Contemporary Challenges in Sales and Marketing Organizations

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1 Introduction

1.1 Motivation

The motivation for researching contemporary challenges in sales and marketing organizations stems from firsthand observations of small-medium enterprises (SMEs) operating in the B2B industrial technology market. These observations indicate that contemporary challenges are making it increasingly difficult for organizations operating in this domain to sustain a competitive advantage. The contemporary challenges highlighted in this thesis have not been encountered by many of these organizations before, indicating the unprecedented nature of such challenges. That is not to say that the contemporary challenges experienced today are more severe or important than those of previous years (e.g., world wars and global recessions have impacted many businesses and society as a whole). It is merely the observation that some of the recent contemporary challenges have been evolving rapidly and with increased complexity in recent years. For example, consider the tariff structure decided upon by Trump during his second presidency (Bohannon and Pequeño IV 2025), which has changed overnight on several occasions and left confusion as to how and when it will be implemented. This uncertainty makes global trade significantly more complicated and requires sales and marketing organizations to react quickly to be compliant with trade requirements, yet cautiously due to the uncertainty of the trade requirements.

It is also important to emphasize that the contemporary challenges impacting an organization are unlikely to be experienced in the same way, to the same magnitude, or even at the same time, as another organization due to each having its own set of unique resources (Barney 1991) and competitive advantage in the market (Porter 1979). Therefore, to provide focus and context, the key area of interest for this

thesis is how contemporary challenges influence sales and marketing organizations in B2B technology markets. Thus, for example, sole traders, multinational conglomerates, and B2C businesses have not been researched in this thesis but may have experienced similar contemporary challenges and can relate to some of the findings in this thesis.

For instance, common media platforms including news channels are awash with examples of how many organizations today are affected by a wide array of contemporary challenges including geopolitical tensions (e.g., Bala 2023; Levy, Singhal, and Watters 2024), rapid technological advancements (e.g., Mercer 2021; Van Kuiken 2022) and evolving societal and customer expectations (e.g., Doerr 2022; Winston 2020). Exploring all these contemporary challenges is a complex undertaking due to the breadth, depth, and interconnectedness of these issues. Attempting to address them all comprehensively would risk diluting the focus and depth of the research presented in this thesis. Therefore, the focus in this thesis is on three critical contemporary challenges—***disruptions, deglobalization, and digitalization***—based on their prevalence during the research period and their relevance to B2B SME technology markets. These challenges were particularly salient during the research period and had a significant impact on sales and marketing organizations. For example, the ***disruption*** research focuses predominantly on the COVID-19 pandemic and the changes in the interactions between salespeople and customers during this period. The ***deglobalization*** research focuses on how sales and marketing structures are adapting to several external factors that are creating an environment akin to deglobalization. The ***digitalization*** research focuses on how new readily available data sources that utilize artificial intelligence can be integrated to improve sales performance. In the next chapter, these contemporary challenges are explained in a general context before the specific research on these themes is presented in more detail.

1.2 Contemporary Challenges in General

The success of an organization is closely linked to how well it can adapt to changes in the external environment that are beyond its control (Reeves and Deimler 2011) and how it can utilize its internal resources to do so (Barney 1991). Consider the example of an organization that does not consider the impact or complexity of contemporary challenges. When the external environment becomes challenging for businesses, economic downturns or recessions often result (Hall and Geldard 2024). In these circumstances, financial pressures are exacerbated often necessitating severe cost-cutting measures to offset rising costs and preserve some level of financial stability (Mitchell 2024). During these periods, reduced consumer spending and tightening of credit markets can diminish revenues (Sherman 2024), forcing businesses to streamline operations by reducing budgets (Quelch and Jocz 2009), postponing investments (Ai 2022) and implementing workforce reductions (Itlyashev 2023). In this scenario, it is common for the sales and marketing functions to be downsized first due to having "less business" (Quelch and Jocz 2009). These cost-cutting strategies can be often considered as essential for survival in the short-term can hinder innovation and long-term growth (Mitchell 2024), thus reinforcing the struggle for survival for many years subsequently.

Many organizations have been able to survive this way in the past, but today, the situation can be much more precarious. Sales and marketing organizations are having to adapt and respond much faster to a wider range of uncertain and volatile contemporary changes in order to sustain a competitive advantage in their markets of interest (Kotter, Akhtar, and Gupta 2021). To explain why this is the case now, it is important to define what contemporary challenges are and why they are occurring more rapidly and with more complexity in terms of their impact on organizations today.

Contemporary challenges can be defined as external trends, shifts, or disruptions that exert significant influence on the global business environment, compelling organizations to reevaluate and adapt their strategic direction both in the short-term and the long-term (Napier, Liu, and Liu 2024). These challenges often stem from complex, interconnected phenomena such as geopolitical tensions (e.g., Bala 2023; Levy, Singhal, and Watters 2024), rapid technological advancements (e.g., Mercer 2021; Van Kuiken 2022) and evolving societal and customer expectations (e.g., Doerr 2022; Winston 2020), which collectively shape the competitive landscape.

Geopolitical tensions, such as trade wars, economic sanctions, and regional instabilities, disrupt global supply chains and introduce operational complexities. Most commonly, these tensions often lead to increased tariffs and restrictions on importing goods, as well as heightened regulatory requirements such as enforcing a percentage of local content (Lund et al. 2020). For organizations reliant on global supply networks, particularly of scarce or limited resources, such disruptions necessitate a re-evaluation of procurement and production strategies, emphasizing a need for regional diversification of the supply chain and the development of alternative supply routes, both of which can increase operational costs. An example is Brexit. While it had been known that the UK would leave Europe for many months, a transition period seemed to cause more confusion on the rules of global trade than it solved (Thimont Jack, Marshall, and Jones 2021) and businesses had to react very quickly when the withdrawal agreement came into effect to ensure that they were compliant with the new rules. Even today, the requirement for CE (Communauté Européenne) marking on products that are imported to the UK which should have come into effect on 1 January 2023 has been delayed, due to confusion around the specific marking requirements (GOV.UK 2024; Konijnenburg 2024). While CE marking may appear to be a simple change, it can create significant costs for manufacturing companies who have to update their production, testing and certification processes to ensure they are compliant.

Rapid technological advancements, including the rise of artificial intelligence, big data, and automation, are fundamentally reshaping the competitive landscape across many industries (Lipovich 2022). These innovations enable organizations to enhance operational efficiencies, streamline workflows, and reduce costs (Berawi et al. 2020; Shehadeh et al. 2023) while simultaneously redefining customer experiences (Mohan 2023). Big data empowers organizations to analyze vast amounts of information in real time, supporting more informed decision-making not only about their own business but also that of their customers' uncovering insights that drive further innovations (Dublino 2024). Moreover, automation is transforming the nature of work, automating routine tasks and freeing human resources to focus on higher-value activities such as strategic planning and creative problem-solving (Mercer 2021). These technological shifts not only alter how organizations operate internally but also influence their external value propositions by enabling them to meet evolving customer demands that can be supported by these technologies (Leachman and Scheibenreif 2023). To remain competitive, organizations must consider integrating new technologies into their businesses before they become obsolete. An example is the pace at which AI is being incorporated into organizations. According to Singla et al. 2024, 65% of their respondents from their survey reported that their organizations were regularly using generative AI. However, small organizations are lagging when it comes to adopting new technology often citing a lack of budget or skills (Aguilar 2024).

Evolving societal and customer expectations are driving organizations to reevaluate their value propositions and stakeholder engagement strategies (Saka-Helmhout et al. 2024). Customers and stakeholders increasingly prioritize inclusivity, transparency, and ethical business practices, compelling organizations to align their operations and messaging with Environmental, Sustainable and Governance (ESG) values (Bar Am et al. 2023). For example, customers and investors are more likely to support and request evidence during contract

negotiations that organizations demonstrate a commitment to social equity, environmental sustainability, and responsible corporate governance. Transparency in business operations, including clear communication about sourcing, production, and labor practices, has become a critical factor in building trust and loyalty (Hart 2024). Environmental and sustainability concerns place additional pressures on organizations to innovate in areas like resource management, product design, and carbon footprint reduction (Serin 2024). Organizations that fail to adapt to these societal and customer-driven pressures risk losing their competitive edge, underscoring the importance of integrating ESG into their long-term strategic planning. There are many examples in the media of businesses with poor ESG practices or something that society disproves of. For example, Shein, a Chinese manufacturer of clothing has been criticized for unsustainable operations, including building a customer culture of 'fast-fashion' and utilizing cheap labor (Rajvanshi, Caldwell, and Johnson 2023), while Uber and Airbnb have been criticized publicly for their wider impact on society (Barker 2020; Sherman 2024) leading many individuals but also local governments to boycott or ban these companies.

This is not an exhaustive list of all the contemporary challenges that organizations face. The above selection merely highlights some of the key contemporary challenges that this thesis focuses on. Within each research topic presented in this thesis, the contemporary challenges that are most relevant are discussed (Figure 1). It should be noted that contemporary challenges do not manifest in isolation. Indeed, there are many interplays between these factors as shown in the simplified schematic in Figure 1. Exploring the complex interplays of these contemporary challenges could become an entire thesis in itself. For conciseness, it is not included as a topic for this thesis.

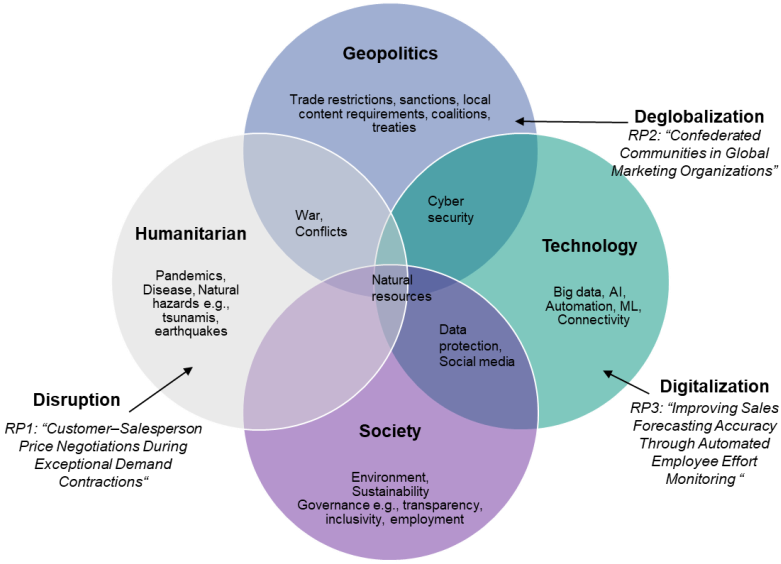


Figure 1: Research focus for this thesis

1.3 Contemporary Challenges in the Context of Sales and Marketing Organizations

Focusing on how contemporary challenges influence all organizational aspects is also a significant undertaking which would be impossible to address comprehensively in one thesis. Therefore, to further ensure that the research stays focused and manageable, we primarily consider impacts on the sales and marketing organization. As mentioned above, sales and marketing organizations are often one of the first to be impacted severe cost-cutting measures and downsizing during difficult times. However, how these are evolving in light of the contemporary challenges experienced today is the key topic of interest. In this section, examples of existing sales and marketing research are presented, and the research questions that arise from exploring these topics through the lens of contemporary challenges are explained.

From a sales perspective, existing research highlights that the role of the salesperson has been evolving over recent decades from transactional selling (Marcos Cuevas 2018) to relationship selling (Arli, Bauer, and Palmatier 2018) to solution selling (Salonen and Terho 2021) and so forth (Rapp and Beeler 2021). However, if contemporary challenges are faster and more complex than before, are they accelerating this evolution or are they initiating completely new salesperson roles? Are contemporary challenges influencing how salespeople and customers interact with each other in these roles? Are new dynamics between the two agents emerging? Do salespeople or customers have an advantage when businesses are struggling to adapt to contemporary challenges? While it is not possible to address these questions in one research topic, this line of thinking is what prompted the first research project introduced in Chapter 2.

From a marketing perspective, existing research indicates that it is common for organizations struggling with external factors beyond their control such as those created by contemporary challenges, to downsize their marketing function in order to reduce costs (Quelch and Jocz 2009). However, these are usually periods when investing more in a marketing function can pay off (Rollins, Nickell, and Ennis 2014). As such, if contemporary challenges are occurring faster, is this increasing uncertainty and volatility for the marketing function? If so, how are organizations managing the impact on their marketing function? Does it lead to organizational structures that are more flexible and adaptable to contemporary challenges? How can organizations utilize their marketing resources more effectively to help them sustain a competitive advantage? Again, it is not possible to answer all of these questions in one research topic, so the research presented in Chapter 3 focuses on how structure and organization of sales and marketing organizations are evolving to cope with contemporary challenges.

Considering the impacts from both a sales and marketing perspective, existing research shows that advances in technology have been transforming sales and marketing practices by enabling greater

efficiency and personalization (e.g., Seele et al. 2021; Stern 2017). However, with the pace of technological change accelerating, are these advancements merely enhancing existing practices, or are they prompting entirely new approaches within the sales and marketing functions? For example, how are sales and marketing organizations utilizing tools like big data analytics and artificial intelligence solutions to understand and anticipate customer needs in real-time? How can they be used to improve the performance of the sales and marketing functions? Do they provide any insights that can't be gathered through traditional sales and marketing practices? As advances in technology span a wide range of topics, in Chapter 4, the focus of the research is on how organizations can integrate new automated data sources into their sales and marketing functions to improve sales forecasting.

It is apparent that organizations today are affected by a wide array of external forces, including economic fluctuations, technological advancements, shifting consumer expectations, geopolitical tensions, and sustainability initiatives. Attempting to address all these factors comprehensively would risk diluting the focus and depth of the research presented in this thesis. Therefore, the focus in this thesis is on three critical challenges—disruptions, deglobalization, and digitalization—based on their prevalence during the research period and their relevance to B2B markets. In Section 1.4-1.6, the selected contemporary challenges are discussed in more detail to set the scene, before presenting the research on these themes.

1.4 Contemporary Challenge 1 – Disruption

External disruptions, such as the COVID-19 pandemic, natural hazard events, and geopolitical conflicts that have led to wars, have created unprecedented challenges for businesses fundamentally altering supply chains, societal expectations, and workforce dynamics (Bartik et al. 2020; Hardcastle 2022). During the COVID-19 disruption, there was a unique transformation in how customers engaged with sales teams.

Traditional in-person interactions that often require frequent domestic and international travel gave way to virtual meetings scheduled around childcare and other personal commitments, neither of which were previously considered as part of the working day. These changes demonstrate how long-standing sales practices had to adapt to new societal and customer expectations during this period. This experience underscored the need to better understand the influence of external disruptions on salesperson and customer dynamics when operational circumstances created such a fundamental shift in long-standing practices and interactions. The rapid pace at which the COVID-19 disruption occurred underscores the necessity of building flexible, disruption-proof sales and marketing strategies that prioritize innovation and customer-centricity. Next, is a summary of the first research project inspired by these experiences "Customer–Salesperson Price Negotiations During Exceptional Demand Contractions".

1.4.1 Introduction to "Customer–Salesperson Price Negotiations During Exceptional Demand Contractions"

The research examines how sales and marketing organizations navigate the challenges created by exceptional demand contractions—a specific type of market disruption defined as periods during which markets experience significant decreases in customer demand beyond expected variation—such as that caused by the COVID-19 pandemic. These events, which create abrupt and severe declines in demand, disrupt established sales and negotiation processes, compelling organizations to balance immediate revenue pressures with the need to maintain sustainable customer relationships. In this study, the focus is on customer–salesperson dependency dynamics, specifically the shift in power between them, and the influence on price negotiation behaviors. The next sections describe how the research question: "*How do exceptional demand contractions affect customer–salesperson price negotiations?"* is addressed.

1.4.2 Research Methods

To reveal the dynamics of price negotiations during periods of exceptional demand contraction, a comprehensive multi-method research approach consisting of three studies was employed. The first study adopts a grounded theory approach, using qualitative data from 22 semi-structured interviews conducted with sales professionals and customers in the European B2B industrial technology sector. These interviews, conducted during the COVID-19 pandemic, capture firsthand insights into how demand contractions affect sales opportunities, dependency dynamics, and negotiation outcomes. The qualitative data were systematically analyzed to develop a theoretical model illustrating a power shift in the customer–salesperson relationship that could influence price negotiation outcomes. This theoretical model was subsequently tested in the second and third studies.

In the second study, field data from a global industrial machinery manufacturer's CRM system were analyzed. This dataset includes 3,664 won sales opportunities across 32 countries during the COVID-19 pandemic. The research examines how changes in sales opportunities and sales cycle lengths influenced negotiated prices, with a specific focus on the moderating effect of customer–salesperson relationship closeness. This was operationalized as prior sales revenue associated with a customer. This phase provided quantitative validation of the findings from the qualitative study.

The third study employs a scenario–based experiment to test perceptual constructs identified in the qualitative phase that could not be tested quantitatively in the second study. Participants were assigned a scenario that simulated negotiation conditions with varying degrees of power shifts and relationship closeness and were asked to provide responses on discount claims and their sympathy toward salespeople. This experimental approach further validated the theoretical model and

extended its applicability beyond the specific context of the COVID-19 pandemic.

1.4.3 Key Results

The research reveals that exceptional demand contractions fundamentally alter the dynamics of customer–salesperson interactions by shifting the balance of power between them. What typically happens during a demand contraction, i.e., when sales opportunities diminish and sales cycles lengthen, is that salespeople are perceived to become more dependent on customers. This is driven by increased pressure to meet performance targets despite a shrinking pipeline of opportunities. Customers, in contrast, are perceived to become less dependent on salespeople, as they gain more time to explore alternative options and negotiate favorable terms. This asymmetry, described through the lens of power–dependency theory (Emerson 1962), typically creates a power imbalance that favors customers.

However, a critical moderating factor in this dynamic is the closeness of the customer–salesperson relationship. The research challenges the traditional assumptions that customers in close relationships with the salesperson leverage their importance to secure better prices. Instead, the research shows that during exceptional demand contractions, customers in close relationships demonstrate empathy and leniency, prioritizing relational over financial considerations. In other words, "close relationships lead customers to show unforeseen understanding and sympathy for the pronounced challenges that salespeople are experiencing." Customers become less focused on exploiting their power advantage, and more focused on maintaining a relationship that supports salespeople through challenging times. This finding suggests that strong relational ties mitigate the adverse effects of power imbalances and enable salespeople to avoid unnecessary price concessions.

1.4.4 Implications for Sales and Marketing Functions

The research highlights the importance of adapting sales and marketing strategies to navigate the challenges posed by exceptional demand contractions. Typically, during these periods, salespeople feel the power shift that gives an advantage to the customer and will often reduce prices or discount more in order to close the deal due to the increased pressure to meet their quota. However, if they are able to focus on the relational aspects of the customer interaction, customers are less likely to capitalize on this power advantage in order to maintain a good relationship. Therefore, sales managers should consider revising performance metrics and adopting behavior–based control systems to reduce pressure on salespeople who face increased dependency on customers during these periods. This is because good relationship management in strong customer relationships can buffer against power imbalances and foster more favorable price negotiation outcomes.

Marketing functions can also play a complementary role by reinforcing customer loyalty through empathetic and relational messaging. By emphasizing shared challenges and the value of long-term partnerships, marketing teams can enhance the effectiveness of sales efforts, supporting organizational resilience during economic disruptions.

The application of power–dependency theory provides a valuable framework for understanding how an exceptional demand contraction – e.g., caused by the COVID-19 pandemic disruption in this case, can influence price negotiation dynamics. This perspective underscores the importance of leveraging relational strengths to balance dependency asymmetries and achieve sustainable outcomes, even in volatile market conditions.

1.5 Contemporary Challenge 2 – Deglobalization

Deglobalization, characterized by the rise of economic nationalism, protectionist policies, and heightened regulatory barriers, has significantly altered the competitive landscape for organizations operating globally. These external forces compel organizations to rethink their structures to balance global aspirations with the realities of increasingly localized markets. For example, the trade complexities and regulatory pressures imposed by both the U.S. and China present unique challenges for maintaining business in both regions. Navigating these tensions requires organizations to ensure compliance with divergent local requirements while preserving the efficiencies and consistency that global integration offers. This experience has highlighted the need for hybrid types of organizational strategies that address the pressures of deglobalization without compromising competitive positioning in key markets.

The research on "Confederated Communities in Global Marketing Organizations", illustrates how organizations are adopting novel structural approaches to balance the need for centralized control with decentralized responsiveness. In practice, these structures enable global organizations to remain agile by fostering collaboration across interconnected employee groups with both local and global priorities. The research explores how the confederated communities approach differs from more commonly known "Think global, act local" strategies (e.g., Dessaigne 2019) and the "Transnational" approaches (Bartlett and Ghoshal 2008) that businesses have come to rely upon during periods of intense globalization. In this research, a framework is provided that addresses the organizational tensions deglobalization introduces while ensuring sustainable performance in an increasingly fragmented world. The next sections describe how the research question: "*Does centralized authority and control and decentralized execution of marketing tasks persist during deglobalization?"* is addressed.

1.5.1 Introduction to "Confederated Communities in Global Marketing Organizations"

The research examines how global marketing organizations are impacted by deglobalization which is a contemporary challenge associated with rising protectionism, regional trade barriers, and increasing regulatory complexity across key markets. These challenges fundamentally influence traditional organizational models, compelling businesses to balance global integration with local responsiveness in ways that have not been previously considered. In this research, the focus is on the emergence of confederated communities—interconnected groups of employees who interact with each other and their unique environments to deliver certain marketing functions—to manage the challenges associated with deglobalization related trends. By examining how these hybrid organizational structures operate, the research explores how organizations can address the dual pressures of maintaining global consistency while adapting to diverse regional requirements, ensuring competitive resilience in a fragmented global landscape.

1.5.2 Research Methods

The research employs a comprehensive qualitative multi-method approach to explore the emergence and functionality of confederated communities. The research is grounded in data collected from globally active B2B technology companies and includes four data sets. First, an ethnography was conducted over six months within the headquarters of a globally active B2B industrial manufacturer. This approach provided in-depth exploration of how centralized and decentralized marketing functions coexist within the organization.

Second, a detailed case study examined a multinational water pump manufacturer undergoing global structural reorganization into what they refer to as "three tectonic plates" – that is Americas, Europe and

Asia. This real-time investigation offered insights into operational challenges and solutions and how they plan to address them through utilization of second headquarters for example.

Third, semi-structured interviews were carried out with 18 C-level and senior executives across the B2B industrial technology sector. These interviews explored how global disruptors, such as protectionism and digitalization, affect marketing structures and both operational and strategic decision-making.

Fourth, focus groups participated in two workshops involving senior practitioners from a range of various B2B industrial technology firms. These workshops validated the findings and helped refine theoretical frameworks.

Throughout the study, grounded theory methodology was followed to ensure that theoretical insights emerged directly from the collected data. Due to the nature of the topic under investigation, it was not possible to quantitatively validate our findings.

1.5.3 Key Insights and Findings

The multi-method approach to the research reveals that global marketing organizations face mounting tensions between the need for centralized control and decentralized responsiveness due to contemporary challenges such as deglobalization. Traditional "centralize control, decentralize execution" models no longer suffice in addressing the complexity of these pressures. Key contemporary challenges associated with economic nationalism, digitalization, and societal expectations amplify tensions between centralization and decentralization. Protectionist policies, for instance, force organizations to decentralize to comply with local content requirements while simultaneously centralizing to leverage economies of scale. Similarly, digital transformation drives organizations to adopt localized strategies to capture regional market opportunities, while centralized

coordination is necessary to maintain data consistency and innovation across the global enterprise. Another example is the influence of internal and external stakeholders, such as shareholders, employees, and customers, on marketing structures. For instance, younger shareholders prioritize sustainability over immediate financial returns, prompting organizations to integrate centralized sustainability policies while enabling regional teams to address local environmental priorities.

In response to this "tug-of-war" situation, organizations are adopting confederated communities, defined as "interconnected groups of employees who interact with each other and their unique environments to deliver certain marketing functions". The emergence of these confederated communities blurs the boundaries between centralization and decentralization by integrating the advantages of both approaches. Informal networks, committees, focus groups, excellence centers and regional marketing departments act as key mechanisms to balance global consistency with local responsiveness. These structures provide flexibility to adapt to regional requirements while maintaining alignment with more globally driven corporate objectives.

1.5.4 Implications for Organizations and Researchers

The findings of this research hold significant implications for both practitioners and academics. For organizations, the concept of confederated communities provides a practical framework for navigating the complexities of contemporary challenges linked to deglobalization. It highlights the importance of designing flexible marketing structures that balance central authority with local autonomy. Managers are encouraged to embrace hybrid organizational models and prepare for the change management challenges associated with their implementation.

For researchers, the study extends theoretical understanding by challenging traditional models of centralization and decentralization in marketing organizations. It introduces the novel concept of

confederated communities as an embodiment of contemporary trends such as deglobalization and digital transformation. Future research can build on this foundation to explore how these structures evolve in different industries and contexts, as well as their implications for organizational performance.

By addressing the dual pressures of global consistency and local adaptability, this study provides valuable insights for navigating the complexities associated with deglobalization in a world that is still largely globalized. It underscores the need for marketing organizations to continuously adapt their structures to meet the demands of a rapidly changing business environment.

1.6 Contemporary Challenge 3 – Digitalization

Digitalization, marked by the proliferation of advanced technologies, data-driven tools, and virtual platforms, has already reshaped the sales and marketing landscape. These technological advancements compel sales and marketing teams to adapt their strategies to align with evolving customer expectations and increasing digital interactions. For example, sales teams can leverage tools like advanced CRM systems to prioritize management of their customer accounts, while marketing teams can immerse themselves in social media campaigns to gain 'followers' and expand their customer base. Harnessing these tools effectively can improve the customer's journey, streamline the interaction between sales and marketing functions and provide an opportunity for competitive differentiation.

However, this digital transformation can also create a divide between those who quickly adapt to these technologies and those who struggle to integrate them into their day-to-day activities (Berawi et al. 2020; Shehadeh et al. 2023). This experience has raised the question of how organizations can balance technological innovation with human

adaptability when there is rapid digital advancement. One area of interest is the use of digital analytics that are automatically measured instead of requiring salespeople to learn and adapt to new software. These observations prompted the third research project on how organizations can leverage digital transformation to support the sales function without requiring additional salesperson effort. The next sections describe how the research question: "*Does utilizing metrics from automated employee effort monitoring improve the accuracy of sales forecasts?"* is addressed.

1.6.1 Introduction to "Improving Sales Forecasting Accuracy Through Automated Employee Effort Monitoring"

The research on "Improving Sales Forecasting Accuracy Through Automated Employee Effort Monitoring", demonstrates how businesses can leverage new digital technologies to enhance the accuracy of their sales forecasting. Sales forecasting is critical for decision-making, resource allocation, and operational planning, yet many organizations continue to struggle with accuracy due to reliance on incomplete or biased data sources. This study focuses on whether automated employee effort monitoring, defined as the use of software that captures metrics related to employee resource investment without requiring manual input, can address this sales forecasting gap.

Specifically, the research investigates how automated employee effort monitoring tools can provide a novel approach to overcoming the limitations of traditional CRM systems, which often rely on incomplete or biased self-reported data. These tools enable organizations to integrate objective, continuous metrics such as email hours, meeting hours, and focus hours into their forecasting models, providing a more comprehensive and reliable understanding of salesperson activity. The research explores how this approach differs from traditional forecasting methods by demonstrating its ability to reduce forecasting errors and

improve predictive power across different sales environments. A framework is developed for integrating digital tools into sales management practices, along with some guidance for sales managers who may want to utilize these types of new digital technologies in their sales practices.

1.6.2 Research Methods

To explore the role of digital tools in sales forecasting, a mixed-method approach is adopted that uses data from a Fortune 500 technology and telecommunications company focusing on its largest sales organization. The dataset spans 201 salespeople over a period of 18 to 40 weeks, incorporating metrics from both a traditional CRM system and an automated digital monitoring tool – Microsoft Viva Insights. CRM data includes manually logged customer interactions and pipeline details, while automated tools provide metrics on email hours, meeting hours, and focus hours, offering a granular view of salesperson effort and time allocation.

A LASSO (Least Absolute Shrinkage and Selection Operator) regression, which is well-suited for high-dimensional datasets, was employed. This method identified the most relevant predictors of sales outcomes while minimizing overfitting, enabling a comparison of baseline forecasts using CRM data against those enhanced by effort metrics from automated monitoring tools. Additionally, two moderators were examined—salesperson tenure and salesperson type (direct versus indirect)—to understand contextual factors that may influence the predictive power of these digital metrics. The study highlights how integrating emerging digital technologies can support improved sales management practices.

1.6.3 Key Insights and Findings

Integrating automated employee effort monitoring metrics with traditional CRM data improved forecast accuracy by up to 6.5%, with R^2

values reaching as high as 89% in specific scenarios. This demonstrates the diagnostic value of digital effort-based metrics, which offer a more reliable and comprehensive data source compared to manually logged inputs. Salesperson tenure emerged as a critical moderator, with experienced salespeople showing stronger alignment between effort metrics and sales outcomes. Their ability to strategically allocate time to high-value activities, such as customer interactions and deal negotiations, amplifies the predictive power of automated metrics. Similarly, the gains in accuracy were more pronounced for direct sales roles, where effort and activities have a more immediate impact on revenue compared to indirect roles, which often involve intermediaries or agents.

The research highlights the limitations of traditional CRM systems, which rely on self-reported data that can be incomplete, inconsistent, or biased due to varying levels of salesperson engagement. Automated digital monitoring tools address these gaps by providing objective, continuous, and comprehensive data collection without requiring manual input. However, the research also emphasizes that not all metrics are equally valuable. The degree to which monitored effort translates into revenue depends on contextual factors, such as the salesperson's role and market environment, reinforcing the importance of tailoring digital tools to specific organizational needs.

1.6.4 Implications for Managers and Researchers

The research offers significant implications for organizations seeking to leverage digitalization to enhance their sales forecasting capabilities. By integrating automated employee effort monitoring into forecasting models, organizations can overcome the limitations of traditional methods to achieve greater accuracy. These tools not only provide a more complete picture of salesperson activity but also enable managers to identify patterns and behaviors that drive success. For instance, metrics such as focus hours and meeting hours can help managers understand how top performers allocate their time, offering insights

that can be used to optimize team performance. The research also highlights the importance of ethical considerations in deploying digital monitoring tools. Organizations must balance the productivity gains offered by these technologies with potential employee concerns about privacy and micromanagement, ensuring that monitoring is used to support, rather than undermine, employee autonomy and trust.

For researchers, the study expands the theoretical understanding of how digitalization impacts sales forecasting. It demonstrates the value of combining traditional predictive models with emerging digital tools, offering a framework for future investigations into the broader applications of digital monitoring across industries and roles. Future research could explore how these technologies influence other dimensions of sales performance, such as motivation, engagement, and customer satisfaction, or examine their impact in diverse organizational and cultural contexts.

This research is a first step in highlighting the profound changes that automated digital tools can bring to the sales function, providing actionable insights for organizations navigating the complexities of data-driven decision-making. It underscores the need for organizations to embrace these technologies strategically, aligning their adoption with broader objectives of efficiency, accuracy, and employee empowerment. As digitalization continues to transform sales management, the study provides a first glance into potentially new forecasting practices in an increasingly technology-driven landscape.

2 Customer–Salesperson Price Negotiations During Exceptional Demand Contractions

Extant literature has mostly studied how customer–salesperson price negotiations evolve in "normal" circumstances. However, recent economic recessions illustrate the need to advance theory on the question of how price negotiations evolve in "abnormal" times when customer demand significantly contracts beyond expected variation. In response to this gap in the literature, this study uses a multi-method design to investigate price negotiations during exceptional demand contractions. Our results from a theories-in-use study reveal that during such circumstances, salespeople's perceived dependency on customers increases, and customers' perceived dependency on salespeople decreases. The inherent "power shift" should benefit customers in subsequent price negotiations. However, we also find that customers are less likely to capitalize on their power if they have a close relationship with a salesperson, implying that salespeople do not have to concede on price negotiations. This effect is likely due to increased sympathy during periods of exceptional demand contractions. The authors further validate key propositions from this qualitative study in a field study and a scenario-based experiment. Altogether, this study suggests that managers should not be too hasty in approving and encouraging salespeople to offer unnecessary price discounts during exceptional demand contractions as buyers may become more sympathetic and lenient during price negotiations.

2.1 Introduction

At the heart of many business-to-business (B2B) customer–salesperson interactions are price negotiations. In fact, there is an abundance of practitioner articles and books that offer salespeople advice and guidance on how to best negotiate pricing (e.g., Mohammed 2020). Despite these practical recommendations, sales managers remain concerned with the "B2B discount conundrum" (Wong 2016), and avoidance of discounting is an important metric against which they are measured and evaluated (CSO Insights 2014).

Given the high importance of price negotiations to managerial practice, the marketing academy has put a strong focus on explaining price negotiation outcomes. For example, prior research has shown that negotiated prices depend on negotiation tactics (Wieseke, Alavi, and Habel 2014; Lawrence et al. 2021) as well as buyer and seller firm characteristics (e.g., Alavi et al. 2018, 2020; Kassemeier et al. 2022; Wieseke, Alavi, and Habel 2014). Notwithstanding these important contributions, the sales literature remains silent about the impact of the economic context on customer–salesperson price negotiations.

Toward that end, the economic context examined in this study is that of exceptional demand contractions, which we define as periods during which markets experience significant decreases in customer demand beyond expected variation. To illustrate, in May 2020, attributed to the COVID-19 pandemic, B2B spending in the United States had fallen by 13.6% year-over-year (Solomon 2021). As another example, consider how during the financial crisis of 2008-2009 the economy in the United Kingdom declined by 6% in just over a year, which resulted in high unemployment rates and pay freezes (ONS 2018). For the purposes of this study, we focus solely on sales negotiations during demand "contractions" (and not "expansions"), as these instances have been overlooked in the extant literature.

How do such exceptional demand contractions affect a firm's price negotiations? On one hand, as demand decreases, excess supply may lead customers to request lower prices (Dekimpe and Deleersnyder 2018), putting immense pressure on salespeople's price negotiations. On the other hand, firms may defend their price levels more aggressively because during exceptional demand contractions it becomes even more "critical that companies figure out how to protect and increase revenues—not just containing or cutting costs" (Andersen et al. 2020, p. 1). This may impose a further challenge for salespeople because limiting price reductions during an exceptional demand contraction might create unintended damage to their customer relationships (e.g., defection). The complexity of this issue and the countervailing perspectives render the broad question "How do exceptional demand contractions affect customer–salesperson price negotiations?" managerially relevant and theoretically intriguing.

To address this question, we conduct three empirical studies (see Figure 2 for an overview of our multi-method approach). Due to a lack of existing guidance in the literature and to gain rich first-hand insights, we begin with Study 1 by conducting in-depth interviews with sales professionals to gather personal experiences and reflections from a recent exceptional demand contraction and uncover practitioners' mental models (Zeithaml et al. 2020). To expand on Study 1 and to offer an initial quantitative test of the qualitative findings, we next examine secondary data of sales opportunities gathered from an industrial manufacturer's CRM system (Study 2). Finally, we used a scenario-based experiment (Study 3) to test the role of perceptual constructs revealed in Study 1 that we could not test in Study 2.

Our results indicate that exceptional demand contractions lead to a "power shift" that favors customers over salespeople due to changes in perceived relative dependency (Emerson 1962). Power swings even more so towards customers as a salesperson's perceived importance of the sale increases and a customer's importance of the purchase decreases. This power shift encourages customers to exploit their

increased power position during price negotiations with salespeople (e.g., Jap et al. 2013). However, the salesperson–customer relationship emerges as a key boundary condition. Specifically, in close relationships, customers desist capitalizing on their increased power during exceptional demand contractions, possibly, due to the moral and social implications of doing so (Harmeling et al. 2015). In other words, the customer becomes less focused on the price negotiation, and more focused on "doing the right thing" which manifests as helping the salesperson through challenging economic times. This finding is surprising, because it challenges and qualifies past literature that suggests customers with close relationships feel entitled to receive better prices and negotiate harder to obtain them (Wetzel, Hammerschmidt, and Zablah 2014; Wieseke, Alavi, and Habel 2014). Thus, during exceptional demand contractions, customer motivations during price negotiations seem to shift, depending on the pre-existing relationship closeness with a salesperson.

As summarized in Table 1, our study makes four important contributions to the academic literature. First, we elucidate how exceptional demand contractions affect customer–salesperson price negotiations beyond basic and pre-established supply and demand principles that are inherent in market crises (e.g., Hartmann and Lussier 2020; Keränen, Salonen, and Terho 2020; Sharma, Rangarajan, and Paesbrugghe 2020). Second, we demonstrate that customer–salesperson price negotiations can be explained through the lens of power–dependency theory (Emerson 1962). Third, we expand on the sales negotiations literature (e.g., Kassemaier et al. 2022) by revealing how a power shift towards customers during exceptional demand contractions influences negotiations. Lastly, we contribute to the broad relationship marketing literature (e.g., Harmeling et al. 2015) by establishing that during exceptional demand contractions, negotiation outcomes depend on the closeness of preexisting customer–salesperson relationships but are counterintuitive to outcomes reported in the extant literature (e.g., Wieseke, Alavi, and Habel 2014). Altogether, our

research builds on literature on both the bright side (e.g., Srivastava, Shervani, and Fahey 1998) and dark side (e.g., Anderson and Jap 2005) of customer–salesperson relationships, stressing how the bright side of such relationships is more pronounced and the dark side is alleviated during exceptional demand contractions.

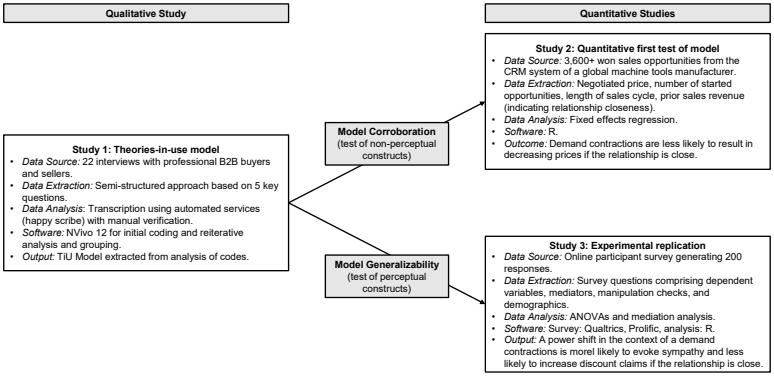


Figure 2: Overview of Multi-Method Approach

Table 1: Research Contributions

Theme	Illustrative Research	State of the Literature	Research Gap	Contribution
Market Crises	• Hartmann and Lussier (2020) • Keränen, Salonen, and Terho (2020) • Sharma, Rangarajan, and Paesbrugghe (2020) • Habel et al. (2020) • Voorhees, Fombelle, and Bone (2020) • Dekimpe and Deleersnyder (2018)	• B2B salesforces should use value-based selling and socio-technical interactions. • Resilient B2B salesforces are adaptive. • B2B customers' purchase probability decreases depending on culture and product price. • During market crises, salespeople experience more transformational negative events.	• Lack of details exist with regards to how or why salespeople need to adapt strategies and techniques during market crises. • Limited and mixed insights on how customer–salesperson relationships influence price negotiations outside of traditional economics theories (e.g., decrease in demand leads to price decreases in most cases, although some studies show the opposite).	• We show that economic context influences both salesperson and customer negotiation behavior and incites counter-intuitive actions. • We reveal that close customer–salesperson relationships prevent customers from capitalizing on favorable market conditions due to moral implications of doing so.
Power in Relationships	• Arli et al. (2017) • Palmatier, Stern and El-Ansary (2015) • Gulati and Sytch (2007) • Kim, Pinkley, and Fragale (2005) • Yukl and Tracey (1992) • Emerson (1962) • French and Raven (1959)	• Mutuality in a negotiation usually achieves the best outcome for both actors. • Differences in perceptions of power between actors can influence negotiations. • Power can result from interdependency. • Sources of power determine how power tactics are used in a negotiation.	• The influence of power in negotiations is well assumed in theory, but not explicitly acknowledged in some recent literature. • Power–dependency theory has not been connected to sales negotiations, or when an exceptional demand contraction diminishes mutuality and introduces moral judgement.	• We uncover how an imbalance in dependency creates a power shift in the customer's favor when an exceptional demand contraction occurs • We show that a close relationship with a seller prevents customers from capitalizing on a power advantage, if they consider that the moral implications of doing so outweigh their potential financial gain.

Sales Negotiations	• Kassemaier et al. (2022) • Lawrence et al. (2021) • Alavi et al. (2018, 2020) • Wieseke, Alavi, and Habel (2014) • Wetzel, Hammerschmidt, and Zablah (2014)	• Mutually beneficial outcomes and conflict resolution result when salespeople adopt a dual agency role (customer advocate). • Salespeople discount less if they assess customer price importance and heuristics. • Loyal customers negotiate harder and demand lower prices in return for loyalty. • Salespeople with higher reference prices resulting from approximate cost details maintain high negotiated prices.	• Limited understanding about how economic pressure encourages salespeople to concede discounts. • Few studies acknowledge the moral aspects of loyal customers demanding discounts. • The differences and link between relationship factors and negation outcomes during exceptional demand contractions is unknown.	• We explain how exceptional demand contractions increase pressure on salespeople which influences their behavior. • We clarify how fewer sales opportunities and longer sales cycles increase salesperson dependency on the customer but decrease customer dependency on the salesperson.
Relationship Marketing	• Shamsollahi et al. (2021) • Harmeling et al. (2015) • Palmatier et al. (2013) • Crosby, Evans, and Cowles (1990)	• A firm's performance depends on its customer-salesperson relationships, which dynamically change according to the firm's engagement lifecycle. • Strong relationships influence customer perceptions of disconfirmations during transformational relationship events. • Relationship quality is determined by trust, satisfaction, and communication.	• There is no guidance about dynamic relationship changes due to exceptional demand contraction that cause salespeople and customers to experience similar challenges. • Research on negative demand events has not previously considered the salesperson perspective, only that of customers.	• We identify exceptional demand contractions from both salesperson and customer perspectives simultaneously. • We demonstrate how strong relationships during exceptional demand contractions foster collaborative and supportive customer actions that can enhance salesperson negotiation outcomes.

2.2 Exceptional Demand Contractions

The focus of our study is on exceptional demand contractions, which we define as periods during which markets experience significant decreases in customer demand beyond expected variation. Integral to this definition, we use the label "exceptional" to pronounce the abnormal and high impact nature of these market reductions. As such, an important characteristic of an exceptional demand contraction is that it creates a heightened sense of uncertainty for individuals and businesses alike. During these difficult and surprising economic times, demand tends to drop much faster than supply (depending on the industry) and there is a need for quick individual and organizational action in order to ensure a successful response (Steenkamp and Fang 2011).

Exceptional demand contractions can disrupt economic activities in marketplaces (albeit not always in the same scope and level of intensity), create economic turmoil, and result in "sudden and dramatic socioeconomic surprises" (Grossman 2015, p. 57). In this study, we are not interested in differentiating between the nature or cause of a shock event, but rather the unforeseen economic consequences (i.e., exceptional demand contractions) that arise because of such events. That is, we focus on the adverse economic conditions that are intrinsic to exceptional demand contractions regardless of the detectible source or root of the problem itself.

The broad notion of economic contractions has been examined in the marketing literature (e.g., Steenkamp and Fang 2011). Although the literature does not specifically consider "exceptional" demand contractions, it does suggest that economic contractions in general can have negative (e.g., consumer responses, limited budgets, firms cutting advertising) or positive (e.g., increased R&D investments and product innovations) outcomes. However, this research has strictly considered consumer-level and organization-level consequences. At the same time,

recent research has acknowledged that crises have a profound impact on personal selling and interfirm relationships (Das et al. 2021; Grewal et al. 2021; Pedersen, Ritter, and Di Bendetto 2020). It remains to be known how such crises affect customer–salesperson price negotiations.

Toward that end, our research begins to explore the effect of exceptional demand contractions on customer–salesperson interactions, particularly negotiations, where we use exceptional demand contractions associated with the COVID-19 pandemic as our empirical context to offer insights into the price negotiations that occur between customers and salespeople during abnormal economic times. In so doing, we respond to calls in the literature for further research that investigates the effectiveness of marketing strategies during "down economic times" (Bradlow 2009), the impact of crises on interfirm (e.g., customer–salesperson) relationships (Grewal et al. 2021), and the implications of abnormal times on "people" involved in marketing practice (Das et al. 2021).

2.3 Study 1: Qualitative Investigation

To develop a deeper understanding of customer–salesperson price negotiations during an exceptional demand contraction, we use a theories-in-use and grounded theory approach (Corbin and Strauss 2014; Zeithaml et al. 2020). Grounded theory is a pragmatic qualitative approach to building theoretical models that are "grounded" in the mindsets of both the researcher and participants (Zeithaml et al. 2020).

2.3.1 Data Collection

Our primary data source was a series of semi-structured interviews, which remained flexible as participants' recollections unveiled intriguing insights that warranted further exploration and a more unstructured approach. We undertook a multi-step inquiry (McCracken 1988) to gather the experiences of salespeople and customers in the

European B2B industrial technology sector. Participants were selected and recruited through personal contacts of the authors from a network of individuals, sufficiently qualified and experienced to provide a meaningful perspective for this study. As participants predominantly worked in Small-Medium Enterprises (SMEs) with global supply chain[1], they all noticed reductions in customer demand across their firm, and not solely in relation to their own business unit. By focusing on the European context, we minimized any cultural or country specific differences that were not central to our investigation. Participant experiences were consistent irrespective of their organization, and no further confounding factors were identified in their responses.

We conducted the interviews over a two-week period in early September 2020, approximately 6 months into the COVID-19 pandemic. As a result, participants' responses largely focused on their experiences during this extreme period. Within this timeframe, participants had experienced the most rapid period of adjustment to an exceptional demand contraction and had started to reflect on how customer–salesperson price negotiations had been affected. The interviews

[1] In our context, participants reported reduced customer demand outweighed supply issues for various reasons, including over-stocking to leverage volume-based purchase discounts, and over-extending lead times to manage personnel resources. Overall, these companies were able to continue to supply their customers in the short-term albeit with minor constraints, hence our focus on demand. We recognise that may be industry-specific (in comparison to industries that experienced severe supply issues, e.g., air travel and hospitality), but these industries are beyond the focus of this paper. More recently, the economic situation has changed significantly as supply issues have compounded due to additional external factors and the prolonged scarcity of resources. Subsequently, now the effect of supply on customer–salesperson negotiations would be interesting to pursue in future research.

focused on changes in supply and demand of products and services (Habel et al. 2020), buying and selling processes and methods (Zoltners, Sinha, and Lorimer 2008), and customer–supplier relationships (Obal and Gao 2020). Using common ethnographic techniques, we asked questions that broadly introduced the topic of the discussion, served as planned prompts, and enabled open, discovery-oriented discussions that captured individual perspectives (McCracken 1988). A semi-structured interview guide which included, as an example, questions about, "How have relationships between salespeople and customers evolved over recent months?" helped to set the tone of the interview. The interview guide converged into a more unstructured interview approach in which probing questions such as "Why is it easier/harder to sell to these customers now?" led to open discussions about price and contractual negotiations including specific experiences and explicit examples. The interviews ranged from 30 to 60 minutes and were audio-recorded and transcribed verbatim.

Through purposeful sampling (Patton 2015), the selection of interviewees sought diversity in tenure, position, and seniority. We conducted the interviews until we reached theoretical saturation (Zeithaml et al. 2020). In the end, we conducted in-depth interviews with 22 professional B2B industrial technology salespeople and customers, which is an adequate sample size given the recommended range of 15 to 25 participants (Zeithaml et al. 2020). Our sample included 7 salespeople, 2 customers, and 13 managers who perform dual agency roles and hence could provide both buyer and seller perspectives. By including participants with experiences from both of these perspectives, we were able to capture a more balanced set of responses and identify differences as well as similarities in perceptions between salespeople and customers. As experiences and insights shared from those with a dual-agency role corroborated with those performing either solely a sales or customer role, there are no concerns about biasing or misrepresentation in the selection sample. The age of the participants ranged from 25 to 63 years, and their company/industry

tenures ranged from 1 to 45 years (for more details on participants, see Appendix 6.1.1).

2.3.2 Data Analyses

We analyzed the data simultaneous to conducting the interviews, because each interview led to new routes of discovery within each subsequent discussion (Zeithaml et al. 2020). Initially, we read the transcripts without coding them to form a general impression of the data; this approach ensured consistency throughout our analyses and guided the initial coding process. Then, to ensure integrity in our analyses, we followed the well-established and rigorous steps of the Corbin and Strauss (2014) grounded theory approach (see Appendix 6.1.2 for sample coding process). NVivo 12 software was used for the formal coding process. Appendix 6.1.3 describes the trustworthiness checks employed (Zeithaml et al. 2020). During the first stage of analysis (open coding), we conducted a detailed, line-by-line evaluation of recorded words and phrases, to generate descriptive, in vivo, process, and structural codes (Saldaña 2013). We clustered the open codes into related concepts and then grouped them again into broader and similar categories. We constantly compared codes, concepts, and categories, following an iterative process to ensure that we remained "grounded" in the data. In the second stage, we conducted axial coding by assembling the categories from the first stage into conditions, interactions, and consequences in order to determine the properties and dimensions of each category (Corbin and Strauss 2014). As part of this, we reorganized categories and subcategories and aggregated them into higher-level "meta" categories (Saldaña 2013), before carrying out a selective coding process (third stage), in which we harmonized the categories to streamline them into primary themes and weave a pervasive narrative. This resulted in a theoretical model that encapsulates themes, linkages, and narratives.

2.3.3 Overview of Findings

Figure 3 depicts the model revealed by our analyses. It suggests that exceptional demand contractions increase market uncertainty, which initially manifests as fewer sales opportunities and longer sales cycles. In such circumstances, as customers generally have a reduced need to purchase, this results in changes in perceived dependency which shifts power toward customers. This power shift then affects price negotiation outcomes for sales opportunities that do remain; the effects of which are contingent on the relative importance of that sale to each party. Notably, customers' decisions to exert power depends on the closeness of their relationships. Our model suggests that, during periods of exceptional demand contraction, despite the power advantage for customers, close relationships can prevent customers from capitalizing on the situation, thus reducing the pressure on salespeople to negotiate on price. In the following sections, we elaborate on each of these findings.

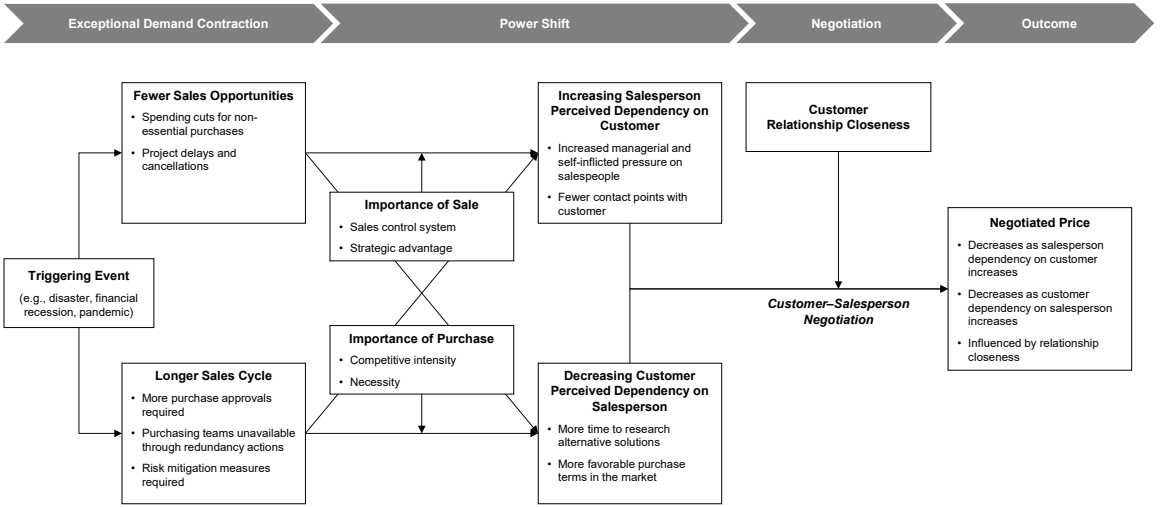


Figure 3: Study 1 - Theories-in-use Model

Notes: Our model highlights how the effects of an exceptional demand contraction manifest into changes in dependency between customers and salespeople that create a power shift which is the starting point within a price negotiation. For example, both "Fewer Sales Opportunities" and "Longer Sales Cycles" can influence both salesperson and customer perceived dependencies according to the context through cross-over effects. To illustrate, a reduction in sales opportunities means salespeople have to increase their conversion rate for opportunities that remain, rendering them more dependent on customers to be more forthcoming with the information that the salesperson needs to secure the sale. Simultaneously, as there is less pressure on customers to make a procurement decision, they can independently research their options, rendering them less dependent on salespeople. The power shift subsequently sets the tone of the negotiation process, which is influenced by the relationship closeness, to determine the negotiated price outcome.

2.3.4 Exceptional Demand Contractions

All participants in our investigation indicated that they had experienced at least one exceptional demand contraction for products and services in their careers, the most recent being associated with the COVID-19 pandemic. During such periods, market uncertainty increases, and companies become more risk averse (Habel et al. 2020). Consequently, salespeople experienced (1) a reduced number of opportunities in their sales funnel due to spending cuts as customers became "extremely cash conservative" (Ben), but also (2) lengthened sales cycles (i.e., sales process durations) for each sales opportunity as delays or cancelations of non-essential purchases were implemented until market uncertainty and the financial risk reduced. As expected, these insights from salespeople align with those of prior literature, including a decreasing likelihood of purchase—especially for high-priced items (Habel et al. 2020)—and purchase delays (Obal and Gao 2020) in response to crises.

2.3.5 The Increase in Perceived Salesperson Dependency on Customers

Of greater interest is that fewer sales opportunities and longer sales cycles change the perceived dependency between salespeople and customers. Dependency arises when "actor A aspires to goals or gratifications whose achievement is facilitated by appropriate actions on actor B's part" (Emerson 1962, p. 32). We refer to perceived dependency due to the subjective nature of each actor's assessment of the situation. These perceived changes in mutual dependency constitute a power shift from salespeople to customers, with vital implications for selling practices. As the number of sales opportunities decreases and sales cycles extend, salespeople perceive greater dependency on customers, due to both (1) increased pressure to source and secure new sales opportunities and (2) reduced communications with customers disrupting the flow of information salespeople need to achieve their sales targets.

2.3.5.1 Increase in Pressure

For salespeople, an increase in perceived dependency on customers results from an increase in pressure, because sales targets become harder to achieve when sales opportunities decline and sales cycles lengthen. Our participants described such pressure as a combination of applied managerial pressure and self-inflicted pressure:

> *"There is a lot more pressure now to make the numbers, because of … the lack of opportunities effectively. I get a lot more phone calls from my boss going, "how is that sale going ... and where are the numbers for this and where are the numbers for that?"" (Graham, Sales Manager)*

Increased pressure stemming from the lack of sales opportunities and delayed sales cycles increased salespeople's focus on chasing new opportunities to refill their shrinking pipelines, such as pursuing projects that usually would have been outside their scope, with dubious success:

> *"There are other things that we have tendered for that we perhaps would have said no to previously. We haven't been successful in any of them, which perhaps shows why we stopped tendering in the first place." (Francis, Group Manager, Salesperson)*

Our findings complement research by Voorhees, Fombell, and Bone (2020), who identify negative effects of pressure on salespeople's resilience and morale, which influence sales approaches and attitudes. Furthermore, Rostami, Gabler, and Agnihotri (2019) demonstrate that pressured salespeople expend greater effort and find more creative ways to solve sales-related challenges particularly in periods of high uncertainty. This is akin to findings by Epler and Leach (2021) who refer to similar actions as salesperson bricolage—when salespeople make do with limited resources and reconfigure them according to the challenge or opportunity they encounter. We add to this literature by identifying how increased pressure on sales performance increases salespeople's

perceived dependency on supportive customer interactions which influences their approach to customer engagement.

2.3.5.2 Communication Challenges

Participants underscored how communication challenges disrupted the flow of sales information between customers and salespeople and reduced the number of high-quality interactions. As a result, salespeople felt they had to increase their communications efforts to minimize their dependency on customers and exert influence. For example, Matthew, a Sales and Business Development Manager, observed that "you don't necessarily know who you need to talk to at a company." Such communication challenges reported by participants result from a lack of availability of their normal contact person due to retrenchment. As opportunities for good communication decrease, salespeople are less able to influence customers, thereby rendering the salesperson dependent on the customer to initiate and engage in sales interactions.

2.3.6 The Decrease in Perceived Customer Dependency on Salespeople

While exceptional demand contractions increase salespeople's perceived dependency on customers, customers in turn perceive less dependency on salespeople. This is because for sales opportunities that continue to proceed, customers (1) have more time to research alternatives independently, and (2) gain more favorable purchase terms, as salespeople compete for fewer opportunities in the marketplace.

2.3.6.1 Researching Alternatives

Longer sales cycles create more time for customers to research alternative solutions and source quotes from multiple suppliers. This extended time enables them to improve their knowledge and awareness

without the need for salespeople's input. Some customers adapted their purchasing policies too, which lengthened the procurement cycle as they had to obtain quotes from several suppliers to secure the best deal. At times, this was merely an exercise, as Steve, a purchaser, noticed that "even though we know what we want … we have to go out to tender … to show we've done our due diligence."

These findings complement previous studies that explain the pros and cons of dealing with better informed customers (e.g., Graham 2005). We expand on this research by recognizing these effects in the context of exceptional demand contractions. According to our participants, when customers have more time available to research their options, salespeople's input becomes less important, thereby reducing customers' perceived dependency on salespeople.

2.3.6.2 Favorable Purchase Terms

Fewer sales opportunities and longer sales cycles increase market competition for salespeople who are pursuing the same sales opportunities. Participants admitted to being offered discounts more readily than usual. For example, Francis, a Group Manager, observed that "a couple of [suppliers] have offered us discounts on things that they wouldn't normally offer discounts on to try and secure more work." Similarly, Ivan, a Project Manager, noted "you'd get a better deal now than you would do last year for most companies."

Here, we begin to see how a power imbalance encourages salespeople to preemptively offer discounts signaling their dependency on the customer. Thus, the lack of mutuality in dependency between customers and salespeople shifts power substantially, as predicted and explained by power–dependency theory. According to Emerson (1962, p. 32), power is "the amount of resistance on the part of actor B which can be potentially overcome by actor A." Existing conceptualizations of power largely reflect three main perspectives (Kim, Pinkley, and Fragale

2005)[2]. The first perspective, developed by French and Raven (1959), suggests that there are power bases that determine an actor's ability to manipulate the behavior of others using specific sources of power. The second perspective, developed by Yukl and Tracey (1992), asserts that power comprises various influence tactics. Finally, Emerson's (1962) view, now known as power–dependency theory, asserts that power is a function of dependency among actors.

Considering the nature of the dependency between salespeople and customers as found in our interviews, the third perspective fits our findings best[3]. Specifically, Emerson's (1962, p. 32–33) model of power–dependency states that "The power of A over B is equal to and based upon the dependence of B upon A." As both previous research and our findings show, mutual dependency is key to customer–salesperson relationships (e.g., Anderson, Lodish, and Weitz 1987). We show that mutuality becomes less pronounced during exceptional demand contractions as dependency shifts away from customers and toward salespeople. This shift occurs because on the one hand, the customer's obligation to contribute to reducing their firm's exposure to financial risk causes them to reduce their purchase demands (Shen et al. 2020), yet simultaneously, salespeople's obligation to help mitigate the financial risks for their firm and themselves in terms of job losses, increases their need to secure sales opportunities. Hence, the economic

[2] Arli et al. (2017) indicate how power-based studies are evolving for relationship selling contexts but is beyond the scope of this study. The perspectives described in Kim, Pinkley, and Fragale (2005) underpin many power-based studies.

[3] Our sample explained that referent power is important but remained the same during the period of exceptional demand contractions, so French and Raven's (1959) conceptualization of power cannot explain the changes identified. Yukl and Tracey's (1992) influence tactics describe how, not *why*, salespeople react in certain ways.

context determines the power–dependency relation which is the foundation for the ensuing sales negotiation.

2.3.7 Importance of Sale and Purchase Moderate Power–Dependency Shifts

Our analyses reveal that the extent to which exceptional demand contractions alter perceptions of dependency (and thus power) between salespeople and customers is dependent on the relative importance of the sale and the purchase.

2.3.7.1 Importance of the Sale

The effect of fewer sales opportunities and longer sales cycles on salespeople's perceived dependency is contingent on the importance of the sale to salespeople, as determined by (1) sales control systems that specify how salespeople's performance is assessed and (2) the strategic advantage a sale offers the firm.

Sales control systems are either outcome-based or behavior-based (Anderson and Oliver 1987). Outcome-based systems remunerate salespeople for achieving targets at the end of the sales process, whereas behavior-based systems adopt a staged activities approach, assessing various performance metrics throughout the sales process. Our interviewees reported mostly outcome-based systems, with mixed approaches to adjusting targets to reduce pressure on salespeople given the economic circumstances:

> *"Because we're selling low volumes of high value items, one sale one way or the other can make a big difference. If you think you're going to get one sale and suddenly you don't, that's a very big hole to fill." (Graham, Sales Manager)*

> *"Yes, there has been pressure on us as a sales team to perform, but our targets have also been reviewed and amended in light of*

the circumstances. It was clear by that they were no longer realistic." (Kevin, Sales Manager)

Recent studies show salespeople perceive considerable pressure if they are uncertain about achieving their sales targets which can impair their performance (Habel, Alavi, and Linsenmayer 2021a). We support these studies and find that salespeople, whose performance is measured against outcome-based measures, feel even more dependent on customers unless their firms relax or adapt sales targets.

Some sales opportunities can be strategically important to a salesperson's firm, such as if they promise to enhance its reputation or improve its market position, and salespeople may feel greater pressure to secure these opportunities over others. In such cases, strategic importance manifests as the associated benefits to the salesperson's firm, for example, by pursuing diversification or growth strategies:

"We can get more out of our supply chain because they are willing to work with us. They recognize that they are getting revenue from selling us equipment, but also the kudos of working with a renowned business." (Alex, Business Development Manager, on his experiences with his suppliers)

2.3.7.2 Importance of the Purchase

The extent to which longer sales cycles decrease perceived customer dependency is contingent on the importance of the purchases to firms' customers, which is determined by both competitive intensity and necessity. Participants identified that niche products indicate low competitive intensity within the market, because customers have limited alternatives. This renders them dependent on suppliers and salespeople:

"With our kit, there are competitors, but they're not direct competitors. You know, somebody that needed [Company A] for a project wouldn't buy [Company B], for example." (Carl, Managing Director, on his sales experiences with his customers)

Such limitations also apply to necessary purchases in B2B industrial manufacturing and technology industries, such that customers remain dependent on salespeople to facilitate the purchase. Our findings in this regard also align with Emerson's (1962) power–dependency theory. Emerson explains that dependency is directly proportional to the outcome at stake (i.e., importance of the sale to the salesperson) and inversely proportional to the availability of this outcome through alternative sources (i.e., importance of the purchase to the customer).

2.3.8 The Power Shift Affects Customer–Salesperson Negotiations

Customers in our sample not only perceived their own reduced dependency but also were aware of salespeople's increased dependency (e.g., "our suppliers are keen to sell again" [Alex]). Salespeople's conscious and unconscious actions, such as issuing ultimatums and pushing customers too hard, can reinforce such perceptions. As a result, many customers decided to capitalize on their power by asserting price discounts from salespeople. For example, Elizabeth, a Sales Manager, recalled that "a couple of blanket emails [from customers] were sent out, quite firm emails actually, [saying] that [they] expected discounts in these trying times, and [suppliers] need to be very supportive and reactive." Representing the purchasing side, Alex admitted that "we're able to delay the procurement of other things and then use that to leverage better pricing."

The extent to which customers succeed in capitalizing on their power depends on salespeople's reactions to the power shift. As customers attempt to exert power over salespeople to secure a better deal for themselves, a salesperson either concedes to customer demands and their exertion of power, or attempts to regain power and exert control over negotiations. In our sample, salespeople used both strategies (see Appendix 6.1.4 for a deeper discussion). Yet their increased perceived

dependency commonly led them to succumb to customer power by reducing prices:

> *"We've always said we are not the cheapest to do business with. I don't know if that's true anymore." (Ben, Regional Manager, on his sales experiences)*

> *"We've introduced some lower rates for some of our work, where we would previously put a higher margin on but haven't just to ensure that we are competitive. We're not in the situation to really pick and choose what we want to do." (Francis, Group Manager, on her sales experiences)*

2.3.9 The Pivotal Element: Relationship Closeness

According to prior literature, close relationships are particularly prone to negotiations for better prices. In close customer–salesperson relationships, customers' awareness of their pronounced importance to a salesperson leads them to perceive increased power and expect improved negotiation outcomes, such that they negotiate prices down over time (Anderson and Jap 2005; Wetzel, Hammerschmidt, and Zablah 2014; Wieseke, Alavi, and Habel 2014). If we apply this reasoning to our findings, we might infer that the closer the customer relationship, the more the power shift affects customer–salesperson negotiations, leading prices to decrease even more.

However, our results indicate the opposite. That is, as demand contracts, customers in close relationships with salespeople are more lenient in price negotiations. This is because a close relationship, defined by mutual trust and long-term commitment (e.g., Arli et al. 2017; Gulati and Sytch 2007), leads customers to show unforeseen understanding and sympathy for the pronounced challenges that salespeople are experiencing. Understanding and sympathy are cultivated in close relationships, particularly when there is a high degree of relatedness or commonality (Small 2011). Participants indicated an increase in sharing personal experiences with close

customers during the exceptional demand contraction which increases the likelihood of identifying relatedness and commonality and reinforces feelings of sympathy. Thus, customers were more able to recognize and understand the specific challenges that were beyond the control of the salesperson and, subsequently, worked more cooperatively to solve issues. For example, consider the following quotes that illustrate the idea of such sympathy from customers toward salespeople:

> *"You have potentially awkward discussions [with customers], but it's wrapped up much more nicely with "How are you?" That's a genuine question now. They're honest and they say, "This is really tough, really hard". That wouldn't have happened before." (Elizabeth, Sales Manager)*

> *"Customers have been really good. They understand that it is out of everyone's hands." (Harry, Applications Manager)*

Importantly, in our context, the salesperson's personal challenges were akin to the customer's personal challenges making them more relatable. For example, Kevin observed that his close customers were "fairly understanding—they're all experiencing the same problems as well," which Oliver elaborates on:

> *"During the crisis, humans change—they are more amenable to each other. They're more willing to do favors… We're all helping each other out." (Oliver, Managing Director, on his sales experiences)*

Transaction cost theories which underpin new institutional economics suggest that self-serving actions arise when the realized benefits of an interaction exceed its costs. However, our findings indicate that while customers could gain more by capitalizing on their power, doing so exacerbates the salesperson's struggle, leading customers to reduce their self-serving tendencies. This suggests that the customer's cost-benefit analysis goes beyond financial and instead comprises

socioemotional considerations. This is consistent with research suggesting that in close business relationships, relational expectations increase, rendering opportunistic behavior increasingly unacceptable (Gulati and Sytch 2007; Harmeling et al. 2015).

This finding also has important implications for the negotiator's dilemma (Kaufmann 1987), in which negotiators must balance the need to improve their economic outcomes while still securing ongoing relationships with negotiation partners. In normal times, salespeople are reluctant to force high prices on customers; they want to avoid threatening close relationships (Wieseke, Alavi, and Habel 2014). But in times of exceptional demand contractions, customers who show understanding for salespeople do not strive for larger discounts and lower prices, despite their own personal challenges and firm's financial constraints. In essence, the human factor, which evokes feelings of sympathy and kindness, dominates the business mindset when economic circumstances become challenging.

2.4 Study 2: A First Quantitative Test of Our Qualitative Insights

To add to the rich findings which our qualitative investigation revealed, we provide a first quantitative test of some of our propositions, using CRM data from a global machine tools manufacturer. Because the data do not comprise perceptual constructs, such as salespeople's and customers' mutual dependency or negotiation behaviors, this study focuses on the effect of an exceptional demand contraction on the negotiated price, moderated by relationship closeness (see Table 2). While we only examine key aspects of our grounded theory model in Study 2 (see Figure 4), by using an "interpretation" focused multiple methods research design to "confirm findings" and "support results," we are able to take an initial step towards triangulating and corroborating

significant findings from Study 1 (Davis, Golicic, and Boerstler 2011, p. 469)[4].

Table 2: Propositions and Future Research Considerations

Proposition from Study 1	Tested in Study 2	Tested in Study 3	Future Research
P_1: As a salesperson's number of sales opportunities decreases due to an exceptional demand contraction, negotiated prices are less likely to decrease if the customer–salesperson relationship is close.	✓		
P_2: As a salesperson's sales cycle grows longer due to an exceptional demand contraction, negotiated prices are less likely to decrease if the customer–salesperson relationship is close.	✓		
P_3: A power shift toward the customer following an exceptional demand contraction is less likely to increase customer demands in price negotiations if customers have close relationships with salespeople.		✓	
P_4: The reason for the previous proposition (i.e., P_3) is that following a power shift, close relationships lead customers to experience increased sympathy with salespeople.		✓	
P_5: Following an exceptional demand contraction, as the importance of the sale increases, salespeople become more dependent on customers, thus shifting power towards the customer.			✓
P_6: Following an exceptional demand contraction, as the importance of the purchase increases, customers become more dependent on salespeople, thus shifting power towards the salesperson.			✓

[4] Given the challenges and priorities faced by our partnering firm during the early periods and turbulent times of COVID-19 pandemic (when exceptional demand contractions were arguably the most pronounced) and the extensive time required in preparing for a primary data collection to capture perceptual measures, we limit our investigation here to the use of secondary data.

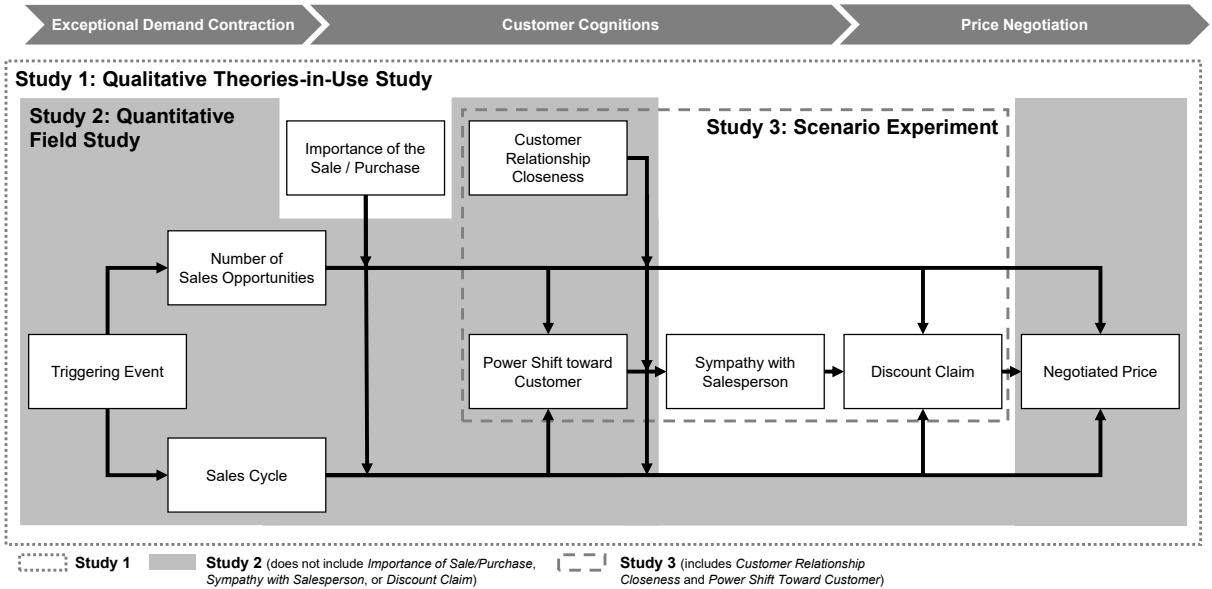


Figure 4: Conceptual Framework

2.4.1 Research Context

The supplier that we partnered with produces and markets machinery that shapes sheet metal. The firm's customers are primarily SMEs that come from various industries that use sheet metal in production, such as automotive and electronics—industries which experienced exceptional demand contractions during the COVID-19 pandemic (e.g., Wayland 2020). The supplier has more than 10,000 employees and 70 subsidiaries across various countries; it serves customers through a field-based salesforce, with every customer being served by a dedicated account manager. The sales process starts with salespeople identifying an opportunity in their territories, that is, specific customer demands they could fulfill. Salespeople log these opportunities into a CRM system, including products and proposed prices, and update the entries regularly.

For our analyses, we use 3,664 sales opportunities won between January 1 and December 31, 2020, across 32 countries. In that year, due to the COVID-19 pandemic, the supplier faced significant month-on-month contraction and expansion of demand, illustrated by a fluctuation in newly generated sales opportunities as well as sales cycles (see Appendix 6.2.1 and 6.2.2). We capitalize on these fluctuations and examine how the price realized for each opportunity depends on the current market conditions.

2.4.2 Measures

2.4.2.1 Dependent Variable

We measure the negotiated price as the final price charged for the product which an opportunity pertains to (NegotiatedPrice). To account for different currencies, we z-standardize the variable within countries.

2.4.2.2 Independent Variables

We extract each salesperson's newly generated sales opportunities (Opportunities) in the month before winning the focal opportunity as a count variable from the CRM data. Such opportunities reflect a salesperson's new sales potential. Furthermore, we measure the sales cycle (SalesCycle) for won opportunities as the number of days an opportunity had been open until it was won.

2.4.2.3 Moderator

We approximate the closeness of the relationship between a customer and the firm as the sales revenue generated with a customer in the prior three years (PriorRevenue). Again, to account for different currencies, we z-standardize the variable within countries. Prior research has frequently used sales revenue with a customer as an indicator of the relationship closeness. For example, Schmitz et al. (2020) show that a disruption of a close relationship between a customer and a salesperson decreases sales revenue.

2.4.2.4 Control Variables

We include several controls to reduce omitted variable bias. First, we control for the intensity of the COVID-19 pandemic in terms of a country's regulatory response. We operationalize the pandemic intensity using the publicly available Oxford COVID-19 Government Response Tracker (OxCGRT 2020). This index (OxCGRT) is calculated from 14 indicators related to countries' containment and closure policies, economic responses, and health systems[5]. It is scaled from 0 to 100, with higher values indicating a more intense government response and thus a higher likelihood of contracting demand. It provides an index for more than 180 countries on a daily level starting January 1, 2020.

[5] For details, see https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/index_methodology.md.

We aggregated the index on a country–month level by calculating the mean.

Second, we include customer fixed effects (Customer). These account for any time-invariant factors on the level of customers (e.g., country and market characteristics) and, because every customer is served by a dedicated salesperson, on the level of salespeople (e.g., skills related to negotiation). Third, to account for cyclicality, we include fixed effects for the month (Month) in which an opportunity is closed. Fourth, to account for the inherent price level differences of products, we include fixed effects for the product (Product) that an opportunity pertains to. Table 3 shows descriptive statistics and correlations for all continuous variables.

Table 3: Study 2 Descriptives and Correlations

	V1	V2	V3	V4	V5
V1: Negotiated price[a]					
V2: Opportunities	-.0.15 **				
V3: Sales cycle	0.11 **	-0.11 **			
V4: Prior sales revenue[a,b]	-0.08 **	0.08 **	-0.06 **		
V5: OxCGRT	-0.06 **	0.18 **	-0.23 **	0.00	
M	0.08[c]	6.39	109.01	-0.01[c]	52.50
SD	1.05[c]	6.46	28.00	1.00[c]	19.65

* $p < .05$, ** $p < .01$ (two-tailed). [a] Standardized within countries. [b] Log-transformed. [c] z-standardized within countries to account for different currencies. Appendix 6.2.3 reports country-specific means and standard deviations before z-standardization.

2.4.3 Model Specification

Our data comprises 3,664 won sales opportunities, which are nested in 2,408 customers, who are nested in 377 salespeople, who are nested in 32 countries. Furthermore, the 3,664 won sales opportunities are nested in 430 products and in 12 months. We specify the following model:

$$\begin{aligned} \text{NegotiatedPrice}_{ijklt} = \quad & b_1 \times \text{Opportunities}_{kt} + b_2 \times \text{SalesCycle}_i + \\ & b_3 \times \text{Opportunities}_{kt} \times \text{PriorRevenue}_j + \\ & b_4 \times \text{SalesCycle}_i \times \text{PriorRevenue}_j + b_5 \times \text{OxCGRT}_{lt} + \\ & [\text{Customer}]_j + [\text{CloseMonth}]_t + [\text{Product}]_i + \varepsilon_{ijklt}, \end{aligned}$$

where i represents opportunities, j represents customers, k represents salespeople, l represents countries, and t represents months. Fixed effects are given in brackets. εijklt is the error term. So, we estimate how the negotiated price of a won opportunity is affected by the interaction of the demand contraction (indicated by Opportunities and SalesCycle), in interaction with relationship closeness (PriorRevenue). Note that because of the customer fixed effects, the main effects of PriorRevenue cannot be estimated. Also, because opportunities are clustered in customers, months, and products, we estimate three models in which we cluster the error in customers (Model 1), customers and months (Model 2), or customers, months, and products (Model 3).

2.4.4 Results

We estimate the model using R's felm function. Before the estimation, we standardized all continuous independent variables. The full results are provided in Table 4. The high value of R^2 suggests that our model fits the data well, although it is largely driven by the fixed effects included in our model—without fixed effects, our model would explain approximately 4% of variance in the dependent variable.

If our qualitative investigation and theorizing holds, we should observe b3 to be negative and b4 to be positive. That is, as demand contracts (indicated by a decreasing number of opportunities and lengthening sales cycles), prices should be less likely to decrease if relationships are close (indicated by the level of prior sales revenue with a customer). As

to the first, the interaction effect between opportunities and prior sales revenue is negative and significant across all models ($b3 = -.045$, $p < .05$). This suggests that as demand contracts and the number of open opportunities decreases, prices are less likely to decrease if the prior sales revenue is high. In fact, at a high level of relationship closeness ($M+1\times SD$), the main effect of opportunities on negotiated price becomes negative ($b1 = -.041$, $p < .05$). This finding aligns with our proposition from Study 1 that close relationships shield against eroding prices when demand contracts; and with the findings from prior literature that close relationships can erode price levels otherwise (e.g., Wieseke, Alavi, and Habel 2014).

Second, the interaction effect between the sales cycle and prior sales revenue is non-significant ($b4 = -.005$, $p > .05$). Thus, we find no support for the proposition from Study 1 that the increasing sales cycle contributes to the power shift toward customers. Instead, in the company that we examine here, the power shift seems to be driven solely by the decrease in the number of opportunities.

Table 4: Study 2 Results

	Dependent Variable: Negotiated Price					
Predictors	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Opportunities	0.004 (0.017)	0.004 (0.014)	0.004 (0.013)	-0.008 (0.007)	-0.008 (0.006)	-0.008 (0.006)
Sales cycle	0.002 (0.031)	0.002 (0.026)	0.002 (0.024)	0.037 *** (0.010)	0.037 ** (0.010)	0.037 ** (0.011)
Prior sales revenue				0.012 (0.010)	0.012 (0.008)	0.012 (0.008)
Opportunities × Prior sales revenue	-0.045 * (0.019)	-0.045 * (0.017)	-0.045 ** (0.014)	-0.010 * (0.005)	-0.010 ** (0.003)	-0.010 * (0.004)
Opportunities × Sales cycle	-0.005 (0.034)	-0.005 (0.031)	-0.005 (0.028)	-0.014 (0.011)	-0.014 (0.016)	-0.014 (0.016)
xCGRT	0.011 (0.036)	0.011 (0.031)	0.011 (0.039)	0.049 (0.025)	0.049 (0.026)	0.049 (0.027)
Customer FE	✓	✓	✓			
Salesperson FE				✓	✓	✓
Month FE	✓	✓	✓	✓	✓	✓
Product FE	✓	✓	✓	✓	✓	✓
Clustered SE	Customer	Customer, Month	Customer, Month, Product	Owner	Owner, Month	Owner, Month, Product
R^2	0.975	0.975	0.975	0.895	0.895	0.895
Observations	3,664	3,664	3,664	3,664	3,664	3,664

* $p < .05$, ** $p < .01$, *** $p < .001$ (two-tailed). FE = fixed effects. SE = standard errors. SE in parentheses.

2.4.5 Robustness Checks

Because our dataset comprises 2,408 customers, we observe approximately 1.5 opportunities per customer on average (min = 1, max = 35). This number may be too low to draw meaningful inferences when including customer fixed effects. Hence, we specified an alternative model in which we replace customer fixed effects by fixed effects for the 377 salespeople in our dataset. Repeating our prior approach, we cluster the errors at the level of salespeople (Model 4), salespeople and months (Model 5), or salespeople, months, and products (Model 6). The interaction effect between opportunities and prior sales revenue is negative and significant across all models ($b3 = -.010$, $p < .05$), while the interaction effect between sales cycle and prior sales revenue is non-significant ($b4 = -.014$, $p > .05$). This substantiates the robustness of our results.

2.4.6 Supplemental Analyses

We reran our model for the years of 2018 and 2019, when the supplier operated under normal circumstances and thus fluctuations in opportunities and sales cycles are likely due to expected cyclicality of business rather than exceptional demand contractions. In both years, our results do not replicate, as our two focal interaction effects (Opportunities × Prior sales revenue, Sales cycle × Prior sales revenue) are non-significant. This further supports the special influence of relationship closeness on price negotiation outcomes during exceptional demand contractions.

2.5 Study 3: Experimental Replication and Extension

The previous studies have two limitations that Study 3 aims to address using an experimental approach. First, both of our preceding studies utilized experiences of an exceptional demand contraction triggered by

the recent COVID-19 pandemic. This instance of an exceptional demand contraction is unique in that it presents a rapid and global humanitarian risk, which may challenge the generalizability of the results found in Studies 1 and 2. As such, in Study 3, we further test our theoretical model for an unspecified trigger of an exceptional demand contraction. Second, the data used in Study 2 did not afford us the opportunity to quantitatively test the perceptual constructs (e.g., increase in customer negotiation power relative to the salesperson) revealed in our qualitative study. With an experimental study, however, we can test the key finding from Study 1 that that a power shift interacts with relationship closeness in shaping price negotiations (see Figure 4). Table 2 lists the propositions tested in this study.

2.5.1 Method

2.5.1.1 Stimuli and Procedure

We developed an online scenario-based experiment in Qualtrics which was disseminated via Prolific. We screened participants according to their country of residence (limited to the United States and United Kingdom), their employment status (employed only), negotiation experience, and decision-making responsibilities in either operations/production or supply chain/logistics. Each participant who met the selection criteria was randomly assigned a scenario describing one of four treatment conditions in a 2 (power shift: low vs. high) × 2 (relationship closeness: not close vs. close) between-subjects design. Specifically, we instructed participants to imagine that they intended to purchase a piece of industrial equipment from a salesperson from one of their suppliers and that they had a choice to negotiate on the price offered (the full experimental stimuli are provided in Appendix 6.3.1).

The online experiment generated a total of 200 responses, which consisted of 109 (54.5%) males and 91 (45.5%) females with an average age of 41 years (SD = 11.3), an average industry tenure of 7 years (SD = 6.7), and an average buying experience of 6.6 years (SD = 8.2).

2.5.1.2 Measures

Based on the circumstances described in their assigned scenario, participants submitted a price that they would offer the salesperson. From this negotiated price measure, we calculated each participant's discount claim as the difference between the salesperson's requested price (fixed to $50,000 for the same equipment purchase across all scenarios) and the customer's price offer. Thus, the effect on discount request is the outcome variable in our model. Since this study is a scenario-based experiment, our ultimate dependent variable is the participants' initial price offer rather than the ultimate negotiated price identified in Studies 1 and 2. Given that initial price offers correlate with ultimate price outcomes due to setting an anchor point for the price negotiation (e.g., Galinsky and Mussweiler 2001), we purport that the use of our measure is justified. It is also consistent with other price negotiation studies which adopt a similar approach to utilizing this type of outcome measure (e.g., Alavi et al. 2020).

To test the mechanism linking the power shift in combination with a customers' price offer, we also include a measure of sympathy with the salesperson (named Bill in the scenario). Specifically, based on the scale by Darden et al. (1991), "I would feel…" (1) "… sympathy for Bill," "… compassion for Bill," "… concern for Bill." This measure was found to be reliable (M = 4.3, SD = 1.4, α = .92, AVE = .80; 7-point scale).

2.5.2 Results

We initially ensured that the manipulations worked as intended. To that end, we evaluated relationship closeness using four 7-point Likert scales adapted from Guenzi and Pelloni (2004) ("Bill and I know each other very well," "Bill and I experience a close relationship," "Bill and I are likely to have good rapport," "Bill and I are considered to be friends," α = .971, AVE = .896). This measure is significantly higher in the high-closeness than in the low-closeness conditions (M_{low} = 2.175, M_{high} = 5.635, t = -27.137, p < .001). We evaluated a buyer's negotiation power

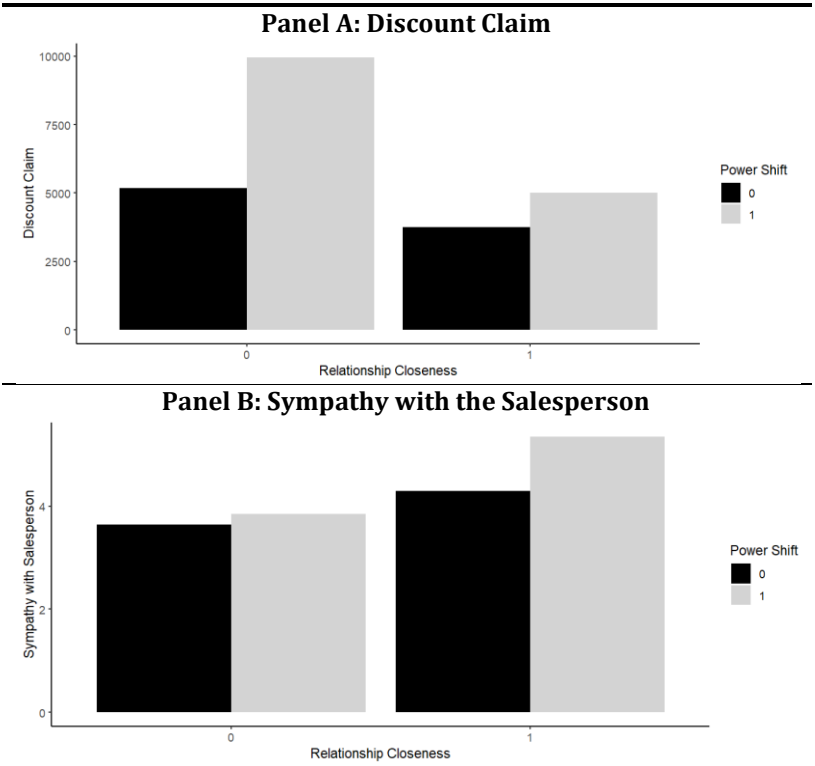
using three 7-point items adapted from Ford and Johnson (1998) ("In a potential price negotiation, I think that …" "… I can exert power over Bill," "… I have a power advantage over Bill," "… I can easily influence Bill," α = .924, AVE = .811). This measure is significantly higher in the high-power shift than in the low-power shift conditions (M_{low} = 4.210, M_{high} = 5.160, t = -5.991, p < .001). Furthermore, we asked participants to indicate their agreement with the statement that negotiation power had shifted to their advantage, yielding similar results (M_{low} = 4.265, M_{high} = 5.902, t = -10.521, p < .001). Thus, all manipulations worked as intended. In addition, the participants perceived the scenario to be realistic (M = 5.5, SD = .93), thought that it could happen in the real world (M = 5.8, SD = 1.04), and could easily picture themselves in it (M = 5.58, SD = 1.04).

Moving to the results of the experiment, Figure 5 presents the mean values for our measured variables across the experimental cells (Panel A: discount claim; Panel B: sympathy with the salesperson). A two-way ANOVA reveals that a customer's discount claim is significantly driven by our manipulation of the power shift (F(1, 196) = 19.110, p < .001), relationship closeness (F(1, 196) = 21.861, p < .001), and the interaction of the two (F(1, 196) = 6.514, p = .012). Furthermore, three contrasts are significant: (1) When the relationship closeness is low, the discount claim is significantly higher for high compared to low power shift (t = -4.896, p < .001); (2) when power shift is high, the discount claim is significantly higher for a low relationship closeness compared to high relationship closeness (t = 5.126, p < .001); (3) when power shift is high and relationship closeness is low, the discount claim is significantly higher than when power shift is low and relationship closeness is high (t = 6.361, p < .001).

Similarly, a two-way ANOVA reveals that sympathy with the salesperson is significantly driven by our manipulation of the power shift (F(1, 196) = 12.804, p < .001), relationship closeness (F(1, 196) = 37.647, p < .001), and the interaction of the two (F(1, 196) = 5.888, p = .016). Furthermore, four contrasts are significant: (1) When power shift

is low, sympathy is significantly higher for a high compared to a low relationship closeness (t = -.2.562, p = .011); (2) when power shift is high, sympathy is significantly higher for a high compared to a low relationship closeness (t = -6.080, p < .001); (3) when relationship closeness is high, sympathy is significantly higher for a high compared to low power shift (t = -4.246, p < .001); (4) when power shift and relationship closeness are high, sympathy is significantly higher than when power shift and relationship closeness are low (t = -6.834, p < .001).

Lastly, we test whether sympathy with the salesperson mediates the effect of the power shift×relationship closeness interaction while bootstrapping the standard errors with 5,000 iterations. The indirect effect of the power shift×relationship closeness interaction on the discount claim via sympathy with the salesperson is significantly negative ($b_{indirect}$ = -902.710, p = .045). Thus, in line with our findings in Study 1, sympathy with the salesperson provides a potential explanation why customers in close relationship do not negotiate as hard when power shifts to them.



Note: 0 = low, 1 = high.

Figure 5: Study 3 Results

2.5.3 General Discussion

2.5.3.1 Summary of Results

Taken together, the findings of our three studies indicate that during an exceptional demand contraction, changes in external factors prompt customer firms to implement risk-averse actions that reduce the number of sales opportunities in a market and lengthen sales cycles. The former change affects customer–salesperson perceived dependency,

which creates a power shift in the customer's favor that is moderated by the relative importance of the sale. Negotiation ensues, in which the negotiated price hinges on prior relationship closeness. That is, in contrast to "normal" economic circumstances, customers with close relationships reduce their self-concern and desist capitalizing on their improved power positions. As such, salespeople can possibly avoid having to concede on price negotiations during periods of exceptional demand contraction.

2.5.3.2 Research Implications

This study makes several contributions to the extant marketing and sales literature (see Table 1). First, it provides new academic insights into how exceptional demand contractions affect customer–salesperson interactions in light of market crises (Das et al. 2021; Hartmann and Lussier 2020; Keränen, Salonen, and Terho 2020; Sharma, Rangarajan, and Paesbrugghe 2020). Particularly, as salespeople are essential for business continuity (Gregg, Kim, and Perrey 2020) and have the potential to turn crises into opportunities (Andersen et al. 2020), we build on several recent works examining the effect of market crises on salesforces. Shen et al. (2020) and Dekimpe and Deleersnyder (2018) also find that increased market uncertainty prompts customer firms to implement risk-averse actions leading to fewer sales opportunities and longer sales cycles. While extant literature advises salespeople to adapt and become more resilient to exogenous shocks (Sharma, Rangarajan, and Paesbrugghe 2020), we go on to describe the specific changes sales managers should accommodate, such as reducing pressure on salespeople (Voorhees, Fombell, and Bone 2020) by changing sales control systems, and how such changes will shape sales negotiations.

Second, we demonstrate that the real-world phenomenon of selling during exceptional demand contractions can be explained by power–dependency theory (Emerson 1962). Sales funnel changes diminish mutuality (Anderson, Lodish, and Weitz 1987; Palmatier, Stern, and El-Ansary 2015), which affects customer–salesperson perceived

dependency. On one hand, salespeople experience fewer opportunities to influence customers and thus become more dependent on customers to provide sales opportunities that help them achieve sales targets. On the other hand, customers become less dependent on salespeople, because they have more time available to research and source alternative solutions in a market that favors them. These changes create a power shift toward customers, which they can exploit in ensuing negotiations (Emerson 1962). To the best of our knowledge, researchers have not applied power–dependency theory to customer–salesperson negotiations specifically during exceptional demand contractions. Our research provides new insights into the application of power–dependency theory. In particular, we complement studies on embeddedness (e.g., Gulati and Sytch 2007), which identify how joint (or mutual) dependency influences relational interactions and can lead to better performance outcomes when actors desist exploiting power advantages. While we identify some synergies with the embeddedness literature—namely improved negotiation outcomes and similar moral actions that are mediated by relationship quality (Gulati and Sytch 2007)—our contextual settings differ. We find that similar outcomes can be achieved when dependencies are not mutual and have shifted as a result of an exceptional demand contraction.

Third, we advance theoretical understanding of customer–salesperson negotiations, elucidating that the outcome depends on prior customer relationship closeness. When demand exceptionally contracts, customers experiencing close relationships with salespeople demonstrate less self-serving behaviors, and deem capitalizing on their improved power positioning a moral violation under the circumstances (Gulati and Sytch 2007; Harmeling et al. 2015). Thus, despite the advantageous economic context for customers, salespeople have an opportunity to avoid unnecessary discounting, while simultaneously maintaining and even strengthening close relationships with these customers. This finding qualifies prior literature that indicates loyal customers negotiate harder and get better prices (Wieseke, Alavi, and

Habel 2014). We add a new facet to this dynamic by finding that during exceptional demand contractions, if customer–salesperson relationships are strong, customers are *more* lenient in their price negotiations, due to the negative moral implications of exploiting a salesperson who is already struggling, and the shift in focus towards moral instead of financial benefits of the transaction. Therefore, without the need to offer high discounts, it is salespeople who can experience a better financial outcome overall, while simultaneously strengthening their close customer relationships. Our findings align with laboratory studies that show close relationships facilitate more collaborative negotiations (e.g., Greenhalgh and Chapman 1998), whereas previous research reveals some inconsistencies in laboratory and field studies regarding the role of customer relationships in price negotiations (Wieseke, Alavi, and Habel 2014). Is it possible that simulated environments in laboratory studies foster behaviors that extend to the field during exceptional demand contractions? This question offers an intriguing avenue for further research.

Fourth, transaction cost theory explains that self-serving actions arise when the realized benefits of an interaction exceed its costs (Gulati and Sytch 2007). Our results indicate that while customers in close supplier relationships could gain more financially by capitalizing on their power, they avoid doing so during exceptional demand contractions. It could be argued that such actions indicate an issue of incompetence. However, similar to the notion of forbearance, a more detailed explanation may be a change in customers' cost–benefit assessments as identified by Jap et al. (2013). They find that financial benefits are negated by emotional benefits due to "morally malleable reasoning." In our context of exceptional demand contractions, customers may perceive that the human emotional benefits achieved through helping struggling salespeople outweigh the financial benefits they could realize for their company through exploiting a power advantage.

All in all, the findings should be interpreted considering the institutional context of our empirical studies. In both Studies 1 and 2, the buying

organizations were mostly small-and medium-sized family businesses. Such family businesses do not make decisions purely based on economic reasons, but, rather, based on their motivation to preserve "socioemotional wealth" (SEW; e.g. Berrone, Cruz, and Gomez-Mejia 2012; Cennamo et al. 2012; Kupp, Habel, and Schmitz 2019). One aspect of SEW is the family firms' social relationships, which include "time-honored vendors and suppliers, who may be viewed as, or might actually be, members of the family" (Berrone, Cruz, and Gomez-Mejia 2012, p. 263). Perhaps our studies observe SEW theory in action. That is, when relationships with suppliers are close and thus SEW is high, the buyers in our sample capitalized less on their elevated power position in order to preserve their SEW—even if it puts them at a potential disadvantage economically. This line of thinking opens interesting avenues for future research: Do our results generalize across different ownership types (e.g., publicly traded, private equity) and sizes (e.g., large enterprises) of buying firms? Even more broadly, against the backdrop of SEW theory, sales research could more frequently examine the influence of SEW dimensions on phenomena such as price negotiations (e.g., Alavi et al. 2018, 2020), digital selling (Chaker et al. 2022), value and relational selling (e.g., Delpechitre et al. 2018; Habel, Alavi, and Linsenmayer 2021b), and sales leadership (Badrinarayanan et al. 2020; Guenzi et al. 2019).

2.5.3.3 Managerial Implications

The insights from this study might help sales managers make more informed choices about their sales priorities and activities during exceptional demand contractions. First, to improve a firm's "resilience to economic adversity" (Dekimpe and Deleersnyder 2018) salespeople in B2B industrial technology firms should be encouraged to foster close relationships with their customers during "normal" times. Building trust and long-term commitment (Arli et al. 2017) upfront could protect firms during an economic downturn by alleviating tough price negotiations.

Second, when customer relationships are close, salespeople who are open and show their vulnerability to customers with whom they have good relationships, can evoke sympathy and understanding. In doing so, salespeople inherently encourage customers to replace self-serving behavior with sympathetic behavior, meaning customers are less likely to capitalize on their improved power position during a negotiation. Moreover, when interacting with these customers, salespeople may avoid offering high discounts during price negotiations, because customers are likely to become more lenient as they understand salespeople's precarious situations.

Third, for customers with whom salespeople have distant relationships, managers should help to reduce their salespeople's perceived dependency on the customer. For example, we recommend firms and sales managers reduce pressure on salespeople by lowering sales control and performance assessment expectations (Habel, Alavi, and Linsenmayer 2021a). This minimizes the need to secure sales opportunities at all costs (e.g., giving high discounts) and the risk of exposing a customer's advantage. By reducing salespeople's dependency on customers, managers can decrease the power shift toward customers and improve negotiation outcomes.

To minimize power shifts, salespeople and customers should avoid disclosing the relative importance of the sale to the other party. In practice, salespeople often proclaim the importance of their customers, for example through loyalty schemes or discounts, and customers often proclaim the importance of particular goods or services, for instance through user case studies. However, our findings suggest that both parties should reconsider this approach as it highlights dependencies that could be exploited. Similarly, salespeople may have an opportunity to ask close customers for help or "call in favors" occasionally as their willingness to comply might reinforce relationship closeness. Nevertheless, this approach should only be adopted when the salesperson has a genuine need for help, otherwise it might be perceived as manipulative and risks dissolving trust within the relationship.

2.5.3.4 Limitations and Future Research

Even though our work offers important insights into customer–salesperson price negotiations during exceptional demand contractions, the limitations of our study present opportunities for further research. First, the generalizability of our findings requires further testing. Our data sources include B2B industrial manufacturing firms only, so ongoing research needs to test the applicability of our theory to other industries, such as retail, travel, and hospitality. Some industries, such as online communication platforms and home delivery services, may experience positive demand surges instead of a contraction (e.g., Braithwaite 2020). Because our model is unlikely to explain how crisis scenarios stimulate this boom in demand, further studies might develop corresponding theories for these economic conditions and industries. Also, since our insights are largely based on data collected in a SME context, future research should consider whether and how our model holds up and evolves in larger firms.

Furthermore, our emphasis in this study was exclusively on price negotiations, and, while we shed light into how this transpires during exceptional demand contractions, it must be acknowledged that salespeople across industries may negotiate other aspects of a deal (e.g., better payment terms, delivery, add-ons) that create value for customers. In Appendix 6.1.4, we provide a brief discussion and share examples around how such "additional incentives" were requested by customers and offered by salespeople during exceptional demand contractions, but future research should expand on these preliminary findings and explore how other aspects of a negotiation beyond price play a key role during exceptional demand contractions. Along these lines, although our research identifies the importance of customer–salesperson relationship closeness in price negotiations, it would be fruitful for scholars to investigate other potential factors (e.g., availability of alternatives) that create a shift in power dependence. In addition, given that our research focused on and offered insights into exceptional demand contractions, we urge future researchers to

consider the other side of such economic contexts and examine more of the supply related impacts.

Finally, Table 2 demonstrates that while some of the propositions highlighted in our theoretical model developed in Study 1 could be quantitatively tested through our second and third studies, we indicate two propositions that remain to be tested and lend themselves to future research opportunities. Specifically, P_5 and P_6 indicate that we did not specifically explore the importance of the sale and purchase respectively on the power–dependency shift between salespeople and customers. Future quantitative testing of these propositions could unveil further insights on how the context surrounding a negotiation process can influence negotiation outcomes during exceptional demand contractions.

3 Confederated Communities in Global Marketing Organizations

This study examines how global marketing organizations are navigating the tension between centralization and decentralization amidst modern disruptors, including economic nationalism, digital transformation, and societal expectations for sustainable practices. These forces push firms to reconsider traditional organizational models.

The study adopts a qualitative, multi-method approach, combining a six-month ethnography, a detailed case study, 18 interviews with C-level and senior executives, and focus group discussions. Focusing on globally active B2B technology companies, it offers insights into the organizational responses marketing teams are employing to address global-local challenges and manage recent disruptions.

Results indicate that confederated communities—semi-autonomous, interconnected groups that handle marketing functions—are increasingly implemented by organizations to reconcile centralized and decentralized structures. Confederated communities enable companies to better address local market demands while managing the complexities associated with deglobalization and other external pressures.

This study contributes to international marketing literature by introducing confederated communities as an emerging structural approach in global marketing organizations. It provides a practical framework for managing the centralization-decentralization dilemma in disruptive times, extending beyond traditional "Think global, act local" models, and offering insights into how marketing structures embody deglobalization.

3.1 Introduction

Within marketing organizations, the decision to centralize or decentralize activities has been an ongoing challenge. Centralization refers to the concentration of authority while decentralization refers to the dispersion of authority (Bartlett and Ghoshal 2008a). Traditionally, marketing organizations tend to centralize control and decentralize execution. That is, they centralize strategic decision-making and the development of marketing frameworks to ensure consistency and alignment across local entities. Conversely, they decentralize how local entities operate within these frameworks and customize activities to local markets (Schmid, Grosche, and Mayrhofer 2016). A key challenge for marketing organizations is how to optimize operational efficiency, which favors centralization, while maintaining market responsiveness, which favors decentralization (Altuntas and Turker 2015; Ambos, Fuchs, and Zimmermann 2020; Kolk and Margineantu 2009; Ryans, Griffith, and Steven White 2003).

Today this challenge is more pronounced than ever due to severe disruptors beyond the marketing organization's control. Examples include the high-profile political movements such as "America First" led by the Trump Administration, "Brexit" in Europe, and "Made in 2025" in China (Irwin 2020), that are recent initiatives designed to protect and reinvigorate regional markets and investments through local content or value add requirements. Such nationalistic policies have occurred in past decades, but they have gained pronounced attention more recently as local supply chains during COVID-19 and the war between Russia and Ukraine became restricted, limited, or expensive (Rogoff 2020). Suddenly, marketing organizations are finding themselves in a predicament between decentralizing (to comply with nationalistic policies) and centralizing (to leverage purchasing power) (Cardy et al. 2023). Thus, marketing organizations have been confused about how to manage their priorities effectively.

Prior literature on how marketing organizations are adapting centralization and decentralization approaches to recent disruptors is severely lacking (Table 5). Literature mostly discusses taxonomies of the types of marketing strategies and organizational setups that companies *could* choose (Bartlett and Ghoshal 1988; Svensson 2001) or effects of interactions between headquarters and local entities (e.g., Ambos and Mahnke 2010; Challagalla, Murtha, and Jaworski 2014). However, this literature is largely disconnected from the latest disruptors and thus does not explain how marketing organizations are responding. Thus, we currently do not know *whether* and *how* organizational centralization/decentralization approaches are changing to overcome today's challenges (Chung, Lu Wang, and Huang 2012; Hewett et al. 2022).

The absence of academic literature for marketing organizations poses two key challenges. First, managers are lacking guidance about *how to adapt their marketing organizations to remain successful during recent external disruptions.* This is problematic because at present managers perceive great pressure to respond quickly to these grave challenges (Tipurić 2022). Second, academically, we currently have extremely limited understanding of *how market disruptions infiltrate marketing organizations and subsequently influence their approach to centralization and decentralization.* That is, we lack theory on how contemporary disruptors influence one of the most fundamental organizational decisions—the choice between a marketing organization's centralization and decentralization (Bartlett and Ghoshal 2008a).

This is the starting point of our research. We address the prevailing research gap through a comprehensive qualitative study comprising: (1) 18 interviews with C-level and senior executives, (2) a detailed company case study, (3) a six-month ethnography, and (4) two focus group discussions. Importantly, our analyses gravitate toward one novel finding not yet described in the literature: due to external disruptors, marketing organizations are gradually toward

simultaneously employing both decentralized and centralized structures. They do this by building novel *confederated communities*. Confederated communities refer to interconnected groups of employees who interact with each other and their unique environment, to deliver certain marketing functions centralized across local entities but decentralized from headquarters. We describe five distinct confederated communities that contemporary marketing organizations are building and discuss a wide range of examples. To preview one of these examples, one European company in our study recently established a regional marketing department in China that centralizes pan-Asian marketing activities previously performed in individual countries, while decentralizing other activities recently performed by the European central marketing department. We discuss this and many other examples in further detail below.

Our study makes three key contributions to academic literature. First and foremost, we describe a prevalent and previously unrecognized approach in global marketing organizations. Specifically, our study challenges the existing approach of centralized control and decentralized execution and thoroughly describes how marketing organizations are implementing confederated communities to balance tensions between centralization and decentralization in today's disruptive times. We see these confederated communities as an embodiment of deglobalization.

Second, we add to two streams of literature related to our study: Literature on "Think global, act local" strategies (Bartlett and Ghoshal 2008a; Svensson 2001) and literature on interactions between headquarters and subsidiaries (Ambos and Mahnke 2010; Challagalla, Murtha, and Jaworski 2014). We add to these literature streams by clarifying the impact of recent disruptive trends not previously examined in these streams, and by conceptualizing the novel phenomenon of confederated communities. Importantly, with the emergence of confederated communities, the previous theory-in-use of "centralize control, decentralize execution" no longer seems to hold, due

to the unprecedented complexities of today's business environment. Third, our study contributes to the generation of marketing theory through a grounded theory and theories-in-use approach (Zeithaml et al. 2020). Specifically, the academy has repeatedly called for theories homegrown in the marketing discipline. We provide such a theory by conceptualizing confederated communities and examining how they arise.

Our study has three implications for managers. First, our study should raise managers' awareness that previous "best practices" of how to organize global marketing may no longer be valid. More specifically, many managers may be familiar with the rule of thumb to centralize control and decentralize execution, or to "Think global, act local." This rule of thumb has provided helpful guidance to managers for decades (Bartlett and Ghoshal 1988; Schmid, Grosche, and Mayrhofer 2016; Svensson 2001). However, managers who cling to them run the risk of lagging behind the most recent market trends as other companies are adapting to the prevailing changes.

Second, our study provides concrete guidance about how to organize marketing given the disruptive trends mentioned above. Specifically, when managers experience a tug-of-war between their need for centralizing and decentralizing marketing activities, they should evaluate the creation of a confederated community as a potential solution. Toward this end, our study describes typical elements of confederated communities (i.e., informal networks, committees, focus groups, excellence centers, regional marketing departments) and provides several practical examples from a wide variety of companies that managers can use for inspiration.

Third, managers need to recognize the change management challenge as they build out a confederated community. For example, a confederated community will likely entail employees' concerns about gaining or losing social status, visibility, power, social capital, and

responsibilities. Managers thus need to carefully lead change initiatives toward confederated communities.

3.2 Literature Review

As illustrated by Table 5, two streams of literature inform our study. First, literature has examined "Think global, act local" strategies (Bartlett and Ghoshal, 2008; Svensson, 2001). These strategies typically prescribe different approaches to how marketing organizations can centralize control and decentralize execution of a task (Schmid et al., 2016; Svensson, 2002). For example, Bartlett and Ghoshal (2008) explore how marketing organizations structured themselves when international markets started to create new opportunities. They introduce the term "transnational" to describe a balance of centralization and decentralization in which upstream value chain activities are centralized and more customer-facing functions such as sales and marketing are decentralized. Similarly, "glocalization" describes global, multinational, international, and local approaches to corporate strategy (Svensson, 2001). In essence, it expands the "think global, act local" approach (Onkvisit and Shaw, 2002) in which centralized strategic decision-making is supported by decentralized implementation.

While these prior approaches of centralization and decentralization have been extremely valuable in the past, this literature stream does not consider the impact of recent external disruptors. Therefore, we add to this literature stream by studying if these traditional approaches remain relevant or whether recent disruptors encourage new (de)centralization approaches.

Second, literature has examined the interactions between headquarters and subsidiaries (Ambos and Mahnke, 2010; Challagalla et al., 2014). Specifically, this literature examines how tasks are divided between these two entities (Ambos and Mahnke, 2010) and describes the unique

relationship challenges that they may encounter (Hewett and Bearden, 2001; Moorman and Day, 2016). For example, Ambos and Mahnke (2010) explain that the central headquarters' role can add value as an administrative or managerial function for subsidiaries. That is, headquarters typically allocate resources, promote entrepreneurship, facilitate knowledge-sharing, enforce governance, and control budgets. Homburg, Fürst, and Kuehnl (2012) expand on this research by demonstrating how such headquarters' management strategies can increase performance at the subsidiary level.

Like the previous literature stream, this literature is invaluable to understand traditional approaches in the distribution of roles between headquarters and subsidiaries. In essence, these roles prescribe the centralization of authority and control at headquarters, while decentralizing execution of marketing tasks at the subsidiary level. However, the question arises whether this approach persists during recent disruptive trends. We add to this discussion in the following.

Table 5: Literature Review

Reference	Scope	Perspective	Method	Centralization & Decentralization	Disruptive Trends	Confederated Communities	Key Findings Relevant for Our Study
"Think global, act local" strategies							
Bartlett and Ghoshal (1988, 2008)	Global (mostly focuses on two B2C companies)	Researcher	Conceptual	Yes	Limited	No	Introduces transnational strategies as "an ability to manage across boundaries, retaining local flexibility while achieving global integration" (p. 65-83)
Svensson (2001)	Global	Researcher	Conceptual	Yes	No	No	Introduces the term "glocalization" to describe a global strategic approach, with local adaptation of business activities
Svensson (2002)	Global	Researcher	Conceptual	Yes	No	No	As above but specifically related to the organization of marketing activities
Schmid, Grosche, and Mayrhofer (2016)	Regional (based on data from German automotive industry)	Management	Quantitative analysis of participant survey data (n = 95)	Yes	Limited	No	Explains that configuration–coordination decisions take place at the activity level and that coordination activities require direct personal supervision with informal communication
Interactions between headquarters and subsidiaries							
Ambos and Mahnke (2010)	Global	Researcher	Literature review	Yes	No	No	Explains the corporate headquarter role as administrative or managerial, e.g., allocating resources, promoting entrepreneurship, facilitating knowledge-sharing, enforcing governance, and budget control

Hewett and Bearden (2001)	Local (US)	C-Level	Quantitative analysis of participant survey data (n = 143)	Yes	No	No	Explains the importance of cooperation and trust between headquarter and subsidiaries to enhance product performance, and how this is influenced by national cultures
Homburg, Fürst, and Kuehnl (2012)	Regional (Central Europe)	Management	Quantitative analysis of participant survey data (n = 133)	Yes	No	No	Provides five categories of subsidiaries based on strategy and structure, and identifies management approaches that contribute to performance
Challagalla, Murtha, and Jaworski (2014)	Global	C-Level	Qualitative interviews (n = 35) and analysis of firm documents	Yes	No	No	Introduces the term marketing doctrine to describe a guided organizational approach based on principles and experiences to help a firm balance consistency and flexibility needs
Moorman and Day (2016)	Not specified	Researcher	Literature review	Yes	Yes	No	Explains how four elements of marketing organization—capabilities, configuration, culture, and human capital—are mobilized through seven marketing activities, which can influence marketing performance
Our Study	Global	C-Level and Management	Qualitative based on 4 data sources (interviews, ethnography, case study, focus groups)	Yes	Yes	Yes	

3.3 Data Collection and Analysis

We conduct a detailed qualitative study using a comprehensive combination of ethnographic data sources to generate theory and develop a conceptual model. We adopt a similar approach to that of Colm, Ordanini, and Bornemann (2020), in which we use the same guidelines of iterative qualitative research (Klag and Langley 2013) to integrate existing theory with evidence collected in the field. This approach enables us to explain how confederated communities are emerging in response to recent market disruptions based on validated theoretical concepts. Throughout, we use the grounded theory approach developed by Glaser and Strauss (1967), because it builds theoretical models that are "grounded" in the mindsets of the researchers and participants (Zeithaml et al. 2020). All data sources obtained capture experiences from globally active B2B industrial technology companies. Specifically, we collected data from four sources (overview of participant demographics in Table 6).

Table 6: Participant Demographics

ID	Gender	Job title	Role	Data Source	Company
1	Male	Managing Director	C-Level	1	A
2	Male	Managing Director	C-Level	1	B
3	Male	CEO	C-Level	1	C
4	Male	CEO	C-Level	1	D
5	Male	Member of the Executive Board and CTO	C-Level	1	E
6	Male	VP Digital Innovations	Manager	1	F
7	Male	Head of Global Product Management	Manager	1	G
8	Male	Solution Train Engineer	Manager	1	H
9	Male	CHRO	C-Level	1	I
10	Male	Member of the Management Board Sales	C-Level	1	J
11	Male	Global Director Communications	Manager	1	K
12	Male	CEO/CFO	C-Level	1	L
13	Male	Managing Director	C-Level	1	M
14	Male	Executive Vice President	Manager	1	G
15	Male	CFO/COO	C-Level	1	N
16	Male	CEO	C-Level	1 (leading into 2)	O
17	Male	Vice-President for product Sales	Manager	1	P
18	Female	CIO	C-Level	1	K
19	Male	Group Vice President	Manager	2	O
20	Female	Senior Vice President Group Procurement & SCM	Manager	2	O
21	Female	Senior Vice President Human Resources	Manager	2	O
22	Male	Senior Vice President Sales Region Emerging Markets	Manager	2	O
23	Male	CTO	C-Level	2	O
24	Male	Senior Vice President Group R&D	Manager	2	O
25	Male	General Manager	Manager	4a	Z
26	Male	Vice President	Manager	4a	I
27	Female	Group Director - Latin America	Manager	4a	O
28	Male	Vice President - Operations	Manager	4a	Q
29	Male	Chief Strategy Officer	C-Level	4a	H
30	Male	President	C-Level	4a	B
31	Female	Chief Executive Officer - France	C-Level	4a	F
32	Female	HR Director	C-Level	4a	I
33	Male	General Manager	Manager	4a	U
34	Female	Head of Technology	Manager	4a	Q
35	Female	Sales Director	Manager	4a	V
36	Male	Head of Product Management	Manager	4a	W
37	Female	Collaboration Manager	Manager	4a	B
38	Male	Chief Sales and Marketing Officer	C-Level	4a	X
39	Male	Head of Sales	Manager	4a	D
40	Male	Head of Sales	Manger	4a	S
41	Male	Head of Global Projects	Manager	4a	I
42	Male	Vice President	C-Level	4a	Y
43	Male	Head of Global Sales and Marketing (Product)	Manager	4b	I
44	Male	CSO	C-Level	4b	I
45	Male	Head of Global Sales and Marketing (Product)	Manager	4b	I
46	Male	Head of Product	Manager	4b	T
47	Male	Head of Strategy (Product)	Manager	4b	T
48	Male	CEO	C-Level	4b	I
49	Male	Head of HR	C-Level	4b	T
50	Female	CSO	C-Level	4b	I
51	Female	Head of Global HR	C-Level	4b	I
52	Male	Member of the Executive Board	C-Level	4b	T
53	Male	Head of Digital Business	Manager	4b	I
54	Male	Head of Marketing, Sales and Services	Manager	4b	I
55	Male	Senior Manager Strategy	Manager	4b	T
56	Male	Vice President Sales Europe	Manager	4b	T

(*) Data Source 1 = Interview, Data Source 2 = Case study, Data Source 3 = Ethnography, Data Source 4 = Focus group

3.3.1 Data Source 1: Interviews

First, we conducted a series of semi-structured interviews with 18 C-level and senior executives operating in the B2B industrial technology sector. The participants are primarily based in the Western hemisphere, but their companies serve multiple international markets. This context enabled us to deeply understand marketing organization challenges experienced from a central headquarters' viewpoint. The context also provided a useful reference case and prompt for further discussion and observation with participants who were not senior executives and worked in regional offices in middle management positions (see Data Source 4, Table 6). Thus, we were able to corroborate findings and consider both perspectives.

The interviews were conducted over several months from January 2021 to January 2022 as the COVID-19 pandemic restrictions were easing, and before the war between Russia and Ukraine had started. This allowed us to continuously update our frame of reference during the interviews to avoid focusing too much on a single specific economic disruption, and instead provided a more holistic perspective of the unique combination of the market disruptions that marketing organizations are encountering.

The interviews included probing questions to extract intricate details about how marketing organizations are responding to the challenges that external disruptions bring. We broadly introduced the context of the basis of our research, before using common ethnographic techniques (McCracken 1988) to encourage participants to openly share their perspectives and experiences of how external disruptors are influencing their marketing organization.

Participants were asked to explicitly share both positive and negative experiences to inform a holistic understanding of the challenges they encounter and their approach to resolving them. An interview guide was

used to serve as a prompt and ensure consistency. The interviews lasted between 30 to 90 minutes and were audio-recorded and transcribed verbatim using automated software followed by human verification for accurate transcription. To reach theoretical saturation and ensure a wide range of senior executive perspectives were captured across several companies, we conducted 18 interviews, which falls into the range recommended by Zeithaml et al. (2020) (for more details on participants and their companies, see Table 6).

3.3.2 Data Source 2: Case Study

Second, we utilize case study methodology (Eisenhardt 1989) to conduct a detailed investigation of one company. This provided an opportunity to obtain in-depth perspectives from a wider range of employees exposed to different business functions and regions. It also enabled us to ensure content validity (Morse et al. 2002) as our findings from the interviews in Data Source 1 could be confirmed or clarified by employees who are deeply involved in the marketing activities and operations of interest (see Table 6).

We selected the case study company based on our previous interview with the company's CEO (ID16 in Data Source 1). The company is a global supplier of water pump systems. They maintain a presence in several geographic regions, through which they provide solutions for a range of local and multinational customers in industries related to engineering and construction. With increasing pressure arising from reduced demand linked to international trade restrictions, the company decided to reorganize its marketing function—the case study follows this reorganization.

To compile the case study, we conducted in-depth desk research about the company and formally interviewed six managers to sample from multiple perspectives across a range of job roles and functions. This enables us to validate the senior executive recollections and accounts obtained in Data Source 1. It also permits detailed questioning to

uncover the crux of how external disruptors influence marketing organizations, specifically on an activity and operational level with on-the-ground implementation experiences, which is often lacking in research that focuses on marketing strategy only. The case study provided an opportunity to identify and question changes arising while conducting our research enabling real-time detail to be extracted from first-hand experiences.

3.3.3 Data Source 3: Ethnography

Third, the first author conducted a six month in-situ participant observation with a company (hereinafter referred to as IndTechCo). She started observations in September 2022 and ended in February 2023. Like the case study company, IndTechCo is also a B2B industrial manufacturer, but in a different market segment, and has been operational globally with European headquarters for over 30 years. As a small–medium sized enterprise (SME) it is much smaller than the case study company, with a smaller international footprint. The first author was fully immersed within the management team, all of whom are based at the company headquarters in Europe. This provided oversight of headquarters and regional activities across all nine of the company's subsidiary offices spanning America, Europe, Asia, and Australia. The observations comprised written typed notes and verbal recordings that were subsequently automatically transcribed and manually checked by the research team for transcription correctness.

3.3.4 Data Source 4: Focus Groups

Fourth, we discussed the results in two focus group workshops. The first included 18 practitioners across a range of job type backgrounds including middle and senior management as well as technical specialists, coming from various B2B industrial manufacturing and technology companies, all with European headquarters (data source 4a, Table 6). These focus group discussions comprised 6 participants in 3 subgroups, and all 18 participants in one main group to compare

perspectives from each subgroup. The second workshop included 14 practitioners with similar backgrounds and coming from similar companies to those in the previous workshop, but in this session, we focused solely on two companies and captured perspectives from across several functions (data source 4b, Table 6). This data source helped us gather feedback about our theoretical model and validate the findings across multiple companies with different strategies, skillsets, and competitive advantages or market positioning. We utilized their feedback to finalize our model.

3.3.5 Trustworthiness Checks

As recommended by Zeithaml et al. (2020), we carried out several trustworthiness checks to ensure our research is sound. Specifically, to ensure credibility, participant observations from data sources 1 to 3 were shared, discussed, and challenged in the focus group sessions to gather different perspectives to gain a more complete understanding. Transferability was ensured by comparing and questioning observations from top level managers with those from other employees in the case study. Particularly, we compared the case study company and IndTechCo from the ethnographic study to assess similarities and differences between smaller and larger companies with similar market dynamics. Dependability was certified by ensuring diversity in demographics including age, experience, tenure, and gender. It should be acknowledged that both the case study company and IndTechCo have more males in their workforce than females (e.g., on average approximately 75% of IndTechCo's employees are male, but for top level management this reduces to 60%), but there is no indication of bias in the observations based on gender. Confirmability is ensured by conducting individual interviews as well as group discussion sessions to ascertain similar observations and insights. Integrity was ensured by conducting interviews confidently and obtaining permissions from all participants before recording any data. Understanding was ensured by presenting the results at two academic conferences, which supported

the findings, as well as through discussions with the case study company and IndTechCo to develop content and training materials for their employees. Generality was addressed through ensuring flexibility in the interview guide so participants could relate tangential themes to the main topic and broaden the context of our research. Actionability was ensured through ongoing discussions with the case study company as well as through their internal communication processes with employees (e.g., at an annual conference).

3.3.6 Data Analysis

We followed the Corbin and Strauss (2014) grounded theory approach to rigorously analyze our data using their meticulous coding process. We began with an immersive approach, which required careful reading and re-reading of the transcripts to gain a deep understanding of the participants' experiences and perspectives (Strauss 1987). Utilizing an inductive approach, we then adopted open coding using NVivo 12 software in which we conducted a detailed, line-by-line evaluation of recorded words and phrases, to generate descriptive, in vivo, process, and structural codes (Saldaña 2013) that captured the themes and patterns emerging from our data.

As data collection progressed, we employed constant comparison (Johnson 2015) to juxtapose new data collected with the previously coded information, because each interview led to new routes of discovery (Zeithaml et al. 2020). This process allowed us to refine and expand our coding scheme. This iterative process enabled us to identify similarities and differences across all data sources, leading to the creation of broader categories that encapsulated related concepts. Through theoretical sampling, we strategically sought out additional data to test and enrich our emerging theoretical framework.

With a sharpened focus, we delved into axial coding, seeking to establish connections between the categories and subcategories (Corbin and Strauss 2014). This analytical step allowed us to explore the

relationships and dimensions emerging within the data, further crystallizing our understanding of how recent disruptive trends are impacting marketing organizations. Our theoretical sensitivity guided us in recognizing subtle nuances and variations, refining the theoretical framework with greater depth and accuracy. To ensure the rigor and reliability of our analysis, we engaged in regular peer debriefing sessions, where we critically discussed our interpretations and considered alternative viewpoints (Zeithaml et al. 2020).

In the final stages of our analysis, selective coding enabled us to construct a cohesive narrative of out theoretical model (Saldaña 2013), presenting a nuanced and contextually grounded understanding of how recent disruptive trends influence today's marketing organizations. By integrating the identified concepts and relationships, we formulated the comprehensive theoretical model displayed in Figure 6. We elaborate on this model in the following.

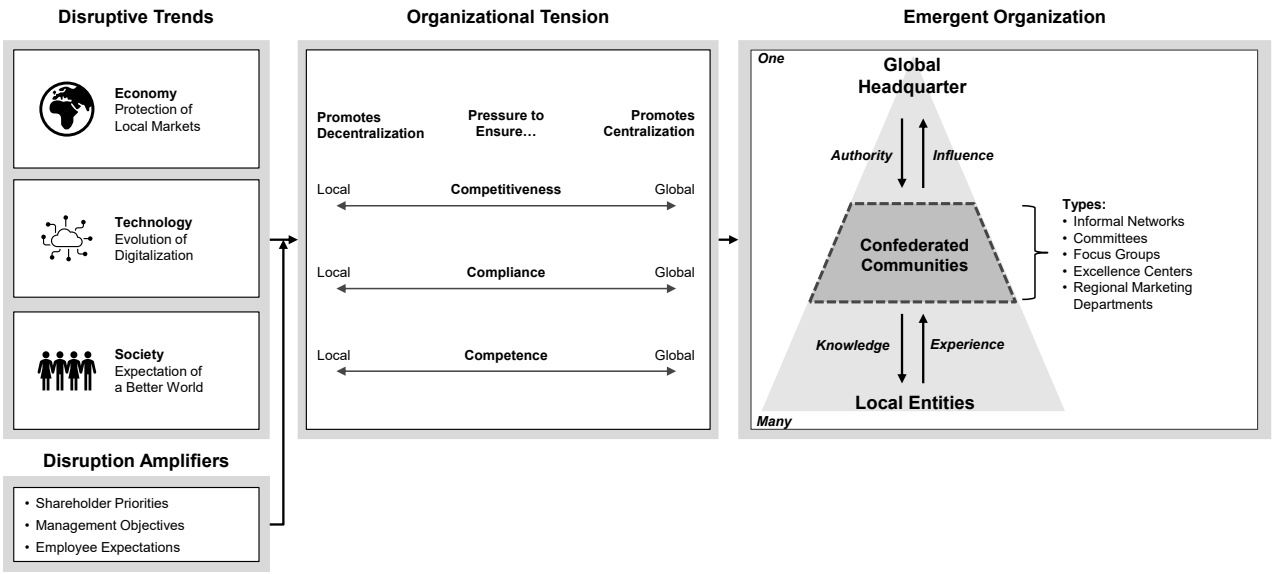


Figure 6: The Emergence of Confederated Communities in Marketing Organizations

3.4 Antecedents of the Emergence of Confederated Communities

We begin by identifying today's key external disruptors that foster the emergence of confederated communities, which relate to most recent trends in the economy, technology, and society. Next, we explore how these disruptive trends manifest into the marketing organization and create pressure to ensure competitiveness, compliance, and competence. Addressing these pressures simultaneously requires both centralization and decentralization approaches thereby creating organizational tension for managers who must decide how to balance these pressures in the most suitable way. Then, in the next section, we explain that to solve the arising organizational tensions, marketing organizations are creating confederated communities that enable them to simultaneously employ centralized and decentralized approaches to marketing activities. We explain typical elements of confederated communities identified in our participants' accounts and provide examples of how they can be used in today's marketing organizations.

3.4.1 Disruptive Trends

Our study unearthed three key disruptors that ultimately foster the emergence of confederated communities: Protection of local markets, evolution of digitalization, and expectation of a better world.[6] In the following, we outline these trends.

[6] Of course, this is not a complete list of external disruptors that influence marketing organizations. The aim of this paper is not to provide a "total model" of how *any* disruptive trends lead to *any* changes in marketing organizations. Rather, in line with the theories-in-use approach (Zeithaml et al., 2020), we focus on those trends that were

3.4.1.1 Protection of Local Markets

A first key trend that ultimately fosters the emergence of confederated communities is the increased intensity of economic policies designed for the protection of local markets (Busch 2018; Nim, Pedada, and Hewett 2024). While protectionism is not a new challenge for marketing organizations, the firms studied have been noticing an intensification of these policies in many countries (e.g., US, China, India, and UK). This intensification creates geo-political disputes that constrict international relations forcing marketing organizations to reconsider where and how they do business globally, and therefore whether they centralize or decentralize activities. Consider the following quote from one of our early interviews:

> *"We consider China as our second home market. We have strong business in the US, and if those two fight against each other and we come to the point where they will not allow us to import things coming from the other country or the other hemisphere, we will be in trouble." (ID9, Manager)*

This is raising concern and creating complexity, particularly with respect to building resilient and compliant supply chains (Alicke et al. 2022) as local content is often compulsory in order to serve local markets:

> *"We see a strong tendency for protectionism. In the US, you need to deliver 60 to 70% local regional value. In the past, we could produce 100% percent in [Germany] and then ship to the States." (ID7, Manager)*

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identified by participants in our study as being relevant for the emergence of confederated communities.

But these additional efforts typically increase costs (Cuervo-Cazurra, Maloney, and Manrakhan 2007), which creates a predicament for managers who have to decide if pursuing these markets is sensible, especially when salaries are increasing globally and reducing the attractiveness of emerging economies. Consider the following statement:

> *"Economies like India or Brazil… have higher growth rates than we have in the Western countries. They are gradually closing the gap in terms of [salaries]." (ID8, Manager)*

3.4.1.2 Evolution of Digitalization

Participants noticed that the recent rapid evolution of digitalization is creating pressure for marketing organizations to adopt new digital market opportunities. In particular, digital transformation programs are more actively taking center stage in strategic decision-making for B2B technology companies (Jean et al. 2020; Shalchi 2022). For example, B2B marketing organizations have been lagging regarding the use of e-commerce platforms for customers, but our participants indicated that digitalization is becoming more prevalent in their marketing organizations as noticed by IndTechCo and by ID16 below. Where to develop and deliver new digital solutions not only depends on finding the right resources and skills base, but also depends on the market readiness for that technology:

> *"Autonomous technology is tangible in the US first. The decision was to [acquire] it on a local scale. We do it there where this application can go to market first." (ID7, Manager)*

The unprecedented pace at which this shift toward digitalization is happening can be difficult for marketing organizations to keep up with (LaBerge et al. 2020). For example, ID16 (C-Level) explains the concerns that his marketing organization is experiencing with respect to international data flows and data taxation, which can hinder progress towards digitalization:

"Thinking that data can flow internationally, globally, without trade barriers, without restrictions, anywhere, that's gone. It's part of protectionism to keep data in the country. The more the economy is dragged into geostrategic disputes, and it's being dragged everywhere right now via economic sanctions, the more digital products will suffer and require local solutions." (ID16, C-Level)

"[Digitalization] will also bring a big issue in taxation. How will digital taxes play out? The more digital services you offer, the more likely it is that the issue of a digital tax will arise." (ID16, C-Level)

3.4.1.3 Expectation of a Better World

Participants identified that greater expectation of a better world is increasing pressure on marketing organizations to make a positive contribution to society (Carrigan, Marinova, and Szmigin 2005; Chandy et al. 2021). In recent years, there has been a significant increase in general awareness of Environment, Social, and Governance (ESG) principles (Ferrell 2021), Corporate Social Responsibly (CSR) standards (De Ruyter et al. 2022), and Diversity, Equality, and Inclusion (DEI) initiatives (Kipnis et al. 2021). These are all changing the expectations that shareholders, employees, and customers have of marketing organizations. For example, ID11 (Manager) noticed that their firm is exposed to "more requirements by laws, by the American Stock Exchange, that we need to align our corporate sustainability report to the annual report." Similarly, shareholders are shifting their focus away from the financial performance of a marketing organization, and more towards its sustainability actions and targets:

"We have the impression that [ESG] is becoming more and more important to the shareholders. [Our] shareholders are now increasingly being replaced by their children. [For] these young shareholders… the handling of scarce resources, environmental pollution, air pollution, recycling and so on, these topics are [important to them] and now represented much more prominently in our society too." (ID1, C-Level)

Additionally, employees expect to work for marketing organizations that embrace societal values that align with their own personal beliefs. For example, ID11 (Manager) explains:

> *"Young people, young talents, young candidates, they ask for sustainability [now]. They ask for diversity during the interview process. Employees are very engaged [regarding] diversity." (ID11, Manager)*

Finally, recent societal shifts make it more acceptable for customers to become more assertive or self-confident when expressing their needs, particularly as regional empowerment and respectful practices (Moorman and Day 2016) enable them to have more of a voice in society. Thus, many participants reported an increase in customization of standard products for local markets. For example, ID23 (C-Level) noticed that "there is also a lot of pride among the Chinese and a change has taken place with much more self-confidence on the part of the Chinese people," and ID13 (C-Level) elaborated:

> *"Chinese [customers] have a different way to express their expectations. They were continuing to understand more and more what they want and what they need, and suddenly, they became more self-confident to ask for their own solution… It's important that you listen to the voice of the customer [and] have a mechanism to bring this voice into your organization. We decided to have a core portfolio, which can then be customized in the region to the requirements of the customers." (ID13, C-Level)*

3.5 Disruption Amplifiers

As demonstrated in some of the examples above, the impact of these external disruptive trends can be reinforced internally by various stakeholders, particularly when their own priorities, objectives, or expectations align with these disruptive trends. We label such reinforcing factors as disruption amplifiers. In this section, we examine these disruption amplifiers more closely.

3.5.1 Shareholder Priorities

Shareholders can influence the strategic direction of a marketing organization, which can put pressure on the prioritization of activities. Thus, disruptive trends that are important to shareholders are more likely to influence the focus of a marketing organization—the previous quote by ID1 about young shareholder's interest in ESG illustrated this point. ID1 (C-Level) continues to describe that the priorities of senior shareholders are changing as well. In ID1's organization, these shareholders previously focused strongly on financial targets but now see the reputation of the marketing organization as a top priority:

> *"Our investors are environmentally minded. What is most important to our shareholders? Returns, security, liquidity, reputation, or responsibility? [They say] responsibility, because they all already have money, they are wealthy. Above all, they don't want to lose their good reputation first." (ID1, C-Level)*

3.5.2 Management Objectives

Managers are tasked with actionable targets in relation to executing the corporate strategy. When managers' target achievement hinges on the disruptive trends outlined above, they are more likely to factor these disruptive trends into their decision-making, thereby amplifying disruption for the organization. For example, while some managers amplify the pressure to adopt digital solutions because they can identify clear advantages of doing so, others do not see digital solutions as a viable option for parts of their marketing organization. The following two quotes illustrate these different viewpoints:

> *"With digitalization it becomes easier because you can facilitate more with modern information and communication technology. [Examples are] knowledge transfer, sharing, communication, remote services even." (ID4, C-Level)*

"We have a large number of plants in Europe that will not make the leap into the digital age. We would have to invest too much for that." (ID16, C-Level)

3.5.3 Employee Expectations

Last, employee expectations can determine the extent to which marketing organizations perceive pressure from the disruptive trends outlined earlier. That is, when existing employees feel strongly about disruptive trends, top managers feel amplified pressure to factor these trends into their agenda in order to keep employees motivated. For example, based on employee expectations and feedback, IndTechCo is currently giving high priority to sustainability objectives related to a responsible supply chain, emissions and climate change, and renewable energy. IndTechCo is also regularly communicating its related activities and metrics to employees and even established an internal sustainability competition to further promote and encourage action toward a better environment.

Allowing employees to co-shape the firm's agenda is particularly important as today's employees are increasingly willing to leave firms whose values do not align with their own. Consider the following observations by ID9:

"Employees have changed. We see that within the younger generation—considering this a lifetime job is not valid anymore. The HR community must deliver more in terms of talent management, young professional development." (ID9, C-Level)

3.6 Organizational Tension

The interplay between disruptive trends and stakeholder influences creates an unprecedented complex environment for marketing organizations. In this environment, the prior approach of "centralize control, decentralize execution" no longer seems to hold because

managers are increasingly conflicted about whether to decentralize or centralize certain activities (Altuntas and Turker 2015; Ambos, Fuchs, and Zimmermann 2020; Kolk and Margineantu 2009; Ryans, Griffith, and Steven White 2003; Schmid, Grosche, and Mayrhofer 2016). This is because the disruptive trends trigger three pressures that are simultaneously forcing decentralization and centralization (competitiveness, compliance, and competence), similar to a tug-of-war. We elaborate on these pressures in the following.

3.6.1 Pressure to Ensure Competitiveness

Our participants consistently confirmed that to stay competitive, their marketing organizations require both local and global approaches (Bartlett and Ghoshal 2008a). However, disruptive trends create novel pressures that substantially increase the difficulty for marketing organizations to decide whether to take a local approach, favoring decentralization, or a global approach, favoring centralization.

As to the first disruptive trend, protectionism of local markets inherently requires marketing organizations to adopt a local approach due to local content policies. For example, ID23 (C-Level) noticed that protectionism "forces us to build a factory here and there" and ID7 (Manager) elaborated:

> *"[Protectionism is] getting tighter and tighter and tighter. These legislative hurdles on the sourcing side are moving [supply chains] towards the regions." (ID7, Manager)*

At the same time, however, protectionism constitutes an immediate attack on the economies of scale that marketing organizations possess. That is, local content requirements decrease organizations' purchasing power because "we benefit from centralized purchasing… we get better prices if we purchase higher volume" (ID13, C-Level). The trade-off between decentralized local sourcing versus centralized economies of scale is not new (Altuntas and Turker 2015; Ambos, Fuchs, and

Zimmermann 2020; Kolk and Margineantu 2009; Ryans, Griffith, and Steven White 2003), but as policies to protect local markets are tightening requirements to participate, the trade-off is becoming more disparate. That is, globally focused marketing organizations fear that protectionist policies create a window of opportunity for local players to leverage economies of scale ahead of them, which could challenge their overall market position (Plötner, Habel, and Schmitz 2023). Thus, to counter these local threats, marketing organizations perceive great pressure to maintain power by strengthening their economies of scale through centralization. For example, ID16 (C-Level) states that protectionism leads his organization to feel a pressing need to consolidate plants and bundle resources to become more powerful.

As to the second disruptive trend, the evolution of digitalization inherently creates pressure to transform business strategy and processes in order to remain competitive (Angevine et al. 2021). On the one hand, digital strategies and processes are not one-size-fits-all, putting pressure on marketing organizations to localize their approaches. Consider the following example by ID16, who describes how they decentralize digitalization projects depending on where they find a digital competitive advantage that can be exploited globally:

> *"Our e-commerce will be based in Beijing, because the Asians are further along in the digital transformation to the customer [and] the market partners." (ID16, C-Level)*

On the other hand, because digitalization technologies have a fundamental impact on the immediate competitiveness of the entire organization, marketing organizations feel pressure to coordinate and execute digital transformation programs centrally. This centralized approach ensures, for example, connectivity of digital infrastructure, orchestration of innovative technologies, and protection against cyber security threats. As ID6 notes, "I'm scared to death that my countries are going to be held hostage to ransomware because we don't have a robust infrastructure." Consider the following additional quotes:

> *"[We have a] very strong global infrastructure, [which is] very important because many of our customers are global and they [want global consistency]. If we run different [digital] systems, this complexity would kill us." (ID10, C-Level)*

> *"You need an innovation network across the globe, and you have to find a way to bring these [digital] ideas together—a global pool where you collect, prioritize, and discuss how you go forward with these ideas. The better you can orchestrate this global network, the more successful you will be in the future." (ID13, C-Level)*

As to the third disruptive trend, the expectation of a better world creates pressure for the marketing organization to embrace both local and global social shifts, thereby pressuring toward decentralization or centralization. As indicated by ID4 (C-Level), customers increasingly request his marketing organization to "shorten lead times from region to region" which puts competitive pressure on his organization because "if you are too centralized, then you are not able to meet that."

At the same time, however, the need for a better world regarding social and environmental actions requires a significant change for marketing organizations. This puts pressure on them to take centralized control and prevent deviation from the marketing organization's social and environmental objectives:

> *"If you leave it to China, Brazil or Russia or India, they will go in their own directions with their own perspective. It has to be coordinated [centrally]." (ID19, Manager)*

> *"If you delegate too much power… there's a conflict of interest. [Regional managers] are buying something which was not in the range of the global strategy. For instance, the member was building up a branch to produce toys because he fancied it. Doesn't fit with the strategy, but who cares." (ID3, C-Level)*

3.6.2 Pressure to Ensure Compliance

Our participants explained that their marketing organizations must be both locally and globally compliant with new rules and regulations that are evolving from today's disruptive trends. While local compliance favors decentralization to facilitate adaptation, global compliance favors centralization to facilitate standardization.

As to the first disruptive trend, new rules and regulations that are imposed through protectionism are inherently forcing marketing organizations to adopt local content requirements. As ID8 (Manager) states, regulations that "are valid in Europe to obtain a CE label[7] made sense, but now more countries move away from that to protect the local economy." This applies pressure on managers to decentralize as "decentral[ized] installation architecture ensure[s] that we can comply with the local requirements, habits, laws, and technicalities" (ID10, C-Level).

On the other hand, complying with protectionism locally presents two concerns. The first relates to governance as many marketing organizations must abide by the rules and regulations based on where the company is registered, such as the European Commission directives that apply to European multinational corporations. Thus, a centralized approach ensures that "everybody has to comply with the rules we define" (ID13, C-Level). The second relates to the risk of quality control issues if local content requirements force decentralized production. For example, IndTechCo are known for developing high-quality products. They feel pressure to maintain centralized production despite the local content requirements demanded from China and the United States in

[7] A CE label affirms that a product conforms with European health, safety, and environmental protection standards.

particular, because they fear that decentralized production might cause globally relevant non-compliance issues (e.g., incompatible CE marking requirements).

As to the second disruptive trend, digitalization creates pressure to comply with data transfer regulations such as GDPR (General Data Protection Regulation), which can vary across different regions. This can create a need for decentralized data storage and access as "data has to be stored in each country because of the laws" (ID17, C-Level). On the other hand, the trend toward big data analytics requires global cooperation and compliance with company-wide policies. For example, despite their global customer base, as a European company, IndTechCo are required by their investors to centralize customer data on a European CRM (Customer Relationship Management) server. This is because the investor has strict GDPR requirements imposed on them, and as they are scrutinized more heavily during audits, they have to ensure all their portfolio companies comply with the same rules to minimize the risk of a legal breach. In addition, reinforcing this need for centralization is the increase in big data analytics, which requires significant volumes of data gathered across many regions to be available centrally to optimize algorithms and gain reliable insights into, for example, customer usage and proactive servicing requirements (Wedel and Kannan 2016). Thus, managers experience pressure to take a centralized approach:

> *"We created a centralized data lake in Germany to interlink [our] machines. We collected this information and had a team to analyze this data to find something meaningful." (ID13, C-Level)*

As to the third disruptive trend, the expectation of a better world creates pressure for the marketing organization to comply with local social and environmental expectations, while retaining global policies on ethics and code of conduct that apply to all. For example, ID17 describes how Western societies grow increasingly intolerant of certain traditional customs established in other countries, such as gifts to customers that

surpass a value defined as adequate in Western countries. To disassociate from such traditional customs and prevent being accused of bribery, ID17 feels pressure to use an "arm's length approach" with sales operations in local entities. Hence, in this case, expectation of a better world promotes decentralization to cater to local norms.

At the same time however, the need for a better world regarding social and environmental actions puts pressure on managers to align their corporate standards with global requirements. For example, sustainability rules put in place by the American Stock Exchange and national lawmakers (e.g., Germany's Act on Corporate Due Diligence Obligations in Supply Chains) enforce global companies to abide by set rules across their global operations. These rules and regulations are legally binding and therefore non-negotiable (Quin 2023). As ID11 explains, "it's a challenge for a global company to run all the different regulations and to bring them under one umbrella." This encourages a centralized approach as different regulations have an impact on product offerings and distribution for example, which require global alignment to ensure operational effectiveness and efficiencies can be maintained.

3.6.3 Pressure to Ensure Competence

Our participants explained that their marketing organizations must balance the pressure to be both locally and globally competent to successfully explore new opportunities while managing risks arising from today's disruptive trends. In this context, competence denotes possessing the requisite knowledge, skills, and abilities to proficiently make decisions and carry out tasks at a local or global organizational level. The need for local competence favors decentralization while the need for global competence favors centralization, once again creating novel tension between the two.

As to the first disruptive trend, protectionism creates pressure to decentralize competencies as countries increasingly mandate recruitment of local employees for local markets. For example,

IndTechCo is concerned that they cannot comprehend the protectionist requirements and how they impact on the market in China, their biggest market. As a result, they feel great pressure to build local competencies that have the required understanding. ID26 (Manager) reiterated that "R&D people from [the] headquarter do not have the understanding of the [local] market" required to adhere to protectionist regulations, further promoting decentralization of competence. Interestingly, ID15 (C-Level) states including local employees "in the decision-making process, doesn't make [it] easier, but the quality of the decision is better because we have no loss of information," which demonstrates how local competencies can be utilized despite the complexities it can bring.

At the same time, however, protectionism requires centralized control to ensure that local competencies are not considered in isolation from strategic objectives. For example, as protectionism empowers local managers, there is a risk that they become too independent, which reinforces centralized approaches:

> *"If you delegate too much power [to decentralize] there's a conflict of interest. The [local managers] are buying something that was not in the global strategy. For instance, the board member [in Austria] was building up a whole branch to produce toys in Austria because he fancied it [even though it] doesn't fit with the strategy." (ID3, C-Level)*

As to the second disruptive trend, digitalization creates pressures to decentralize competencies to seize opportunities in new markets. For example, as outlined before, ID23 (C-Level) explains that they perceive greatest potential for e-commerce in China, so their e-commerce business will "grow out of Shanghai." Similarly, ID7 (Manager) indicates that "autonomous technologies will go to market first in the USA."

At the same time, however, a broad range of experience is required to understand how digitalization can be globally beneficial to a marketing organization. For example, even though ID23 (C-Level) describes the need to decentralize their e-commerce business, he also explains that in

regions where the necessary experience does not exist "we're cautious about going there, [instead] we have to do that from a [centralized HQ]." This is supported by ID6 (Manager) who explains that "We don't have the [digital] resources and the expertise in Brazil," which pressures him to centralize competencies.

As to the third disruptive trend, expectation of a better world creates pressure for the marketing organization to develop local competencies. For example, as part of the societal shift toward DEI, it is now expected that local employees should have the same opportunities as employees at central headquarters. This is particularly disruptive at the management level, where historically, someone from a centralized head office would be seconded to manage a local entity. Now, managers are recruited locally and empowered to run their local businesses in their own way, which reinforces decentralization:

> *"Now the person who is best qualified to do so does so, and these are often Asians who manage the Asia region. We now have much, much more trust in our managers in Asia." (ID16, C-Level)*

> *"We hired local people, trained them in Germany, and then we let them build up the production in Singapore." (ID15, C-Level)*

At the same time, however, the expectation of a better world regarding social and environmental actions puts pressure on managers to centralize competencies. Sustainability policies can be particularly onerous for companies with many local subsidiaries. For example, at IndTechCo, climate reporting in the UK is exceptionally detailed, which the local team does not have the resources for. Having climate reporting centralized at head office, where they already understand the terminology and requirements, can speed up this process. Thus, IndTechCo perceives pressure to build a centralized sustainability team to relieve the subsidiaries of the burden of compiling these reports.

3.7 The Emergence of Confederated Communities in Marketing Organizations

As outlined above, protectionism, digitalization, and the expectation of a better world are creating new pressures that are difficult for marketing organizations to navigate due to the complexity of the organizational tensions they create. Our data converges on an interesting counterstrategy that marketing organizations have started to implement to balance these tensions: they are building novel *confederated communities*, which we define as *interconnected groups of employees who interact with each other and their unique environment, to deliver certain marketing functions, centralized across local entities but decentralized from headquarters*. In the following we explain the key concepts that this definition comprises of.

First, by *interconnected groups of employees* we refer to entities often comprised of members of central headquarters and one or several local entities that are tasked to collaborate. They form an amalgamation that conceptually resides at a level between central headquarters and local entities (see illustration in Figure 1). Furthermore, these communities vary by their degree of formality. While some confederated communities can be informal and ad hoc (e.g., informal networks), others are permanent institutions (e.g., regional marketing department). We elaborate on these and other elements typically found within confederated communities further down below.

Second, *interacting with each other and their unique environment* refers to the ways in which employees within these communities combine their resources. That is, the employees within these communities typically use their human capital (i.e., knowledge, skills, and abilities) and social capital (i.e., their operational and strategic networks of relationships) to achieve a common goal given the context they operate in. The combination of resources can manifest organically (e.g., in an informal network between employees) or be orchestrated through

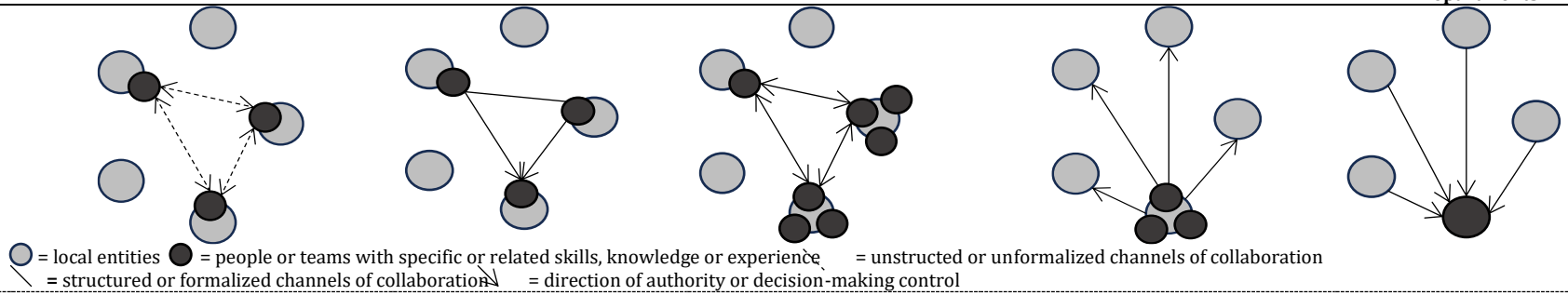
centralized intervention (e.g., when a company institutionalizes a regional marketing department) (Hewett et al. 2022).

Third, these goals are usually *linked to the marketing function*. More specifically, the communities of employees within confederated communities typically work toward ensuring an effective marketing mix (i.e., product, price, place, promotion) given the context the company as a whole and individual local entities operate in. This typically comprises elements of both control and execution. For example, while some communities work toward defining standards (e.g., with respect to sustainability) to be applied across some or all of the organization's local entities, other communities work toward implementing standards (e.g., training new marketing hires).

Fourth, confederated communities paradoxically entail *simultaneous centralization and decentralization* of marketing. That is, a confederated community appears to local entities as centralization—because authority moves "upwards" into the community—but appears to headquarters as decentralization—because authority moves "downwards" into the community (Bartlett and Ghoshal 2008a). Thereby, a confederated community helps marketing organizations balance the tensions between centralization and decentralization described earlier, as it facilitates competitiveness, compliance, and competence in a way that satisfies both global and local needs.

As we alluded to earlier, employee communities as the key elements within a confederated community can differ substantially from each other. Our data reveals five types of confederated communities: (1) informal networks, (2) committees, (3) focus groups, (4) excellence centers, and (5) regional marketing departments. Table 7 provides an overview, and we elaborate in the following.

Table 7: Confederated Communities

Confederated community	Informal Networks	Committees	Focus Groups	Excellence Centers	Regional Marketing Departments
Illustration					
Definition	Informal networks are an ad hoc collaboration between few people across some local entities. They share related or similar expertise or experience to fulfill a single short-term task or need on a regional basis.	Committees are a short-term group of experienced representatives from local entities, that are designated by a centralized headquarter with the authority to solve a low-level challenge that impacts the whole organization.	A focus group is a team of individuals from local entities with complementary expertise or experience who contribute to strategic marketing projects that have relevance to several local entities.	An excellence center is a semi-autonomous and congregated team of local individuals having a highly specific skillset that focuses on one particular need with a strong strategic or competitive advantage.	A regional marketing department is formally designated by a centralized marketing department to act as an administrative or support center for aggregated local entities. They have a high level of autonomy and strategic responsibility.
Examples	At IndTechCo, product specific training sessions are coordinated and delivered by a few regional individuals with the relevant skills to help new employees understand how to sell the product. This is organically managed by the product sales manager and a network of local employees and is not part of the standardized program for onboarding new salespeople.	Centralized group management at IndTechCo established a sustainability committee to enhance sustainability awareness, develop assessment criteria, and implement actions to improve sustainability metrics. All local entities could implement the derived policy according to their own needs with support from the committee.	Company G established an internal collaborative project to accelerate the development of fuel cell technology. The central headquarter did not have the required skills or resources to drive this themselves, therefore responsibility for this task was given to a focus group to leverage local expertise and experience (ID7).	Company K established a regional design and development hub for innovation. It was situated in a location having a high availability of talent with the required skills and knowledge. Their outputs were distributed across all local entities and helped to accelerate the development of new innovations.	Company O established a regional marketing department in Shanghai, China to facilitate its expansion into Asian markets. This approach enabled them to maintain their global corporate identity and leverage global synergies while demonstrating a strong regional commitment that enables some regional differentiation (ID16).
Relationship with local entities					
Experience gained	L	L	M	M	H
Knowledge transferred	L	M	M	H	H
Relationship with headquarters					
Authority delegated	L	L	M	M	H
Influence exerted	L	M	M	H	H

Notes: L = low, M = medium, H = high.

3.7.1 Informal Networks

An informal network is an ad hoc collaboration between few people across some local entities. They share related or similar experiences to fulfill a single short-term task or need. For example, IndTechCo uses informal networks to provide product specific training sessions for employees. These networks are formed by the product sales manager, who has global responsibility. Specifically, when employees across some local entities require training, the manager connects a few individuals from these local entities with relevant skills about the product and local markets. These individuals then receive the authority to collectively train the new cohort of employees on how to sell the product. This network is organically managed by the product sales manager and is not part of a standardized training program.

IndTechCo thereby resolved a major tension that had caused intense debates among the top management team. Specifically, as a small company with highly specialized products, IndTechCo requires all salespeople to have standardized technology knowledge and sales training, favoring a centralized approach. However, this knowledge also needs to incorporate local market trends and customer needs, favoring a decentralized approach. Their network provides the best of both worlds. It permits training employees on demand according to their specific needs or when there are changes in the market. Within this network, the training is faster at incorporating market trends and customer needs into formulating sales arguments. At the same time, the training sessions also provide insightful feedback for the product manager who works closely with the centralized marketing team to ensure that globally standardized marketing materials regarding this product are up-to-date and relevant to the intended market.

3.7.2 Committees

A committee comprises of representatives from local entities, who are designated by centralized headquarters with the authority to solve

relatively trivial challenges that impact the whole organization. They typically work on a short-term task and the committee concludes upon completing that task, or they meet on a semi-formal basis such as once per quarter to discuss a specific company-wide issue. Committees are required to capture insights from as many different perspectives as possible across many countries and cultures. Therefore, with the exception of a committee leader, the representatives are not usually chosen for their knowledge or expertise—instead they are selected to share their experiences or perspectives. They collaborate to inform new policies such as working from home expectations, COVID-19 mitigation actions, customer meetings (virtual, face-to-face, or hybrid) and cyber security procedures. Even though these committees are established by centralized management, they are often left to their own devices to complete the task in question.

For example, centralized group management at IndTechCo established a sustainability committee to enhance sustainability awareness, develop assessment criteria, and implement actions to improve reported metrics that local entities could implement in their own way. For IndTechCo the main tension was that the burden of implementing a full sustainability policy was too much for the local subsidiaries to undertake in a decentralized manner as they do not have sufficient resources to carry out this task, but implementation from a centralized viewpoint lacked clarity on what is and is not possible to achieve at the local level. Therefore, the committee could take into account local insights and exploit expertise from central headquarters to come to a global optimum that every subsidiary could accept because they contributed to developing the policy. Additionally, IndTechCo noticed that its customers are demanding proof of sustainability actions as part of their procurement requirements, so this committee also supported those needs. The additional benefits of working together collectively to determine globally relevant policies are indicated by ID13 (C-Level) which makes committees highly important for change management

activities such as rebranding, adapting company cultures, or diversifying into a new strategic market:

> *"We had an intercultural team working together on 'What is our overall purpose? What do we want to achieve? What are we proud of? It took us a year in this international team. I believe this is a very strong anchor for the organization." (ID13, C-Level)*

3.7.3 Focus Groups

A focus group is a team of skilled individuals from local entities with complementary expertise or experience. Focus groups are larger and more longstanding than committees. These focus groups are typically organized and run by senior managers who are exposed to a wide range of business activities and can therefore influence company decision-making. They collaborate on strategic marketing projects that have relevance or importance across several functional departments and require skillsets from key individuals in local entities to ensure that the complete picture is captured correctly. Focus groups can improve knowledge sharing across multiple entities, which reduces slow centralized decision-making as explained by ID8 (Manager):

> *"Any decision needs to be escalated to a higher level and then needs to be discussed there. And then the decision will be disseminated down into the organization, which, of course, makes you very, very slow." (ID8, Manager)*

Therefore, his company adopted a focus group to decide which products to add to their portfolio. This allowed his company "to bring the ability and responsibility to decide to those people who have the information without losing the ability to pursue a larger goal, or to move a large organization in a common direction to achieve a larger overarching goal" (ID8, Manager). A similar approach to combat slow centralized decision-making and niche decentralized activities was taken by Company G, which established an internal collaborative project to accelerate the development of fuel cell technology as central

headquarters did not have the required skills or resources to drive this themselves. Thus, a focus group can facilitate transparency, knowledge sharing, innovation, cohesion, and market understanding for the marketing organization which is important in today's environment where disruptive trends such as digitalization are evolving quickly.

3.7.4 Excellence Centers

An excellence center (also referred to as a regional hub) is a semi-autonomous team of local individuals who possess very specific skills in a particular area such as technological understanding or market application. Excellence centers are usually established to work on projects or areas of the business where there is a unique strategic or competitive advantage that the marketing organization wishes to exploit strongly. An excellence center is typically very competent and can strongly influence central headquarters' decision-making. They are typically established for relationship management between central headquarters and local entities, e.g., to increase collaboration, reduce power play, change culture, build trust, increase transparency and communication, or for technological management, e.g., to improve, extend, and develop the existing product portfolio. For example, Company K (ID18, C-Level) established a design and development hub for innovation in a location where there was a high availability of talent with the required skills and knowledge. This was established in order to capitalize on new market opportunities evolving from novel technologies. Similarly, Company E implemented an excellence center to leverage local competence: "We define a center of competence [having] autonomy for 'value' products in China, because they understand this market much better there" (ID5, C-Level). This implies that market entry and customer adoption can be quicker and more efficient using this approach.

In both companies, the major tension they encountered was that they were missing market opportunities. Decision-making had to be channeled through central headquarters that lacked specific local

expertise relating to technology for company E, and local market application for company K. However, for company E, a decentralized approach lacked the resources to turn the ideas into an offering resulting in stalled development opportunities. For company K, their decentralized approach meant that they weren't fully leveraging opportunities in a dominant market segment. Therefore, implementing an excellence center helped to facilitate faster decision-making and improved awareness of opportunities both locally and centrally by collating resources at the regional level. This collation through an excellence center demonstrates importance and permits a greater level of influence which can accelerate strategic planning and execution at central headquarters.

3.7.5 Regional Marketing Department

A regional marketing department can manifest in a wide variety of ways. On a basic level, they can act as an administrative or support center for aggregated local entities, but on a more comprehensive level, they can also be a duplication of a central marketing department but with some limitations on their authority. Often, they are formally designated by a centralized marketing department to have a high level of decision-making autonomy and strategic responsibility in a specific geographical region. For example, one European company in our study (Company O) recently established a regional marketing department in China that centralizes pan-Asian marketing activities previously performed in individual countries, while decentralizing other activities recently performed by the European central marketing department. This approach enabled Company O to maintain their global corporate identity while catering to local protectionism and societal requirements. Specifically, their Asian marketing department was used as a strong signal to the regional markets and to their global employees, that market power has shifted toward new regional opportunities, and Company O is responding definitively to this change. They presented the Asian marketing department as being on par with their European and

American marketing departments demonstrating regional independence.

Like Company O, Company D also established a regional marketing department "with distributed responsibilities" (ID4, C-Level) in Asia. However, their motive was not to expand into a new market but instead to better represent the needs of the existing workforce, a third of whom are based in India. This provided a more relevant social representation of the company and empowered regional employees. It also attracts new talent as the company demonstrates the strategic relevance of the region.

3.8 Discussion

3.8.1 Theoretical Implications

Our study makes three key contributions to academic literature. First and foremost, we describe a prevalent and previously unrecognized shift in global marketing organizations. Specifically, due to recent disruptive trends (protectionism, digitalization, and expectation of a better world), marketing organizations are experiencing novel difficulties in deciding whether to centralize or decentralize corresponding activities. Thus, they choose a midway solution. That is, they build confederated communities that simultaneously employ decentralization (from headquarters' point of view) and centralization (from local entities' point of view). These confederated communities can be interpreted as the marketing organization-related embodiment of the increasing deglobalization tendencies we see across the world.

The changes catalogued by our study provide numerous intriguing avenues for future research: (1) Future studies may examine the emergence of confederated communities using quantitative methodology. Our study was qualitative in nature, which seems adequate given the novelty of the phenomenon and the need to develop

first theoretical predictions (Zeithaml et al. 2020). A logical next step would be to test the relationships we propose. For example, studies could utilize policy changes with respect to the disruptive trends outlined by our study to examine changes in the structure of marketing organizations (Goldfarb, Tucker, and Wang 2022). Similarly, studies could test performance implications of different elements of confederated communities implemented by marketing organizations (Homburg, Fürst, and Kuehnl 2012). Lastly, studies could examine confederated communities through the lens of social network theory (Carnabuci and Operti 2013). (2) Future studies may examine further changes in marketing organizations' structures beyond decentralization and centralization decisions. It is plausible that the trends outlined previously are so disruptive that they also affect other decisions in marketing organizations, such as corporate governance, growth strategy, and cultural diversity in management. Of course, it is beyond the scope of our study to catalogue all of them, because in the true spirit of grounded theory we created a partial model on one particular change rather than a laundry list of changes happening in marketing organizations (Zeithaml et al. 2020). (3) Future studies may extend our evolving framework. For example, studies may examine how other disruptive trends link to confederated communities, how confederated communities are created across different industries, and what contextual factors beyond the pressure amplifiers outlined in our study can influence the emergence of confederated communities. Again, answering all these questions clearly extends beyond the scope of one single study, so we call upon future research to add to our emerging theory of confederated communities.

Second, we add to two streams of literature related to our study: Literature on "Think global, act local" strategies (Bartlett and Ghoshal 2008a; Svensson 2001) and literature on interactions between headquarters and subsidiaries (Ambos and Mahnke 2010; Challagalla, Murtha, and Jaworski 2014). These literature streams have contributed substantial knowledge to the marketing domain on how marketing

organizations choose to structure themselves. For example, this literature has recognized how marketing organizations can centralize control and decentralize execution of tasks (Schmid, Grosche, and Mayrhofer 2016; Svensson 2002), and how tasks are divided between headquarters and subsidiaries (Ambos and Mahnke 2010). We add to these literature streams by clarifying the impact of recent disruptive trends not previously examined in these streams, and by conceptualizing the novel phenomenon of confederated communities. Importantly, with the emergence of confederated communities, previous theories-in-use such as "centralized control, decentralized execution" or "think global, act local" no longer seem to hold, due to the unprecedented complexities of today's business environment. Again, future research in these literature streams can build on the findings of our study in multiple fruitful ways. For example, studies could examine what conflicts arise between confederated communities and both headquarters and local subsidiaries, and how to solve them (Hewett and Bearden 2001; Moorman and Day 2016).

Third, our study contributes to the generation of marketing theory through a grounded theory and theories-in-use approach (Zeithaml et al. 2020). Specifically, the academy has repeatedly called for theories homegrown in the marketing discipline. We provide such a theory by conceptualizing confederated communities and examining how they arise. Our framework's complexity and methodology closely align with those from other studies employing the theories-in-use approach. For example, Siebert et al. (2020) catalogued two types of customer experience journeys labelled "loyalty loops" and "involvement spirals," concepts which due to their novelty deserve to be introduced to the marketing literature. Confederated communities are such a novel concept as well, and we followed rigorous qualitative methodology to unearth it, describe it and integrate it with existing literature. We are excited to release this concept to the academic community.

3.8.2 Managerial Implications

Our study has three actionable implications for managers: (1) the need to question existing organizational approaches, (2) the resolution of simultaneous decentralization and centralization needs through confederated communities, and (3) the alleviation of employees' concerns. We elaborate in the following. First, our study should raise managers' awareness that previous "best practices" of how to organize marketing may no longer be valid. More specifically, many managers may be familiar with the rule of thumb to "centralize control and decentralize execution," or to "think global, act local." These rules of thumb conform to well researched approaches in marketing scholarship and have provided helpful guidance to managers for decades (Bartlett and Ghoshal 1988; Schmid, Grosche, and Mayrhofer 2016; Svensson 2001). Now, with novel disruptive trends such as protectionism, digitalization, and the expectation of a better world, previous organizational models are becoming too rigid. Managers who cling on to them run the risk of lagging behind market developments as other companies are adapting to these changes. In our qualitative study, it was apparent that managers are aware of this risk and the urgent need for action—but there is great uncertainty about how to respond. This uncertainty is likely fueled by the fact that prior to our study, no dedicated academic guidance existed.

Second, our study provides concrete guidance about how to organize marketing given the disruptive trends mentioned above. Specifically, when managers experience a tug-of-war between their need for centralizing and decentralizing marketing activities, they should evaluate the creation of a confederated community as a potential solution. Toward this end, our study describes typical elements of confederated communities (informal networks, committees, focus groups, excellence centers, regional marketing departments) and provides practical examples from a wide variety of companies that managers can use for inspiration. When building these communities,

managers should consider customizing confederated communities to their specific institutional context. For example, for a given tension between centralization and decentralization, managers should evaluate to what extent this tension can be resolved by imparting authority and experience into the confederated community and extracting influence and knowledge out of it. This evaluation will determine whether to tackle a given tension through an informal network, committee, focus group, excellence center, or even a regional marketing department (see Table 7). For example, consider a company that perceives a tension whether to decentralize low-value product development or centralize all product development and the management team realizes that resolving this tension will require the transfer of substantial knowledge from the confederated community to selected local entities (e.g., to leverage knowledge gained from previous development efforts). In this scenario, our model would recommend that managers might find value in including an excellence center into their confederated community.

Third, managers need to recognize the change management challenge as they build out a confederated community. For example, a confederated community will likely entail employees' concerns about gaining or losing social status, visibility, power, social capital, and responsibilities. Managers thus need to carefully lead change initiatives toward confederated communities. For example, we believe managers are well advised to pilot a first community (e.g., a focus group). Furthermore, they need to find communities that fit their specific context. As ID13 (C-Level) summarizes: "It must fit to your customer base, product portfolio, size, and also to your culture".

3.8.3 Limitations and Future Research

Our study exhibits limitations that provide fruitful avenues of future research. First, our research is applicable to global organizations with central headquarters and local entities. As such, companies without a global footprint (e.g., local family-run businesses) may not perceive the same tensions between centralization and decentralization to the same

extent and thus may have a lower need to adopt confederated communities. Second, the companies examined in our study all had Western headquarters with local entities across the world. We do not know whether our results generalize to companies headquartered outside the Western hemisphere. This is also due to the fact that organizational structures tend to be influenced by the cultural context that managers reside in (Hofstede 1980; Van Muijen and Koopman 1994). Third, as a qualitative study we cannot quantitatively assess performance outcomes of confederated communities and their different configurations. We see that confederated communities relieve organization tension, but we cannot infer how confederated communities affect the company's income statement. We encourage future research to examine such interesting questions.

3.8.4 Connections of Confederated Communities to Global Headquarters and Local Entities

A confederated community connects to a company's global headquarters and local entities through authority, influence, knowledge, and experience. These connecting links are the specific means by which confederated communities manage to balance the tensions between decentralization and centralization described earlier. We elaborate in the following.

Authority is the legitimate power that empowers individuals or entities to make decisions and influence actions within a specific domain. Typically, legitimate authority (Spencer 1970) has been largely retained at global headquarters, but recent disruptive trends are encouraging marketing organizations to increasingly delegate authority to confederated communities. For example, IndTechCo is seeking acquisitions to support organizational growth to gain market power through exploiting a complementary customer base with a wider range of products. Historically these decisions were made solely at centralized headquarters with no input from local entities. Now, it is understood by

central headquarters that the local entities have better insights regarding target acquisitions in their local markets and could identify some unique opportunities. Thus, as one confederated community, IndTechCo houses an informal network that gives managers of local entities the authority to evaluate the acquisition of companies that may be missed from only a centralized perspective.

Influence is the ability to affect the actions and decisions of others, typically stemming from their credibility or expertise within a particular context or social structure. Typically, their physical separation has made it difficult for local entities to influence global headquarters' decisions. However, as confederated communities become more formally adopted across the marketing organization, they are able to leverage their increased authority to influence decisions at global headquarters. Thus, the confederated community gives a voice to local entities, who individually have little influence on global headquarters. For example, the expectation of a better world strongly encourages marketing organizations to become more inclusive of local needs as indicated by our case study company, Company O. Employees working at Company O explained that their local entity in Thailand previously had little influence over global activities and decision-making until they adopted a regional marketing department in Asia that could collate and channel their needs.

Knowledge refers to the accumulation of information through learning to aid our conceptual understanding. It encompasses insights that enable individuals to comprehend the world around them and make informed decisions. In the past, tacit and experiential knowledge (Smedlund 2008) have been limited at the local entity level through scarce exposure to global activities and decisions. However, social empowerment is giving a voice to those local entities that were previously overlooked. Thus, as they become more assertive, and these assertions are more socially recognized and accepted, local employees expect and demand more from their organizations. For example, as stated previously, employees are now expecting better career

development opportunities. One way in which this can manifest is through the need to learn more beyond the basics to develop specialist expertise. This provides an opportunity to foster an excellence center that clusters key skillsets, particularly as new technologies emerge. Consider:

> *"Along with technology transfer, some [regions] are being quite smart… about improving their own knowledge saying, 'Well, actually we don't just want to bend a piece of metal. We want to learn the process'." (ID17, Manager)*

Being more regionally oriented in this manner can improve transparency and communication, which makes pitching for budget between regions for application development more efficient and effective enabling faster developments.

Finally, *experience* includes the practical proficiency gained by actively participating in or encountering on-the-ground marketing activities. It involves interaction with circumstances, often resulting in a deeper understanding, improved abilities, and the capacity to navigate similar situations more effectively in the future. Similar to the above, a lack of integration and communication between local entities and global headquarters has limited the awareness and understanding of regional experiences, which has often led to inefficiencies such as duplication of efforts. Now, local entities more readily share their experiences through the confederated community they are connected to. For example, the implementation of a global cloud-based support system means that IndTechCo can now provide more informed technical answers to customer queries globally based on collective shared experiences gathered through the implementation of an informal network. Local support teams can use the data from historic support queries as a search database to help solve their customer's query, while adding valuable new information from other regions.

As mentioned earlier, authority, influence, knowledge, and experience are the means by which confederated communities balance the tensions

between decentralization and centralization that marketing organizations are experiencing due to the disruptive trends described previously. Furthermore, as Table 7 shows, authority, influence, knowledge, and experience differ for typical confederated communities (informal networks, committees, groups, excellence centers, regional marketing departments). Thus, which of these elements a company factors into their confederated communities depends (or should depend) on the extent to which authority, influence, knowledge, and experience are instrumental in resolving the tension between the centralization and decentralization needs that the company aims to resolve.

In summary, the emergence of confederated communities enables marketing organizations to effectively balance the tensions stemming from their simultaneous decentralization and centralization requirements which are influenced by recent disruptive trends. By establishing confederated communities, organizations can maintain a sense of decentralized autonomy and independence while benefiting from shared resources, knowledge, and standardized processes enabled by centralization. These confederated communities combine the best of both worlds which allows marketing organizations to strike a balance between centralization and decentralization, enabling them to respond swiftly to recent disruptive trends.

4 Improving Sales Forecasting Accuracy Through Automated Employee Effort Monitoring

Companies increasingly use automated employee effort monitoring, that is, software that captures metrics related to employee resource investment without requiring manual input. In this research, we examine whether this new data source can improve sales forecasting accuracy. Traditionally, sales forecasts have relied heavily on past sales and self-reported data, but models employing such data often lack accuracy. Automated employee effort monitoring may help to overcome the inconsistencies associated with self-reported data if such data indeed predicts sales outcomes. We test this idea using data from a company in the technology and telecommunication industry that automatically monitors salesperson effort through a widely available commercial tool. The findings suggest that such data significantly improves the accuracy of sales forecasts, particularly for tenured salespeople who sell directly to end-customers. These findings provide interesting avenues for future research on both sales forecasting and automated employee monitoring. In addition, the findings encourage managers to include metrics from automated employee effort monitoring in their sales forecasting models.

4.1 Introduction

Sales forecasting is vital for business success (Hall 2020; Kushwah 2024; Schraeder 2024), as accurate forecasts can support business planning, resourcing, and strategic decision-making. Therefore, numerous methods (Boyles 2022) and models (Mccarthy et al. 2006; More 2023) have been developed to help improve the accuracy of sales forecasts. However, 64% of sales managers and 89% of data scientists

still believe that their sales forecasts need improvement (Reeder, Chaker, and Habel 2024), which is not surprising considering 80% of sales organizations substantially miscalculate their forecasts. Clearly, as Forbes suggests, “Sales forecasting is broken” (Drenik 2022).

Historically, sales forecasts have relied upon past sales data, sometimes enriched with manually logged information from customer relationship management systems (CRM) (Rodriguez and Honeycutt 2011). However, manually logged metrics are often incomplete or inaccurate, limiting their usefulness for sales forecasting. Indeed, many sales organizations bemoan that their employees lack discipline in logging information about new sales opportunities, which would be required to accurately measure the sales pipeline (HBRAS 2021; Kelly 2019). Similarly, while CRM systems allow manually logging exchanges with customers or prospects, such as meetings, calls, and emails (Reeder, Chaker, and Habel 2024), many salespeople do not consistently use this functionality, leading to sparse activity data (HBRAS 2021; Kelly 2019). Some industry influencers even question the value of capturing customer exchanges in CRM systems altogether (Bray 2017; Freeth 2018)

However, in recent years, new data sources and data collection methods have become available to firms that could potentially overcome the issues outlined above and close the prevailing gap in sales forecasting accuracy (Reeder, Chaker, and Habel 2024; Smith 2024). One intriguing data source that prior research has neglected is data resulting from automated employee effort monitoring, which we define as the use of software that captures metrics related to employee resource investment without requiring manual input. One example of automated employee effort monitoring tools is Microsoft Viva Insights, which captures metrics such as email hours, focus hours, and meeting hours across various categories (Microsoft 2024). Other examples include Slack Analytics, Trello Insights, or EmailMeter, which capture data such as communication patterns, task completion rates, or email volume (Atlassian 2024; Email Meter 2024; Slack 2024).

Data collected via automated employee effort monitoring may be the answer to overcoming the weaknesses associated with manually reported data, as it ensures complete data across all salespeople and does not rely on each individual salesperson's adoption of the CRM system or other technology platforms. However, it is questionable how predictive such automatically monitored data is. To illustrate, consider an automatically logged metric that captures the number of hours a salesperson spends composing emails (Microsoft 2024). On one hand, spending more time writing emails could mean that a salesperson is engaging deeply with prospects and customers, ultimately progressing sales opportunities through the pipeline, which should be predictive of future sales revenue. However, on the other hand, the time spent writing emails is a noisy metric as it could result from working more slowly (e.g., because business is slow) or writing emails unrelated to selling, which would not be predictive of higher sales revenue generation. Thus, it is unclear whether and when data from automated employee effort monitoring improves sales forecasting.

This considerable tension forms the starting point of our paper. We aim to answer the questions: *Does utilizing metrics from automated employee effort monitoring improve the accuracy of sales forecasts? And if so, when?* For this purpose, we initially develop a theoretical model linking such metrics to the accuracy of sales forecasts. Specifically, we theorize that these metrics are only predictive of sales revenue (1) to the extent that they correlate with selling activity, and (2) to the extent that such selling activity is predictive of sales revenue. We then deduce two potential contingency factors potentially shaping these links, salesperson tenure and direct selling to end-customers (vs. indirect selling via intermediaries). We then test our model using a unique dataset from a Fortune 500 company in the technology and telecommunication industry, combining past sales revenue and manually logged CRM data with automatically monitored employee effort metrics from Microsoft Viva Insights. Using LASSO regression, we test how these metrics improve the accuracy of sales forecasts. Our

results indicate that these metrics improve the accuracy of our sales forecast by up to 6.5% on average. This improvement is noteworthy, particularly given the substantial pain point of inaccurate sales forecasts in practice (Drenik 2022; Reeder, Chaker, and Habel 2024), Furthermore, as theorized, forecasting accuracy increases more strongly for salespeople of high tenure and who sell directly to end-customers rather than intermediaries, with R^2 reaching up to 89% depending on salesperson characteristics.

Our study makes important contributions to academic literature. First, we provide evidence that metrics from automated employee effort monitoring can substantially improve the accuracy of sales forecasts. Thus, our study adds to literature examining the value of novel data sources for sales forecasting (Fu and Fisher 2023; Kesavan, Gaur, and Raman 2010; Reeder, Chaker, and Habel 2024). Second, our study provides a foundational theoretical framework that delineates how and when metrics from automated employee effort monitoring improve the accuracy of sales forecasts. Future studies can use this theoretical framework as a starting point to further study the value of automated employee effort monitoring for sales forecasting. We also encourage further research using this framework and our findings in other domains. Toward that end, we propose a typology of automated monitoring of employee characteristics beyond effort.

Beyond its academic contributions, our study has actionable implications for management practice. First, managers can use data hiding in plain sight to improve the accuracy of their sales forecasts. Our findings suggest that managers should educate themselves on already available data resources that automatically monitor employee activities (considering 91% of companies report monitoring their employees in some form; ActivTrak 2024) and include these metrics in their sales forecast models. This is especially critical for managers who oversee more tenured salespeople or salespeople who sell directly to end-customers. Second, firms can use our insights to motivate the introduction of automated employee monitoring, particularly given

frequent concerns that such monitoring would not be used in the best interests of employees. Third and last, our study should sensitize managers to the fact that automated employee monitoring can indeed be used for "good" (i.e., more accurate sales forecasting) or for "evil" (i.e., micromanaging salespeople). In this regard, our results help managers foster governance structures than ensure the former while avoiding the latter.

4.2 Conceptualization

4.2.1 Automated Employee Effort Monitoring

We coin the term *automated employee effort monitoring* to describe a phenomenon increasingly prevalent in practice, whereby firms use software to automatically capture metrics related to employee effort (e.g., Microsoft Viva Insights, Slack Analytics, Trello Insights, EmailMeter). To elaborate on the individual elements of the term coined, first, we use the word *automated* to refer to the fact that the monitoring is performed *autonomously by software*. This stands in contrast to monitoring that requires manual logging of data, such as the filling in of time sheets or the manual logging of customer exchanges in CRM systems (Tanner et al. 2005). Second, we use the term *employee* to describe that it is *staff* who are being monitored. While the corresponding software can also be used to monitor non-employees (e.g., private individuals could monitor themselves), in this research we focus on organizational applications—and more specifically, on the monitoring of sales revenue-generating personnel, that is, salespeople (Joseph and Thevaranjan 1998). Third, the word *effort* denotes that it is employees' investment of resources (e.g., time resources, mental resources) that is monitored (Du, Hu, and Wu 2022; Li, Lim, and Chen 2020). This differentiates the phenomenon studied from other targets of automated monitoring, such as communication content and style, locations, or health metrics (Borah and Rutz 2024; Dugan, Ubal, and Scott 2023; Inks and Low 2005)—we elaborate on such forms of

automated monitoring in the general discussion, but our empirical findings are bound to salesperson effort. Fourth, *monitoring* refers to the *measurement and digital storage* of metrics. Thus, in summary, automated employee effort monitoring refers to *the use of software that measures and stores metrics related to staff's resource investment without requiring manual input.*

Effort monitoring has a long-standing history in organizations—especially in sales organizations. Employee effort monitoring is motivated by principal–agent theory, according to which principals (e.g., managers) hire agents (e.g., salespeople) to perform certain actions (e.g., selling products to customers) (Eisenhardt 1989). When agents have different interests than principals and information is asymmetric, agents may "shirk," that is, they may not expend sufficient effort on the actions they were hired for (Ross, Anderson, and Weitz 1997). This risk is particularly salient in sales organizations, because selling is an effortful task and salespeople tend to work autonomously (i.e., visiting customers, remote work, etc.) (Habel et al. 2024). To ensure that salespeople still expend sufficient effort on their selling tasks, principal–agent theory encourages principals to incentivize agents (Rubel and Prasad 2016) and monitor agents' effort (Joseph and Thevaranjan 1998). While incentives are typically implemented through variable components in salespeople's compensation plans (Habel et al. 2024; Habel, Alavi, and Linsenmayer 2021b), effort monitoring traditionally relies on salespeople disclosing their effort manually. For example, in sales practice, managers discuss salespeople's past effort in joint meetings (Kolli 2023), check salespeople's time sheets or set appointments on their digital calendars (Rozentals 2022), and screen manually logged information in CRM systems, such as generated sales opportunities and notes on customer meetings, calls, or email exchanges (Thacker 2020). If the monitored effort does not meet expectations, managers can intervene, for example through leadership, incentives, or sanctions (Joseph and Thevaranjan 1998).

Not surprisingly, however, salespeople tend to be hesitant to fully disclose their effort as they fail to see the benefit of doing so and instead fear that managers could use such information against them (Siegel, König, and Lazar 2022). As a result, manually logged data (e.g., in CRM systems) tends to be incomplete and of questionable quality (HBRAS 2021; Kelly 2019). This challenge worsened during the COVID-19 pandemic as salespeople were forced to work from home and substantially change the way they interact with and sell to customers (Hartmann et al. 2024), leaving managers with little oversight on their employees' effort (Nguyen 2024).

To address this challenge, automated employee effort monitoring has experienced a particular upsurge since the early 2020s. Specifically, to automatically monitor salesperson effort, companies have introduced (1) sales specific monitoring tools and (2) non-sales specific monitoring tools. First, sales specific digital tools include, for example, certain functionalities within CRM systems, such as their integration with email clients or call software to automatically log emails sent to customers and calls placed with customers (White 2024). Other examples include sales enablement systems (e.g., Highspot), which can automatically monitor salespeople's views and distribution of digital sales content, such as company presentations, proposals, and product specifications (Perera 2023). Second, non-sales specific digital tools include, for example, Microsoft Viva Insights and Trello Insights, which monitor a wide range of resource investments, such as the number of email hours, focus hours, and meeting hours (Microsoft 2024). In this research, we focus on this second type of tool, that is, non-sales specific automated employee effort monitoring tools.

Prior managerial and academic literature has acknowledged two main benefits of such automated employee effort monitoring tools. First, these tools can help employees become more productive in their roles by helping them understand where their efforts are, and are not, being put to good use (Kantor and Sundaram 2022). Second, sales managers can utilize the monitored information to support employee training and

development to improve sales performance, removing human error from the data (Tomczak, Lanzo, and Aguinis 2018). However, prior research has never examined whether and how data from automated employee effort monitoring can improve sales forecasts, which are traditionally built from past sales revenue enriched with manually logged CRM data (Ascarza 2018; Bohanec, Kljajić Borštnar, and Robnik-Šikonja 2017; Chatterjee, Chaudhuri, and Vrontis 2022; Reeder, Chaker, and Habel 2024; Rodriguez and Boyer 2020; Rodriguez and Honeycutt 2011). With this research, we rectify this omission and study the usefulness of data from automated employee effort monitoring for sales forecasting—a use case that constitutes a severe pain point to many sales organizations (Reeder, Chaker, and Habel 2024).

4.2.2 Conceptual Framework

In this research, our key research question is if and when metrics from automated employee effort monitoring increase the accuracy of a sales forecast. We hypothesize a nuanced answer to this question in Figure 7**Error! Reference source not found.** and elaborate in the following section.

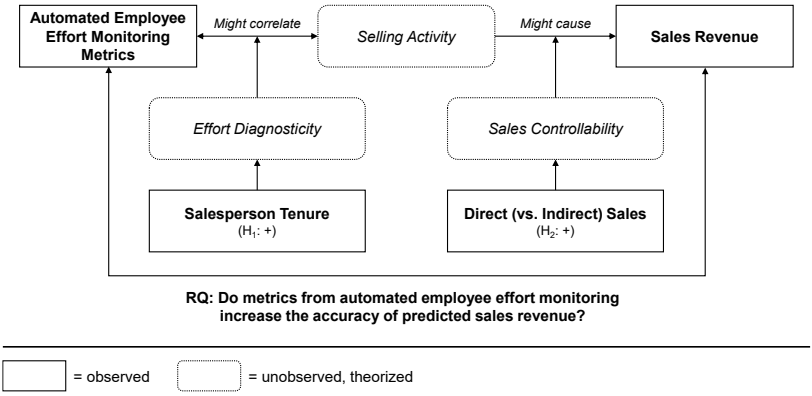


Figure 7: Conceptual Framework

It is well established that selling activity is a leading indicator of a salesperson's performance (Brown and Peterson 1994; Palmatier, Gopalakrishna, and Houston 2006; Sujan, Weitz, and Kumar 1994). Selling activity refers to the number of tasks a salesperson completes to generate sales revenue. Our assumption that we test in this study is that metrics (i.e., variables) from automated employee effort monitoring systems serve as indicators of selling activity that are likely to impact sales performance (Cespedes and Marsh 2017; Forbes Business Development Council 2018). If so, including them in sales forecasting should increase the accuracy of the model.

However, this crucial assumption is debatable, as variables commonly collected through automated effort monitoring can sometimes be abstract. For example, if automated effort monitoring logs longer meeting hours, one could reason that the salesperson engaged in meetings with prospects to create or close sales opportunities, in line with our assumption. However, in opposition of our assumption, another explanation for longer meeting hours could be unrelated to selling activity that generates revenue such as internal coordination or administrative tasks unrelated to sales (Brown and Peterson 1994; Rapp et al. 2020). Against this backdrop, we propose two contingencies potentially shaping the extent to which variables from automated effort monitoring predict a salesperson's sales revenue and thus increase sales forecast accuracy: (1) effort diagnosticity and (2) sales controllability. We elaborate on both contingencies in the following section.

4.2.2.1 Effort Diagnosticity

The first contingency is that metrics from automated effort monitoring will only predict a salesperson's sales revenue if they are diagnostic of selling activity. Effort diagnosticity is defined as the extent to which metrics from automated effort monitoring reflect activity that is directly relevant and instrumental to the sales process. This could include

meaningful interactions with customers, follow-ups, and other activities that have a proven correlation with generating sales revenue.

We expect that automatically monitored effort is more diagnostic of selling activity the higher a salesperson's tenure. Sales tenure refers to the number of years a salesperson has been selling for a company (Conde and Prybutok 2021). Our proposition is based on three arguments. First, compared to salespeople with high tenure, salespeople with low tenure likely spend more work hours on tasks not immediately conducive to sales revenue, such as onboarding and training (Wiseman et al. 2022) as well as internal networking and coordination (Bolander et al. 2015; Chaker et al. 2024). Thus, an increase in time-related metrics from automated employee effort monitoring should be less likely to translate to sales-related activities for these salespeople. Conversely, we expect these metrics to be more diagnostic of selling activity for tenured salespeople.

Second, salespeople with higher tenure should be able to work faster or more efficiently than salespeople with low tenure due to their experience (Avolio, Waldman, and McDaniel 1990). Thus, as tenure increases, an additional hour of time investment should progressively increase selling activity. To illustrate, consider a salesperson of high tenure and a salesperson of low tenure customizing a proposal for a prospective customer. It is plausible that within a given amount of time, the salesperson of high tenure can complete a greater part of the proposal due to their experience. Thus, again, we expect that metrics from automated employee effort monitoring are more diagnostic of selling activity as tenure increases.

Third, salespeople with more tenure are more likely to know what additional efforts pay off as they have learned from their successes and failures (Boichuk et al. 2014) and can more easily adapt to new sales situations using their experiences (Levy and Sharma 1994). Thus, tenured salespeople are more likely to allocate time and resources to the "right" selling activity in order to generate a successful outcome—in

this case improved sales performance (Cron et al. 2021). Put differently, metrics from automated employee effort monitoring might be more diagnostic of selling activity as tenure increases. Based on the previous arguments, we hypothesize:

H1: Metrics from automated employee effort monitoring are more likely to increase the accuracy of predicted sales revenue for more tenured than for less tenured salespeople.

4.2.2.2 Sales Controllability

The second contingency is that selling activity is likely to lead to sales revenue only when salespeople are in control of their sales success, which we refer to as sales controllability. If sales controllability is high, salespeople's selling activity is more likely to pay off and result in sales revenue. Thus, to the extent that automatically monitored effort metrics are diagnostic of selling activity, these metrics should improve sales forecast accuracy. Conversely, when sales controllability is low, salespeople may be carrying out selling activity, but the environment that they are working in may not be sufficiently controllable for these activities to improve sales revenue. As a result, automatically monitored effort metrics may be less predictive of sales revenue—regardless of how accurately they reflect selling activity.

Control of the sales environment can occur in several ways, most of which are external influences such as market conditions, trade restrictions, or government policies (Thomas 2022). For example, consider a salesperson who tends to adapt their sales pitch to different customers which usually leads to sales success (Franke and Park 2006), but who operates in a market where customers purchase decisions are determined solely by price (Dominique-Ferreira, Vasconcelos, and Proença 2016). If this salesperson is not authorized or in a position to negotiate on price for reasons outside of their influence (e.g., product differentiation or technical specification, company policy, or cost-base), the salesperson's selling activity is unlikely to be rewarded by

successful sales outcomes. Other examples may include tender processes, where technical specifications are scored against pass or fail criteria, or sales contexts in which the target customer has a strong and loyal history with a competitor and may be even being committed to a long-term binding contract.

While these controls over the sales environment can be difficult to assess, within our institutional context we can examine control over the sales environment by comparing direct and indirect sales forces. In direct selling environments, a salesperson sells directly to an end-customer. Such a salesperson is more likely to have some control over their success as they tend to be close to the decision maker in the sales opportunity (Anderson 2008; Hughes and Ahearne 2010). On the other hand, an indirect salesperson sells to intermediaries, such as agent or representatives, who then sell to end-customers. Such a salesperson is likely to have less control over their success as they typically lack contact with the decision-maker. Instead, it is the intermediary being involved who typically has a more profound sales relationships with end-customers (Madhani 2012). Thus, the indirect salesperson's role becomes more reactive (e.g., processing incoming sales orders rather than proactively engaging in the full sales process). Thus, indirect salespeople's selling activity is less instrumental to achieve success, potentially reducing the predictiveness of automatically monitored effort metrics for sales revenue. We thus hypothesize:

H2: Metrics from automated employee effort monitoring are more likely to increase the accuracy of predicted sales revenue for direct than for indirect salespeople.

4.3 Methodology

4.3.1 Institutional Context

We collected data from a Fortune 500 company in the American technology and telecommunication industry. The company is more than

30 years old with over 4000 employees. Typical customers include small, medium, and large businesses in a variety of industries (e.g., healthcare, government, education, financial services). The company's offerings include both products and services and tend to be large financial investments for the buyer. The sales cycle usually runs from 3 to 18 months, involving multiple stakeholders in the buying team.

For our study, we collected data from the business unit that comprises the largest sales organization within the company. This sales force is responsible for the institution's highest revenue generating products and services. Salespeople are involved in the complete sales process, from prospecting to renewals, and are expected to engage in both "hunting" for new business and "farming" existing customers. Within this sales organization, prospecting involves lead generation, lead scoring, lead qualification, and lead engagement. Salespeople have no guidelines on the types of businesses they can pursue, but they must consider both the effort invested and the likely outcome of these efforts when quota attainment goals and potential monthly reoccurring revenue when deciding which opportunities to pursue. Salespeople are also expected to lead sales meetings with support from a team of specialists when needed (e.g., engineers, implementation specialists). Once a deal is closed, sales representatives work with project managers to implement the products and services. Post sale, sales representatives work with customer success managers to attain renewals.

4.3.2 Data and Measures

Our data is structured in a salesperson-week panel, covering 201 salespeople for between 18 and 40 weeks. Thus, every observation in our dataset corresponds to one salesperson i, in one particular week t, with a total of 7545 individual observations. This data structure is driven by the automated employee effort monitoring variables, which are solely available at the salesperson-week level. We elaborate on this and the other variables we use in the following sections.

4.3.2.1 Dependent Variable

While our data is at the weekly level, the collaborating company forecasts sales at a monthly level; this is because weekly sales tend to be volatile due to the length and complexity of the sales process. Accordingly, we utilize salesperson i's sum of sales revenue for the next four weeks (t = 1, t = 2, t = 3, t = 4) as our dependent variable. We log-transform the variable in line with past research and to mitigate skewness (e.g., Luetkepohl and Xu 2009; Reeder, Chaker, and Habel 2024). Formally:

$$\text{FutureSalesRevenue}_{it} = \log\left(\sum_{k=t+1}^{t+4} \text{SalesRevenue}_{ik}\right) \quad \textbf{(4.1)}$$

4.3.2.2 Baseline Independent Variables

We initially predict $\text{FutureSalesRevenue}_{it}$ from baseline variables and only then add automated employee effort monitoring variables to identify whether, when, and how these variables improve sales forecasting accuracy. Specifically, baseline variables comprised of (1) past sales revenue, (2) sales revenue in pipeline, and (3) past number of manually logged exchanges with customers (emails, phone calls, appointments). As to the first, we extract past sales revenue for four weeks (t = 0, t = -1, t = -2, and t = -3), meaning that the sales revenue amount secured by the salesperson is available for the current week and each of the three preceding weeks. We log-transformed these variables.

Second, the sales revenue pipeline is the potential revenue a salesperson is currently working toward. Specifically, as is common in B2B sales organizations (Cardy et al. 2023; Habel et al. 2020), when salespeople encounter a new sales opportunity, they are asked to log this sales opportunity in the CRM system. This log includes the sales revenue salespeople expect to generate if they "win" the opportunity and thus receive the customer's business. The sales opportunity's status remains "open" until a customer has decided for or against the focal

firm. Sales revenue pipeline is measured as the sum of expected sales revenue (log-transformed) across all sales opportunities that are open at the time of the forecast (i.e., in t = 0).

Third, we also include the number of emails, phone calls, and appointments logged by each salesperson in the current and the three preceding weeks (t = 0, t = -1, t = -2, t = -3). Salespeople manually enter these exchanges in the CRM system, as is common in B2B sales organizations (Reeder, Chaker, and Habel 2024). These variables provide some indication of exchange-related selling activity alongside the sales revenue variables.

4.3.2.3 Metrics from Automated Employee Effort Monitoring

We use the company's Microsoft Viva Insights data (Microsoft 2024) to identify if metrics from automated employee effort monitoring improve sales forecast accuracy. Microsoft Viva Insights is part of the workplace analytics and feedback package of Microsoft Viva that monitors various activities within the Microsoft 365 environment such as email communications, Microsoft Teams interactions, and other collaborations. Example variables include those related to personal development and coaching such as *meetings with manager* and *manager coaching hours*. Other variables relate to salesperson effectiveness such as *booked focus hours*, *after-hours meeting hours*, *multitasking hours*, and *uninterrupted hours*. Table 8 provides a list of the 33 variables captured in Microsoft Viva Insights that were available to the company, along with definitions. We extract each variable for each of the 4 weeks preceding the sales forecast (t = 0, t = -1, t = -2, t = -3).

By automatically tracking these variables, Microsoft Viva Insights can use artificial intelligence to provide specific and actionable insights to help employees improve their productivity. Such insights might relate to better time management, more effective organization of digital content and resources, and suggestions for personalized learning. Importantly, though, while the company uses Microsoft Viva Insights in

the background to monitor salespeople, salespeople cannot access the metrics it records and insights it produces. Thus, in our institutional context automated effort monitoring is unlikely to bias salesperson behavior. Table 9 provides descriptive statistics for all variables.

Table 8: Metrics from Automated Employee Effort Monitoring

Category	Metric	Description	Unit
After-hours collaboration	After-hours collaboration hours	Number of hours a person spent in meetings, emails, Teams chats, Teams calls, and Teams channels with at least one other person, either internal or external, after deduplication of time due to overlapping activities (for example, calls during a meeting), outside of working hours.	Hour
	After-hours email hours	Number of hours a person spent sending and receiving emails outside of working hours.	Hour
	After-hours unscheduled call hours	Number of hours a person spent in unscheduled Teams calls, outside of working hours. For calls that started during working hours, this number only includes the part of the call that occurred outside of that person's work schedule.	Hour
	After-hours chat hours	Number of hours a person spent in Teams chats outside of working hours.	Hour
	After-hours meeting hours	Number of hours a person spent in meetings with at least one other person, outside of working hours.	Hour
Collaboration activity	Collaboration hours	Number of hours a person spent in meetings, emails, Teams chats, Teams calls, and Teams channels with at least one other person, either internal or external, after deduplication of time due to overlapping activities (for example, calls during a meeting).	Hour
	Email hours	Number of hours a person spent sending and receiving emails.	Hour
	Meeting hours	Number of hours a person spent in meetings with at least one other person during and outside of working hours.	Hour
	Chat hours	Number of hours a person spent in Teams chats with at least one other person, during and outside of working hours.	Hour

	Unscheduled call hours	Number of hours a person spent in unscheduled Teams calls with at least one other person, during and outside of working hours.	Hour
	Multitasking hours	Number of hours a person spent sending or reading emails or chats, posting or replying to Teams channels messages, or visiting Teams channels during a meeting or a Teams call.	Hour
	Meeting and call hours	Number of hours a person spent in meetings and Teams calls with at least one other person, either internal or external, after deduplication of time due to overlapping activities.	Hour
Collaboration involving manager	Meeting and call hours with manager	Number of hours a person spent in meetings and Teams calls where attendees included the person, their manager, and one or more other people (not a one-on-one meeting or call), after deduplication of time due to overlapping activities.	Hour
	Meeting and call hours with manager 1:1	Number of hours a person spent in meetings and Teams calls involving only the person and their manager, after deduplication of time due to overlapping activities.	Hour
	Recurring meeting hours with manager 1:1	Number of hours a person spent in recurring meetings involving only the person and their manager.	Hour
	Unscheduled call hours with manager 1:1	Number of hours a person spent in unscheduled Teams calls involving only the person and their manager.	Hour
	Manager coaching hours 1:1	Number of hours a manager spent in one-on-one meetings with all of the manager's direct reports.	Hour
	Meetings with manager 1:1	Number of meetings a person attended involving only the person and their manager.	Count
Focus	Available-to-focus hours	Hours remaining during working hours after excluding meetings and scheduled Teams calls for focused work. This metric helps organizations understand how meetings and scheduled Teams calls can impact what time is available for self-directed work.	Hour
	Uninterrupted hours	Sum of blocks one hour or longer where a person didn't attend a meeting, read or	Hour

		send emails, read or send Teams chats, joined Teams calls, posted or replied to Teams channels messages, or visited Teams channels. In other words, Uninterrupted time is the sum of blocks of time one hour or longer for deep thinking with no communication. This metric helps organizations understand whether employees have long blocks of uninterrupted time for deep thinking to solve new problems creatively and to fuel innovation.	
Impact	Booked focus hours	Number of hours a person booked as focus time in Viva Insights.	Hour
	Booked focus hours kept	Number of hours a person booked as focus time in Viva Insights that didn't overlap with meetings, including time booked with and without a focus plan.	Hour
	Booked focus hours kept with plan	Number of hours a person booked in Viva Insights, using a focus plan, that didn't overlap with meetings.	Hour
	Booked focus hours kept without plan	Number of focus hours a person booked in Viva Insights, without using a focus plan, that didn't overlap with meetings.	Hour
Meeting types	Small and short meeting hours	Meeting hours with a duration of one hour or less that have at least two and up to eight invitees, including the organizer.	Hour
	Small and short recurring meeting hours	Recurring meeting hours with a duration of one hour or less that have at least two and up to eight invitees, including the organizer.	Hour
	Large and long meeting hours	Meeting hours with a duration of more than one hour and nine or more invitees, including the organizer.	Hour
	Large and long recurring meeting hours	Recurring meeting hours with a duration of more than one hour and nine or more invitees, including the organizer.	Hour
	Large and short meeting hours	Meeting hours with a duration of one hour or less and nine or more invitees, including the organizer.	Hour
	Large and short recurring meeting hours	Recurring meeting hours with a duration of one hour or less and nine or more invitees, including the organizer.	Hour
	Small and long meeting hours	Meeting hours with a duration of more than one hour that have at least two and up to eight invitees, including the organizer.	Hour

	Small and long recurring meeting hours	Recurring meeting hours with a duration of more than one hour that have at least two and up to eight invitees, including the organizer.	Hour
	Recurring meeting hours	Meeting hours for meetings that are set to recur.	Hour

Table 9: Descriptive Statistics

	M	SD	Median	Min	Max
Dependent variable					
Sum of sales revenue (t = 1 … t = 4)	5.693	4.38	4.38	0	13.297
Baseline independent variables					
Sales revenue pipeline (t = 0)	10.685	4.216	4.216	0	14.632
Sales revenue (t = 0)	3.152	3.965	3.965	0	13.203
Sales revenue (t = -1)	3.124	3.958	3.958	0	13.203
Sales revenue (t = -2)	3.145	3.964	3.964	0	13.203
Sales revenue (t = -3)	3.14	3.965	3.965	0	13.203
Emails (t = 0)	7.084	31.538	31.538	0	1586
Emails (t = -1)	7.046	31.296	31.296	0	1586
Emails (t = -2)	7.088	31.304	31.304	0	1586
Emails (t = -3)	7.046	31.036	31.036	0	1586
Phone calls (t = 0)	0.15	2.132	2.132	0	71
Phone calls (t = -1)	0.153	2.149	2.149	0	71
Phone calls (t = -2)	0.159	2.187	2.187	0	71
Phone calls (t = -3)	0.154	2.148	2.148	0	71
Appointments (t = 0)	0.202	0.821	0.821	0	30
Appointments (t = -1)	0.199	0.818	0.818	0	30
Appointments (t = -2)	0.207	0.838	0.838	0	30
Appointments (t = -3)	0.205	0.816	0.816	0	30
Independent variables from automated employee effort monitoring					
Recurring meeting hours with manager 1:1	0.346	0.422	0.422	0	4
Meetings with manager 1:1	0.725	0.776	0.776	0	6
Unscheduled call hours with manager 1:1	0.226	0.357	0.357	0	4.949
Manager coaching hours 1:1	0.42	1.204	1.204	0	19.25
Booked focus hours kept without plan	0.001	0.04	0.04	0	2
Booked focus hours kept with plan	0.202	1.191	1.191	0	12.5
Booked focus hours kept	0.203	1.192	1.192	0	12.5
Booked focus hours	0.228	1.32	1.32	0	14.5
Meeting and call hours with manager	3.09	3.313	3.313	0	72.654
Meeting and call hours with manager 1:1	0.793	1.126	1.126	0	30.951
After hours collaboration hours	1.982	2.741	2.741	0	48.805
After hours email hours	1.209	1.212	1.212	0	11.914
After hours unscheduled call hours	0.087	0.231	0.231	0	3.52
After hours chat hours	0.064	0.125	0.125	0	2.272
After hours meeting hours	0.6	2.113	2.113	0	47
Available to focus hours	35.741	7.183	7.183	0	61.25
Unscheduled call hours	1.558	1.487	1.487	0	11.709
Collaboration hours	17.518	8.555	8.555	0.034	82.559
Email hours	8.388	4.195	4.195	0.025	35.868
Chat hours	0.816	0.795	0.795	0	6.473
Meeting hours	8.508	6.6	6.6	0	74.5
Small and short meeting hours	3.703	3.358	3.358	0	24.833
Small and short recurring meeting hours	1.412	1.665	1.665	0	13.833
Large and long meeting hours	1.106	3.031	3.031	0	72
Large and long recurring meeting hours	0.336	0.801	0.801	0	6.75
Large and short meeting hours	2.863	2.058	2.058	0	19.75
Large and short recurring meeting hours	2.063	1.604	1.604	0	12.5
Small and long meeting hours	0.836	2.338	2.338	0	62.5
Small and long recurring meeting hours	0.145	0.748	0.748	0	26
Recurring meeting hours	3.955	3.11	3.11	0	27

Multitasking hours	2.292	1.987	1.987	0	15.716
Uninterrupted hours	10.55	8.315	8.315	0	49.969
Meeting and call hours	10.608	7.48	7.48	0	76.866
Recurring meeting hours with manager 1:1 (t = -1)	0.348	0.421	0.421	0	4
Meetings with manager 1:1 (t = -1)	0.732	0.78	0.78	0	6
Unscheduled call hours with manager 1:1 (t = -1)	0.23	0.363	0.363	0	4.949
Manager coaching hours 1:1 (t = -1)	0.424	1.218	1.218	0	19.25
Booked focus hours kept without plan (t = -1)	0.001	0.04	0.04	0	2
Booked focus hours kept with plan (t = -1)	0.201	1.185	1.185	0	12.5
Booked focus hours kept (t = -1)	0.202	1.185	1.185	0	12.5
Booked focus hours (t = -1)	0.228	1.32	1.32	0	14.5
Meeting and call hours with manager (t = -1)	3.067	3.255	3.255	0	72.654
Meeting and call hours with manager 1:1 (t = -1)	0.806	1.311	1.311	0	60
After hours collaboration hours (t = -1)	1.978	2.738	2.738	0	48.805
After hours email hours (t = -1)	1.213	1.219	1.219	0	11.914
After hours unscheduled call hours (t = -1)	0.088	0.233	0.233	0	3.52
After hours chat hours (t = -1)	0.065	0.126	0.126	0	2.272
After hours meeting hours (t = -1)	0.59	2.1	2.1	0	47
Available to focus hours (t = -1)	35.795	7.16	7.16	0	61.25
Unscheduled call hours (t = -1)	1.574	1.504	1.504	0	11.709
Collaboration hours (t = -1)	17.564	8.532	8.532	0.034	82.559
Email hours (t = -1)	8.433	4.202	4.202	0.025	35.868
Chat hours (t = -1)	0.825	0.806	0.806	0	7.25
Meeting hours (t = -1)	8.488	6.572	6.572	0	74.5
Small and short meeting hours (t = -1)	3.725	3.381	3.381	0	24.833
Small and short recurring meeting hours (t = -1)	1.423	1.676	1.676	0	13.833
Large and long meeting hours (t = -1)	1.072	2.946	2.946	0	72
Large and long recurring meeting hours (t = -1)	0.334	0.802	0.802	0	6.75
Large and short meeting hours (t = -1)	2.851	2.049	2.049	0	19.75
Large and short recurring meeting hours (t = -1)	2.055	1.599	1.599	0	12.5
Small and long meeting hours (t = -1)	0.839	2.423	2.423	0	62.5
Small and long recurring meeting hours (t = -1)	0.142	0.686	0.686	0	13.75
Recurring meeting hours (t = -1)	3.954	3.101	3.101	0	22.083
Multitasking hours (t = -1)	2.3	1.991	1.991	0	15.716
Uninterrupted hours (t = -1)	10.498	8.292	8.292	0	49.969
Meeting and call hours (t = -1)	10.608	7.466	7.466	0	76.866
Recurring meeting hours with manager 1:1 (t = -2)	0.348	0.422	0.422	0	4
Meetings with manager 1:1 (t = -2)	0.733	0.78	0.78	0	6
Unscheduled call hours with manager 1:1 (t = -2)	0.23	0.366	0.366	0	4.949
Manager coaching hours 1:1 (t = -2)	0.426	1.222	1.222	0	19.25
Booked focus hours kept without plan (t = -2)	0.001	0.04	0.04	0	2
Booked focus hours kept with plan (t = -2)	0.201	1.185	1.185	0	12.5
Booked focus hours kept (t = -2)	0.202	1.186	1.186	0	12.5
Booked focus hours (t = -2)	0.228	1.321	1.321	0	14.5
Meeting and call hours with manager (t = -2)	3.08	3.776	3.776	0	167.5
Meeting and call hours with manager 1:1 (t = -2)	0.798	1.121	1.121	0	30.951
After hours collaboration hours (t = -2)	1.981	3.073	3.073	0	123
After hours email hours (t = -2)	1.206	1.22	1.22	0	11.914
After hours unscheduled call hours (t = -2)	0.088	0.231	0.231	0	3.47
After hours chat hours (t = -2)	0.064	0.123	0.123	0	1.754
After hours meeting hours (t = -2)	0.596	2.513	2.513	0	123
Available to focus hours (t = -2)	35.719	7.242	7.242	0	61.25
Unscheduled call hours (t = -2)	1.568	1.509	1.509	0	11.709
Collaboration hours (t = -2)	17.491	8.676	8.676	0.024	168
Email hours (t = -2)	8.383	4.194	4.194	0.024	35.868
Chat hours (t = -2)	0.819	0.799	0.799	0	7.25
Meeting hours (t = -2)	8.461	6.769	6.769	0	168
Small and short meeting hours (t = -2)	3.722	3.369	3.369	0	23.583
Small and short recurring meeting hours (t = -2)	1.421	1.671	1.671	0	13.833
Large and long meeting hours (t = -2)	1.066	3.497	3.497	0	167.5
Large and long recurring meeting hours (t = -2)	0.329	0.8	0.8	0	6.75
Large and short meeting hours (t = -2)	2.839	2.045	2.045	0	19.75
Large and short recurring meeting hours (t = -2)	2.059	1.6	1.6	0	12.5
Small and long meeting hours (t = -2)	0.834	2.325	2.325	0	62.5
Small and long recurring meeting hours (t = -2)	0.141	0.678	0.678	0	13.75
Recurring meeting hours (t = -2)	3.95	3.101	3.101	0	21.417

Multitasking hours (t = -2)	2.287	1.979	1.979	0	15.716
Uninterrupted hours (t = -2)	10.597	8.3	8.3	0	49.969
Meeting and call hours (t = -2)	10.577	7.64	7.64	0	168
Recurring meeting hours with manager 1:1 (t = -3)	0.35	0.421	0.421	0	4
Meetings with manager 1:1 (t = -3)	0.74	0.781	0.781	0	6
Unscheduled call hours with manager 1:1 (t = -3)	0.235	0.369	0.369	0	4.949
Manager coaching hours 1:1 (t = -3)	0.431	1.222	1.222	0	19.25
Booked focus hours kept without plan (t = -3)	0.001	0.04	0.04	0	2
Booked focus hours kept with plan (t = -3)	0.201	1.18	1.18	0	12.5
Booked focus hours kept (t = -3)	0.201	1.181	1.181	0	12.5
Booked focus hours (t = -3)	0.229	1.323	1.323	0	14.5
Meeting and call hours with manager (t = -3)	3.154	4.087	4.087	0	167.5
Meeting and call hours with manager 1:1 (t = -3)	0.812	1.171	1.171	0	30.951
After hours collaboration hours (t = -3)	2.028	3.283	3.283	0	123
After hours email hours (t = -3)	1.223	1.227	1.227	0	10.4
After hours unscheduled call hours (t = -3)	0.09	0.236	0.236	0	3.47
After hours chat hours (t = -3)	0.065	0.124	0.124	0	1.754
After hours meeting hours (t = -3)	0.615	2.741	2.741	0	123
Available to focus hours (t = -3)	35.744	7.182	7.182	0	61.25
Unscheduled call hours (t = -3)	1.6	1.523	1.523	0	11.709
Collaboration hours (t = -3)	17.809	8.771	8.771	0.024	168
Email hours (t = -3)	8.509	4.185	4.185	0.024	30.193
Chat hours (t = -3)	0.834	0.807	0.807	0	7.25
Meeting hours (t = -3)	8.638	6.96	6.96	0	168
Small and short meeting hours (t = -3)	3.796	3.394	3.394	0	23.583
Small and short recurring meeting hours (t = -3)	1.431	1.675	1.675	0	13.833
Large and long meeting hours (t = -3)	1.113	3.846	3.846	0	167.5
Large and long recurring meeting hours (t = -3)	0.335	0.812	0.812	0	6.75
Large and short meeting hours (t = -3)	2.887	2.054	2.054	0	19.75
Large and short recurring meeting hours (t = -3)	2.08	1.606	1.606	0	12.75
Small and long meeting hours (t = -3)	0.843	2.339	2.339	0	62.5
Small and long recurring meeting hours (t = -3)	0.142	0.677	0.677	0	13.75
Recurring meeting hours (t = -3)	3.988	3.114	3.114	0	21.417
Multitasking hours (t = -3)	2.338	1.999	1.999	0	15.716
Uninterrupted hours (t = -3)	10.375	8.22	8.22	0	49.969
Meeting and call hours (t = -3)	10.803	7.815	7.815	0	168

4.3.3 Model Specification

As the number of independent variables available is large, it is important to ensure that only those variables that are useful for the sales forecast are included in the analysis. For this purpose, we adopted the Least Average Shrinkage and Selection Operator (LASSO) model (Tibshirani 1996). LASSO is a regularized regression commonly used in predictive modelling to achieve parsimony (Bell et al. 2024). It aims to prevent overfitting in models that may include a large number of predictor variables, many of which might be irrelevant or exhibit multicollinearity. LASSO regression achieves this aim by shrinking some coefficients to zero, which effectively eliminates less important predictors. It does this by applying a penalty parameter, λ, which

penalizes the absolute size of the regression coefficients, to minimize the following objective function:

$$L(\beta) = \frac{1}{2n}\sum_{i=1}^{n}(y_i - x_i^T\beta)^2 + \lambda\sum_{j=1}^{p}|\beta_j| \quad \textbf{(4.2)}$$

Where x_i represents the predictor variables for the i-th observation, y_i denotes the dependent variable (sales revenue) for the i-th observation, β is the vector of regression coefficients, n is the number of observations, p is the number of predictors, and λ is a non-negative penalty parameter that controls the strength of the regularization.

The first term is the residual sum of squares which measures the fit of the model to the data, while the second term is the regularization that shrinks some of the variable coefficients to zero. Thus, high values of λ implies that more predictors are eliminated.

The choice of the penalty parameter λ is crucial as it balances the trade-off between fitting the model well (by reducing the sum of squared errors) and keeping the model simple (by penalizing the absolute size of the coefficients). To determine the optimal value of the penalty parameter λ, we employed cross-validation (Bell et al. 2024; Tibshirani 1996). Cross-validation involves partitioning the data into a set of training and validation subsets, fitting the model on the training data, and assessing its performance on the validation data. Specifically, we used k-fold cross-validation, where the training data is partitioned into k subsets, or folds. The model is trained on k–1 folds and validated on the remaining fold. In our study, we repeat this k-fold process 10 times, each time using a different fold as the validation set. The cross-validation error is then averaged across all k folds to provide an estimate of the model's predictive performance. Mathematically, the optimal λ is the one that minimizes the following cross-validation error function:

$$CV(\lambda) = \frac{1}{k}\sum_{i=1}^{k} MSE_i(\lambda) \quad \textbf{(4.3)}$$

where $MSE_i(\lambda)$ is the mean squared error of the model on the i-th validation fold with the regularization parameter λ.

Once the optimal λ is identified, the final LASSO model is fitted using this value. The regression coefficients corresponding to this optimal λ are then extracted. These coefficients reflect the relationship between the predictor variables and the dependent variable (sales revenue) while reducing the risk of multicollinearity and overfitting. The LASSO penalty facilitates the identification of the most relevant predictors, enhancing the model's interpretability and robustness. This model is then utilized to forecast sales revenue over the subsequent four weeks, using variables from the preceding four weeks. To train and test the model, we randomly selected 80% of our data (6,037 observations) and allocated it as a training dataset, while the remaining 20% (1,508 observations) became the test dataset.

To evaluate the accuracy of the forecasts generated by the model, we calculate several key performance metrics, including mean squared error (MSE), root mean squared error (RMSE), mean absolute error (MAE), and the coefficient of determination (R^2). Together, these statistics provide a comprehensive assessment of the model's predictive performance, allowing us to gauge its effectiveness at improving sales forecasting accuracy.

4.4 Results

We initially estimate the sales forecast accuracy when predicting sales revenue based on the main effects of the baseline variables or the full set of variables. Subsequently, we turned to the moderating effects of salesperson tenure and direct versus indirect sales.

4.4.1 Main Effect Results

Table 10 shows the accuracy metrics for the sales forecast based on either the baseline variables only or the full variables that additionally include the data from automated employee effort monitoring. The baseline model explains R^2 = 60.3% of the variation in sales revenue, and the full model further increases R^2 by 2.6 percentage points to 62.9%, corresponding to a 4.3% improvement (i.e., 2.6/60.3). All metrics point to a more accurate sales forecast when including the full set of variables (ΔMSE = -0.500, ΔRMSE = -0.092, ΔMAE = -0.135, ΔR^2 = 0.026). To evaluate whether these improvements are significant, we bootstrapped their confidence intervals based on 1000 iterations. The results are provided at the bottom of Table 10 and suggest that all improvements in accuracy are significantly different from zero with 95% confidence. Transformed to monetary values (given the prior log-transformation of sales revenue), metrics from automated employee effort monitoring decrease the MAE by $177.16, which is only a moderate improvement considering the absolute level of sales revenue generated (mean = $9333.26, median = $2648.00).

Table 10: Results (Full Sample)

	MSE	RMSE	MAE	R^2
Baseline variables	7.656	2.767	2.165	0.603
All variables	7.156	2.675	2.03	0.629
Improvement (absolute)	-0.500	-0.092	-0.135	0.026
Improvement (%)	6.531%	3.325%	6.236%	4.312%
95% CI (absolute)				
Normal	(-0.659, -0.333)	(-0.123, -0.062)	(-0.165, -0.105)	(0.017, 0.035)
Basic	(-0.663, -0.337)	(-0.123, -0.061)	(-0.166, -0.106)	(0.017, 0.035)
Percentile	(-0.662, -0.336)	(-0.123, -0.061)	(-0.164, -0.104)	(0.017, 0.035)

To understand which variables contribute to the uplift in accuracy of the sales forecast, Table 11 provides all non-zero LASSO regression coefficients. As expected, the baseline variables coefficients are weaker in the full model when the independent variables from automated employee effort monitoring are included. The independent variables have both positive and negative coefficients indicating that some

variables predict increasing and some variables predict decreasing sales revenue. For example, manager coaching hours for all lag periods is typically negative indicating that these efforts reduce the predicted sales revenue for the upcoming four weeks. However, this negative coefficient is more negative closer to t=0 indicating that manager coaching hours that happened three weeks prior affect the sales revenue forecast less strongly compared to these coaching hours in the preceding week. Given our focus on prediction rather than causal inference, these coefficients cannot necessarily be interpreted as causal effects. While it is theoretically possible that manager coaching hours take valuable time away from revenue-generating selling activity, causality might also be reverse, such that salespeople who expect to generate low sales revenue are more likely to seek coaching. Alternatively, perhaps the negative relationship between coaching and sales revenue is driven by an unobserved confounder (e.g., a salesperson taking over new customers from a departing coworker, leading to a need for coaching and decreasing sales revenue; Schmitz et al. 2020).

Table 11: Coefficients (Full Model)

Variable	Baseline Model	Full Model
(Intercept)	-0.91446	0.0444
Independent baseline variables		0.15152
Sales revenue pipeline (t = 0)	0.4196	0.37395
Sales revenue (t = 0)	0.17755	-0.02328
Sales revenue (t = -1)	0.16966	0.14536
Sales revenue (t = -2)	0.16187	0.13946
Sales revenue (t = -3)	0.15992	0.13284
Emails (t = 0)		
Emails (t = -1)		
Emails (t = -2)	0.00015	0.00091
Emails (t = -3)	0.00165	
Phone calls (t = -3)	0.00274	
Appointments (t = 0)		0.0444
Appointments (t = -1)		0.15152
Appointments (t = -2)	0.00061	0.37395
Appointments (t = -3)	0.00726	-0.02328
Independent variables from automated employee effort monitoring		
Manager coaching hours 1:1		-0.24006
Booked focus hours kept without plan		0.0758

Meeting and call hours with manager 1:1	0.03982
Unscheduled call hours	-0.01807
Email hours	0.06266
Large and short meeting hours	-0.02198
Multitasking hours	-0.01555
Unscheduled call hours with manager 1:1 (t = -1)	0.08429
Manager coaching hours 1:1 (t = -1)	-0.16392
Booked focus hours kept without plan (t = -1)	0.38206
Large and short meeting hours (t = -1)	-0.05197
Small and long recurring meeting hours (t = -1)	-0.03177
Uninterrupted hours (t = -1)	-0.00013
Meetings with manager 1:1 (t = -2)	0.00065
Manager coaching hours 1:1 (t = -2)	-0.1443
Meeting and call hours with manager (t = -2)	0.00741
Chat hours (t = -2)	-0.06574
Small and short meeting hours (t = -2)	0.0179
Large and long recurring meeting hours (t = -2)	-0.02278
Large and short meeting hours (t = -2)	-0.02617
Meetings with manager 1:1 (t = -3)	0.06452
Unscheduled call hours with manager 1:1 (t = -3)	0.01928
Manager coaching hours 1:1 (t = -3)	-0.11746
Booked focus hours kept with plan (t = -3)	0.00666
Meeting and call hours with manager (t = -3)	0.00253
After hours unscheduled call hours (t = -3)	-0.01618
Chat hours (t = -3)	-0.08026
Large and long recurring meeting hours (t = -3)	-0.01282
Large and short meeting hours (t = -3)	-0.02575
Recurring meeting hours (t = -3)	-0.00575

Note: We omit variables that the LASSO regression dropped for both the baseline and the full model.

4.4.2 Salesperson Tenure as a Source of Heterogeneity

H1 suggests that the sales forecast should gain higher accuracy improvements for tenured salespeople because their effort metrics are more likely to be diagnostic of selling activity. To test this hypothesis, we repeated our model estimation for salespeople of low tenure and salespeople of high tenure, utilizing a median split on salesperson tenure (median = 4.54 years, min = 0.78 years, max = 10.08 years). Table 12 shows the results. For both low and high salesperson tenure, we see an improvement in all accuracy metrics (Low: ΔMSE = -0.432, ΔRMSE = -0.068, ΔMAE = -0.064, ΔR^2 = 0.024; High: ΔMSE = -0.812, ΔRMSE = -

0.179, ΔMAE = -0.243, ΔR^2 = 0.039) and these improvements are significantly different from zero with 95% confidence. However, the improvements for high salesperson tenure have larger values than those for low salesperson tenure. To test whether these seemingly greater improvements are statistically significant, we again bootstrapped their confidence intervals. The results are provided in the last rows of Table 12, and suggest that RMSE and MAE show greater improvements from using the full set of variables compared to the baseline set of variables for salespeople of high versus low tenure. Thus, H1 is confirmed with respect to RMSE and MAE. Transformed to monetary values, for high-tenured salespeople, metrics from automated employee effort monitoring decrease the MAE by $1036.32—a substantial improvement given the absolute level of sales revenue generated by these salespeople (mean = $11467.54, median = $4167.00). Conversely, the confidence interval for the MSE and R^2 improvement includes zero, so H1 is not confirmed with respect to MSE and R^2.

Table 12: Results (Low vs. High Salesperson Tenure)

	MSE	RMSE	MAE	R^2
Low Salesperson Tenure				
Baseline variables	10.201	3.194	2.528	0.427
All variables	9.768	3.125	2.463	0.452
Improvement	-0.432	-0.068	-0.064	0.024
95% CI				
Normal	(-0.976, -0.146)	(-0.152, -0.021)	(-0.138, -0.014)	(0.008, 0.055)
Basic	(-0.994, -0.152)	(-0.153, -0.021)	(-0.140, -0.015)	(0.007, 0.056)
Percentile	(-0.958, -0.116)	(-0.155, -0.023)	(-0.138, -0.012)	(0.007, 0.056)
High Salesperson Tenure				
Baseline variables	5.528	2.351	1.839	0.737
All variables	4.716	2.172	1.596	0.776
Improvement	-0.812	-0.179	-0.243	0.039
95% CI				
Normal	(-1.086, -0.534)	(-0.241, -0.117)	(-0.300, -0.186)	(0.025, 0.052)
Basic	(-1.069, -0.534)	(-0.236, -0.114)	(-0.303, -0.188)	(0.025, 0.052)
Percentile	(-1.090, -0.555)	(-0.245, -0.122)	(-0.298, -0.183)	(0.025, 0.052)
ΔImprovement for High Salesperson Tenure				
ΔImprovement	-0.380	-0.111	-0.179	0.015
95% CI				
Normal	(-0.764, 0.006)	(-0.185, -0.036)	(-0.248, -0.109)	(-0.006, 0.034)
Basic	(-0.751, 0.025)	(-0.182, -0.032)	(-0.245, -0.107)	(-0.007, 0.034)
Percentile	(-0.784, -0.007)	(-0.190, -0.040)	(-0.250, -0.111)	(-0.005, 0.036)

4.4.3 Direct vs. Indirect Sales as a Source of Heterogeneity

H2 suggests that the sales forecast should gain higher accuracy improvements for direct salespeople because they have more control over the outcomes of their selling activity compared to indirect salespeople. To test this hypothesis, we repeated our model estimation for direct versus indirect salespeople, by categorizing them into one or the other group. This provided 5920 weekly observations in the direct salesperson group and 1625 weekly observations in the indirect salesperson group. Table 12 shows the results. For both direct and indirect salespeople, we see an improvement in all accuracy metrics (Indirect: ΔMSE = -0.400, ΔRMSE = -0.138, ΔMAE = -0.105, ΔR^2 = 0.023; Direct: ΔMSE = -0.729, ΔRMSE = -0.123, ΔMAE = -0.202, ΔR^2 = 0.039) and these improvements are significantly different from zero with 95% confidence. However, except for RMSE, the improvements for direct salespeople have larger values than those for indirect salespeople. To test whether these seemingly greater improvements are statistically significant, we again bootstrapped their confidence intervals. The results are provided in the last rows of Table 12 and suggest that MSE, MAE, and R^2 show greater improvements from using the full set of variables compared to the baseline set of variables for direct versus indirect salespeople. Thus, H2 is confirmed with respect to MSE, MAE, and R^2. Conversely, the confidence interval for the RMSE improvement includes zero, so H2 is not confirmed with respect to RMSE. A potential reason is that the differences between the predicted and actual values have larger outliers or are on a scale that exaggerates the perception of error compared to MSE. Alternatively, it could be that the squared differences are slightly better distributed, or that the dataset has fewer large errors which improve MSE but without a correspondingly large impact on RMSE if the magnitude of errors is consistently small.

Table 13: Results (Indirect vs. Direct Sales)

	MSE	RMSE	MAE	R^2
Indirect Sales				
Baseline variables	2.304	1.518	1.056	0.869
All variables	1.904	1.380	0.951	0.892
Improvement	-0.400	-0.138	-0.105	0.023
95% CI				
Normal	(-0.563, -0.236)	(-0.198, -0.076)	(-0.158, -0.051)	(0.013, 0.032)
Basic	(-0.560, -0.226)	(-0.199, -0.068)	(-0.158, -0.050)	(0.013, 0.032)
Percentile	(-0.574, -0.239)	(-0.208, -0.077)	(-0.16, -0.052)	(0.013, 0.033)
Direct Sales				
Baseline variables	9.151	3.025	2.459	0.513
All variables	8.422	2.902	2.257	0.552
Improvement	-0.729	-0.123	-0.202	0.039
95% CI				
Normal	(-0.916, -0.548)	(-0.155, -0.090)	(-0.238, -0.165)	(0.028, 0.048)
Basic	(-0.913, -0.548)	(-0.157, -0.091)	(-0.238, -0.164)	(0.028, 0.048)
Percentile	(-0.911, -0.546)	(-0.155, -0.089)	(-0.239, -0.166)	(0.030, 0.049)
ΔImprovement for Direct Sales				
ΔImprovement	-0.329	0.015	-0.097	0.016
95% CI				
Normal	(-0.590, -0.078)	(-0.059, 0.081)	(-0.164, -0.034)	(0.002, 0.031)
Basic	(-0.593, -0.074)	(-0.060, 0.083)	(-0.167, -0.030)	(0.003, 0.031)
Percentile	(-0.585, -0.066)	(-0.053, 0.089)	(-0.164, -0.027)	(0.001, 0.030)

4.5 Discussion

4.5.1 Research Implications

Our study makes four important contributions to the academic literature. First, we show that under the right conditions, metrics from automated employee effort monitoring can improve the accuracy of sales forecasting (Bi et al. 2022; Simchi-Levi et al. 2023; Smith and Côté 2022). In particular, including metrics from automated employee effort monitoring significantly improved accuracy metrics in ways that align with prior studies on sales forecasting (Chatterjee, Chaudhuri, and Vrontis 2022; Reeder, Chaker, and Habel 2024). Thus, our study adds to literature examining the value of novel data sources for sales forecasting. This is particularly noteworthy because automated employee effort monitoring is increasingly deployed (Haan 2024; Morgan and Nolan 2023; Siegel, König, and Lazar 2022) but not yet broadly utilized in sales forecasts. Instead, companies tend to rely solely on past sales revenue or on manually recorded data which is incomplete

or biased due to human error (Kerr and Marcos-Cuevas 2022). As salespeople continue to withhold information to protect their accounts from poaching by colleagues or reallocation by managers (Suh 2019), underestimate their forecast in competitive environments to ensure they achieve their target (Gallego and Talebian 2014; Rubel and Prasad 2016), innocently use multiple methods of monitoring sales leads or simply submit poor quality data to CRM systems because they see the tool as an administrative chore rather than a valuable one (Ahearne et al. 2012; Awasthi, Dubey, and Sangle 2014), we propose a novel way to capture sales effort and increase sales forecasting via non-traditional means.

Second, our study provides a theoretical framework proposing how and when metrics from automated employee effort monitoring improve the accuracy of sales forecasts. Specifically, we propose that these metrics are predictive of sales revenue to the extent that they serve as indicators of selling activity which ultimately influences sales revenue. While in our data we do not measure actual selling activity (e.g., creating proposals, following up with prospects, negotiating), we indirectly infer its workings through key moderators. That is, metrics from automated employee effort monitoring should be more diagnostic of selling activity for salespeople with high tenure. Similarly, selling activity should be more likely to predict revenue for salespeople operating in a highly controlled environment, which we hypothesize to be more applicable for direct versus indirect salespeople. Our empirical evidence aligns with this theoretical framework. Thus, future studies can build on and extend this framework to study the value of automated employee effort monitoring for sales forecasting. In addition, future studies may attempt to measure selling activity, for example, through textual information embedded in activity logs (Banziger, Basukoski, and Chaussalet 2018; Reeder, Chaker, and Habel 2024) or call recordings (e.g., Ashkanani, Dunford, and Mumford 2022).

Third, our study is the first to conceptualize automated employee effort monitoring, reflecting the increasing prevalence of such monitoring in

practice (Haan 2024; Morgan and Nolan 2023; Siegel, König, and Lazar 2022). We believe this conceptualization lays the foundation for future research. For example, future studies may examine the value of automated employee effort monitoring beyond effort monitoring for sales forecasting. For example, future research may examine other outcomes of automated employee effort monitoring, such as the impact on employee performance (Ravid et al. 2023; Rodriguez and Boyer 2020), communication (Pauser and Wagner 2019), wellbeing (Habel, Alavi, and Linsenmayer 2021b), trust (Schweitzer, Ho, and Zhang 2018), and organizational culture (Hu and Basiglio 2023).

Fourth, our study contributes to literature on sales force control systems. Behavior vs. outcome control refers to monitoring, directing, evaluating, and compensating employees based on activities vs. results (Ahearne et al. 2010; Anderson and Oliver 1987). We propose that automated employee effort monitoring constitutes a previously neglected form our behavior control, which has two major implications for future research. For one, future studies on sales force control systems could examine the effect of automated employee effort monitoring on salesperson performance. This seems particularly important because studies tend to assume a rather critical stance toward behavior control in sales organizations (Ahearne et al. 2010). In addition, future studies may integrate sales force control literature with sales forecasting literature. Specifically, our study suggests that beyond *steering behavior*, behavior control might serve to *predict outcomes*. Put differently, there seems to be an opportunity to improve outcome control by increasing behavior control. We believe this realization offers ample opportunity for future research on how to effectively control sales forces and safeguard their performance.

4.5.2 Managerial Implications

Beyond its academic contributions, our study has actionable implications for management practice. First, firms should include metrics from automated employee monitoring in their sales forecast

models. Sales forecasting is a notorious pain point in management practice with 64% of sales managers and 89% of data scientists believing that their sales forecasts need improvement (Reeder, Chaker, and Habel 2024) due to 80% of sales organizations substantially miscalculating their forecasts (Drenik 2022). Our study shows an easy and straightforward way to improve sales forecasts by metrics that may already be available but are not fully utilized yet. To improve the sales forecasting models, we encourage firms to experiment with the variables and aggregation levels of these variables in their forecasting models. For example, in our institutional context, we resorted to predicting the cumulative revenue over four weeks based on disaggregated metrics from each of the four previous weeks. Other firms might adopt this approach or try out alternative specifications according to their needs.

Second, firms should use metrics from automated employee effort monitoring particularly for salespeople whose effort is likely diagnostic of selling activity and who operate in an environment of high controllability. In our constitutional content, this seems to have been the case for salespeople of high tenure and who sell directly to end customers. Interestingly, for salespeople of low tenure and those who sell to intermediaries, forecasting accuracy improved significantly less when including metrics from automated employee effort monitoring. In other institutional contents, firms might find different drivers of effort diagnosticity and sales controllability. For example, perhaps, the extent to which salespeople are trained in skills such as time management and sales effectiveness determine effort diagnosticity. Similarly, perhaps, the competitive intensity in a firm's market determines sales controllability. Based on our theoretical framework, firms can build bespoke forecasting models that fit their institutional context.

Third, firms can use our insights to motivate the introduction of automated employee effort monitoring. As our study shows, metrics from such monitoring offer concrete value, which might alleviate frequent concerns that such monitoring might be used negatively,

harming employees. These concerns oftentimes center around the notion that firms may want to penalize or punish employees, based on their effort, which might evoke stress or resistance among employees and works councils (Ravid et al. 2023; Schweitzer, Ho, and Zhang 2018). Our study provides a clear "story" for the introduction of automated employee effort monitoring that should be immediately understandable and non-threatening to key stakeholders. Firms might even foster governance structures that restrict the utilization of automated employee effort monitoring to such non-threatening use cases if they place high value on reducing employee resistance.

4.5.3 Limitations

Our study has two limitations that provide interesting avenues for future research. First, as is common with single company empirical studies, we explore one firm and our study focuses on only one type of automated employee monitoring (i.e., effort monitoring) limiting the generalizability of our results. However, varying types of firms automatically monitor other employee characteristics, including content of communications (e.g., valence of email content, tone and cadence of voice in sales calls), geographic location (e.g., GPS in company car for time with customers, computer location IP for hybrid workers time at home versus in office), and wellbeing metrics (e.g., fitness tracker for insurance programs, use of time in mental health app provided by firm). To elaborate, *communication monitoring* automatically captures content from employees' communications such as emails, instant messages, and video calls via platforms such as Gong and Chorus. *Location monitoring* automatically captures employees' physical locations primarily using GPS (e.g., GeoPro, Hubstaff) and is commonly used for remote workers (European Commission Joint Research Centre 2021; Ríos-Aguilar and Lloréns-Montes 2015; Vatcha 2020). As mental health has become a trending topic since 2020, *wellbeing monitoring* has increased, which automatically captures employees' health metrics (e.g., heart rate, sleep, glucose, mediation

time) through the use of wearable devices and apps (e.g., Fitbit, Apple Watch, Mindspace) (Patel et al. 2022). All of these areas of employee monitoring are scant, and ripe with opportunity (Castrillon 2022; Krugmann and Hartmann 2024; Paluch and Tuzovic 2019; Pauser and Wagner 2019). As companies continue to automatically collect data, and struggle with what to do with all of it, we think these areas provide a starting point to increase not only forecasting models used to predict employee outcomes but can also be used to impact individual outcomes that can make a difference in employee's lives (e.g., burnout, days of work missed, happiness) and give managers a better understand what interventions are needed within their teams (e.g., training, support).

Second, our study focuses on prediction (i.e., improving the accuracy of sales forecasts) rather than causal inference (i.e., establishing causal drivers of sales revenue). However, variables from automated employee effort monitoring could also allow for causal research. For example, as highlighted earlier, we found a negative relationship between the hours a salesperson receives coaching from their manager and the salesperson's subsequent sales revenue. It could be interesting to test the reason for this (and other) relationships. More broadly, automated employee effort monitoring might offer attractive data to test existing theory, for example on phenomena related to effort, leadership, and social networking.

5 Conclusions

Today's business environment is increasingly characterized by turbulence, complexity, and transformation. Among the many macro and external forces shaping organizations, this thesis has focused on three specific yet interrelated contemporary challenges—disruption, deglobalization, and digitalization—and examined their implications for sales and marketing organizations. Each challenge was explored through a dedicated research project that sought not only to investigate the evolving nature of these pressures but also to provide frameworks and empirical insights that might guide both academic understanding and managerial decision-making. In this concluding chapter, the primary findings of the three research projects are summarized and future research directions presented in Chapters 2, 3, and 4 are discussed.

The first research project entitled, "Customer–Salesperson Price Negotiations During Exceptional Demand Contractions," explored the effect of exceptional disruptions—defined as "periods during which markets experience significant decreases in customer demand beyond expected variation", on the dynamics between customers and salespeople (Cardy et al., 2023). This concept was introduced to capture the high-impact and non-cyclical nature of extreme market disruptions that cause abrupt shifts in customer–salesperson dynamics. The COVID-19 pandemic provided an empirical context in which an exceptional demand contraction was not only observable but also experienced as sudden and severe reduction in demand globally penetrating throughout supply chains and B2B marketplaces.

Based on a multi-method approach consisting of in-depth interviews with B2B sales professionals and customers, CRM data, and scenario-based experiments, we identified that in the face of exceptional demand contractions, during sales negotiations, power-dependency (Emerson, 1962) dynamics between buyers and sellers are reconfigured. That is,

the research revealed that such contractions lead to a "power shift" in favor of customers. Specifically, as sales cycles lengthen and the number of sales opportunities decrease, salespeople become more dependent on customers, while customers—due to reduced urgency—become less dependent on salespeople. This asymmetry is conceptualized through the lens of power–dependency theory (Emerson, 1962), marking a significant departure from prior literature which has not explored this dynamic under crisis conditions. Interestingly, a key theoretical contribution lies in identifying the moderating role of relationship closeness between the customer and salesperson during these periods. In situations of strong prior customer–salesperson relationships, customers were shown to refrain from fully exploiting their increased power, instead adopting behavior motivated by ethical or moral considerations. Customers embedded in close relationships were more likely to demonstrate empathy, offering more equitable terms and resisting the temptation to exploit their newfound leverage. This dynamic illustrates how relational capital serves as a buffer against the adverse effects of disruption, an idea not fully accounted for in prior power–dependency or pricing literature. This "moral restraint" introduces a new dimension into price negotiation theory under stress, aligning with recent calls to include socio-emotional factors into B2B marketing models. These findings have significant implications for sales organizations under crisis conditions and highlight the importance of building adaptability into sales training and strategy development.

Future research can expand on this contribution by exploring other market disruptions beyond pandemics that can cause exceptional demand contractions such as climate-induced shocks, cyber-attacks on supply chains, or geopolitical trade conflicts. For the latter, the abrupt increase of tolls on imports experienced during the Trump Administration at the start of 2025 are another example of how demand can contract quickly as seen in the rapid declines in global stock markets. Exploring the power-dependency dynamics between customers and salespeople during these times of high uncertainty could

provide insights across a wider domain than purely the B2B context explored in our study. Additionally, it could provide an excellent global setting to explore how these dynamics vary across different countries and cultures.

Alternatively, quantitative studies could expand on our qualitative findings by examining how the duration and perceived severity of exceptional demand contractions moderate the changes in salesperson behavior and customer expectations. Could it be that the power-dependency shift and the relational considerations between customers and salespeople are different during 'more exceptional' or more extreme market disruptions? At what point does the power-dependency shift and relational moderation manifest or abate during an exceptional demand contraction? These are interesting questions that could be explored quantitatively.

Furthermore, longitudinal studies could help determine whether the adaptive behaviors observed during exceptional contractions are retained in post-crisis conditions or whether organizations revert to pre-disruption norms.

An interesting angle to this research would be to explore what happens in the opposite context, for example, when demand is exceptionally high. Does this tip the power-dependency shift towards the salesperson instead of the customer and does the relational moderation still exist? For example, during the COVID-19 pandemic, the demand for online grocery shopping and medical supplies increased rapidly (e.g., Braithwaite 2020). As described in Chapter 2, this was not the focus of this research, but a complimentary research project could explore this opposing situation further.

Researchers might also explore the implications of the power-dependency shifts during sales negotiations on salesforce motivation and wellbeing. During exceptional demand contractions, it is unlikely that salespeople will meet their targets (Cardy et al., 2023) which can

increase pressure on them to work more, or harder, or longer in order to 'catch up' or plug the gap. Salesperson wellbeing is becoming significantly interesting (Good, Greiner Fehl, and Mangus 2024; Habel et al. 2024; Habel, Alavi, and Linsenmayer 2021a; Winter et al. 2024) as social expectations such as those described in Chapter 3 are evolving. This could provide a fruitful angle to further explore the relational moderation identified in this research project.

Tangentially, the observed customer restraint during a sales negotiation presents an opportunity to develop more robust moral and ethical frameworks in negotiation theory. Integrating frameworks from behavioral ethics (e.g., Mitchell, Reynolds, and Treviño 2020) or social contract theory (e.g., Shafik 2021) for example may enrich the understanding of how "doing the right thing" competes with short-term commercial objectives.

The second research project addressed the challenge of deglobalization through the lens of organizational structure. The chapter entitled "Confederated Communities in Global Marketing Organizations" examined how organizations adapt their marketing operations in a world where geopolitical, technological, and societal forces increasingly influence the application of local or global operations and structures. Drawing on interviews and case study methodology, the research introduces the concept of confederated communities—"interconnected groups of employees who interact with each other and their unique environments to deliver certain marketing functions to manage the challenges associated with deglobalization related trends". Unlike conventional headquarters–subsidiary hierarchies, these communities operate as networks of semi-autonomous groups linked by shared goals, mutual accountability, and strategic interdependence. Therefore, confederated communities are not just theoretical abstractions but pragmatic responses to today's organizational contradictions.

The research highlights the inadequacy of traditional strategies such as Bartlett and Ghoshal's "transnational solution" (Bartlett and Ghoshal

2008b) and the "Think Global, Act Local" (Dessaigne 2019) model when analyzing modern marketing organizations. Instead, a theoretical and practical understanding of how global marketing organizations structure themselves in response to the increasing complexities that they encounter today is revealed. Traditional models such as "centralize control, decentralize execution" were originally designed to balance the efficiency of global oversight with the flexibility of local implementation. However, in the current context of growing geopolitical fragmentation, regulatory divergence, and region-specific market dynamics, these models are proving insufficient. They often fail to provide the adaptability needed to navigate conflicting local policies, diverse stakeholder expectations, and rapid technological change. Centralized control can lead to strategic rigidity, while decentralization without coordination risks fragmentation and inefficiency. The study addresses this gap by exploring how emerging structures—specifically confederated communities—offer a more nuanced and dynamic approach to managing global-local tensions. These structures allow organizations to retain coherence while empowering regional units with the autonomy and resources necessary to respond effectively to local conditions.

The research uses a qualitative multi-method approach including ethnography, case study, semi-structured interviews with 18 C-level executives, and practitioner workshops, to demonstrate how confederated communities emerge, function, and support organizational adaptation. These communities blur conventional hierarchical boundaries and consist of varying structures such as informal networks, committees, focus groups, excellence centers, and regional marketing departments. For example, a European company in the study established a regional marketing department in China to consolidate pan-Asian marketing efforts, which had previously been divided among country-level teams.

This structure enables firms to simultaneously satisfy demands for global consistency and local responsiveness—key tensions exacerbated

by protectionist policies, stakeholder expectations, and technological fragmentation. The confederated community acts as a bridge, channeling local expertise upward while enabling strategic alignment downward. It is both a decentralizing force from headquarters' perspective and a centralizing one from the local unit's point of view.

From a practical standpoint, this research was enhanced by firsthand observations of navigating the trade tensions and divergent regulatory expectations between the U.S. and China in particular. Maintaining competitive operations in both regions has required organizations to develop structural flexibility, enabling compliance with local constraints while preserving a unified brand and operational identity. Observations also indicated that a local versus global approach to marketing operations is too rigid. Instead, the flexibility offered by confederated communities ensures that knowledge and experience are balanced with authority and influence locally and globally in order to rapidly adapt to the disruptive trends that impact our operations.

Other examples presented in Chapter 3 show how marketing departments facing local content regulations in China and Buy American provisions in the U.S. needed to localize capabilities without severing alignment with global brand strategies. Confederated structures enabled these firms to balance regulatory compliance with brand consistency, cost efficiency, and operational agility.

While this research provides valuable insights into how confederated communities can help manage structural tensions between global consistency and local responsiveness, the broader implications of these organizational forms for key business outcomes, such as operational efficiency, innovation speed, and market responsiveness remain underexplored. These outcomes are especially critical for firms operating in increasingly volatile, uncertain, and complex environments, where responsiveness and agility (e.g., Dubey 2016) are becoming central to sustained competitiveness. Building on our findings, future research should examine how confederated

communities perform in sectors characterized by high technological interdependence or regulatory volatility, such as pharmaceuticals, fintech, and data-driven consumer services (e.g., Panah 2024).

Empirical work could delve into how knowledge sharing, coordination mechanisms, and decision-making authority are allocated within and across confederated communities, and how these configurations affect innovation pipelines and speed-to-market capabilities. Are certain configurations better suited for radical innovation versus incremental improvements? How do these networks support or hinder the diffusion of best practices across geographies? Moreover, the cultural alignment between local units and corporate headquarters (Ambos, Fuchs, and Zimmermann 2020) within confederated structures deserves focused attention, particularly in multinational contexts where organizational culture must be both cohesive and adaptive to local norms (e.g., Kipnis et al. 2021).

Additionally, confederated communities are increasingly relevant in organizations navigating multiple overlapping regional tensions, such as U.S.–China trade barriers (e.g., Alessandria et al. 2025), post-Brexit regulatory divergence in the EU–UK corridor (e.g., Sowels 2024), or escalating pressures around environmental, social, and governance (ESG) reporting at both global and national levels (e.g., Chopra et al. 2024). Future research could investigate how confederated models help firms manage these tensions concurrently, and whether certain governance or leadership styles (e.g., Knight 2024) are more effective than others in coordinating across dispersed, semi-autonomous units. In sum, expanding the research on confederated communities offers a promising avenue for deepening our understanding of how modern organizations can remain cohesive, agile, and innovative amid intensifying global fragmentation (e.g., Gaál et al. 2023).

The third research project “Improving Sales Forecasting Accuracy Through Automated Employee Effort Monitoring” highlights how new data sources captured through acceleration of digitalization can

contribute to improving sales forecasting. A unique aspect of this study is the use of Automated Employee Effort Monitoring – "the use of software that captures metrics related to employee resource investment without requiring manual input." In this case, metrics such as meeting hours, email volume, and focus time were extracted from Microsoft Viva Insights. At the time of writing, this study is the first to assimilate such data into sales forecast analyses. Specifically, this type of data is interesting for two reasons. First, it contains a lot of information that is readily available to salespeople and their managers but is not commonly utilized largely due to a lack of awareness as to what it can provide. Second, it is not dependent on human input or assessment unlike other forms of data which have been used historically for sales forecast analysis (Boyles 2022; More 2023). Therefore, it should not be subject to biases, human error or manipulation as with other large datasets such as CRM information.

Due to the novelty of this type of study, the conceptual framework developed presents some theorized variables which are based on assumptions supported by existing research. For example, the terms "effort diagnosticity" and "sales controllability" are used to explain how the metrics from the automated employee effort monitoring data can influence sales activity and sales revenue respectively. Importantly, these variables explain that the metrics extracted from Microsoft Viva Insights may vary in terms of their effectiveness in improving sales forecasting owing to differences between salespeople. From the CRM data made available to this study, it was possible to compare effect of the metrics on the sales forecast accuracy according to salesperson tenure and whether they were direct or indirect salespeople. The findings confirmed that such metrics significantly enhance forecasting precision, particularly among experienced salespeople and in direct sales roles.

To deepen this line of inquiry, future research could empirically test the conceptual framework using comparative studies across a range of firms or industries where the sales cycles or dynamics differ. For

example, does automated employee effort monitoring data improve sales forecasts for companies operating globally or for sales cycles that are longer in duration than those explored in this study.

Alternatively, other types of automated employee monitoring data could be incorporated into sales forecasts such as location tracking for travelling salespeople (European Commission Joint Research Centre 2021, Ríos-Aguilar and Lloréns-Montes 2015, Vatcha 2020) and even wellbeing data which is becoming more readily available through the use of wearable devices (Patel et al. 2022).

It would also be valuable to explore how organizational culture, leadership style, and incentive structures influence the adoption and efficacy digital sales technologies. Mixed-method studies could examine how decision-making processes are altered when algorithmic forecasts conflict with salesperson intuition, and whether these tensions affect forecast accuracy or trust in technology.

As mentioned in Chapter 4, the focus of this study is on prediction, but further research could examine the causal drivers of sales revenue by utilizing similar datasets. For example, the study does not explore the intricacies of whether salespeople who have a high number of coaching hours with their manager benefit from this or not in terms of increasing their sales revenue. On the one hand, more time spent with their manager means less time selling thereby reducing their revenue, but on the other hand, more coaching with an experienced manager could improve the salespeople's effectiveness subsequently increasing their revenue. Further research could explore these causal drivers and how they contribute to the sales forecast accuracy to gain a deeper understanding.

Collectively, the three research projects presented in this thesis contribute to a richer understanding of how sales and marketing organizations are being reshaped by contemporary challenges. As indicated in Figure 1, disruption, deglobalization, and digitalization are

not isolated phenomena—they interact in complex and often compounding ways. For instance, geopolitical tensions may increase the need for local responsiveness (deglobalization) while also accelerating the adoption of virtual sales platforms (digitalization). Similarly, disruptions such as the COVID-19 pandemic catalyze both organizational decentralization and technology dependence. Future research should begin to explore these intersections more holistically, particularly in different sectors or cultural contexts.

Furthermore, this thesis highlights the necessity of developing dynamic capabilities within sales and marketing functions. Organizations must respond to changes faster, but they must also consider anticipating changes before they happen in order to maintain their relevance in the marketplace. By embedding responsiveness, reflexivity, and resilience into both academic models and practical frameworks, future research can empower organizations to better align with the realities of the modern business environment.

The empirical and conceptual contributions of this thesis aim to support both scholars and practitioners in understanding and navigating the shifting contours of global commerce. As disruptions grow more frequent, geopolitical alignments more fragmented, and technological change more relentless, the agility of sales and marketing organizations will be a defining determinant of competitive advantage. It is the responsibility of future research to continue exploring not only how organizations adapt, but how they might lead in times of complexity.

6 Appendices

6.1 Chapter 2 - Study 1: Qualitative Investigation Additional Material

6.1.1 Overview of Interview Participants

Table 14: Interview Participants' Information

Name	Gender	Age	Title	Company Type	Company size (approx. no. of employees)	Tenure in Company	Industry Experience	Buyer or Seller?
Alex	Male	32	BD Manager	Marine Survey Provider	<200	1 year	10 years	Both
Ben	Male	37	Regional Manager	E&M Equipment Supplier	500-1000	10 years	17 years	Both
Carl	Male	63	Managing Director	E Equipment Manufacturer & Supplier	<50	43 years	43 years	Both
David	Male	37	BD Director	Offshore Infrastructure Manufacturer	<50	6 years	16 years	Seller
Elizabeth	Female	33	Sales Manager	E Equipment Manufacturer	<200	1.5 years	8 years	Seller
Francis	Female	35	Group Manager	Marine Survey Provider	1000-2000	4 years	14 years	Both
Graham	Male	59	Sales Manager	E&M Equipment Manufacturer & Supplier	500-1000	14 years	40 years	Both
Harry	Male	31	Applications Manager	E Equipment Supplier	<50	5 years	5 years	Both

Ivan	Male	37	Survey Manager	Marine Survey Provider	<200	2.5 years	12 years	Both
John	Male	39	Survey Manager	Marine Survey Provider	<200	3 years	14 years	Both
Kevin	Male	28	Sales Manager	E Equipment Manufacturer	<100	3 years	3 years	Seller
Liam	Male	59	Manager	E&M Equipment Supplier	500-1000	25 years	30 years	Both
Matthew	Male	29	Regional Sales & BD Manager	Marine Survey & Solutions Provider	500-1000	1 year	7 years	Both
Nick	Male	37	Sales Director	E&M Equipment Supplier	500-1000	8 year	20 years	Both
Oliver	Male	43	Managing Director	E Equipment Manufacturer	<50	14 years	22 years	Both
Patrick	Male	58	Senior Sales Engineer	E Equipment Manufacturer	<200	25 years	36 years	Seller
Richard	Male	42	Managing Director	E Equipment Manufacturer & Supplier	<50	6 years	17 years	Both
Steve	Male	45	Professor	Academia	>2000	13 years	20 years	Buyer
Thomas	Male	37	Scientist	Government	>2000	10 years	10 years	Buyer
Vincent	Male	25	Sales Engineer	E Equipment Manufacturer	<200	3 years	3 years	Seller
William	Male	51	Head of Sales	E&M Equipment Manufacturer	<200	4 years	25 years	Seller
Yan	Male	38	Proposals Manger	E&M Equipment Manufacturer	<200	9 years	18 years	Seller

Notes: Names are anonymized. Developer refers to design and testing of the equipment. Manufacture refers to developing, building, and selling equipment. Supplier refers to acquiring equipment to resell, hire, or provide a service. E = electronic, M = mechanical. All companies provide products and or services to the industrial B2B market.

6.1.2 Sample Coding Process

Table 15: Managing the Sales Process Sample Coding Process

Category	Concept	Code	Sample Data
Managing the Sales Process	Sales Control System Influences Salesperson Pressures	Management of Sales Targets	• There might be a bit of leniency [regarding sales targets] because these deals are taking longer to get done.
			• Everybody's [salespeople] been allowed to muddle through [regarding achieving sales targets] as best they can.
			• We [salespeople] need to make sure we have got enough work, otherwise people [management] start asking questions.
			• The company's been very understanding and reduced our sales targets and things like that.
			• The targets were set in March, and it was pretty clear by mid-April that they were no longer realistic because of the effect that the pandemic was having on us.
			• We have a [sales] target. I know what I have to achieve, which is basically as much as last year, if not a bit more. He's [Management] left it [sales target] the same.
			• It's a question of hanging on to every sale you possibly can and making

			sure that the ones that go to fruition, we get them.
			• They [top managers] also want the margin to remain the same. I don't know what to do here because I can't do both [increase revenue and profit].
		Managerial and Self-Inflicted Pressure	• It's not been just a bunch of pressure being piled down on us. It's been sort of reasonable.
			• When you're one of the most significant contributors, they [top managers] continue to apply pressure, such that those who aren't performing too well are absorbed by us.
			• I get a lot more phone calls from my boss going, "How is this going and how is that sale going? And where the numbers for this, and where the numbers for that?
			• Salespeople are clearly working longer hours. It's not unusual for me to see the salespeople online at night. And whether that's because they're having two hours off in the afternoon to pick their kids up or because I'm putting pressure on them, it's unclear. They'll tell me that they're just finishing.
			• There is a lot more pressure now to make the numbers because of the

			lack of [sales] opportunities.
			• It's just because I've got no work and I'm here to do work. So there's pressure on me to get new work.
			• Everyone realizes that to hold onto a job and to perform now is… there's definitely pressure to perform because I think COVID might not necessarily be the cause, but can definitely be the catalyst for businesses to streamline.
		Additional Incentives for Salespeople	• No, no [sales incentives]. Everybody's [Management] just carrying on in the same way.
			• No [sales incentives], not really. Not that I'm aware of.

Table 16: Relationship Selling Sample Coding Process

Category	Concept	Code	Sample Data
Relationship Selling	Customers and Salespeople Working Collaboratively	Customer Understanding	• Everybody is finding their own wrestles with this and how they're feeling. Some days are good, some days are bad, and there's been a real kind of global togetherness with that.
			• Those [customers] that

			are [understanding], we probably had a good relationship with before, and some have just got better. Some are good at feedback and they let us know that they're very impressed with how we have dealt with it and very happy that we've managed to get their work done in the situation.
			• We agreed on that [providing additional services beyond the original scope] and the customer's happy that if we have to invest in the hardware, that they would cover the costs. They're quite flexible.
			• I think it's very much split our client base into those that are collaborative and those that aren't.
			• It's actually helped people to

			warm to each other a little bit.
			• During the crisis, humans change. They are more amenable to each other. They're more willing to do favors. We're all helping each other out.
			• When somebody is forced to have those disruptions of a dog running in, or a child, a lot of that corporate stuff falls away, and it becomes a much more authentic relationship.
		Relationship Closeness	• Those [customers] that are [collaborative], I think we probably had a good relationship with before, and some have just got better.
			• My relationship with the vendors is hopefully closer now than it was.
			• A lot more of them [suppliers] are just calling

			for a chat, which has been refreshing. I have a text relationship or a WhatsApp relationship with a lot of them, so it's made it a lot more personable than it used to be.
			• Hopefully the long term going forward is we have a better rapport with them [customers]. And that business going forward is easier to do because we're, we're all mates again.
			• Those [customers] that have been non-cooperative through COVID were probably the ones who were harder clients to start with anyway. I don't think it's necessarily changed the positive to a negative or negative to a positive, but it's perhaps just

			enhanced that either way.
			• There's definitely relationships that have improved, particularly with the international side, where you can't always go everywhere you would like to.
			• I've fostered some really good relationships with some new customers over the last six months just by phone and Teams meetings. But from a sales point of view, it's been mixed. For some customers, it's been more difficult than others.
		Customer Loyalty	• We've managed to maintain good relationships with our existing customers.
			• I think we almost see more of them [loyal customers], not physically but remotely.

			• If we're in an absolute bind, we have said, we can get it out, but we'll have to get [people] in over the weekend. Some of them [customers] offered to pay for the overtime, but it's typically payment in kind or such that they'll continue to work with us because we've got them out of a bind.
			• If I've got two customers wanting exactly the same [asset], and I only have one, I know where that asset is going because I know who's going to come back time after time after time for it.
			• Our strategy has always been to build key relationships with potential clients so that it's almost getting like an internal product champion with an organization.

			• [Customers] who play the market, don't get the same loyalty from us if that's their outlook. We are perhaps more loyal to them than they are to us.
			• But we know there's a lot of clients that just call us first. And we do appreciate that and it works both ways as well.
			• Most customers have a loyalty to mostly a person, a person that's in that company.
			• You really don't want to give anybody that remote reason for, "Let's have a look, we've been buying this system for a long time. Let's see what the market is offering".
			• It's more due to our relationship that we share with them. If we get them out of the proverbial, it makes the conversation next time when I

			can't support them all the easier.
		Personal Relationships	• It's become more informal. We're very personable and keeping that balance of professionalism. But we're humans and people do business with people.
			• Just keep it work related - that has fallen away a bit, which I think is a brilliant thing.
			• The manufacturers, that I think of as poor, they haven't changed in anyway. They're still not very useful as far as I'm concerned.
			• Face to face meetings are by far the best thing that you can do. It creates a much better relationship with people. It's not quite the same as Teams - you learn a lot about somebody sitting in a desk in front of them.

			• You have those technical discussions, you have the commercial discussions, you have potentially awkward discussions, but it's wrapped up much more nicely with "how are you?". That's a genuine question now.
			• With sales cycle, it's a bit different because so much of it relies on relationships, so much of it relies on interaction. And those things are the first things that suffer.
			• There's been a massive difference [in relationship building]. Before, I'd have met all the people that I wanted to meet and been able to - shake hands and chat to and exchange cards and build a relationship. That means that when I do call them a month

			later, they remember me as opposed to having to remind them who I am by email.

6.1.3 Trustworthiness Checks

To ensure legitimacy of our data collection and interpretations, we conducted trustworthiness checks as recommended by Zeithaml et al. (2020). To ensure credibility of the data, we elicited meaning from participants' insights by asking for elaboration on responses to our questions and permitting time for reflection on their answers. Furthermore, credibility was assured by asking questions that enabled participants to consider different viewpoints (e.g., discussing other participant responses and their experiences through other exceptional demand contractions). We ensured transferability by selecting a diverse sample of participants, some of which fulfil both buying and selling roles, and with a range of ages, and job experiences. Our sampling continued until discussions congregated around the same ideas and experiences stated in preceding interviews. Regular discussion of the findings with the research team ensured dependability and guided the data collection process accordingly (Marques and McCall 2005). Confirmability is apparent through meticulous and traceable documentation of the collected data and analyses, including the NVivo line-by-line coding and constant comparison iterations. In addition, in our manuscript we present verbatim participant quotes to elucidate our findings (Geertz 1973).

6.1.4 Salesperson Negotiation Strategies

6.1.4.1 Salesperson succumbing to customer power

Participants indicated that salespeople often conceded to customer power, which resulted in two core salesperson responses: (1) providing additional incentives such as free training and increased warranty to secure the sale, and (2) accepting customer demands on the terms of sale, such as delayed payment schedules.

First, *additional incentives* were requested by customers, but also offered by salespeople to close a sale. Graham indicates that customers exerted pressure to provide extra benefits, while Ben indicates that salespeople offered such incentives upfront without customers requesting them.

> *"We've been under more pressure to discount or add freebies… and we've been more generous than we would normally be to make sure we've not let orders slip away." (Graham, Sales Manager)*

> *"A number of them have offered soft, or what I would describe as softer offerings, free training… there has been one in particular who has offered extended warranty." (Ben, Regional Manager, on his experiences with his suppliers)*

Interestingly, Ben continued to explain that extended warranty is unhelpful to him due to the nature of his business which is an example of salespeople attempting to secure the sale by overdoing it (Brudner 2017). Described by Cron et al. (2020) and Friend, Ranjan, and Johnson (2019), these actions prevent salespeople from focusing on high-probability sales, and demonstrate ineffective use of sales resources caused by disparities between buyer and seller expectations (Kaski et al. 2017).

Third, we identify salespeople *accommodating changes to sales terms*, requested by the customer. For example, Kevin indicates that they provided credit to a customer to help facilitate the sale and reduce the customer firm's exposure to financial risk. Additionally, Ivan stated that salespeople have accommodated alternative payment schedules to help customers balance their cash flow. These compromises may not be

appropriate if the salesperson's firm is not in a strong financial position to support customers.

> *"[We are] going to give credit to a customer that we don't normally give credit to, to get the order." (Kevin, Sales Manager)*

> *"One client wanted to change the payment terms, which they wouldn't normally… They didn't want to give [us] 20 percent upfront… We agreed that we would [accommodate this request]." (Ivan, Project Manager)*

6.1.4.2 Salesperson challenging customer power

Alternatively, some salespeople attempt to regain power and exert control over the negotiation. Our interviews revealed four strategies in this respect: (1) refusing to negotiate on sales terms, (2) anticipating and preparing for negotiation points, (3) applying a buffer to manage customer expectations, and (4) creating a sense of urgency to close the sales opportunity. First, some salespeople simply decided not to accommodate any additional requests from customers, and set a standard of no negotiation on sales terms:

> *"Longer payment terms is not something they ask for because… [customers] know better than to ask us. Our terms are our terms and that's what it is." (Carl, Managing Director)*

However, refusing to negotiate is risky as it could lead to the customer walking away from the opportunity if the deal is disadvantageous to them (Fells and Sheer 2020).

Therefore, second, some salespeople *anticipate customer negotiation points* and plan their response accordingly. For example, by anticipating these negotiations, salespeople can avoid applying discounts upfront and only apply them once the customer has requested them as inferred from Alex's response:

> *"Suppliers know that the question is coming, they know that they're going to be asked for a discount." (Alex, Business Development Manager, on dealing with his suppliers)*

Francis adapts her sales offering to help her customer minimize their project risk should the equipment not be available when they require it. Typically, Francis does not usually offer a deposit option, but she states:

> *"A couple of clients have paid a deposit to claim that that equipment is on standby for them." (Francis, Group Manager, Salesperson)*

This leads to a win–win situation: the customer has peace of mind that the equipment is available to them even if their project is delayed, and Francis as a salesperson, has secured commitment from the customer with some upfront revenue to help balance her own firm's cash flow concerns.

Third, salespeople *apply buffers to anticipated negotiation points* to manage customer expectations and reduce the number of negotiations that take place, for example:

> *"There is a little bit of leeway in our markup for [longer purchases]. [Customers] expect the price still to be the same two years later." (Harry, Applications Manager, Salesperson)*

Fourth, to overcome reduced demand within the market, salespeople *create a sense of urgency* by claiming one-time deals or incentives, or by turning challenges into opportunities as identified by Harry:

> *"We reached out to… distributors and said to them "Trying to get a flight for freight is really difficult... Would you consider bringing your order either forward or increasing it?"" (Harry, Applications Manager, Salesperson)*

Our findings are examples of power tactics which are described as "behaviors designed to use or change the power relationship" (Kim,

Pinkley, and Fragale 2005, p. 800). These power tactics develop into a negotiation as salespeople attempt to regain power and exert control over the sales process (Gaski 1984). Our findings add to this literature by demonstrating that power tactics relate to Emerson's (1962) power–dependency theory. Specifically, we demonstrate that during crises, changes in dependency that lead to a power shift in the customer's favor, can be utilized to obtain a better deal, but how successful customers are at exerting power in the negotiation depends on how salespeople react to the power shift and control the negotiation.

6.2 Chapter 2 - Study 2: Additional Material

6.2.1 Number of New Opportunities and Sales Cycle

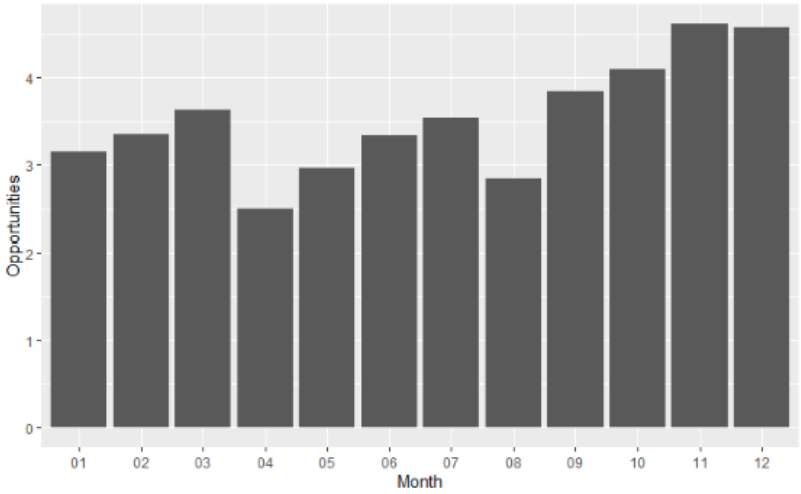


Figure 8: Mean Number of New Sales Opportunities per Month

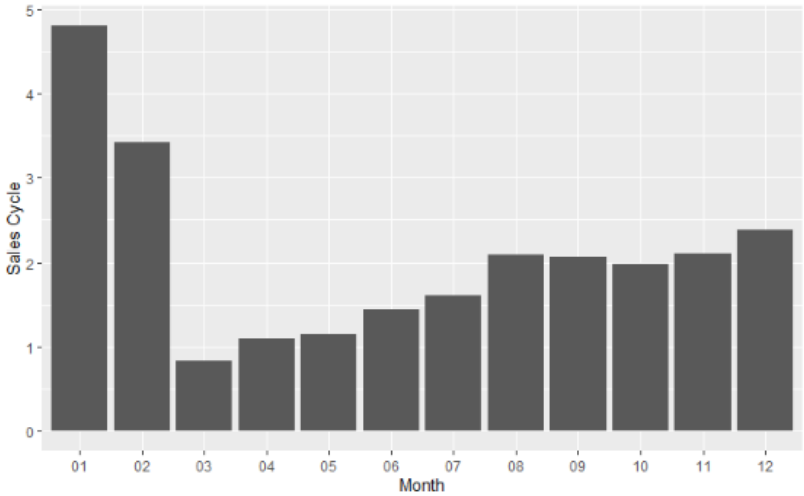


Figure 9: Mean Sales Cycles per Sales Representative

6.2.2 Relationship Between Number of New Opportunities and Sales Cycle

To test our finding from Study 1 that a decreasing number of opportunities and an extending sales cycle point to the same underlying phenomenon of a demand contraction, we set out to examine the relationship between these two measures. To that end, we organize the data as a salesperson–month panel, which for every month in the year of 2020 indicates both the number of new opportunities and the sales cycle (i.e., mean number of months won opportunities were open). We then specify the following two-way fixed effects model:

$$Opportunities_{it} = b_1 \times SalesCycle_{it} + [Salesperson]_i + [Month]_t + \varepsilon_{it},$$

where *i* represents opportunities and *t* represents months. Fixed effects are given in brackets. ε_{it} is the error term.

Results of this model yield a significantly negative relationship between the number of new opportunities and the sales cycle (b_1 = -.057, p < .001). Thus, an extending sales cycle coincides with a decreasing number of opportunities. This supports our argument from Study 1 that a decreasing number of opportunities and an extending sales cycle point to the same underlying phenomenon of a demand contraction.

6.2.3 Descriptive COVID-19 Statistics Per Country

Table 17: Descriptive Statistics per Country

Country	**Negotiated Price**		**Sales Revenue (log)**	
	Mean	Standard Deviation	Mean	Standard Deviation
Australia	605,000.00	275,747.71	4.50	6.98
Austria	271,862.08	309,330.29	7.55	6.90
Brazil	387,876.47	255,540.11	2.48	5.53
Bulgaria	212,255.53	140,932.83	6.75	6.62
Canada	678,716.83	570,843.14	3.01	5.82
China	1,349,649.03	2,566,279.50	5.75	7.01
Czech Republic	295,265.20	274,541.78	6.98	6.59
France	326,485.23	307,545.80	6.93	6.53
Germany	205,062.62	297,661.61	8.14	6.77
Hungary	655,090.96	361,131.77	0.96	3.58
India	237,348.91	167,645.29	1.78	4.55
Indonesia	36,481.22	68,258.68	5.36	6.65
Italy	357,202.59	288,199.02	6.36	6.66
Japan	36,688,067.78	48,718,316.50	11.18	8.38
Malaysia	46,147.33	17,391.36	12.70	1.94
Netherlands	397,186.54	326,146.38	8.72	6.87
Philippines	249,625.00	216,160.19	3.59	7.17
Poland	353,195.77	246,324.99	5.96	6.85
Portugal	312,217.57	335,161.95	5.54	6.63
Romania	103,068.75	35,543.43	13.58	0.03
Russian Federation	320,833.00	NA	13.04	NA

Slovakia	215,138.11	217,264.01	7.91	6.66
South Korea	203,992,172.09	332,994,304.51	8.63	7.67
Spain	107,235.87	226,896.59	9.36	6.19
Sweden	1,051,815.00	1,559,533.68	2.93	5.82
Switzerland	175,526.32	316,441.39	6.30	6.92
Taiwan	347,053.08	296,298.84	7.27	6.89
Thailand	31,916.86	125,671.19	9.14	5.07
Turkey	488,225.00	261,651.89	3.37	6.03
United Kingdom	289,526.50	250,086.55	5.58	6.51
United States	484,950.65	471,100.66	5.61	6.53
Vietnam	95,208,413.84	168,644,970.60	5.37	6.30

6.3 Chapter 2 - Study 3: Additional Material

6.3.1 Experimental Stimuli

Table 18: Experimental Stimuli

Scenario Structure	
You are a purchaser for an industrial B2B company. You need to buy mechanical equipment for your manufacturing line from your supplier. You contact your supplier's salesperson, Bill. As a result of an unexpected market crisis, many companies have experienced an abnormal and significant drop in demand.	
High power shift:	**Low power shift:**
You learn that in light of the drop in overall customer demand, Bill's sales volumes have decreased substantially. You thus feel that Bill's dependency on you and other customers to meet his sales targets has increased exceptionally. Bill seems to be desperate to make a sale. You feel that Bill's customers suddenly have very high negotiation power and could now dictate the prices at which to buy Bill's products.	You learn that despite the drop in overall customer demand, Bill's sales volumes have remained stable. You thus feel that Bill's dependency on you and other customers to meet his sales targets has not changed. Bill seems to be relaxed regarding making a sale. You feel that Bill's customers have the same negotiation power as always and continue to have a minor influence on the prices at which to buy Bill's products.

High closeness:	**Low closeness:**
Note that you have a very close relationship with Bill. You purchase often and at high volumes from Bill. You also like Bill very much on a personal level and wish him and his company well.	Note that you do not have a close relationship with Bill. You purchase only rarely and at low volumes from Bill. You do not like Bill very much on a personal level and don't particularly care for him and his company.
Bill tells you the price for this equipment is $50,000. This is the usual price you received from the supplier for this type of mechanical equipment in the past.	

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