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The interplay between objective and subjective measures of salesperson performance: Towards an integrated approach

Abstract

The frameworks to measure salesperson performance have not advanced in parallel with the degree of transformation of professional selling. To address this issue, research in organizational performance advocates for the use of more comprehensive and integrated measurement frameworks, incorporating both objective and subjective measures. However, in sales research, this integrated approach is rare, with most studies using either objective or subjective measurement. Thus, in this paper, we explore the combined use of objective and subjective measures of salesperson performance. We conduct a systematic review of sales performance and then investigate empirically, through a survey of 207 salespeople and 39 interviews with sales leaders, the specific role played by subjective measures of individual sales performance. A key finding of the study is the widespread use of diverse measures of performance in practice and the limited measurement approaches used in sales research. We contribute by articulating the differences in the conceptualization and operationalization of salesperson performance between industry practice and scholarly research. We propose a set of principles for selecting measures of performance in sales and present a framework that extends current conceptualizations of effectiveness and efficiency by incorporating a third dimension, competency, that also needs to be measured.

Keywords: sales control, sales performance, performance management, performance measurement, professional selling.

In a recent special issue of the Journal of Personal Selling & Sales Management, Hall and Lee (2019, 202) suggest that we have entered an era where sales scholars incorrectly believe that “measurement is done as a topic and that there is little controversy in the field”. We agree with Hall and Lee (2019), as there remain challenges even in the operationalization of the most important construct in sales management research: salesperson performance (Bolander *et al.* 2021). For scholars, the measurement of salesperson performance represents a critical dependent variable in countless studies conducted over the past century (see meta-analysis examples Churchill Jr. *et al.* 1985; Verbeke, Dietz, and Verwaal 2011). For practitioners, measures of salesperson performance are central to monitoring, controlling, coaching and developing sales staff while also playing a central role in corporate performance management (Grafton, Lillis and Widener 2010; Peesker *et al.* 2019). Yet, despite its importance, the measurement of salesperson performance remains highly contested. Discrepant definitions of salesperson performance and its constituent dimensions, and the complexity in operationalizing the construct continue as well-known tensions in the literature (Ahearne and Lam 2011; Bolander *et al.* 2021).

While the role of professional selling continues to evolve, often reacting to shifts in product complexity, buyer expectations and changing technology (Flaherty *et al.* 2018; Marcos Cuevas 2018), research into sales performance measurement frameworks has been sparse and mostly limited to the role performance measures play within sales control systems (Challagalla and Shervani 1996a; Miao and Evans 2012; Zang *et al.* 2019). This narrow lens, while informative, has resulted in a lack of integration between the organizational performance management and sales performance literature, and a widening gap in scholarly knowledge related to performance measurement selection.

Within the organizational performance measurement and management literature, there is general agreement regarding the use of more comprehensive performance measurement frameworks that better represent the breadth and depth of the performance construct. These frameworks also better address situational contingencies, improve measurement informativeness and often mitigate negative behavioral outcomes associated with the exclusive use of any single type of performance measure (Bourne, Kennerley and Franco-Santos 2005; Hall 2008; Graf *et al.* 2019). Conversely, 97% of sales research conducted over the past decade has operationalized salesperson performance through the exclusive use of one measurement type (table 1) and academic discourse within the literature continues to incorrectly infer the same construct is being operationalized across sales studies regardless of how performance is conceptualized (Rich, Bommer, MacKenzie, *et al.* 1999; Bolander *et al.* 2021). In addition, sales research into the use of more comprehensive performance measurement designs has been limited to investigations of sales control combinations (Zang *et al.* 2020), where measures play only a partial role, inextricably linked with reinforcement mechanisms (Challagalla and Shervani 1996b).

Insert Table 1 About Here

While the widespread adoption of CRM has begun to catalyze research into the use of secondary (objective) data for operationalizing the salesperson performance construct (Bolander *et al.* 2021), the potential role of subjective measures, together with objective ones, in providing a more integrated approach to salesperson performance measurement remains a topic in need of further investigation. By *subjective measures*, we refer to the evaluation of salesperson traits, behaviors and sales capabilities (see table 2). Also, we include performance narratives, and the social construction of the achieved level of performance (whether in line with expectations or otherwise). Subjective measures are typically non-financial and can include customer-related

dimensions such as customer satisfaction and orientation. Some subjective measures are more easily measurable, whilst others are not. Unlike *objective measures* of performance, such as revenue versus quota, generally accepted as the gold standard in top tier marketing journals, the flexibility offered by subjective measures may make them better equipped, from a construct validity perspective, to address the increasing market volatility, longer sales cycles and other characteristics of today's selling environment (Mackenzie, Podsakoff and Fetter, 1993; Sujan, Sujan and Bettman, 1988). In addition to financial results, other examples of objective measures include expense management (variance to budget), customer retention ratios and the number of accomplished selling activities (No. customer contacts, demonstrations, and other CRM metrics).

Insert Table 2 About Here

Within this backdrop, our objectives in this article are twofold: First, to establish a clear understanding of the advantages and disadvantages in the use of subjective measurement and the outcomes associated with it. To tackle this objective, we first conduct a systematic review of both the sales control and organizational management literature. We address the use of subjective measures of performance and its impact. In so doing, we capture the set of behavioral, psychological, role-related, psychometric and business outcomes associated with the use of subjective measures.

Our second objective is to explore the use of subjective measures in the conceptualization and operationalization of salesperson performance in industry practice, with a particular focus on the integration of subjective with objective ones. To address this objective, we conduct empirical work to explore industry practice related to which measures of salesperson performance are currently in use and the underlying rationale in their specific use. We present two interrelated investigations: (1) a survey of 207 business-to-business salespeople, and (2) semi-structured

interviews with 39 sales leaders. Finally, we compare and contrast academic and practitioner perspectives, putting forward a set of recommendations for the integration of objective and subjective measurement for sales researchers and a set of salesperson performance design principles for practitioners.

As a result, we make three contributions: (1) We present a theoretically-informed, empirically-grounded, case for the adoption of subjective measures, in conjunction with objective metrics in salesperson performance research and practice. In so doing, we highlight the limitations associated with current definitions and operationalizations of salesperson performance in sales research and practice; (2) we connect the sales control and the organizational performance management literature, to establish a typology of the positive and negative outcomes associated with the use of subjective measures of performance; and (3) we provide recommendations to sales researchers and practitioners to better integrate objective and subjective measures and as a result, reduce measurement error and increase measurement informativeness. We argue that this integration is crucial within the context of a more dynamic selling environment and the increasing complexity of the sales role, which nuances are better captured by subjective measures.

The remainder of the article is structured in five further sections: First, we report the methods and synthesis of a systematic review of the measures used to evaluate salesperson performance. We then present two studies, the analysis of survey data and semi-structured interviews with sales leaders, before discussing the implications of our findings for practice and sales research and outlining some limitations.

A systematic review of the measures used in salesperson performance

To understand the role of subjective measures and their interplay with more traditional objective measures of performance, we pose two questions within our systematic review: 1) how has the literature operationalized the individual performance of salespeople over the past decade, and 2) what are the outcomes associated with the use of subjective performance measurement? Within this study, we make an important distinction between *salesperson performance* and *sales performance*. The former refers to the set of dimensions associated with an individual's ability to succeed in her/his role. Conversely, sales performance, akin to sales effectiveness, refers to the extent to which a salesperson achieves a specific sales outcome versus a specific sales quota (Bolander, et al., 2021). Because the two conceptualizations are often used interchangeably, despite how they are operationalized, our systematic review captures articles that include both constructs.

Operationalization of the salesperson performance construct in sales research

To gain an understanding of the use of measures in conceptualising and operationalizing the construct of salesperson performance in sales research we conducted an extensive review of sales performance studies from the last decade (i.e., 2009-2020 inclusive). We followed similar search and filtering procedures to those adopted by Verbeke et al. (2011) in their meta-analysis of sales performance. Using this approach, we identified 273 potential papers. A review of each manuscript was undertaken to eliminate research papers that were conceptual or qualitative or where sales performance is applied at a level of analysis other than the individual salesperson (e.g., transaction/deal level, departmental level). In total, we eliminated 124 studies, leaving 149 studies (i.e., 10 doctoral dissertations and 139 published papers) for review.

Table 1 summarizes how salesperson performance has been operationalized over the past decade (2009-2020) along with the sampling method employed. Our data suggest that subjective measurement has played a central role in sales performance research over the past decade, used in 73.8% of studies, either exclusively (71.1%) or in conjunction with objective measures (2.7%). Their use is particularly evident in cross-firm studies, where it is used in 95.1% of them, underscoring the challenges in collecting financial performance data from a wide cross-section of firms due to organizational privacy concerns (Charoensukmongkol, 2020). Conversely, when case studies sampling is employed by researchers, objective measures were utilized in 56.9% of studies. Subjective, self-evaluations of performance have been the most widely used measurement in sales research, representing 60.4% of all studies, compared with 14.8% using subjective management evaluations and 28.9% incorporating objective measures of performance. Finally, we note that only 3.4% of studies used multiple approaches to salesperson performance measurement.

Outcomes associated with subjective measurement

To conduct this phase of our review we followed the steps proposed by Denyer and Tranfield (2008). An initial search was run against the ABI/Inform Global database to confirm search result quality. Final queries were performed against ABI/Inform Global, Business Source Premier, Science Direct, Web of Knowledge as well as dissertation databases in North America (NDLDT), UK (eTHOs) and Europe (DART). Several filtering criteria were used to guide the initial selection of relevant sources. First, only English-language articles were accepted. Second, we set our timeframe within the last 25 years to reflect the change in the nature and focus of performance measurement and the technology used to collect and measure performance in sales. We also reflected on key milestones in the performance management field. For example, the introduction of the Balanced Scorecard (Kaplan and Norton 1996) advocating the use of a

diverse set of performance measures. Following this, the breadth and depth of the performance management domain increased substantially compared to more limited views related to control and compensation before 1996.

In total, 1166 potentially relevant articles were identified. Article titles and abstracts were validated, and duplicates eliminated, resulting in the discard of 1020 papers. The remaining 146 papers were subjected to a full manuscript review where 77 studies were further deemed not relevant to the research question. Finally, a quality assessment adapted from Huff (1999, 157), was conducted on the remaining articles. Quality screening eliminated 14 articles, leaving 55 for inclusion in the review. To ensure we also captured insights from key seminal papers missed during our keyword search, we implemented a snowballing procedure (Jones *et al.* 2005), reviewing the reference list of all 55 papers for important studies. Because a number of these articles were published before the 1996 date limit placed on our keyword search, we chose to waive this constraint and include these additional articles as a way to enhance the theoretical foundation of our review. Snowballing produced 33 additional studies, resulting in a total article count of 88 papers.

To synthesize our findings, we established a dataset that captured the type of subjective measurement interventions undertaken within each selected study and the positive or negative outcomes observed. This type of synthesis is grounded in *design science* (Becher and Trowler 1989), often used to solve *what* and *how* field problems (Denyer, Tranfield and van Aken 2008). In total, 120 intervention-outcome dyads were captured from 55 studies (Table 2). Outcomes associated with the use of subjective performance measures can be grouped into five categories, with the number of dyads for each noted in square brackets: (1) behavioural-task outcomes [28]; (2) psychological outcomes [38]; (3) role-related outcomes [11]; (4) business outcomes [10]; and (5) psychometric/measurement validity outcomes [21]. We discuss each of these in turn.

Insert Table 3 About Here

Behavioral-task outcomes. The use of subjective measures of performance is associated with increases in specific behaviors and focus on tasks. For example, several scholars observed increases in administrative or regulatory-related tasks that may have otherwise been neglected (Ittner and Larcker 2002; Onyemah, Rouziès and Panagopoulos 2010), while other researchers noted increased levels of relationship-related behaviors such as teamwork, organizational citizenship and customer-oriented selling behavior with the use of behavior-based, subjective measures (Oliver and Anderson 1994; Onyemah, Rouziès and Panagopoulos 2010). These relationships, however, are somewhat mitigated by lower levels of role-related procedural knowledge (Jaworski and MacInnis 1989) or when the targets associated with these measures are considered of high difficulty (Fang, Evans and Zou 2005).

Psychological outcomes. Psychological outcomes associated with the use of subjective measures include employee satisfaction, motivation, commitment and trust. The use of subjective measurement is found to be associated with increased levels of employee satisfaction and organizational trust given the transfer of outcome risk to the organization and the higher level of control employees have over these measures, particularly under increasing market uncertainty (Lau and Martin-Sardesai 2012; Wiemann, Meidert and Weibel 2019). In terms of motivational associations, subjective measures appear to have an inverse relationship with extrinsic motivation and a positive relationship with intrinsic motivation when used for diagnostic and feedback given that they offer a rich set of competency-related information in support of self-development and exploratory learning (Onyemah, Rouziès and Panagopoulos 2010; Katsikeas *et al.* 2018).

Role-related outcomes. Given the high level of informativeness associated with subjective measures, various scholars have observed a relationship between the use of these measures and lower levels of role ambiguity (Challagalla and Shervani 1996a; Marginson *et al.* 2014; Dewi *et al.* 2017), particularly when used in conjunction with secondary (activity) measures (Miao and Evans 2012).

Business Outcomes. Overall, empirical findings related to the use of subjective measures and business outcomes are limited and somewhat equivocal. There is some evidence that indicates the use of subjective measures may be associated with stronger customer relationships (Loning and Besson 2002) as well as financial performance when combined with financial outcome-based measures (Lau 2011). However, these studies do not establish the weighted importance of each measurement type.

Psychometric/Measurement Validity Outcomes. Psychometric outcomes are concerned with the reliability and validity of the measures being utilized. Numerous biases associated with the use of subjective measurement have been documented including rating compression, where little variance in employee evaluation is found (Bol 2011), halo effects, where subjective measurement error increases due to the results of other measures or past performance (Ittner, Larcker and Meyer 2003), and rating leniency, where supervisors assess subjective measures higher than the true score (Bol 2011). While many of these biases can be addressed through improved supervisory evaluation training (Landy and Farr 1980), several are associated with the context in which the measure is being used. For example, subjective measures have primarily been studied in terms of their appropriateness in compensation and reward setting within the annual performance evaluation processes. Ittner, Larcker and Meyer (2003) argue that subjective performance measures are a poor choice for compensation decision purposes as they can lead to increased measurement bias, as sales management subconsciously favor financial outcomes

during compensation decision processes. Similarly, when used for corporate-led performance evaluation, subjective measures are associated with higher levels of supervisory rating leniency, particularly amongst lower performers (Moers 2005; Bol 2011). Conversely, Gibbs *et al* (2004, 411) note that the use of subjective measures for incentive payout decisions is associated with lower levels of manipulation (i.e. gaming) versus the use of financial outcomes, which are more susceptible to manipulation because “they inadequately account for some dimensions of a person’s job.”

In summary, the use of subjective measures has a range of outcomes. First, with some notable exceptions, such as customer satisfaction, subjective measures of performance are primarily competency and behavior-based representations of salesperson performance used to assess how the sales role is being carried out rather than the results achieved. This offers numerous advantages. First, subjective measures are more controllable by salespeople as they are a reflection of behavior and ability rather than extraneous factors, such as product competitiveness or territory difficulty (Cravens and Woodruff 1973; van der Kolk, van Veen-Dirks and ter Bogt 2019). This is particularly true under increasing levels of market uncertainty or organizational interdependence where confounding factors are at their highest (Gibbs *et al*. 2004). Second, subjective measures offer critical diagnostic information for employee development discussions supporting higher levels of intrinsic motivation (Joshi and Randall 2001). In addition, when used in conjunction with objective measures, (either outcome or activity measures), they are associated with lower levels of role ambiguity (Miao and Evans 2012).

In capturing competency and behavior-related information, subjective measures offer a broader, more complete representation of the salesperson performance phenomena, while being sufficiently flexible to align to the firm’s selling environment and strategy (Ittner, Larcker and Rajan, 1997). For example, firms employing key account management and team selling

strategies may utilize subjective measures to evaluate organizational citizenship levels (Piercy *et al.* 2006) or the leadership competencies of their key account managers (Gibbs *et al.* 2004).

At the same time, however, subjective performance measures offer several disadvantages in their implementation and use. First, subjective measures are susceptible to bias, which threaten construct validity, measure informativeness and perceived fairness if not appropriately addressed, before evaluation (Landy and Farr 1980). For example, self-evaluation methods often ask salespeople to consider their performance relative to colleagues, a problematic exercise when salespeople work alone, in separate territories. Similarly, management evaluations must often rely on artificial observational situations, such as when a supervisor accompanies a salesperson on a sales call. In both cases, the rater is often forced to use other criteria to make judgements, such as known monthly quota achievement rankings, increasing halo bias effects (Landy and Farr 1980). Finally, the validity of subjective measures is often contingent upon the purpose of the measurement exercise. For example, measures used for employee development offer greater validity than when used for compensation or formal corporate performance evaluation purposes. The latter is known to suffer from both rating compression and halo biases (Ittner, Larcker and Randall 2003; Moers 2005).

An empirical examination of salesperson performance in practice

Having grounded our study in current literature, we now explore, using mixed methods, the breadth of performance measures currently in use and the rationale behind these measurement selection decisions, paying particular attention to the role of subjective measures.

Investigating how salespeople perceive their performance is evaluated: A quantitative survey

We first surveyed to understand performance measurement usage, establishing an initial item pool of potential measures of salesperson performance based on our systematic literature review.

Items needed to be sufficiently specific to offer inter-item discrimination (Marshall, Moncrief and Lassk 1999), yet, general enough to incorporate sector or role-specific idiosyncrasies without generating a needless number of additional measures. For example, “selling activity” might be represented by the number of sales presentations made per week in one organization and by the number of phone calls made per week in another (Bolander *et al.* 2021). We pre-tested our list with an expert panel of 12 academics and industry practitioners (i.e., sales managers, salespeople and sales consultants) resulting in a final item pool of 23 distinct measures of individual sales performance (table 3).

Sample and Data Collection. Our sample frame for this study included B2B salespeople working in predominantly English-speaking organizations with 100+ employees, as there is evidence that larger organizations are more likely to utilize formal sales performance measurement systems (Franco-Santos 2007). Within the sales literature, samples of salespeople from a wide cross-section of organizations has normally been attained either through the use of rented lists or survey panels (Peasley *et al.* 2020). The use of a rented list was considered sub-optimal given the potential of outdated contact information and the risk that many potential survey participants could not be contacted without violating anti-spam legislation in one of the three countries we were targeting (i.e., Canada). The use of a survey panel, while allowing email invitations, would increase sample bias given the small subset of the target population who agree to participate in such panels and the standard use of monetary incentives by panel owners to gain this agreement.

As an alternative to both these approaches, we chose to collect survey data using a premium, paid-messaging feature of LinkedIn. We provide a comparison of this data collection method against traditional list rental and survey panel usage in table 1 of the web appendix. Unlike panels and rented lists, which are limited by the list/panel broker’s ability to compile a

representative sample of salespeople, LinkedIn's underlying sample of B2B salespeople is far more representative of the population given the ubiquitous use of the platform by sales professionals (71% of all B2B salespeople as of 2017) and the reduced bias as no monetary incentives are given (Hanson and Sharpe 2019). Similar to rented and panel lists, LinkedIn also allowed us to target potential survey participants based on a set of desired criteria, including industry sector, job title (e.g., account executive, sales representative, etc.) and organizational size (i.e., the number of employees). In addition, because LinkedIn is used by salespeople for daily prospecting activities, personal information is self-updated regularly to ensure prospects have up to date contact details. Finally, the use of LinkedIn's electronic messaging platform does not violate anti-spam legislation, allowing for the use of digital invitations and web-based survey platforms. There are increasing examples of social media platforms used for data collection given the advantages they provide (Charoensukmongkol and Sasatanun 2017). In addition, several scholars have noted the specific benefits of using LinkedIn for hard to reach groups, such as salespeople (Aichner and Perkmann, 2013; King, Rourke and DeLongis, 2014).

Using this data collection method, we adopted a stratified sampling strategy (Black 1999) by prorating our distribution of 1100 survey invitations against the size of each industry sector (based on 2018 industry NAICS counts) through the establishment of a separate LinkedIn messaging 'campaign' for each sector (i.e., Manufacturing, Wholesale or Business Services sectors). Each targeted LinkedIn message included a statement explaining the purpose of the research, the importance of participating, the anonymous nature of the data collection process, and an offer to receive a summary report of the study findings which could be shared with their organization, and a link to our survey. From this invitation, 231 survey responses (21.0%) were received. Non-response bias was measured by comparing early survey responders to late responders (Armstrong and Terry 1977), with no significant differences identified. After

eliminating records with insufficient survey data and those not passing quality checks, 207 usable responses remained for further data analysis.

A profile of our survey sample can be found in table 2 of the web appendix.

Measures. To quantify the use of each of the 23 measures, respondents were asked to rate, on a 7-point Likert scale from 1-*never used* to 7-*always used* the extent to which they believed their supervisor used each performance measure to identify them as a high, medium or low sales performer. To account for situational differences across respondents, three situational variables (i.e., sales tenure, selling role, compensation structure) were included in the study. Sales tenure was measured using a single-item representing the number of years each respondent had worked in their current or similar role. Selling role was represented by a single-item measuring the per cent of a respondent's time spent *farming* existing customer accounts (versus *hunting* for new accounts). Compensation structure was included in the survey given the reinforcement role it plays within sales control systems (Challagalla and Shervani 1996b). It was measured using a single-item, measuring the per cent of a respondent's total annual compensation that was *fixed-pay* (versus *variable-pay*).

Establishing Performance Measurement Categories. To more easily understand the use of measurement amongst respondents, we conducted a principal component analysis to establish a set of natural measurement categories observed within our data. Given the exploratory nature of our analysis, we maintained items that had a 0.6 load factor or greater and cross-loadings less than 0.2 (Field 2009), eliminating two items from our original item pool. In total, six factors emerged, representing the following individual performance measurement categories: (1) Salesperson traits and behaviors, (2) Salesperson skills; (3) Salesperson knowledge; (4)

Customer outcomes; (5) Salesperson activity; and (6) Financial outcomes. We summarize these in table 4.

Insert Table 4 About Here

Our goal was to understand the different objective and subjective performance measurement combinations currently in use, using the measurement categories identified from our principal component analysis. To clearly distinguish between objective and subjective measures we introduced a seventh measurement category by subdividing our *customer outcomes* measurement category, into two smaller subcategories: *customer retention* and *customer satisfaction* given that, in practice, customer retention is measured using (objective) billing and subscription data while customer satisfaction is often assessed through subjective customer surveys (Rust and Zahorik 1993).

To establish whether a particular measurement category was considered to be *in use*, we looked to see if any individual performance measure within a performance measurement category was ranked as 5 or higher on the Likert score (i.e., *often, very often or always used to measure performance*). If one performance measure within a measurement category met this criterion, the overall category was considered to be *in-use*, regardless of the status of other measures within the category. For example, if a respondent indicated that *presentation skills* were being used by their supervisor to measure their performance (i.e., presentation skills was scored 5 or greater) then the performance measurement category *salesperson skills* (where presentation skills were categorized) was identified as *in-use*. Using this method, we assigned binary values (1 = in-use; 0 = not in-use) to each of the 7 measurement categories, generating a 7-digit combination of 1's and 0's for each survey respondent. To calculate the number of

performance measurement category combinations in use within our dataset, a frequency count of all 7-digit combinations was conducted in SPSS.

Findings. In total, 51 different performance measurement combinations were identified with 59% of respondents residing in the top 8 most commonly used combinations. A complete frequency distribution of all 51 measurement combinations is provided in table 3 of the web appendix. Only 26 respondents (12.6%) indicated that they work for organizations with combinations that do not include financial performance measures. The majority of respondents (85.0%) indicated that their organization utilizes both financial and non-financial measures to evaluate salesperson performance, suggesting that a high degree of measurement diversity exists within B2B sales organizations. The largest measurement combination, representing 15.0% of respondents, indicated that all seven measurement categories were in use to measure performance.

The use of subjective measures for performance evaluation was also extremely high, with 95.7% of respondents residing in a combination that included the use of at least one subjective measurement category. Salesperson capabilities, including skills (81.2%), knowledge (82.6%) and personal traits & behaviors (81.2%) were all frequently used in respondent organizations. The least used subjective measure is customer satisfaction, by 37.7% of respondents.

In examining the implicit control orientation of the measurement categories in-use, 91.8% of respondents fell into one of two control combinations, outcome + capability control (34.3%) and outcome + capability + activity control (57.5%). Only 7.7% of respondents indicated a purely behavior-based (5.3%) or outcome-based (2.4%) control orientation based on the performance measures in-use. We also tested whether or not the measurement category combinations in-use were associated with selling experience, sales role focus (i.e., per cent time

spent farming versus hunting) or compensation structure (i.e., per cent of compensation fixed versus variable). Given the wide dispersion of measurement combinations found in our dataset, we focused this analysis on the top 8 measurement combinations. Neither sales role $H(7) = 7.01$, $p > .05$, sales experience $H(7) = 6.11$, $p > .05$, nor compensation structure $H(7) = 2.00$, $p > .05$ was significantly associated with the performance measurement combination respondents resided in.

Since 91.8% of respondents resided in one of two control combinations, we compared respondents residing within these two combinations. Sales experience ($Mdn = 9.5$), role focus ($Mdn = 70.0$) and compensation structure ($Mdn = 60.0$) for those respondents residing in output + capability control combinations did not differ significantly from the sales experience ($Mdn = 5.5$, $U=3717$, $z = -1.386$, $p > .05$, $r = -.10$), role focus ($Mdn = 50.0$, $U=3564$, $z = -1.807$, $p > .05$, $r = -.13$), and compensation structure ($Mdn = 60.0$, $U=4018$, $z = -.568$, $p > .05$, $r = -.04$) of Outcome + Capability + Activity control combination respondents.

Exploring how sales leaders evaluate salesperson performance: Semi-structured interviews

To validate our survey findings and deepen our understanding as to why specific measurement combinations are used in sales organizations, we conducted interviews with 39 sales leaders from across Canada, the US and UK. Purposive sampling (Guarte and Barrios 2006) was utilized to identify leaders from a cross-section of business-to-business industry sectors who were wholly or partly responsible for the design or management of their organization's sales performance measurement systems. A profile of the sales leaders interviewed is included in table 4 of the web appendix.

Interviews provided an opportunity to explore the full range of potential views related to performance measurement, including situation-specific lines of enquiry (Kvale 1996). We

adopted a semi-structured approach, which provided a flexible and well-suited method for understanding: (1) how sales leaders conceptualize individual performance in sales; (2) what measures they utilize to evaluate this performance; and (3) the factors considered when making individual performance measurement decisions. To gather these accounts, interviews were conducted with a low degree of structure (King 2004), and driven by an emphasis on detailed explanation-building (Denzin and Lincoln 2005). Interviews lasted between 45 and 60 minutes and were conducted in either Zoom or MS Teams. For coding consistency, transcribed audio files were coded, by one interviewer, using the qualitative data analysis package NVivo. An inductive content analysis approach (Patton 2002) was adopted whereby themes were allowed to emerge without pre-imposing a coding structure. Portions of interview text identified as representing relevant concepts were coded and labelled, and through an iterative process, emerging themes were organized into higher-order categories. The NVivo software helped organize “the main themes, issues, problems, and questions in each interview” (Dutton and Dukerich 1991, 523-524).

Findings. Our interview findings can be grouped into two broad themes: (1) how sales leaders conceptualize and operationalize individual sales performance and the role played by subjective measures in this regard; and (2) what factors are considered in selecting and using measures of salesperson performance. Tables 5 and 6 summarize the number of references made by interviewees concerning operationalization and subjective measurement use, while table 7 provides a count of interviewee references regarding the factors used when making measurement decisions. We now review our findings for each of these key themes.

Insert Tables 5, 6, 7 About Here

Conceptualization of individual salesperson performance. We found unanimous agreement that, first and foremost, individual salesperson performance is, fundamentally, about meeting the assigned sales quota within a particular time period, generally quarterly and annually to match the budget cycle of the firm. As such, 100% of the sales leaders indicated their use of revenue to quota ratio in evaluating salesperson performance. To challenge this universal opinion of salesperson performance, interviewees were asked if required to identify their top salespeople, whether they would simply review a ranking of their salespeople based on a revenue to quota ratio. Interestingly, a majority of sales leaders (85%) indicated that they would not adopt this approach, acknowledging the importance of other dimensions of performance, including customer satisfaction (23%), selling skills (80%), behavioral orientation and work attitude (54%), and the effectiveness in managing the sales pipeline and/or specific deals (8%). Table 5 summarizes the references used to describe the types of measures utilized to conceptualize sales performance. While these findings are consistent with behavior and outcome-based representations of performance, extensively covered within sales control theory (Anderson and Oliver 1987; Jaworski and MacInnis 1989), our observations suggest that, in practice, performance measurement considerations are far more nuanced than the extant literature would portray.

First, sales leaders indicated that sales performance measures are required to support three major assessment purposes: (1) quarterly/annual HR-driven corporate planning and performance processes; (2) weekly/monthly sales control processes and (3) employee development. Thus, we were able to infer from the data two complimentary but distinct conceptualizations of performance: *performance* and *performing*. The *performance* dimension is most closely aligned to conceptualizations used within sales research (Verbeke, Dietz and Verwaal 2011) and is primarily used to provide a point-in-time (usually quarterly or year-end) assessment of individual

performance. As a result, measures utilized to represent this dimension are sourced from audit-worthy corporate systems or customer satisfaction surveys. These typically utilize quarterly/annual corporate budget and planning cycles, irrespective of the length of the selling cycle.

While there was general agreement amongst sales leaders that outcome measures were the primary method of assessment for this dimension of performance, there remained some debate as to whether these outcomes should be purely financial (77%) or a combination of financial and customer (satisfaction) outcomes (23%).

It's very clear. At the end of the day, if nothing else, we just need you to hit your numbers. (D1).

It is specifically about hitting the targets and customer satisfaction...it's those two things together that I find are really important. (L1)

One surprising finding from our interviews was the lack of consideration given to ensuring that selected measures were aligned to other elements of the firm's sales control systems. Specifically, we expected that sales leaders who utilize higher levels of fixed-pay (i.e., base salary), would be more likely to select behavior-based measures (Anderson and Oliver 1987), namely activity and capability-focused measures. Conversely, sales leaders who use higher variable pay (i.e., bonus or commission), would focus on outcome-based measures. However, this was not the case. The level of fixed compensation used in our sample ranged from 30-70%, while all interviewees acknowledged their reliance on outcome measures (financial only or financial + customer satisfaction) in their assessment of the *performance* dimension.

While subjective measurement plays a prominent role in assessing customer satisfaction, sales leaders indicated that subjective measures have an additional role to play when assessing the *performance* dimension. Organizations appear to be increasingly less tolerant of salespeople

who achieve results through any means. In other words, *how* sales are being achieved is becoming more important relative to *what* is achieved. In this regard, subjective measures are being utilized to validate and understand the ‘story’ behind the numbers (59%), illuminating how salespeople engage both their own organization and their customers in their jobs. For example, some salespeople regularly meet or exceed their targets with little regard to how their behaviors affect their organization or their customers over the long term. In these cases, several leaders noted that the salesperson would likely not be given a high-performance rating, underscoring the importance of non-outcome related performance metrics.

They [the salesperson] may be selling machines but they want you to do their paperwork and clean up their messes... and they leave broken bleeding bodies in their wake. (L1)

If you want to be viewed by clients in the most favorable light possible, you want to make sure that you are in a place where you are evaluating [sales] people on how they treat other people in the broadest sense so that they know what's important and hope that that attitude transcends to customers. (J1)

Sales leaders indicated that they often must make quick staffing decisions given the revenue needs of the firm. Subjective measures are often relied upon to critically evaluate potential misleading conclusions generated by the use of outcome measures for new hires. For example, the activities and capabilities of a new salesperson may be meeting departmental objectives, however, financial results are below expectations due to a key client restructuring or a lack of product availability within the performance time-interval. Subjective measures thus provide the flexibility to understand the ‘story’ behind deviations from financial targets, avoiding incorrect decisions, such as releasing a strong salesperson prematurely.

They [new salespeople] may not make their number early on, but they're doing all the right things to get there... some people take a little bit longer to become a really good sales rep... I don't want to throw the baby out with the bathwater. (L2)

In contrast to *performance*, the *performing* dimension was described by sales leaders as the regular assessment cadence of salesperson activities and capabilities. Measures of *performing* appear to be used for a wide range of purposes, such as self-monitoring, employee development, and for forecasting future outcomes. They include both objective measures, captured by the firm's CRM system (i.e., pipeline/activity data) and subjective measures, collected during formal and informal conversations and observations. We discuss both of these in turn.

Performing is monitored and evaluated far more frequently. For example, our findings indicate that both salespeople and management make extensive use of activity-based measures daily, weekly and monthly to monitor progress, forecast end of period performance and adjust selling priorities at different points in the sales cycle to increase the probability and efficiency of quota attainment (41%). This is done both at a pipeline level and, for more complex sales, at a transaction (deal) level.

We use seventeen metrics that have been refined over hundreds and hundreds of deals. It provides us with an eighty-seven per cent chance [on whether or not] we're going to win or lose that transaction (C1)

Outcome performance is predicted by comparing pipeline conversion ratios against desired ratios. Sales leaders indicated that activity measures are also used for sales efficiency-related coaching discussions.

You must coach to success...you start to assess, you look at their activities, you look at the funnel (sales pipeline) ...and once you start to dissect all of that, you're able to see what you have, is there a real challenge here and what needs to change? (D1)

While acknowledging the benefits of using activity-based measures to increase selling effectiveness in this manner, several interviewees identified challenges in their use. First, to be effective, CRM systems need a vast amount of data to be entered by salespeople. Many salespeople find this to be burdensome and are unwilling to invest time in it unless they see

personal value in this effort rather than strictly for compliance.

When CRM came into the world, reps resisted. They didn't want anyone taking their data. These are my customers. Right. But then what happened? They mandated it and that didn't work. But what happened was they started adding value [for the rep]. Allowing reps to track my contacts, track my emails. Track messaging sent by Marketing, so reps started using it. If it becomes too administrative for the rep – they won't use it. (C5)

Second, because the data residing within a CRM system is salesperson generated, it can be highly biased. For example, salespeople have the power to add or defer the addition of new prospects into the system or arbitrarily decide when a deal moves from one stage of the selling cycle to the next stage. These discretionary decisions can significantly impact the ratios used by management to assess pipeline progress. Thus, what appears as objective reporting is susceptible to salesperson subjective evaluation and gaming.

In contrast to the sales efficiency focus of activity-based measures, subjective measures are primarily used to assess the selling competencies dimensions of *performing*, not possible with objective measures (33%). For example, several sales leaders discussed using subjective measures regularly to evaluate progress against critical firm sales strategies, such as the leadership skills important in managing key accounts (Guesalaga *et al.* 2018) or the organizational citizenship behaviors important in team selling (Raza *et al.*, 2018).

Do you have that mindset of a general manager? Do you understand collaboration, people, management, the ability to orchestrate multiple components of a total solution to make it relevant to a customer? (C1)

Do you help other people with their sales calls? Do you go out on buddy calls? That kind of thing. (N1)

In the literature, supervisory coaching is an important activity undertaken by sales supervisors (Peesker *et al.* 2019). A portion of our sample indicated that, unlike objective outcomes, subjective measures often provide a rich set of skill, knowledge, behavioral and attitudinal data to support effective competency-related coaching discussions frequently (23%),

while also helping to explain and validate activity-related information coming from the firm's CRM system (59%). Our respondents suggested that they routinely utilize subjective measures to validate selling activity given the potential for gaming to occur. For example, high levels of self-reported sales pipeline activity can be validated during weekly and monthly account review observations and subjective feedback from supporting departments, such as finance or legal, which should be seeing correspondingly higher levels of activity within their workgroups.

I want to see the burden [deal related workload] they're putting on the organization because anyone working on real deals is going to be causing a strain on the business. Is finance getting beat up by the sales rep because the rep needs pricing quotes. I look for the smoke to know there is a fire. (L2)

Factors Influencing Performance Measurement Selection Decisions. Overall, *measurement purpose* appears to be the most critical factor in selecting performance measures (59%). For example, performance measures play a central role in providing information for sales control, compensation and recognition decisions (i.e., the amount of variable pay, bonus, rewards or awards given to salespeople). In some cases, the performance-reward link is so strong that sales leaders do not distinguish between performance evaluation and compensation. In other words, how much you were compensated is an indication of whether the organization feels you are performing or not.

I think the performance measures and targets have to absolutely equal the compensation. Hit the target and make more money and you are performing. I don't see how you could evaluate performance in any other way. I just can't see it happening. (K5)

To maintain this performance-reinforcement link, compensation and reward structures in some organizations have become increasingly complex to the point where they are not well understood by salespeople.

I think incentive programs are too complicated. We have thousands and thousands of product-codes...but when they decide to say "you get a ten times accelerator on code thirty-two, what is code thirty-two? (K1)

Other factors that drive the consideration of subjective measures include the alignment of performance measures to the firm's business strategy (49%) and sales strategy (23%). For example, organizations that were focused on selling complex solutions, with longer sales cycles, spent more time focused on leading indicators of performance versus financial outcomes, given the likelihood that most bidding processes would cross budget cycles, even while salesperson performance still needed to be evaluated. Organizations characterized by higher market orientation levels appear to place more weight on customer outcome measures (23%) than those purely focused on financial outcomes (77%).

Perhaps the most surprising finding was the low number of references associated with role-related and employee-related factors as drivers of performance measurement decisions. For example, only 10% of our sales leaders indicated that supporting role clarity and role accountability were central in selecting performance measures. There was also consensus amongst sales leaders that they used the same measures of performance to evaluate 'hunters' and 'farmers' or senior and junior salespeople within their organization. These results are consistent with our survey findings, where we were unable to identify any significant statistical differences in measurement usage across selling roles or sales tenure. When asked to explain this, sales leaders suggested that they utilize the target setting process rather than measurement selection to address employee or role-related differences. For example, hunters and farmers might be both evaluated based on account conversion ratios. However, those primarily focused on hunting for new customers would be assigned a lower target than those primarily focused on farming existing accounts, where conversion is considered easier. Similarly, a new, inexperienced salesperson, would still be evaluated on financial outcomes, albeit at a lower quota level.

Respondents indicated that using the targeting process in this way rather than selecting different measures of performance reduced organizational complexity and help ensure perceived evaluation fairness across the salesforce.

Discussion

Our study explores the interplay between the use of subjective and objective measures of performance in sales. In this article, we consider the implications for sales scholars (operationalization for research purposes) and industry practitioners (implementation of sales force management practices). We frame our discussion by first reviewing the different performance measurement perspectives between scholars and sales practitioners (Table 8), followed by the implications this represents for each of these groups.

Insert Table 8 About Here

Comparison of Perspectives. Within the sales literature, performance measures play a mostly singular role, representing, a point-in-time view of performance at an individual or departmental (salesforce) level. Given this narrow purpose, salesperson performance is generally conceptualized as a single construct, where *salesperson performance* and *sales performance* are used interchangeably (Bolander *et al.* 2021), regardless of the measures employed during operationalization. This has led to 1) the discrete and interchangeable use of objective and subjective measures, notwithstanding evidence indicating their lack of convergent validity (Rich, Bommer, MacKenzie, *et al.* 1999), and 2) broad acceptance by sales researchers that financial outcomes are the gold standard in performance measurement. In contrast, our exploration of current sales practices and the broader performance management literature argue for the use of a more diverse and integrated set of subjective and objectives performance measures to adequately represent the salesperson performance construct, to account for internal and external

contingencies and to improve employee controllability and overall informativeness of the metrics (Bourne, Kennerley and Franco-Santos 2005; Franco-Santos, Lucianetti and Bourne 2012).

More specifically, our data indicates that performance measurement designs that use diverse measures are relatively widespread in B2B sectors, a fact largely ignored by sales research to date. These designs address the myriad of measurement purposes, stakeholders, time orientations and the separate yet complementary elements of salesperson performance (i.e., *performance* and *performing*). In this context, objective and subjective measures have been playing important but distinct roles. The *performance* element is closely aligned to traditional scholarly representations of salesperson performance, and generally captured through objective, outcome measures, such as revenue attainment during quarterly or annual time frames. Here, subjective measures are used to validate the results of financial outcome measures given their underlying limitations, and, for a portion of firms, as measures of customer-focused performance criteria.

Conversely, the *performing* element is far less evident in scholarly research. In practice, however, subjective measures play a critical role in supporting efficiency and competency performance diagnostics for employee development. In addition, in sectors where sales cycles often cross budget periods, these metrics have become the de-facto measure of salesperson performance and predictors of future outcome achievement.

These differing perspectives regarding salesperson performance measurement along with current knowledge related to the advantages and disadvantages in the use of objective and subjective measurement, allow us to identify key implications for both research and sales management practice.

Implications for sales management research.

Industry practice has demonstrated that subjective measures of performance can be used in conjunction with objective measures to mitigate the limitations found in both measurement types when assessing individual salesperson performance. Conversely, sales researchers continue to take a mostly either-or approach, with only 4 of 149 studies over the past decade attempting to use both measurement types in a complementary, rather than interchangeable fashion. This is problematic for several reasons. First, previous research indicates that these different measures capture different dimensions of performance and therefore they are not likely to be interchangeable (Rich, Bommer, Mackenzie, *et al.* 1999). Second, in reviewing research from the most recent decade, we find a significant increase and possibly over-reliance on subjective-based measures of performance, particularly self-reported measures (table 1). We now present a set of implications for sales researchers who continue to make exclusive use of a single measurement type when operationalizing salesperson performance.

The fallacy of using a single measurement type in sales research. An increasing number of research contexts exist where privacy issues prohibit access to financial data or where cross-industry sampling research designs make the collection of company financial data unfeasible. Thus, sales researchers have widely adopted subjective performance data (management-evaluation and self-evaluation), employing it, exclusively in 71% of sales performance studies over the past decade. This raises important operationalization concerns. First prominent self-evaluations scales of salesperson performance ask salespeople to evaluate their performance relative to their peers (Behrman and Perreault, 1982; Sujan, Weitz and Kumar, 1994). This is problematic in that salespeople often work alone in the field and are not able to accurately evaluate their relative performance. In addition, unlike financial outcome measures, where the research construct mirrors that of practice, self-evaluation research scales are artificial, latent

aberrations (see Behrman and Perreault 1982 as an example) which make no attempt to mirror industry performance evaluation practices and are predisposed to common methods variance (Podsakoff *et al.* 2003).

Second, unlike their objective counterparts which are updated monthly, some subjective measures are limited in their availability, potentially affecting their current validity. For example, customer satisfaction surveys which feed into the performance management process may only be available once per year. Researchers including these dimensions within their performance construct, need to consider the timeliness of the data collected.

Third, the operationalization of subjective measures of performance is often insufficiently transparent. For example, when using management-provided evaluations (e.g., low, medium, high performer), the majority of studies we identified did not indicate what dimensions of performance were considered by management in their assessment, or whether the evaluating supervisor had been trained to minimize known biases (e.g., halo or compression bias). In addition, researchers do not regularly disclose the time frame being considered by management or the original underlying purpose of the evaluation being utilized, even though the literature suggests that management evaluations are particularly susceptible to biases when used for annual compensation and promotional decision making (Prendergast and Topel 1993).

Given the documented biases inherent in the use of subjective performance measurement (Landy and Farr 1980) and the historical use of financial measures to evaluate salespeople in practice, financial outcome-based objective measures continue to be considered best-practice in high-quality marketing journals. However, scholars need to recognize that these seemingly objective measures of performance may be equally problematic when used exclusively in today's sales environment. First, our review of the sales literature over the past decade indicates the vast

majority of studies utilizing objective measures of salesperson performance have predominantly applied revenue to quota achievement ratios. These representations of performance can be inaccurate because sales quota setting is a subjective and biased process itself (Bolander *et al.* 2021) and is particularly troublesome under highly volatile market conditions. For instance, the current pandemic crisis means that historical data does not offer guidance in establishing appropriate sales quotas. Thus, sampling salespeople within these contexts, using only financial outcomes as representations of performance, may lead to significant measurement errors. Furthermore, as a measure of *performance* (as opposed to *performing*), this metric is rigidly tied to corporate performance management time intervals and budget cycles. These intervals may or may not be in sync with sales cycles (or customer buying cycles), potentially inflating or deflating measurement accuracy versus true performance. As B2B sales cycles lengthen driven by increasingly complex, value-creation strategies (Rustholkkarhu, Hautamaki and Aarikka-Stenroos 2020) solution selling, and multifaceted procurement processes this issue becomes more problematic.

In considering alternative objective measures, we note the growing and widespread use of CRM-based activity data in the industry (Rigby and Ledingham 2004). This data is increasingly finding its way into the operationalization of performance measurement in sales research (Rapp *et al.* 2006; Ahearne *et al.* 2010). These measures provide useful information regarding what activities and relationships are being undertaken by salespeople, a central component of the *performing* element. We suggest, contrary to Bolander *et al.* (2021), that researchers exercise caution in their use. While considered objective metrics, the underlying data for these measures are often based on biased and subjective salesperson inputs, allowing salespeople to establish the ‘story’ they want the data to tell. Our findings indicate that this potential to ‘game’ CRM data is well understood by sales leaders and CRM results are regularly validated using subjective

measures during account reviews and in discussions with other departments whose workflow is closely linked to the true level of selling activity occurring (e.g., legal, operational, or production departments) closely tied to the number of sales contracts established. However, it remains unclear as to whether these same measurement biases could be practically addressed in sales research designs to minimize gaming measurement error.

Given the expanding set of responsibilities placed on salespeople (Marcos Cuevas 2018; Moncrief, Marshall and Lassk 2006), we highlight the rising lack of completeness found in objective measures in representing today's performance construct (Bourne *et al.* 2000; Gibbs *et al.* 2004). While research studies generally have a narrower measurement purpose than the purposes found in practice, scholars still need to clearly understand which dimensions of salesperson performance (performing or performance) their research question is tapping into, given that this decision has implications for the specific measures chosen. Only 11% of the studies we identified considered whether the study's research question required a construct that reflected overall salesperson performance or a specific performance dimension in their operationalization.

Finally, given the narrow conceptualization of performance inherent in the objective measures traditionally used in sales research, they are becoming increasingly susceptible to validity issues from sampling decisions. For example, firms adopting a market orientation expect their salesforces will adopt a customer-oriented selling approach (Siguaw *et al.* 1994), a dimension that is becoming part of performance criteria. As evidence, 23.1% of sales leaders in our study reported that customer outcomes, such as satisfaction, are an important part of their evaluation of salespeople. To meet these performance measures and adopt a more customer-oriented approach often requires salespeople to trade off short-term revenue gains for the long-term benefit of their customers (Saxe and Weitz 1982). Researchers selecting study participants

from these types of organizations but choosing to only consider financial outcome measures of performance may assign a lower performance rating to a particular participant than appropriate.

Recommendations for Researchers. Given the aforementioned validity issues, we advocate for a holistic approach where both objective and subjective measures of salesperson performance are used concurrently in the operationalization of the construct. In doing so, scholars will mitigate the limitations associated with each measurement type and reduce overall measurement error while aligning their work much closer to practice. We recognize that specific research contexts may limit the choice and type of performance measures available. As such, to address limitations of each specific measurement type, first, researchers should consider choosing appropriate descriptive anchors in their scales to allow for an absolute rather than relative performance assessment (Rarick and Baxter 1986). Salespeople are unlikely to accurately compare themselves to their peers. Second, greater reporting transparency is recommended when operationalizing subjective measures, such as the original purpose of the performance assessment, the level of training given to the supervising rater regarding known biases, and the dimensions used by the rater in their assessment of performance. Third, when adopting objective measures of performance, researchers need to better understand the strategy and expected behavioral orientation of salespeople within the firms they are drawing samples from to ensure the narrow scope of their performance construct is not in conflict with the behavior-based performance of their sample respondents. Given that the majority of studies (88.4%) which leverage financial data for performance measurement are case-based, this is a reasonable design consideration.

Implications for measuring performance in practice

The main implications for sales management practice are threefold. First, the level of technology-driven disruption and disintermediation which now characterizes many B2B sectors

(Flaherty *et al.* 2018), suggests rethinking some of the outdated salesperson performance measurement designs which are becoming increasingly irrelevant and over-simplistic. More specifically, we advocate for a more integrated approach that considers measures that capture both *performance* and *performing* elements. In this way, sales managers address the multitude of purposes (compensation, promotion, control, training & development, etc.), the various stakeholders, and the relevant timeframes for effective sales performance measurement. Selecting subjective and objective measures concurrently mitigates the limitations associated with each measurement type while acknowledging that salesperson performance is a nuanced and multi-faceted phenomenon, requiring nuanced and multi-faceted measures. Furthermore, this approach enhances explanatory power by describing the outcomes (the ‘what’) while better revealing the underpinning actions that lead to those outcomes (the ‘why’). To that end, in figure 1, we introduce our conceptual framework of salesperson performance measurement, integrating objective and subjective measures to capture both the *performance* and *performing* elements through three dimensions: effectiveness, efficiency and competency.

Insert Figure 1. About Here

Second, the use of performance-related data has profound personal implications for individuals and financial repercussions for organizations. Deciding who to promote based on low validity information can be demoralizing. To award bonuses based on incomplete performance measures can be costly or even unfair. That is why triangulating objective and subjective measures is crucial. In this regard, our findings suggest that many sales organizations will need to evolve their current performance measurement schemes. For example, only 38% of our respondents declared that their organizations select and use all seven measurement categories, and thus, likely missing key elements of sales efficiency, effectiveness or competency. While

financial outcomes are widely employed, 20% of the top measurement combinations in use do not recognize customer outcomes. Given the known challenges in setting sales quotas, particularly in more volatile markets, without appropriate customer outcome measures, salespeople may engage in dysfunctional (non-customer-oriented) behavior, to achieve sales quotas. That may be one reason why we continue to see examples in the press of misleading and aggressive sales practices and fraud (Freed 2017; Johnson 2017).

Finally, the current lack of role-specific measures in use is concerning. Our observations indicate that organizations are currently content with using the same measures across sales roles, opting instead to address role differences through adjusting sales targets. While this approach reduces the number of measures employed by the sales organization overall, it ignores the central role measures play in providing diagnostic data for employee development discussions (Evans *et al.* 2007). Different sales roles require different activities and competencies. Furthermore, as buyer-seller relationship models evolve, such as the transition from product to service selling (Chung 2021) or from face-to-face to virtual interactions (Cespedes 2021), new competencies will be needed. This differing array of activities and competencies across the salesforce will require regular assessment and development to improve overall salesperson performance.

Taking the above into consideration, we propose the application of some principles to design effective salesperson performance measurement systems. Sales leaders can use the principles that underpin effective performance measures (Franco-Santos, *et al.* 2012) and reflect the extent to which these principles characterize their performance evaluation systems. We argue that traditional salesperson performance evaluations often fail to align with these principles. Thus, we advocate the use of these design principles for evaluating salesperson performance (see table 9).

Insert Table 9 About Here

Limitations and future research

In this study, we consciously chose to gather data using respondents from larger organizations (100+ employees), as they are more likely to have formalized performance measurement processes in place and embedded CRM technology. Thus, our findings may not be generalizable to smaller organizations. In addition, our quantitative sample size may have inadvertently underrepresented certain types of organizations using unique sales performance measurement schema not captured by our findings. Finally, we chose to collect survey data from salespeople rather than surveying sales leaders. While this was a riskier approach, given the possibility of misperceptions amongst salespeople about how their performance is assessed, the fact that our quantitative and qualitative studies produced consistent findings, across two different sample frames, strengthens our belief in the generalizability of our conclusions across B2B contexts.

Hall and Lee (2019, 202) claim that there is a belief amongst sales academics that sales performance measurement is a mature and homogeneous field. If anything, this study, which focused on the challenges in defining and operationalizing only one construct, individual salesperson performance, indicates that there is significant work to be done by both practitioners and scholars in this area. Both the activities salespeople are responsible for and the capabilities needed to achieve them continue to evolve, transforming professional selling (Marcos Cuevas 2018) and, by definition, how its performance is evaluated, raising questions for future research.

In this paper, we argued that diverse and comprehensive measurement systems are now commonplace in practice. Yet, there has been very little research conducted on the implications of diverse measurement frameworks in sales beyond investigations into the effects of sales control combinations (Challagalla and Shervani 1996a; Miao and Evans 2012; Zang *et al.* 2019).

While insightful, these studies continue to take a narrow sales control perspective, combining rather than separating performance measurement from other sales control elements, such as compensation. In so doing, alignment between the information and reinforcement elements of sales control is implicitly assumed. However, our observations suggest that performance measurement selection involves a separate decision process from sales control, involving multiple stakeholders inside and outside of sales. Thus, meaningful work into understanding the use of diverse performance measurement systems from a wider perspective than just sales control is needed to better understand the outcomes of these design choices. For example, one fruitful avenue would be to investigate whether diverse measurement systems have a positive effect on both the quality and quantity of supervisory sales coaching discussions.

Conclusion

Our study sought to understand the interplay between objective and subjective measures in effectively measuring salesperson performance, enabling us to contribute to the sales performance field in three ways. First, we revealed a theoretically informed, empirically-grounded argument for the adoption of subjective measures, jointly with objective metrics in salesperson performance research and practice. We have stressed the complex, contingent and interconnected nature of modern selling, and therefore, the need for more integrated measurement approaches. We have conceptualized salesperson performance as a construct integrated by both *performance* and *performing* elements. These elements derive from a variety of contingencies, such as measurement purpose, business strategy, selling environment idiosyncrasies, product complexity, etc. In so doing, we identified conceptual nuances not previously considered and exposed limitations in current operationalizations.

Second, we connected and synthesized two domains of literature that, to date, remain largely disconnected, sales performance and organizational performance management. This

enables us to put forward a set of principles to better evaluate salesperson performance. Through a systematic review of these bodies of knowledge, we reveal a typology of outcomes (behavioral, psychological, role-related, financial, measurement validity) associated with the use of subjective measures of performance. So far, there has not been a sufficiently comprehensive exploration and categorization of these outcomes nor a framework for a more holistic selection of performance measures in sales.

Third, our study has shown the unique and important role of subjective measures within a sales performance measurement system and the dangers of exclusively relying on either objective or subjective type of measures for both scholarly work and practice. We contribute by extending current conceptualizations of *effectiveness* and *efficiency* by identifying a third dimension, *competency* that also needs to be measured (see figure 1).

Given the profound and fast-paced transformation of professional selling, we support revisiting established paradigms in measurement frameworks, and build a bridge between the scholarly and practitioner communities in the pursuit of a renewed approach to measure salesperson performance.

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Table 1: Operationalization of Sales Performance Construct in Sales Research

Operationalization of Salesperson Performance	N	Measurement Type		Sampling Method		
		Objective	Subjective	Case	X-Firm	Both
Fin Only	39	✓		34	4	1
Fin + Mgr	2	✓	✓	1	1	0
Fin + Self	1	✓	✓	1	0	0
Fin + Mgr + Self	1	✓	✓	1	0	0
Mgr Only	18		✓	10	8	0
Mgr + Self	1		✓	0	1	0
Self Only	<u>87</u>		✓	<u>18</u>	<u>67</u>	<u>2</u>
	149			65	81	3

N=Number of studies; Fin=financial results; Mgr=management evaluation; Self=self-evaluation

Table 2: List of Salesperson Performance Measurement Items

Objective Measures of Performance	Subjective Measures of Performance	
Financial Results (raw)	Customer Satisfaction	Presentation Skills
Financial Results (comparative)	Product Knowledge	Persuasion Skills
Expense Management (variance to budget)	Customer Knowledge	Taking Initiative
Customer Retention	Industry Knowledge	Adaptability
Selling Activities (customer contacts, demonstrations, and other pipeline metrics)	Competitive Knowledge	Creativity
	Planning Skills	Dependability
	Time Management Skills	Judgement
	Prospecting Skills	Customer Orientation
	Listening Skills	Team Orientation

Table 3. Frequency Count of Performance Measurement Related Intervention and Outcome Related Dyads

Outcomes	Performance Measurement Characteristics			Total
	1	2	3	
Behavioural	6	15	1	22
Psychological	11	21	1	33
Role-Related	3	8	2	13
Business	20	4	8	32
Psychometric/ Measurement validity	13	4	3	20
Total	53	52	15	120

1=Measurement type; 2=Control orientation;
3=Measure comprehensiveness

Table 4: Salesperson Performance Measurement Factors

Factor 1		Factor 2		Factor 3	
Salesperson Traits & Behaviors		Salesperson Skills		Salesperson Knowledge	
1. Judgement	0.860	1. Persuasion/Closing	0.812	1. Product Knowledge	0.832
2. Creativity	0.845	2. Presentation	0.781	2. Competitive Knowledge	0.826
3. Adaptability	0.826	3. Listening	0.749	3. Industry Knowledge	0.742
4. Dependability	0.799	4. Prospecting	0.725	4. Customer Knowledge	0.717
5. Taking Initiative	0.793				
6. Team Orientation	0.709				
7. Customer Orientation	0.685				
Factor 4		Factor 5		Factor 6	
Customer Outcomes		Salesperson Activity		Financial Outcomes	
1. Customer Retention	0.787	1. Selling Activities ²	0.796	1. Financial results (raw)	0.720
2. Customer Satisfaction	0.705			2. Expense management ¹	0.645
				3. Financial results (comparative)	0.607

1= travel or entertainment expenses; 2= e.g., Number of sales calls, number of presentations made, etc.

Table 5: References to Individual Salesperson Performance Measurement

Performance Measures Used	Referenced by Sales Leaders (N=39)
<i>Performance</i>	
Financial results versus quota	39 (100.0%)
Customer satisfaction	9 (23.1%)
<i>Performing</i>	
Selling skills	31 (79.5%)
Salesperson orientation, attitude, or traits	21 (53.8%)
Sales pipeline activity	16 (41.0%)
Growth in account over period	15 (38.5%)
Deal health	3 (7.7%)

Table 6: Subjective Performance Measurement Uses

Use of Subjective Performance Measures	Referenced by Sales Leaders (N=39)
To understand the (objective) performance story	23 (59.0%)
To measure performance factors not possible via objective measures	13 (33.3%)
To gather richer data for coaching and development discussions	9 (23.1%)
To provide flexibility in performance evaluation	5 (12.8%)

Table 7: References to Factors Influencing Measurement Choices

Factors Influence Measurement Choices	References by Sales Leaders (N=39)
Measurement Purpose	23 (59.0%)
Alignment to business strategy	19 (48.7%)
Alignment to sales strategy	9 (23.1%)
Motivational considerations	9 (23.1%)
Track-ability	8 (20.5%)
Brand reputation considerations	5 (12.8%)
Align individual performance to firm results	5 (12.8%)
Leadership style	4 (10.3%)
Performance measurement flexibility vs. consistency	4 (10.3%)
Role clarity and accountability	4 (10.3%)
Sales tenure	3 (7.7%)

Table 8: Comparison of Salesperson Performance Measurement Operationalization

	Sales Research	Practice
Purpose	<ul style="list-style-type: none"> • Singular purpose – generally plays a dependent variable role in sales research. 	<ul style="list-style-type: none"> • Multiple purposes such as assessment, diagnostic, strategic planning, resource allocation for multiple stakeholders.
Knowledge lens	<ul style="list-style-type: none"> • Viewed almost exclusively through a sales control lens 	<ul style="list-style-type: none"> • Viewed through multiple lenses including sales control and organizational performance.
Ownership and selection of measures	<ul style="list-style-type: none"> • 100% controlled by the sales function (through the sales control system) 	<ul style="list-style-type: none"> • Different functions (Finance, HR) together with the sales function select and govern performance measures
Underlying assumptions of sales performance	<ul style="list-style-type: none"> • Single construct, primarily representing overall sales performance during a defined period (usually annually) regardless of measurement method employed • Limited consideration for the different nuances of the sales performance phenomenon 	<ul style="list-style-type: none"> • Dual construct encompassing: <i>Performance</i>: representing specific outcomes achieved during a defined period (usually quarterly or annually); and • <i>Performing</i>: representing how outcomes are being achieved on a weekly monthly basis.
Role of objective measures of performance	<ul style="list-style-type: none"> • <i>Outcomes</i>: Financial outcomes considered best-practice method for measuring sales performance; Limited use of Customer outcomes in sales performance measurement • <i>Activities</i>: Limited use in sales performance research 	<ul style="list-style-type: none"> • <i>Outcomes</i>: Primary method for measuring <i>performance</i> for corporate purposes (reviews, compensation); Less used for employee development; except to isolate potential <i>performing</i> issues • <i>Activities</i>: Widely used to supplement, validate and predict outcome-based <i>performance</i> and evaluate efficiency dimension of <i>performing weekly, monthly basis</i>
Role of subjective measures of performance	<ul style="list-style-type: none"> • Used as an alternative measure of sales performance to outcomes (i.e., primarily through management or self-evaluation), most notably in cross-organization studies given ease of data access 	<ul style="list-style-type: none"> • Used to validate and understand story behind objective measures of <i>performance</i>; • Used to capture sales competency dimension of <i>performing</i>, for weekly, monthly <i>diagnostic</i> and employee development purposes

Table 9: Design principles for better evaluating salesperson performance

Characteristics of effective performance measures	Features of traditional salesperson performance evaluations	Proposed design principles for evaluating salesperson performance
<ul style="list-style-type: none"> • Controllability 	Measures often incorporate dimensions outside the control of salespeople.	Salespeople are empowered to contribute to defining measures over which they have control.
<ul style="list-style-type: none"> • Informativeness 	Focused on outcomes with limited insight over the actions that led to those outcomes.	Performance measures provide relevant information to sales managers and salespeople about the effect of their decisions and actions on performance.
<ul style="list-style-type: none"> • Alignment 	Measures are only loosely aligned to key corporate priorities.	Performance measures are tightly aligned with the strategy of the company in order to encourage the expected behaviors.
<ul style="list-style-type: none"> • Quantity 	Numerous measures the law trade-offs between them.	The number of performance measures used is relatively small – ideally seven, plus or minus two.
<ul style="list-style-type: none"> • Completeness 	Measures emphasize outcomes primarily.	Measures used for performance evaluation and reward purposes reflect the key dimensions of salespeople's performance (e.g. financial, customer-related, internal engagement dimension).
<ul style="list-style-type: none"> • Agreement 	Measures are defined fundamentally top-down, by the senior management of the organization.	Salespeople participate in the definition and accept the performance measures that will be used for assessing and rewarding their performance.
<ul style="list-style-type: none"> • Reliability 	The measures have low levels of reliability, potentially encouraging gaming behavior.	Measures are highly reliable so salespeople trust their performance data.
<ul style="list-style-type: none"> • Communication 	Measures are communicated primarily through formal processes.	Salespeople need to be aware of what their performance measures are and why they have been chosen. Higher levels of transparency increase salespeople's satisfaction with the measures.
<ul style="list-style-type: none"> • Clarity 	The way measures are calculated open to interpretation and bias	Salespeople need to understand how their performance measures are calculated and what they mean for better behavioral results.

Figure 1. Conceptual Framework of Salesperson Performance Measurement Selection

