

CULTURAL IMPACT ON EUROPEAN
STAFFING DECISIONS IN SALES MANAGEMENT

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ABSTRACT

This paper tests propositions derived from the sales and human resource management literature about the adoption of sales personnel recruitment and promotion policies in an internationalization context through a comparative study involving six European countries. Results show decision-makers regional culture has a strong effect on the choice of candidates. Furthermore, this study attempts to identify key sales personnel characteristics for international staffing policies.

Keywords: Sales Force Management, Employee Staffing Decisions, International Human Resource Management

INTRODUCTION

Fewer trade barriers, the influence of standardised American human resource management (HRM hereafter) practices, and the implementation of the Euro in Europe are stimulating firms to organize their sales forces into territories that are not constrained by national boundaries. These environmental changes introduce many challenging and under-researched questions about managing nationally diverse sales forces. For example, companies moving into new markets must establish international recruitment policies. Some companies prefer to provide regional support for top global accounts by using expatriates while others hire local salespeople (*Sales & Marketing Management* 1998a, b, 1999). They also must decide whether they favour recruitment of their own nationals, local host country nationals, or adopt a geocentric policy by favoring the best candidate irrespective of nationality (Perlmutter and Heenan 1974). In terms of sales manager promotion policies, many firms use internal promotion policies, which are thought to better motivate employees and decrease the risk of selecting a poor sales manager (Ganesan and Weitz 1996). This policy is advantageous when firms want to increase their employees' commitment or better use their employees' capabilities, but may be detrimental when different human capital, such as skills in dealing with cross national situations, is needed (Ganesan et al. 1993, London and Stumpf 1982, Marqham et al. 1987).

As the sales territories straddle borders (Montgomery et al. 1999), sales managers will increasingly be managing foreign salespeople and working with salespeople selling to foreign clients. Aside from the problems posed by language, there are numerous studies suggesting that business mores (Becker and Fritzsche, 1987), ethical perceptions (Dubinsky et al. 1991), negotiation styles (Graham et al. 1994), relationship expectations (Hampden-Turner and Trompenaars, 2000) vary considerably across countries. Furthermore, cultural norms

and home country practice affect the decisions made by sales managers (Tse et al. 1988). The impact of this home country perspective may affect the quality of the decisions made in managing cross-country sales forces.

This research focuses on two sales force staffing decisions concerning: (1) the selection of salespeople and (2) the promotion of sales managers. These policies, selecting and promoting the right salespeople, are critical to the long-term success of organizations (Churchill et al. 2000, p.354). Hence, firms need a supply of the talent or competence to compete. In marketplaces expanding by the addition of new customers coming from other cultures it may be important to modify recruitment and promotion policies to build cross-culturally sensitivity in the sales force. Some questions addressed in this research are: do recruitment and promotion decisions vary from country to country? Specifically, in terms of recruitment practice, do local business units hire foreign salespeople to sell to foreign clients or continue to hire compatriots? In terms of promotion decisions, what managerial characteristics are considered important? Are firms willing to give up internal promotion policies to hire in outside expertise? Are firms willing to pass over popular local managers to promote younger, more qualified, or more internationally oriented sales employees? We judge these questions important in the context of internationalizing since effective sales force staffing policies can provide a competitive advantage for companies. Furthermore, given the general lack of attention to maintaining coherence between selection and promotion policies in the sales and human resource management literatures, we believe that exploring this area helps to fill a gap in the existing literature.

Although most companies are familiar with these staffing issues, there is limited guidance, especially in an international environment, about the underlying cultural values that may influence their adoption. This study attempts to remedy this problem by

examining the antecedents of sales force recruitment and promotion decisions (hereafter referred to as staffing decisions) in a cross-national context. Therefore the objective of this study is to determine the impact of (1) characteristics of job or promotion candidates and (2) regional home culture (Anglo, Germanic or Latin) on sales force staffing decisions across six European countries.

This study makes three contributions. First, we integrate the fields of sales and human resource management to develop a conceptual framework to investigate the role of staffing decisions in sales force management. Second, we test the hypotheses derived from the framework by surveying managers in six European countries. Finally, we provide future research directions for identifying key determinants of staffing decisions in international sales organizations.

CONCEPTUAL FRAMEWORK

The basic premise of this study is that sales force staffing decisions should consider potential implementation barriers when companies enter markets with different cultural values. These barriers may arise due to different and conflicting cultural values, which are likely to underpin key sales force management and HRM processes. This premise follows from the many observations over the past few years that HRM practices are often "culture-bound" and therefore difficult to standardize across foreign business units (for a review see Sparrow and Hiltrop 1994). Consequently it is reasonable to assume that sales personnel hiring and promotion decisions are influenced by local culture and therefore embedded in the decision-making criteria of managers.

Substantial empirical investigation has been conducted and reported regarding general cultural values that may influence business decisions (Hofstede 1980, Trompenaars 1993).

However little investigation has been conducted which examines specific values that drive human resource management decisions at the sales organizational level. Since so little is known about the influence of local, corporate, national values structures on specific sales force staffing decisions, we develop a new conceptual framework based on research in several fields of study.

Our conceptual framework focuses on decisions affecting the selection and career advancement of salespeople. A number of researchers (Cron 1984, Cron and Slocum 1986, and Feldman and Weitz 1988) suggest that sales productivity is affected by issues related to the career development of salespeople. Therefore first examining issues related to employee selection and career advancement appears to offer a fruitful approach for exploring the process of building, integrating and managing a multi-cultural sales force.

Our conceptualization, shown in Figure 1, builds on the promotion system model proposed by Ferris et al. (1992) and the conceptual framework of salespeople hiring and promotion offered by Ganesan et al. (1993). In addition, we consider the influence of candidate-related selection criteria reported in HRM (e.g., Ferris et al. 1992, London and Stumpf 1983) and sales management literature (e.g., Brooksbank 1995, Cook and Herche 1992, Ganesan et al. 1993, Weitz and Bradford 1999, Wotruba 1991). Given our interest in the cross-national aspects of managing sales organizations, we draw upon the work of Hill and Birdseye (1989) regarding cultural influences on salesperson selection.

Our model indicates that personnel characteristic of the salespeople and sales manager affect the sales force management decisions to hire locally and promote externally for sales positions involving cross-national activities. Latin, Anglo, and Germanic cultural groups in Europe are used as proxies for differing local values that might be attributed to value systems.

Many researchers have found value differences between these groups (Hofstede 1980, Evans et al. 1990, and Gooderham et al. 1999).

[Insert Figure 1]

The Role of Regional Culture

Little research has been published specifically about sales force management practices from a cross-national perspective. Hill and Birdseye (1989) found that staffing decisions are affected by the local culture. Hofstede (1999) persuasively argues that management practices differ from country to country. This view is supported by Gooderham et al. (1999) who identify the "national institutional embeddedness of firms" as a major factor influencing HRM practices.

Both Hofstede (1999) and Gooderham et al. (1999) report persistent differences and similarities among Europe's major economies. For example, they use four value dimensions (individualistic-collectivistic, masculine - feminine, power distance index, and risk avoidance index) to assess culture. The individualism dimension appears particularly relevant to our study. Individualism is the degree to which members of a society consider themselves as part of a group. In strongly individualistic cultures, people are more likely to favor their personal goals and motivations over group goals. This orientation may influence general recruitment and promotion practices in sales force management.

Hofstede (1980) reports that with respect to individualistic behavior England ranks high, the Latin countries (France and Italy) rank lower, and Germany ranks lowest among the four countries. Thus, when making a recruitment decision, German managers, due to their less individualistic culture, may place more weight on group cohesiveness while managers in individualistic cultures like England might place more emphasis on individual

characteristics related to performance. Managers in less individualistic cultures might also be more likely to hire and promote compatriots rather than foreigners out of concern for group cohesion. Thus English managers are less likely to emphasize group cohesion than are Latin managers.

Gooderham et al. (1999), in a multinational study of HRM practices, also found similar clusters of countries differing from each other. Specifically they find that English firms are more likely to develop policies identified as "rational" within the sense that they should support the strategic goals of a firm. German firms are more insular and less likely to implement "rational" HRM practices. The two Latin countries included in their study, France and Spain, formed a distinct cluster situated between the English and Germans. For firms with growing numbers of foreign clients, hiring international salespeople appears to be a rational response to finding the necessary skill and experience to properly service the new clients.

Therefore the following propositions are offered:

H_{1a}: Managers from Germanic countries are more likely to hire local salespeople than Latin managers.

H_{1b}: Managers from Anglo countries are less likely to hire local salespeople than Latin managers

Two studies, Ganesan et al. (1993) and Gooderham et al. (1999), discuss factors related to the choice of internal or external promotion policies. Ganesan et al. (1993) find that firms are more likely to use internal promotion when their salespeople possess transaction specific assets and that this in turn leads to more trusting relationships between the firm and its sales force. But what is likely to happen when new skills or experience are needed? Gooderham et al. (1999) argue that HRM policies are a rational response to the link existing

between the needs of the firm and its strategy. Therefore we can surmise that if a firm's business strategy evolves rapidly it may find it necessary to search for managerial talent from the outside. What is at stake for current employees, who after all will be the ones selecting the outsider, are fewer promotion opportunities. They will compete with more people for a given post. Firms with high trust relationships may find employees more willing to sacrifice individual promotion opportunity for overall firm success. Employees will reasonably expect that the benefits derived will be returned at some future date. Firms with low trust relationships may find that employees hesitate to make such sacrifices.

Extending this logic to an international workforce requires that we work through the concept of trust with respect to the existing propensity for trusting or distrusting relationships normally found in each culture. Gooderham et al. (1999) provide extensive evidence in their analysis to support the notion that German employees can be more trusting since they have a significant influence on staffing decisions through their work councils. Capricious managerial decision-making is therefore highly restricted. If outside talent were required, German employees would feel less threatened since they have more control. In the Latin countries employees have less control and consequently less trust. Gooderham et al. (1999) find numerous references which indicate that a hallmark of the French system is mistrust between employees and managers and that in Spain autocratic management is more prevalent. With regard to England Gooderham et al. (1999) note that the decline of unionization has led to a professionalisation of the HRM function. This in turn opened the opportunity of adopting modern strategic HRM practices that are designed to match human resource capital to the firm's strategic needs. Employee trust is therefore probably not related to their control of managerial practices but rather to the clear enunciation of rules and procedures. The transparency of HRM promotion mechanisms is likely to reassure employees.

Therefore the following propositions are offered:

H_{2a}: Managers from Germanic countries are more likely to use external promotion when new sales force skills are needed than Latin managers.

H_{2b}: Managers from Anglo countries are more likely to use external promotion when new sales force skills are needed than Latin managers.

In summary, we believe that the role of regional culture has two important influences on sales force staffing policies. First it will influence the choice of recruitment of young graduates (foreign vs. local) due to the concern about the effective integration of new employees. Secondly it will influence the choice of promotion systems (internal vs. external) due to employee concern about maintaining sufficient promotion opportunities for themselves.

Effect of Personal Characteristics on Staffing Decisions

Recruitment. In hiring salespeople, the best organizations are thought to acquire the talent they need to build and maintain customer relationships (Keltner and Finegold, 1996). This view suggests that firms hire individuals with specific characteristics. For example, companies should match salespersons' characteristics to the cultural profile of their clients according to Hill and Birdseye (1989). Similarly organizations should look for adaptability in new situations, language skills, sensitivity to different cultures, and ability to work in international teams for positions dealing with international clients. Furthermore, with respect to expatriate staffing, Harris and Brewster (1999) report that selection criteria are generally grouped into three classes: technical competence, personality traits/attributes, and interpersonal social skills. Additionally, the new nature of personal selling demands the development and maintenance of partnerships (Weitz and Bradford 1999, Wotruba 1991). Consequently, firms should look for salespeople who can integrate effectively into the

activities of teams (Brooksbank 1995, Webster 1992). Based upon the previous review, five different categories of a salesperson's characteristics emerge: (1) international openness (e.g., foreign market knowledge, foreign training), (2) acquired skills/competencies (e.g., selling skills, communicational skills), (3) personality characteristics associated with career potential (e.g., ambition, personality type, growth potential), (4) objective/quantitative personal characteristics (e.g., age, gender, education/training, experience, assessment test scores) and (5) team spirit (e.g., ability to work with others, cooperation level).

Therefore, depending on the manager's view of the position requirements, priority should be given to one or a set of characteristics so that a good match is made between the salesperson's characteristics and the job requirements. This suggests that managers who focus on the international aspect of the job will look for international openness. One method that a company has to illustrate international openness is to hire a foreign employee. Scott (1995) suggested the need for a symbolic statement in the recruitment process. Alternatively, managers who do not focus on the international aspect of the job are less likely to cite the importance of international openness and therefore will rely on more traditional employee characteristics such as career potential, team spirit, acquired skills and personal characteristics. Employers can make relatively safe assumptions about the potential of local applicants where employment qualifications are well known and standardised, such as high level university or vocation training (Muller, 1999). We surmise that local decisions makers are less familiar with foreign schools or training programs. Therefore they need a suitably strong reason to take additional risk, such as a desire to have more international openness.

Therefore the following proposition is offered:

H3: Managers who are likely to recruit local (vs. foreign) sales personnel will emphasize the importance of (a) career potential, (b) acquired skills, (c) personal characteristics, (d) team spirit and de-emphasize (e) international

openness.

Promotion. Similar arguments can be used for sales personnel promotion. When sales personnel team spirit is emphasized -as proposed by Brooksbank 1995 and Webster 1992- internal promotion is more likely than external promotion because internal candidates are already team members and the team qualities of outside candidates are less well documented. Ganesan et al. (1993) use transaction cost analysis to confirm that when firm specific knowledge and skills (idiosyncratic skills) of salespeople are high (i.e., not transferable to other employment opportunities) an internal promotion policy should be adopted. This is because internal promotion encourages the development of a long-term relationship between the firm and the salesperson. Increased length of service provides a trusted internal source of data concerning important objective characteristics such as level of training and experience.

Other determinants of internal promotion can be found in the HRM literature. Ferris et al. (1992) report two important generalizations emerging from research on the effects of particular candidate characteristics on promotion decisions. First, potential success and past performance are important determinants of promotion decisions (Ferris et al. 1992, London and Stumpf 1983). Second, most organizations try to promote from within when possible (Marqham et al. 1987). The second generalization is important when firms target foreign clients. Selling successfully to foreign clients may require more or different skills than selling to a compatriot. This may lead managers to rely less on internal promotion since current employees may be less likely to have the necessary international training and cultural competencies to satisfy foreign clients. Markham et al. (1987) report that finding fresh ideas, more variation and wider perspective among candidates, and greater organizational flexibility are major advantages of external promotion.

In other research, the level of management's international experience has been linked

to a more rapid growth of international sales for small and medium sized firms (Reuber and Fischer 1997). Specifically, managers with higher levels of personal international experience were more likely to work with foreign partners. It is reasonable to assume that this international openness would extend to foreign promotion as well.

Therefore the following proposition is offered:

H4: Managers who are likely to promote internal (vs. external) sales personnel will emphasize the importance of (a) career potential, (b) acquired skills, (c) personal characteristics, (d) team spirit, and de-emphasize (e) international openness.

In summary with these hypotheses we examine the linkages between the choices made and the justifications used to support the recruitment and promotion choices. We do not posit any regional cultural relationship influence because we believe that business considerations and human decision characteristics drive these justifications.

Control Variables

We also control for specific sales force and organizational characteristics that influence staffing policies (i.e., international openness, seniority, and firm size). As mentioned earlier, Reuber and Fischer (1997) report that the level of managerial internationalization (e.g., exposure to other cultures) influences the general internationalization (e.g., foreign sales, foreign staff assignments, geographic scope of sales, or more culturally mixed clients) of a firm. Indeed, we may expect from international managers a higher propensity to make decisions in line with firm internationalization. Second, seniority could also influence staffing decisions, as senior managers may be more vulnerable to reaching career plateaus or potential premature firm exit. Consistent with the moral hazard arguments of agency theory (Coughlan, 1993) and the "self-seeking with guile"

(Williamson, 1975) of transaction cost analysis, those senior managers may have self-interest in less competitive recruits and internal promotion decisions. Finally, firm size often influences the available financial and human resources, which may influence the level of human resource professionalism. This in turn may influence the choice of staffing policies (Milkovich and Boudreau 1994; Pugh and Hickson 1976).

METHODOLOGY

Sample and Data Collection

Overview

Sample. To test the hypotheses, we surveyed sales managers working in bank branches in six European countries. We examined branch bank sales managers because they have similar decision making responsibilities across countries; are affected by the local culture; and have limited exposure to international management practices. Our sample reflected these criteria since the majority of the respondents spoke only one language, had never worked for other employers, and had never worked outside their country. In addition, the banking industry is an important European industry facing large competitive pressures and rapidly developing a more sales-oriented focus (e.g., Cassa di Risparmio di Torni e Narni in *The European Commission* 1998).

For this study, our data set includes 652 bank managers employed in over fifty local banks from six European countries. The sample consisted of mostly males (about 90%), in their early forties (about 42 years old), averaging of 15 years of seniority in their firm. Furthermore, nearly 92% of the sample had never worked abroad, and 90% had never worked for a foreign employer. Approximately 43% reported that they could work in at least one foreign language. To verify that the responses were likely to be statistically

representative of European employees we compared the number of foreign languages spoken by the respondents with the results of an independent survey of foreign language competence (Eurobarometer, 1999). The test is non-significant suggesting that the sample is broadly representative of European employees in terms of their cross-cultural exposure. Furthermore, we verified that the respondents' answers did not depend on the number of questionnaires sent back by their bank. We found no significant differences by country or overall. This suggests that the sample offers a group of managers representative of the European banking sector whom have had little direct workplace exposure to foreign sales force management practices.

Procedure. Research instruments were distributed in the banking industry, and more specifically branch banking, which remains a local business in most European countries because of government regulations and other entry barriers. A representative sample of banks and savings institutions (small, medium, and large) were contacted by a local research partner³ and invited to participate in the study. Participating firms were asked to randomly distribute the research instrument to managers within their branch-banking network. The instruments were returned directly to the local project partners. The total of 652 returned questionnaires (523 for recruitment and 528 for promotion were usable) provided a 62% response rate. However respondents from some banks returned so few instruments (between 1-4) that the researchers concluded that the instrument was not effectively distributed in the bank. Therefore an adjusted response rate (ARR) excluding these banks was calculated. The ARR is 74% and includes only banks where 5 or more instruments were returned.⁴ On

³ Local research partners were typically professors or researchers at prestigious local business schools.

⁴ This number is actually understated as about 3% of the respondents returned useable instruments but did not indicate their employer.

average, 15 instruments per bank and 109 per country were returned. No organization or country dominates the sample.

Design. To achieve contextual similarity (Alexander and Becker 1978, Becker and Fritzsche 1987) for the decision setting across respondents and to elicit deeply held values accessible through the use of "vivid" data (Nisbett and Ross 1980), a scenario-based research instrument was developed. A total of four scenarios were created, two of which (recruitment and promotion) are analyzed in this paper. All the scenarios were based upon data obtained during interviews with about 100 senior European managers. The scenarios describe in about 600 words a meeting between a director and four managers. The director opens a meeting by outlining the organizational situation concerning the decision to be made (e.g., selection of a new salesperson for international clients and promotion of a sales director). This was followed by four options with the usual attributes examined for recruitment (age, assessment test scores, class rank, etc.) and performance (seniority, performance, experience, personal assessment, work history, motivation) in table format and a discussion among four managers each supporting one of the four options. The organizer then closed the meeting without a decision and confided to an outsider (the respondent) that he was uncertain of which would be the best choice. The respondent was then asked to make a choice and justify it in writing. Each scenario thus consisted of two questions (i.e., a choice question and an open-ended question for the justification of the choice

Local research partners helped write the scenarios resulting in French, English, German, Italian, and Spanish versions. These were then pre-tested using local managers and students in each country. The final versions were adapted to each country by minor changes such as the names of the candidate choices and the names of the scenario cast. The recruitment scenario was further adapted to account for differences in candidate nationality,

school, previous employer, and foreign language competence. Two of the recruitment candidates were always locals, the first from the top school, the second from the second-tier school. The third candidate was always a foreigner from a close culture (i.e., one that has the reputation of being easy to work with or integrate into the organisation). The local research partners selected the nationality of the third candidate. For example the British respondents were offered a Swede and the French were offered an Italian. The fourth candidate was always from the European culture with the reputation of being the most difficult to integrate into the local culture. The Greek nationality was selected as the far culture for all versions except in Italy where the German nationality was used.

With respect to schools, there were always three local schools and one foreign school. The schools were respectively, the most prestigious local general business school, the best second-tier local business school, one of the best foreign business schools, and a very prestigious economics or political science local school. The local schools are well known in their countries and in a "personal notes" column within the table presenting the four hiring choices a comment was added (excellent or very good) about the schools. Other similar adaptations in the personal notes column were made to account for different previous employers and spoken languages.

Dependent Variables

Salespeople recruitment. The respondent's choice of whom to hire was indicated by his/her answer to the question presenting the choice of alternatives. Of the four alternatives presented, two represented a local choice (i.e., the first two alternatives) while the two others represented a foreign choice (i.e., the last two alternatives).

Salespeople promotion. Four alternatives were presented to respondents, two represented internal choices (i.e., the first two alternatives), and two represented external choices (i.e., the last two alternatives). The respondent's decision to promote internal or external candidates was indicated by his/her answer to this choice.

Independent Variables

Selection Criteria: Content Analysis of Open-Ended Questions. The local research partners processed the completed research instruments by parsing the written responses into separate statements. 6411 separate statements were coded. These statements were categorized for each scenario into about thirty-five standardized items (e.g., education, age, assessment scores, etc.). A large international team coded the open-ended responses with two or more people assigned to code each response. Following the recommendations of Tull and Hawkins (1987) scorer reliability was computed by comparing some of the items for about 25% of the sample with independent coders. Cohen's (1960) kappa was calculated for each of these items. The kappa statistic ranged between .7 and 1 across the sample of items indicating that a good reliability was achieved. The resulting dataset we received included, among other variables, the presence or absence of each item in the open-ended response for each respondent.

Working from this dataset we proceeded with a second coding to create sales force selection and promotion criteria consistent with prior research. See for example: Ferris et al. 1992, Ganesan and Weitz 1996, Ganesan et al. 1993, Hill and Birdseye 1989, London and Stumpf 1983, Mills 1985, Markham et al. 1987, Randall and Randall 1990. Working independently the authors examined each of the earlier items and assigned it to one of the five

new decision criteria categories discussed above (see Table 1). To assess reliability, three additional coders also categorized the items. They averaged a 91% agreement with the authors' coding scheme. All the responses were then coded using the five new decision criteria and scores for each category were tabulated. The resulting dataset includes a choice of whom to hire or promote and the scores for each of the decision criteria given to support this decision. This information is complemented with demographic data about the respondent and firm.

[Include Table 1 about here]

Regional culture. The six countries investigated in the survey were categorized according to their Germanic (i.e., Austria, Germany), Latin (i.e., France, Italy, Spain) or Anglo (i.e., England) origin, which is consistent with Gooderham et al. (1999) and Hofstede (1980). Regional culture was then represented by a set of two dummy variables, with the Latin culture as the reference category.

Control Variables.

Respondent seniority was measured in years of employment. The respondents internationalization characteristics index was a simple sum of three dichotomous items (i.e., foreign work experience, previously employment by a foreign employer, and ability to speak at least one foreign language). This index ranged from a minimum of 0 to a maximum of 3, with higher values indicating more international profiles. The number of employees of each participating firm was used to measure organizational size. Because the distribution of the organizational size measure was not symmetrical its natural logarithm was used. The hypotheses are summarized in Table 2.

[Insert Table 2 about here]

RESULTS

The dichotomous dependent variables (i.e., local / foreign candidates for recruitment and external / internal candidates for promotion) necessitated the use of logistic regressions. For each staffing policy, we conducted two logistic regression analyses to test for the independent effect of regional culture. First, we estimated a baseline model, including one dependent variable (i.e., recruitment or promotion choice), eight independent variables (i.e., a candidate's potential, international profile, acquired skills, other objective characteristics, and team spirit and three socio-demographic variables: a respondent's seniority, internationalization index and bank's logarithm employees number). The descriptive statistics for these variables are presented in Tables 3, 4 and 5.

[Insert Tables 3, 4 and 5 about here]

Subsequently, we added the regional culture variable to each baseline model and re-estimated the model. By comparing each baseline model with the one including regional culture using a Chi-Square statistic, we estimated the explanatory power of regional cultures. Our regional culture models add significantly to the explanatory power ($p < .001$ and $p < .01$) respectively) of the baseline models for recruitment and promotion decisions (Tables 6 and 7). Further analysis however found a lack of homogeneity among the three countries in the Latin cluster for the recruitment decision (Chi-Square = 29.42, $df = 2$, $p < .001$, $n = 312$), so we decided to split this cluster. The resulting French / Spanish cluster appears homogeneous with respect to the recruitment decision (Chi-Square = 2.61, $df = 1$, $n = 182$). Italy remains isolated from the other Latin countries, which is consistent with Hofstede's (1980, p.333) findings.

[Insert Tables 6 and 7 about here]

Managerial Criteria

First, we proposed that managers valuing salespeople potential are more likely to recruit local candidates (H_{3a}) and to promote internal candidates (H_{4a}). Both hypotheses are supported ($p < .05$ and $p < .01$ respectively) so we can show that similar criteria are used to support each choice (Tables 6 and 7). Secondly, we posited that managers valuing international profiles for their salespersons are more likely to recruit foreign candidates (H_{3e}) and to promote external candidates (H_{4e}). We found both hypotheses supported ($p < .001$) again indicating that a similar rationale was used to justify these two staffing decisions (Tables 6 and 7).

Third, we hypothesized that managers valuing salespeople skills are more likely to recruit local candidates (H_{3b}) and to promote external candidates (H_{4b}). Noting the results in Table 6, we see that only H_{3b} is supported ($p < .001$). Fourth, the tests of H_{3c} and H_{4c} correspond to the positive effect of other objective characteristics on the recruitment of local candidates and the promotion of internal candidates. No support for H_{3c} and strong support of H_{4c} are found in Table 7 ($p < .001$). Finally, we hypothesized that the importance of being a team player would be positively related to recruiting local candidates (H_{3d}) but negatively related to promoting external candidates (H_{4d}). We found that only one hypothesis (H_{4d}) was supported ($p < .001$).

Regional Culture

As expected, regional culture has a significant impact on each staffing policies (Wald= 14.15, $p < .003$; Wald = 13.76, $p < .001$ for recruitment and promotion respectively). However, we found marginal support for our hypothesis (H_{1a}). Managers from the Germanic area are more likely to recruit local salespeople than managers from Italy ($p < .001$). However, they are not

likely to make significantly different decisions from other Latin managers (i.e., French and Spanish) (Wald = 2.052, Collett 1991, p.244-245). Coherent with H_{2a}, Germanic managers are more likely to promote external candidates than managers from Latin countries (p < .01). However, our hypothesis that Anglo managers are more likely to recruit local salespeople than Latin managers, H_{1b}, was not supported (Wald=1.951 for Italian managers and Wald=1.963 for Spanish and French managers). But, as predicted by H_{2b}, they are more likely to promote external candidates than Latin managers (p < .05).

Control Variables

The control variables (seniority, log of the number of employees in the decision-maker's bank, and the international profile of the decision-maker) had no significant influence on the dependent variables.

DISCUSSION

Our study set out to examine the influence of regional culture on sales force recruitment and promotion decisions. We believe this is an important and under-researched area within the sales force and human resource management area. It will doubtlessly become a more important issue as sales forces are deployed cross nationally or globally with the implementation of various free trade agreements (e.g., NAFTA, ASEAN, MERCUR, and the EEC) and in Europe, the common money. Researchers have called on sales organizations to focus more on their staffing policies because they are critical to long-term success (e.g., Churchill et al. 2000, p. 354). We hope our research contributes to the field by providing empirical support for differences between countries in terms of recruitment and promotion decisions. Additionally we believe this study offers insight into the type of criteria used by managers to make staffing decisions.

Our findings suggest that managers given an identical problem do not make the same decisions nor do they value the criteria often used in recruitment and promotion decisions equally. For example we found that Austrian and German managers are more likely to hire compatriots than Italian managers. But while closed to foreigners, German managers were more open to external promotion than Latin managers. One is left to wonder why Italian managers value foreign recruits in entry-level positions but not compatriot outsiders at more senior positions. A recent study of Anglo, Latin, and Germanic managers regarding work force reduction decisions found that Latin managers were more self-serving than either German or English managers when deciding who to discharge (Segalla et al. 2001). Maybe this concern for direct personal interest, rather than concern for social justice or organisational profits, is a theme running throughout some Latin countries. **The implications of this are likely to be substantial since companies employing Latin managers may need to provide additional control to insure that organisational policies are respected.**

Other implications are also evident. Recruiting and promoting salespeople should be based on well-defined criteria and decision rules if companies **want to effectively** control their sales forces. The likelihood of different decisions emanating from different regional cultures means that any sales force reorganization crossing national boundaries will require careful attention to the development, acceptance, and implementation of common recruitment and promotion standards. Opening the organization to salespeople who do not have the same values regarding appropriate career success criteria is unlikely to make the development of effective teams easier to achieve.

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Other implications interesting for the management of salespeople are evident in the

results. For instance, overall three managerial decision criteria appear important for the recruitment process: potential, international openness, and skills. Objective characteristics and team spirit appear less important to the recruitment decision. This is interesting since objective characteristics and team spirit belong to the set of “best practices” often identified in the human resource management literature (O’Reilly and Pfeffer 2000). In the scenario all the candidates attended a prestigious, highly selective school. Their grades and assessment test scores ranged from above average to excellent. Since the original scenario included no mention of anything objectively related to team-spirit this score necessary arose from projection about candidate characteristics made by the responding managers. Therefore it is unsurprising that the first criterion provided little differentiation. All the candidates were above average and the respondents may class job candidates into broader groups than do university professors or psychologists. For the second criterion, which was largely created by the respondents, one is tempted to remember the old adage about the "in the eye of the beholder". Team spirit was so important that the managers literally created it themselves but, perhaps because of its nebulous qualities, were unable to really use it to make decisions. The lesson for international sales force managers is that they should be as explicit as necessary to create well-understood logic for recruitment.

The promotion results also offer useful lessons. Except for skills, all the managerial decision criteria were important, especially team-spirit. Perhaps team spirit is more important to promotion decisions than to recruitment decisions because of the moral hazard issue. Since the average age of the sample was 42 years, recruiting someone ten or more years younger represents little threat to job or promotion security since seniority and experience do continue to influence promotion decisions in traditional organizations. But inviting in an outsider, a relatively unknown quantity, at higher hierarchical levels can open up many mixed reactions.

Certainly managers want to work with competent colleagues but they may not want competitors for future career opportunities in the firm. In this situation the idea of team-spirit, which was alluded to in the scenario on promotion, becomes very important. Perhaps team spirit, when used to evaluate an unknown recruit for a high position, is interpreted as the quality of willingness to share corporate resources and performance credit. We found that the Latin regional culture was less willing to select external promotion candidates. We also found that the Latin managers often cited the importance of team-spirit for internal promotion decisions. While we found no interaction effects between regional culture and the decision criteria used by the respondents, it is tempting to speculate about other possible linkages between self-interest and regional culture.

This leads us to discussing both the limitations of this study and future direction for cross-cultural sales force management research. Important limitations include a relatively small selection of countries, the use of an isolated, heavily regulated industry, the lack of correlated practice data, and an expensive, time-consuming research design. Furthermore, our study relies on sales force management research drawn primarily from industrial settings so the results, based on data from the banking sector, may not be generalized to other industries. Future studies will add value by extending the data set in scope and depth. Finally, although our scenario-based research design helps to insure a richness of data that is hard to duplicate with simpler, closed-ended questionnaires, the complex situation described may threaten the validity of the findings. This threat is assuaged by the fact that we did indeed find regional cultural effects. In particular, our research instrument helped document cultural differences in decision-making as a function of respondent rationales. This approach echoes the work of Briley et al. (2000) who argue that prompting individuals for reasons leads to the activation of cultural knowledge. Therefore the complexity and expense of our design appears justified.

Future research efforts might start more explicitly with the dynamic model of culture as noted by Briley et al. (2000) and further delineate the decision-making sequence. For example, when faced with a given problem (i.e., hiring a salesperson) an actor in a specific context (i.e., nationality) outlines a set of potential actions (i.e., selecting a compatriot or a foreigner) then selects appropriate decision tools (i.e., objective or subjective) and proceeds to a final choice. Identifying the role of culture in this sequence will offer managers specific guidance in a complex world.

Figure 1

A Framework for Examining the Antecedents of Sales Personnel International Staffing Decisions

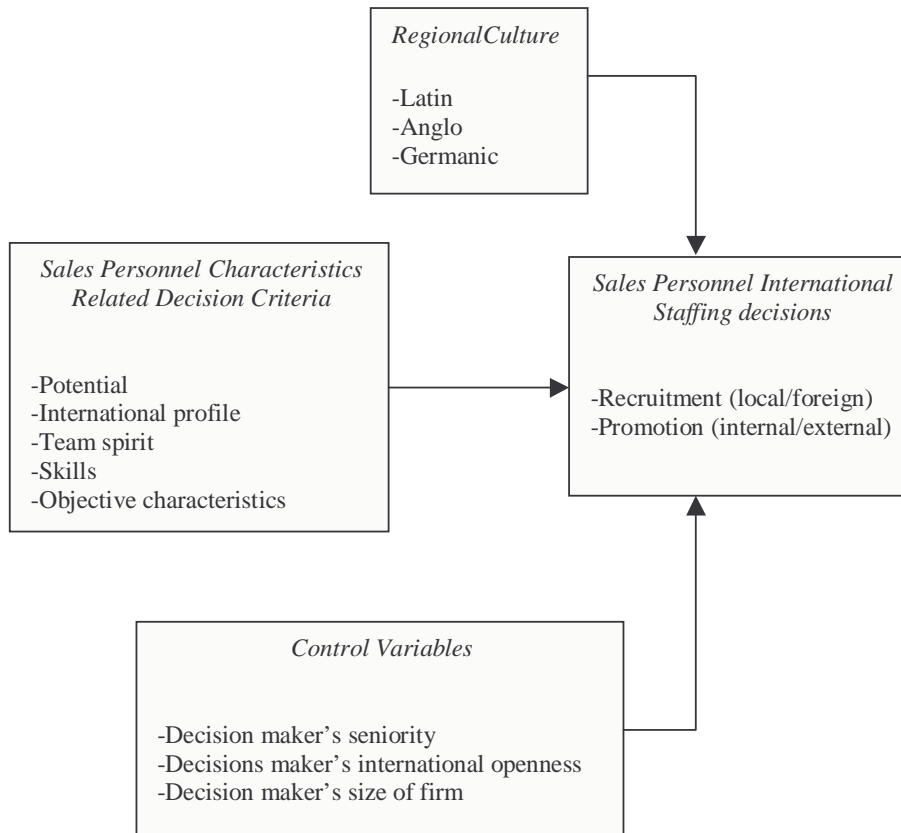


Table 1

Content Analysis Coding Scheme Overview

Decision Criteria	Definition	Illustration
Potential	Personality characteristics associated with career potential	Growth potential, ambition, assertiveness
Skills	Relationship Building Skills	Relationships building skills, technical skill
Other objective characteristics	Other objective evaluation measures	Age, assessment test score results, graduation rank, university reputation
Team spirit	Characteristics associated with the ability to work in a group	Adaptability, teamwork, cooperation
International openness	International profile	Foreign market knowledge, foreign training

Table 2

Summary of Hypotheses

Variables	Recruitment Decisions ¹		Promotion Decisions ²	
	Hypotheses	Expected Sign of Coefficient	Hypotheses	Expected Sign of Coefficient
Regional Culture*				
Germanic	H _{1a}	: +	H _{2a}	: +
Anglo	H _{1b}	: -	H _{2b}	: +
Managerial Criteria				
Potential	H _{3a}	: +	H _{4a}	: -
Skills	H _{3b}	: +	H _{4b}	: -
Objective characteristics	H _{3c}	: +	H _{4c}	: -
Team spirit	H _{3d}	: +	H _{4d}	: -
International openness	H _{3e}	: -	H _{4e}	: +

¹ Positive parameter estimates indicate greater likelihood to recruit local candidates.

² Positive parameter estimates indicate greater likelihood to promote external candidates.

* The reference category is the Latin culture.

Table 3

Descriptive Statistics for the Recruitment Decision

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
1. Potential	.197	.448	-	.075	.019	.068	.063	.050	.001	.001	-.010	-.114**	.073
2. Internat. Openness	.522	1.263		-	-.008	-.120*	.157*	-.124*	.032	.032	-.181**	.071	.013
3. Team spirit	.067	.250			-	-.037	-.015	.113*	.121*	.121*	-.015	-.049	.061
4. Skills	.658	.828				-	.053	.022	.009	.009	.251**	-.071	.040
5. Objective Characteristics	.813	1.245					-	.006	.028	.028	-.065	.029	.126**
6. Seniority	18.950	9.545						-	-.04	-.139**	.097*	-.152**	.042
7. Internat. Culture	.621	.764							-	.075	.161**	-.231**	.073
8. Log of number of employees	8.375	1.774								-	-.292**	.145**	.418**
9. Germanic Culture	.252	.435									-	-.245**	-.424**
10. Anglo Culture	.151	.358										-	-.308**
11. Alternate Latin Culture	.348	.477											-

* p<.05 (two-tailed tests)

** p<.01 (two-tailed tests)

N=523

Table 4

Descriptive Statistics for the Promotion Decision

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Potential	.205	.658	-	-.028	.090*	-.069	.184**	-.035	.033	-.070	.088*	-.137**
2. Internat. Openness	.044	.485		-	-.076	-.028	-.053	.027	-.094	.046	.084	-.015
3. Team spirit	.580	1.454			-	-.069	.095*	.029	.015	.061	-.006	-.072
4. Skills	.464	.923				-	-.079	-.019	.100*	.103*	.020	-.115
5. Objective Characteristics	.614	1.048					-	-.005	.056	.007	-.010	.035
6. Seniority	19.010	9.580						-	-.048	-.138**	.092*	-.140**
7. Internat.	.631	.771							-	.077	.145**	-.227**
8. Log of number of employees	8.384	1.772								-	-.293**	.154**
9. Germanic Culture	.248	.432									-	-.237**
10. Anglo Culture	.146	.353										-

* p<.05 (two-tailed tests)

** p<.01 (two-tailed tests)

N=528

Table 5
Choice Differences Between Countries

% within country	Recruitment Decisions*				Promotion Decisions**			
	Local		Foreign		Internal		External	
	Cand. 1	Cand. 2	Cand. 3	Cand. 4	Cand. 1	Cand. 2	Cand. 3	Cand. 4
Austria	86 (16)	(70)	14 (1)	(13)	54 (17)	(37)	46 (13)	(33)
United Kingdom	51 (9)	(42)	49 (13)	(37)	51 (21)	(30)	49 (26)	(23)
France	65 (15)	(50)	35 (8)	(27)	68 (37)	(31)	32 (17)	(15)
Germany	74 (27)	(47)	26 (15)	(12)	53 (35)	(18)	47 (29)	(18)
Italy	40 (10)	(30)	60 (26)	(34)	70 (26)	(44)	30 (14)	(16)
Spain	76 (12)	(64)	24 (24)		77 (36)	(40)	23 (10)	(13)
Pearson Chi-Square***	63.38, df=5, p < .001				19.91, df=5, p < .01			

*N=523 observations;** N=528 observations, ***Tests performed on recruitment (local/foreign) and promotion (internal/external) choices across countries

Cand. : refers to the four choices offered in the questionnaire. The figures between brackets refer to the percentage of respondents of a particular country choosing a given candidate.

Table 6
Logistic Analysis for the Recruitment Decision

Independent Variables	Salespeople Recruitment Decisions
Regional Culture*	
Germanic (Austria, Germany)	1.33 ^a
Anglo (United Kingdom)	.21
Alternate Latin (France, Spain)	.74 ^c
Managerial Criteria	
Potential (Personality characteristics associated with career potential)	.73 ^c
International openness (International profile)	-.94 ^a
Skills (Relationship building skills)	2.20 ^a
Objective characteristics (Other objective evaluation measures)	.14
Team spirit (Characteristics associated with the ability to work in a group)	-.60
Socio-Demographics	
Seniority	.01
Internationalization	-.04
Log of number of employees	.08
- 2 Log Likelihood (-2LL)	405.17
R ² (Nagelkerke)	.57
Model Chi-square (11 d.f.)	285.67 ^b
Chi-Square for change in -2LL when Regional Culture is added to the baseline model (3 d.f.). **	14.67 ^a

^a Significant at $p < .001$, ^b Significant at $p < .01$, ^c Significant at $p < .05$.

* The reference category is Italy.

** Likelihood-ratio test

Notes: Positive parameter estimates indicate greater likelihood to recruit local candidates .
Unstandardized parameter estimates reported. Tests of significance are two-tailed tests.

Table 7

Logistic Analysis for the Promotion Decision

Independent Variables	Salespeople Promotion Decision
Regional Culture*	
Germanic (Austria, Germany)	.98 ^b
Anglo (United Kingdom)	.78 ^c
Managerial Criteria	
Potential (Personality characteristics associated with career potential)	-.53 ^b
International openness (International profile)	1.08 ^a
Skills (Relationship building skills)	-.09
Objective characteristics (Other objective evaluation measures)	-.58 ^a
Team spirit (Characteristics associated with the ability to work in a group)	-1.13 ^a
Socio-Demographics	
Seniority	-.01
Internationalization	.01
Log of number of employees	.03
- 2 Log Likelihood (-2LL)	450.03
R ² (Nagelkerke)	.51
Model Chi-square (10 d.f.)	243.27 ^a
Chi-Square for change in -2LL when Regional Culture is added to the baseline model (2 d.f.). **	14.09 ^b

^a Significant at $p < .001$, ^b Significant at $p < .01$, ^c Significant at $p < .05$

*The reference category is the Latin culture (France, Italy, and Spain).

** Likelihood-ratio test

Notes: Positive parameter estimates indicate greater likelihood to promote external candidates.

Unstandardized parameter estimates reported. Tests of significance are two-tailed tests.

APPENDIX A

The following scenarios were offered to the respondents. These are the versions distributed in England. Four other language versions, French, German, Italian, and Spanish were prepared and distributed according to the dominant language of each country. Respondents were asked to make a choice and then support their choices in writing. They were offered about 3/4 of a page of blank space for their responses.

Recruitment Scenario (British Version)

Personnel Director "We have decided to hire someone who can work with new foreign customers. The bank is getting more foreigners asking for accounts and loans. We even have small foreign firms asking for loans and other services. I believe you have the dossiers and a list of candidates prepared by the Personnel department. All of the final candidates have the necessary training and experience for the post. Plus they all speak English well. We are under a lot of time pressure and must choose someone who can start right away. Have you formed an opinion about whom we should accept?"

Finalists For The New Post				
Name	Age	Average score on in-house assessment tests (1 = poor; 20 = excellent; avg. = 9)	Education (Estimated Graduation Rank)	Personal Notes
Joseph BRIARS	4	12	London Business School (In top 30%)	Well integrated into the local business community, Good recommendations, English nationality, Very good French, Excellent school
Daniel CHURCH	1	15	Manchester Business School (In top 10%)	Very strong small business analysis skills, Good recommendations, English nationality, Excellent French, Very Good school
Jan ANDERSON	4	13	Stockholm School of Economics (In top 20%)	Very strong recommendations from former corporate finance director at Deutsche Bank, Stockholm, Swedish nationality, Good German Excellent school
Alexandros BULASIKIS	3	15	London School of Economics (In top 5%)	Excellent recommendations from corporate relations director at Barclays, Athens. Greek nationality, Passable French, Excellent school

Chris "It appears that BRIARS would be the best candidate, he comes from a prestigious business school and is very well connected in the local business community. During his interview with me he impressed me tremendously with the scope of his knowledge. He would be very good with customers"

Jim "Yes, I was impressed with him also, but CHURCH is probably better for the job because his small business experience is the best among the four. You know that we really need more specialists if we want to service the small business market."

Jack "Even though CHURCH'S technical skills are excellent, I believe that ANDERSON would be the best choice because he could interact more easily with potential Scandinavian customers. His recommendations from Deutsche bank are very good so he could probably work with foreign clients."

Patrick Wait, the loss of those two Scandinavian deals is not the only reason we are creating this post. We are likely to have more and more foreign clients. It seems to me that we need to bring in someone with multinational experience to show that we have a real European perspective. Obviously BULASIKIS would be the best choice."

Personnel Director "Thank you very much for your analysis and recommendations. As we are running a little late so I suggest we continue this discussion after lunch."

You were waiting for your appointment to discuss some business with the Personnel Director at this bank/building society when you overheard the above conversation. Later during your lunch with him he confided that he was not sure which employee would be best. He asked you for your opinion about who should be recruited. Which one of the four employees would you recruit if it were your decision?

Joseph BRIARS (1) _____
Daniel CHURCH (2) _____

Jan ANDERSON (3) _____
Alexandros BULASIKIS (4) _____

Promotion Scenario (British Version)

Division Director "Thank you for coming Mark. I would appreciate your advice on who you would like to work with. Headquarters wants to expand our operations in 2 or 3 years. With the rapid increase in new business we have had over the past few years we are stretched too thin and need more people to handle the work. If you can keep succeeding you will certainly be a candidate to head-up the new unit."

Mark "Thanks, I really appreciate you letting me take part in the selection since I will have to work closely with the person we hire."

Division Director "Well although the new guy will also work with other department managers he will work mostly with you. So your opinion is very important. I have drawn up a list of some internal and external people available. I have also asked some of the other department managers to join us. John why not start with your opinion."

Finalists already employed by the organisation				
Name	Age	Current Job	Performance Rating (5 year average)	Personal Notes
James COWLEY	7	Senior Sales Manager	100% of sales target	Very reliable performer, very committed to the company, good team player, well liked throughout the firm.
Robert HODGE	7	Sales Manager	126% of sales target	Extremely productive, has a reputation of being a tough but effective manager, appears to have future growth potential, tendency to work alone.

Finalists not employed by the organisation				
Name	Age	Current Job	Personal Notes	
Nicholas GREEN	6	Commercial Director	Very strong recommendations from director of Crédit Suisse - New York, Was responsible for developing Crédit Suisse's very successful commercial strategy for the US market.	
Oliver DOVER	1	Director of Sales	DOVER made an excellent presentation on developing new commercial strategies at an EFMA seminar attended by some of our staff. Would be receptive to a job offer from dynamic bank like ours. His previous three employers recommend him very highly.	

John "Well I do not believe it is a secret that I would like to see COWLEY be given the position. Everyone likes him and he has paid his dues. He is committed to the bank and stayed even during the rough times when some of our colleagues left for other jobs several years ago. He deserves a promotion."

Peter "You are right that COWLEY is committed and is well liked, in fact we play golf together every weekend. But I do not really see him pushing the commercial department strongly enough to compete against the other banks. We have grown over the past several years but not as fast as the market has grown. In fact we are losing market share even though our sales are higher. I believe HODGE is the best choice. He knows the bank well and gets results."

Andrew "If you really want results, I think we should hire GREEN. He has real experience in the competitive US market and can contribute a great deal of proven expertise. He would fit into our group very well."

Christopher "It seems to me that GREEN has worked to long out of Europe to fit easily into our organisational culture. DOVER, who has concentrated his activities here, would fit in much more smoothly. Additionally DOVER is somewhat of a star on the lecture circuit, which could probably help raise our profile in the financial community."

Division Director "Thank you very much for your analysis and recommendations. Mark why not think about who you would like to work with and see me after lunch with your recommendation."

You were waiting for your appointment to discuss some business with **Mark** at this bank/building society when you overheard the above conversation. Later during your lunch with him he confided that he was not sure which candidate he himself should recommend. He asked you for your opinion about which he should recommend for the new post. Which one of the four employees would you recruit if it were your decision?

James COWLEY (1) _____
Robert HODGE (2) _____

Nicholas GREEN (3) _____
Oliver DOVER (4) _____

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