438	-0.385	-1.411	0.103

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

As shown above, it has been verified that the adherence to an ideal profile yields superior performance along almost all performance dimensions for the all segments, retail banking, and corporate banking samples. While the private banking sample displays a similar tendency, the relationship cannot be verified due to the low significance ranging around the fifteen percent level. Nonetheless, it still needs to be analyzed as to how far these empirical ideal profiles correspond to the pre-

viously defined theoretical relationships. Therefore the next chapter will evaluate the degree of congruence.

6.2.3   *Congruence of Ideal Empirical Profiles with Theoretical Relationships*

In order to test the congruence of the ideal profiles with the theoretically derived relationships, the mean values of the respective dimensions will be analyzed. An analysis of mean values, comparing best-performing companies with the study sample, has been conducted by many researchers and as such is also deemed appropriate for the analysis at hand (see e.g. Matsuno and Mentzer, 2000, p. 3-11). First the adherence to the strategy control hypotheses will be analyzed in *Chapter 6.2.3.1*. Then the congruence of the ideal profile with the organization control relationships will be evaluated in *Chapter 6.2.3.2*. Finally *Chapter 6.2.3.3* will assess to what degree the environmental influence is reflected in the ideal profiles.

6.2.3.1   Strategy Control Fit

First, as mentioned before, the congruence of the ideal profile with the proposed strategy control relationships is being investigated. However, since all of the proposed theoretical relationships refer to sales management control, the ideal profile's specification on these dimensions will be discussed upfront.

As shown in Table 6.18 (p. 241), which comprises the mean values, the standard deviations, the difference in means, and the t statistics for the formal control dimensions, the ideal profile for all samples is characterized by a high degree of behavior control. With values for behavior control of 5.234 for all segments (study sample = 4.613), 5.343 for retail banking (study sample = 4.641), 5.266 for corporate banking (study sample = 4.694), and 5.094 for private banking (study sample = 4.506) is significantly above the respective study sample at the one percent level for all samples except corporate banking where the difference is significant at the five percent level. With regard to the element of compensation control, the ideal profile is indistinct due to a not significant difference for all samples except the private banking segment. The latter's mean is significantly

Table 6.18: Ideal Profile - Formal Controls

	Behavior Control				Compensation Control			
	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.234	5.343	5.266	5.094	0.967	1.300	0.900	0.700
Mean Study Sample	4.613	4.641	4.694	4.506	1.326	1.120	1.338	1.513
Difference (Mean)	0.622	0.702	0.572	0.588	-0.359	0.180	-0.438	-0.813
Standard Deviation Top Performer	0.442	0.382	0.511	0.432	0.999	1.418	0.738	0.675
Standard Deviation Study Sample	0.736	0.674	0.674	0.841	1.313	1.090	1.447	1.356
T Statistics	6.598***	3.217***	2.583**	2.165***	-1.445	0.473	-1.532	-1.860**

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

lower than the respective study sample with a value of 0.700 which is below the respective study sample (1.513).

The results of the analysis for the informal control dimensions are shown in Table 6.19 (p. 242). With regard to cultural control, the best performing banking institutions have means of 5.245 for all segments (study sample = 4.751), 5.070 for retail banking (study sample = 4.651), 5.312 for corporate banking (study sample = 4.836), and 5.353 for private banking which are above the respective study samples. The differences are all significant at the one or five percent level. Professional control is also higher for the institutions which were used to calibrate the ideal profiles with values of 5.182 for all segments (study sample = 4.703), 4.975 for retail banking (study sample = 4.746), 5.297 for corporate banking (study sample = 4.726), and 5.273 for private banking (study sample = 4.640). The differences are all significant at the one percent level with the exception of retail banking which is only significant at the ten percent level. The values of the third informal control dimension, self control, with 5.415 for all segments (study sample = 5.054), 5.342 for retail banking (study sample = 5.088), 5.481 for corporate banking (study sample = 5.086), and 5.422 for private banking (study sample = 4.989) are also above the respective study samples. The differences of the means

Table 6.19: Ideal Profile - Informal Controls

	Cultural Control				Professional Control				Self Control			
	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.245	5.070	5.312	5.353	5.182	4.975	5.297	5.273	5.415	5.342	5.481	5.422
Mean Study Sample	4.751	4.651	4.836	4.765	4.703	4.746	4.726	4.640	5.054	5.088	5.086	4.989
Difference (Mean)	0.494	0.419	0.476	0.588	0.478	0.229	0.571	0.633	0.361	0.254	0.395	0.433
Standard Deviation Top Performer	0.498	0.532	0.436	0.525	0.435	0.337	0.432	0.488	0.501	0.618	0.507	0.399
Standard Deviation Study Sample	0.578	0.515	0.590	0.614	0.600	0.427	0.649	0.687	0.542	0.470	0.606	0.540
T Statistics	4.465***	2.409**	2.461**	2.892***	4.224***	1.659*	2.697***	2.817***	3.460***	1.543	1.969**	2.445**

$^*p < 0.1$ $^{**}p < 0.05$ $^{***}p < 0.01$

Source: Own illustration.

are thereby significant at the one percent level for all segments and at the five percent level for the corporate banking and private banking samples. The difference of the retail banking sample is not significant.

After it has been determined that the ideal banks are characterized by a high degree of behavior, cultural, professional, and self control as well as partially by a low degree of compensation control, it now needs to be assessed as to how far the other dimensions are in line with the theoretically proposed relationships. Two of these dimensions are the advice- and sales orientation of the institutions' business strategy.

As shown in Table 6.20 (p. 243), the ideal institutions in the all segments, retail banking, and corporate banking samples are characterized by a higher degree of **advice orientation** and a lower degree of **sales orientation**. With mean values for the advice-oriented strategy dimension of 5.200 for all segments (study sample = 4.722), 5.459 for retail banking (study sample = 4.775), and 4.977 for corporate banking (study sample = 4.502), the top performers are significantly above the study sample. In a similar manner, the values for the sales orientation are below the study sample with scores of 1.800 for all segments (study sample = 2.278), 1.541 for retail banking (study sample = 2.225), and 2.023 for corporate banking (study sample = 2.498). Again the first two differences are significant at the one

Table 6.20: Congruence of Ideal Profiles with Strategy Control Fit

	Advice-oriented Strategy				Sales-oriented Strategy			
	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.200	5.459	4.977	5.164	1.800	1.541	2.023	1.836
Mean Study Sample	4.722	4.775	4.502	4.889	2.278	2.225	2.498	2.111
Difference (Mean)	0.478	0.684	0.475	0.275	-0.478	-0.684	-0.475	-0.275
Standard Deviation Top Performer	0.676	0.353	0.761	0.797	0.676	0.353	0.761	0.797
Standard Deviation Study Sample	0.804	0.706	0.875	0.778	0.804	0.706	0.875	0.778
T Statistics	3.115***	4.948***	1.656*	1.049	-3.115***	-4.948***	-1.656*	-1.049

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

percent level and the latter at the ten percent level. While the best-performing
private banking institutions display a similar tendency in their business strategy,
their characteristics are inconclusive due to missing significance.

Combining the above findings regarding the business strategy and sales manage-
ment control strategy of the ideal profiles, Hypothesis 15.1, which states that the
best performing banking institutions have a higher/lower degree of advice orien-
tation and a higher/lower degree of behavior control than other institutions, can
be evaluated. It follows that the hypothesis is supported for all segments, retail
banking, and corporate banking and rejected for private banking.

In hypothesis 15.2, it is proposed that the best performing banking institutions
have a higher/lower degree of advice orientation and a lower/higher degree of
compensation control than other institutions. The hypothesis is rejected for all
samples.

According to Hypothesis 15.3, the best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of cultural control than other institutions. The hypothesis is supported for all of the samples except private banking.

Hypothesis 15.4 states that the best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of professional control than other institutions. It is supported for all segments, retail banking, and corporate banking and rejected for private banking.

Following Hypothesis 15.5, the best performing banking institutions have a higher/lower degree of advice orientation and a higher/lower degree of self control than other institutions. The hypothesis is supported for all samples except private banking and retail banking.

In Hypothesis 16.1, it is stated that the best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of behavior control than other institutions. The hypothesis is supported for all segments, retail banking and corporate banking and rejected for private banking.

Hypothesis 16.2 proposes that the best performing banking institutions have a higher/lower degree of sales orientation and a higher/lower degree of compensation control than other institutions. It is rejected for all samples.

According to Hypothesis 16.3, the best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of cultural control than other institutions. The hypothesis is rejected for private banking but supported for all segments, retail banking, and corporate banking.

Hypothesis 16.4 states that the best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of professional control than other institutions. It is supported for all samples except private banking.

In Hypothesis 16.5, it is postulated that the best performing banking institutions have a higher/lower degree of sales orientation and a lower/higher degree of self control than other institutions. Again the hypothesis is supported for all segments and corporate banking but rejected for retail and private banking.

Figure 6.6 (p. 246) again summarizes the test of the hypotheses on the congruence of the ideal empirical profiles with the theoretical strategy control relationships.

Figure 6.6: Test of Congruence of Ideal Profiles with Strategy Control Fit Hypotheses

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The best performing banking institutions have a higher/lower degree of Advice Orientation…				
H 15.1: …and a higher/lower degree of Behavior Control than other institutions	✓	✓	✓	✗
H 15.2: …and a lower/higher degree of Compensation Control than other institutions	✗	✗	✗	✗
H 15.3: …and a higher/lower degree of Cultural Control than other institutions	✓	✓	✓	✗
H 15.4: …and a higher/lower degree of Professional Control than other institutions	✓	✓	✓	✗
H 15.5: …and a higher/lower degree of Self Control than other institutions	✓	✗	✓	✗
The best performing banking institutions have a higher/lower degree of Sales Orientation…				
H 16.1: …and a lower/higher degree of Behavior Control than other institutions	✓	✓	✓	✗
H 16.2: …and a higher/lower degree of Compensation Control than other institutions	✗	✗	✗	✗
H 16.3: …and a lower/higher degree of Cultural Control than other institutions	✓	✓	✓	✗
H 16.4: …and a lower/higher degree of Professional Control than other institutions	✓	✓	✓	✗
H 16.5: …and a lower/higher degree of Self Control than other institutions	✓	✗	✓	✗

✓ Hypothesis supported   ✗ Hypothesis rejected

Source: Own illustration.

6.2.3.2 Organization Control Fit

Besides the adherence of the ideal profiles to the theoretical strategy control relationships, the congruence with the organization control hypotheses also needs to be evaluated. The results for the first part of the corresponding analysis investigating consistency, adaptability, and involvement are depicted below in Table 6.21.

Table 6.21: Congruence of Ideal Profiles with Organization Control Fit I/II

	Consistency				Adaptability				Involvement			
	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	4.116	3.694	4.206	4.447	4.844	4.816	4.790	4.926	4.748	4.859	4.917	4.469
Mean Study Sample	4.625	4.465	4.668	4.735	4.108	4.088	4.018	4.217	4.267	4.105	4.349	4.341
Difference (Mean)	-0.509	-0.771	-0.462	-0.288	0.736	0.728	0.772	0.709	0.482	0.754	0.568	0.128
Standard Deviation Top Performer	1.483	1.762	1.451	1.243	0.842	1.038	0.529	0.955	0.689	0.711	0.570	0.752
Standard Deviation Study Sample	0.690	0.675	0.708	0.665	0.756	0.679	0.757	0.818	0.796	0.714	0.861	0.790
T Statistics	-1.854*	-1.370	-0.992	-0.719	4.950***	2.157**	3.119***	2.533**	3.163***	3.138***	2.025**	0.485

$^{*} p < 0.1$ $^{**} p < 0.05$ $^{***} p < 0.01$

Source: Own illustration.

On the first dimension of organizational culture, **consistency**, the ideal institutions with values of 4.116 for all segments (study sample = 4.625) are significantly (ten percent level) below the respective study samples. Since the differences in means for the retail, corporate, and private banking segments are not significant, the ideal profiles are inconclusive with regard to consistency.

Combining the above with the previously depicted sales management control characteristics of the ideal profiles, it follows that Hypothesis 17.1, which states that the best performing banking institutions have a higher/lower degree of consistency and a lower/higher degree of behavior control than other institutions, is rejected for retail, corporate, and private banking but supported for the all segments sample.

Hypothesis 17.2, which proposes that the best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of compensation control than other institutions, is rejected for all samples.

According to Hypothesis 17.3, the best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of cultural control than other institutions. It is rejected for all samples.

Hypothesis 17.4 states that the best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of professional control than other institutions. It is also rejected for all segments, retail banking, corporate banking, and private banking.

Following Hypothesis 17.5, the best performing banking institutions have a higher/lower degree of consistency and a lower/higher degree of self control than other institutions. The hypothesis is supported for all segments and rejected for retail, corporate, and private banking.

On the second dimension of organizational culture, **adaptability**, the ideal institutions with values of 4.884 for all segments (study sample = 4.108), 4.816 for retail banking (study sample = 4.088), 4.790 for corporate banking (study sample = 4.018), and 4.926 for private banking (study sample = 4.217) are above the respective study samples (see Table 6.21). The differences are all significant at the one and five percent level.

It follows that Hypothesis 18.1, which postulates that the best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of behavior control than other institutions, is supported for all segments, retail banking, corporate banking, and private banking.

Hypothesis 18.2, which states that the best performing banking institutions have a higher/lower degree of adaptability and a lower/higher degree of compensation

control than other institutions, is supported for the private banking segment and rejected for the other samples.

According to Hypothesis 18.3, the best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of cultural control than other institutions. It is supported for all samples.

Also supported for all samples is Hypothesis 18.4, which proposes that the best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of professional control than other institutions.

Following Hypothesis 18.5, the best performing banking institutions have a higher/lower degree of adaptability and a higher/lower degree of self control than other institutions. Drawing on the above findings, the hypothesis is supported for all samples except retail banking.

As shown in Table 6.21, the third dimension of the organizational culture, **involvement**, with values of 4.478 for all segments (study sample = 4.267), 4.869 for retail banking (study sample = 4.105), and 4.917 for corporate banking is above the respective study samples. While these differences are significant at the one (all segments, retail banking) and five (corporate banking) percent level, the ideal profile for private banking is inconclusive due to the missing significance of the difference in means.

It follows that Hypothesis 19.1, which states that the best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of behavior control than other institutions, is supported for all segments, retail banking, and corporate banking and rejected for private banking.

According to Hypothesis 19.2, best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of compensation control than other banks. The hypothesis needs to be rejected for all samples.

Hypothesis 19.3 proposes that the best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of cultural control than other institutions. It is supported for all segments, retail banking, and corporate banking but rejected for private banking.

In Hypothesis 19.4, it is stated that the best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of professional control than other institutions. The hypothesis is supported for all samples except the private banking segment.

Following Hypothesis 19.5, the best performing banking institutions have a higher/lower degree of involvement and a higher/lower degree of self control than other institutions. It is supported for all segments and corporate banking but rejected for the retail and private banking samples.

Table 6.22: Congruence of Ideal Profiles with Organization Control Fit II/II

	Informal Communication				IT Sophistication				Organizational Centralization			
	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	5.326	5.077	5.500	5.400	5.302	5.397	5.128	5.382	0.771	0.600	0.906	0.808
Mean Study Sample	4.789	4.827	4.685	4.856	5.421	5.386	5.462	5.414	0.850	0.875	0.852	0.823
Difference (Mean)	0.536	0.250	0.815	0.544	-0.119	0.011	-0.334	-0.032	-0.079	-0.275	0.054	-0.015
Standard Deviation Top Performer	0.487	0.332	0.527	0.516	0.514	0.553	0.538	0.452	0.433	0.516	0.319	0.426
Standard Deviation Study Sample	0.809	0.685	0.921	0.801	0.363	0.383	0.329	0.378	0.374	0.346	0.369	0.407
T Statistics	3.545***	1.903*	2.731***	2.086**	-1.225	0.059	-1.916*	-0.246	-1.062	-1.638	0.439	-0.110

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

Source: Own illustration.

As shown in Table 6.22, the best-performing institutions of all samples are above the respective study samples with regards to informal communication. The differences of the mean values 5.326 for all segments (study sample = 4.789), 5.077 for retail banking (study sample = 4.827), 5.500 for corporate banking (study sample = 4.685), and 5.400 for private banking (study sample = 4.865) are thereby significant at the one, ten, one, and five percent level respectively.

It follows that Hypothesis 20.1, which states that the best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of behavior control than other institutions, is supported for all samples.

According to Hypothesis 20.2, the best performing banking institutions have a higher/lower degree of informal communication and a lower/higher degree of compensation control than other institutions. The hypothesis is supported for the private banking segment. Due to the missing significance of the compensation control dimension, however, it needs to be rejected for all other samples.

Hypothesis 20.3 states that the best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of cultural control than other institutions. It is supported for all samples.

According to Hypothesis 20.4, the best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of professional control than other institutions. It is fully supported for all samples.

Hypothesis 20.5, which proposes that the best performing banking institutions have a higher/lower degree of informal communication and a higher/lower degree of self control than other institutions, is supported for all segments, corporate banking, and private banking but rejected for the retail banking sample.

As shown in Table 6.22, the differences of the mean values of **IT sophistication** for the top performers and the study sample for all segments, retail banking, and private banking are not significant. Only the ideal profile for corporate banking with a score of 5.128 is significantly, at the ten percent level, below the respective study sample with a value of 5.462. It follows that both Hypothesis 21.1, which states that the best performing banking institutions have a higher/lower degree of IT sophistication and a higher/lower degree of behavior control than other institutions, and Hypothesis 21.2, which proposes that the best performing banking

institutions have a higher/lower degree of IT sophistication and a higher/lower degree of compensation control than other institutions, need to be rejected.

With regard to **organizational centralization**, the differences of the mean values, as shown in Table 6.22, are not significant for all samples. It follows that both Hypothesis 22.1, which postulates that the best performing banking institutions have a higher/lower degree of organizational centralization and a higher/lower degree of behavior control than other institutions, and Hypothesis 22.2, which states that the best performing banking institutions have a higher/lower degree of organizational centralization and a lower/higher degree of compensation control than other institutions, need to be rejected.

Figures 6.7 (p. 253) and 6.8 (p. 254) again summarize the test of the hypotheses on the congruence of the ideal empirical profiles with the theoretical organization control relationships.

Figure 6.7: Test of Congruence of Ideal Profiles with Organization Control Fit Hypotheses I/II

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The best performing banking institutions have a higher/lower degree of Consistency…				
H 17.1: …and a lower/higher degree of Behavior Control than other institutions	✓	✗	✗	✗
H 17.2: …and a higher/lower degree of Compensation Control than other institutions	✗	✗	✗	✗
H 17.3: …and a higher/lower degree of Cultural Control than other institutions	✗	✗	✗	✗
H 17.4: …and a higher/lower degree of Professional Control than other institutions	✗	✗	✗	✗
H 17.5: …and a lower/higher degree of Self Control than other institutions	✓	✗	✗	✗
The best performing banking institutions have a higher/lower degree of Adaptability…				
H 18.1: …and a higher/lower degree of Behavior Control than other institutions	✓	✓	✓	✓
H 18.2: …and a lower/higher degree of Compensation Control than other institutions	✗	✗	✗	✓
H 18.3: …and a higher/lower degree of Cultural Control than other institutions	✓	✓	✓	✓
H 18.4: …and a higher/lower degree of Professional Control than other institutions	✓	✓	✓	✓
H 18.5: …and a higher/lower degree of Self Control than other institutions	✓	✗	✓	✓
The best performing banking institutions have a higher/lower degree of Involvement…				
H 19.1: …and a higher/lower degree of Behavior Control than other institutions	✓	✓	✓	✗
H 19.2: …and a higher/lower degree of Compensation Control than other institutions	✗	✗	✗	✗
H 19.3: …and a higher/lower degree of Cultural Control than other institutions	✓	✓	✓	✗
H 19.4: …and a higher/lower degree of Professional Control than other institutions	✓	✓	✓	✗
H 19.5: …and a higher/lower degree of Self Control than other institutions	✓	✗	✓	✗

✓ Hypothesis supported   ✗ Hypothesis rejected

Source: Own illustration.

Figure 6.8: Test of Congruence of Ideal Profiles with Organization Control Fit Hypotheses II/II

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The best performing banking institutions have a higher/lower degree of Informal Communication…				
H 20.1: …and a higher/lower degree of Behavior Control than other institutions	✓	✓	✓	✓
H 20.2: …and a lower/higher degree of Compensation Control than other institutions	✗	✗	✗	✓
H 20.3: …and a higher/lower degree of Cultural Control than other institutions	✓	✓	✓	✓
H 20.4: …and a higher/lower degree of Professional Control than other institutions	✓	✓	✓	✓
H 20.5: …and a higher/lower degree of Self Control than other institutions	✓	✗	✓	✓
The best performing banking institutions have a higher/lower degree of IT Sophistication…				
H 21.1: …and a higher/lower degree of Behavior Control than other institutions	✗	✗	✗	✗
H 21.2: …and a higher/lower degree of Compensation Control than other institutions	✗	✗	✗	✗
The best performing banking institutions have a higher/lower degree of Organizational Centralization…				
H 22.1: …and a higher/lower degree of Behavior Control than other institutions	✗	✗	✗	✗
H 22.2: …and a lower/higher degree of Compensation Control than other institutions	✗	✗	✗	✗

✓ Hypothesis supported　✗ Hypothesis rejected

Source: Own illustration.

6.2.3.3 Environmental Influence on Configurations

Besides the adherence of the ideal profiles to the theoretical organization control relationships, the congruence with the environment control hypotheses also needs to be evaluated. The results of the corresponding analysis for dynamism, competition, and predictability are depicted below in Table 6.21.

Table 6.23: Congruence of Ideal Profiles with Environment Control Fit

	Dynamism				Competition				Predictability			
	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking	All Segments	Retail Banking	Corporate Banking	Private Banking
Mean Top Performer	3.787	3.938	3.626	3.798	5.300	5.500	5.100	5.300	3.781	3.858	3.651	3.833
Mean Study Sample	3.368	3.390	3.374	3.340	5.048	4.987	5.104	5.051	3.722	3.823	3.532	3.813
Difference (Mean)	0.420	0.548	0.252	0.458	0.252	0.513	-0.004	0.249	0.059	0.035	0.119	0.020
Standard Deviation Top Performer	0.884	0.682	0.976	1.023	0.915	0.850	1.101	0.823	1.120	1.174	0.978	1.296
Standard Deviation Study Sample	0.912	0.979	0.913	0.853	0.907	0.862	0.754	1.080	0.930	0.833	1.050	0.873
T Statistics	2.379**	1.710*	0.816	1.563	1.431	1.772*	-0.011	0.702	0.317	0.117	0.341	0.066

* p < 0.1 ** p < 0.05 *** p < 0.01

Source: Own illustration.

The first dimension of the environmental parameters, **dynamism**, is for the ideal institutions with values of 3.787 for all segments (study sample = 4.625), 3.938 for retail banking (study sample = 3.390), 3.626 for corporate banking (study sample = 3.374), and 3.798 for private banking (study sample = 3.340) higher than the respective study samples. However, only the differences of the mean scores for all segments (five percent) and retail banking (ten percent) are significant.

Combining the above results with the previously described sales management control profiles of the top performing institutions, Hypothesis 23.1, which states that the best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of behavior control than other institutions, is supported for all segments and retail banking but rejected for private banking and corporate banking.

Taking the not significant compensation control dimension of the ideal all segments, retail banking, and corporate banking profile into account, Hypothesis 23.2, which proposes that the best performing banking institutions which face a higher/lower degree of dynamism have a lower/higher degree of compensation control than other institutions, is rejected for all samples.

According to hypothesis 23.3, the best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of cultural control than other institutions. The hypothesis is supported for all segments and retail banking but needs to be rejected for the corporate banking and the private banking sample.

Hypothesis 23.4 states that the best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of professional control than other institutions. It is again supported for all samples except corporate and private banking.

Following Hypothesis 23.5, the best performing banking institutions which face a higher/lower degree of dynamism have a higher/lower degree of self control than other institutions. The hypothesis is supported for all segments and rejected for the other samples.

As shown in Table 6.21, only the top performing retail banking institutions face a significantly higher degree of **competition** with a mean value of 5.500 which is significantly (at the ten percent level) above the respective study sample's mean of 4.987. The ideal institutions of the all segments, corporate, and private banking samples, however, operate in an environment which is not characterized by a significantly different degree of competition, compared to their corresponding study samples.

Accordingly, Hypothesis 24.1, which states that the best performing banking institutions which face a higher/lower degree of competition have a higher/lower

degree of behavior control than other institutions, is only supported for the retail banking sample.

In Hypothesis 24.2 it is stated that the best performing banking institutions which face a higher/lower degree of competition have a lower/higher degree of compensation control than other institutions. The hypothesis is rejected for all samples.

Following Hypothesis 24.3, the best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of cultural control than other institutions. It is supported for retail banking but rejected for the all segments, corporate banking, and private banking samples.

Hypothesis 24.4 states that the best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of professional control than other institutions. The hypothesis is rejected for all samples except retail banking.

Following Hypothesis 24.5, the best performing banking institutions which face a higher/lower degree of competition have a higher/lower degree of self control than other institutions. It is rejected for all samples.

As shown in Table 6.21, the **predictability** of the environment for the best-performing institutions of all samples does not differ from the respective study samples, i.e. the difference in mean values is not significant. It follows that these hypotheses need to be rejected: Hypothesis 25.1, which states that the best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of behavior control than other institutions, Hypothesis 25.2, which postulates that the best performing banking institutions which face a higher/lower degree of predictability have a higher/lower degree of compensation control than other institutions, Hypothesis 25.3, which proposes that the best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of cultural control than other institutions,

Hypothesis 25.4, which states that the best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of professional control than other institutions, as well as Hypothesis 25.5, which formulates that the best performing banking institutions which face a higher/lower degree of predictability have a lower/higher degree of self control than other institutions.

Figure 6.9 (p. 259) again summarizes the test of the hypotheses on the congruence of the ideal empirical profiles with the theoretical environment control relationships.

Figure 6.9: Test of Congruence of Ideal Profiles with Environment Control Fit Hypotheses

Hypotheses	All Segments	Retail Banking	Corporate Banking	Private Banking
The best performing banking institutions which face a higher/lower degree of Dynamism…				
H 23.1: …have a higher/lower degree of Behavior Control than other institutions	✓	✓	✗	✗
H 23.2: …have a lower/higher degree of Compensation Control than other institutions	✗	✗	✗	✗
H 23.3: …have a higher/lower degree of Cultural Control than other institutions	✓	✓	✗	✗
H 23.4: …have a higher/lower degree of Professional Control than other institutions	✓	✓	✗	✗
H 23.5: …have a higher/lower degree of Self Control than other institutions	✓	✗	✗	✗
The best performing banking institutions which face a higher/lower degree of Competition…				
H 24.1: …have a higher/lower degree of Behavior Control than other institutions	✗	✓	✗	✗
H 24.2: …have a lower/higher degree of Compensation Control than other institutions	✗	✗	✗	✗
H 24.3: …have a higher/lower degree of Cultural Control than other institutions	✗	✓	✗	✗
H 24.4: …have a higher/lower degree of Professional Control than other institutions	✗	✓	✗	✗
H 24.5: …have a higher/lower degree of Self Control than other institutions	✗	✗	✗	✗
The best performing banking institutions which face a higher/lower degree of Predictability…				
H 25.1: …have a lower/higher degree of Behavior Control than other institutions	✗	✗	✗	✗
H 25.2: …have a higher/lower degree of Compensation Control than other institutions	✗	✗	✗	✗
H 25.3: …have a lower/higher degree of Cultural Control than other institutions	✗	✗	✗	✗
H 25.4: …have a lower/higher degree of Professional Control than other institutions	✗	✗	✗	✗
H 25.5: …have a lower/higher degree of Self Control than other institutions	✗	✗	✗	✗

✓ Hypothesis supported ✗ Hypothesis rejected

Source: Own illustration.

6.3   Discussion of the Results

Overall, the results of the empirical analysis are encouraging. Out of the 101 tested hypotheses, a vast majority of 76 hypotheses or 75.25% have been supported for all samples or partially supported for one or more samples. While the rejection for some of the segments is mostly attributable to the differences and peculiarities of the individual segments (see *Chapter 2.3*), the 25 hypotheses (24.75%) which have been rejected for all segments need to be investigated in more detail:

- The majority of the rejected hypotheses (11 or 44.00%) concern the construct compensation control (5.2, 10.2, 15.2, 16.2, 17.2, 19.2, 21.2, 22.2, 23.2, 24.2, 25.2). While the PLS analysis has mostly confirmed impact of the business strategy, organization-specific characteristics, and environment on this control dimension, the comparison of the ideal profiles with the study samples has revealed insignificant differences of the mean values. Even though the significances for the all segments ($\alpha = 14.96\%$) and corporate banking ($\alpha = 12.67\%$) samples are thereby only slightly below the required threshold, they lead to a rejection of the hypotheses. One likely explanation for this observation could be that compensation control, especially compared to the other control dimensions, is not as important for a bank to be succesfull in terms of the three investigated performance dimensions. This would be partially in line with the findings of *Piercy et al. (2004b, p. 255-264)*. The researchers showed that incentive pay or compensation control has no apparent impact on outcome performance but is an important predictor for sales unit effectiveness (cf. Piercy et al., 2004b, p. 255-264). Another factor to take into consideration are the German collective wage agreements and individual agreements with the bank's worker's councils, which limit the degree of variable compensation for the sales employees that are subject to these agreements (cf. Eyer and Haussmann, 2005, p. 158-166; Gerding, 2007, p. 223-228; Hanker, 2007, p. 138-140). As a result, a high-performing Volksbank, for example, which historically had no variable compensation, might exert effective compensation control with a comparably low share of incentive pay whereas a low-performing private bank with a high share might not

be able to do so. Despite these two potential explanations, this observation requires further investigation in future research.

- Another rejected Hypothesis, 5.5, states that the higher the degree of involvement, the higher the degree of self control. While this relationship is confirmed mostly for the best-performing institutions with the corresponding Hypothesis 19.5, the PLS analysis revealed that a higher degree of involvement leads to a lower degree of self control for the entire samples. As such, one potential explanation could be that the involvement, which is exercised by the majority of the institutions, in contrast to the ideal banks, is unable to create a true sense of ownership and commitment towards the bank (cf. Denison and Mishra, 1995; Fey and Denison, 2003). Since a comparable investigation has not been conducted, additional insights from other literature are not available.

- Two other hypotheses which have been rejected concern the relationship between consistency and cultural and professional control. More specifically, Hypothesis 17.3 states that the best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of cultural control than other institutions and Hypothesis 17.4 proposes that the best performing banking institutions have a higher/lower degree of consistency and a higher/lower degree of professional control than other institutions. Since a comparable relationship, let alone the same interrelation, has not been investigated by other researchers, a comparison with other literature is not possible. However, considering that the corresponding Hypotheses 3.3 and 3.4, for the overall sample, have been largely confirmed by the PLS analysis, the underlying root cause is most likely connected to the ideal profile. Due to the fact that the ideal profiles are characterized by a high degree of advice orientation, a low degree of sales orientation, a high degree of adaptability, a high degree of involvement, and a high degree of informal communication, which are all positively related to cultural and professional control, the negative impact of the high degree of consistency on the two dimensions of control is probably offset.

- Another hypothesis which has been rejected deals with the configuration of the ideal profiles with regard to IT sophistication. Hypothesis 21.1 states that the best performing banking institutions have a higher/lower degree of IT sophistication and a higher/lower degree of behavior control than other institutions. While the PLS analysis has largely confirmed the corresponding hypothesis for the overall samples (7.1), the differences in mean for the best-performing institutions are not significant. Since no matchable or analog research has been conducted, a comparison with other literature is not possible. Nonetheless one explanation could be the low overall variance in IT sophistication between the institutions. The standard deviation for IT sophistication of 0.386, which is below the average of 0.832, indicates that the information technology and information systems of the banks are very similar.

- Additionally, one of the hypotheses regarding the organizational centralization of the ideal profiles has been rejected, namely Hypothesis 21.1, which states that the best performing banking institutions have a higher/lower degree of organizational centralization and a higher/lower degree of behavior control than other institutions. As in the above case, in the absence of comparable literature and in consideration of the supporting PLS results, one potential explanation could be the institutions' low variance in the organizational structure with a standard deviation of 0.391 which is below the average of 0.832.

- Finally, nine out of the 25 rejected hypotheses (9.4, 9.5, 11.1, 11.3, 24.5, 25.1, 25.3, 25.4, 25.5) deal with the environmental parameters dynamism and predictability. While another empirical study, which evaluated the uncertainty of the environment, confirmed the influence on sales management control, only weakly significant relationships have been documented for its cross-industry samples (cf. Krafft, 1999, p. 128). Therefore one of the potential explanations could be that the changes in the competitor's behavior and customers' preferences and their predictability are too similar within one industry - despite existing differences in regional and local markets -

and as such are not a good predictor (cf. Miller and Dröge, 1986, p. 539-555). Of course, another explanation could also be the fact that the two environmental parameters do not need to be taken into account by a bank when choosing a sales management control approach in order to be successful. Nonetheless, this observation should be kept in mind for future research.

Having evaluated the potential root causes for the rejection of 25 hypotheses, the subsequent chapter will recapitulate the major findings of the supported and rejected hypotheses and their implications for practitioners and academics.

7   Conclusion

In this chapter, the major findings of this study are summarized. Based on these insights, *Chapter 7.1* presents final comments and recommendations. Finally, implications and areas for future research are identified in *Chapter 7.2*.

7.1   Final Comments and Recommendations

Since late 2007 the turbulences of the sub-prime mortgage market and its consequences haven shaken the international banking industry (cf. Wheeler and Werchola, 2007; Nagl, 2008, p. 26). As in many other countries, banking institutions in Germany have been "severely weakened by mounting losses on impaired and illiquid assets, uncertainty regarding the availability and cost of funding, and further deterioration of loan portfolios as global economic growth slows" (International Monetary Fund, 2008b, p. 1). And in spite of the increasingly strong involvement and support of national governments, central banks, and regulatory agencies, the aftermath of the global financial crisis is expected to affect the banking industry over the next few years (cf. International Monetary Fund, 2008b, p. 62; Luttmer, 2008, p. 22; Riecke, 2008, p. 26). Additionally taking into consideration further fundamental developments such as the changing legal and regulatory environment, increasing competitive pressure, and changing customer behavior, it becomes apparent that the German banking industry is especially challenging for its retail, private, and corporate banking institutions. To cope with this overall very difficult environment, the vast majority of the banks plan not only to intensify their sales but also to adjust their sales management control strategies (cf. Engstler et al., 2007, p. 10-11).

Motivated by this high practical relevance as well was as by the existing gaps in the research stream, the aim of this study has been to investigate and understand sales management control strategies in banking. Accordingly, three research questions have been formulated, the answers to which will not only advance science but will also be beneficial for practitioners:

1. *How should a retail, private or corporate banking institution's sales management control strategy be designed when following a certain business strategy to ensure an optimal performance?*

2. *How should the retail, private or corporate banking institution's organiza-*
   tional characteristics be reflected in the sales management control strategy
   in order to increase the individual and organizational performance?

3. *What is the optimum sales management control strategy in view of the retail,*
   private or corporate banking institution's external environment?

To answer these questions, a four-staged analysis has been conducted. In a first
step (*Chapter 3*) an extensive literature review has been performed to identify
important factors impacting sales management control and to avoid the replica-
tion of existing results. Then, in a second step, interviews have been conducted
with a group of eleven experts who were either directly employed at a bank (sales
managers with direct personnel responsibility) or else knowledgeable on the topic
(university professors and management consultants) in order to gain a better
understanding of sales management control in banking from a theoretical and
practical perspective as well as to verify the identified factors. In a third step
(*Chapter 4* and *6*) hypotheses have been derived from Transaction Cost Theory
(e.g. Williamson, 1975, 1981, 1985; Robins, 1987; Rindfleisch and Heide, 1997),
Agency Theory (e.g. Wilson, 1968; Arrow, 1971; Eisenhardt, 1989; Nilakant and
Rao, 1994; Walker and Vasconcellos, 1997), and Organizational Control Theory
(e.g. Ouchi, 1979, 1980) on the relationship between the environmental param-
eters, organizational characteristics, business strategy, and the relevant control
dimensions, and were tested using the gathered empirical data from 298 banking
institutions. In the final fourth step (*Chapter 4* and *6*), the performance dimen-
sion has been incorporated into the analysis. Contrary to previous studies on
sales management control, which either focus only on consequences (e.g. Jaworski
and Kohli, 1991; Cravens et al., 1993; Robertson and Anderson, 1993; Joshi and
Randall, 2001; Piercy et al., 2006; Panagopoulos and Dimitriadis, 2009) or on
antecedents and consequences (e.g. Jaworski and MacInnis, 1989; Agarwal and
Ramaswami, 1993; Jaworski et al., 1993; Krafft, 1999; Piercy et al., 2009), this
study has followed the rationale of the configurational school (e.g. Chandler, 1962;
Miles and Snow, 1978; Mintzberg, 1973, 1978, 1979; Miller and Friesen, 1984). As
such, it has assessed the performance impact of a banking institution's fit with
the relationships tested in the third step.

To answer **Research Question One**, first the influence of sales- and advice-oriented strategies on all five control dimensions has been analyzed. It has been shown that each of the two strategies is characterized by an altogether different sales management control approach. While sales-oriented retail, private, and corporate banking institutions focus mostly on compensation control and exhibit lower degrees of behavior, cultural, professional, and self control, the advice-oriented institutions display a reverse profile with higher behavior, cultural, professional, and self control as well as a lower degree of compensation control. Secondly, the sales management control strategies of the best-performing institutions, which are all characterized by a high degree of advice orientation and a low degree of sales orientation, have been evaluated. The analysis has revealed that a fit with the previously described profile for institutions with a high advice orientation will not only increase the sales organization outcomes but also the salesperson behavioral and outcome performance. Only for the private banking institutions and the compensation control construct this relationship could not be supported. In summary, the research question can be answered as follows: when following mainly an advice-oriented strategy, retail and corporate banking institutions should apply high degrees of behavior, cultural, professional, and self control but only low degrees of compensation control to ensure an optimal performance.

Addressing **Research Question Two**, first the relationship between the organizational culture, IT sophistication, and organizational centralization as well as sales management control has been evaluated. It has been demonstrated that each of the six investigated constructs is characterized by an individual sales management control strategy. Banking institutions, which, for example, exhibit a higher degree of adaptability or informal communication, display higher degrees of behavior, cultural, professional, and self control but mostly only a low degree of compensation control. Banks with a high consistency, on the other hand, are partially characterized by lower degrees of behavior and self control but higher degrees of compensation, cultural, and professional control. Again the profile is different for retail, corporate, and private banking institutions, which are marked by higher levels of involvement; they exert stronger cultural and professional con-

trol. IT sophistication and organizational centralization are also related to sales management control, however, to only two of the five dimensions. While both lead mostly to a higher degree of behavior control, the institutions with a higher IT sophistication display a higher degree of compensation control and banks with a higher organizational centralization partially a lower degree of compensation control. As mentioned before, the fit of the top-performing profile with these relationships has then been evaluated. Again it was shown that a higher congruence with these characteristics will generally increase the individual and organizational performance of the banking institutions. Only for the private banking institutions as well as the consistency, IT sophistication, and organizational centralization constructs this relationship has not been entirely supported. Summing up, the research question needs to be answered as follows: retail, corporate, and private banking institutions with high degrees of adaptability, involvement, and informal communication should apply high degrees of behavior, cultural, professional, and self control in order to increase the individual and organizational performance.

Investigating **Research Question Three**, first the interrelation between dynamism, competition, and predictability has been assessed. It has been shown that each of the three investigated constructs is characterized by an individual sales management control strategy. Banks which, for example, operate in a highly competitive environment display higher degrees of behavior, cultural, professional, and self control. Banks that are subject to higher degrees of dynamism, on the other hand, are partially characterized by a higher degree of behavior and cultural control but a lower degree of compensation control. Lastly, institutions in a highly predictable environment show a higher degree of compensation control as well as lower degrees of professional and self control. Subsequently, as in the case of the previous two research questions, the fit of the top-performing profile with these relationships has been evaluated. The analysis has revealed that institutions, which operate in an environment with high degrees of dynamism or competition and which display a higher fit with the previously described sales management control profiles, have a higher performance in terms of sales organization outcomes, as well as salesperson behavioral and outcome performance. This relationship, how-

ever, could only be supported for the all segments (for the dynamism construct) and the retail banking (for the dynamism and competition constructs) samples. In conclusion, the research question can be answered as follows: retail banking institutions operating in an environment with a high degree of dynamism and/or competition should apply high degrees of behavior, cultural, and professional control to increase their performance on an individual and organizational level.

Combining the findings of this study and the preceding detailed answers to the three research questions, five specific recommendations for retail, corporate, and private banking institutions are laid out below. While these insights are derived in a theoretical context, they are not only aimed at the academic community but are also valuable for practitioners. They provide general managers and sales responsibles of retail, corporate, and private banking institutions with a guideline on how to optimally structure their sales management control strategies.

1. **Combine all sales management control dimensions into one conclusive strategy to align the sales force effectively and efficiently with the bank's objectives.**

    (a) Do not rely on single or fixed control categories as it limits the possibility of mitigating the shortcomings of the individual elements and does not leverage the full potential of a holistic sales management control strategy.

    (b) Utilize behavior control to exert direct control, correct potential inequities of outcome measures, and directly ensure adherence to the overall strategy.

    (c) Use compensation control to cope with equivocal means-end relationships, reduce the complexity of administration and evaluation, and motivate through comparison.

    (d) Foster cultural and professional control in alignment with the bank's overall strategy to reduce the vulnerability to opportunistic behavior and management incompetence.

(e) Create an environment that enhances the intrinsic motivation and commitment of the sales force, which forms the basis of effective self control.

2. **Design a sales management control strategy that fits the bank's internal and external influencing factors to increase the organizational and individual performance.**

   (a) The best performing retail, corporate, and private banks display sales management control strategies that fit the institutions' internal characteristics and external environment.

   (b) The more similar a bank's configuration to that of a top-performing institution, the higher its performance on the organizational and salesperson levels.

3. **Develop a sales management control strategy that fits the bank's business strategy.**

   (a) Advice-oriented institutions should exert high degrees of behavior, cultural, professional, and self control to optimally support the long-term orientation and individualized consultation of their business model.

   (b) Indicatively[1], sales-oriented institutions should exert an opposite sales management control strategy with higher degrees of compensation control due their rather standardized product and service offering, as well as their short-term focus.

4. **Tailor the bank's sales management approach to fit its organization-specific characteristics.**

   (a) Internal organizational characteristics are a relevant determinant for a sales management control strategy, especially due to their impact on output measurability, knowledge of the transformation process, and behavioral uncertainty.

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[1]   Only a weak indication can be drawn from the PLS analysis of the individual relationships, due to the fact that all best-performing institutions were advice-oriented. The latter, however, does not imply that only advice-oriented banking institutions are able to generate superior returns in the German banking market.

(b) Dimensions, such as the organizational culture and structure as well as information technology, need to be taken into consideration.

(c) Banks, for example, with high degrees of adaptability, involvement, and informal communication should apply high degrees of behavior and informal control to increase their performance.

5. **Especially in turbulent times like today, consider the institution's environment when structuring a sales management control concept.**

   (a) Banking institutions which operate in an uncertain environment, with high dynamism and competition, face increased risks and cost for compensation control and should favor behavior, cultural, and professional control to optimize their performance.

   (b) In a predictable environment, an opposite profile with high degrees of compensation control would be expected to lead to superior returns; however, no such relationship has been observed.

Overall, the findings of this study contributed in multiple ways to the literature. First, this work is the first empirical study which has explicitly focused on sales management control strategies of banking institutions. Secondly, it has addressed a major shortcoming of the research stream, the lack of a holistic research approach which combines the conceptualizations of *Anderson and Oliver (1987)* and *Jaworski (1988)* with the most recent findings on the importance of compensation control as a separate control element (cf. Piercy et al., 2004a; Baldauf et al., 2005), by integrating the formal control dimensions behavior and compensation control with the informal control dimensions cultural, professional, and self control in one theoretical model. Thirdly, this study has covered a further research need which concerns the proper blend of the individual control dimensions, the degree of control to be exercised, the factors determining the right choice of sales management control, and the impact on the individual and organizational performance (cf. Baldauf et al., 2005, p. 21-25). To do so, the interrelationship between environmental parameters, organizational characteristics, business strategy, and the

different sales management control dimensions, as well as their impact on the individual and organizational performance has been determined. Fourthly, this work enhances research on sales management control by integrating new constructs, e.g. business strategy which had been mostly neglected so far (cf. Baldauf et al., 2005, p. 23), and the rationale of the configurational school (e.g. Chandler, 1962; Miles and Snow, 1978; Mintzberg, 1973, 1978, 1979; Miller and Friesen, 1984), to investigate the fit of the various constructs.

7.2   Implications for Future Research

As laid out in the previous chapters, the results of this study reveal interesting and partially unexpected insights. However, as with any work, it is subject to certain limitations and uncovers multiple areas for further research.

The first limitation of this study and the underlying data used for the analyses is their cross-sectional nature. In contrast to longitudinal studies, this study only captures a single point of time, namely June and July 2007, and does not reflect multiple observations over a longer period of time. Furthermore this work's focus on Germany and the German banking market, even though intentionally and rightly chosen, constitutes the second limitation. While this emphasis enables the derivation of industry specific insights and actionable recommendations, it limits the generalizability to other countries and industries. The third limitation concerns the analysis of the performance impact of the adherence to the theoretical relationships using ideal empirical profiles. Due to the fact that existing theory and studies do not provide a sufficient basis to define ideal theoretical profiles for the different banking segments, an assessment had to be conducted evaluating the best-performing empirical profiles in view of the theoretically derived relationships (cf. Vorhies and Morgan, 2003, p. 102). Even though this is the best approach given the current state of research, it is nonetheless an indirect analysis with all its inherent limitations (cf. Drazin and Van de Ven, 1985; Vorhies and Morgan, 2003, p. 102).

Building on these limitations as well as the detailed findings outlined throughout the study, potential areas for future research can be derived. One of these is the application of the holistic sales management control research framework in other countries and industries. This is a promising avenue since it would allow the assessment of the generalizability of the newly developed framework, the evaluation of the constructs which showed a lower degree of variance (e.g. predictability, dynamism), and the determination of differences between markets with regards to the individual elements. Concerning the latter especially, the analyses of areas with very distinctive characteristics could be worthwhile. Examples of these are companies with a high share of door-to-door sales, that traditionally apply high degrees of compensation controls, or organizations in Asian countries, which are expected to display organizational cultures and degrees of informal control that differ strongly from the German banking institutions analysed in this study.

Furthermore the current downturn of the world economy and especially the banking industry opens up areas for further research. Even though interviews with respondents of this study and experts knowledgeable on the topic confirmed the even increased importance of sales management control and their unchanged views on the investigated topics, a post-crisis assessment of the best-performing banking institutions and their sales management control strategies would be useful to compare with the results of this study. Additionally, an investigation in the middle of the global financial crisis could provide further insights on the behavior of banks in a highly dynamic and unpredictable environment and the ability of behavior and informal controls to master these developments.

Additionally the integration of further dimensions in the research framework could be useful. For example the inclusion of organization-specific constructs utilized in other studies would not only allow the cross-validation with previous findings but also yield new insights on their relationships with all five sales management control dimensions. Furthermore, as pointed out in the preceding chapter, a more detailed investigation of compensation control in a restricted environment could provide further interesting insights. Potential areas of research are the impact of

wage agreements and the effectiveness of stable versus changing degrees of compensation control.

This study advances research on sales management control and reveals insights that are valuable for both scientists and practitioners. Additional in-depth research could be helpful to further underpin the finding that sales management control strategies in banking and their strategic fit have a significant impact on performance.

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Appendices

List of Appendices

Appendix A   Top 100 German Banks 2007

Table 1: Top 100 German Banks 2007 I/II

Ranking 2007	Bank	Total assets (in € Mio.) 2007	Total assets (in € Mio.) 2006	Bank Offices 2007	Staff 2007	Banking Group
1	Deutsche Bank AG	2,020,349	1,584,493	1,889	78,291	Private
2	Commerzbank AG	616,474	608,278	1,517	36,767	Private
3	Dresdner Bank AG	500,209	554,897	1,074	26,309	Private
4	Landesbank Baden-Württemberg	443,424	417,285	220	12,303	Public
5	DZ Bank AG	431,337	421,684	36	24,210	Cooperative
6	Bayerische Hypo- und Vereinsbank AG	422,129	508,033	846	24,784	Private
7	Bayerische Landesbank	415,639	344,369	1	19,226	Public
8	Hypo Real Estate Holding AG	400,174	161,593	21	2,000	Private
9	KfW Bankengruppe	353,997	334,389	3	3,571	Public
10	WestLB AG	286,552	285,287	41	6,477	Public
11	Eurohypo AG	214,215	224,332	26	2,034	Private
12	HSH Nordbank AG	204,863	194,341	21	4,756	Public
13	Postbank AG	202,991	184,887	9,000	21,470	Private
14	Norddeutsche Landesbank Girozentrale	201,54	194,871	30	5,563	Public
15	Landesbank Hessen-Thüringen	173,787	158,983	10	5,947	Public
16	NRW.Bank	151,010	135,552	2	1,138	Public
17	Landesbank Berlin Holding AG	142,147	141,625	3	5,965	Public
18	Deka Bank Deutsche Girozentrale	106,482	104,928	6	3,553	Public
19	Hypothekenbank in Essen AG	89,918	102,357	5	225	Public
20	Landwirtschaftliche Rentenbank AG	88,678	82,719	1	201	Public
21	WGZ Bank AG	88,645	81,198	3	1,483	Cooperative
22	DG Hyp Deutsche Genossenschafts-Hypothekenbank AG	83,335	85,671	8	576	Cooperative
23	LRP Landesbank Rheinland-Pfalz	77,933	71,849	2	1,595	Public
24	ING-DiBa AG	76,274	72,794	1	2,740	Private
25	Sachsen Bank	62,095	62,261	1	359	Public
26	SEB AG	61,493	51,710	175	3,655	Private
27	Landeskreditbank Baden-Württemberg	59,536	52,011	2	1,130	Public
28	Depfa Deutsche Pfandbriefbank AG	54,121	63,806	1	95	Private
29	IKB Deutsche Industriebank AG	52,704	54,276	12	1,927	Private
30	Dexia Kommunalbank Deutschland AG	46,215	45,693	2	99	Private
31	BHW Bausparkasse AG	43,806	46,178	1	1,947	Private
32	DKB Deutsche Kreditbank AG	41,656	38,162	16	1,252	Private
33	Berlin-Hannoversche Hypothekenbank AG	41,198	40,639	6	404	Private
34	Sal. Oppenheim jr. & Cie. KGaA	41,005	35,347	11	3,005	Private
35	WL Bank AG	40,610	36,804	4	263	Cooperative
36	Aareal Bank AG	40,202	38,279	19	1,181	Private
37	Deutsche Apotheker- und Ärztebank eG	37,070	32,950	57	2,124	Cooperative
38	Bausparkasse Schwäbisch Hall AG	36,545	37,245	11	681	Private
39	Deutsche Hypothekenbank	35,430	34,717	7	215	Private
40	Hamburger Sparkasse AG	34,581	33,961	180	5,915	Public
41	Münchener Hypothekenbank eG	32,933	31,932	12	350	Cooperative
42	Bremer Landesbank Kreditanstalt Oldenburg	32,883	31,669	2	970	Public
43	Sparkasse Köln Bonn	31,605	29,281	131	5,486	Public
44	Düsseldorfer Hypothekenbank AG	26,719	25,360	1	90	Private
45	Volkswagen Bank GmbH	26,539	23,538	1	585	Private
46	Westdeutsche Immobilien Bank AG	23,791	23,156	14	499	Public
47	Kreissparkasse Köln	22,884	22,852	216	3,842	Public
48	IBB Investitionsbank Berlin	22,586	20,246	1	721	Public
49	Corealcredit Bank AG	21,845	38,828	6	165	Private
50	HSBC Trinkaus & Burkhardt KGaA	21,067	18,676	8	1,828	Private

Source: Own illustration, adapted from Kuck (2008, p. 36).

Table 1: Top 100 German Banks 2007 II/II

Ranking	Bank	Total assets (in € Mio.)	Total assets (in € Mio.)	Bank Offices	Staff	Banking Group
2007		2007	2006	2007	2007	
51	Landesbank Saar	20,133	18,607	4	632	Public
52	BHF-Bank AG	19,039	17,766	18	2,012	Private
53	Wüstenrot Bausparkasse AG	17,795	19,035	503	2,170	Private
54	Frankfurter Sparkasse AG	17,464	15,436	99	1,800	Public
55	Mercedes-Benz Bank AG	17,361	15,341	10	1,411	Private
56	Santander Consumer Bank AG	16,846	16,312	98	1,561	Private
57	LfA Förderbank Bayern	16,420	14,553	1	305	Public
58	Nassauische Sparkasse	15,769	16,418	157	2,287	Public
59	Stadtsparkasse München	14,868	14,403	91	2,437	Public
60	Debeka Bausparkasse AG	14,811	14,887	1	450	Private
61	Wüstenrot Bank AG Pfandbriefbank	14,351	14,458	1	375	Private
62	Deutsche Schiffsbank AG	13,595	12,380	2	137	Private
63	Citibank Privatkunden AG & Co. KGaA	13,494	13,868	340	6,832	Private
64	Stadtsparkasse Düsseldorf	13,181	12,604	70	2,124	Public
65	DVB Bank AG	13,155	11,099	11	499	Private
66	Sparkasse Hannover	12,931	13,045	107	2,444	Public
67	Investitionsbank Schleswig-Holstein (IB)	12,800	11,072	1	406	Public
68	Die Sparkasse Bremen AG	11,282	10,970	63	1,593	Public
69	Investitionsbank des Landes Brandenburg	11,201	10,526	1	479	Public
70	Sparkasse Pforzheim Calw	10,787	10,652	154	2,061	Public
71	Berliner Volksbank eG	10,317	10,422	171	2,906	Cooperative
72	Ostsächsische Sparkasse Dresden	10,290	10,261	105	2,150	Public
73	SAB Sächsische Aufbaubank GmbH	10,010	11,064	1	771	Public
74	Oldenburgische Landesbank AG	9,939	9,115	173	2,314	Private
75	LBS Westdeutsche Landesbausparkasse	9,584	9,345	2	807	Public
76	Sparda-Bank Baden-Württemberg eG	9,370	8,695	43	748	Cooperative
77	LBS Bayerische Landesbausparkasse	9,240	9,215	111	660	Public
78	Sparkasse Aachen	9,119	9,355	98	2,124	Public
79	LBS Landesbausparkasse Baden-Württemberg	9,060	9,257	2	1,083	Public
80	Kreissparkasse Esslingen-Nürtingen	8,749	8,487	110	1,634	Public
81	Sparkasse Leipzig	8,590	9,257	103	1,608	Public
82	Kreissparkasse Ludwigsburg	8,490	8,277	117	1,760	Public
83	Sparkasse Nürnberg	8,486	8,467	105	2,042	Public
84	Mittelbrandenburgische Sparkasse in Potsdam	8,200	7,925	156	1,693	Public
85	Sparkasse Essen	8,189	8,053	95	1,682	Public
86	Sparda-Bank Südwest eG	7,860	7,703	44	603	Cooperative
87	Sparkasse Krefeld	7,790	7,082	73	1,970	Public
88	LBS Norddeutsche Landesbausparkasse Berlin-Hannover	7,740	7,981	4	372	Public
89	Sparkasse Münsterland-Ost	7,739	7,422	84	1,515	Public
90	Landessparkasse zu Oldenburg	7,295	7,115	123	1,684	Public
91	Kreissparkasse Heilbronn	7,224	7,013	98	1,637	Public
92	Sparkasse Dortmund	6,947	6,713	72	1,750	Public
93	BMW Bank GmbH	6,889	6,544	1	800	Private
94	SWN Kreissparkasse Waiblingen	6,805	6,790	80	1,451	Public
95	Sparda-Bank West eG	6,580	6,488	66	887	Cooperative
96	BB Bank eG	6,552	6,317	92	1,458	Cooperative
97	Sparkasse Mainfranken	6,320	6,191	137	1,814	Public
98	Kreissparkasse Böblingen	6,302	6,259	60	1,247	Public
99	Kreissparkasse München-Starnberg	6,295	6,028	77	1,522	Public
100	Sparkasse Neuss	6,115	6,100	54	1,366	Public

Source: Own illustration, adapted from Kuck (2008, p. 36-37).

Appendix B   Number of Insolvencies in Germany (1950-2006)

Figure 1: Number of Insolvencies in Germany (1950-2006)
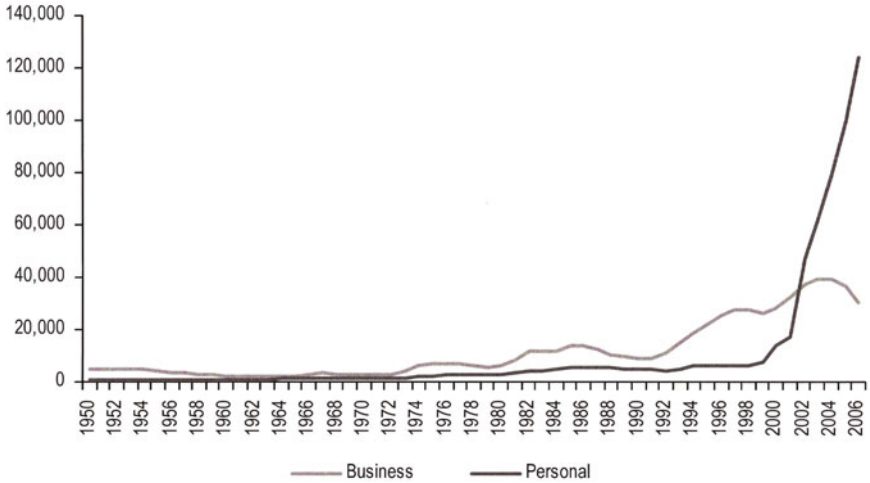
Source: Wheeler and Werchola (2007, p. 50).

Appendix C   Overview of Research on Sales Management Control

Figure 2: Overview of Research on Sales Management Control - Page 1

Author	Control Philosophy	Geographical Focus	Investigated Antecedents	Investigated Consequences
• **Jaworski and MacInnis** (1989)	• Jaworski		• Procedural Knowledge • Performance Documentation	• Job Tension • Dysfunctional Behavior • Information Asymmetry
• **Jaworski and Kohli** (1991)	• Jaworski		• -	• Output Role Clarity • Behavioral Role Clarity • Satisfaction with Supervisor • Output Performance • Behavioral Performance
• **Lusch and Jaworski** (1991)	• Jaworski		• -	• Role Stress • Store Manager Performance
• **Agarwal and Ramaswami** (1993)	• Jaworski		• Procedural Knowledge • Performance Documentation	• Job Tension • Dysfunctional Behavior • Information Asymmetry
• **Jaworski et al.** (1993)	• Jaworski		• SBU Size • SBU Profitability • Task Complexity	• Job Satisfaction • Person Role Conflict • Role Ambiguity • Job Performance
• **Cravens et al.** (1993)	• Anderson & Oliver		• -	• Sales Force Characteristics • Sales Force Selling Behavior • Sales Force Nonselling Behavior • Sales Force Outcome Performance • Sales Organization Effectiveness
• **Robertson and Anderson** (1993)	• Anderson & Oliver		• -	• Ethical Behavior
• **Oliver and Anderson** (1994)	• Anderson & Oliver		• -	• Cognitions/Capabilities • Affects/Attitudes • Motivation • Behavioral Strategy • Performance • Job Satisfaction • Participative Decision Making • Pay as a Control Mechanism • Organizational Culture

Source: Own illustration, adapted and extended from *Baldauf et al. (2005, p. 12-17).*

Figure 2: Overview of Research on Sales Management Control - Page 2

Author	Control Philosophy	Geographical Focus	Investigated Antecedents	Investigated Consequences
• **Challagalla and Shervani** (1996)	• Jaworski		• -	• Supervisor Role Ambiguity • Customer Role Ambiguity • Satisfaction with Supervisor • Performance of Salespeople
• **Babakus et al.** (1996)	• Anderson & Oliver		• -	• Sales Territory Design • Salesperson Performance • Sales Organization Effectiveness
• **Lusch et al.** (1996)	• Jaworski		• -	• Employee Socialization • Employee Patronage Preferences
• **Ramaswami** (1996)	• Jaworski		• -	• Negative Employee Responses
• **Challagalla and Shervani** (1997)	• Jaworski		• -	• Supervisor Role Ambiguity • Job Tension • Performance of Salespeople
• **Bello and Gilland** (1997)	• Jaworski		• Resource Inadequacy • Product Complexity • Psychic Distance	• Export Channel Performance
• **Kohli et al.** (1998)	• Jaworski		• -	• Learning Orientation • Performance Orientation
• **Agarwal** (1999)	• Jaworski		• Job Formalization	• Attitudes of Salespeople
• **Krafft** (1999)	• Anderson & Oliver		• Environmental Uncertainty • Sales Volatility • Customer per Salesperson • Size of Sales Force • Risk-seeking Behavior • Measurability • Knowledge of Transformation Process • Transaction Specificity • Risk Aversion • Effectiveness • Min. Utility Requirement	• Sales Territory Design • Salesperson Performance • Sales Organization Effectiveness

Source: Own illustration, adapted and extended from *Baldauf et al. (2005, p. 12-17)*.

Figure 2: Overview of Research on Sales Management Control - Page 3

Author	Control Philosophy	Geographical Focus	Investigated Antecedents	Investigated Consequences
• **Piercy et al.** (1999)	• Anderson & Oliver		• -	• Sales Territory Design • Salesperson Performance • Sales Organization Effectiveness
• **Aulakh and Gencturk** (2000)	• Jaworski		• -	• Agent Compliance • Flexibility • Economic Performance
• **Hultink and Atuahene-Gima** (2000)	• Jaworski		• New Product Adoption	• Selling Success
• **Slater and Olson** (2000)	• Anderson & Oliver		• -	• Market Performance • Profitability
• **Baldauf et al.** (2001a)	• Anderson & Oliver		• -	• Salesperson Behavior Performance • Salesperson Outcome Performance
• **Baldauf et al.** (2001b)	• Anderson & Oliver		• -	• Salesperson Characteristics • Salesperson Behavior Performance • Salesperson Outcome Performance • Sales Organization Effectiveness
• **Piercy et al.** (2001)	• Anderson & Oliver		• -	• Salesperson Attitudes and Job Stress • Salesperson Work Outcomes
• **Josh and Randall** (2001)	• Jaworski		• -	• Task Clarity • Affective Commitment
• **Bonner et al.** (2002)	• Jaworski		• -	• Project Performance
• **Rouzies and Macquin** (2002)	• Anderson & Oliver		• -	• Salesperson's Behavior • Formal Controls
• **Atuahene-Gima and Li** (2002)	• Jaworski		• -	• Supervisee Trust
• **Ramaswami** (2002)	• Jaworski		• Procedural Knowledge • Performance Documentation	• Information Asymmetry • Opportunistic Behavior • Role Ambiguity

Source: Own illustration, adapted and extended from *Baldauf et al. (2005, p. 12-17)*.

Figure 2: Overview of Research on Sales Management Control - Page 4

Author	Control Philosophy	Geographical Focus	Investigated Antecedents	Investigated Consequences
• **Baldauf and Cravens** (2003)	• Anderson & Oliver		• -	• Professional Competence • Intrinsic Motivation • Sales Territory Design • Salesperson Behavior Performance • Sales Organization Effectiveness
• **Menguc and Barker** (2003)	• Anderson & Oliver		• -	• Organizational Performance
• **Cravens et al.** (2004)	• Jaworski		• -	• Job Satisfaction • Role Stress • Emotional Exhaustion • Organizational Commitment • Job Performance • Intention to Leave
• **Piercy et al.** (2004)	• Anderson & Oliver		• -	• Sales Manager Behavioral Control • Compensation Control • Sales Territory Design • Salesperson Behavior Performance • Salesperson Outcome Performance • Sales Unit Effectiveness
• **Piercy et al.** (2006)	• Anderson & Oliver		• -	• Organizational Citizenship Behavior • Salesperson In-Role Behavior Performance • Outcome Performance
• **Katsikea et al.** (2007)	• Anderson & Oliver		• -	• Behavioral Performance • Outcome Performance
• **Theodosiou and Katsikea** (2007)	• Anderson & Oliver		• -	• Motivation and Attitudes • Behavioral Performance
• **Flaherty et al.** (2007)	• Jaworksi		• Age • Sales Experience • Product Complexity • Market Turbulence • Empowerment • Relationship Selling • Pay Mix	• Individual Sales Performance

Source: Own illustration, adapted and extended from *Baldauf et al. (2005, p. 12-17)*.

Figure 2: Overview of Research on Sales Management Control - Page 5

Author	Control Philosophy	Geographical Focus	Investigated Antecedents	Investigated Consequences
• **Miao** (2007)	• Anderson & Oliver		• -	• Selling Behavior • Intrinsic Motivation • Extrinsic Motivation • Selling Effort • Adaptive Selling • Behavioral Performance • Outcome Performance
• **Küster and Canales** (2008)	• Anderson & Oliver		• -	• Efficacy of Salesforce • Supervisor Satisfaction
• **Hunt** (2008)	• Jaworski		• -	• Perceived Organizational Support • Salesperson Performance
• **Lambe et al.** (2009)	• Anderson & Oliver		• Empowerment	• Selling Team Performance
• **Mallin and Pullins** (2009)	• Jaworski		• -	• Salesperson Intrinsic Motivation
• **Longino** (2009)	• Anderson & Oliver		• -	• Behavioral Performance • Satisfaction with Sales Territory
• **Matsuo** (2009)	• Anderson & Oliver		• -	• Innovativeness of Sales Department • Sales Performance
• **Onyemah and Anderson** (2009)	• Anderson & Oliver		• -	• Inconsistency of Perceived Control • Salesperson Performance
• **Panagopoulos and Dimitriadis** (2009)	• Anderson & Oliver		• -	• Transformational Leadership • Job Performance • Satisfaction with Supervisor • Affective Organizational Commitment
• **Piercy et al.** (2009)	• Anderson & Oliver		• Market Orientation • Critical Sales Skills	• Control Competencies • Salesperson Performance • Sales Unit Effectiveness

Source: Own illustration, adapted and extended from *Baldauf et al. (2005, p. 12-17)*.

Appendix D   Standardized Questionnaire

Figure 3: Standardized Questionnaire - Page 1

European ☰ Business School
International University Schloss Reichartshausen

Vertriebsplanung, -steuerung und -controlling
(VPSC) bei Finanzdienstleistern

Guten Tag, mein Name ist < Interviewer > von < Name des Marktforschungsinstituts >. Die European Business School hat Sie vor einigen Tagen darüber informiert, dass wir eine Befragung bei Finanzdienstleistern zum Thema Vertriebssteuerung durchführen. Wir würden uns sehr freuen, wenn Sie an der Befragung teilnehmen, diese dauert ca. 20 min. Haben Sie Zeit? Selbstverständlich erfolgt die Auswertung vollständig anonym.

Zuspielvariablen

Kontaktdaten   Zielgruppe / Segment   Abfrage: Funktion ASP   Abfrage: Abteilung ASP

1. Organisationseinheit VPSC

1.1. Gibt es in Ihrem Unternehmen eine eigene Organisationseinheit oder einzelne / bestimmte Mitarbeiter, welche sich hauptsächlich mit Aufgaben der Vertriebsplanung, -steuerung und -controlling auseinandersetzen?

☐   Ja, eine eigene Organisationseinheit mit ….. Anzahl Mitarbeiter
☐   Ja, einzelne / bestimmte Mitarbeiter, die…
    ☐ …zentral angesiedelt sind
    ☐ …im Vertrieb angesiedelt sind
    ☐ …in anderen Abteilungen dezentral angesiedelt sind

☐   Ja, die Geschäftsführung / der Vorstand / das Management macht dies selbst
☐   Nein

1.2. Bitte geben Sie an, ob hierbei die folgenden Aufgaben in Ihrem Institut / Ihrer Firma durchgeführt werden. Falls ja, wie wichtig sind diese (1 = sehr wichtig, 6 = überhaupt nicht wichtig)? In welcher Abteilung werden diese durchgeführt?

Aufgaben	Ja	Nein	Wichtig-keit	Verantwortliche Abteilung
• Strategische Unternehmensplanung.	☐	☐		…
• Operative Vertriebsplanung.	☐	☐		…
• (Weiter)-entwicklung von Informations-, Entscheidungs-, Planungs- und Berichtssystemen.	☐	☐		…
• Beratung der Sparten- und Unternehmensleitung in betriebswirtschaftlichen Fragen.	☐	☐		…
• "Lotsen"- oder "Navigationsdienst" zur Erreichung der Sparten- und / oder Unternehmensziele.	☐	☐		…
• Operatives Management der Anreizsysteme.	☐	☐		…
• Controlling der Wirksamkeit von Anreizsystemen.	☐	☐		…
• Entwicklung neuer Analysemethoden und Berichtsformen.	☐	☐		…
• Erstellung von Analysen und Berechnen von SOLL / IST-Abweichungen.	☐	☐		…
• Analyse von Abweichungen (inkl. Bestimmung von Ursachen und Verantwortlichen).	☐	☐		…
• Auslösung und Implementierung von vordefinierten Maßnahmen bei Abweichungen.	☐	☐		…

2. Vertriebskennzahlen

2.1. Welches sind die drei wichtigsten Vertriebskennzahlen in Ihrem Hause?

2.2. Gibt es weitere Kennzahlen, die Sie aktiv einsetzen? Wenn ja, welche?

2.3. Wann haben Sie sich in Ihrem Unternehmen das letzte Mal konzeptionell mit den genutzten Vertriebskennzahlen beschäftigt, wann wurden diese Vertriebskennzahlen das letzte Mal grundlegend geändert?   …

Seite 1

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 2

3. Vertriebsplanung

3.1. Wann erfolgt in Ihrem Unternehmen die Vertriebsplanung?

☐ Zu festen Zeitpunkten, d.h. …
☐ Rollierend, d.h. …
☐ Keine Vertriebsplanung. → *Wenn "Keine Vertriebsplanung", weiter mit Kapitel 4*

3.2. *Sofern zu festen Zeitpunkten geplant wird*: In welcher Frequenz erfolgt die Vertriebsplanung?

☐ Monatlich   ☐ Vierteljährlich
☐ Halbjährlich   ☐ Jährlich
☐ Andere: _____

3.3. Über welchen Zeitraum erstrecken sich die aufgestellten Vertriebspläne?

☐ Ein Monat   ☐ Ein Quartal
☐ Ein Halbjahr   ☐ Ein Jahr
☐ Mehrere Jahre   ☐ andere: _____

3.4. Wie bzw. mit welchem Planungsprozess erfolgt die Vertriebsplanung?

☐ Top Down,
☐ Bottom Up, d.h. strukturierte und systematische Eigenplanung der Vertriebseinheiten in einem definierten Prozess mit anschließender Aggregation nach oben
☐ Gegenstromprinzip, d.h. Kombination aus Top Down und Bottom Up

3.5. Auf welchen Ebenen (z.B. Einzelkunde, Team-Ebene) werden von der Vertriebsplanung Ziele vorgegeben? *(Offene Frage, Mehrfachnennungen möglich)*

☐ Einzelkunde   ☐ Mitarbeiter   ☐ Teamebene
☐ Filiale   ☐ Region   ☐ Gesamtunternehmen
☐ andere: _____

3.6. Bitte geben Sie an, in welchem Umfang die nachfolgenden Kennzahlen zur **Vertriebsplanung** eingesetzt werden. Sie können abstufen zwischen 1 = in großem Umfang und 6 = überhaupt nicht.

Kennzahlen Vertriebsplanung	In großem Umfang 1	2	3	4	5	überhaupt nicht 6	keine Bewertung möglich
• Volumengrößen.	☐	☐	☐	☐	☐	☐	☐
• Ertragsgrößen	☐	☐	☐	☐	☐	☐	☐
• Gewinngrößen.	☐	☐	☐	☐	☐	☐	☐
• Unternehmenserfolg gemessen am Gesamtertrag.	☐	☐	☐	☐	☐	☐	☐
• Unternehmenserfolg gemessen an der Cost-Income-Ratio.	☐	☐	☐	☐	☐	☐	☐
• Kundenpotential gemessen am Customer-Lifetime-Value.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen anhand der Akquisitions-besuche/-gespräche bei/mit Neukunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen anhand der Akquisitions-besuche/-gespräche bei/mit Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionserfolg gemessen an der Angebotserfolgsquote bei Neukunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen an der Angebotserfolgsquote bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenausschöpfung gemessen am Share-of-Wallet bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenausschöpfung gemessen an der Cross-Selling-Rate bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Betreuungsaktivität gemessen an der Kontaktfrequenz bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenprofitabilität gemessen über den Deckungsbeitrag pro Kunde.	☐	☐	☐	☐	☐	☐	☐
• Kundenprofitabilität gemessen über den Ertrag pro Kunde.	☐	☐	☐	☐	☐	☐	☐
• Höhe der gemessenen Kundenzufriedenheit.	☐	☐	☐	☐	☐	☐	☐
• Höhe der gemessenen Kundenloyalität.	☐	☐	☐	☐	☐	☐	☐

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 3

• Personalbeurteilungen durch den Vorgesetzten.	☐	☐	☐	☐	☐	☐	☐
• Professionelle Entwicklung / Persönliche Entwicklungsziele.	☐	☐	☐	☐	☐	☐	☐

4. Vertriebssteuerung

4.1. Vergütungssystem Mitarbeiter

4.1.1. Nutzen Sie in Ihrem Unternehmen ein variables Vergütungssystem für Ihre Vertriebsmitarbeiter?

    ☐ Ja   ☐ Nein → *Wenn "Nein", weiter mit 4.2. Evaluationskriterien*

4.1.2. Wie hoch ist der prozentuale Anteil der Mitarbeiter im Vertrieb (d.h. Kundenberater, Vertriebsunterstützung, Führungskräfte, Vertriebscontrolling, etc.) mit einer variablen Vergütung? …%

4.1.3. Wie hoch ist die maximale variable monetäre Vergütung pro Jahr (in brutto Fixgehältern pro Monat) für Kundenberater und Mitarbeiter in der Vertriebsunterstützung (getrennte Abfrage)? …

4.1.4. Für welchen Zielerreichungsgrad wird für Kundenberater und Mitarbeiter (getrennte Abfrage) in der Vertriebsunterstützung die maximale variable monetäre Vergütung ausgezahlt? …%

4.1.5. Wie hoch war der durchschnittliche Zielerreichungsgrad im letzten Geschäftsjahr (getrennte Abfrage nach Kundenberater und Mitarbeiter in der Vertriebsunterstützung)? …%

4.1.6. Wie viele Kundenberater sind in Ihrem Unternehmen beschäftigt, wie viele Mitarbeiter sind bei Ihnen in der Vertriebsunterstützung tätig? … Anzahl Kundenberater   … Anzahl Mitarbeiter Vertriebsunterstützung

4.2. Evaluationskriterien Mitarbeiter

4.2.1. Bitte geben Sie an, wie wichtig die nachfolgend aufgeführten Kriterien zur Evaluation Ihrer Kundenberater bzw. zur Bestimmung der variablen Gehaltsbestandteile (ggf. auch als Bestandteil der Zielvereinbarung) sind. (1 = sehr wichtig, 6 = überhaupt nicht wichtig)

Evaluationskriterien / variable Gehaltsbestandteile	sehr wichtig 1	2	3	4	5	überhaupt nicht wichtig 6	keine Bewertung möglich
• Volumengrößen.	☐	☐	☐	☐	☐	☐	☐
• Ertragsgrößen.	☐	☐	☐	☐	☐	☐	☐
• Gewinngrößen.	☐	☐	☐	☐	☐	☐	☐
• Unternehmenserfolg gemessen am Gesamtertrag.	☐	☐	☐	☐	☐	☐	☐
• Unternehmenserfolg gemessen an der Cost-Income-Ratio.	☐	☐	☐	☐	☐	☐	☐
• Kundenpotential gemessen am Customer-Lifetime-Value.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen anhand der Akquisitions-besuche/-gespräche bei/mit Neukunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen anhand der Akquisitions-besuche/-gespräche bei/mit Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionserfolg gemessen an der Angebotserfolgsquote bei Neukunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen an der Angebotserfolgsquote bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenausschöpfung gemessen am Share-of-Wallet bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenausschöpfung gemessen an der Cross-Selling-Rate bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Betreuungsaktivität gemessen an der Kontaktfrequenz bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenprofitabilität gemessen über den Deckungsbeitrag pro Kunde.	☐	☐	☐	☐	☐	☐	☐
• Kundenprofitabilität gemessen über den Ertrag pro Kunde.	☐	☐	☐	☐	☐	☐	☐
• Höhe der gemessenen Kundenzufriedenheit.	☐	☐	☐	☐	☐	☐	☐
• Höhe der gemessenen Kundenloyalität.	☐	☐	☐	☐	☐	☐	☐
• Personalbeurteilungen durch den Vorgesetzten.	☐	☐	☐	☐	☐	☐	☐
• Professionelle Entwicklung / Persönliche Entwicklungsziele.	☐	☐	☐	☐	☐	☐	☐

Seite 3

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 4

4.2.2. Woran werden die Kundenberater primär gemessen? (Auswahl - nur ein Item anzukreuzen)

☐ An der eigenen Leistung   ☐ An der Leistung des Teams oder der Filiale
☐ An der Leistung des Geschäftsbereichs   ☐ An der Leistung des Gesamtunternehmens

4.2.3. Erfolgt die Evaluation der Kundenberater mehrheitlich auf Basis absoluter Zahlen oder relativ durch den Vergleich mit anderen Mitarbeitern, Abteilungen oder Bereichen?

☐ Absolut   ☐ Relativ

4.3. Nicht-monetäre Anreize

4.3.1. Werden in Ihrem Haus nicht monetäre Anreize (z.B. Weiterbildungen, interne Wettbewerbe, etc.) zur Steuerung der Vertriebsmitarbeiter eingesetzt?

☐ Ja   ☐ Nein

4.3.2. Wenn ja, welche?

4.3.3. In welchem Rahmen werden nicht-monetäre Anreize in Ihrem Haus eingesetzt?

a. Als Bestandteil von Zielvereinbarungen   ☐ Ja   ☐ Nein
b. Zur Unterstützung kurzfristiger Verkaufsaktionen ☐ Ja   ☐ Nein
c. Eher opportunistisch als gezielt und systematisch ☐ Ja   ☐ Nein

4.4. Kennzahlen Vertriebssteuerung

4.4.1. Bitte geben Sie an, in welchem Umfang die nachfolgenden Kennzahlen zur **Vertriebssteuerung** eingesetzt werden. Sie können abstufen zwischen 1 = in großem Umfang und 6 = überhaupt nicht.

Kennzahlen Vertriebssteuerung	In großem Umfang 1	2	3	4	5	überhaupt nicht 6	keine Bewertung möglich
• Volumengrößen.	☐	☐	☐	☐	☐	☐	☐
• Ertragsgrößen	☐	☐	☐	☐	☐	☐	☐
• Gewinngrößen.	☐	☐	☐	☐	☐	☐	☐
• Unternehmenserfolg gemessen am Gesamtertrag.	☐	☐	☐	☐	☐	☐	☐
• Unternehmenserfolg gemessen an der Cost-Income-Ratio.	☐	☐	☐	☐	☐	☐	☐
• Kundenpotential gemessen am Customer-Lifetime-Value.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen anhand der Akquisitions-besuche/-gespräche bei/mit Neukunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen anhand der Akquisitions-besuche/-gespräche bei/mit Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionserfolg gemessen an der Angebotserfolgsquote bei Neukunden.	☐	☐	☐	☐	☐	☐	☐
• Akquisitionsaktivität gemessen an der Angebotserfolgsquote bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenausschöpfung gemessen am Share-of-Wallet bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenausschöpfung gemessen an der Cross-Selling-Rate bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Betreuungsaktivität gemessen an der Kontaktfrequenz bei Bestandskunden.	☐	☐	☐	☐	☐	☐	☐
• Kundenprofitabilität gemessen über den Deckungsbeitrag pro Kunde.	☐	☐	☐	☐	☐	☐	☐
• Kundenprofitabilität gemessen über den Ertrag pro Kunde.	☐	☐	☐	☐	☐	☐	☐
• Höhe der gemessenen Kundenzufriedenheit.	☐	☐	☐	☐	☐	☐	☐
• Höhe der gemessenen Kundenloyalität.	☐	☐	☐	☐	☐	☐	☐
• Personalbeurteilungen durch den Vorgesetzten.	☐	☐	☐	☐	☐	☐	☐
• Professionelle Entwicklung / Persönliche Entwicklungsziele.	☐	☐	☐	☐	☐	☐	☐

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 5

5. Controlling

5.1. Bitte geben Sie an, in welchem Umfang die nachfolgenden Inhalte im Standard-Vertriebsreporting Ihres Hauses enthalten sind. Sie können abstufen zwischen 1 = in großem Umfang und 6 = überhaupt nicht.

Reporting	In großem Umfang 1	2	3	4	5	überhaupt nicht 6	keine Bewertung möglich
• Absolute Höhe von Kennzahlen zum Stichtag.	☐	☐	☐	☐	☐	☐	☐
• Kennzahlen im Zeitverlauf.	☐	☐	☐	☐	☐	☐	☐
• SOLL - IST Vergleiche.	☐	☐	☐	☐	☐	☐	☐
• Kennzahlen nach Abteilungen.	☐	☐	☐	☐	☐	☐	☐
• Kennzahlen nach Regionen.	☐	☐	☐	☐	☐	☐	☐
• Kennzahlen nach Mitarbeitern.	☐	☐	☐	☐	☐	☐	☐
• Kennzahlen nach Kundengruppen.	☐	☐	☐	☐	☐	☐	☐
• Kennzahlen nach Kundenpriorisierung.	☐	☐	☐	☐	☐	☐	☐
• Aktuelle Prognosen.	☐	☐	☐	☐	☐	☐	☐
• Analyse von Gründen für Werte oder Abweichungen.	☐	☐	☐	☐	☐	☐	☐
• Vorgeschlagene Maßnahmen.	☐	☐	☐	☐	☐	☐	☐

5.2. Wer sind die Adressaten des Vertriebsreporting, wie umfangreich ist dieses jeweils zirka? (Offene Frage)

☐ Geschäftsführung   Umfang: … A4 Seiten
☐ Vertriebsleitung   Umfang: … A4 Seiten
☐ Team- / Regionalleiter   Umfang: … A4 Seiten
☐ Vertriebsmitarbeiter   Umfang: … A4 Seiten

5.3. Wenn nicht bereits genannt: Ist das Vertriebsreporting für die Vertriebsmitarbeiter selbst (teilweise) verfügbar?   ☐ Ja   ☐ Nein

5.4. Wird das Vertriebsreporting für Mitarbeitergespräche eingesetzt?   ☐ Ja   ☐ Nein

6. IT-Unterstützung

6.1. Nutzen Sie ein Software-Tool zur Unterstützung bei Vertriebsplanung, -steuerung, -controlling?

☐ Ja, und zwar: ….. (Name des Tools)   ☐ Nein

6.2. Nutzen Sie ein Customer-Relationship-Management-System zur Unterstützung der Vertriebsprozesse?

☐ Ja, und zwar: …. (Name des Tools   ☐ Nein

6.3. *Wenn 6.1. und 6.2. = ja:* Existieren automatisierte Schnittstellen zwischen beiden Tools?

☐ Ja   ☐ Teilweise   ☐ Nein

6.4. In etwa wie viele verschiedene Software-Anwendungen werden insgesamt im Vertrieb eingesetzt?

7. Gesamtbeurteilung Vertriebsplanung, -steuerung und -controlling

	sehr hoch 1	2	3	4	5	sehr gering 6	keine Bewertung möglich
• Als wie hoch beurteilen Sie selbst die Professionalität der Vertriebsplanung in Ihrem Haus?	☐	☐	☐	☐	☐	☐	☐
• Als wie hoch beurteilen Sie selbst die Professionalität der Vertriebssteuerung in Ihrem Haus?	☐	☐	☐	☐	☐	☐	☐
• Als wie hoch beurteilen Sie selbst die Professionalität des Vertriebscontrolling in Ihrem Haus?	☐	☐	☐	☐	☐	☐	☐
• Als wie hoch beurteilen Sie selbst die Professionalität der IT-Unterlegung von Vertriebsplanung, -steuerung, -controlling?	☐	☐	☐	☐	☐	☐	☐

Wo sehen Sie am ehesten Verbesserungspotential?

Seite 5

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Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 6

8. Mitarbeiterführung

8.1.   Ihrer Einschätzung nach: In welchem Umfang werden in Ihrem Unternehmen die folgenden Aktivitäten von Führungskräften mit direkter Verantwortung für Vertriebsmitarbeiter durchgeführt? (1 = In hohem Umfang, 6 = überhaupt nicht).

Führung	In hohem Umfang					überhaupt nicht	keine Bewertung möglich
	1	2	3	4	5	6	
• Teilnahme am Tagesgeschäft der Vertriebsmitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Monitoring der Aktivitäten der Vertriebsmitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Überwachung der Leistungen der Vertriebsmitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Durchführung gemeinsamer Kundengespräche mit den Vertriebsmitarbeitern.	☐	☐	☐	☐	☐	☐	☐
• Durchsicht der Vertriebsdokumentationen der Mitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Aktive Durchführung eines "Training on the Job" der Vertriebsmitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Regelmäßiges Coaching der Vertriebsmitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Diskussion der Leistungsbewertung mit den Vertriebsmitarbeitern.	☐	☐	☐	☐	☐	☐	☐
• Unterstützung der Vertriebsmitarbeiter bei deren persönlicher Entwicklung.	☐	☐	☐	☐	☐	☐	☐

8.2.   Wie groß ist bei Ihnen im Unternehmen die durchschnittliche Führungsspanne der Führungskräfte mit direkter Verantwortung für Vertriebsmitarbeiter? … MAK

9. Rahmenbedingungen

9.1.   In welchem Maße stimmen Sie den folgenden Aussagen zu? (1 = Aussage A trifft zu, 6 = Aussage B trifft zu).

Aussage A	Aussage A trifft zu					Aussage B trifft zu	**Aussage B**
	1	2	3	4	5	6	
• Für unseren Geschäftserfolg ist unsere Beratungsqualität entscheidend.	☐	☐	☐	☐	☐	☐	• Für unseren Geschäftserfolg ist das Preis-Leistungsverhältnis der von uns angebotenen Produkte entscheidend.
• Für unsere Kundenberater stehen die Bedürfnisse des Kunden immer an erster Stelle.	☐	☐	☐	☐	☐	☐	• Für unsere Kundenberater steht die Profitabilität unseres Instituts an erster Stelle.
• Unser Ziel ist es, kurzfristig Kundenwünsche zu erfüllen.	☐	☐	☐	☐	☐	☐	• Unser Ziel ist es, mit unseren Kunden eine langfristige Geschäftsbeziehung zu etablieren.
• Wir konzentrieren uns auf spezifische Kundensegmente.	☐	☐	☐	☐	☐	☐	• Wir sind für alle Kunden da.
• Der Fokus unseres Hauses liegt auf der Akquisition neuer Kunden.	☐	☐	☐	☐	☐	☐	• Der Fokus unseres Hauses liegt auf dem Erhalt und der Pflege der bestehenden Geschäftsbeziehungen.
• Die Vertriebsmitarbeiter sind „Unternehmer in eigener Sache".	☐	☐	☐	☐	☐	☐	• Die Vertriebsmitarbeiter werden eng geführt.
• Die Vertriebsmitarbeiter sind eher beratungsorientiert.	☐	☐	☐	☐	☐	☐	• Für unsere Kundenberater steht die Profitabilität unseres Instituts an erster Stelle.

9.2.   In welchem Maße stimmen Sie den folgenden Aussagen zu Ihrer Unternehmensstrategie zu? Sie können abstufen zwischen (1 = trifft voll zu, 6 = trifft überhaupt nicht zu).

Strategie	trifft voll zu					trifft überhaupt nicht zu	keine Bewertung möglich
	1	2	3	4	5	6	
• Die strategischen Ziele unseres Hauses werden in einem klar definierten Prozess erarbeitet.	☐	☐	☐	☐	☐	☐	☐
• Die strategischen Ziele unseres Hauses sind klar definiert.	☐	☐	☐	☐	☐	☐	☐
• Planung, Steuerung, Controlling im Vertrieb orientiert sich klar nachvollziehbar an den strategischen Zielen unseres Hauses.	☐	☐	☐	☐	☐	☐	☐

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 7

9.3. Welche der folgenden Aussagen treffen auf Ihren relevanten Markt zu? (1 = trifft voll zu, 6 = trifft
überhaupt nicht zu)

Arbeitsumfeld	trifft voll zu					trifft überhaupt nicht zu	keine Bewertung möglich
	1	2	3	4	5	6	
• Unsere Vertriebsmaßnahmen müssen selten angepasst werden, um mit dem Markt / Wettbewerbern mitzuhalten.	☐	☐	☐	☐	☐	☐	☐
• Unsere Produkte werden sehr schnell ersetzt.	☐	☐	☐	☐	☐	☐	☐
• Das Verhalten der Wettbewerber ist einfach vorauszusagen	☐	☐	☐	☐	☐	☐	☐
• Die Nachfrage und Bedürfnisse der Kunden sind einfach vorauszusagen.	☐	☐	☐	☐	☐	☐	☐
• Unsere Geschäftsprozesse werden häufig und umfassend angepasst.	☐	☐	☐	☐	☐	☐	☐

9.4. Als wie stark empfinden Sie den Wettbewerb in Ihrem relevanten Markt? …..
(1 = sehr stark, 6 = überhaupt nicht stark).

10. Vertriebskultur

10.1. In welchem Maße stimmen Sie den folgenden Aussagen bezüglich der Vertriebskultur Ihres Hauses zu?
Sie können abstufen zwischen (1 = trifft voll zu, 6 = trifft überhaupt nicht zu).

Vertriebskultur	trifft voll zu					trifft überhaupt nicht zu	keine Bewertung möglich
	1	2	3	4	5	6	
• Die meisten Vertriebsmitarbeiter haben ein Mitspracherecht bei Entscheidungen, die sie betreffen.	☐	☐	☐	☐	☐	☐	☐
• Die Kooperation und Zusammenarbeit der Mitarbeiter auch über Abteilungsgrenzen hinweg werden aktiv gefördert.	☐	☐	☐	☐	☐	☐	☐
• Unser geschäftliches Vorgehen ist konsistent und für die Vertriebsmitarbeiter vorhersehbar.	☐	☐	☐	☐	☐	☐	☐
• Die Mitarbeiter stimmen der Art und Weise zu, wie wir unserem Geschäft nachgehen.	☐	☐	☐	☐	☐	☐	☐
• Anregungen und Wünsche der Kunden führen häufig zu Veränderungen in der Organisation.	☐	☐	☐	☐	☐	☐	☐
• Unsere Abteilung reagiert flexibel und ist einfach zu verändern.	☐	☐	☐	☐	☐	☐	☐
• Die Vertriebsmitarbeiter unseres Hauses pflegen einen informellen Kommunikationsstil	☐	☐	☐	☐	☐	☐	☐
• Wir fördern aktiv die Kooperation der Vertriebsmitarbeiter.	☐	☐	☐	☐	☐	☐	☐
• Die Vertriebsmitarbeiter respektieren die Arbeit ihrer Kollegen.	☐	☐	☐	☐	☐	☐	☐
• Das Arbeitsumfeld fördert, dass die Vertriebsmitarbeiter sich als Teil der Abteilung fühlen.	☐	☐	☐	☐	☐	☐	☐
• Die meisten Vertriebsmitarbeiter kennen die Produktivität ihrer Kollegen.	☐	☐	☐	☐	☐	☐	☐
• Das Arbeitsumfeld bestärkt die Vertriebsmitarbeiter darin, stolz auf ihre Arbeit zu sein.	☐	☐	☐	☐	☐	☐	☐
• Bei allen Fragen rund um Planung, Steuerung und Controlling im Vertrieb wird jeweils auf die Vertriebskultur unseres Unternehmens geachtet.	☐	☐	☐	☐	☐	☐	☐

10.2. In welchem Maße treffen die folgenden Aussagen auf Sie zu? (1 = trifft voll zu, 6 = trifft überhaupt nicht zu)

• Die größten Genugtuungen in meinem Leben erhalte ich durch meine Arbeit.	☐	☐	☐	☐	☐	☐	☐
• Meine Arbeit in dieser Position ist von hoher Bedeutung für mich.	☐	☐	☐	☐	☐	☐	☐
• Ich denke, dass ich für meinen Erfolg und Misserfolg verantwortlich gemacht werden sollte.	☐	☐	☐	☐	☐	☐	☐

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 8

11. Performance

11.1. In welchen Bereichen sehen Sie die relativen Stärken und Verbesserungspotential der Vertriebsmit-
arbeiter in Ihrem Unternehmen? (1 = relative Stärke, 6 = Verbesserungspotential)

Performance Vertriebsmitarbeiter	Relative Stärke 1	2	3	4	5	Verbesserungs- potential 6	keine Bewertung möglich
• Wissen über die angebotenen Produkte.	☐	☐	☐	☐	☐	☐	☐
• Verständnis für die Bedürfnisse des Kunden.	☐	☐	☐	☐	☐	☐	☐
• Durchführung Kunden-/ Verkaufsgespräche.	☐	☐	☐	☐	☐	☐	☐
• Flexibilität in den gewählten Verkaufsansätzen.	☐	☐	☐	☐	☐	☐	☐
• Adaption der Verkaufsansätze in Abhängigkeit der Kundenbedürfnisse / des Kundentypen.	☐	☐	☐	☐	☐	☐	☐
• Planung der Kundengespräche.	☐	☐	☐	☐	☐	☐	☐
• Planung der Verkaufsstrategien.	☐	☐	☐	☐	☐	☐	☐
• Umgang mit Kundenbeschwerden.	☐	☐	☐	☐	☐	☐	☐
• Konstruktives Feedback an das Management.	☐	☐	☐	☐	☐	☐	☐
• Generierung eines hohen Marktanteils.	☐	☐	☐	☐	☐	☐	☐
• Verkauf der Produkte mit den höchsten Gewinnmargen.	☐	☐	☐	☐	☐	☐	☐
• Erwirtschaftung hoher Erträge.	☐	☐	☐	☐	☐	☐	☐
• Schnelle Ertragsgenerierung mit neuen Produkten.	☐	☐	☐	☐	☐	☐	☐
• Identifikation und Verkauf an Zielkunden.	☐	☐	☐	☐	☐	☐	☐
• Generierung von Erträgen mit langfristiger Profitabilität.	☐	☐	☐	☐	☐	☐	☐

11.2. Bitte vergleichen Sie die Performance der Vertriebsorganisation in Ihrem Bereich während der letzten 24
Monate mit der Ihres größten Wettbewerbers anhand der nachfolgenden Kriterien.
(1 = Unser Haus ist viel besser, 6 = Unser Haus ist viel schlechter)

Performance im Vergleich zum Wettbewerb	Viel besser 1	2	3	4	5	Viel schlechter 6	keine Bewertung möglich
• Ertragsvolumen	☐	☐	☐	☐	☐	☐	☐
• Marktanteil	☐	☐	☐	☐	☐	☐	☐
• Profitabilität	☐	☐	☐	☐	☐	☐	☐
• Kundenzufriedenheit	☐	☐	☐	☐	☐	☐	☐

11.3. Und nun im Vergleich zu den eigenen Vertriebszielen:

Performance im Vergleich zu den Vertriebszielen	Viel besser 1	2	3	4	5	Viel schlechter 6	keine Bewertung möglich
• Ertragsvolumen	☐	☐	☐	☐	☐	☐	☐
• Marktanteil	☐	☐	☐	☐	☐	☐	☐
• Profitabilität	☐	☐	☐	☐	☐	☐	☐
• Kundenzufriedenheit	☐	☐	☐	☐	☐	☐	☐

11.4. Zu welchem Grad hat Ihr Unternehmen in Ihrem Bereich die Vertriebsziele für 2006 erreicht? …%

12. Statistische Angaben

12. Gesamthaus:
Durchschnittliche Bilanzsumme per 31.12.06 in EUR?
Eigenkapitalrendite vor Steuern in 2006 in %?
Mitarbeiterkapazitäten per 31.12.06 in MAK?
Cost-Income-Ratio per 31.12.2006 in %?

Source: Own illustration.

Figure 3: Standardized Questionnaire - Page 9

12.a. Retail Banking Privatkundengeschäft:
Durchschnittliche Bilanzsumme im Retail Benking Privatkundengeschäft per 31.12.06 in EUR?
Eigenkapitalrendite vor Steuern im Retail Banking Privatkundengeschäft in 2006 in %?
Mitarbeiterkapazitäten im Retail Banking Privatkundengeschäft Vertrieb per 31.12.06 in MAK?
Cost-Income-Ratio im Retail Banking Privatkundengeschäft per 31.12.2006 in %?
IT-Kosten im Retail Banking Privatkundengeschäft per 31.12.06?
Marketing-Ausgaben im Retail Banking Privatkundengeschäft per 31.12.06?

12.b. Firmenkundengeschäft:
Durchschnittliche Bilanzsumme im Firmenkundengeschäft per 31.12.06 in EUR?
Eigenkapitalrendite vor Steuern im Firmenkundengeschäft in 2006 in %?
Mitarbeiterkapazitäten im Firmenkunden-Vertrieb per 31.12.06 in MAK?
Cost-Income-Ratio im Firmenkundengeschäft per 31.12.2006 in %?
IT-Kosten im Firmenkundengeschäft per 31.12.06?
Marketing-Ausgaben im Firmenkundengeschäft per 31.12.06?

12.c. Private Banking:
Assets under Management im Private Banking per 31.12.06 in EUR?
Eigenkapitalrendite vor Steuern im Private Banking in 2006 in %?
Mitarbeiterkapazitäten im Private Banking Vertrieb per 31.12.06 in MAK?
Cost-Income-Ratio im Private Banking per 31.12.2006 in %?
IT-Kosten im Private Banking per 31.12.06?
Marketing-Ausgaben im Private Banking per 31.12.06?

Source: Own illustration.

Appendix E   Operationalization of Sales Management Control Strategy

Table 2: Operationalization of Sales Management Control Strategy

Construct	Question in German	Question in English	Scale	Source
Formal Control				
	Ihrer Einschätzung nach: In welchem Umfang werden in Ihrem Unternehmen die folgenden Aktivitäten von Führungskräften mit direkter Verantwortung für Vertriebsmitarbeiter durchgeführt? Following your assessment, to which degree are the following activities performed by managers of your company with direct responsibility for salespeople?			
elim. Behavior-based Control - Monitoring	Teilnahme am Tagesgeschäft der Vertriebsmitarbeiter.	Participation in the day-to-day business of sales-people	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
Y_{20} Behavior-based Control - Monitoring	Monitoring der Aktivitäten der Vertriebsmitarbeiter.	Monitor the activities of salespeople.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
Y_{21} Behavior-based Control - Monitoring	Überwachung der Leistungen der Vertriebsmitarbeiter.	Observe the performance of salespeople.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
elim. Behavior-based Control - Monitoring	Durchführung gemeinsamer Kundengespräche mit den Vertriebsmitarbeitern.	Make joint customer consultations with salespeople.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
Y_{22} Behavior-based Control - Direct	Aktive Durchführung eines "Training on the Job" der Vertriebsmitarbeiter.	Actively participate in training salespeople on the job.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
Y_{23} Behavior-based Control - Direct	Regelmäßiges Coaching der Vertriebsmitarbeiter.	Regularly spend time coaching salespeople.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
Y_{24} Behavior-based Control - Direct	Diskussion der Leistungsbewertungen mit den Vertriebsmitarbeitern.	Discuss performance evaluations with salespeople.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)

Table 2: Operationalization of Sales Management Control Strategy

Construct	Question in German	Question in English	Scale	Source
Y_{25} Behavior-based Control - Direct	Unterstützung der Vertriebsmitarbeiter bei deren persönlicher Entwicklung.	Help salespeople develop their potential.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Cravens et al. (1993); Babakus et al. (1996)
Index Compensation Control	Nutzen Sie in Ihrem Unternehmen ein variables Vergütungssystem für Ihre Vertriebsmitarbeiter?	Do you use a variable compensation concept for your salespeople?	nominal scale (*Yes*, *No*)	Babakus et al. (1996)
Index Compensation Control	Wie hoch ist der prozentuale Anteil der Mitarbeiter im Vertrieb mit einer variablen Vergütung?	How many percent of your salespeople receive variable compensation?	metric scale	own scale
Index Compensation Control	Wie hoch ist die maximale variable monetäre Vergütung pro Jahr (in brutto Fixgehältern pro Monat) für Kundenberater und Mitarbeiter in der Vertriebsunterstützung (getrennte Abfrage)?	How high is the maximum variable monetary compensation p.a. (in gross fixed salary per month) for your salespeople and sales support?	metric scale	Cravens et al. (1993); Babakus et al. (1996); Krafft (1999); Piercy et al. (2004a)
Index Compensation Control	Für welchen Zielerreichungsgrad wird für Kundenberater und Mitarbeiter in der Vertriebsunterstützung die maximale variable monetäre Vergütung ausgezahlt?	For which degree of target achievement do salespeople and sales support get the maximum variable monetary compensation?	metric scale	own scale

Table 2: Operationalization of Sales Management Control Strategy

Construct		Question in German	Question in English	Scale	Source
Index	Compensation Control	Wie hoch war der durchschnittliche Zielerreichungsgrad im letzten Geschäftsjahr?	How high was the average degree of target achievement in the last fiscal year?	metric scale	own scale

Table 2: Operationalization of Sales Management Control Strategy

Construct	Question in German	Question in English	Scale	Source
Sales Management Control – Informal Control				
In welchem Maße stimmen Sie den folgenden Aussagen bezüglich der Vertriebskultur Ihres Hauses zu? *To what degree do you agree with the following statements regarding the work environment and culture of your institute?*				
Y_{29} Professional Control	Wir fördern aktiv die Kooperation der Vertriebsmitarbeiter.	We actively encourage cooperation between the salespeople.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Jaworski and MacInnis (1989)
Y_{30} Professional Control	Die Vertriebsmitarbeiter respektieren die Arbeit ihrer Kollegen.	The salespeople respect each other's work.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Jaworski and MacInnis (1989)
Y_{31} Professional Control	Die meisten Vertriebsmitarbeiter kennen die Produktivität ihrer Kollegen.	Most of the salespeople are familiar with each other's productivity.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Jaworski and MacInnis (1989)
Y_{27} Cultural Control	Das Arbeitsumfeld fördert, dass die Vertriebsmitarbeiter sich als Teil der Abteilung fühlen.	The work environment encourages salespeople to feel a part of the division.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Buchanan II (1974); Jaworski et al. (1993)
Y_{28} Cultural Control	Das Arbeitsumfeld bestärkt die Vertriebsmitarbeiter darin, stolz auf ihre Arbeit zu sein.	The work environment encourages salespeople to feel a sense of pride in their work.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Buchanan II (1974); Jaworski et al. (1993)

Table 2: Operationalization of Sales Management Control Strategy

Construct	Question in German	Question in English	Scale	Source
	In welchem Maße treffen die folgenden Aussagen auf Sie zu?			
	To what degree do the following statements apply to you?			
Y_{32}	Self Control	Die größten Genugtuungen in meinem Leben erhalte ich durch meine Arbeit.	The major satisfactions in my life come from my job.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Jaworski and MacInnis (1989)
Y_{33}	Self Control	Meine Arbeit in dieser Position ist von hoher Bedeutung für mich.	The work I do on this job is very meaningful to me.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Jaworski and MacInnis (1989)
Y_{34}	Self Control	Ich denke, dass ich für meinen Erfolg und Misserfolg verantwortlich gemacht werden sollte.	I fell that I should take credit or blame for the results of my work.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Jaworski and MacInnis (1989)

Appendix F Operationalization of Strategy

Table 3: Operationalization of Strategy

Construct	Question in German	Question in English	Scale	Source
Strategy				
	In welchem Maße stimmen Sie den folgenden Aussagen zu? *To what degree do you agree with the following statements?*			
Y_6	Für unseren Geschäftserfolg ist unsere Beratungsqualität entscheidend.	The quality of our advice is essential for our success.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
Y_6	Für unseren Geschäftserfolg ist das Preis-Leistungsverhältnis der von uns angebotenen Produkte entscheidend.	The price-performance ratio of our products is essential for our success.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
Y_7	Für unsere Kundenberater stehen die Bedürfnisse des Kunden immer an erster Stelle.	For our customer advisors the needs of the customers rank first.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
Y_7	Für unsere Kundenberater steht die Profitabilität unseres Instituts an erster Stelle.	For our customer advisors the profitability of our institution ranks first.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
elim.	Unser Ziel ist es, kurzfristig Kundenwünsche zu erfüllen.	It is our aim to fulfill customer needs short-term.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
elim.	Unser Ziel ist es, mit unseren Kunden eine langfristige Geschäftsbeziehung zu etablieren.	It is our aim to establish a long-term relationship with our customers.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)

Table 3: Operationalization of Strategy

Construct		Question in German	Question in English	Scale	Source
elim.	Business Strategy	Wir konzentrieren uns auf spezifische Kundensegmente.	We concentrate on specific customer segments.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
elim.	Business Strategy	Wir sind für alle Kunden da.	We serve all customers.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
elim.	Business Strategy	Der Fokus unseres Hauses liegt auf der Akquisition neuer Kunden.	The focus of our institution is on the acquisition of new customers.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
elim.	Business Strategy	Der Fokus unseres Hauses liegt auf dem Erhalt und der Pflege der bestehenden Geschäftsbeziehungen.	The focus of our institution is on the preservation and maintenance of existing customer relationships.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
Y_8	Business Strategy	Die Vertriebsmitarbeiter sind eher beratungsorientiert.	Our sales force is rather advice oriented.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)
Y_8	Business Strategy	Für unsere Kundenberater steht die Profitabilität unseres Instituts an erster Stelle.	The profitability of our institution is most important for our sales force.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	based on Periatt et al. (2004)

Appendix G Operationalization of Organization-specific Characteristic

Table 4: Operationalization of Organization-specific Characteristic

Construct	Question in German	Question in English	Scale	Source
Organizational Culture				
In welchem Maße stimmen Sie den folgenden Aussagen bezüglich der Vertriebskultur Ihres Hauses zu? _To what degree do you agree with the following statements regarding the work environment and culture of your institution?_				
Y_{15} Involvement	Die meisten Vertriebsmitarbeiter haben ein Mitspracherecht bei Entscheidungen, die sie betreffen.	Most salespeople have input into the decisions that affect them.	6-point scale (1 _totally applies_, 6 _totally does not apply_)	Denison and Mishra (1995)
Y_{16} Involvement	Die Kooperation und Zusammenarbeit der Mitarbeiter auch über Abteilungsgrenzen hinweg werden aktiv gefördert.	Cooperation and collaboration across functional roles is actively encouraged.	6-point scale (1 _totally applies_, 6 _totally does not apply_)	Denison and Mishra (1995)
Y_{17} Consistency	Unser geschäftliches Vorgehen ist konsistent und für die Vertriebsmitarbeiter vorhersehbar.	Our approach to doing business is consistent and for the salespeople predictable.	6-point scale (1 _totally applies_, 6 _totally does not apply_)	Denison and Mishra (1995)
Y_{18} Consistency	Die Mitarbeiter stimmen der Art und Weise zu, wie wir unserem Geschäft nachgehen.	There is a high level of agreement about the way that we do things in this company.	6-point scale (1 _totally applies_, 6 _totally does not apply_)	Denison and Mishra (1995)
Y_{13} Adaptability	Anregungen und Wünsche der Kunden führen häufig zu Veränderungen in der Organisation.	Customer's comments and recommendations often lead to changes in this organization.	6-point scale (1 _totally applies_, 6 _totally does not apply_)	Denison and Mishra (1995)

Table 4: Operationalization of Organization-specific Characteristic

Construct		Question in German	Question in English	Scale	Source
Y_{14}	Adaptability	Unsere Abteilung reagiert flexibel und ist einfach zu verändern.	Our division is very responsive and changes easily.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Denison and Mishra (1995)
Y_{19}	Communication	Die Vertriebsmitarbeiter unseres Hauses pflegen einen informellen Kommunikationsstil.	The salespeople of our institute communicate rather informally.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Ginevicius and Vaitkunaite (2006)
Organizational Structure and Infrastructure					
Y_{10}	IT sophistication	Nutzen Sie ein Software-Tool zur Unterstützung bei Vertriebsplanung, -steuerung, -controlling?	Do you use a software tool to support sales planning, sales management and sales controlling?	nominal scale (*Yes*, *No*)	own scale
Y_{11}	IT sophistication	Nutzen Sie ein Customer-Relationship-Management-System zur Unterstützung der Vertriebsprozesse?	Do you use a customer relationship management system to support your sales processes?	nominal scale (*Yes*, *No*)	own scale
elim.	IT sophistication	Existieren automatisierte Schnittstellen zwischen beiden Tools?	Are there automated interfaces between the two tools?	nominal scale (*Yes*, *No*)	own scale
elim.	IT sophistication	In etwa wie viele verschiedene Software-Anwendungen werden insgesamt im Vertrieb eingesetzt?	How many different software applications are being used by your salespeople?	interval scale	own scale
elim.	IT sophistication	Wie hoch waren Ihre IT-Kosten per 31.12.06?	How high were your IT costs as of 31.12.06?	interval scale	own scale

Table 4: Operationalization of Organization-specific Characteristic

Construct		Question in German	Question in English	Scale	Source
Y_{12}	IT sophistication	Als wie hoch beurteilen Sie selbst die Professionalität der IT-Unterlegung von Vertriebsplanung, -steuerung, -controlling?.	How do you evaluate the sophistication of the IT infrastructure for sales planning, sales management and sales controlling?	6-point scale (1 *very high*, 6 *very low*)	Wright and Donaldson (2002)

Appendix H   Operationalization of Environmental Parameters

Table 5: Operationalization of Environmental Parameters

Construct	Question in German	Question in English	Scale	Source
Environment - Uncertainty				
	Welche der folgenden Aussagen treffen auf Ihren relevanten Markt zu?			
	Which of the following statements apply to your relevant market?			
Y_1	Die Nachfrage und Bedürfnisse der Kunden sind einfach vorauszusagen.	Demand and consumer tastes are quite easy to predict.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Miller and Dröge (1986)
Y_2	Das Verhalten der Wetbewerber ist einfach vorauszusagen.	Actions of competitors are quite easy to predict	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Miller and Dröge (1986)
elim.	Unsere Produkte werden sehr schnell ersetzt.	Our products are being replaced very fast.	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Miller and Dröge (1986)
Y_3	Unsere Vertriebsmaßnahmen müssen selten angepasst werden, um mit dem Markt / Wetbewerbern mitzuhalten.	Our sales practices must be rarely changed to keep up with the market / competitors	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Miller and Dröge (1986)
Y_4	Unsere Geschäftsprozesse werden häufig und umfassend angepasst.	Our sales processes are adjusted frequently and extensively	6-point scale (1 *totally applies*, 6 *totally does not apply*)	Miller and Dröge (1986)
Environment - Competitiveness				
Y_5	Als wie stark empfinden Sie den Wettbewerb in Ihrem relevanten Markt?	How strong do you perceive the intensity of competition in your relevant market?	6-point scale (1 *very strong*, 6 *very low*)	Krafft (1999)

Appendix I Operationalization of Performance

Table 6: Operationalization of Performance

Construct	Question in German	Question in English	Scale	Source
Performance				
	In welchen Bereichen sehen Sie die relativen Stärken und Verbesserungspotential der Vertriebsmitarbeiter in Ihrem Unternehmen?			
	In which areas do you see the relative strengths and improvement potential of the salespeople in your company?			
Y_{35}	Salesperson Behavioral Performance	Wissen über die angebotenen Produkte.	Knowledge about the offered products.	6-point scale (1 relative strength, 6 improvement potential)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{36}	Salesperson Behavioral Performance	Verständnis für die Bedürfnisse des Kunden.	Understanding the needs of the customers.	6-point scale (1 relative strength, 6 improvement potential)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{37}	Salesperson Behavioral Performance	Durchführung Kunden-/ Verkaufsgespräche.	Conducting sales and consultation talks.	6-point scale (1 relative strength, 6 improvement potential)	Spiro and Weitz (1990); Babakus et al. (1996); Piercy et al. (2004a)
Y_{38}	Salesperson Behavioral Performance	Flexibilität in den gewählten Verkaufsansätzen.	Being flexible in the selling approaches used.	6-point scale (1 relative strength, 6 improvement potential)	Spiro and Weitz (1990); Babakus et al. (1996); Piercy et al. (2004a)
Y_{39}	Salesperson Behavioral Performance	Adaption der Verkaufsansätze in Abhängigkeit der Kundenbedürfnisse / des Kundentypen.	Adapting selling approaches in accordance to the customer needs / customer types.	6-point scale (1 relative strength, 6 improvement potential)	Spiro and Weitz (1990); Babakus et al. (1996); Piercy et al. (2004a)
Y_{40}	Salesperson Behavioral Performance	Planung der Kundengespräche.	Planning customer talks / consultations.	6-point scale (1 relative strength, 6 improvement potential)	Babakus et al. (1996); Piercy et al. (2004a)

Table 6: Operationalization of Performance

Construct		Question in German	Question in English	Scale	Source
Y_{41}	Salesperson Behavioral Performance	Planung der Verkaufsstrategien.	Planning sales strategies.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Babakus et al. (1996); Piercy et al. (2004a)
Y_{42}	Salesperson Behavioral Performance	Umgang mit Kundenbeschwerden.	Handling of customer complaints.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Babakus et al. (1996); Piercy et al. (2004a)
Y_{43}	Salesperson Behavioral Performance	Konstruktives Feedback an das Management.	Providing constructive feedback to the management.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Baldauf et al. (2001a)
Y_{44}	Salesperson Outcome Performance	Generierung eines hohen Marktanteils.	Producing a high market share.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{45}	Salesperson Outcome Performance	Verkauf der Produkte mit den höchsten Gewinnmargen.	Making sales of those products with the highest profit margins.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{46}	Salesperson Outcome Performance	Erwirtschaftung hoher Erträge.	Generating a high level of sales.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{47}	Salesperson Outcome Performance	Schnelle Ertragsgenerierung mit neuen Produkten.	Quickly generating of new sales products.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{48}	Salesperson Outcome Performance	Identifikation und Verkauf an Zielkunden.	Identifying and selling to target accounts.	6-point scale (1 *relative strength*, 6 *improvement potential*)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)

Table 6: Operationalization of Performance

Construct		Question in German	Question in English	Scale	Source
Y_{49}	Salesperson Outcome Performance	Generierung von Erträgen mit langfristiger Profitabilität.	Producing sales with long-term profitability.	6-point scale (1 relative strength, 6 improvement potential)	Behrman and Perreault (1982); Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
		Bitte vergleichen Sie die Performance der Vertriebsorganisation in Ihrem Bereich während der letzten 24 Monate mit der Ihres größten Wettbewerbers anhand der nachfolgenden Kriterien. *Please compare the performance of the sales organization of your division throughout the last 24 months with your largest competitor along the following criteria.*			
Y_{50}	Sales Organization Outcomes	Ertragsvolumen	Sales volume	6-point scale (1 our institute is much better, 6 our institute is much worse)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{51}	Sales Organization Outcomes	Marktanteil	Market share	6-point scale (1 our institute is much better, 6 our institute is much worse)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{52}	Sales Organization Outcomes	Profitabilität	Profitability	6-point scale (1 our institute is much better, 6 our institute is much worse)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{53}	Sales Organization Outcomes	Kundenzufriedenheit	Customer satisfaction	6-point scale (1 our institute is much better, 6 our institute is much worse)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)

Table 6: Operationalization of Performance

Construct	Question in German	Question in English	Scale	Source
	Bitte vergleichen Sie die Performance der Vertriebsorganisation in Ihrem Bereich während der letzten 24 Monate mit Ihren eigenen Vertriebszielen anhand der nachfolgenden Kriterien. Please compare the performance of the sales organization of your division throughout the last 24 months with your own targets along the following criteria.			
Y_{54}	Sales Organization Outcomes	Ertragsvolumen	Sales volume	6-point scale (1 *our institute is much better*, 6 *our institute is much worse*)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{55}	Sales Organization Outcomes	Marktanteil	Market share	6-point scale (1 *our institute is much better*, 6 *our institute is much worse*)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{56}	Sales Organization Outcomes	Profitabilität	Profitability	6-point scale (1 *our institute is much better*, 6 *our institute is much worse*)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)
Y_{57}	Sales Organization Outcomes	Kundenzufriedenheit	Customer satisfaction	6-point scale (1 *our institute is much better*, 6 *our institute is much worse*)	Cravens et al. (1993); Babakus et al. (1996); Piercy et al. (2004a)

Appendix J   Construct Operationalization – AVE Correlation Matrices

Table 7: AVE Correlation Matrix – All Segments

	Adaptability	Behavior Control	Behavioral Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	**0.848**																	
Behavior Control	0.493	**0.772**																
Behavioral Performance	0.208	0.197	**0.712**															
Communication	0.454	0.422	-0.043	**1.000**														
Compensation Control	-0.214	-0.188	0.122	-0.260	**1.000**													
Competition	0.453	0.410	-0.053	0.317	-0.231	**1.000**												
Consistency	0.062	0.014	0.165	-0.017	0.189	-0.022	**0.902**											
Cultural Control	0.552	0.588	0.048	0.562	-0.264	0.425	0.132	**0.871**										
Dynamism	0.172	0.187	0.054	0.002	-0.157	0.248	-0.137	0.150	**0.767**									
IT Sophistication	-0.171	0.055	0.126	-0.141	0.193	-0.079	0.260	-0.093	-0.080	**0.673**								
Involvement	0.339	0.230	0.197	0.244	-0.052	0.078	0.165	0.432	0.121	0.000	**0.804**							
Organizational Centralization	0.027	0.049	0.030	-0.050	0.009	-0.082	-0.006	0.045	0.047	0.027	0.001	**1.000**						
Outcome Performance	0.113	0.211	0.624	-0.056	0.101	-0.116	0.025	0.048	0.031	0.101	0.135	0.085	**0.716**					
Predictability	-0.013	-0.054	0.119	0.004	0.229	-0.207	0.210	-0.060	-0.142	0.070	0.016	-0.007	0.111	**0.841**				
Professional Control	0.541	0.554	0.023	0.642	-0.338	0.441	0.085	0.754	0.111	-0.135	0.377	-0.052	-0.019	-0.090	**0.763**			
Sales Organization Outcomes	0.087	0.136	0.372	-0.035	0.085	-0.227	0.014	0.049	-0.062	0.064	0.119	0.094	0.421	0.222	-0.104	**0.670**		
Self Control	0.509	0.538	-0.130	0.574	-0.287	0.488	-0.083	0.575	0.089	-0.139	0.137	-0.041	-0.182	-0.112	0.633	-0.139	**0.789**	
Strategy	-0.465	-0.375	0.018	-0.474	0.249	-0.394	0.000	-0.516	-0.103	0.159	-0.274	0.154	0.123	0.060	-0.567	0.111	-0.504	**0.810**

Source: Own illustration.

Table 8: AVE Correlation Matrix - Retail Banking

	Adaptability	Behavior Control	Behavioral Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	**0.855**																	
Behavior Control	0.534	**0.782**																
Behavioral Performance	0.163	0.069	**0.715**															
Communication	0.493	0.550	-0.178	**1.000**														
Compensation Control	-0.322	-0.250	0.067	-0.339	**1.000**													
Competition	0.502	0.538	0.005	0.432	-0.325	**1.000**												
Consistency	-0.010	-0.114	0.065	0.018	0.320	-0.040	**0.899**											
Cultural Control	0.558	0.644	-0.106	0.670	-0.238	0.537	0.041	**0.861**										
Dynamism	0.210	0.282	0.281	0.005	-0.040	0.239	-0.133	0.075	**0.760**									
IT Sophistication	-0.166	0.091	0.164	-0.230	0.251	-0.053	0.193	-0.218	0.200	**0.668**								
Involvement	0.389	0.316	0.275	0.259	-0.049	0.054	-0.027	0.316	0.236	0.015	**0.783**							
Organizational Centralization	0.129	0.056	-0.028	-0.031	-0.093	-0.003	-0.052	-0.060	0.096	-0.032	-0.022	**1.000**						
Outcome Performance	0.050	0.104	0.642	-0.055	0.112	-0.169	-0.031	0.002	0.231	0.113	0.237	-0.062	**0.723**					
Predictability	-0.230	-0.186	0.055	-0.172	0.411	-0.244	0.365	-0.118	-0.100	0.150	-0.095	-0.088	0.148	**0.815**				
Professional Control	0.592	0.583	-0.130	0.714	-0.372	0.538	-0.012	0.755	0.070	-0.234	0.274	-0.022	-0.028	-0.194	**0.748**			
Sales Organization Outcomes	0.060	0.107	0.398	-0.080	0.176	-0.149	0.012	0.058	0.148	0.012	0.248	0.007	0.386	0.254	-0.158	**0.611**		
Self Control	0.519	0.597	-0.208	0.638	-0.384	0.538	-0.117	0.623	0.091	-0.157	0.215	-0.042	-0.171	-0.183	0.724	-0.239	**0.837**	
Strategy	-0.533	-0.536	-0.037	-0.604	0.366	-0.574	-0.024	-0.617	-0.057	0.096	-0.236	0.141	0.051	0.248	-0.644	0.071	-0.585	**0.807**

Source: Own illustration.

Table 9: AVE Correlation Matrix – Corporate Banking

	Adaptability	Behavior Control	Behavioral Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	**0.814**																	
Behavior Control	0.541	**0.744**																
Behavioral Performance	0.265	0.234	**0.662**															
Communication	0.490	0.421	0.090	**1.000**														
Compensation Control	-0.175	-0.115	0.196	-0.216	**1.000**													
Competition	0.354	0.370	-0.242	0.373	-0.184	**1.000**												
Consistency	0.103	0.253	-0.087	0.118	-0.049	0.054	**0.422**											
Cultural Control	0.548	0.607	0.083	0.529	-0.343	0.473	0.022	**0.851**										
Dynamism	0.117	0.096	-0.094	-0.007	-0.307	0.083	0.116	0.230	**0.774**									
IT Sophistication	-0.230	-0.084	-0.014	-0.141	0.231	0.024	-0.141	-0.112	-0.181	**0.626**								
Involvement	0.298	0.204	0.074	0.245	-0.152	0.161	-0.093	0.459	0.135	-0.101	**0.801**							
Organizational Centralization	-0.086	0.098	0.144	-0.146	0.165	-0.175	-0.055	0.084	-0.008	0.014	-0.054	**1.000**						
Outcome Performance	0.168	0.344	0.472	-0.043	0.202	-0.135	-0.083	0.127	-0.050	-0.059	0.156	0.218	**0.696**					
Predictability	0.080	0.011	0.102	0.099	0.111	-0.190	-0.008	-0.032	-0.061	-0.001	-0.051	0.064	0.109	**0.715**				
Professional Control	0.534	0.544	0.067	0.682	-0.352	0.493	0.118	0.792	0.081	-0.102	0.400	-0.008	-0.044	-0.078	**0.762**			
Sales Organization Outcomes	0.125	0.266	0.286	-0.001	0.055	-0.268	0.007	0.022	-0.084	-0.101	0.028	0.038	0.372	0.230	-0.079	**0.724**		
Self Control	0.621	0.555	-0.048	0.582	-0.212	0.504	0.285	0.539	0.118	-0.167	0.119	-0.053	-0.128	-0.003	0.578	-0.017	**0.821**	
Strategy	-0.490	-0.338	-0.088	-0.447	0.292	-0.260	-0.152	-0.471	-0.110	0.197	-0.339	0.125	0.116	0.094	-0.497	0.067	-0.456	**0.810**

Source: Own illustration.

Table 10: AVE Correlation Matrix – Private Banking

	Adaptability	Behavior Control	Behavioral Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	**0.866**																	
Behavior Control	0.475	**0.790**																
Behavioral Performance	0.202	0.302	**0.731**															
Communication	0.375	0.326	-0.058	**1.000**														
Compensation Control	-0.189	-0.192	0.149	-0.263	**1.000**													
Competition	0.488	0.335	-0.015	0.163	-0.197	**1.000**												
Consistency	0.133	0.158	0.339	-0.109	0.173	0.013	**0.900**											
Cultural Control	0.564	0.541	0.102	0.491	-0.227	0.284	0.211	**0.900**										
Dynamism	0.274	0.259	0.070	0.039	-0.098	0.376	-0.016	0.139	**0.750**									
IT Sophistication	-0.153	0.100	0.262	-0.038	0.119	-0.197	0.323	-0.077	-0.206	**0.697**								
Involvement	0.347	0.232	0.206	0.202	0.011	0.046	0.327	0.501	0.074	-0.012	**0.810**							
Organizational Centralization	0.044	-0.001	0.015	0.044	-0.038	-0.077	0.062	0.109	0.014	0.075	0.078	**1.000**						
Outcome Performance	0.158	0.211	0.717	-0.049	0.028	-0.064	0.110	0.023	0.059	0.206	0.030	0.105	**0.723**					
Predictability	0.021	0.007	0.246	0.063	0.264	-0.217	0.204	0.000	-0.218	0.176	0.025	0.097	0.182	**0.849**				
Professional Control	0.539	0.546	0.084	0.557	-0.298	0.330	0.109	0.718	0.190	-0.165	0.435	-0.087	-0.009	-0.050	**0.782**			
Sales Organization Outcomes	0.079	0.068	0.485	-0.028	0.061	-0.255	0.151	0.091	-0.062	0.299	0.081	0.216	0.539	0.168	-0.095	**0.669**		
Self Control	0.401	0.471	-0.172	0.477	-0.270	0.454	-0.045	0.557	0.084	-0.178	0.104	-0.069	-0.301	-0.099	0.642	-0.280	**0.728**	
Strategy	-0.375	-0.318	0.133	-0.361	0.157	-0.381	-0.038	-0.515	-0.155	0.211	-0.310	0.183	0.149	0.025	-0.623	0.201	-0.536	**0.814**

Source: Own illustration.

Appendix K Construct Operationalization - Cross-Loadings

Table 11: Cross-Loadings - All Segments

Construct	Item	Adaptability	Behavior Control	Salesperson Behav. Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Salesperson Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	Y13	0.799	0.404	0.206	0.288	-0.116	0.374	-0.028	0.381	0.283	-0.158	0.263	0.035	0.118	-0.027	0.363	0.061	0.371	-0.342
	Y14	0.893	0.433	0.156	0.462	-0.232	0.396	0.113	0.538	0.045	-0.137	0.309	0.014	0.080	0.001	0.535	0.084	0.481	-0.437
Salesperson Behavioral Performance	Y35	0.063	0.081	0.450	-0.084	0.034	-0.038	0.020	-0.005	0.020	0.117	0.071	-0.005	0.443	0.118	0.009	0.208	-0.088	0.024
	Y36	0.136	0.190	0.696	-0.009	0.105	0.012	0.144	0.038	-0.051	0.065	0.156	0.005	0.366	0.184	0.037	0.319	-0.024	-0.049
	Y37	0.160	0.182	0.775	-0.073	0.074	-0.030	0.116	0.042	0.145	0.090	0.153	-0.022	0.443	0.057	0.037	0.273	-0.101	-0.034
	Y38	0.189	0.106	0.790	-0.009	0.075	-0.056	0.122	0.053	0.081	0.052	0.147	0.009	0.493	0.059	0.041	0.226	-0.134	0.029
	Y39	0.164	0.133	0.826	-0.053	0.107	-0.071	0.193	-0.018	0.041	0.136	0.146	0.096	0.522	0.115	-0.020	0.319	-0.159	0.058
	Y40	0.143	0.072	0.716	-0.075	0.093	-0.061	0.154	0.031	0.008	0.091	0.140	0.047	0.442	0.059	-0.079	0.227	-0.100	0.048
	Y41	0.171	0.129	0.757	-0.080	0.093	-0.036	0.085	-0.005	0.010	0.094	0.071	0.011	0.490	0.155	-0.038	0.312	-0.121	0.051
	Y42	0.102	0.161	0.653	0.072	0.084	-0.019	0.085	0.050	-0.006	0.087	0.141	-0.006	0.364	-0.019	0.082	0.221	-0.045	-0.046
	Y43	0.178	0.176	0.676	0.016	0.109	-0.041	0.111	0.114	0.057	0.081	0.221	0.045	0.445	0.040	0.052	0.258	-0.051	0.042
Behavior Control	Y20	0.400	0.785	0.119	0.372	-0.097	0.363	-0.017	0.491	0.143	0.038	0.198	0.028	0.192	0.002	0.447	0.152	0.414	-0.301
	Y21	0.425	0.757	0.087	0.364	-0.169	0.325	0.026	0.444	0.143	0.015	0.160	0.002	0.144	-0.061	0.457	0.081	0.416	-0.296
	Y22	0.329	0.764	0.244	0.249	-0.171	0.252	0.005	0.391	0.187	0.046	0.176	0.043	0.235	-0.003	0.345	0.168	0.357	-0.283
	Y23	0.288	0.780	0.241	0.378	-0.085	0.217	0.062	0.323	0.145	0.033	0.133	0.064	0.249	0.021	0.302	0.177	0.292	-0.292
	Y24	0.373	0.773	0.081	0.378	-0.113	0.332	-0.002	0.498	0.093	0.062	0.117	0.050	0.079	-0.035	0.463	0.008	0.475	-0.304
	Y25	0.453	0.775	0.147	0.397	-0.225	0.392	0.000	0.558	0.150	0.019	0.262	0.045	0.084	-0.161	0.537	0.042	0.526	-0.382
Communication	Y19	0.454	0.422	-0.043	1.000	-0.260	0.317	-0.017	0.562	0.002	-0.141	0.244	-0.050	-0.056	0.004	0.642	-0.035	0.574	-0.474
Compensation Control	Y26	-0.214	-0.188	0.122	-0.260	1.000	-0.231	0.189	-0.264	-0.157	0.193	-0.052	0.009	0.101	0.229	-0.338	0.085	-0.287	0.249
Competition	Y5	0.453	0.410	-0.053	0.317	-0.231	1.000	-0.022	0.425	0.248	-0.079	0.078	-0.082	-0.116	-0.207	0.441	-0.227	0.488	-0.394
Consistency	Y17	0.070	0.062	0.166	-0.052	0.165	0.020	0.879	0.096	-0.084	0.251	0.106	-0.015	0.031	0.180	0.061	0.020	-0.041	-0.002
	Y18	0.045	-0.026	0.136	0.014	0.176	-0.051	0.926	0.138	-0.156	0.223	0.184	0.002	0.016	0.198	0.089	0.006	-0.102	0.001
Cultural Control	Y27	0.469	0.477	-0.058	0.526	-0.267	0.392	0.051	0.870	0.152	-0.142	0.360	0.049	-0.013	-0.096	0.674	-0.014	0.546	-0.458
	Y28	0.492	0.548	0.141	0.453	-0.193	0.348	0.178	0.873	0.109	-0.020	0.391	0.029	0.096	-0.010	0.640	0.098	0.457	-0.441
Dynamism	Y3	0.040	0.115	-0.120	-0.009	-0.121	0.199	-0.163	0.147	0.776	-0.134	0.093	0.006	-0.112	-0.222	-0.079	-0.163	0.096	-0.094
	Y4	0.227	0.173	0.207	0.012	-0.120	0.181	-0.045	0.138	0.758	0.013	0.092	0.068	0.163	0.008	0.092	0.072	0.039	-0.063
IT Sophistication	Y10	-0.163	0.040	0.012	-0.096	0.151	0.016	0.171	-0.061	-0.042	0.812	-0.029	-0.050	-0.006	-0.003	-0.119	0.033	-0.112	0.113
	Y11	-0.029	0.111	0.019	0.011	0.090	0.032	0.024	0.002	0.072	0.356	0.022	0.025	0.071	-0.030	-0.024	-0.048	-0.007	-0.003
	Y12	-0.118	0.010	0.197	-0.151	0.142	-0.165	0.265	-0.099	-0.125	0.756	0.022	0.007	0.151	-0.103	0.096	-0.123	0.140	0.161
Involvement	Y15	0.250	0.174	0.143	0.208	-0.022	0.064	0.085	0.249	0.095	0.001	0.714	0.012	0.077	-0.002	0.238	0.066	0.102	-0.205
	Y16	0.295	0.197	0.173	0.194	-0.056	0.063	0.168	0.421	0.101	0.000	0.885	-0.006	0.133	0.023	0.355	0.118	0.118	-0.237
Organizational Centralization	Y9	0.027	0.049	0.030	-0.082	0.009	-0.082	-0.006	0.045	0.047	0.027	0.001	1.000	0.085	-0.007	-0.052	0.094	0.041	0.154
Sales Organization Outcomes	Y50	-0.038	0.069	0.252	-0.083	0.083	-0.201	-0.051	-0.008	-0.049	0.091	0.040	0.097	0.335	0.160	-0.144	0.722	-0.138	0.130
	Y51	0.030	0.096	0.216	-0.017	-0.021	-0.120	-0.123	0.004	-0.056	0.006	-0.056	0.054	0.262	0.204	-0.123	0.666	-0.157	0.065
	Y52	0.090	0.059	0.239	0.034	0.039	-0.194	0.038	0.054	-0.039	0.036	0.146	0.056	0.290	0.117	-0.078	0.696	-0.109	0.108
	Y53	0.159	0.077	0.185	0.064	-0.045	-0.053	0.009	0.112	-0.002	0.081	0.164	0.010	0.186	0.112	0.036	0.481	-0.011	-0.011
	Y54	0.126	0.160	0.235	0.014	0.170	-0.133	0.089	0.095	-0.067	0.104	0.119	0.118	0.289	0.092	0.013	0.712	-0.016	0.058
	Y55	-0.003	0.029	0.310	-0.097	0.088	-0.239	0.011	-0.048	-0.063	-0.053	0.071	0.052	0.288	0.208	-0.108	0.720	-0.184	0.116
	Y56	0.131	0.165	0.328	-0.042	0.077	-0.117	0.072	0.075	-0.008	0.110	0.101	0.049	0.334	0.121	-0.039	0.745	-0.033	0.050
	Y57	0.054	0.066	0.236	0.062	0.024	-0.126	0.122	0.048	-0.026	0.074	0.211	0.054	0.243	0.181	-0.021	0.577	-0.032	0.014
Salesperson Outcome Performance	Y44	0.089	0.080	0.528	-0.063	-0.013	-0.112	0.027	0.076	-0.013	0.045	0.207	0.032	0.575	0.017	0.361	0.367	-0.129	0.051
	Y45	-0.037	0.135	0.322	-0.109	0.098	-0.119	-0.069	-0.030	0.043	0.107	0.038	0.120	0.768	0.102	-0.122	0.273	-0.196	0.215
	Y46	-0.001	0.173	0.423	-0.046	0.119	-0.140	0.033	0.051	-0.022	0.157	0.087	0.057	0.826	0.092	-0.008	0.297	-0.131	0.127
	Y47	0.099	0.125	0.381	-0.068	0.045	-0.106	-0.057	-0.024	0.087	-0.009	0.007	0.103	0.748	0.065	-0.052	0.284	-0.143	0.143
	Y48	0.203	0.214	0.561	0.041	0.082	-0.028	0.061	0.050	-0.003	0.060	0.110	0.013	0.730	0.095	0.029	0.314	-0.120	-0.004
	Y49	0.164	0.160	0.531	0.000	0.067	0.015	0.139	0.114	0.048	0.055	0.188	0.035	0.615	0.089	0.073	0.310	-0.044	-0.037
Predictability	Y1	0.053	-0.044	0.065	0.030	0.155	-0.165	0.111	-0.022	-0.097	0.063	0.080	-0.058	0.051	0.784	-0.051	0.139	-0.100	0.013
	Y2	-0.057	-0.047	0.127	-0.016	0.223	-0.184	0.226	-0.072	-0.138	0.026	0.034	0.032	0.125	0.896	-0.094	0.223	-0.092	0.078
Professional Control	Y29	0.480	0.521	-0.016	0.588	-0.299	0.360	0.087	0.674	0.082	-0.061	0.432	-0.022	-0.006	-0.067	0.870	-0.075	0.541	-0.469
	Y30	0.461	0.464	-0.003	0.548	-0.294	0.414	0.076	0.638	0.077	-0.111	0.257	-0.052	-0.057	-0.013	0.862	-0.111	0.546	-0.544
	Y31	0.258	0.222	0.137	0.267	-0.153	0.199	0.006	0.361	0.128	-0.204	0.107	-0.063	0.056	-0.015	0.499	-0.044	0.337	-0.220
Business Strategy	Y6	-0.335	-0.292	0.021	-0.335	0.155	-0.273	-0.057	-0.358	0.002	0.115	-0.189	0.083	0.056	0.025	-0.467	0.113	-0.393	0.734
	Y7	-0.399	-0.326	-0.028	-0.365	0.170	-0.330	-0.018	-0.439	-0.124	0.153	-0.208	0.137	0.095	0.033	-0.426	0.043	-0.409	0.839
	Y8	-0.393	-0.293	0.048	-0.446	0.272	-0.349	0.066	-0.452	-0.124	0.153	-0.265	0.150	0.144	0.085	-0.485	0.114	-0.422	0.852
Self Control	Y32	0.364	0.231	0.029	0.319	-0.148	0.235	-0.143	0.274	-0.016	0.073	0.059	-0.025	-0.003	-0.095	0.367	-0.158	0.578	-0.207
	Y33	0.408	0.443	-0.098	0.457	-0.257	0.395	-0.049	0.498	0.090	-0.124	0.121	-0.072	-0.160	-0.109	0.538	-0.135	0.883	-0.404
	Y34	0.441	0.534	-0.179	0.545	-0.256	0.475	-0.045	0.537	0.101	-0.121	0.139	-0.030	-0.209	-0.075	0.609	-0.179	0.868	-0.513

Source: Own illustration.

Table 12: Cross-Loadings - Retail Banking

		Adaptability	Behavior Control	Salesperson Behav. Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Salesperson Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	Y13	0.803	0.414	0.217	0.337	-0.256	0.382	-0.109	0.359	0.336	-0.115	0.314	0.119	0.175	-0.195	0.369	0.082	0.393	-0.356
	Y14	0.904	0.493	0.086	0.488	-0.293	0.469	0.064	0.568	0.069	-0.163	0.350	0.106	-0.052	-0.201	0.612	0.029	0.486	-0.533
Salesperson Behavioral Performance	Y35	-0.025	-0.087	0.548	-0.305	0.098	-0.044	0.050	-0.307	0.074	0.185	-0.005	0.069	0.344	-0.009	-0.144	0.126	-0.228	0.090
	Y36	0.156	0.152	0.683	-0.068	0.029	0.110	-0.014	0.002	0.130	0.025	0.173	-0.101	0.391	0.065	-0.032	0.352	-0.014	-0.113
	Y37	0.058	0.055	0.797	-0.194	0.026	-0.047	-0.004	-0.070	0.330	0.151	0.151	-0.083	0.465	0.038	-0.144	0.307	-0.195	-0.001
	Y38	0.193	-0.028	0.725	-0.047	0.103	-0.030	0.098	-0.030	0.120	0.019	0.119	-0.117	0.488	0.100	-0.049	0.240	-0.104	-0.071
	Y39	0.203	0.103	0.801	-0.089	0.047	-0.039	0.060	-0.084	0.262	0.104	0.264	0.024	0.510	0.110	-0.096	0.363	-0.118	-0.003
	Y40	0.138	0.090	0.794	-0.037	0.001	0.017	0.083	0.002	0.188	0.085	0.297	-0.042	0.526	0.035	-0.054	0.297	-0.150	-0.123
	Y41	0.135	0.039	0.777	-0.217	0.129	0.030	0.058	-0.086	0.226	0.178	0.178	-0.007	0.527	0.088	-0.175	0.362	-0.223	0.011
	Y42	0.105	0.063	0.639	0.011	-0.042	0.056	0.107	0.014	0.186	0.105	0.358	-0.004	0.380	-0.043	0.042	0.178	-0.069	-0.137
	Y43	0.173	0.053	0.620	-0.009	0.001	0.024	0.017	-0.003	0.203	0.081	0.309	0.012	0.481	-0.061	-0.040	0.274	-0.107	-0.006
Behavior Control	Y20	0.398	0.811	0.125	0.377	-0.164	0.478	-0.131	0.546	0.357	0.124	0.195	0.002	0.204	-0.064	0.392	0.214	0.418	-0.419
	Y21	0.529	0.805	-0.088	0.551	-0.325	0.529	-0.073	0.643	0.164	-0.064	0.194	0.076	-0.036	-0.131	0.629	-0.035	0.601	-0.555
	Y22	0.425	0.759	0.153	0.318	-0.188	0.375	-0.088	0.440	0.257	0.146	0.396	0.040	0.182	-0.131	0.438	0.131	0.425	-0.415
	Y23	0.371	0.787	0.103	0.306	-0.075	0.320	0.013	0.353	0.267	0.170	0.217	0.028	0.192	-0.078	0.337	0.110	0.367	-0.255
	Y24	0.321	0.738	0.045	0.439	-0.059	0.371	-0.077	0.500	0.108	0.088	0.175	0.066	0.006	-0.106	0.432	0.056	0.404	-0.345
	Y25	0.439	0.786	-0.007	0.570	-0.321	0.423	-0.158	0.509	0.150	-0.018	0.297	0.056	-0.061	-0.355	0.484	0.020	0.563	-0.484
Communication	Y19	0.493	0.550	-0.178	1.000	-0.339	0.432	0.018	0.670	0.005	-0.230	0.259	-0.031	-0.055	-0.172	0.714	-0.080	0.638	-0.604
Compensation Control	Y26	-0.322	-0.250	0.067	-0.339	1.000	-0.325	0.320	-0.238	-0.040	0.251	-0.049	-0.093	0.112	0.411	-0.372	0.176	-0.384	0.366
Competition	Y5	0.502	0.538	0.005	0.432	-0.325	1.000	-0.040	0.537	0.239	-0.053	0.054	-0.003	-0.169	-0.244	0.538	-0.149	0.538	-0.574
Consistency	Y17	-0.047	-0.137	0.073	-0.101	0.305	-0.034	0.915	-0.025	-0.064	0.249	-0.017	-0.031	-0.035	0.302	-0.064	0.036	-0.110	0.024
	Y18	0.036	-0.063	0.042	0.152	0.268	-0.039	0.883	0.109	-0.185	0.087	-0.032	-0.066	-0.019	0.360	0.050	-0.019	-0.099	-0.075
Cultural Control	Y27	0.447	0.449	-0.182	0.599	-0.191	0.436	0.051	0.861	0.064	-0.253	0.242	-0.036	-0.091	-0.112	0.660	-0.016	0.570	-0.507
	Y28	0.514	0.660	0.001	0.554	-0.218	0.488	0.020	0.860	0.065	-0.122	0.303	-0.068	0.095	-0.092	0.641	0.117	0.503	-0.555
Dynamism	Y3	0.086	0.075	-0.021	0.037	-0.071	0.223	-0.148	0.112	0.523	-0.108	0.149	0.142	-0.086	-0.239	0.049	-0.182	0.044	-0.042
	Y4	0.206	0.293	0.332	-0.010	-0.017	0.184	-0.093	0.041	0.939	0.273	0.211	0.053	0.301	-0.018	0.061	0.244	0.087	-0.049
IT Sophistication	Y10	-0.152	0.110	-0.028	-0.140	0.170	0.011	0.117	-0.106	0.052	0.736	0.030	0.001	-0.064	0.024	-0.142	-0.046	-0.118	0.084
	Y11	-0.013	0.120	0.018	0.003	0.085	-0.035	0.002	-0.005	0.236	0.220	0.076	0.020	0.082	0.134	0.003	0.044	0.033	-0.059
	Y12	-0.127	0.035	0.245	-0.227	0.223	-0.077	0.191	-0.232	0.210	0.865	-0.011	-0.048	0.190	0.174	-0.231	0.042	-0.145	0.086
Involvement	Y15	0.297	0.299	0.257	0.169	-0.088	0.095	-0.025	0.233	0.250	0.077	0.844	-0.011	0.188	-0.082	0.253	0.100	0.194	-0.216
	Y16	0.319	0.185	0.165	0.250	0.027	-0.026	-0.015	0.271	0.104	-0.072	0.717	0.026	0.185	-0.066	0.167	0.318	0.138	-0.147
Organizational Centralization	Y9	0.129	0.056	-0.028	-0.031	-0.093	-0.003	-0.052	-0.060	0.096	-0.032	-0.022	1.000	-0.062	-0.088	-0.022	0.007	-0.042	0.141
Sales Organization Outcomes	Y50	-0.154	0.025	0.199	-0.173	0.227	-0.114	-0.119	-0.043	0.089	0.000	-0.062	0.005	0.334	0.278	-0.189	0.681	-0.209	0.172
	Y51	-0.001	0.083	0.202	-0.080	0.149	-0.078	-0.123	0.015	0.012	0.096	0.016	-0.017	0.237	0.183	-0.193	0.776	-0.275	0.057
	Y52	0.103	0.089	0.216	-0.021	0.085	-0.140	0.076	0.052	0.061	-0.133	0.166	-0.009	0.326	0.130	-0.036	0.707	-0.113	0.022
	Y53	0.070	0.007	0.174	-0.044	-0.015	-0.016	-0.040	0.238	-0.056	-0.167	0.228	0.045	0.265	0.044	0.035	0.361	0.055	0.020
	Y54	0.195	0.088	0.167	0.080	0.221	-0.104	0.146	0.128	0.134	0.096	0.381	0.035	0.122	0.178	0.042	0.533	0.015	0.042
	Y55	-0.045	-0.070	0.417	-0.061	-0.001	-0.180	0.007	-0.123	0.009	-0.124	0.176	0.055	0.182	0.190	-0.172	0.614	-0.300	0.099
	Y56	0.273	0.229	0.311	0.044	0.067	-0.024	0.113	0.210	0.253	0.039	0.412	0.000	0.184	0.105	0.038	0.617	0.001	-0.087
	Y57	-0.029	0.020	0.358	-0.064	0.068	-0.098	0.188	-0.045	0.248	0.122	0.232	-0.030	0.304	0.082	-0.140	0.502	-0.138	-0.005
Salesperson Outcome Performance	Y44	0.016	0.000	0.568	-0.005	0.063	-0.182	-0.024	0.014	0.089	0.008	0.118	0.010	0.669	0.080	-0.006	0.352	-0.206	-0.012
	Y45	-0.099	0.131	0.308	-0.155	0.133	-0.149	-0.071	-0.033	0.109	0.214	0.114	-0.124	0.779	0.160	-0.095	0.244	-0.146	0.155
	Y46	-0.052	0.041	0.415	-0.073	0.169	-0.195	0.028	-0.028	0.105	0.150	0.171	-0.161	0.772	0.143	-0.063	0.222	-0.068	0.109
	Y47	0.051	0.063	0.377	-0.009	-0.111	-0.014	0.016	0.330	0.054	0.155	0.231	-0.060	0.761	0.005	-0.046	0.227	-0.145	0.074
	Y48	0.172	0.123	0.609	0.057	0.007	-0.030	-0.029	0.009	0.214	0.018	0.231	-0.051	0.719	0.094	0.032	0.301	-0.071	-0.074
	Y49	0.166	0.076	0.526	0.036	0.148	-0.059	0.132	0.071	0.170	0.033	0.284	0.113	0.627	0.166	0.076	0.305	-0.047	-0.048
Predictability	Y1	-0.060	-0.028	0.017	-0.067	0.328	-0.186	0.081	-0.029	0.042	0.135	-0.070	-0.013	0.194	0.731	-0.103	0.250	-0.112	0.234
	Y2	-0.277	-0.238	0.065	-0.192	0.348	-0.212	0.449	-0.144	-0.165	0.117	-0.085	-0.113	0.075	0.891	-0.199	0.184	-0.178	0.186
Professional Control	Y29	0.549	0.573	-0.120	0.636	-0.220	0.481	-0.008	0.684	0.086	-0.186	0.349	0.130	-0.012	-0.187	0.860	-0.075	0.657	-0.556
	Y30	0.461	0.451	-0.193	0.593	-0.350	0.487	0.023	0.623	0.014	-0.158	0.077	-0.110	-0.153	-0.184	0.837	-0.182	0.589	-0.580
	Y31	0.275	0.204	0.142	0.311	-0.323	0.139	-0.086	0.313	0.076	-0.233	0.215	-0.144	0.248	-0.002	0.490	-0.105	0.317	-0.220
Business Strategy	Y6	-0.398	-0.370	0.010	-0.437	0.272	-0.390	0.008	-0.448	-0.048	0.044	-0.119	0.025	0.016	0.160	-0.558	0.147	-0.443	0.713
	Y7	-0.434	-0.493	-0.101	-0.474	0.274	-0.568	-0.104	-0.565	-0.015	0.052	-0.202	0.111	0.020	0.197	-0.495	0.029	-0.489	0.849
	Y8	-0.455	-0.428	0.008	-0.547	0.341	-0.422	0.044	-0.473	-0.078	0.136	-0.246	0.201	0.086	0.242	-0.508	0.001	-0.481	0.851
Self Control	Y32	0.443	0.365	0.019	0.425	-0.354	0.361	-0.173	0.447	0.066	-0.237	0.216	0.025	-0.046	-0.191	0.543	-0.044	0.733	-0.446
	Y33	0.450	0.564	-0.214	0.563	-0.335	0.502	-0.086	0.601	0.111	-0.129	0.162	-0.074	-0.160	-0.163	0.663	-0.250	0.927	-0.514
	Y34	0.426	0.538	-0.266	0.593	-0.296	0.472	-0.063	0.507	0.051	-0.070	0.180	-0.038	-0.194	-0.124	0.609	-0.258	0.840	-0.507

Source: Own illustration.

Table 13: Cross-Loadings - Corporate Banking

		Adaptability	Behavior Control	Salesperson Behav. Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Salesperson Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	Y13	0.699	0.309	0.266	0.255	0.002	0.319	0.060	0.314	0.208	-0.210	0.191	-0.041	0.123	0.016	0.268	0.052	0.393	-0.302
	Y14	0.914	0.533	0.196	0.497	-0.230	0.283	0.100	0.540	0.035	-0.182	0.282	-0.089	0.150	0.095	0.547	0.134	0.591	-0.471
Salesperson Behavioral Performance	Y35	0.072	0.118	0.353	-0.016	0.054	-0.141	-0.059	0.125	-0.044	0.006	0.144	-0.002	0.503	0.077	0.010	0.255	-0.055	0.085
	Y36	0.111	0.117	0.550	0.045	0.157	-0.135	-0.238	0.059	-0.235	0.056	0.146	0.129	0.144	0.283	0.083	0.221	-0.059	-0.135
	Y37	0.207	0.210	0.761	0.044	0.146	-0.187	-0.028	0.009	-0.008	-0.023	0.083	0.002	0.287	-0.003	0.012	0.225	0.006	-0.117
	Y38	0.143	0.148	0.727	0.097	0.082	-0.222	-0.094	0.119	0.059	0.009	-0.032	0.169	0.322	0.122	0.114	0.089	-0.052	-0.003
	Y39	0.120	0.042	0.765	0.034	0.144	-0.242	-0.294	-0.027	-0.157	0.041	-0.061	0.203	0.332	0.112	0.009	0.140	-0.124	-0.002
	Y40	0.242	0.095	0.676	-0.097	0.111	-0.112	-0.026	-0.003	-0.037	-0.098	-0.027	0.109	0.364	-0.046	-0.101	0.075	-0.018	0.003
	Y41	0.227	0.145	0.789	0.064	0.151	-0.148	-0.034	-0.008	-0.140	-0.052	0.025	-0.034	0.354	0.093	0.012	0.196	-0.077	-0.046
	Y42	0.155	0.188	0.616	0.168	0.122	-0.092	0.158	0.024	-0.128	0.049	-0.041	0.086	0.176	-0.136	0.076	0.194	0.024	-0.173
	Y43	0.254	0.241	0.607	0.092	0.153	-0.140	0.055	0.157	0.104	-0.080	0.144	0.185	0.375	0.056	0.096	0.237	0.042	-0.051
Behavior Control	Y20	0.465	0.803	0.155	0.376	0.006	0.369	0.195	0.495	-0.003	-0.043	0.241	0.049	0.369	0.005	0.480	0.167	0.408	-0.277
	Y21	0.346	0.653	0.117	0.282	-0.046	0.189	0.284	0.298	0.123	-0.058	0.089	0.015	0.373	-0.033	0.342	0.158	0.271	-0.116
	Y22	0.373	0.773	0.293	0.222	-0.171	0.118	0.246	0.431	0.118	-0.085	0.117	0.114	0.294	0.077	0.298	0.364	0.420	-0.239
	Y23	0.236	0.734	0.255	0.123	0.002	0.105	0.240	0.266	0.030	-0.046	0.058	0.139	0.285	0.081	0.177	0.379	0.266	-0.124
	Y24	0.499	0.736	0.097	0.472	-0.185	0.449	0.056	0.628	0.075	0.084	0.608	0.092	0.097	-0.010	0.584	0.081	0.568	-0.364
	Y25	0.499	0.758	0.110	0.416	-0.129	0.445	0.056	0.628	0.099	-0.073	0.178	0.021	0.068	-0.094	0.566	0.000	0.567	-0.402
Communication	Y19	0.490	0.421	0.090	1.000	-0.216	0.373	0.118	0.529	-0.007	-0.141	0.245	-0.146	-0.043	0.099	0.682	-0.001	0.582	-0.447
Compensation Control	Y26	-0.175	-0.115	0.196	-0.216	1.000	-0.184	-0.049	-0.343	-0.307	0.231	-0.152	0.165	0.202	0.111	-0.352	0.055	-0.212	0.292
Competition	Y5	0.354	0.370	-0.242	0.373	-0.184	1.000	0.054	0.473	0.083	0.024	0.161	-0.175	-0.135	-0.190	0.493	-0.268	0.504	-0.260
Consistency	Y17	0.085	0.145	0.008	0.033	0.038	-0.013	0.344	0.093	-0.170	0.192	0.068	-0.044	-0.039	0.112	0.149	-0.069	0.038	0.009
	Y18	-0.004	-0.070	0.077	-0.065	0.075	-0.056	-0.488	0.069	-0.252	0.293	0.138	0.003	0.031	0.110	0.043	-0.070	-0.195	0.131
Cultural Control	Y27	0.480	0.489	-0.018	0.485	-0.304	0.501	-0.033	0.862	0.177	-0.060	0.389	0.040	0.049	-0.153	0.699	-0.017	0.469	-0.411
	Y28	0.452	0.547	0.166	0.413	-0.280	0.299	0.074	0.841	0.215	-0.134	0.394	0.106	0.171	0.166	0.649	0.057	0.449	-0.391
Dynamism	Y3	0.098	0.124	-0.182	0.022	-0.252	0.071	0.142	0.218	0.879	-0.209	0.142	-0.061	-0.047	-0.079	0.074	-0.070	0.151	-0.105
	Y4	0.084	0.000	0.097	-0.049	-0.228	0.056	0.012	0.123	0.651	-0.039	0.051	0.081	-0.028	-0.001	0.048	-0.061	0.001	-0.058
IT Sophistication	Y10	-0.222	-0.107	-0.039	-0.120	0.187	0.025	-0.171	-0.158	-0.140	0.957	-0.157	0.006	-0.104	0.051	-0.129	-0.081	-0.176	0.172
	Y11	-0.094	0.158	0.132	0.015	0.197	0.146	0.129	0.043	-0.076	0.317	0.043	0.051	0.183	-0.226	0.012	-0.069	0.002	0.084
	Y12	-0.069	-0.091	-0.030	-0.161	0.113	-0.112	-0.074	0.073	-0.178	0.401	0.118	-0.007	-0.020	-0.003	0.035	-0.067	-0.054	0.119
Involvement	Y15	0.190	0.028	0.140	0.194	-0.074	0.032	-0.109	0.201	0.109	0.014	0.620	-0.037	0.075	-0.002	0.189	0.124	0.013	-0.214
	Y16	0.281	0.233	0.033	0.215	-0.153	0.179	-0.067	0.470	0.118	-0.126	0.949	-0.050	0.156	-0.060	0.403	-0.016	0.137	-0.320
Organizational Centralization	Y9	-0.086	0.098	0.144	-0.146	0.165	-0.175	-0.055	0.084	-0.008	0.014	-0.054	1.000	0.218	0.064	-0.008	0.038	-0.053	0.125
Sales Organization Outcomes	Y50	0.011	0.139	0.175	-0.133	0.019	-0.304	-0.012	-0.017	-0.029	-0.090	0.143	0.128	0.350	0.146	-0.145	0.690	-0.061	0.088
	Y51	0.115	0.236	0.257	-0.018	-0.134	-0.213	-0.121	0.057	0.009	-0.074	0.007	0.022	0.362	0.183	-0.053	0.782	-0.108	0.007
	Y52	0.114	0.090	0.221	0.045	0.078	-0.236	0.136	0.000	-0.010	-0.165	0.116	-0.069	0.198	0.181	-0.103	0.644	-0.008	0.084
	Y53	0.250	0.170	0.130	0.154	-0.166	-0.079	0.038	0.097	0.039	-0.183	0.149	-0.147	0.085	0.191	0.057	0.570	0.048	-0.092
	Y54	0.091	0.276	0.180	0.073	0.232	-0.126	0.103	0.042	-0.170	-0.083	-0.043	0.114	0.246	0.076	0.008	0.774	0.049	0.083
	Y55	0.064	0.215	0.266	-0.056	0.050	-0.248	-0.007	-0.040	-0.036	-0.050	-0.030	0.008	0.307	0.269	-0.082	0.875	-0.010	0.071
	Y56	0.090	0.228	0.247	0.016	0.164	-0.172	0.005	0.001	-0.172	0.021	-0.093	0.034	0.283	0.170	-0.067	0.807	0.042	0.066
	Y57	0.084	0.002	0.048	0.069	0.003	-0.128	-0.106	0.039	-0.222	-0.067	0.184	-0.027	0.177	0.200	-0.051	0.594	0.029	0.051
Salesperson Outcome Performance	Y44	0.245	0.296	0.415	0.022	-0.103	-0.100	-0.188	0.238	-0.289	0.066	0.104		0.593	0.011	0.136	0.354	-0.030	-0.107
	Y45	0.000	0.174	0.230	-0.110	0.164	-0.044	0.048	0.029	0.100	-0.070	0.059	0.229	0.761	0.006	-0.073	0.262	-0.191	0.239
	Y46	0.040	0.285	0.292	0.008	0.196	-0.165	0.058	0.097	0.001	0.010	0.102	0.168	0.831	0.036	0.014	0.275	-0.149	0.092
	Y47	0.092	0.131	0.307	-0.107	0.287	-0.173	-0.138	0.046	-0.090	-0.183	-0.002	0.265	0.754	-0.138	-0.162	0.222	-0.103	0.207
	Y48	0.213	0.304	0.434	0.006	0.163	-0.066	-0.033	0.049	-0.190	0.041	0.068	0.072	0.652	0.096	-0.060	0.217	-0.063	0.016
	Y49	0.152	0.255	0.322	0.007	0.072	0.017	-0.183	0.111	0.020	0.028	0.114	0.057	0.542	-0.013	0.255	0.054		-0.007
Predictability	Y1	0.138	0.008	0.016	0.055	-0.038	-0.055	0.004	-0.032	-0.056	-0.020	0.243	-0.138	-0.074	0.267	0.015	0.090	-0.070	-0.129
	Y2	0.105	0.011	0.097	0.103	0.092	-0.186	-0.006	-0.037	-0.069	-0.006	0.010	0.026	0.082	0.975	-0.068	0.231	-0.019	0.056
Professional Control	Y29	0.438	0.499	0.049	0.595	-0.358	0.380	0.083	0.692	0.097	-0.050	0.522	-0.132	0.046	-0.031	0.820	-0.019	0.429	-0.378
	Y30	0.463	0.427	0.024	0.553	-0.243	0.439	0.048	0.660	0.004	-0.030	0.268	0.049	-0.056	-0.104	0.836	-0.050	0.498	-0.503
	Y31	0.298	0.291	0.099	0.386	-0.187	0.295	0.170	0.419	0.099	-0.197	0.048	0.102	-0.120	-0.040	0.607	-0.142	0.395	-0.214
Business Strategy	Y6	-0.314	-0.228	0.044	-0.313	0.143	-0.184	-0.083	-0.271	0.095	0.141	-0.175	0.051	0.084	-0.054	-0.274	-0.003	-0.351	0.704
	Y7	-0.386	-0.347	-0.147	-0.335	0.199	-0.147	-0.152	-0.367	-0.147	0.104	-0.218	0.127	0.082	0.094	-0.377	0.031	-0.382	0.835
	Y8	-0.471	-0.249	-0.084	-0.427	0.335	-0.287	-0.147	-0.476	-0.163	0.222	-0.394	0.115	0.113	0.078	-0.518	0.113	-0.380	0.879
Self Control	Y32	0.477	0.292	0.061	0.388	-0.038	0.375	0.205	0.284	0.004	-0.096	0.016	-0.099	-0.046	0.054	0.296	-0.005	0.698	-0.218
	Y33	0.537	0.433	-0.023	0.456	-0.193	0.355	0.199	0.430	0.099	-0.140	0.106	-0.045	-0.091	0.034	0.454	0.000	0.887	-0.343
	Y34	0.517	0.598	-0.124	0.564	-0.259	0.493	0.286	0.572	0.163	-0.166	0.151	-0.003	-0.160	-0.074	0.624	-0.032	0.864	-0.516

Source: Own illustration.

Table 14: Cross-Loadings - Private Banking

		Adaptability	Behavior Control	Salesperson Behav. Performance	Communication	Compensation Control	Competition	Consistency	Cultural Control	Dynamism	IT Sophistication	Involvement	Organizational Centralization	Salesperson Outcome Performance	Predictability	Professional Control	Sales Organization Outcomes	Self Control	Strategy
Adaptability	Y₁₃	0.874	0.496	0.171	0.264	-0.123	0.419	0.049	0.471	0.360	-0.151	0.301	0.035	0.101	0.020	0.464	0.055	0.353	-0.341
	Y₁₄	0.858	0.322	0.180	0.389	-0.206	0.426	0.186	0.507	0.108	-0.113	0.301	0.041	0.174	0.016	0.470	0.082	0.342	-0.308
Salesperson Behavioral Performance	Y₃₅	0.124	0.174	0.487	0.029	-0.022	0.039	0.085	0.128	0.033	0.131	0.115	-0.057	0.498	0.201	0.106	0.196	0.036	-0.069
	Y₃₆	0.161	0.284	0.760	0.006	0.151	-0.018	0.270	0.025	0.007	0.158	0.100	0.029	0.468	0.323	0.035	0.419	-0.051	0.029
	Y₃₇	0.210	0.289	0.765	-0.068	0.059	0.083	0.303	0.146	0.187	0.198	0.198	0.016	0.540	0.152	0.190	0.344	-0.076	-0.021
	Y₃₈	0.223	0.199	0.834	-0.080	0.053	0.017	0.232	0.035	0.172	0.156	0.278	-0.007	0.622	0.071	0.036	0.395	-0.256	0.117
	Y₃₉	0.158	0.224	0.855	-0.092	0.143	-0.009	0.412	0.021	0.076	0.295	0.203	0.085	0.651	0.213	0.011	0.477	-0.239	0.138
	Y₄₀	0.046	0.061	0.654	-0.120	0.147	-0.109	0.238	0.057	-0.039	0.299	0.133	0.082	0.450	0.235	-0.083	0.314	-0.117	0.265
	Y₄₁	0.157	0.201	0.733	-0.090	0.022	-0.019	0.193	0.058	0.010	0.199	0.032	0.061	0.568	0.283	0.025	0.379	-0.060	0.170
	Y₄₂	0.059	0.249	0.666	0.052	0.188	-0.062	0.134	0.079	-0.042	0.135	0.030	-0.081	0.503	0.138	0.117	0.333	-0.086	0.139
	Y₄₃	0.147	0.237	0.756	-0.023	0.171	-0.050	0.261	0.153	-0.029	0.199	0.189	-0.019	0.452	0.142	0.068	0.286	-0.143	0.125
Behavior Control	Y₂₀	0.366	0.754	0.110	0.381	-0.142	0.288	0.085	0.472	0.180	0.058	0.183	0.027	0.071	0.010	0.473	0.107	0.451	-0.245
	Y₂₁	0.435	0.805	0.219	0.297	-0.148	0.266	0.176	0.417	0.190	0.131	0.219	-0.071	0.126	-0.040	0.437	0.093	0.383	-0.257
	Y₂₂	0.225	0.774	0.291	0.213	-0.152	0.247	0.093	0.301	0.273	0.037	0.085	-0.023	0.230	0.064	0.310	0.006	0.243	-0.229
	Y₂₃	0.315	0.821	0.365	0.137	-0.149	0.209	0.183	0.353	0.208	0.063	0.170	0.020	0.246	0.087	0.377	0.057	0.251	-0.122
	Y₂₄	0.376	0.812	0.109	0.263	-0.082	0.220	0.032	0.424	0.170	0.117	0.013	-0.006	0.122	0.032	0.399	-0.081	0.460	-0.275
	Y₂₅	0.491	0.774	0.294	0.264	-0.212	0.336	0.149	0.563	0.203	0.068	0.353	0.043	0.191	-0.089	0.555	0.105	0.444	-0.356
Communication	Y₁₉	0.375	0.326	-0.058	1.000	-0.263	0.163	-0.109	0.491	0.039	-0.038	0.202	0.044	-0.049	0.063	0.557	-0.028	0.477	-0.361
Compensation Control	Y₂₆	-0.189	-0.192	0.149	-0.263	1.000	-0.197	0.173	-0.227	-0.098	0.119	0.011	-0.038	0.028	0.264	-0.298	0.061	-0.271	0.157
Competition	Y₅	0.488	0.335	-0.015	0.163	-0.197	1.000	0.013	0.284	0.376	-0.197	0.046	-0.077	-0.064	-0.217	0.330	-0.255	0.454	-0.381
Consistency	Y₁₇	0.163	0.212	0.374	-0.109	0.141	0.089	0.921	0.201	0.012	0.277	0.250	0.038	0.147	0.168	0.077	0.133	-0.063	-0.036
	Y₁₈	0.068	0.058	0.221	-0.086	0.174	-0.083	0.879	0.177	-0.047	0.310	0.351	0.077	0.041	0.205	0.126	0.140	-0.014	-0.031
Cultural Control	Y₂₇	0.507	0.517	-0.055	0.494	-0.312	0.255	0.048	0.894	0.162	-0.176	0.404	0.145	-0.008	-0.024	0.675	-0.006	0.597	-0.524
	Y₂₈	0.509	0.459	0.230	0.392	-0.102	0.256	0.323	0.906	0.091	0.033	0.495	0.053	0.047	0.023	0.619	0.165	0.411	-0.407
Dynamism	Y₃	-0.024	0.144	-0.183	-0.086	-0.045	0.271	-0.081	0.119	0.654	-0.175	0.010	-0.064	-0.210	-0.274	0.093	-0.227	0.127	-0.177
	Y₄	0.376	0.234	0.225	0.114	-0.096	0.296	0.038	0.096	0.834	-0.142	0.090	0.065	0.230	-0.085	0.181	0.084	0.018	-0.074
IT Sophistication	Y₁₀	-0.126	0.086	0.105	-0.019	0.119	0.012	0.214	0.056	-0.086	0.727	0.053	0.068	0.076	-0.070	-0.103	0.248	-0.086	0.068
	Y₁₁	0.014	0.064	-0.052	0.021	-0.003	0.008	0.055	-0.015	0.008	0.424	-0.045	0.003	-0.048	0.050	-0.076	-0.129	-0.080	-0.026
	Y₁₂	-0.154	0.071	0.342	-0.053	0.105	-0.297	0.324	-0.139	-0.253	0.865	-0.030	0.069	0.274	0.278	-0.150	0.342	-0.177	0.278
Involvement	Y₁₅	0.273	0.180	0.044	0.274	0.087	0.052	0.153	0.293	-0.025	-0.126	0.718	0.070	-0.051	-0.028	0.256	-0.016	0.105	-0.243
	Y₁₆	0.295	0.198	0.251	0.097	-0.041	0.029	0.345	0.490	0.117	0.066	0.893	0.061	0.074	0.052	0.425	0.120	0.073	-0.264
Organizational Centralization	Y₉	0.044	-0.001	0.015	0.044	-0.038	-0.077	0.062	0.109	0.014	0.075	0.078	1.000	0.105	0.097	-0.087	0.216	-0.069	0.183
Sales Organization Outcomes	Y₅₀	0.018	0.053	0.367	0.071	0.029	-0.192	0.088	0.044	-0.055	0.328	0.008	0.144	0.359	0.096	-0.106	0.777	-0.201	0.142
	Y₅₁	0.013	-0.016	0.212	-0.126	-0.036	-0.080	-0.107	-0.042	-0.065	0.059	-0.202	0.125	0.235	0.263	-0.153	0.399	-0.146	0.116
	Y₅₂	0.066	0.005	0.291	0.088	-0.015	-0.205	0.222	0.106	-0.029	0.277	0.085	0.191	0.332	0.056	-0.107	0.755	-0.288	0.193
	Y₅₃	0.147	0.068	0.296	0.056	0.075	-0.062	0.105	0.012	0.032	0.072	0.118	0.106	0.253	0.026	-0.003	0.492	-0.102	0.078
	Y₅₄	0.098	0.136	0.394	-0.126	0.067	-0.156	0.118	0.140	-0.077	0.285	0.089	0.195	0.488	0.060	0.006	0.794	-0.147	0.084
	Y₅₅	-0.032	-0.053	0.304	-0.191	0.188	-0.289	0.060	0.045	-0.089	0.028	0.078	0.098	0.390	0.193	-0.106	0.638	-0.281	0.198
	Y₅₆	0.067	0.071	0.460	-0.060	0.003	-0.143	0.114	0.045	-0.013	0.269	0.054	0.097	0.502	0.116	-0.076	0.788	-0.187	0.173
	Y₅₇	0.117	0.179	0.290	0.196	0.002	-0.161	0.074	0.152	0.004	0.150	0.185	0.226	0.273	0.219	0.115	0.592	0.008	0.002
Salesperson Outcome Performance	Y₄₄	0.073	-0.019	0.547	-0.196	0.015	-0.072	0.124	-0.023	0.027	0.194	0.091	-0.013	0.530	-0.006	-0.071	0.426	-0.225	0.186
	Y₄₅	0.007	0.095	0.406	-0.046	0.047	-0.149	-0.021	-0.100	0.055	0.140	-0.039	0.227	0.735	0.244	-0.216	0.335	-0.323	0.215
	Y₄₆	0.035	0.181	0.530	-0.047	0.049	-0.076	0.118	0.073	-0.051	0.264	0.022	0.120	0.825	0.163	-0.007	0.385	-0.215	0.137
	Y₄₇	0.158	0.167	0.457	-0.005	-0.085	-0.044	0.022	0.074	0.090	0.046	-0.091	0.096	0.741	0.152	0.018	0.407	-0.217	0.150
	Y₄₈	0.231	0.235	0.601	0.057	0.087	-0.003	0.094	0.082	0.056	0.132	0.054	0.024	0.783	0.142	0.086	0.440	-0.217	0.046
	Y₄₉	0.162	0.192	0.627	-0.047	-0.014	0.065	0.179	0.129	0.082	0.146	0.135	-0.039	0.689	0.031	0.130	0.385	-0.114	-0.065
Predictability	Y₁	0.047	-0.079	0.164	0.081	0.178	-0.230	0.181	0.007	-0.245	0.147	0.032	-0.015	0.085	0.806	-0.065	0.067	-0.101	0.004
	Y₂	-0.005	0.070	0.245	0.033	0.261	-0.151	0.170	-0.006	-0.140	0.153	0.013	0.158	0.210	0.890	-0.025	0.201	-0.072	0.035
Professional Control	Y₂₉	0.495	0.511	0.008	0.541	-0.307	0.254	0.064	0.663	0.111	-0.079	0.460	-0.029	-0.030	-0.066	0.908	-0.120	0.597	-0.519
	Y₃₀	0.485	0.502	0.108	0.523	-0.290	0.332	0.104	0.627	0.189	-0.172	0.379	-0.087	0.006	-0.041	0.912	-0.114	0.580	-0.613
	Y₃₁	0.230	0.179	0.129	0.101	0.026	0.171	0.129	0.351	0.198	-0.198	0.059	-0.148	0.010	0.021	0.420	0.126	0.251	-0.260
Business Strategy	Y₆	-0.315	-0.285	0.034	-0.255	0.077	-0.231	-0.070	-0.346	-0.066	0.148	-0.289	0.155	0.074	-0.558	0.210	-0.430		0.773
	Y₇	-0.368	-0.201	0.086	-0.274	0.086	-0.297	-0.063	-0.437	-0.179	0.242	-0.275	0.167	0.115	-0.007	-0.462	0.031	-0.382	0.826
	Y₈	-0.242	-0.284	0.194	-0.346	0.210	-0.394	0.034	-0.471	-0.136	0.133	-0.198	0.128	0.068	0.120	-0.498	0.068		0.841
Self Control	Y₃₂	0.218	0.075	0.025	0.179	-0.109	0.044	-0.070	0.183	-0.026	0.006	-0.015	0.138	0.056	-0.095	0.106	0.179	0.187	-0.010
	Y₃₃	0.279	0.344	-0.107	0.325	-0.259	0.306	-0.124	0.427	0.103	-0.184	0.083	-0.090	-0.257	-0.141	0.511	-0.192	0.839	-0.380
	Y₃₄	0.403	0.471	-0.187	0.489	-0.224	0.472	0.021	0.539	0.057	-0.141	0.100	-0.048	-0.280	-0.048	0.612	-0.299	0.922	-0.547

Source: Own illustration.

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