

**MOTIVATIONAL PERCEPTIONS OF  
SALES FORCE**

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**SATIŞ GÜCÜNÜN  
MOTİVASYON ALGILAMALARI**

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## **PREFACE**

This study examines an important part of salespeople's work behavior; their motivation and motivational perceptions, and the compensation methods as motivational tools. It also includes a research with important implications and discussions for sales management practices.

I preferred the subject because of my interest in the sales and marketing practices, where human interaction and understanding of mental processes of human nature are essential.

I would like to thank my family, my supervisor Dr. Ülkü Yüksel and my friends for their support and help, and all the salespeople, their managers and their companies for their cooperation and support during the data collection period.

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Eray DEMİREL

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## **MOTIVATIONAL PERCEPTIONS OF SALES FORCE SUMMARY**

Motivating the members of the sales force is one of the strategically important practices in sales management, because of the direct link between their performance and firm's profit. Sales managers should realize that their subordinates have different needs and these needs change with their personal characteristics, as they get older and gain experience during their careers.

Motivation theories are useful tools to understand the inner driving forces that prompt people to do certain things. They are studied in two major streams; content theories, focuses on the needs, wants and desires of people and these are the main reasons for motivated behavior. On the other hand, process theories focus on mental processes, which transform the motive force into particular patterns of behavior.

Models like expectancy theory are valid descriptions of the psychological processes that determine a salesperson's motivation. However, there is an important question for sales managers, as they want to design effective compensation and incentive programs. The question is how the three determinants of motivation (expectancy perceptions, instrumentality perceptions, and valences for rewards) are affected by differences in the personal characteristics of individuals, career stages, environmental conditions and the organization's policies and procedures.

Compensation and reward system are the most important source of motivation for the salesperson. In addition, while financial compensation is the essential of any compensation program, nonfinancial rewards play a big role in helping motivate salespeople. Understanding the balance between financial and nonfinancial incentives is an important element in a successful reward program.

Financial compensation plans should allow salespeople to reach their own income goals without overstocking customers or ignoring their nonselling activities. Sales managers must learn to combine salary, commissions, bonuses, and benefits so that salespeople and the firm both benefits. Examples of nonfinancial compensation include, career advancement through promotion, a sense of accomplishment on the

job, opportunities for personal growth, recognition of achievement and job security. In addition, sales contests are short-term programs designed to motivate sales force to accomplish specific sales objectives and many firms use a variety of expense reimbursement plans for their sales force.

Research was conducted to measure the motivational perceptions of salespeople. This study investigates primarily the effects of a larger number personal and job characteristics on motivational components. Findings of the research indicate several important implications for firms and sales managers. Firstly, the components of motivation defined as expectancy, instrumentality and valence for rewards, are affected by several personal and job related characteristic. Secondly, findings revealed distinct differences among products salespeople and their services sector counterparts. Some managerial and research implications are also discussed.

## **SATIŞ GÜCÜNÜN MOTİVASYON ALGILAMALARI**

### **ÖZET**

Satış gücünün motivasyonu, satış yönetiminde stratejik önem taşıyan bir konudur; çünkü satış ekibinin performansı ile firmanın kârı arasında güçlü bir bağlantı sözkonusudur. Satış yöneticileri öncelikle, sorumlu oldukları satış elemanlarının, farklı ihtiyaçlarının olduğunu ve bu ihtiyaçlarının yaşları ve tecrübeleri ilerledikçe değiştiğini anlamalıdır.

Motivasyon teorileri, kişileri bir şeyler yapmaya yönelten iç dürtülerin anlaşılmasında etkili araçlardır. İki başlık altında incelenirler; kapsam teorileri, kişilerin ihtiyaç ve isteklerine odaklanırlar. Bunlar, davranışların arkasındaki temel nedenlerdir. Öte yandan süreç teorileri, motive edici dürtüyü belirli davranış biçimlerine dönüştüren zihinsel süreçleri incelemektedir.

Bu teorilerden bekleyiş teorisi, satış gücünün motivasyonundaki psikolojik süreçlerin anlaşılmasında güçlü bir açıklayıcıdır. Ancak, satış yöneticilerinin etkili ücretlendirme ve teşvik programları hazırlarken cevaplamaları gereken önemli bir soru vardır. Bu soru motivasyonun üç temel bileşeninin (bekleyiş, araçsallık ve valens algılamaları) bireyin kişisel özelliklerinden, kariyer sürecinden, çevresel koşullardan ve çeşitli kurumsal uygulamalardan nasıl etkilendiğidir.

Ücretlendirme ve ödül sistemi, satış gücünün motivasyonunun en önemli kaynaklarıdır. Maddi ücret bir işletmedeki ücretler ve faydalar programının zorunlu bir bileşeni iken, çeşitli finansal olmayan ödüller de satış ekibinin motivasyonunda önemli rol oynarlar. Bu finansal ve finansal olmayan teşviklerin arasındaki dengenin sağlanması başarılı bir ödül sisteminin önemli bir parçasıdır.

Finansal ücretlendirme sistemi, satış elemanlarının müşterileri sıkıştırmadan ve satış dışı faaliyetlerini de ihmal etmeden, kişisel amaçlarına ulaşmalarını sağlayacak şekilde hazırlanmalıdır. Satış yöneticileri, ücretle, komisyon, bonus ve diğer faydaları, hem firmanın hem de satış ekibinin yararına olacak şekilde birleştirebilmelidirler. Finansal olmayan ödüller ise, terfi ederek kariyer yolunda ilerleme, işte verilen çabanın karşılığında başarı duygusu, kişisel gelişim imkânları, kutlama toplantıları ve iş güvencesi gibi uygulama ve fırsatlardır. Bunlara ek olarak

satış yarışmaları, satış hedeflerinin sağlanmasında satış ekibini motive eden kısa süreli programlardır. Aynı zamanda, birçok işletme satış ekibinin giderlerinin karşılanmasında çeşitli yöntemler kullanırlar.

Çalışmanın uygulama bölümünde yapılan araştırma, satış elemanlarının motivasyon bileşenlerine ilişkin algılamalarını ölçmeye yöneliktir. Çalışma temel olarak çeşitli kişisel ve işle ilgili özelliklerin, motivasyon bileşenleri üzerindeki etkisini incelemeyi amaçlamaktadır. Bulgular şirketler ve satış yöneticileri için önemli anlamlar içermektedir. Öncelikle, bekleyiş, araçsallık ve valensler olarak tanımlanan motivasyon bileşenleri, çeşitli kişisel ve işle ilgili özelliklerden etkilenmektedirler. İkinci olarak ise, bulgular hizmet ve ürün sektörü satış elemanları arasında önemli farklar olduğunu göstermektedir. Bulguların çeşitli yönetsel açılarından anlamı da tartışılmıştır.

## **1. INTRODUCTION**

### **1.1. Introduction and Objective of the Study**

Despite the rapidly globalizing working environment, developing technology, and all the computerized value adding processes, the main base of economy does still consist on selling goods and services, directly as there are still salespeople working using face-to-face contact, with their smiling faces.

Actually, the job of the salespeople has strategic importance for a company, because of the direct link between their activities and organization's revenue. Therefore, motivating them leads both to high performances for the sales force and increased revenues for the company.

Beside the great motivating effect of the money, there are also other nonfinancial motivators satisfying different needs of the sales force members. In this study the concept and processes of motivation and different motivational tools are discussed in detail.

In the first part of the study, motivation is defined and the needs and mental processes behind motivation and behavior are discussed by examining several theories from the literature including need, ERG, two-factor, learned needs, expectancy, equity and goal-setting theories of motivation. In addition, impacts of different demographic, environmental and organizational characteristics on motivation are explained. Next, motivational tools are discussed under headlines such as financial and nonfinancial compensation, sales contests and reimbursement of selling expenses.

Last part of the study includes a research on the salespeople's perceptions of motivation components, based on the Expectancy Theory of motivation. It investigates firstly salespeople's perceptions about their job activities and their preference of several rewards and secondly, the effects of a large number of personal and job related characteristics on motivational components. The differences between products and services sector salespeople's motivational perceptions are also examined. Finally, the findings and distinctions are discussed.

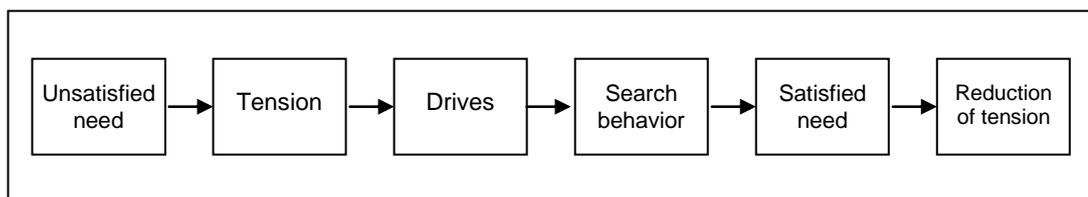
## 2. MOTIVATING THE SALES FORCE

### 2.1. The Concept of Motivation

Motivation is defined as the willingness to exert high levels of effort to achieve organizational goals while satisfying individual needs. While general motivation is concerned with effort toward any goal, in this paper, the focus is narrowed to organizational goals in order to reflect the interest in work-related behavior. Inherent in this definition are three important components: effort, organizational goals and individual needs.

The effort element is a measure of intensity. When someone is motivated, he or she tries hard. But high levels of effort are unlikely to lead to favorable job performance outcomes unless the effort is channeled in a direction that benefits the organization (Katerberg and Blau, 1983).

A need means some internal state that makes certain outcomes appear attractive. An unsatisfied individual need creates tension that stimulates drives within the individual. These drives generate a search behavior to find particular goals that will satisfy the individual need and lead to the reduction of tension. The process is shown in Figure 2.1.



**Figure 2.1** The Motivation Process.

**Source:** Stephen P. Robbins, 1996, *Organizational Behavior: Concepts, Controversies, and Applications*, Prentice Hall, Englewood Cliff, p. 148.

It can be said that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher is the effort level. If this effort successfully leads to the satisfaction of the individual need, tension is reduced. But this tension reduction effort must also be directed toward organizational goals. Therefore, it is required that the individual's are compatible and consistent with the

organization's goals. Where this does not occur, individuals exert high levels of effort that actually run counter to the interests of the organization. For example some employees regularly spend a lot of time talking with friends at work in order to satisfy their social needs.

Another important issue at the beginning, is that many people incorrectly view motivation as a personal trait and think some people have it and others don't. But this isn't true; motivation is the result of the interaction of the individual and the situation. Certainly, individuals differ in their basic motivational drive. For example, a person may read a complete novel at one sitting, but find it difficult to stay with a textbook for more than twenty minutes. So motivation varies both between individuals and also within individuals at different times.

## **2.2. Motivation in a Work Context**

Everything achieved in or by an organization ultimately depends on human activity. Managers therefore are vitally concerned with having subordinates who willingly and effectively channel their energies into performing their tasks. However what prompts someone to join a firm is the possibility that he or she will be able to satisfy certain personal needs and wants. This means that the person could be more interested in achieving personal aims than the goals laid down by a manager. So it poses a potential problem: the more employees pursue their own aims and neglect those laid down by management the greater the risk that organization will lack direction. For this reason it is important for managers to know what motivates salespeople can be used to control the work performance so that they work more willingly.

But motivation isn't the only factor affecting the performance. As Vroom (1964) points out, performance of a task is almost a function of three factors and, because deficiencies in any of them can affect performance. This idea can be expressed thus:  $P=f(E,A,M)$  where;

Performance (P) is how well the task is performed,

Environment (E) is the context of equipment etc., in which the task is to be performed,

Ability (A) is the skills and knowledge to perform the task well,

Motivation (M) is the motivation to perform the task.

Because managers control the selection process, and skills and ability can be improved with training and development, to some extent these things are under management's control. However, motivation comes from inside an employee and is intimately bound up with the person's psychological characteristics. Clearly, because it is a mental process, the most a manager likely to be able to do is control the circumstances surrounding his/her subordinates, to bring about a situation that they find psychologically stimulating. This is a difficult task, because they must be equipped with appropriate skills and abilities and placed in surroundings that offer a strong likelihood that some of their most important needs and wants will be satisfied. Only then will they want to use their skills in a willing way that achieves some of the manager's aims as well.

### **2.3. Theories of Motivation**

All motivation theories make assumptions about 'human nature' – the idea that all people have inner driving forces that prompt them to do certain things. The beginnings of motivation theories can most easily be traced to the work of Frederick Winston Taylor, the originator of scientific management (1911).

However, scientific management is not a theory of work motivation, but a technique for obtaining more efficient use of labor. It is also more concentrated on mechanical processes such as rationality in work design and integration, and ignores human-related factors. Taylor's theory rests on the assumption that the main (and perhaps only) thing that people seek to obtain from the work is the pay. Most people would probably agree that Taylor's ideas rely too much on economic motivators, and ignore other motivational factors.

The next major development Hawthorne Studies (Roethlisberger and Dickson, 1939) gave rise to a new school of management thinking: the human relation movement. This assumes that people have social needs, which are as important as the economic motivators, and so the social work behavior is a prime source of motivation, which is a direct contradiction of the ideas of scientific management.

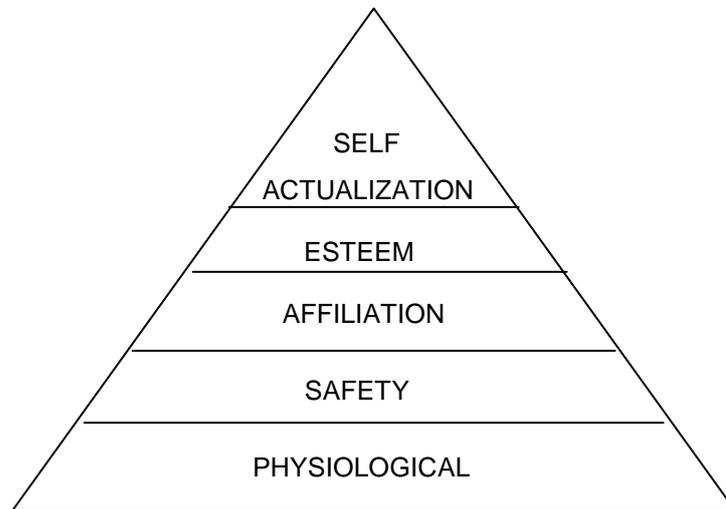
Motivation theories are studied in two major streams. One group generally known as content theories, focuses on the needs, wants and desires of people and these are the main reasons for motivated behavior. The second group, process theories, focuses on mental processes, which transform the motive force into particular patterns of behavior.

### 2.3.1. Content Theories of Motivation

Theories of this type all assume that people behave to satisfy a range of deep-rooted needs, but they differ in terms of their assumptions about the relative importance of different needs.

#### 2.3.1.1. Maslow's Hierarchy of Needs Theory

Maslow's work (1954) is based on the assumption that human needs are inexhaustible; as one set of needs is satisfied another arises in its place, which means that needs are arranged in hierarchy. Maslow's hierarchy of needs is summarized in Figure 2.2, where the bottom three consist of more basic needs and the top two are the so-called higher order needs.



**Figure 2.2** Maslow's Hierarchy of Needs.

**Source:** Tamer Koçel, 1999, *İşletme Yöneticiliği; Yönetim ve Organizasyon, Organizasyonlarda Davranış, Klasik-Modern-Çağdaş Yaklaşımlar*, 7. Bası, Beta Basım Yayım Dağıtım, İstanbul, p. 470.

Physiological needs are the most basic of all and arise from internal physical imbalances such as hunger, thirst, warmth and shelter. At the next level are safety needs such as security, freedom from pain and harm, emotional security and well-being. In a work context where there are fears about future security of employment there may be a strong feeling that these needs are not being met. Affiliation needs are prompted by the social nature of human. Most people enjoy feelings of belonging, friendship, or being loved, and these can only be satisfied through social interaction. At the level above there are esteem needs. These are sometimes called 'ego' needs are often split down into two subtypes: self-esteem and esteem by

others. Needs for self-esteem concern an individual's view of him/herself, for instance having a sense of self-respect and self-confidence. Esteem by others is needed because an important part of the self-concept is obtained from signals from other people.

The top level contains self-actualization needs, which are concerned with a person's need to realize his/her full potential. These needs drive human to do things that have never been done before.

Maslow's theory contains two important assumptions. First, Maslow argues that the needs levels are sequential, which means that needs at one level will not normally play a significant part in motivation until those at the level below have been satisfied. Second needs which are satisfied no longer have a motivational effect.

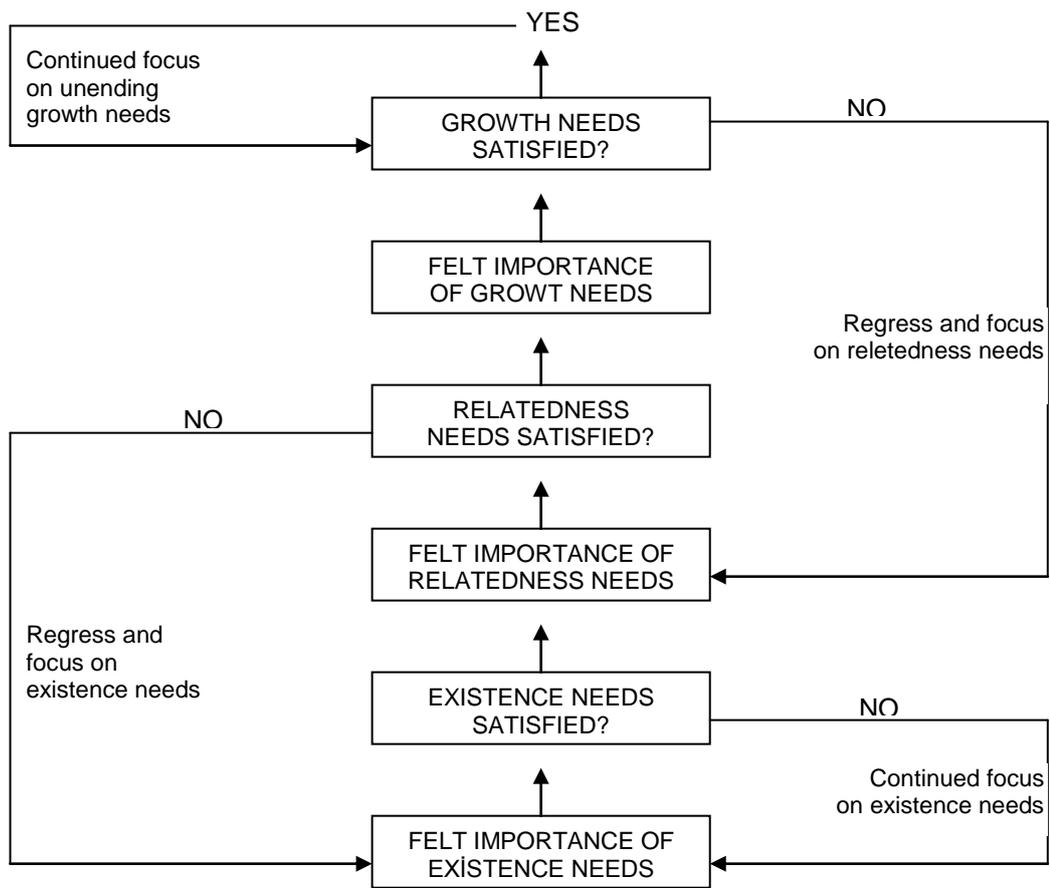
Maslow's theory should be taken as general framework for categorizing needs of different types and makes an important contribution as a descriptive scheme. Because every individual is unique and so it is extremely difficult to make generalizations about needs and strengths.

#### **2.3.1.2. Alderfer's ERG Theory**

Alderfer (1972) also uses the idea of hierarchical ordering, but this has only three levels: Existence (E), relatedness (R), and growth (G), from which comes the theory's name.

Existence needs are those necessary for human survival and are roughly equivalent to Maslow's bottom two levels. Relatedness needs are concerned with needs to interact with others and approximate to Maslow's affiliation category. Growth needs are at the highest level and take the esteem and also the self-actualization needs from the Maslow's scheme. Despite there is similarity between the Maslow's and Alderfer's models, they differ in their assumptions.

Alderfer does not assume a sequential hierarchy, and allows for more than one level (or even all) to be active at the same time. Although he suggest that satisfaction of needs at one level will normally lead someone seeking satisfaction at the level above, he also deals with what happens when needs are not satisfied as shown in Figure 2.3. In Maslow's theory it is assumed that a person remains at one level until all needs are satisfied, whereas Alderfer argues that continued dissatisfaction at one level can result in a person regressing to the below and refocusing here.



**Figure 2.3** Alderfer's ERG Theory.

**Source:** Derek Rollinson, David Edwards and Aysen Broadfield, 1998, *Organizational Behaviour and Analysis: An Integrated Approach*, Addison-Wesley Harlow, England, p. 157.

### 2.3.1.3. Herzberg's Two-factor Theory

Herzberg (1959) avoids using the word 'need' and, instead, divides the work environment into two major groups: hygiene factors and motivators. The theory is based on the idea that people are motivated by things that make them feel good about work, but hate things that make them feel bad. Motivators are the factors that produce good feelings about the work while hygiene factors, if not present, can result in feelings that the work situation is unsatisfactory.

Hygiene factors are located in the work environment rather than the work itself, such as working conditions, status, company procedures, quality of supervision and interpersonal relations. The word 'hygiene' indicates that they have a role similar to preventative medicine, that is, they stop illness (in this case dissatisfaction) from occurring. The work situation may be very dissatisfying if they are absent. However,

their presence does not actually provide a motivating situation. All that the hygiene factors do is provide a state of no dissatisfaction.

The other set of factors are the motivators, which are mainly intrinsic in nature, for example a sense of achievement, recognition, responsibility, and prospects of growth and advancement. Motivators provide satisfaction, but once again, if the motivators are absent this will not actually result in dissatisfaction, so long as the hygiene factors are adequate.

#### **2.3.1.4. McClelland's Theory of Learned Needs**

McClelland's theory (1967) assumes that certain individual needs are a reflection of society's cultural values are acquired in childhood. Thus the behavior to satisfy the needs in adult life is a culturally induced personality trait. McClelland defined three powerful needs: achievement, power and affiliation.

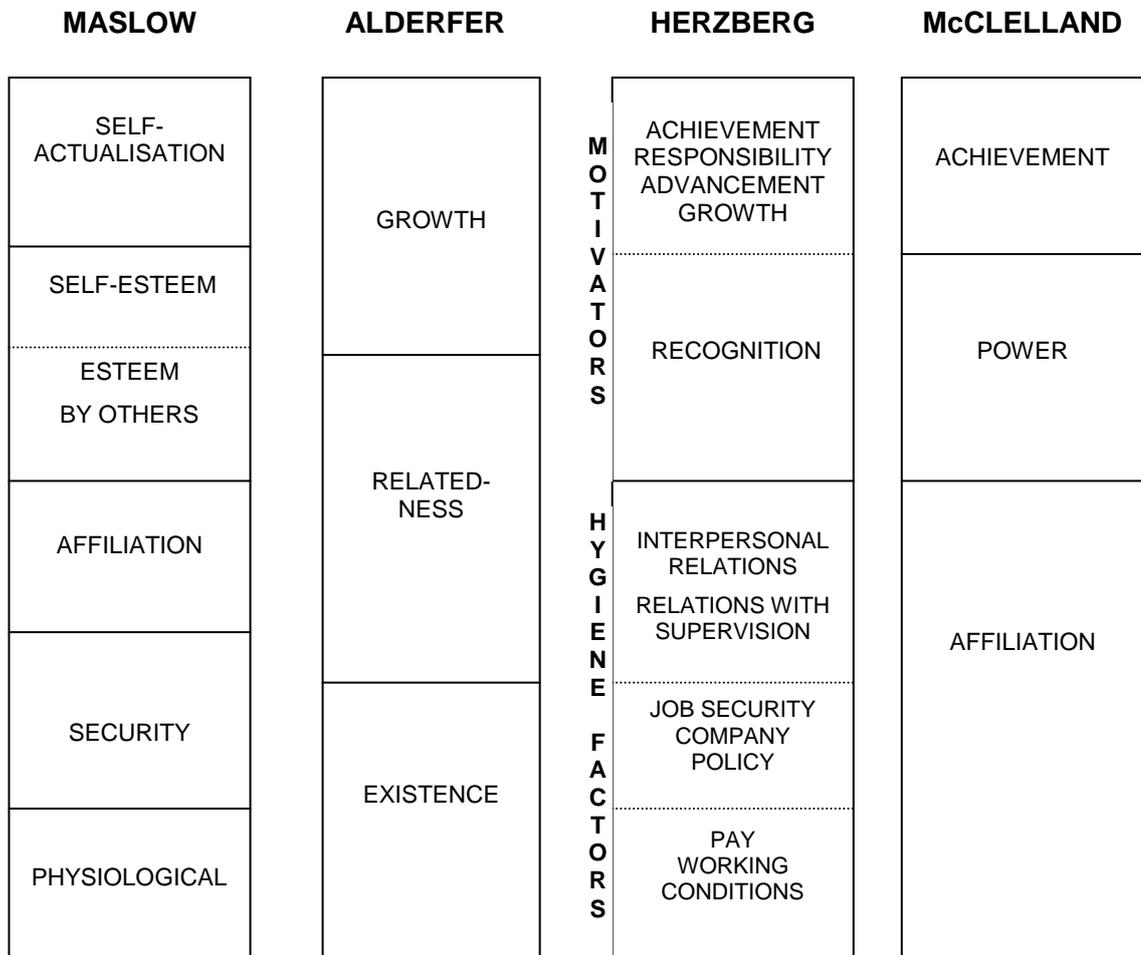
The Need for Achievement (N.Ach.) prompts a person to try to succeed or excel in areas that have significance to the individual. High achievers always want to succeed in whatever they do and they tend to choose tasks with moderate difficulty with clear and attainable goals, because with too difficult goals there is a risk of failure and too modest goals give no sense of accomplishment. They also tend to prefer to work on their own so that they take full responsibility for what they do. But people with high need for achievement like to receive regular and clear feedback. In addition, they do not value money itself but see it as a symbol of success. Therefore organizations try to select these people.

The second socially acquired need is the Need for Power (N.Pow.). Power is almost associated with prestige and social standing and the need for power is the desire to have impact, to be influential, and to control others. McClelland has argued that the need for power is more important attribute than the need for achievement for managers in large, modern organizations.

The third of McClelland's learned needs is the Need for Affiliation (N.Aff.). This results in a tendency for the people to be liked and accepted by others. Individuals with a high need for affiliation want to work in high interpersonal contact. They strive for friendship and prefer cooperative situations rather than competitive ones.

All content theories assume that motivation is best understood by focusing on the structure of natural and learned needs. However, each theory explains matters in a slightly different way, and has its own view about which needs are most important.

None of them is inherently right or wrong and none should be regarded as a sole basis for explaining human behavior. It is more appropriate to view them as complimentary. The relationship between content theories is summarized in Figure 2.4.



**Figure 2.4** Relationship between Content Theories.

**Source:** Adapted from Thomas N. Ingram and Raymon W. LaForge, 1992, *Sales Analysis & Decision Making*, Second Edition, The Dryden Press, USA, p. 309.

Finally, content theories cannot explain how an individual can be motivated and the mechanism of motivational itself. This is the province of process theories.

### 2.3.2. Process Theories of Motivation

Process theories are concerned with the mental processes behind complex human behavior. They focus strongly on variables related with the direction and intensity of behavior and the way that these variables interact. An important feature of these theories is that most individuals have preferences for certain outcomes rather than others and their behavior is the result of their own choices.

### **2.3.2.1. Expectancy Theory**

Expectancy theory is the most popular and influential process theory in the literature. It includes two different models developed by Vroom and Porter-Lawyer. Both have three basic assumptions. First, while choosing between different courses of action, people are influenced by their expectations of whether the action will result in a favorable outcome for themselves. Second, that people are capable of weighing up the advantages about whether acting in a certain way will result in favorable outcome. Finally, other things being equal, people will try behave in a way that gives the maximum return to themselves.

For example, assuming that an employee has been asked to work on a new and unfamiliar task by a manager; the manager implies that, if the task is done well, the employee will benefit in some way, perhaps being promoted. Applying the three assumptions above, the employee will evaluate:

- whether she/he values the probability of promotion enough to make it a desirable end,
- what is involved in being able successfully to perform the new task,
- whether successfully performing the new task is likely to improve her/his promotion probability.

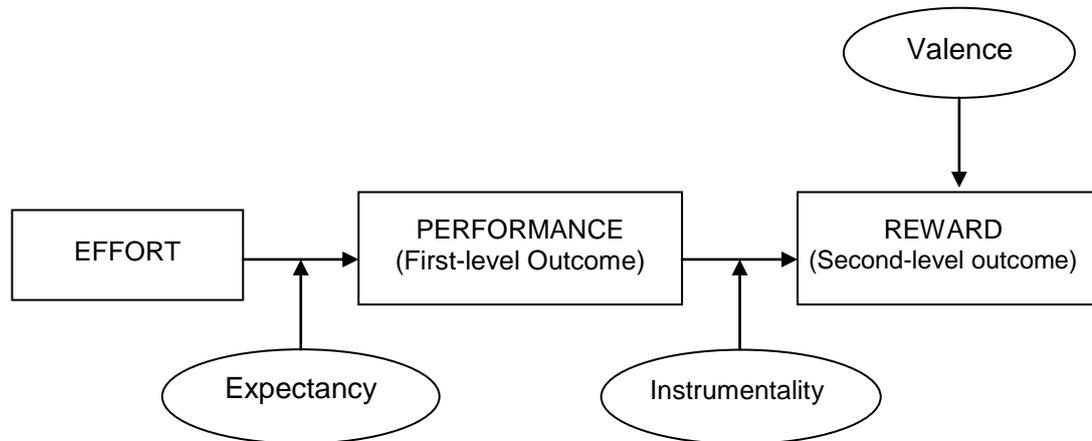
So the basic principle underlying expectancy theory is that the motivation to take on a task will only be strong where the employee values promotion at the end, and promotion is seen as the likely outcome of performing well.

#### **Vroom's Model**

The model argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. It includes three variables: valence, expectancy and instrumentality as shown in Figure 2.5.

Valence, which can be positive or negative, is the strength of an individual's preference for a particular outcome. In the example given above, if the employee desired promotion it would have positive valence, and if promotion was not wanted it would have negative. In general, outcomes such as pay, security, a chance to use talent or skills and relationship may be positive. On the other hand, employees may view fatigue, boredom, frustration, and anxiety as negative. Valence only expresses

the feelings about the outcome, not the amount of satisfaction that will be derived from it.



**Figure 2.5** Vroom's Expectancy Model.

**Source:** Douglas J. Dalrymple and William L. Cron, 1998, *Sales Management: Concept and Cases*, 6th edition, John Wiley & Sons, p. 490.

Expectancy is the person's perceptions that his/her behavior will result in the first-level outcome, that is, whether the employee will be able to perform the new task successfully. In other words, it is the effort-performance linkage, the perceived probability by the individual that exerting a given amount of effort will lead to performance. The word 'perception' is used, since the event has not yet occurred, a person's expectancy can only ever be a subjective estimate.

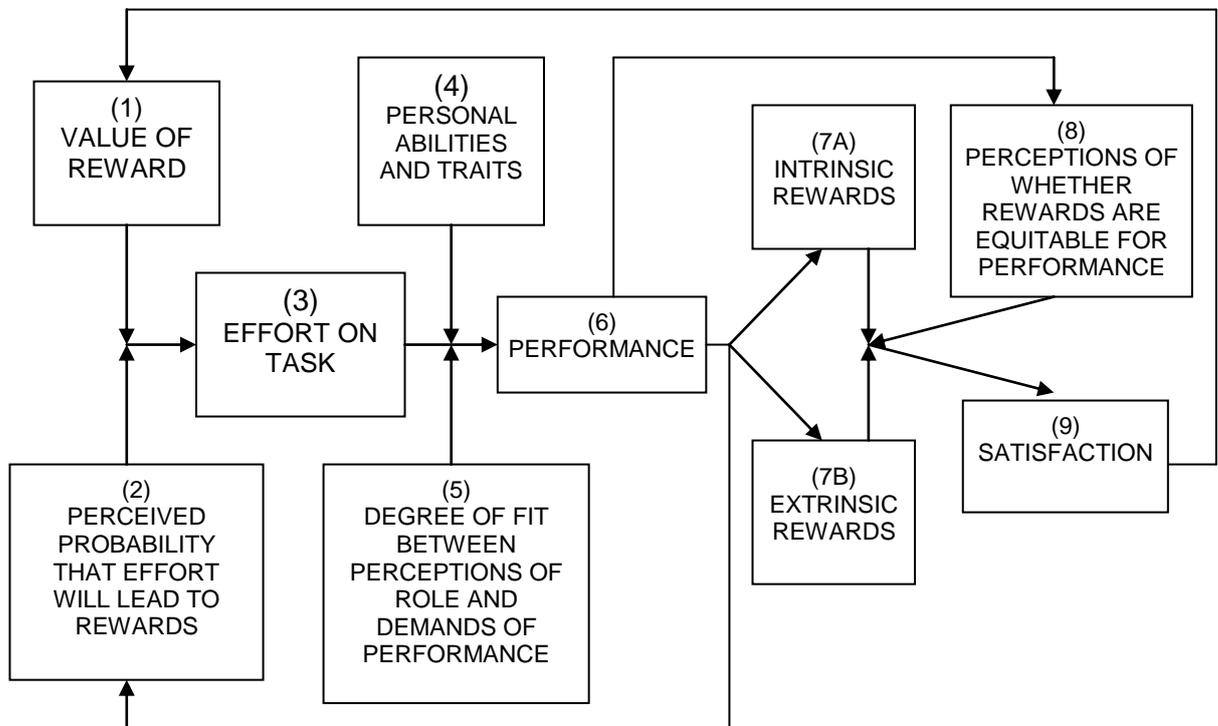
Finally, instrumentality is the performance-reward linkage, that is, the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired second-level outcome.

### **The Porter and Lawyer Expectancy Model**

This model is a development of Vroom's ideas, and has a number of important additional features. Porter and Lawyer (1968) note that a criticism of Vroom's model that even where the valence of rewards and instrumentality are both high other factors can influence the success of a person's actions. Figure 2.6 shows the Porter and Lawyer model.

The value of reward (1) is the extent to which a person values an outcome, and this has a similar role to valence in Vroom's model. Porter and Lawyer note that value is highly individualized, and so an outcome valued by one person might have no value to another. They also note that the value placed on an outcome can be strongly influenced by prior experiences, for instance if a reward obtained on an earlier

occasion was found satisfying. This is indicated by the feedback loop from the variable satisfaction (9).



**Figure 2.6** The Porter and Lawler Expectancy Model.

**Source:** I. Porter and E. E. Lawler, 1968, *Managerial Attitudes and Performance*, Irwin.

Perceived effort to reward probability (2) is the perceived likelihood that rewards will follow from successful performance. Effort (3) indicates how hard someone tries to perform the task. It is important that effort alone does not ensure successful task performance; two other variables are likely to have mediating effects. The first of these is personal abilities and traits (4), which can facilitate or inhibit performance. The second mediating variable is perceptions of role (5), which fits to person's views on whether performing the task is compatible with his/her current role. Performance (6) is the final outcome of engaging in the task and includes whether it is successfully accomplished.

Rewards are the personal outcomes of task performance and divided in two groups: intrinsic rewards (7A) are the inner feelings of accomplishment and extrinsic rewards (7B) are tangible items such as pay or promotion. There is a connection between these two types of rewards and both must be considered together. There is also an important feedback loop from the reward variables to the variable 2. This reflects the idea that, on a future occasion, a person's perception of whether it will be worthwhile

expending effort is likely to be affected by the rewards that he/she receives now. Perceived equitable rewards (8) is the person's judgment about whether the intrinsic and extrinsic rewards obtained on this occasion are fair and just in terms of the successful performance that has been delivered.

Satisfaction (9) is influenced by intrinsic and extrinsic rewards. Giving rewards of some sort does not ensure job satisfaction, this is dependent on whether the rewards are perceived as equitable for the effort that has been expended in performing the task.

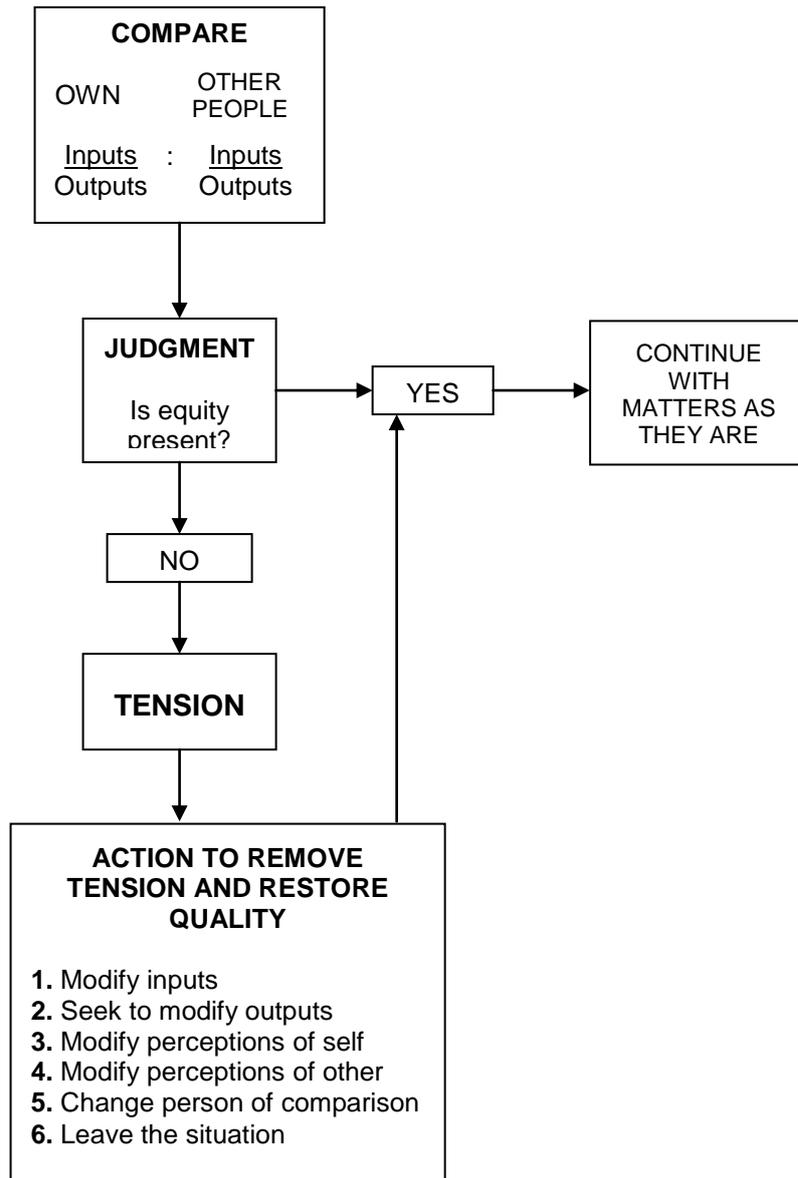
The Porter and Lawler model is one of the most comprehensive models yet devised, but it is hard to apply in a practical way, because it includes many variables and relations. The model also ignores some of the features of organizational life, which still result in effective task performance. Despite this criticism, it has some very important implications. It draws attention to the important point that extrinsic and intrinsic rewards are not substitutes for each other; both need to be provided. It also directs attention to the importance of employee traits, skills and abilities, particularly those, which are needed in order to be able to perform well.

The final implication is that employees need to be able to see that rewards are realistically obtainable. This means that the link between performance and rewards must be very clear, and there must be honesty what is said, that is, manager should avoid implying the availability of rewards when they know that the rewards are unlikely to attain.

### **2.3.2.2. Equity Theory**

The equity theory of motivation (Adams, 1965) based on the simple idea that an individual's motivation to put effort into a task will be influenced by perceptions of whether the rewards obtained are fair in comparison to those received by other people. To explain the theory, the process involved is shown in Figure 2.7.

In the comparison stage, someone evaluates the inputs and outputs associated with performing a task, and these are compared with the inputs and outputs of some other person(s) who can be used as a point of reference. Inputs consist of the things that a person brings to the job, such as education, skill, experience and effort. Outputs are the rewards received for the job, such as pay, promotion, praise etc. Inputs can be viewed as costs, and outputs as benefits. Thus, in making the comparison, a person mentally constructs two subjective cost-benefit ratios: one for him or herself and one for the other person.



**Figure 2.7** Equity Theory

**Source:** Derek Rollinson, David Edwards and Aysen Broadfield, 1998, *Organizational Behaviour and Analysis: An Integrated Approach*, Addison-Wesley Harlow, England, p. 157.

Actually, the referent that an employee selects is an important issue. Usually it is someone in a closer position, but the employee can compare the inputs and outputs with those in a situation he/she experienced before. So employees might compare themselves to friends, neighbors, co-workers, colleagues in other organizations, or past experiences they have had.

After comparison, a judgment is made about whether the person's own ratio is the same or near to that of the referent. If it is not the same, feelings of inequity can arise. It is not the actual inputs or outputs that give rise to the feelings of inequity,

but the ratio. Thus, even when someone receives the same rewards as another person the situation can still be perceived as inequitable. For example, someone who perceives that he or she brings more skill and experience to a job than the other person could feel that inequity exists until outcome is raised above the other person's level.

Tensions, or feelings of psychological discomfort, arise from perceived inequity, and the greater the degree of tension the greater is the motivation to do something that reduces it. This results in action to reduce the tension, usually by an attempt to restore equity to the situation. Adams lists the person's six basic options:

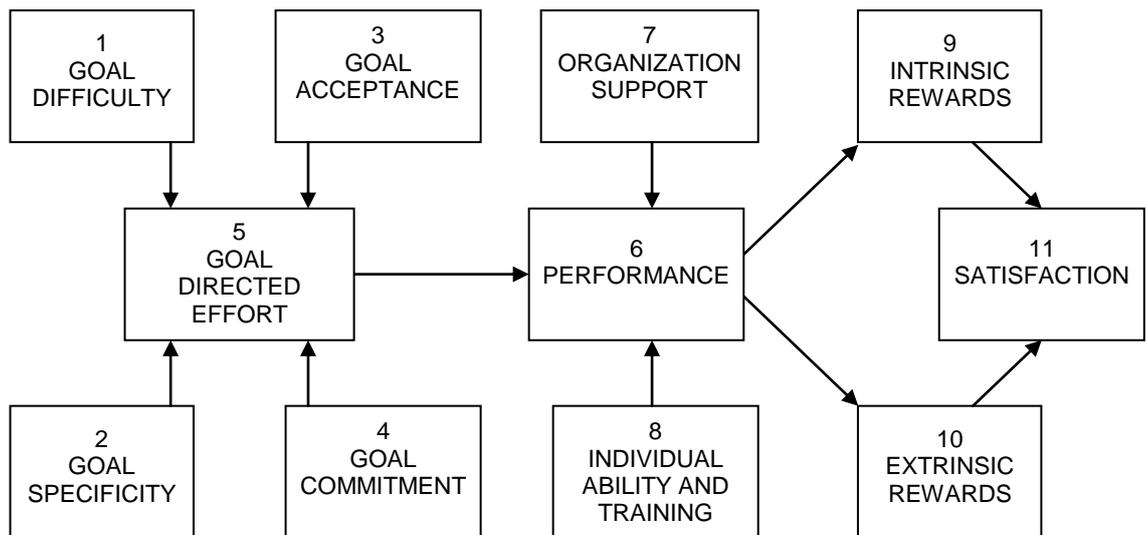
1. Modifying inputs; for example, where a person feels under-rewarded, effort can be reduced; and in the case of perceived over-reward it can be increased.
2. Seek to modify outputs, perhaps by demanding more pay if there is a feeling of being under-rewarded, although it is hard to see how a person would deal with a situation of perceived over-reward.
3. Modify perceptions of self; for example the person could re-evaluate his/her inputs or outputs and come to the conclusion that equity does exist after all.
4. Modify perceptions of comparison referent, which has much the same result as the previous option.
5. Change the person or persons used as the 'comparison referent'.
6. Leave the situation.

According to Adams, exercising one or a combination of these options will result in restored feelings of equity and, when this occurs, tension is reduced and the person accepts the situation.

The theory has a number of important implications for managers. First, when designing jobs and reward systems, it is extremely important to recognize that people make comparisons. Second, because these comparisons are subjective, care should be taken to relate similar jobs in terms of the inputs they require and outputs they provide. Third, if managers want to avoid inaccurate conclusions about equity, it is necessary to keep people informed about the basis on which rewards are made and the criteria of reward needs to be very clearly defined.

### 2.3.2.3. Goal-setting Theory

People have goals or objectives of some sort. The idea that motivated behavior is a function of a person's goals and intentions is the basis of Locke's (1968) goal setting theory. In Locke's view, although needs give rise to goals, it is the goals and the prospects of achieving them acts as the motive force which results in a certain behavior. His major concern is the way that performance is affected by the process of setting goals. The model is shown in Figure 2.8.



**Figure 2.8** Goal-setting Theory.

**Source:** G. P. Latham and E. Locke, 1979, A Motivational Technique that Works, *Organizational Dynamics*, Autumn, pp. 60-80, American management Association, New York, <http://www.amanet.org>.

In the model, two basic features of goals are highly important. The first is goal difficulty (1): the extent to which a goal is challenging and demanding for the individual. Up to a certain point motivated effort rises as goal difficulty increases, and so a very modest goal will not challenge the person enough, and goals, which are too difficult can not have any motivational effect, because it is seen as unattainable. The second feature is goal specificity (2): the clarity and explicitness of the performance target. In Locke's view goals that are specific in terms of the outcomes required lead to much greater effort and higher performance, and the best way to be specific is to express the goal in quantitative terms, because it allows the person to evaluate how close he/she has come to achieving it.

In the model, goals give rise to goal directed effort (5): the direction and persistence of behavior, but this is influenced by two additional factors. The first is goal acceptance (3): the extent to which someone accepts a goal as an appropriate one

for him/herself. The second is goal commitment (4): a person's interest in achieving the goal.

Performance (6) is an indication of whether, and to what extent, the goal is actually achieved, and the theory recognizes that this can be strongly influenced by two additional factors. The first is organizational support (7), which is the extent to which adequate resources (staffing, budgets, physical resources etc.) are available to the person who has to achieve the goal. The second is the person's individual abilities and training (8), which need to be adequate for achieving the goal, and so it is sometimes necessary to exercise great care in choosing the person concerned. Where goals are achieved the person should then be rewarded and, Locke explicitly states that intrinsic and extrinsic rewards (9 and 10) are both important. He also recognizes that a person's eventual level of satisfaction (11) will crucially depend on whether the rewards are seen as equitable for what has been achieved.

Locke's theory has been widely applied in performance appraisal and management by objectives. However, today's organizations increasingly emphasize group effort by using techniques such as team working. So in that case if the theory is applied, the team goals and responsibility should be assigned to individuals. Finally, rather than having one goal to achieve, an individual usually has several and sometimes conflicting goals.

#### **2.4. Impacts of Several Factors on Motivation**

Motivation is only one determinant of salesperson's job performance; it seems inappropriate to use only motivation to predict differences in job performance among workers. Some studies have found that predictions of workers' motivation to expend effort can explain 25 percent of the variation in their overall job performance (Oliver, 1974).

Models like expectancy theory are valid descriptions of the psychological processes that determine a salesperson's motivation. However, there is an important question for sales managers, as they want to design effective compensation and incentive programs. The question is how the three determinants of motivation (expectancy perceptions, instrumentality perceptions, and valences for rewards) are affected by differences in the personal characteristics of individuals, career stages, environmental conditions and the organization's policies and procedures.

### **2.4.1. The Impact of Salespeople's Personal Characteristics on Motivation**

When placed in the same job with the same compensation and incentive programs, different salespeople expend differing amounts of effort. People with different personal characteristics have different perceptions of the links between effort and performance (expectancy) and between performance and rewards (instrumentality). They also have different valences for the rewards they might obtain through improved job performance. The personal characteristics that affect motivation include the individual's satisfaction with current rewards, demographic variables, job experience, and psychological traits.

#### **2.4.1.1. Satisfaction**

The basic concern is whether a salesperson's satisfaction with current rewards has any impact on the valence for more of those rewards or on the desire for different kinds of rewards.

The relationship between satisfaction and the valence for rewards are different for rewards that satisfy lower-order needs (e.g., pay and job security) than for those that satisfy higher-order needs (e.g., promotion, recognition, personal growth). Maslow's theory of need hierarchy, Herzberg's theory of two factors and Alderfer's ERG theory all suggest that lower-order rewards are valued most highly by workers currently dissatisfied with their attainment of those rewards. In other words, the more dissatisfied a salesperson is with current pay, job security, and other rewards related to lower-order needs, the higher the valence attached to increases in those rewards. In contrast, as salespeople become more satisfied with their attainment of lower-order rewards, the value of further increases in those rewards declines.

These theories further suggest that higher-order rewards are not valued highly by salespeople until they are satisfied with their low-order rewards. The greater the salesperson's satisfaction with low-order rewards, the higher the valence of increased attainment of high-order rewards. In addition Maslow and Alderfer propose that the more satisfied a salesperson is with the high order rewards received from the job, the higher the sales rep values further increases in those rewards.

#### **2.4.1.2. Demographic Characteristics**

Demographic factors, such as age, family size, and education also effects salesperson's valence for rewards. Generally, older, more experienced salespeople

obtain higher levels of low-order rewards (e.g., higher pay, a better territory) than newer members of the sales force. Thus, it could be expected that more experienced salespeople are more satisfied with their lower-order rewards. Consequently, they also should have lower valences for lower-order rewards and higher valences for higher-order rewards than younger and less experienced salespeople.

Satisfaction with the current level of lower-order rewards may also be influenced by the needs the sales rep must satisfy. A salesperson with a large family to support, for instance, is less likely to be satisfied with a given level of financial compensation than a single salesperson. Consequently, the more family members a salesperson must support, the higher the valence for more lower-order rewards.

Finally, individuals with more formal education are likely to desire opportunities for personal growth, career advancement, and self-fulfillment than those with less education. Consequently, highly educated salespeople are likely to have higher valences for higher-order rewards.

#### **2.4.1.3. Job Experience**

As people gain experience on a job, they are likely to gain a clearer idea of how expending effort on particular tasks affects performance. Experienced salespeople are also more likely to understand how their superiors evaluate performance and how particular types of performance are rewarded in the company than their inexperienced colleagues. Consequently, there is a positive relationship between the years a salesperson has spent on the job and the accuracy and magnitude of the sales rep's expectancy and instrumentality perceptions (Johnston and Kim, 1994).

#### **2.4.1.4. Psychological Traits**

An individual's motivation also seems to be affected by psychological traits. Various traits can influence the magnitude and accuracy of a person's expectancy and instrumentality estimates. People with strong achievement needs are likely to have higher valences for high-order rewards such as recognition, personal growth and feeling of accomplishment (McClelland and Burnham, 1976).

The degree to which individuals believe they have internal control over the events in their lives, also affects their motivation. Specifically, the greater the degree to which salespeople believe they have internal control over the events, the more likely they

are to think they can improve their performance by expending more effort. They also believe improved performance will be appropriately rewarded. Therefore, salespeople with high 'internal locus of control' are likely to have relatively high expectancy and instrumentality estimates (Tyagi, 1985).

Finally, a worker's general feeling of self-esteem and perceived competence and ability to perform job activities are both positively related to the magnitude of expectancy estimates. Since such people believe they have the talents and abilities to be successful, they are likely to see a strong relationship between effort expended and good performance. Also, people with high levels of self-esteem are especially likely to attach importance to, and receive from good performance (Badovick, 1990). Consequently these people probably have higher valences for the higher-order, intrinsic rewards attained from successful job performance.

#### **2.4.2. Career Stages and Salesperson Motivation**

Salespeople's expectancy estimates and reward valences are likely to change as they move through different stages in their careers. As a person grows older and gains experience, demographic characteristics and financial obligations change, skills and confidence tend to improve, and the rewards the salespeople receives (and satisfaction with those rewards) are also likely to change.

Research has identified four stages through which salespeople go during their careers: exploration, establishment, maintenance and disengagement (Sujan, 1986). The individual concerns, challenges, and needs associated with each career stage, together with their implications for motivating a salesperson at that stage, are summarized in Table 2.1.

##### **2.4.2.1. Exploration Stage**

People in the early stage of their careers (typically individuals in their 20s) are often unsure about whether selling is the most appropriate occupation for them and whether they can be successful salespeople. Their undeveloped skills and the lack of knowledge about their roles tend to make people at this early stage the poorest performers in the sales force. Consequently, people in the exploratory stage tend to have low psychological involvement with their job and low job satisfaction. This can cause some people to become discouraged and quit if their performance does not improve.

Because salespeople in the exploratory stage are uncertain about their own skills and the requirements of their new jobs, they tend to have the lowest expectancy and instrumentality perceptions in a firm's sales force. They have little confidence that expending more effort will lead to better performance or that improved performance will produce increased rewards. But they have relatively high valences for high-order rewards (Ford and others, 1985). Consequently, good training programs, supportive supervision, and more recognition and encouragement are useful for motivating and improving the performance of salespeople at this stage of their careers.

#### **2.4.2.2. Establishment Stage**

Salespeople in this stage (usually in their late 20s or early 30s) have settled on an occupation and desire to build it into a successful career. Thus, the major concerns of sales reps at this stage are improving their skills and their performance. As they gain confidence, these people's expectancy and instrumentality perceptions reach their highest level. People at this stage believe they will be successful if they give sufficient effort to the job and their success will be rewarded.

Because people at this career stage are often making other important commitments in their lives, such as buying homes, marrying and having children, their valences for increased financial rewards tend to be relatively high. However, their strong desire to be successful (in many cases the desire to move into management) makes their valences for promotion higher at this stage than at any other. They also have very high valences for recognition and other indications that their superiors approve of their performance (Jolson, 1974).

However, the strong desire for promotion at this stage can have negative consequences. Some successful people may win promotions into sales or marketing management, but many others will not, at least not soon as they hoped. Some of these individuals may become so frustrated by what they consider and they quit for jobs in other companies that promise faster advancement or they move prematurely into the disengagement stage. To prevent this, managers should guard against building unrealistic expectations concerning the likelihood and speed of future promotions among their establishment-stage salespeople.

**Table 2.1** Characteristics of Different Stages in a Salesperson's Career

**Source:** Adapted from W. L. Cron, "Industrial Salesperson Development: A Career Stages Perspective", *Journal of Marketing*, Fall 1984, p. 40; and W. L. Cron, A. J. Dubinsky and R. E. Mitchels, "The Influence of Career Stages on Components of Salesperson Motivation", *Journal of Marketing*, January 1988, pp. 78-92.

	<b>Exploration</b>	<b>Establishment</b>	<b>Maintenance</b>	<b>Disengagement</b>
<b>Career concerns</b>	- Finding an appropriate occupational field	- Successfully establishing a career in a certain occupation	- Holding on to what has been achieved - Reassessing career with possible redirection	- Completing the career
<b>Developmental tasks</b>	- Learning the skills required to do the job well - Becoming a contributing member of an organization	- Using skills to produce results - Adjusting to working with greater autonomy - Developing creativity and innovativeness	- Developing a broader view of work and organization - Maintaining a high performance level	- Establishing a stronger self-identity outside of work - Maintaining an acceptable performance level
<b>Personal challenges</b>	- Must establish a good initial professional self-concept	- Producing superior results on the job in order to be promoted - Balancing the conflict demands of career and family	- Maintaining motivation though possible rewards have changed - Facing concerns about aging and disappointment over what one has accomplished - Maintaining motivation and productivity	- Acceptance of career accomplishments - Adjusting self-image
<b>Psychosocial needs</b>	- Support - Peer acceptance - Challenging position	- Achievement - Esteem - Autonomy - Competition	- Reduced competitiveness - Security - Helping younger colleagues	- Detachment from organization and organizational life
<b>Impact on motivation</b>	- Low expectancy and instrumentality perceptions - High valences for higher-order rewards, such as personal growth and recognition - Supportive supervision is critical	- Highest expectancy and instrumentality perceptions - High valences for pay, but highest valences for promotion and recognition - Must avoid generating unrealistic expectations	- Instrumentality and valence for promotion fall - Valences for recognition and respect remain high - Highest valences for increased pay	- Lowest instrumentality perceptions and valences for both higher-order and lower-order rewards - Still desires respect, but that is unlikely to motivate additional effort

#### **2.4.2.3. Maintenance Stage**

This stage normally begins in a salesperson's late 30s and early 40s. The individual's primary concern at this stage is retaining the present position, status and performance level within the sales force, all which are likely to be quite high. For this reason, people in the establishment stage continue to have high valences for rewards that reflect high status and good performance, such as formal recognition and the respect of their colleagues and superiors.

At this stage both the opportunity and desire for promotion decrease. Consequently, instrumentality estimates and valences concerning promotion fall to lower levels. But salespeople at this stage often have the highest valences for increased pay and financial incentives of anyone in the sales force (Ford and others, 1985). Although such people are among the highest paid salespeople, they tend to want more money due to both increased financial obligations (e.g., children getting ready for college, large mortgages) and a desire for a symbol of success.

#### **2.4.2.4. Disengagement Stages**

At some point, everyone must begin to prepare for retirement and separation from the job. This usually begins to happen when people reach their 50s and early 60s. During this engagement stage, people psychologically withdraw from their job, often seeking to maintain just an acceptable level of performance with a minimum amount of effort. They begin to spend more time developing interests outside of work. As a result, such people have little interest in attaining more high-order rewards, such as recognition, personal development or a promotion.

Because they tend to have fewer financial obligations at this stage, they are also relatively satisfied with their low-order rewards and have low valences for attaining more pay or other financial incentives. Salespeople at this career stage have average performance levels lower than any others except new recruits in the exploratory stage. And their low valences for either high- or low-order rewards make it difficult to motivate them (Jolson, 1974).

#### **2.4.3. The Impact of Environmental Conditions on Motivation**

Environmental factors such as variations in territory potential and strength of competition can constrain a salesperson's ability to achieve high levels of performance. Such environmental constrains can cause important variations in performance across salespeople. These environmental conditions can also affect

salespeople's perceptions of their likelihood of succeeding and thus their willingness to expend effort.

An understanding of how and why salespeople perform differently under varying environmental circumstances is very important for sales managers. Such an understanding provides information about the compensation methods and management policies that will have the greatest impact on sales performance under specific environmental conditions.

In some industries, such as computer and office machines, technology changes very rapidly. Salespeople in such industries must deal with product innovations, modifications and applications. In fact, salespeople often enjoy working with a constantly changing product line because it adds variety to their jobs, and their markets never have a chance to become saturated and stagnant. However, a rapidly changing product line can also cause some problems for the salesperson. New products and services may require new selling methods and result in new expectations and demands from management. So, an unstable product line may lead to less accurate expectancy estimates among the sales force.

In some firms, salespeople must perform under output constraints, which can result from short supplies of production factors, including shortages of raw materials, plant capacity, or labor. Such constraints can also cause important problems for the salesperson. In general, salespeople operating with uncertain or limited product supplies are likely to feel relatively powerless to improve their performance or rewards through their own efforts, because their effectiveness is constrained by factors beyond their control. Therefore, their expectancy and instrumentality estimates are likely to be low.

Another environmental factor affecting the salesperson's motivation is the strength of firm's competitive position. When salespeople believe they work for a strongly competitive firm, they are more likely to think selling effort will result in successful performance. In other words, the stronger a firm's competitive position, the higher its salespeople's expectancy estimates.

Finally, sales territories have different potentials for future sales. These potentials are affected by many factors, including economic conditions, competitor's activities and customer concentrations. The salesperson's perception of the potential of the territory can influence that person's motivation to expend selling force. Specifically,

the greater the perceived potential of a territory, the higher the salesperson's expectancy estimates are likely to be.

#### **2.4.4. The Impact of Organizational Variables on Motivation**

Company policies and characteristics can facilitate or hinder a salesperson's effectiveness directly or indirectly, by affecting their valences for company rewards and the size and accuracy of their expectancy and instrumentality estimates (Tyagi, 1985a).

##### **2.4.4.1. Supervisory Variables**

In most occupations, workers perform relatively well-defined and routine jobs, and they prefer to be relatively free from supervision. But salespeople are different. They deal with customers and other nonorganization people who may make conflicting demands and they face new, nonroutine problems. Consequently, evidence shows salespeople are happier when they feel relatively closely supervised, and supportive supervision can increase their expectancy and instrumentality estimates for attaining extrinsic rewards (Kelley, 1989). Closely supervised salespeople can learn more quickly what is expected of them and how they should perform their job. So, such individuals should have more accurate expectancies and instrumentalities than less closely supervised salespeople.

Another organizational variable related to the closeness of supervision is the firm's first-level sales managers' span of control. The more salespeople each manager must supervise, the less closely the manager can supervise each person. The next supervisory variable is the frequency with which salespeople communicate with their superiors. The greater the frequency of communication, the more accurate their expectancy and instrumentality estimates should be (Teas, 1981).

Management by objectives (MBO) is a popular supervisory technique in sales management. One basic principle of MBO is to give the worker a role in determining the standards and criteria by which performance will be evaluated and rewarded. Salespeople who believe that they influence such standards are likely to have a clearer understanding of how to perform their jobs and how performance will be rewarded.

##### **2.4.4.2. Incentive and Compensation Policies**

Management policies and programs concerning higher-order rewards, such as recognition and promotion, can influence the desirability of such rewards in the

salesperson's mind. For these rewards, there is a curvilinear relationship between the perceived likelihood of receiving them and the salesperson's valence for them. For example, if a large proportion of the sales force receives some formal recognition each year, salespeople may think such recognition is too common, too easy to obtain, and not worth much. If very few members receive formal recognition, however, salespeople may believe it is not a very attractive or motivating reward simply because attaining it is too difficult. The same curvilinear relationship is likely to exist between the proportion of salespeople promoted into management each year and salespeople's valence for promotion (Tyagi, 1985b).

A company's policies and kinds of financial compensation paid to its salespeople are also likely to affect their motivation. When a person's lower-order needs are satisfied, they become less important and the individual's valence for rewards that satisfy such needs, like pay and job security, is reduced. This suggests that in firms where the current financial compensation is relatively high, salespeople will be satisfied with their attainment of lower-order rewards. Thus, they will have lower valences for more of these rewards than people in firms where compensation is lower.

The range of financial rewards currently received by members of sales force also might affect their valences for more financial rewards. If some salespeople receive much more money than the average, many others may feel underpaid and have high valences for more money.

Finally, the kind of reward mix offered by the firm is a factor. Reward mix is the relative emphasis placed on salary versus commissions or other incentive pay and nonfinancial rewards. By focusing on individual rewards, the company did not maximize the potential of the entire sales force. But it influences the salesperson's instrumentality estimates and helps them determine which job activities and types of performance will receive the greatest effort from that salesperson (Eisman, 1993).

In the next chapter, financial and nonfinancial compensation methods and rewards are discussed in detail.

### **3. DESIGNING COMPENSATION AND INCENTIVE PLANS**

#### **3.1. Compensation Objectives**

Compensation and reward system are the most important source of motivation for the salesperson. In addition, while financial compensation is the essential of any compensation program, nonfinancial rewards play a big role in helping motivate salespeople. Understanding the balance between financial and nonfinancial incentives is an important element in a successful reward program. However, the design, implementation and maintenance of a good compensation program are difficult sales management tasks.

##### **3.1.1. Designing a Compensation and Incentive Program**

Many complex issues make designing and implementing an effective compensation and incentive program difficult. Many managers wonder whether their company's program is as effective as possible in motivating the effort they desire from their sales personnel. A survey of over 300 salespeople from Fortune 1000 companies found that less than one-third were "very satisfied" with their firms' compensation plan (Donoho, 1994).

But, even well-designed motivational programs can lose their effectiveness over time. The changing nature of the market and characteristics of the sales force can cause motivation programs to lose their power of stimulation, because salespeople become satisfied with the rewards offered by a particular plan and their valences for more of those rewards may decline.

As a result of such problems, an increasing number of firms frequently review their compensation and incentive policies. Many firms adjust their total compensation levels at least annually, and they are willing to make more substantial adjustments in their programs when circumstances demand. Some firms have established compensation and incentive committees to regularly monitor sales motivation programs for fairness and effectiveness (Eisman, 1993).

### **3.1.2. Determining Which Aspects of Job Performance to Reward**

The major purpose of any sales compensation program is to stimulate and influence the sales force to do what management wants. Before managers can design a program that accomplishes this purpose, they must have a clear idea of what they want the sales force to do.

As a first step in deciding what job activities and performance dimensions a motivation plan should stimulate, a manager should evaluate how salespeople are allocating their time. This information can be obtained from job analyses the firm conducts as a part of its recruitment and selection procedures, performance evaluations and company records. This assessment of the sales force's current allocation of effort and performance can be compared to the firm's marketing and sales objectives, outlined in company's marketing plans, strategic sales program and account management policies. Such comparisons reveal that some selling activities and dimensions of performance are receiving too much emphasis from the sales force, while others not receiving enough.

Of course, managers would like their salespeople to perform well on all of these dimensions. They can design different components of a compensation program to reward different activities and achieve multiple objectives (Eisman, 1993). However, it is not useful to try to motivate salespeople to do too many things at once. Because when rewards are based on many different aspects of performance, the salesperson is more likely to be uncertain about how total performance will be evaluated and what rewards can be obtained as a result of that performance. In other words, complex compensation and incentive programs may lead to inaccurate instrumentality estimates. Consequently, compensation and incentive programs should be linked to those aspects consistent with the firm's highest-priority sales and marketing objectives. And other aspects of the sales force's behavior and performance should be controlled through effective training programs and supervision by field sales managers.

As more firms work to improve their market orientation and adopt the principles of Total Quality Management (TQM), they are beginning to target service and satisfaction as important objectives to be rewarded in incentive programs. However, a survey of 450 firms found that only 10 percent link some portion of sales force compensation to customer satisfaction (Cohen, 1994). One reason for the unwillingness of many firms to put rewards on customer satisfaction is the difficulty of measuring changes in satisfaction over time. Although satisfaction based

incentives can improve customer service by salespeople, some managers worry that such incentives may distract sales reps from the tasks necessary to capture additional sales volumes. To offset this problem, some firms combine customer-satisfaction-based incentives with bonus or commissions payments tied to sales quotas or revenue (Johnson, 1991).

### **3.1.3. Deciding on the Most Appropriate Mix of Rewards**

All salespeople do not find the same kinds of rewards equally attractive. Salespeople may be more or less satisfied with their current attainment of a given reward and this causes them to have different valences for more than that reward (Ingram and Bellenger, 1982). Similarly, people's needs for a particular reward vary, depending on their personalities, demographic characteristics and lifestyles. Consequently, no single reward including money is likely to be effective for motivating all of the firm's salespeople. Similarly a mix of rewards that is effective for motivating a sales force at one time may lose its attractiveness as the members' personal circumstances and needs change and as new salespeople are hired. Thus, the first step in designing a sales compensation and incentive package is for a firm to determine its salespeople's current valences for rewards (Englander, 1991).

The decision about how much total compensation (base pay plus any commissions or bonuses) a salesperson may earn is crucial in designing an effective motivation program. The starting point for making this decision is to determine the gross amount of compensation necessary to attract and motivate the salespeople. This depends on the type of sales job, the size of the firm and the sales force, and the sales management policies.

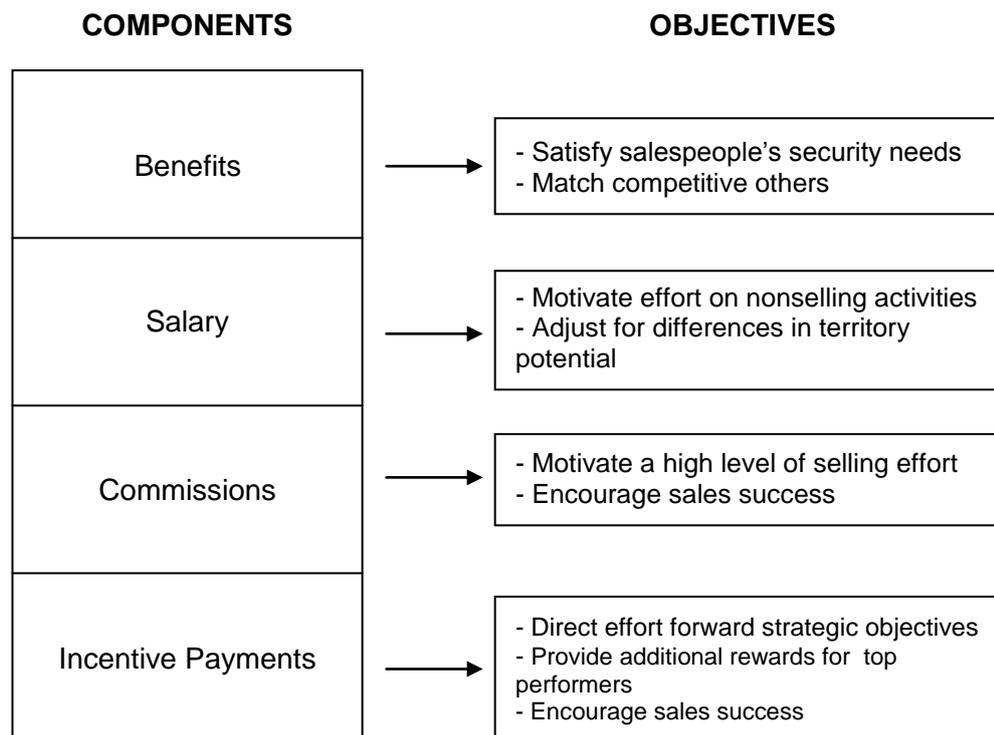
Average compensation varies in different types of sales jobs. In general more complex and demanding sales jobs, which require salespeople with specific qualifications, offer high pay than more routine sales jobs. A firm should determine how much total compensation other firms in its industry pay people in similar jobs. Then the firm can decide whether to pay its salespeople an amount that is average in relation to what others are paying or above the average. Few companies pay below average, because below-average compensation generally cannot attract the right level of selling talent.

The decision about whether to offer average total pay or premium compensation depends on the size of the firm and its sales force. Large firms with good positions in their industries and large sales forces generally offer only average or slightly

below average compensation. Such firms can attract sales talent because of their reputation in the marketplace and because they are big enough to offer advancement into management (Darmon, 1974). Also, such firms hire younger people as sales trainees and put them through an extensive training program. This allows them to pay relatively low gross compensation levels because they do not have to attract older, more experienced salespeople. But smaller firms often cannot afford extensive training programs. Therefore, they must often offer above-average compensation to attract experienced sales reps from other firms.

### 3.2. Financial Compensation

In most firms, the total compensation paid to salespeople includes several components, each of which may be designed to achieve different strategic and management objectives. These components are listed in Figure 3.1 with the specific objectives.



**Figure 3.1** Components and Objectives of Financial Compensation Plans.

**Source:** Adapted from *Sales Compensation Concepts and Trends*, The Alexander Group Inc., New York, 1988, p. 3.

The foundation of most compensation plans is a package of benefits. These are designed to satisfy the salesperson's basic needs for security. They generally include such things as medical and disability insurance, life insurance and a pension

plan. The types and amount of benefits included in a compensation plan depend on company policy. However, the benefit package a firm offers should be comparable to those offered by competitors to avoid being at a disadvantage when recruiting new sales talent.

The core of sales compensation plans consists of a salary or commission. A salary is a fixed sum of money paid at regular intervals. The amount of salary paid to a given salesperson is usually a function of the salesperson's experience, competence and superiors' judgments about the quality of the individual's performance.

A commission is a payment based on short-term results, usually a salesperson's sales volume. Since there is a direct link between sales volume and the amount of commission received, commission payments are particularly useful for motivating a high level of selling effort.

Finally, many firms that pay their salespeople a salary also offer additional incentive payments to encourage good performance. Those incentives may take the form of commissions tied to sales volume or profitability, or bonuses for meeting or exceeding specific performance targets (e.g. meeting quotas for particular products within the company' product line or for particular types of customers). Such incentives are useful for directing salespeople's efforts toward specific strategic objectives during the year, as well as providing additional rewards for the top performers within the sales force.

### **3.2.1. Straight Salary**

Straight salary involves paying a fixed amount each pay period. A straight salary compensation plan is favorable (1) when management wishes to motivate salespeople to achieve objectives other than short-term sales volume and (2) when the salesperson's impact on sales volume is difficult to measure.

The primary advantage of a straight salary is that management can require salespeople to spend their time on activities that may not result in immediate sales. Therefore, a salary plan is appropriate when the salesperson is expected to perform servicing or other nonselling activities. These may include market research, customer problem analysis, stocking or sales promotion. Straight salary plans are also common in industries where many engineering and design services are required as a part of the selling function, such as in high technology industries. Since salespeople in these industries are frequently involved in advising customers,

installing systems, and training the customer's employees, sometimes over a period of years, making it difficult to assess their short-term sales performance.

Straight salary compensation plans are also desirable when it is difficult for management to measure the individual salesperson's actual impact on sales volume. Thus, firms tend to pay salaries to their sales force when (1) their salespeople are engaged in missionary selling, as in the pharmaceutical industry, (2) other parts of the marketing program, such as advertising or promotions are the primary determinants of sales success, as in some consumer packaged goods businesses, or (3) the selling process is complex and involves a team or group selling effort, as in the case of computers. Because if a salesperson works with a team of financial, technical and training specialists to confirm the sale, it is impossible to assess the relative contribution of each team member for incentive-pay purposes.

Straight salary plans provide salespeople with a steady, guaranteed income. Thus, salary compensation plans are often used when the salesperson's ability to generate immediate sales is uncertain, as in the case of new recruits in a field-training program or when a firm is introducing a new product line or opening new territories.

Finally, salary plans are easy for management to compute and administer. It is easy to reassign salespeople to new territories or product lines because they do not have to worry about such changes will affect their sales volumes. Also, since salaries are fixed costs, the proportion of wage expense tends to decrease as sales increase. The fixed nature of salary plans may also facilitate recruitment and selection, because some recruits may be more likely to join the sales organization when their first-year earnings are clear in salary terms rather than less certain commission terms.

The major limitation of straight salary compensation is that salaries do not provide strong incentives for extra effort. Management should attempt to give bigger salary increases each year to the good performers than those given to the poor ones. But the amount of those increases and the way performance is evaluated is subject to the decisions of the manager. Salary plans often overpay the least productive members of a sales team, and cause problems when new trainees earn almost as much as experienced salespeople, which could cause perceptions of inequity among experienced salespeople (Head, 1992).

Consequently salespeople are likely to have lower and less accurate instrumentality perception about how much more money they are likely to receive as the result of a given increase in sales volume or profitability. In other words, salaries do not provide any direct financial incentive for improving sales-related aspects of performance. Therefore, salary plans appeal more to security-oriented rather than achievement-oriented salespeople.

### **3.2.2. Straight Commission**

Salespeople on commission are paid a percentage of the sales or gross profit that they generate. The straight commission plan rewards people for their accomplishments rather than their time or efforts. It is popular for firms to base commissions on the profitability of sales to motivate the sales force to extend effort on the most profitable products or customers. The most common way is to offer salespeople variable commissions, where relatively high commissions are paid for sales of the most profitable products. Variable commission rates can also be used to direct the sales force's effort toward other straight sales objectives, such as introduction of a new product.

There are several factors to be considered in developing a commission-only plan: commission base, commission rate and commission payout event. Commissions may be paid according to sales volume or some measure of portability such as gross margin, contribution margin, or, in rare, net income. In recent years, there has been more experimentation with profitability-oriented commission plans in an effort to improve sales force productivity (Ingram and Laforge, 1992).

Commission sales rates vary widely, and determining the appropriate rate is an important management task. The commission rate, or the percentage paid to the salesperson, may be a constant rate over the pay period, which is an easy plan for salespeople to understand and provide incentive for them to produce more sales or profits, since pay is linked directly to performance. A progressive rate increases as salespeople reach prespecified targets. This provides an even stronger incentive to the salesperson, but it may result in overselling and higher selling costs. A regressive rate declines at some predetermined point. Regressive rates might be appropriate when the first order is hard, but reorders are easy and automatic. Such is the case for many manufacturer salespeople who sell to distributors and retailers. Some circumstances might require a combination of these rates.

Another issue in structuring straight-commission plans is when to pay the commission. The actual payment may be at any time interval, but monthly and quarterly payments are most common ones. The question when the commission is earned is as important as when it is paid. The largest proportion of companies operating on the basis of sales-volume commissions declare the commission earned at the time the customer is billed for the order, rather than the order is confirmed, shipped or paid.

Direct motivation is the key advantage of a commission compensation plan. There is a direct link between sales performance and the financial compensation the salesperson earns. Consequently, salespeople are strongly motivated to improve their sales productivity to increase their compensation, at least until they reach such high pay that further increases become less attractive. Commission plans have a built-in element of fairness if sales territories are properly defined with about equal potential, because good performers are automatically rewarded, whereas poor performers are discouraged from continuing their low productivity.

Commission plans have some advantages from an administrative view. Commissions are usually easy to compute and administer. Also compensation costs vary directly with sales volume. This is an advantage for firms that are short of working capital because they do not need to worry about paying high wages to the sales force unless it generates high sales revenues.

Straight commission compensation also has some important disadvantages. The most critical weakness is that management has little control over the sales force. When all their financial rewards are tied directly to sales volume, it is difficult to motivate salespeople to engage in other nonselling activities such as market analysis and administrative duties that do not lead directly to short-term sales. Consequently, salespeople on commission are likely to concentrate on existing customers rather than work to develop new accounts. They may overstock their customers and neglect service after the sale.

Straight commission plans also make a salesperson's earnings unstable and hard to predict. When business conditions are poor, turnover rates in the sales force are likely to be high because salespeople find it hard to live on the low earnings produced by poor sales (John and Weitz, 1989).

To combat this instability of commission plans, some firms provide their salespeople with a drawing account. Money is advanced to salespeople in months when

commissions are low to ensure they can always receive a specified minimum amount of pay. The amount of the salesperson's draw in poor months is deducted from earned commissions when sales improve. This gives salespeople some secure salary, and it allows management more control over their activities. A problem arises, however, when a salesperson fails to earn enough commissions to repay the draw. Then the person may quit or be fired, and the company must absorb the loss (Dahm, 1990).

Straight commission works best when maximum incentive is needed and a minimum of after-sale service is required. Businesses that use straight commission plans include life insurance, real estate, stock brokerage and wholesalers in many industries.

### 3.2.3. Combination Plans

As indicated by the survey results in Table 3.1, compensation plans that offer a base salary plus some proportion of incentive pay, are the most popular. They have many of the advantages but avoid most of the limitations of both straight salary and straight commissions plans. The base salary provides the salesperson a stable income and gives management some capability to reward salespeople for performing customer servicing and administrative tasks that are not directly related to short-term sales. At the same time, the incentive portion of such compensation plans provides direct rewards to motivate the salesperson to expend effort to improve sales volume or profitability.

**Table 3.1** Use of Compensation Plans.

**Source:** Donald W. Jackson, John L. Schlachter and William G. Wolfe, "Examining the Bases Utilized for Evaluating Salespeople's Performance", *Journal of Personal Selling & Sales Management*, Fall 1995, p. 59.

Method	Percentage of Companies Using
Straight Salary	7 %
Straight Commission	10 %
Salary Plus Bonus	34 %
Salary Plus Commission	21 %
Salary Plus Bonus Plus Commission	24 %
Commission Plus Bonus	<u>4 %</u>
Total	100 %

Combination plans usually combine a base salary with commissions, bonuses or both. An uncommon alternative is combining of commission with bonus. A bonus is a payment made by management for achieving or surpassing some set level of performance. Commissions are typically paid for each sale that is made, but a bonus is not paid until the salesperson surpasses some level of total sales or other aspect of performance. When the salesperson reaches the minimum level of performance required to earn a bonus, however, the size of the bonus might be determined by the degree to which the sales rep exceeds that minimum. Thus, bonuses are usually additional incentives to motivate salespeople to reach high levels of performance, rather than part of the basic compensation plan (Head, 1992).

Attaining quota is often the minimum requirement for a salesperson to earn a bonus. As summarized in Table 3.2, bonuses can be based on sales volume, profitability of sales, or other account-servicing activities. Therefore, bonuses can be offered as a reward for attaining or surpassing a predetermined level of performance on any dimensions of sales work.

Bonuses may be offered in the form of cash or income equivalents such as merchandise or free travel. They are usually paid annually. While commissions or salary may be the financial compensation base, bonuses are used in a supplementary way.

**Table 3.2** Criteria Used to Determine Amount of Bonus.

**Source:** Joseph Kissan and Manohar U. Kalwani, "The Role of Bonus Pay in Salesforce Compensation Plans", *Industrial Marketing Management*, 27, 1998, pp. 147-159.

<b>Criterion</b>	<b>Percentage of Firms Using Criterion in Bonus Pay</b>
Sales relative to quota	76 %
Division profitability	38 %
Sales from new customers	34 %
New product sales	26 %
Control of sales expenses	23 %
Account retention	16 %
Customer satisfaction	15 %

### **3.2.3.1. Salary Plus Bonus**

Combining a base salary with a bonus has several advantages. The base salary provides reps with income security and bonus gives added incentives to meet company objectives. Salary plus bonus plans were the most preferred plan in Table 3.1 with 34 percent of firms using them. The main advantage of salary plus bonus plans is that they balance the need to control selling expenses and provide extra rewards for results.

Another possible advantage of salary plus bonus plans is they may lead to lower turnover among salespeople. This is partly obtained from the security of salary. The security of a salary also allows salespeople time for other administrative tasks and service existing customers.

Salary plus bonus plans are commonly used by large food manufacturers, which sell through supermarkets.

### **3.2.3.2. Salary Plus Commission**

Industrial reps are paid salary plus commission to give them the push needed to sell complex products or services. These plans pay a base salary plus a small commission rate of sales made. Twenty-one percent of the firms in Table 3.1 use salary plus commission programs.

Although most firms start paying commissions from the first sale, 39 percent establish commission thresholds that must be reached before the commissions apply. Often the commission rates vary between constant, progressive or regressive rates, depending on sales volume. Although progressive commission rates provide extra selling effort, they may also increase sales expenses. Many firms vary commission rates according to the profitability of products. To prevent huge earnings, 42 percent of firms have wage caps on the incentive portion of their compensation plan (Barnes, 1986).

Commissions are usually paid monthly, but some firms spread commission payments over several months or years, to ensure that salespeople continue to service their customers after the sale. Spreading commissions over a period of time also discourages a salesperson from leaving the company once a big sale has been made.

The major disadvantage of salary plus commission plans is that they are more expensive and costly to administer. Research has shown that the average maximum

wages paid with salary and commission program are higher compared with salespeople on salary plus bonus plans. Salary plus bonus plans are widely used in industrial firms selling building materials, machinery, electrical supplies and paper products (Dalrymple and Cron, 1998).

#### **3.2.3.3. Salary Plus Commission Plus Bonus**

The most comprehensive payment plans combine the stability of a salary, the incentives of a commission and the special rewards of a bonus. Table 3.1 indicates that 24 percent of firms surveyed used this plan. The primary benefit of this plan is that it allows the management to reward every activity performed by salespeople. Field representatives love these plans because there are so many different ways for them to make money. However, their complexity makes them difficult to administer.

The most difficult part of structuring this kind of a combination plan is determining the financial compensation mix, or the relative amounts to be paid in salary, commission and bonus. The compensation mix should focus heavily on the salary component when individual salespeople have limited control over their own performance. When well-known companies rely heavily on advertising to sell their products in highly competitive markets, the sales force has less direct control over job outcomes. Then a salary emphasis is quite logical. Further, if customer service is important, or if the firm wants to utilize team selling, a compensation mix favoring the salary dimension is appropriate.

#### **3.2.3.4. Commission Plus Bonus**

Another combination plan used only by 4 percent of the firms in Table 3.1 is the commission plus bonus program. This approach combines the incentives of a commission plus special rewards for meeting objectives. These plans are particularly well suited to a company that uses brokers or independent sales reps. They are also widely used for stockbrokers and bond holders. Since these plans lack the security of a salary, sales force loyalty to the company is little in companies using these plans.

### **3.3. Nonfinancial Compensation**

Compensation for effort and performance should include nonfinancial rewards. Examples of nonfinancial compensation include, in order of preference, career advancement through promotion, a sense of accomplishment on the job,

opportunities for personal growth, recognition of achievement and job security (Ford and others, 1985). Sometimes nonfinancial rewards are supported by financial rewards; for example, a promotion into sales management usually results in a pay increase. So one salesperson might view these rewards as primarily financial, while another might view them from a nonfinancial perspective.

### **3.3.1 Promotion and Career Paths**

Most salespeople consider opportunities for promotion and advancement second after financial incentives as an effective sales force motivator. This is particularly true for young, well-educated salespeople who tend to view their jobs as a path to top management. However, salespeople's valences for promotion tend to decline in many companies, as they get older. One reason for this is that many firms do not provide many promotion opportunities for salespeople. The common career path is from salesperson to district sales manager to top sales management. Thus, if a salesperson has been with a firm for several years without making it into sales management, the individual may start to believe such a promotion will never happen. Consequently, older salespeople may concentrate only on financial rewards, or they may lose motivation and not work as hard at their jobs.

To overcome this problem, some firms have established two different career paths for salespeople. One leads to management positions, while the other leads to more advanced positions within the sales force, which usually involves responsibility for dealing with key accounts or leading sales teams. In this system, although a salesperson may not make into management, he/she can still work toward a more prestigious and beneficial position within the sales force. To make advanced sales positions more attractive as promotions, many firms provide people in those positions additional earnings, including higher pay, a better automobile and better office facilities.

### **3.3.2. Sense of Accomplishment**

Unlike some rewards, a sense of accomplishment cannot be delivered to the salesperson from the organization. Since a sense of accomplishment emerges from the salesperson's psyche, all the organization can do is to facilitate the process it develops. Organizations cannot administer sense of accomplishment rewards like pay increases, promotions or formal recognition rewards. Conversely, they have the ability to leave individuals without feeling a sense of accomplishment. It is a result of poor management practices.

There are easy methods to facilitate a sense of accomplishment in the sales force. First, the organization assures that the sales force members understand their critical role in revenue production and other key activities within the company. Second, the causes and effects of salesperson performance can be personalized; in terms of expectancy theory, this means that each salesperson should understand the linkages between effort and performance (expectancies) and between performance and rewards (instrumentalities). Finally, feelings of accomplishment can be reinforced with feedbacks in communication with the sales force.

### **3.3.3. Opportunity for Personal Growth**

Salespeople are routinely offered opportunities for personal growth in programs as seminars and workshops on topics such as physical fitness, stress reduction and personal financial planning. Many sales job candidates, especially entrepreneurial oriented college students think the major reward available from well-known companies is the opportunity for personal growth. On the other side, many companies show their training program during recruitment and selection as an opportunity for personal growth.

### **3.3.4. Recognition**

Recognition, both informal and formal, is an important part of most sales force reward systems. Informal recognition is easy to administer, costs nothing and can reinforce desirable behavior immediately after it occurs.

Formal recognition programs are also becoming even more popular. Effective recognition programs should offer a reasonable chance to winning for everyone in the sales force. But if a very large proportion of the sales force achieves recognition, the program is likely to lose its appeal because the winners feel no special sense of accomplishment (Kelley, 1986).

Formal recognition programs are typically based on group competition or individual accomplishments representing improved or good performance. Formal recognition may also be associated with monetary, merchandise or travel awards, but they are distinguished from other rewards by two characteristics. First, formal recognition is an attractive reward because it makes a person's peers and superiors aware of the outstanding performance. Second, there is a symbolic award with psychological value, such as a ring or a plaque.

Finally, communication of the winner's achievements, through recognition at sales meeting, publicity in the local press, announcements in the company's internal newsletter or other ways, is an essential part of a good program.

### **3.3.5. Job Security**

Job security is also discussed as an actual issue in Turkey in recent years. It is particularly valued highly by salespeople nearing retirement age. High performing salespeople may sense that they have job security automatically. On the other side, with the current wave of mergers, acquisitions and general downsizing of corporations, it is becoming more difficult to offer job security as a reward. In the past, job security was easier to assure, at least as long as performance objectives were met. Another factor that will make it difficult to offer job security with a given company is the lack of unionization of salespeople in most fields.

### **3.4. Sales Contests**

Sales contests are short-term programs designed to motivate sales force to accomplish specific sales objectives. Contests may involve group competition among salespeople, individual competition, in which each salesperson competes against past performance standards or new goals, or a combination of group and individual competition. Although contests should not be considered part of the firm's ongoing compensation plan, they offer salespeople the opportunity to gain financial, as well as nonfinancial rewards. Contest winners often receive prizes in cash or merchandise or travel. Winners also receive nonfinancial rewards in the form of recognition and a sense of accomplishment. Successful contests require the following (Murphy and Sohi, 1996):

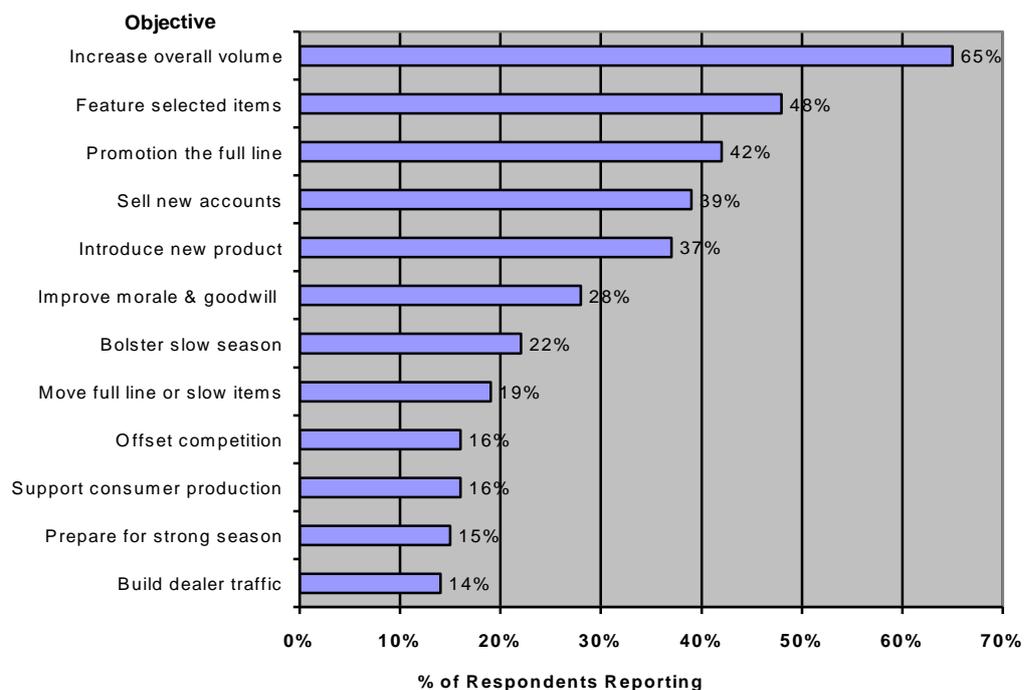
- Clearly defined, specific objectives,
- An exciting theme,
- Reasonable probability of rewards for all salespeople,
- Attractive rewards,
- Promotion and follow-through.

The objectives of sales contests should be very specific and clearly defined, because contests supplement the firm's compensation program and are designed to motivate extra effort toward some short-term goal. Figure 3.2 reflects the typical goals of sales contests. While "increase overall sales volume" is the number one

objective, most of the others are much more specific and narrowly focused such as stimulate selected item sales, acquire new accounts or introduce new products.

To maintain enthusiasm, sales contests should be run for limited periods of time. Salespeople may lose their interest in programs that last too long. A typical program lasts for one to three months, a period that allows salespeople to cover their territories completely and encourages maximum sell-through of the products. Better performance against objectives is generally achieved when the length of the contest is two months or less. Salespeople are better to maintain their focus and interest over this period of time (Dalrympe and Cron, 1998).

A sales contest should have an exciting theme to help build enthusiasm among the participants and promote the event. The theme should also be designed to stress the contest's objectives and appeal to all participants.



**Figure 3.2** Objectives of Sales Contests.

**Source:** FACTS Survey, *Incentive Magazine*, September 1992.

There are three popular contest formats. First, in some contests, salespeople compete themselves trying to attain individual quotas. Everyone who reaches or exceeds quota during the contest period wins. A second form requires that all members of the sales force compete with each other. The people who achieve the highest overall performance on some dimension are winners, and everyone else

loses. A third format organizes the sales force into teams, which compete for group and individual prizes.

Whichever format is used, every member of the sales force should have a reasonable chance of winning an award. If there are to be only one or a few winners, many salespeople may think their chances of winning are remote. Consequently, their instrumentality perceptions of the likelihood of winning are low, and they are not motivated to expend much effort to win.

The success or failure of a sales contest often depends on the attractiveness of the awards offered to the participants. There are no rules for selecting prizes, except that different prizes should be chosen for each contest and participants should find the prizes attractive. As indicated in Table 3.3, the most frequent awards are cash, followed by merchandise and trips. Cash is a popular award in sales contests because it can be spent on whatever the salesperson wants. However, cash prizes can be more difficult to promote to participants. A common solution to this problem is to offer cash as a substitute for merchandise or travel prizes. In this way, merchandise can be shown and promoted to the sales force, but winners have the option of accepting cash if they do not want the merchandise.

**Table 3.3** Types of Sales Contest Awards.

**Source:** *Sales and Marketing Management*, February 1990, p. 82.

Type of Award	Percentage of Firms Using
Cash	59 %
Selected Merchandise	46 %
Merchandise Catalog	25 %
Travel	22 %

The advantages of merchandise awards are that tangible items can be displayed to the sales force and featured in promotional material. Merchandise can also be purchased at the wholesale prices, so the awards have a higher value than they actually cost the company. However, merchandise prizes can lose their impact if they duplicate things salespeople already own. One solution is to have the salespeople accumulate points by choosing items from a catalog.

Travel awards add attractiveness and excitement to sales contests, and such awards are usually more appealing to older participants. Salespeople with high-income levels are likely to be more interested in travel prizes. However, travel

awards are the least frequently used type of prize because they are more costly to the company (Falvey, 1991).

To generate interest and enthusiasm, contests should be launched with a kickoff sales meeting in which the sales force can see the prizes and learn the details of the contest. This meeting should be followed by mailings, stories in the company newspaper and advertising to maintain the attention and interest of the field reps. As the contest proceeds, salespeople should be given frequent feedback concerning their progress so they know how much more they must do to win an award. Finally, winners should be recognized within the company and prizes should be awarded immediately.

Although many sales managers believe contests are effective for motivating special efforts from salespeople, contest can cause a few potential problems, particularly if they are poorly designed or used (Wildt and others, 1987).

Salespeople may use some cheats from before and/or after the contest to increase their volume during the contest. They may hold back orders before the start of the contest and rush orders that would normally not be placed until after the contest. As a result, customers may be overstocked, causing sales volume to fall off for some time after the contest is over.

Contests may also hurt the harmony and morale of the company's salespeople. This is particularly true when plans force individual salespeople to compete with each other for rewards and when the number of rewards is limited.

### **3.5. Reimbursement of Selling Expenses**

A large portion of sales force costs are accounted for salespeople's salaries and financial incentives. But there is also expense items incurred by sales reps in the field. Typical expenses paid by firms include those for automobiles and other travel, tips, lodging, food, telephone, postage and tickets for sporting and theater events.

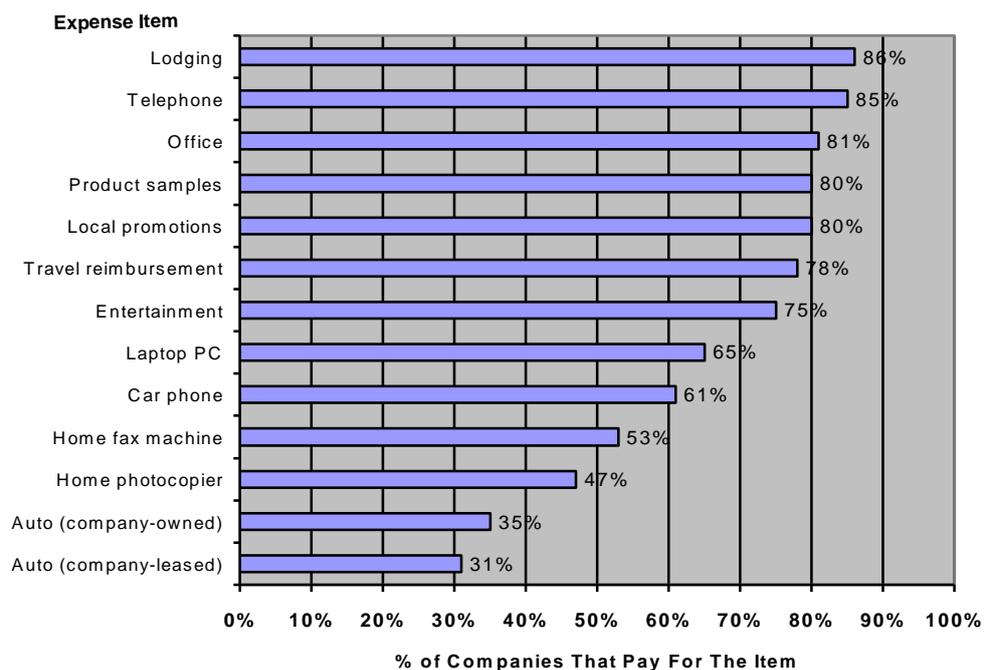
So many firms use a variety of expense reimbursement plans. Such plans range from unlimited reimbursement for all reasonable and allowable expenses to plans where salespeople must pay all expenses with their total compensation.

#### **3.5.1. Unlimited Reimbursement Plans**

One type of expense reimbursement plan is to let salespeople submit itemized forms showing their expenditures and the firm simply pays all reported expenses.

The primary advantage is that such plans give the sales manager some control over both total magnitude of sales expenses and the kinds of activities. If a particular activity, such as entertaining potential new accounts is thought to be an important part of the firm's account management policies, salespeople can be encouraged to engage in that activity by being informed that all related expenses will be reimbursed. On the other hand, managers can discourage their subordinates from spending time on unimportant tasks by refusing to reimburse expenditures for such activities.

Thus, company policies concerning reimbursable expenses can be a useful tool for motivating and directing sales effort. Some firms report they adjusted their expense reimbursement policies according to the differences in the territories covered or the job activities required of different members of their sales forces (Mott and Peiffer, 1990). The results of a survey of company reimbursement policies concerning a variety of different expense items are displayed in Figure 3.3.



**Figure 3.3** Sales Expenses Paid by the Company.

**Source:** *Current Practices in Sales Incentives*, The Alexander Group Inc., 1988, p. 20.

Unlimited reimbursement plans are often favored by small firms that do not want to bother auditing expense accounts. They are also used by companies that sell expensive products such as airplanes, where extensive entertainment of clients is routine.

### **3.5.2. Limited Reimbursement Plans**

Some firms limit the total amount of expense reimbursement by setting maximum limits for each category of sales expenses. These limits must reflect actual field experience, and they need to be adjusted frequently to reflect inflation. The objective of this plan is to make salespeople aware of what the company will pay and encourage them to control their expenses. The limited reimbursement approach makes it easier to budget for sales costs and should reduce expense account padding.

Although the budgeted limits are based on an accurate understanding of the costs associated with successful sales performance in each territory, these kinds of plans can hurt motivation and sales performance. Individual salespeople may believe their ability to do a good job is constrained by company expense reimbursement policies. Rather than pay for necessary activities out of their own pockets, salespeople are likely to avoid or cut back on certain expense activities to keep their costs within their budgets.

### **3.5.3. Per Diem Plans**

A per diem expense plan pays the salesperson a fixed dollar amount for each day or week spent in the field. The amount is designed to cover food, gasoline, lodging, telephone calls and other expenses. A major advantage of a per diem plan is that it is simple and inexpensive to supervise. However, salespeople may try to make money off the plan by spending less than the allowance. This is usually done by cutting back on travel. Instead of driving to distant customers, salespeople could save money by concentrating on nearby accounts.

Also, there is less incentive to entertain customer with a per diem plan than with an unlimited plan. These actions may keep salespeople under their expense allowance, but they may also cost the company sales revenues. They also have to be revised periodically, just like as limited reimbursement plans. Per diem plans are typically used by firms for routine reorder selling of standard items (Dalrymple and Cron, 1998).

### **3.5.4. No Reimbursement Plans**

Another reimbursement plan still found in some firms, is a policy of requiring salespeople to cover all their own expenses. Such plans usually involve paying the salesperson a relatively high total financial compensation to help cover necessary

expense. Such plans are most commonly associated with straight commission compensation plans involving high-percentage commissions.

## **4. RESEARCH: MOTIVATIONAL PERCEPTIONS OF SALESPeOPLE**

### **4.1. Research Objective**

After the comprehensive literature review, it is clear that there are many motivating rewards in addition to pay and other monetary rewards, satisfying different needs of the salesperson. In this chapter, findings of the research are discussed in detail.

Research was conducted to measure the motivational perceptions of salespeople from different industries. The research is based mainly on expectancy theory of motivation, which was discussed in the first chapter among process theories. So, the primary motivational variables are expectancy, instrumentality and valences for selected rewards.

This study investigates primarily the effects of a larger number personal and job characteristics (including demographic, job-related and career cycle variables) on motivational components. In addition, the study also examines motivational differences among products and services sector salespeople. Research propositions based on previous research are summarized in Appendix A, in Table A.2.

### **4.2. Research Sample and Data Collection Method**

Data were drawn from salespeople employed in products and services companies, operating in different industries located in Turkey. Salespeople from different industries surveyed to identify the differences between products and services sectors.

Questionnaires were distributed through various ways according to the preference of company, sales executives and salespeople. In some companies, salespeople filled the questionnaires due to the request of the field sales managers just before or after their regular weekly field meetings. 220 questionnaires were handed through this way from which 156 were usable. A number of small companies wanted the questionnaire as an e-mail attachment and the responses were e-mailed back. 24 questionnaires were sent as an e-mail attachment; 14 were fulfilled and sent back and 10 were usable. The last group of salespeople filled a web page formatted

questionnaire in the Internet and the results were collected in a web located database. At the end a total of 247 usable questionnaires were collected and evaluated.

Descriptive statistics for the sample are shown in Table 4.1.

**Table 4.1** Sample Characteristics.

<b>Characteristics</b>	<b>(N=247)</b>		
	<b>Mean</b>	<b>St. Deviation</b>	<b>Range</b>
Age <sup>a</sup>	29,80	4,27	23 - 45
Length of tenure with company <sup>a</sup>	2,87	2,56	0 - 16
Sales experience <sup>a</sup>	5,37	3,85	0 - 20

<sup>a</sup> The unit measure is years.

	<b>(N=247)</b>	
	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Sex</b>		
Male	181	73,3
Female	66	26,7
<b>Education Level</b>		
Some high school	-	-
High school graduate	19	7,7
Some university	26	10,5
University graduate	173	70,1
Some master	10	4,0
Master degree	16	6,5
Some doctorate	3	1,2
Doctorate degree	-	-
<b>Marital Status</b>		
Single	147	59,5
Married	96	38,9
Other	4	1,2
<b>Sector</b>		
Products sector	182	73,9
Services sector	65	26,1

### **4.3. Data Collection Instruments and Measures**

Research data has been collected by the questionnaire, which was originally developed in Turkish. The original questionnaire and its English version can be found in Appendix B. The questionnaire consists of three parts. The first part, including seven questions was designed to measure the perceptions of salespeople about the general characteristics of their selling and job activities.

The first question was designed to determine whether the respondent was provided a clear, written job description with job assignments and specifications. It is important, because salespeople with clear job descriptions are usually like to have higher expectancy and instrumentality estimates (Teas, 1981). As a result of detailed job-related information, salespeople can identify what levels of effort they need to exert and where that effort should be in order to reach effective performance level.

The second question was designed to measure the priority of different selling activities. These activities included increase in sales volume, identification of product/service features, after sales support to customers, loyalty to the principals and values of the company and relations with colleagues.

The third question measured the perceptions of work orientation that is whether the respondent is working in an individualistic, group-oriented or combined individualistic and group-oriented environment. In questions two and three, the respondent scored several items for totaling a hundred at the end.

The respondent's expectancy and instrumentality perceptions were measured in question number four. The instrumentality estimates were measured in two different dimensions according to the Porter-Lawyer Expectancy model. So the respondent's intrinsic and extrinsic instrumentality perceptions were asked separately. In question four responses were scored in five-point Likert scale ranging from 1= totally disagree to 5 = totally agree. Similar measures were used in previous research: Teas (1981), Tyagi (1985a, 1985b), Kohli, (1985), Jolston and Kim (1994), Dubisky and others (1994).

In question number five, the salesperson's valences were measured against the following rewards: (1) an increase in pay, (2) a promotion, (3) an increase in job security, (4) formal recognition by management, (5) liking and respect from colleagues, (6) increased opportunities for personal growth and development, and (7) increased feelings of worthwhile accomplishment. These rewards are the main

and most common set of rewards companies use to motivate salespeople. They were also studied several times in previous research: Churchill and others (1979), Ingram and Bellenger (1983), Ford and others (1985), Dubinsky and others (1994). Measures for valence were obtained through a five-point Likert scale ranging from 1=very undesirable to 5=very desirable.

In the sixth question, the desirability of following additional benefits were asked: increased social relations, self control for job activities and time management, travel opportunities, benefits such as company car, cell phone or laptops and, reimbursement of selling expenses. These are intrinsic and extrinsic additional benefits, which are commonly applied to salespeople.

The seventh question was designed to measure the desirability of following factors in the job environment of the salespeople. These factors are pay, promotion, job security and additional benefits. In questions six and seven the respondents scored factors so that, at the end a hundred totaled.

The next part includes four questions about the company where the respondent is employed. The eighth question was designed to identify the sector and the field of the company. The sales force structure of the company was asked in the ninth question. Respondents selected one of the territory, product, customer or combined based sales force orientations, according to the company structure.

Question ten was designed to measure the perceptions of the respondent about the reward system criteria used in the company. Respondents scored criteria including performance, tenure and education so that, at the end a hundred totaled. And the compensation method received by the respondent was asked in eleventh question. Thomas and Bellenger (1983) included only commission or salary based compensation as predictor variable.

The last ten questions were designed to obtain the demographic characteristics of the respondent. These are in sequence, sex, birth year (chosen to identify the age of the respondent), length of tenure with the company, sales experience, marital status, employment status of spouse, education level, home ownership, car ownership and net household income. The specific characteristics and distributions are displayed in Table 4.2.

#### 4.4. Research Findings

**Table 4.2** Categories and Number of Cases for Each of the Demographic and Job Related Characteristics.

<b>Variable</b>	<b>Category</b>	<b>Number of Cases</b>
<b>Age</b>	23 - 29	130
	30 - 36	98
	37 - 45	19
<b>Sex</b>	Male	181
	Female	66
<b>Marital status</b>	Married	96
	Other	151
<b>Employment status of spouse</b>	No spouse	151
	Employed	60
	Not employed	36
<b>Education level</b>	High school - some university	45
	University graduate	173
	Some postgraduate work - postgraduate degree	29
<b>Home ownership</b>	Own	64
	Rental	144
	Family owned	39
<b>Car ownership</b>	No car	35
	Own car	29
	Company car	173
	Own car + company car	10
<b>Household income<sup>m</sup></b>	Under 1,500,000,000 TL	56
	1,500,000,000-3,000,000,000 TL	130
	Over 3,000,000,000 TL	61

<sup>m</sup> Net total monthly household income is considered.

**Table 4.2** Continued

<b>Variable</b>	<b>Category</b>	<b>Number of Cases</b>
<b>Tenure with company</b>	0 - 24 months	118
	25 - 60 months	99
	61 - 120 months	24
	120+ months	6
<b>Sales experience</b>	0 - 2 years	53
	2 - 5 years	98
	5 - 10 years	71
	10+ years	25
<b>Job description</b>	Provided	196
	Not provided	51
<b>Compensation method</b>	Straight salary	35
	Salary + commission	172
	Salary + bonus	19
	Salary + commission + bonus	21
<b>Sales force structure</b>	Territory oriented	57
	Product oriented	38
	Customer oriented	63
	Combined structure	89

Demographic and job related characteristics are categorized and reported in Table 4.2, with number of cases for each category. Most of the variables are automatically categorized, however, there were variables asked as open-ended questions (tenure with the company, sales experience) and with many selective categories (education level, household income) in the survey. In Table 4.2, the categories for these predictors (variables) were chosen so that there were a reasonable number of observations in each cell. Thus, the relationship between these predictive variables and the other motivational variables can be captured properly. Before the examination of this relationship, the general perceptions of salespeople about their selling activities and the overall rankings of valences for each selected reward will be discussed in the next part.

#### 4.4.1. Salespeople's General Perceptions about Job and Selling Activities

Table 4.3, summarizes the general perceptions of salespeople about different dimensions of their work. Customer support is the most important activity for salespeople closely followed by increasing the sales volume. Note that, sales volume is a major component of performance, which was found as the most important item for reward criteria, in Table 4.3. Relations with colleagues and superiors is the least important activity, perhaps it is a result of more individualistic orientation of selling occupations. Because salespeople usually work outside of their companies, loyalty to organizational values is also less important in their activities.

**Table 4.3** Salespeople's General Perceptions about Job and Selling Activities.

<b>Importance of the Selling Activities</b>		<b>Perceptions of Work Environment</b>	
Customer support	% 26,48	Individualistic	% 36,64
Increasing sales volume	% 25,00	Group-oriented	% 29,34
Knowledge of products/services offered	% 22,41	Combined individualistic and group-oriented	% 34,02
Loyalty to organizational values	% 14,10	<b>Perceptions of Reward Criteria</b>	
Good relations with colleagues and superiors	% 12,01	Performance	% 41,49
		Tenure	% 29,73
		Education Level	% 28,78
<b>Importance of Special Benefits for Selling Occupations</b>		<b>Importance of Job Components</b>	
Increased social relations	% 25,86	Pay	% 35,03
Own control for job activities	% 20,65	Promotion	% 26,61
Reimbursement opportunities	% 18,44	Job security	% 21,38
Travel opportunities	% 17,65	Benefits	% 16,98
Additional benefits (car, phone, laptop...)	% 17,40		

On the other hand, increased social relations were found as the most important benefit of selling occupations, it could be obtained intrinsically with the interaction of different customers. Second important benefit is own control for job activities, which

is regarded as autonomy and is another result of the individually oriented working environment. Reimbursement opportunities are valued at middle-level, actually all companies have some kind of reimbursement plans. However, travel opportunities and benefits such as car, phone and laptops are seen as less important benefits of selling occupations. It is interesting because of the large number of sales reps with company cars in the sample, perhaps they believe that a company car is more a necessity than a benefit for their occupations and it should be offered in all circumstances anyway.

According to salespeople, performance is the most important criteria for reward systems in the companies far beyond tenure and education level. Actually, this finding indicates well-accepted management and human resources policies and practices in companies.

Pay appears to be the most important component of job in salespeople's lives. It is followed by promotion opportunities. But, the importance attached to benefits is the lowest.

#### 4.4.2. Overall Valence Scores

Average valence scores and overall rankings are shown in Table 4.4. These findings are consistent with previous research. Pay is the most attractive reward; this result is the same as the previous works of Ford (1985), and Ingram and Bellenger (1983).

**Table 4.4** Average Valence Scores for Rewards.

	<b>N</b>	<b>Range</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Pay Increase</b>	245	1 - 5	4,65	0,63
<b>Accomplishment</b>	246	1 - 5	4,59	0,72
<b>Promotion</b>	245	1 - 5	4,50	0,71
<b>Personal Growth</b>	247	2 - 5	4,47	0,73
<b>Job Security</b>	247	1 - 5	4,43	0,73
<b>Liking/Respect</b>	246	2 - 5	4,23	0,80
<b>Formal Recognition</b>	246	1 - 5	3,14	1,08

Pay is followed by a high-order reward sense of accomplishment. This result is important for companies and managers, because it is strongly related with the management practices in a company. Actually, sense of accomplishment costs almost nothing to the company, and it is valued nearly as much as pay and more

than promotion. Sense of accomplishment can be reinforced easily with communication and feedback, where the salespeople understand the importance of their work and their performance. Promotion is another extrinsic reward obtained from the company. It is another desirable reward for effective and consistent performance. Promotion was also an important job component for salespeople in the previous analysis, after pay increase. So these rankings are consistent with the findings of the analysis in the previous section.

Liking and respect from others and formal recognition are least attractive rewards. Liking and respect was not included in the study of Ford (1985). Ingram and Bellenger (1983) found it as the second least desirable reward. Especially the average score of formal recognition is very low relative to the scores for the other rewards, but it is also totally compatible with previous work (Dubinsky and others 1994). Perhaps it is a result of salespeople's perceptions that their work environment is more individually oriented. In addition, findings of the analysis about job perceptions indicated that salespeople give less importance to good relations with their colleagues and superiors. Instead of this they are more focused on customer relations.

Average score for increased job security shows that it is not a very desirable reward for salespeople. Previous works of Ford (1985), and Ingram and Bellenger (1983) also indicated that job security is the lowest valuable reward for salespeople among these seven rewards. One explanation for that is the low priority of job security in salespeople's lives, which a result of the analysis made in previous section. In addition, it is partly a result of the instability of the economic structure and business environment in the country, where many companies cannot offer a high job security. Consequently, salesperson might believe that such a reward cannot be obtained from the company.

At last, it is important to mention that these ranking is very similar to previous researches conducted in U.S., which differs from those conducted in Japan or Korea, where the three high-order needs personal growth, sense of accomplishment and liking and respect from others were ranked in the top three levels (Dubinsky and others, 1994). These findings are mostly a result of differences in cultural and social values and traditions. Consequently, it can be concluded that Turkish salespeople's perceptions for rewards valences are similar to U.S. salespeople's perceptions.

**Table 4.5** F Ratios, Degrees of Freedom and Significance Levels for Motivational Variables as a Function of Demographic Characteristics.

Demographic Variables	Expectancy	Intrinsic Instrumentality	Extrinsic Instrumentality	Pay	Promotion	Job Security	Recognition	Liking/ Respect	Personal Growth	Accomplishment
<b>Sex</b>	4,626	1,017	13,307	6,723	5,133	2,019	0,199	2,869	1,440	0,922
	1, 244	1, 244	1, 244	1, 242	1, 242	1, 244	1, 243	1, 243	1, 244	1, 243
	<b>0,032<sup>a</sup></b>	0,314	<b>0,001<sup>a</sup></b>	<b>0,010<sup>a</sup></b>	<b>0,024<sup>a</sup></b>	0,157	0,656	0,092	0,231	0,338
<b>Marital status</b>	0,001	0,096	6,339	4,187	7,849	2,595	0,138	0,559	0,340	4,957
	1, 244	1, 244	1, 244	1, 242	1, 242	1, 244	1, 243	1, 243	1, 244	1, 243
	0,979	0,757	<b>0,012<sup>a</sup></b>	<b>0,042<sup>a</sup></b>	<b>0,005<sup>a</sup></b>	0,108	0,711	0,456	0,561	<b>0,027<sup>a</sup></b>
<b>Employment status of spouse</b>	0,163	2,783	3,686	4,425	4,965	3,520	0,184	2,259	2,103	2,468
	2, 243	2, 243	2, 243	2, 241	2, 241	2, 243	2, 242	2, 242	2, 243	2, 242
	0,850	0,064	<b>0,027<sup>a</sup></b>	<b>0,013<sup>a</sup></b>	<b>0,008<sup>a</sup></b>	<b>0,031<sup>a</sup></b>	0,832	0,107	0,124	0,087
<b>Home ownership</b>	0,024	0,429	2,945	1,163	1,858	7,676	8,432	4,534	4,128	6,606
	2, 243	2, 243	2, 243	2, 241	2, 241	2, 243	2, 242	2, 242	2, 243	2, 242
	0,977	0,652	0,055	0,314	0,158	<b>0,001<sup>a</sup></b>	<b>0,000<sup>a</sup></b>	<b>0,012<sup>a</sup></b>	<b>0,017<sup>a</sup></b>	<b>0,002<sup>a</sup></b>
<b>Car ownership</b>	4,281	1,896	15,626	2,194	1,484	5,670	5,755	8,079	3,106	2,192
	3, 242	3, 242	3, 242	3, 240	3, 240	3, 242	3, 241	3, 241	3, 242	3, 241
	<b>0,006<sup>a</sup></b>	0,131	<b>0,000<sup>a</sup></b>	0,089	0,219	<b>0,001<sup>a</sup></b>	<b>0,001<sup>a</sup></b>	<b>0,000<sup>a</sup></b>	<b>0,027<sup>a</sup></b>	0,090
<b>Household income</b>	6,994	0,316	0,571	0,316	5,733	3,247	4,647	4,430	2,255	8,388
	2, 243	2, 243	2, 243	2, 241	2, 241	2, 243	2, 242	2, 242	2, 243	2, 242
	<b>0,001<sup>a</sup></b>	0,729	0,565	0,729	<b>0,004<sup>a</sup></b>	<b>0,041<sup>a</sup></b>	<b>0,010<sup>a</sup></b>	<b>0,013<sup>a</sup></b>	0,107	<b>0,000<sup>a</sup></b>
<b>Education level</b>	6,043	0,618	4,465	0,557	0,180	1,092	0,536	5,346	6,363	4,145
	2, 243	2, 243	2, 243	2, 241	2, 241	2, 243	2, 242	2, 242	2, 243	2, 242
	<b>0,003<sup>a</sup></b>	0,540	<b>0,012<sup>a</sup></b>	0,574	0,835	0,337	0,586	<b>0,005<sup>a</sup></b>	<b>0,002<sup>a</sup></b>	<b>0,017<sup>a</sup></b>
<b>Age</b>	0,117	0,034	0,288	0,738	0,639	0,628	4,078	3,101	3,204	1,321
	2, 243	2, 243	2, 243	2, 241	2, 241	2, 243	2, 242	2, 242	2, 243	2, 242
	0,889	0,966	0,750	0,479	0,529	0,534	<b>0,018<sup>a</sup></b>	<b>0,047<sup>a</sup></b>	<b>0,042<sup>a</sup></b>	0,269

<sup>a</sup> Relationship is statistically significant at  $p \leq 0,05$ .

**Table 4.6** F Ratios, Degrees of Freedom and Significance Levels for Motivational Variables as a Function of Job Related Characteristics.

<b>Job-related Variables</b>	<b>Expectancy</b>	<b>Intrinsic Instrumentality</b>	<b>Extrinsic Instrumentality</b>	<b>Pay</b>	<b>Promotion</b>	<b>Job Security</b>	<b>Recognition</b>	<b>Liking/ Respect</b>	<b>Personal Growth</b>	<b>Accomplishment</b>
<b>Tenure with company</b>	1,532	2,333	0,099	3,826	1,005	0,952	1,382	0,468	0,329	1,157
	3, 242	3, 242	3, 242	3, 240	3, 240	3, 242	3, 241	3, 241	3, 242	3, 241
	0,207	0,075	0,960	<b>0,011<sup>a</sup></b>	0,391	0,416	0,249	0,705	0,804	0,327
<b>Sales experience</b>	3,004	2,593	0,459	1,723	1,674	2,060	1,706	2,098	0,908	2,911
	3, 242	3, 242	3, 242	3, 240	3, 240	3, 242	3, 241	3, 241	3, 242	3, 241
	<b>0,031<sup>a</sup></b>	0,053	0,711	0,163	0,173	0,106	0,166	0,101	0,438	<b>0,035<sup>a</sup></b>
<b>Job description</b>	5,145	1,974	22,402	0,866	1,180	4,341	1,322	5,660	0,862	0,747
	1, 244	1, 244	1, 244	1, 242	1, 242	1, 244	1, 243	1, 243	1, 244	1, 243
	<b>0,024<sup>a</sup></b>	0,161	<b>0,000<sup>a</sup></b>	0,353	0,279	<b>0,038<sup>a</sup></b>	0,251	<b>0,018<sup>a</sup></b>	0,354	0,388
<b>Compensation method</b>	4,165	2,919	15,535	0,261	1,016	3,334	4,039	7,886	3,251	6,257
	3, 242	3, 242	3, 242	3, 240	3, 240	3, 242	3, 241	3, 241	3, 242	3, 241
	<b>0,007<sup>a</sup></b>	<b>0,035<sup>a</sup></b>	<b>0,000<sup>a</sup></b>	0,854	0,386	<b>0,020<sup>a</sup></b>	<b>0,008<sup>a</sup></b>	<b>0,001<sup>a</sup></b>	<b>0,022<sup>a</sup></b>	<b>0,001<sup>a</sup></b>
<b>Sales force structure</b>	1,605	1,073	6,861	1,840	1,880	1,781	1,869	3,206	3,181	3,946
	3, 242	3, 242	3, 242	3, 240	3, 240	3, 242	3, 241	3, 241	3, 242	3, 241
	0,189	0,361	<b>0,001<sup>a</sup></b>	0,141	0,134	0,151	0,136	<b>0,024<sup>a</sup></b>	<b>0,025<sup>a</sup></b>	<b>0,009<sup>a</sup></b>

<sup>a</sup> Relationship is statistically significant at  $p < 0,05$ .

#### **4.4.3. Relationship between Personal and Job Related Characteristics and Motivational Variables**

The relationship between salespeople's demographic and job-related characteristics and their perception of expectancy, instrumentality and valences for rewards were examined using analysis of variance. The F ratios, degrees of freedom and significance levels obtained from the analysis of data, are shown in Table 4.5 for demographic characteristics and in Table 4.6 for job related characteristics. Where a significant relationship was found, the Scheffe contrasts were calculated to investigate the nature of that relationship. The results, shown in Appendix A in Table A.3 and in Table A.4, display the mean motivational variable scores for each subgroup, and indicate in brackets which subgroups had significantly different valence scores. Note that they are also significant relationships where the differences between subgroups were not significant at  $p < 0,05$ , according the Scheffe contrast analysis.

##### **4.4.3.1. Expectancy**

Expectancy estimates of salespeople are affected by several demographic and job related characteristics. These are sex, car ownership, household income, education level, sales experience, job description and compensation method. According to the analysis, male sales reps appear to see a clearer direct link between their personal efforts and attainment of effective performance level, where female sales personnel apparently are less clear about this linkage.

Sales reps with a company car have also significantly higher expectancy estimates in comparison to their 'pedestrian' colleagues, which is very reasonable, because with a car they have the opportunity to visit more customers, when they managed their time properly. Salespeople without a car might also see it as a constraint for their work, because reps with own car have also higher average expectancy estimates than those without cars, although the difference was not significant.

Salespeople at the lowest income level have the highest expectancy averages, although there is not a significant relationship between income level and extrinsic instrumentality. The existence of such a relationship would lead us to conclude that salespeople at the lowest income level believe they can go up to higher income levels when they work hard enough. The low expectancy estimates of high-income

sales reps might also be a result of their belief, that they are working with their full capacity to earn this much money and it is not possible to exert more effort.

An unexpected result is the relationship between education level and expectancy estimates, where sales reps with some postgraduate work and postgraduate degree, have the lowest expectancy estimates. Actually this is a result of the general trend in the country. Generally, as a result of high unemployment rates, students continue to postgraduate programs just after their university graduation in Turkey, in contradiction to western countries where students prefer to receive some job experience before entering postgraduate programs. Consequently, postgraduate people especially in middle or late twenties finally get their jobs with lower experience, so this process causes lower expectancy estimates for postgraduates. Also, working is the only choice for people who had quitted their education before university graduation, so these people hold fast on their jobs resulting high expectancy estimates for them.

Sales experience is another factor affecting expectancy estimates, showing a decreasing trend with years spent on the field, although there is not any significant difference between subgroups. Selling is a relatively more tiring occupation, where reps have to deal with different customer requests and company obligations. Consequently, as salespeople get older, their performance also declines with their energetic potential and their expectancy perceptions also decreases (Jolson, 1974).

Organizational efforts directed at clarifying employees job rules and responsibilities by using detailed job descriptions, conceivably enhance workers perceptions of what efforts they need to expend to which job activities (Teas, 1981). Consequently, sales reps with a provided clear job description have high expectancy perceptions as shown in Table A.4.

The last job-related characteristic having a significant effect on salespeople's expectancy perceptions is the method used to compensate the salesperson. However, salary plus commission plus bonus compensation plans is desirable for salespeople, while there are many different ways to receive more earnings, the findings show that sales reps on this compensation plan have the lowest expectancy estimates, especially in comparison to reps on salary plus commission plans. Maybe the complexity of this three-component compensation confuses the salesperson's mind about which job activities at which level are going to be rewarded by the management. Especially bonuses on some unclear, difficult or boring job

dimensions and also thresholds or caps used to balance earnings at reasonable levels are the main sources of this confusion.

#### **4.4.3.2. Intrinsic Instrumentality**

There is only one variable, affecting intrinsic instrumentality estimates of salespeople; compensation method. However, the Scheffe contrasts test did not indicate any significant differences among subgroups. Salespeople on straight salary compensation have higher intrinsic instrumentality estimates. That result is logical, because their paycheck does not include any additional payment changeable via their effort, in contrast to those sales reps receiving some kind of commission or bonus. There is not a direct link between their performance and salary, unless they would ask for an increase in their salary. This situation can enhance them focus heavily on intrinsic rewards linkages. But note that intrinsic and extrinsic rewards are not compatible; both should be supplied safely by the company.

#### **4.4.3.3. Extrinsic Instrumentality**

Extrinsic instrumentality is the variable affected by the most number of the predictor characteristics. Sex, marital status, employment status of spouse, car ownership and educational level are the demographic characteristics affecting extrinsic instrumentality estimates of salespeople, as seen in Table 4.5.

Male sales reps have higher extrinsic instrumentality estimates than their female colleagues. As extrinsic instrumentality beliefs are salesperson's assessments of whether effective performance will lead to receipt of external rewards (a pay raise, promotion), this result have important consequences for companies. In other words, male salespeople are clearer in their mind about performance (external) reward linkage, if the reason of this difference between male and female salespeople is resulting from previously experienced situations or perceived inequality for rewards, companies should revise their human resources practices.

Married salespeople also have higher extrinsic instrumentality estimates. The responsibility of a family encourages salesperson to be more self-controlled and also to have a higher performance reward linkage perceptions, by increasing their valence of more pay, too. Although the difference is not significant enough in Table A.3, salespeople with a nonworking spouse have the highest extrinsic instrumentality perceptions.

Car ownership is another factor affecting extrinsic instrumentality estimates, where sales reps with a company car have higher extrinsic instrumentality perceptions than their colleagues with their own cars or without a car. They might believe a company providing a car, will also reward effective performance.

Interestingly salespeople with some postgraduate work and postgraduate degree have significantly lower extrinsic instrumentality estimates than sales reps who finished their education in previous stages. Their low expectancy perception is followed by low extrinsic instrumentality estimates, which is consistent in a manner. Generally well-educated salespeople are in good job positions with high incomes, so they might think it is difficult and also costly for a company to offer more rewards, especially considering the economic situation of Turkey.

Extrinsic instrumentality is also affected by several job-related characteristics. One of these is a provided job description. A detailed job description also explains how the performance is evaluated and rewarded. Consequently, it has a conceivably enhancing effect on extrinsic instrumentality perceptions.

Salespeople on salary plus commission compensation plans have relatively higher extrinsic instrumentality estimates, as a result of the direct linkage between their selling performance and the financial compensation sales rep earns. As expected salespeople on straight salary have the lowest extrinsic instrumentality perceptions.

Lastly, salespeople working in a territory oriented or in a combined sales force structure have higher extrinsic instrumentality perceptions. However it is complex to explain these findings, salespeople might have clearer performance-reward linkages when they work in predetermined territories. Because each rep is assigned in a definite territory, their performance can easily be evaluated by using several sales reports and statistics related to that territory. But product oriented sales structures is usually used for complex products and requires generally team-selling efforts. So in such an environment it is difficult for management to evaluate each salesperson's performance and also rewarding happens at team level.

#### **4.4.3.4. Valence for Pay Increase**

Only three demographic characteristics affect the valence for more pay. Firstly, male salespeople value a pay increase highly than female sales reps. One explanation might be that working women historically have had less rigorous financial burdens, on the average than men (Ford and others, 1985).

Secondly, married salespeople need more money, because they have to take care of a family and the financial demands of family obligations increase the valence for more pay. Consequently they have higher valences for more pay. Thirdly and interestingly, salespeople with a working spouse value pay higher than their single colleagues and those with a nonworking spouse.

The only job-related characteristic affecting the valence for pay is the length of tenure with company. Interestingly, tenure and marital status were the only predictors of pay in the study of Churchill (1979). A similar relationship is also expected for sales experience and age, but not found significantly. The salespeople that have been working for two to five years in the same company, value pay higher than their junior colleagues. One reasonable explanation is that they have settled on an appropriate occupation and are making important commitments about their lives such as buying homes, marrying and having children. Consequently, they have higher valences for financial rewards.

#### **4.4.3.5. Valence for Promotion**

The valence for promotion is affected by only four demographic characteristics. According to the analysis displayed in Table A.4, male, middle and low-income salespeople with a working spouse value promotion significantly more than the other sales representatives.

As in the valence for pay, female salespeople value promotion also lower than their male colleagues. One explanation for this might be that female salespeople usually have important responsibilities in their family lives such as having a baby, which is usually considered as a hindrance in their career path. Also lower and middle-income sales rep value promotion highly, because a possible promotion also means a significant increase in their salaries.

On the other hand, both the works of Churchill (1979) and Ingram and Bellenger (1983) indicated that age and job tenure are significant predictors of the valence for promotion. But in this analysis, job-related characteristics, such as tenure and sales experience are not significantly related to the valence for promotion. Younger, inexperienced salespeople are expected to have higher valences for promotion, because with age and experience the desire for promotion decreases, especially when they do not received it in previous years. So, they believe such a promotion will never happen.

#### **4.4.3.6. Valence for Job Security**

Sales representatives married with a working spouse value job security highly. Losing their share in the house income is probably not acceptable for them. In addition, sales reps who own home value job security higher than the other salespeople. Finding a new suitable job is reasonably difficult in today's socio-economical circumstances of the country. Therefore, a feeling of that new job on a location far from home means, sometimes, changing the house, too. Actually, it is easier for those who are living in a rental apartment.

On the other hand, salespeople with a company car value job security highly than salespeople without a car. Therefore this relationship is very meaningful in their situation, because losing their jobs means losing their cars at the same time. Additionally, salespeople with lowest income attach more importance to job security than those at the highest and middle-income levels. A possible explanation for this finding might be that people earning more income can save easily and more money too, but low salaries are just sufficient for satisfying the needs and are not enough for making savings. In that case, if a low-income salesperson loses his/her job, he/she become totally without any means to satisfy the needs.

Salespeople with a clear job description also value job security highly than those without it. As people clearly know the requirements and task assignments in their activities, they also love and give more importance to their jobs. Therefore their perception of and valence for job security increases.

Lastly, although there is not any significant contrast in subgroups, valence for job security is also affected by the compensation system. In Table A.4, sales reps on salary plus commission have highest job security valence perceptions, where those on straight salary have the lowest average scores. It is a possible consequence of the similar distribution in the case of external instrumentality estimates. The lack of a link between performance and externally bestowed rewards, reduces the perceived worth of the job by the employee.

On the other hand, age, tenure and sales experience are not related to the valence for job security. A relationship expected that with the age, and similarly with tenure and sales experience, the perceptions of the value for job security is likely to increase (Ingram and Bellenger, 1983; Ford and others, 1985)

#### **4.4.3.7. Valence for Formal Recognition**

Recognition was the least desirable rewards in the whole study, shown in Table 4.4. This finding might be a result of the applied programs in the sample of firms than the effectiveness of recognition in general. Salespeople with own houses and with company cars, value recognition highly than the other salespeople. Because they have these primary needs of today's modern life, they attach reasonable more value to recognition, to satisfy their social needs. On the other hand, at the highest income level the perceived value of formal recognition is the lowest.

As expected, the valence for recognition increases with age, because sales reps at later stages in their career want to retain their position, status and performance. Therefore approval of their performance by their superiors and colleagues is an important reward.

Lastly, there is a relationship between compensation method and the valence for recognition. Sales reps on salary plus commission value recognition higher than those on straight salary. Probably they know that their performance can easily be evaluated and compared to others and they want to be appreciated for reasonable effective outcomes, in terms of sales performance.

#### **4.4.3.8. Valence for Liking and Respect**

Actually, liking/respect is a very similar reward to recognition. Both are related with social interaction and being accepted and approved by others. Therefore, all the variables affecting recognition also affects the valence for liking/respect, with the similar contrasts among subgroups.

In addition, the value attached to liking and respect is affected by education level of the sales representatives. The valence for liking and respect declines with the education level. The explanation is that less educated salespeople believe that their job is the only way to obtain respect from others. Sometimes they had quitted their education as a result of some social or adaptation problems before graduation. Therefore liking and respect gain more importance in their work environment.

On the other hand, salespeople with a provided job description attach more importance to liking and respect. Note that, in a detailed job description employee's superiors and subordinates are also clearly defined. Lastly, although there is not a significant contrast between subgroups, sales force structure also affects the valence for liking and respect.

#### **4.4.3.9. Valence for Personal Growth**

Interestingly, sales reps who own a house have higher valences in all the intrinsic rewards, just as for the personal growth. It is also related with the car ownership, but the post relationship analysis does not indicate any significant contrast between subgroups.

On the other hand, personal growth appears more important to the low educated salespeople. Also, younger sales reps attach more importance to personal growth as expected. So they can achieve acceptable and effective performance levels. A similar relationship is expected for tenure with company and sales experience, but such a relationship does not exist.

The valence for personal growth is additionally affected by two job-related characteristics. Firstly, sales reps on salary plus commission plus bonus have significantly higher valences than salespeople on salary plus bonus only. Finally, sales force structure affects the valence for personal growth, in Table 4.6, however, any statistically significant differences between subgroups is not indicated.

#### **4.4.3.10. Valence for Accomplishment**

Accomplishment is the second most desired reward just after the pay increase, as displayed in Table 4.4. It is also affected by several demographic and job-related characteristics.

Worthwhile accomplishment is the only internal reward affected by the marital status. Additionally, like in the case of all other rewards, high-educated high-income salespeople have lowest average valence for accomplishment. This trend indicates that it is very difficult to motivate these salespeople. On the other hand, there is a relationship between sales experience and the valence for accomplishment, but any significant difference between subgroups is not found. Finally, sales representatives compensated by straight salary and salary plus commission, have higher valences than those on salary plus commission and bonus plans.

#### **4.4.4. Differences in Motivational Perceptions among Products and Services Sales Personnel**

The purpose of the present investigation is to determine whether components of motivation vary across products and services sector salespersons. The finding of the study is that there are indeed differences in motivational perceptions and preferences of sales personnel in these two different sectors. Before the discussion

of implications, the characteristics are reorganized and summarized in Table 4.7 and in Table 4.8 for the two sectors.

**Table 4.7** Sample Characteristics of the Two Sectors.

Characteristics	Products Sector (N=182)			Services Sector (N=65)		
	Mean	St. Deviation	Range	Mean	St. Deviation	Range
Age <sup>a</sup>	29,80	4,33	23 - 45	29,80	4,11	24 - 42
Length of tenure with company <sup>a</sup>	3,05	2,81	0 - 16	2,36	1,59	0 - 7
Sales experience <sup>a</sup>	5,49	4,09	0 - 20	5,01	3,08	0 - 12

<sup>a</sup> The unit measure is years.

	Percentage of Sector Totals	
	Products Sector	Services Sector
<b>Sex</b>		
Male	80,2	53,8
Female	19,8	46,2
<b>Marital Status</b>		
Single	58,2	63,1
Married	40,1	35,4
Other	1,7	1,5
<b>Education Level</b>		
Some high school	-	-
High school graduate	7,7	7,7
Some university	13,7	1,5
University graduate	73,6	60,0
Some master	2,2	9,2
Master degree	2,8	16,9
Some doctorate	-	4,7
Doctorate degree	-	-

**Table 4.8** Demographic and Job Related Characteristics Reorganized for Sectors.

<b>Characteristics</b>	<b>Category</b>	<b>Percentage of Sector Totals</b>	
		<b>Products Sector</b>	<b>Services Sector</b>
<b>Age</b>	23 - 29	53,8	49,2
	30 - 36	36,8	47,7
	37 - 45	9,4	3,0
<b>Employment status of spouse</b>	No spouse	59,3	64,6
	Employed	25,8	21,5
	Not employed	14,9	13,9
<b>Home ownership</b>	Own	29,7	15,4
	Rental	58,2	58,4
	Family owned	12,0	26,2
<b>Car ownership</b>	No car	2,8	46,1
	Own car	4,9	30,8
	Company car	87,9	20,0
	Own car + company car	4,4	3,1
<b>Household income<sup>m</sup></b>	Under 1,500,000,000 TL	25,8	13,9
	1,500,000,000-3,000,000,000 TL	53,9	49,2
	Over 3,000,000,000 TL	20,3	36,9
<b>Tenure with company</b>	0 - 24 months	49,5	43,1
	25 - 60 months	35,1	53,8
	61 - 120 months	12,1	3,1
	120+ months	3,3	-
<b>Sales experience</b>	0 - 2 years	20,9	23,1
	2 - 5 years	41,2	35,4
	5 - 10 years	25,3	38,4
	10+ years	12,6	3,1
<b>Job description</b>	Provided	85,7	61,5
	Not provided	14,3	38,5
<b>Compensation method</b>	Straight salary	7,7	32,3
	Salary+commission	85,7	24,6
	Salary+bonus	3,8	18,5
	Salary+commission+bonus	2,8	24,6
<b>Sales force structure</b>	Territory oriented	28,0	9,2
	Product oriented	12,1	24,6
	Customer oriented	16,5	50,8
	Combined structure	43,4	15,4

<sup>m</sup> Net total monthly household income is considered.

Findings for the tests of cross sector analysis are reported in Table 4.9. Shown in the table are respective means, standard deviations of the motivational components for each sector, associated F-values, significance levels and Scheffe contrast results.

Expectancy estimates in the products sector are significantly higher than in services sector. Although there is no significant difference across the two sectors on intrinsic instrumentality, there is a significant effect of sector on extrinsic instrumentality. That is, products sales personnel have higher extrinsic instrumentality means than the services sales personnel.

In addition, six of the seven reward valences show a significant sector effect. The exception is pay increase where valence means are statistically comparable across the two sectors. Products salespeople's valence means for promotion, job security, recognition, liking and respect, personal growth and development, and worthwhile accomplishment are significantly greater than the services salesperson means. Note that pay increase was the most desirable reward in the whole investigation; however, products salespeople's valence means for accomplishment is slightly greater than their valence means for pay increase.

**Table 4.9** Motivation Component Means and Significance Tests for Sectors.

	<b>Products Sector Mean (SD)</b>	<b>Services Sector Mean (SD)</b>	<b>F - Ratio</b>	<b>Significance Level</b>	<b>Significant Contrasts</b>
<b>Expectancy</b>	4,29 (0,84)	3,78 (0,76)	17,736	0,000 <sup>a</sup>	P > S
<b>Instrumentality</b>					
Intrinsic	4,34 (0,81)	4,43 (0,73)	0,623	0,431	-
Extrinsic	4,11 (0,99)	3,20 (0,89)	41,571	0,000 <sup>a</sup>	P > S
<b>Valences</b>					
Pay Increase	4,67 (0,68)	4,58 (0,50)	0,914	0,340	-
Promotion	4,56 (0,73)	4,32 (0,64)	5,455	0,020 <sup>a</sup>	P > S
Job Security	4,55 (0,74)	4,06 (0,58)	23,667	0,000 <sup>a</sup>	P > S
Recognition	3,28 (1,09)	2,74 (0,94)	12,702	0,000 <sup>a</sup>	P > S
Liking/ Respect	4,41 (0,74)	3,72 (0,74)	41,336	0,000 <sup>a</sup>	P > S
Personal Growth	4,54 (0,64)	4,28 (0,91)	6,259	0,013 <sup>a</sup>	P > S
Accomplishment	4,69 (0,63)	4,32 (0,89)	13,039	0,000 <sup>a</sup>	P > S

<sup>a</sup> Relationship is statistically significant at  $p \leq 0,05$ .

#### **4.4.5. Implications and Discussion for Products and Services Sectors**

##### **4.4.5.1. Expectancy Estimates**

Products sales personnel have higher beliefs relative to their services counterparts in that when they expend additional effort on the job, they will achieve improved effective performance. In other words, they appear to see a direct link between their personal efforts and attainment of performance, where services salespeople are likely to be less clear about this linkage.

Perhaps dissimilarity in job tasks, company practices and policies and employee orientations in the two sectors contribute this result. For example, product-selling company usually provide company cars to their salespeople, but in the services sector, sales representatives usually deal with customers who come to their offices or whom they meet during their sales calls. As seen in Table 4.8, the share of salespeople without a car is greater in services sector. This constraint may cause lower expectancy estimates in services sector.

In addition, organizational efforts in the products sector directed at clarifying employees' job roles enhance workers' expectancy perceptions, as they can evaluate which level of effort they need to exert toward the clearly defined job activities, to reach acceptable performance. As shown in Table 4.8, the percentage of salespeople without a job description is relatively high in services sector.

On the other hand, women are generally employed in service-oriented companies, such as banking, insurance and advertisement. And male salespeople usually travel different customers to make immediate sales. Therefore the percentage of women is high in the services sector as indicated in Table 4.8. Previous analysis also showed significance differences between male and female, this might be another explanation for lower expectancy estimates in services sector.

##### **4.4.5.2. Instrumentality Estimates**

Intrinsic instrumentality is found to be similar across the salespeople in products and services sectors. Intrinsic instrumentality were likelihood that good performance would lead to rewards generated from within the salesperson, such as personal growth and development, sense of accomplishment. The statistical similarity in these beliefs across the two sectors is not surprising given the internal nature of the individuals from the same social and cultural environment.

Estimates of job performance-intrinsic rewards linkage are salespeople's individual evaluation of what job outcomes enhance their positive feelings of themselves. Because these rewards emanate from within the individual, organizational policies and practices, which are variable across the two sectors, have relatively low influence on intrinsic instrumentality estimates of salespeople, as Kohli (1985) recognized and explained that certain managerial aspects of a company are actually not related to salesperson's intrinsic instrumentality.

Products sector sales personnel have higher extrinsic instrumentality estimates than their services sector counterparts. Extrinsic instrumentality beliefs are salesperson's assessments of whether effective performance will lead to receipt of externally bestowed rewards, such as pay or promotion. Therefore they are strongly related to organizational policies and practices and employee orientations.

As in the case of expectancy estimates, a provided job description enhances extrinsic instrumentality estimates; especially the employee also informed about the performance evaluation and reward criteria practices in the company. Additionally, Table 4.8 shows that salespeople in the services sector are usually compensated straight salary. Consequently, it is difficult for them to see a direct linkage between their performance and financial compensation.

On the other hand, since the extrinsic instrumentality is a core component of the motivation process, the low scores indicate potential or emerging problems and dangers for the services sector. When supervising services sector sales personnel, management should seek to design motivational programs that clearly link effective performance with attainment of desired organizational rewards. Consequently, if salespeople accustomed to receiving organizational rewards for doing a job well, they are likely to see a strong linkage between good performance and their being rewarded. As a result, they should have relatively high extrinsic instrumentality estimates.

Salespeople need also be apprised of what activities and at what level they must perform the activities to receive valuable company rewards. They should also be made aware of the consequences of unacceptable performance. Such information could be given early in the recruiting process, when salespeople are given their assignments or with regular communication and feedback, and during group meetings with the sales force, when salespeople receive performance evaluations, and immediately when changes in the organizational policies made.

#### **4.4.5.3. Valence for Rewards**

Products sector salespeople's reward valences generally were found to be higher than the reward valences of services sector salespeople. Products sector sales personnel have significantly higher preference for six of the seven rewards, and these tendencies are for both intrinsic and extrinsic rewards.

Two possible explanations can be advanced for the above findings. One possibility is that service salespeople believe that they generally are receiving a sufficient amount of the mentioned six rewards. Conversely, product salespeople may perceive that management is not attending adequately to their needs for promotion, job security, recognition and their sales position does not provide a satisfactory level of personal growth, liking and respect from others and development or feelings of worthwhile accomplishment. An alternate explanation is that product salespeople have a higher preference for six of the seven rewards simply because service salespeople might be more desirous of receiving rewards that are not included in the present study rather than those investigated. At this point further research is suggested to identify other desirable rewards for services sector employees.

The exception in which there was no statistically significant difference among the two sector salespeople's valences is the reward pay increase. Although the percentage of service salespeople on higher income levels is greater than the percentage of product salespeople, their valences are similar for receiving more pay. Actually, salespeople in the products sector seemingly do not appear to be any more concerned with the receipt of this reward than are their counterparts in the services sector, perhaps therefore they valued pay increase slightly second after the intrinsic reward of worthwhile accomplishment.

Valence or rewards are initial components of salesperson motivation. Specifically, the higher salespeople's valences are, the more likely they are to exert effort on necessary job tasks and responsibilities. Therefore valences, such as the high overall valence for pay, reveal the importance of management's providing extrinsic rewards to satisfy the needs and concerns of its sales personnel and these are provided at sufficient levels. Additionally, the findings highlight the significance of sales managers' designing the work environment in a fashion that will allow salespeople to experience relevant intrinsic reward, as indicated by the high overall valence for worthwhile accomplishment.

## **5. CONCLUSION**

Sales management is an important issue for companies, as a result of the direct link between salespeople's performance and firm's profit. Role perception, skill level and motivation all affect a salesperson's performance on the job. Salespeople need basic selling skills, but additionally, they also must be motivated to exert the needed effort to achieve organizational objectives. Sales managers should understand that people have different needs and these needs change with their personal characteristics, as they get older and gain experience during their careers. The motivational process can usefully be explained by a model of motivation based on the expectancy theory. Salespeople estimate the chances that their actions will lead to effective performance, and that performance achievement will lead to rewards. They also assess the desirability of these intrinsic and extrinsic rewards offered for achieving that acceptable performance. If the objectives seem reasonable and the rewards sufficiently attractive, then salespeople will be motivated. Beside the personal characteristics, there are several environmental and organizational variables affecting the motivation process.

Compensation is one of the key factors in motivating salespeople to achieve the sales and profit objectives of the firm. Thus, the sales manager concerned with motivating the members of the sales force needs to be concerned with the firm's compensation system: Which rewards do salespeople value? How should these rewards be integrated in a total compensation system? Compensation consists of two dimensions, financial and nonfinancial compensation. Financial compensation plans should allow salespeople to reach their own income goals without overstocking customers or ignoring their nonselling activities. Sales managers must learn to combine salary, commissions, bonuses, and benefits so that salespeople and the firm both benefit. It is their job to constantly balance the costs against the benefits received for sales force expenditures. Promotion and career paths, feelings of worthwhile accomplishment, opportunities for personal growth and development, recognition and job security are the other nonfinancial compensation components and each valued by different salespeople types.

Findings of the research indicate several important implications for firms and sales managers and they are examined in two sections. Firstly, the components of motivation defined as expectancy, instrumentality and valence for rewards, are affected by several personal and job related characteristics. Secondly, findings revealed distinct differences among products salespeople and their services sector counterparts.

Between the chosen predictors, sex is one of the most important demographic variables affecting both the expectancy and extrinsic instrumentality perceptions of sales personnel, because male sales reps had significantly higher expectancy and extrinsic instrumentality perceptions than female sales reps. On the other hand, as expected, a clear job description enhances the perception of a direct link between the expended effort and the performance, as well as the link between effective performance and the receipt of intrinsic and extrinsic rewards.

Another important conclusion is that salespeople are motivated by money, because they have the highest valence for more pay in comparison to other selected rewards. The data also suggest that money does not lose its attractiveness as salespeople reach later stages of their careers. Older members of the sales force are likely to have even higher valences for more pay as the financial demands of their family increase and perhaps they become frustrated with their inability to attain promotions.

An interesting finding is the consistently low valence attached to recognition as a reward. This may be a result of that the respondents were asked to evaluate only formal recognition. It is possible that the informal pat on the back means more positive feelings for the individual.

There are also important findings from a managerial viewpoint. One of them is that sense of worthwhile accomplishment is found to be a very desirable reward for the salespeople. It can easily be provided by strong management practices, which makes salespeople understand their critical role in revenue production and other key activities within the company. On the other hand, high-order rewards, liking and respect and personal growth tend to be more attractive to salespeople in the early stages of their career and those with low education.

A final surprise is the lack of impact of some important demographic characteristics on motivation components. It is expected that younger salespeople with relatively

short job tenure would have lower expectancy and instrumentality estimates but such relationships did not exist.

The cross-sector analysis between products and services sector indicated that there are indeed differences in motivational perceptions and preferences of sales personnel in these two sectors.

Products sector salespeople had higher perceptions of all motivational components, except intrinsic instrumentality for which it is regarded as unrelated to company policy and practices. Additionally, pay increase was found to be equally desirable by two sectors' sales personnel. That is possibly a result of the high motivator effect of money; it is totally convertible and can easily used to satisfy different needs of the individual. For all other intrinsic and extrinsic rewards, products sector salespeople had significantly higher valences than their counterparts in the services sector.

These distinctions can be explained by different company policies and practices used in these two sectors. For example, there is a tendency in the services sector to employ more women, while; on the other hand, product-selling companies usually provide a clear job description and a company car to their sales force members.

The present research is not without certain limitations. First, only expectancy theory was employed in this research as the underlying framework for salesperson motivation, further investigators might incorporate alternate motivational theories, such as need, two-factor, equity or goal-setting theories discussed before in this study. Second, there is the likelihood of interactions among the independent variables. Unfortunately, personal characteristics are not entirely independent. As people get older and gain selling experience and longer tenure on the job, they are also more likely to get married, buy a home and earn more money.

Finally, a limited number of rewards with general titles are included in the study. So general valence scores for broad reward categories are examined. Perhaps as a result of this, low average scores obtained for recognition programs.

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## **APPENDIX A: Research Variables, Research Propositions and Analysis of Significant Relationships**

Research variables and dimensions are summarized in Table A.1. Table A.1 also shows the measures, the question for each variable and the sources with the author and date of the publication.

Research propositions are summarized in Table A.2, including the source with the author and date of the publication.

Table A.3 shows the analysis of significant personal characteristics-motivational factor relationships. Brackets indicate that the contrasts between subgroups are significant at  $p < 0,05$ .

Table A.4 shows the analysis of significant job related characteristics-motivational factor relationships. Brackets indicate that the contrasts between subgroups are significant at  $p < 0,05$ .

**Table A.1** Research Variables and Dimensions

Variables/ Dimensions Of Research	Measure (Question to be placed in the questionnaire)	Source: Author's Name & Date of Publication (if there is one)	Addings/ Adding/ Contribution
<p>(Demographic + job-related characteristics) x (motivational components) =</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border-left: 1px solid black; border-right: 1px solid black; padding: 5px; margin: 5px;"> <p>sex marital status emp.status of spouse education level home ownership car ownership household income age length of tenure with co. sales experience job description compensation method sales force structure</p> </div> <p>x</p> <div style="border-left: 1px solid black; border-right: 1px solid black; padding: 5px; margin: 5px;"> <p>expectancy intrinsic instrumentality extrinsic instrumentality valence for pay valence for promotion valence for job security valence for recognition valence for liking/respect valence for personal growth valence for accomplishment</p> </div> </div>	<p>Dependent variables; expectancy, intrinsic and extrinsic instrumentality were asked in fourth question in the questionnaire through five-point scale ranging from 1=strongly disagree to 5=strongly agree. Valences for various rewards were asked in fifth question in the questionnaire through five-point scale ranging from 1=very undesirable to 5=very desirable.</p> <p>Independent variables; sex in question twelve, marital status in question sixteen, employment status of spouse in question seventeen, education level in question eighteen, home ownership in question nineteen (selective from own, tenancy, family owned, company owned) car ownership in question twenty (selective from no car, own car, company owned car) household income, as total net monthly household income, in question twentyone (selective from nine alternatives ranging from less than 500,000,000 TL to over 5,000,000,000 TL, age in question thirteen as birthyear, length of tenure with company in question fourteen in years and months, sales experience in question fifteen in years and months, job description in question one as provided or not provided, compensation method in question eleven (selective from straight salary, straight commission, salary + commission, salary + bonus, commission + bonus, salary + bonus + commission) sales force structure in question nine (selective from territorial, product based, customer oriented or combined structures)</p>	<p>Expectancy: Teas (1981), Tyagi (1985a,1985b), Kohli (1985), Jolston &amp; Kim (1994), Dubisky and others (1994).</p> <p>Instrumentality: Teas (1981), Tyagi (1985a, 1985b), Kohli (1985), Dubisky &amp; others (1994).</p> <p>Valences for rewards: Churchill and others (1979), Ingram and Bellenger (1983), Ford and others (1985), Dubisky and others (1994).</p>	<p>Churchill and others (1979), Ingram and Bellenger (1983), Ford and others (1985) investigated only the relationship between predictors and reward valences and Dubisky and others (1994) reported a cross-cultural study between US, Korean and Japan salespeople, including their perceptions of expectancy and instrumentalities.</p> <p>This study also investigated the impact of personal and job related characteristics on expectancy and intrinsic and extrinsic instrumentality perceptions of salespeople.</p> <p>Job description, sales force structure not included in previous works of Churchill and others (1979), Ingram and Bellenger (1983), Ford and others (1985), and Ingram and Bellenger (1983) only investigated the effect of compensation plan base as salary and commission. In this research different compensation methods are studied.</p>

**Table A.2** Summary of Research Propositions.

	<b>Expectancy</b>	<b>Intrinsic Instrumentality</b>	<b>Extrinsic Instrumentality</b>	<b>Pay</b>	<b>Promotion</b>	<b>Job Security</b>	<b>Recognition</b>	<b>Liking/ Respect</b>	<b>Personal Growth</b>	<b>Accomplishment</b>
Salespeople's perception for each motivation component will be higher when;										
<b>Demographic Variables</b>										
<b>Sex</b>				Male (Ford, 1985)	Female (Ford, 1985)	Male (Ford, 1985)			Female (Ford, 1985)	Female (Ford, 1985)
<b>Marital status</b>				Married (Ford, 1985; Churchill, 1979)	Single (Ford, 1985)	Married (Ford, 1985)			Single (Ford, 1985)	Single (Ford, 1985)
<b>Employment st. of spouse</b>				Unemployed (Ford, 1985)		Unemployed (Ford, 1985)				
<b>Home ownership</b>				Owns home (Ford, 1985)		Owns home (Ford, 1985)				
<b>Car ownership*</b>	Own/company car									
<b>Household income</b>				Low (Ford, 1985; Ingram, 1983)	High (Ford, 1985)		Low (Ingram, 1983)		High (Ford, 1985)	High (Ford, 1985)
<b>Education level</b>	High		High		High (Ford, 1985)		High (Ford, 1985)		High (Ford, 1985)	High (Ford, 1985)
<b>Age</b>	Middle		Middle	Older (Ford, 1985)	Younger (Ford, 1985; Ingram, 1983 Churchill, 1979)	Older (Ford, 1985)	Younger (Ford, 1985)	Younger (Ford, 1985)	Younger (Ford, 1985)	Younger (Ford, 1985)

\* Variable was not included previous research.

Table A.2 Continued.

	<b>Expectancy</b>	<b>Intrinsic Instrumentality</b>	<b>Extrinsic Instrumentality</b>	<b>Pay</b>	<b>Promotion</b>	<b>Job Security</b>	<b>Recognition</b>	<b>Liking/ Respect</b>	<b>Personal Growth</b>	<b>Accomplishment</b>
Salespeople's perception for each motivation component will be higher when;										
<b>Job related Variables</b>										
<b>Tenure with company</b>	Middle		Middle	Long (Ford, 1985)	Short (Ford, 1985; Ingram, 1983)	Long (Ford, 1985)	Short (Ford, 1985)	Short (Ford, 1985)	Short (Ford, 1985)	Short (Ford, 1985)
<b>Sales experience</b>	Middle		Middle	Much (Ford, 1985)	Little (Ford, 1985)	Much (Ford, 1985)	Little (Ford, 1985)	Little (Ford, 1985)	Little (Ford, 1985)	Little (Ford, 1985)
<b>Job description</b>	Provided (Teas, 1981)		Provided (Teas, 1981;Kohli,1985; Tyagi, 1985a)							
<b>Compensation method</b>			Commission (Ingram, 1983)	Commission (Ingram, 1983)	Salary (Ingram, 1983)	Salary (Ingram, 1983)	Salary (Ingram, 1983)	Salary (Ingram, 1983)	Salary (Ingram, 1983)	Salary (Ingram, 1983)
<b>Sales force structure*</b>	Territorial									

\* Variable was not included previous research.

**Table A.3** Analysis of Significant Personal Characteristics-Motivational Variable Relationship.

Demographic Variables	Expectancy	Intrinsic Instrumentality	Extrinsic Instrumentality	Pay	Promotion	Job Security	Recognition	Liking/ Respect	Personal Growth	Accomplishment
<b>Sex</b>										
Male	4,23	-	4,01	4,71	4,56	-	-	-	-	-
Female	3,97	-	3,47	4,47	4,32	-	-	-	-	-
<b>Marital status</b>										
Married	-	-	4,09	4,75	4,66	-	-	-	-	4,72
Not married	-	-	3,75	4,58	4,40	-	-	-	-	4,51
<b>Emp. st. of spouse</b>										
No spouse	-	-	3,74	4,58	4,42	4,37	-	-	-	-
Employed	-	-	4,07	4,85	4,74	4,66	-	-	-	-
Not employed	-	-	4,13	4,59	4,59	4,38	-	-	-	-
<b>Home ownership</b>										
Own	-	-	-	-	-	4,69	3,58	4,47	4,69	4,83
Rental	-	-	-	-	-	4,39	2,94	4,12	4,38	4,58
Family owned	-	-	-	-	-	4,12	3,03	4,15	4,50	4,32
<b>Car ownership</b>										
No car	3,77	-	3,26	-	-	4,09	2,63	3,94	4,23	-
Own car	3,93	-	3,07	-	-	4,17	2,79	3,76	4,24	-
Company car	4,27	-	4,13	-	-	4,54	3,31	4,38	4,55	-
Both	4,11	-	4,00	-	-	4,22	2,78	3,89	4,56	-
<b>Household income</b>										
0-1,5 billion TL	4,20	-	-	-	4,63	4,55	3,48	4,43	-	4,71
1,5-3,0 billion TL	4,29	-	-	-	4,57	4,44	3,07	4,23	-	4,67
3,0 billion+ TL	3,79	-	-	-	4,23	4,21	2,66	3,98	-	4,23
<b>Education level</b>										
H. sch.-some uni.	4,16	-	4,02	-	-	-	-	4,36	4,60	4,51
Uni. graduate	4,24	-	3,92	-	-	-	-	4,27	4,51	4,67
Post graduate	3,66	-	3,34	-	-	-	-	3,79	4,03	4,28
<b>Age</b>										
23-29	-	-	-	-	-	-	3,16	4,34	4,58	-
30-36	-	-	-	-	-	-	2,96	4,08	4,34	-
37-45	-	-	-	-	-	-	3,75	4,25	4,50	-

**Table A.4** Analysis of Significant Job Related Characteristics-Motivational Variable Relationship.

<b>Job-related Variables</b>	<b>Expectancy</b>	<b>Intrinsic Instrumentality</b>	<b>Extrinsic Instrumentality</b>	<b>Pay</b>	<b>Promotion</b>	<b>Job Security</b>	<b>Recognition</b>	<b>Liking/ Respect</b>	<b>Personal Growth</b>	<b>Accomplishment</b>
<b>Tenure with co.</b>										
0-24 months	-	-	-	4,53	-	-	-	-	-	-
25-60 months	-	-	-	4,79	-	-	-	-	-	-
60-120 months	-	-	-	4,54	-	-	-	-	-	-
120+ months	-	-	-	5,00	-	-	-	-	-	-
<b>Sales experience</b>										
0-2 years	4,34	-	-	-	-	-	-	-	-	4,58
2-5 years	4,24	-	-	-	-	-	-	-	-	4,65
5-10 years	3,94	-	-	-	-	-	-	-	-	4,42
10+ years	4,00	-	-	-	-	-	-	-	-	4,88
<b>Job description</b>										
Provided	4,20	-	4,02	-	-	4,47	-	4,28	-	-
Not provided	3,90	-	3,35	-	-	4,23	-	3,98	-	-
<b>Compensation sys.</b>										
Straight salary	4,20	4,71	3,00	-	-	4,14	2,66	4,06	4,34	4,68
Sal. + comm..	4,23	4,33	4,13	-	-	4,51	3,27	4,34	4,52	4,67
Sal. + bonus	4,00	4,21	3,63	-	-	4,42	2,79	3,74	4,05	4,42
Sal. + com. + bo.	3,57	4,24	3,43	-	-	4,19	3,14	3,76	4,67	4,00
<b>Sales force structure</b>										
Territory or.	-	-	4,04	-	-	-	-	4,28	4,47	4,47
Product or.	-	-	3,38	-	-	-	-	4,03	4,26	4,30
Customer or.	-	-	3,57	-	-	-	-	4,05	4,35	4,70
Combined	-	-	4,12	-	-	-	-	4,39	4,64	4,72

Brackets indicate contrast is significant at  $p < 0,05$ .

## APPENDIX B

### Questionnaire

This questionnaire is going to be used for the graduate thesis “Motivating the Sales force” prepared at the Istanbul Technical University, Institute of Science and Technology, Managerial Engineering Program.

The questionnaire is going to be filled by sales representatives of the company.

Thank you for your cooperation.

1. “I was given a clear written job description about my authority and responsibility in my work environment.”

Yes ( )

No ( )

2. Please score the following statements according to their importance in your sales activities so that, at the end the total score will be hundred points.

Sales activities	Score
a) I try to increase the sales volume.	
b) I try to recognize the products/services of my company well.	
c) I give importance to customer service and support.	
d) I try to stay loyal to the principals and values of my company.	
e) I try to get along well with my colleagues and my bosses.	
	<b>Total: 100</b>

3. In which orientation do you work in your selling activities? Please score the following items so that, at the end the total score will be hundred points.

Work Orientation	Score
a) Individualistic	
b) Group-oriented	
c) Combined individualistic and group-oriented	
	<b>Total: 100</b>



6. Please score the following additional benefits offered for sales occupations according to their importance/desirability so that, at the end the total score will be hundred points.

<b>Additional benefits</b>	<b>Score</b>
<b>a)</b> Increased social relations	
<b>b)</b> Autonomy for job activities	
<b>c)</b> Travel opportunities	
<b>d)</b> Additional benefits, such as car, phone, lap-top	
<b>e)</b> Reimbursement of expense items (lodging, fuel oil, phone bills, entertainment of customers...)	
	<b>Total: 100</b>

7. Please score the following components of your work according to their importance/desirability so that, at the end the total score will be hundred points.

<b>Components</b>	<b>Score</b>
<b>a)</b> Pay	
<b>b)</b> Promotion	
<b>c)</b> Job security	
<b>d)</b> Benefits	
	<b>Total: 100</b>

8. Industry and sector of your company:

..... Products sector ( )  
 Services sector ( )

9. How is the sales force structured in your company?

- Territorial sales force structure ( )
- Product sales force structure ( )
- Customer sales force structure ( )
- Complex or functional structure ( )

10. Please score the following criteria according to their importance/impact in the reward system of your company so that, at the end the total score will be hundred points.

Criteria	Score
a) Performance	
b) Tenure with company	
c) Education level	
<b>Total: 100</b>	

11. What is the compensation system in your company?

- Straight salary ( )
- Straight commission ( )
- Salary + commission ( )
- Salary + bonus ( )
- Commission + bonus ( )
- Salary + commission + bonus ( )

12. Your sex.

- Male ( )
- Female ( )

13. Your birth year:

14. " I have been working for ..... year(s) and .....month(s) in this company."

15. " I have been working for ..... year(s) and .....month(s) as a sales representative / sales person ."

**16. Your marital status:**

- Single ( ) → (please skip question 17)  
Married ( )  
Other ( )

**17. Does your spouse have a job?**

- Yes ( )  
No ( )

**19. Home ownership:**

- Own ( )  
Rental ( )  
Family owned ( )  
Company owned ( )

**18. Your education level:**

- Grade school ( )  
Some high school ( )  
High school graduate ( )  
Some university ( )  
University graduate ( )  
Some master work ( )  
Master degree ( )  
Some doctorate work ( )  
Doctorate degree ( )

**20. Your condition of automobile:**

- No car ( )  
Own car ( )  
Company car ( )

**21. Your total net monthly household income (in TL):**

- Less than 500.000.000 ( )  
500.000.000 to 1.000.000.000 TL ( )  
1.000.000.001 to 1.500.000.000 TL ( )  
1.500.000.001 to 2.000.000.000 TL ( )  
2.000.000.001 to 2.500.000.000 TL ( )  
2.500.000.001 to 3.000.000.000 TL ( )  
3.000.000.001 to 4.000.000.000 TL ( )  
4.000.000.001 to 5.000.000.000 TL ( )  
Over 5.000.000.000 TL ( )

**Thank you for your participation!**

## Anket Formu

Bu anket İstanbul Teknik Üniversitesi İşletme Mühendisliği Yüksek Lisans Programı bünyesinde hazırlanan "Satış Gücü Motivasyonu" konulu yüksek lisans tezine kaynak oluşturacaktır.

Anket, firma bünyesinde çalışan satış elemanları tarafından doldurulacaktır.

İlginize ve göstereceğiniz özene teşekkür ederiz.

1. Firmanızda görev, yetki ve sorumluluklarınızı gösterir yazılı bir belge var mı?

Evet ( )

Hayır ( )

2. Satış faaliyetlerinizi yürütürken, verdiğiniz önceliğe göre, aşağıdaki ifadelerin herbirinin yanına toplamları 100 edecek şekilde bir not veriniz.

Satış faaliyetlerinizde öncelik verdiğiniz faktörler	Toplamları 100 edecek şekilde puanlama
a) Satış hacmini arttırmaya çalışırım.	
b) Firmamın pazarladığı ürünleri/hizmetleri ve rakip firmaların pazarladığı ürünleri/hizmetleri iyi tanımaya çalışırım.	
c) Müşteri ilişkilerine ve satış sonrası hizmetlere önem veririm.	
d) Firmamın prensip ve politikalarına bağımlı kalmaya çalışırım.	
e) İş arkadaşlarım ve yöneticilerimle iyi geçinmeye çalışırım.	
	<b>Toplam: 100</b>

3. Satış faaliyetlerinizde nasıl bir düzende çalıştığınızı, aşağıdaki ifadelerin yanına, toplamları %100 olmak üzere bir pay vererek belirtiniz.

Satış faaliyetlerinizi nasıl bir çalışma düzeninde gerçekleştiriyorsunuz?	Toplamları 100 edecek şekilde puanlama
a) Kişisel	
b) Grup Çalışması	
c) Kişisel ve Grup Çalışması	
	<b>Toplam: %100</b>

4. Satış faaliyetlerinizi yürütürken aşağıdaki ifadelere ne derecede katıldığınızı belirtiniz.

1	2	3	4	5
Hiç	Katılmıyorum	Ne Katılıyorum	Katılıyorum	Tamamen
Katılmıyorum		Ne Katılmıyorum		Katılıyorum

	1	2	3	4	5
<b>a)</b> İşimi yaparken daha fazla çaba harcadığımda, bunun sonucunda daha yüksek performans gösteririm.					
<b>b)</b> İşimde yüksek performans gösterdiğimde; bu benim kişisel (duygusal ve sosyal) gelişimimi sağlar.					
<b>c)</b> İşimde yüksek performans gösterdiğimde; işimle ilgili daha fazla ödül (ücret, terfi, iş güvencesi) kazanırım.					

5. Aşağıdaki ödüllerin, sizin için ne kadar önemli/cazip olduklarını belirtiniz,

1	2	3	4	5
Hiç	Cazip	Ne Cazip	Cazip	Çok
Cazip Değil	Değil	Ne Cazip Değil		Cazip

Ödüller					
	1	2	3	4	5
<b>h)</b> Ücret					
<b>i)</b> Terfi					
<b>j)</b> İş güvencesi					
<b>k)</b> Takdir ve kutlama töreni					
<b>l)</b> Saygı ve hoşgörü kazanma					
<b>m)</b> Kişisel gelişim sağlama					
<b>n)</b> İş tatmini ve başarı duygusu					

6. Bir satış elemanı olarak size sağlanan ya da sağlanabilecek aşağıdaki ek avantajların, sizin için ne kadar önemli/cazip olduklarını herbirinin yanına, toplamları 100 edecek şekilde bir not vererek belirtiniz.

<b>Ek avantajlar</b>	<b>Toplamları 100 edecek şekilde puanlama</b>
<b>a)</b> Sosyal ilişkilerin güçlenmesi, çevrenin genişlemesi	
<b>b)</b> Kendi zamanını planlayabilme özgürlüğü	
<b>c)</b> Yurtiçi, yurtdışı seyahat imkanları	
<b>d)</b> Otomobil, cep telefonu, laptop gibi ek avantajlar	
<b>e)</b> İşle ilgili giderlerin (benzin masrafları, telefon faturaları, konaklama giderleri gibi) karşılanması	
	<b>Toplam: 100</b>

7. Aşağıdaki faktörlerin, iş hayatınızda sizin için ne kadar önemli/cazip olduklarını, herbirinin yanına, toplamları 100 edecek şekilde bir not vererek belirtiniz.

<b>Faktörler</b>	<b>Toplamları 100 edecek şekilde puanlama</b>
<b>a)</b> Ücret	
<b>b)</b> Terfi	
<b>c)</b> İş güvencesi	
<b>d)</b> Ek avantajlar	
	<b>Toplam: 100</b>

8. Firmanız hangi sektörde faaliyet göstermektedir?

..... Ürün sektörü ( )  
Hizmet sektörü ( )

9. Firmanızdaki satış gücü organizasyonu aşağıdaki temellerden hangisine göre düzenlenmiştir?

- Bölgesel satış gücü organizasyonu ( )  
Ürün odaklı satış gücü organizasyonu ( )  
Müşteri odaklı satış gücü organizasyonu ( )  
Karma ya da fonksiyonel organizasyon ( )

10. Aşağıdaki kriterlerin, firmanızda kullanılan ödül sisteminde, ne kadar etkili olduğuna katılma derecenizi, toplamaları %100 edecek şekilde belirtiniz.

Kriterler	Toplamları %100 edecek şekilde puanlama
a) Performans	
b) Kıdem	
c) Eğitim düzeyi	
	<b>Toplam:%100</b>

11. Firmanız, aşağıdaki ücretlendirme sistemlerinden hangisi uygulamaktadır?

- Sadece maaş ( )  
Sadece prim ( ) (Prim: Tüm satışlar üzerinden komisyonu ifade etmektedir.)  
Maaş + prim ( )  
Maaş + bonus ( ) (Bonus: Belirli bir satış hacminin üzerine çıkınca ya da kotanın belirli bir oranına ulaşınca verilen ek parasal ikramiyeyi ifade etmektedir.)  
Prim + bonus ( )  
Maaş + prim + bonus ( )

12. Cinsiyetiniz:

- Kadın ( )  
Erkek ( )

13. Doğum Yılıınız:

14. Şu an çalıştığınız firmada ne kadar zamandır çalışıyorsunuz?: ..... yıl .....ay

15. Satışçılık deneyiminiz ne kadardır?: ..... yıl .....ay

**16. Medeni durumunuz:**

- Bekar ( ) → ( Cevabınız "bekar" ise lütfen soru 18'e geçiniz )  
Evli ( )  
Diğer ( )

**18. Eğitim düzeyiniz:**

- 17. Eşiniz çalışıyor mu?** İlkokul mezunu ( )  
Evet ( ) Lise terk ( )  
Hayır ( ) Lise ve dengi okul mezunu ( )  
Üniversite / yüksekokul terk ( )  
**19. Oturduğunuz evin durumu:** Üniversite / yüksekokul mezunu ( )  
Kendimin ( ) Lisansüstü terk ( )  
Kira ( ) Lisansüstü derecesi ( )  
Lojman ( ) Doktora terk ( )  
Diğer : ..... Doktora derecesi ( )

**20. Kullandığınız otomobilin durumu:**

- Yok ( )  
Kendimin ( )  
Şirket arabası ( )

**21. Ailenizin toplam aylık net geliri (TL olarak) ne kadardır?**

- 500 milyondan az ( )  
500.000.001 - 1.000.000.000 arası ( )  
1.000.000.001 - 1.500.000.000 arası ( )  
1.500.000.001 - 2.000.000.000 arası ( )  
2.000.000.001 - 2.500.000.000 arası ( )  
2.500.000.001 - 3.000.000.000 arası ( )  
3.000.000.001 - 4.000.000.000 arası ( )  
4.000.000.001 - 5.000.000.000 arası ( )  
5.000.000.000'dan fazla ( )

**Teşekkür ederiz, iyi günler dileriz.**

## **ABOUT THE AUTHOR**

Eray Demirel, was born in July the 29<sup>th</sup>, 1978, in Bonn, Germany. His father and mother are jurists. He continued his education in Istanbul. He attended to Istanbul High School, graduated in 1997. After placing 78<sup>th</sup> among 1,6 million students in the first level of National University Entry exams, he entered to the Istanbul Technical University. In 2001, he received his Bachelor of Science degree at Istanbul Technical University, Faculty of Management, in Engineering Management Program. In the same year, he started the Engineering Management Master of Science Program at the Institute of Science and Technology, in Istanbul Technical University. He was under training during summer of 1999 in Nortel Networks, at Production Planning and Purchasing Department. In summer of 2000, he worked as trainee in Heavy Vehicle Sales Department, at ENKA, assisted in customer visits and started the development of a customer account database, combining customers' all financial, legal, and product data. Since November 2002, he has been working in Crintech (Creative Information Technologies Limited Co.) as Project and Marketing Specialist. He is interested in both human psychology and computer and information technologies and speaks German and English.