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discussion of this subject, and countless books are being published. Among the more notable publications are the reports prepared by the National Industrial Conference Board, the American Management Association, and the annual study by Arch Patton in the *Harvard Business Review*.

The sources to which business may go to obtain information on non-financial incentives for executives appear to be rather limited. The consideration of non-financial motivation gives rise to numerous questions, of which the following would be typical: What are the types of non-financial incentive to be found in an executive environment? How does the executive describe these non-financial incentives? What are the causes for the presence of a non-financial incentive? These questions and many others occur in the consideration of executive motivation. It is in answering questions in this general area that it is hoped that this study may make some contribution.

A second reason for the instigation of this study is that, while holding a position of critical importance, 

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2 Executive Compensation Service Reports are confidential studies available only on a subscription basis.

3 In 1959 this report was authored by J. McLain Stewart.
ready and waiting. Just yesterday we were able to meet with all the people on a very large contract."

5. "I have noticed that a number of our customers pay more attention when I take part in the sales presentation."

Status, therefore, as it relates to the individualistic character of the first-level sales executive's job is the opportunity he has to engage in those activities which he enjoys most in a respected position. Certainly it is a position which is more respected than the one he had as a salesman.

Direction of the Performances of Subordinates

This study found, as did one conducted earlier by Houser,® that executives who are members of the lower-management echelons often derive status from the direction and control of subordinates. Analyzing the comments of first-level sales executives, there seems to be 2 reasons for such management functions providing them with status. The first is that as executives they have been delegated authority and

8Houser, op. cit., p. 157.
responsibility. The second is that they are in an ideal position to command the admiration of the apprentice salesmen who are assigned to them for on-the-job training.

Examining the comments, it is apparent that having authority and responsibility is a more visible evidence of being an executive than is a title or perhaps having a private office. Authority which is delegated to the first-level sales executive removes much of the hesitation he may have in introducing new concepts. To have this authority over others the executives were quite willing to accept the responsibilities which are also entailed. This feeling was stated by some of the executives in the following ways:

1. "I get enjoyment from the change between being a salesman and my present job. Here you have

9 From the comments of the executives who were interviewed there does not seem to be any serious deviations from the Principle of the Coincidence of Responsibility and Authority. See Ralph C. Davis, The Fundamentals of Top Management (New York: Harper & Brothers, 1951) pp. 288-289. Similar results were reported in a study of supervisory personnel conducted B.N. Taylor. Forty-three of 54 supervisors reported that they had been delegated sufficient responsibility and authority. B.N. Taylor, "The Morale or Attitude Audit - A Frontier in Employer-Employee Relationships," Advanced Management, August, 1953, p. 26.
to accept full responsibility for directing others."
2. "I like the increased responsibilities of this job."
3. "I can now put some of my own ideas into practice."
4. "I simply like authority."
5. "The more responsibility I have, the more enthusiastic I am."
6. "It seems like the responsibilities I have cause me to always take the job home with me, but I enjoy it immensely."

Being a first-level sales executive also allows the individual to maintain contact with younger men who have been assigned to his area for on-the-job sales training. In such situations the executive is able to command a great deal of admiration from these apprentice salesmen by imparting to them sales advice drawn from his own experiences. There seems to be little formalism in these on-the-job programs, so the extent and nature of training each salesman receives is wholly dependent upon his immediate superior. Salesmen, as do most individuals, learn through imitation.
First-level sales executives, knowing that their actions and behavior are in part reflected in the actions and behavior of these younger men, are fully aware of the prestige this gives them.

A somewhat similar situation to this can be found in the early history of business when a master craftsman would have a number of apprentices working under his direction in learning a trade, such as metal working or ceramics. The master craftsman in the current situation is the first-level sales executive and his trade is selling. Contrary to what might be guessed, first-level sales executives and not senior salesmen are regarded by top sales management as the best salesmen in the company. One vice-president of sales told the interviewer that his district managers without a doubt were exceptional salesmen. One of the most widely held fallacies, he felt, is that of assuming that selling ability is directly proportionate to age and experience. If this were true why hadn't the older senior salesman been promoted, since selling ability
was the usual basis upon which such action is taken.  

A few statements from the executives which describe the status they feel as a result of their training of new men follow:

1. "I get a kick out of seeing young men succeed."
2. "My greatest satisfaction comes from obtaining sales action from young men who are assigned to my area."
3. "I enjoy the process of developing young men for my job."
4. "We get the new salesmen after they have spent almost a year in the factory and know nothing about selling. It is, then, up to me to teach them all I know about selling."
5. "Young college boys have many 'wacky' ideas but they are readily adaptable and learn fast."

The analysis of the status incentive up to this point has been about the incentive as it pertains to those relationships the executive may have in his business environment. The status the first-level sales executive has in his job can also preclude the limits

10 It has previously been discussed that generally the only basis a company has to evaluate an individual for promotion from salesman to first-level sales executive is sales volume.
of the organization to give him feelings of social prominence and acceptance. It is with this social status that the next section is concerned.

**Participation in Social Activities**

While it is generally held that an individual's business position correlates to a high degree with his social class, only a few first-level sales executives mentioned status as it pertains to their social environment. It would seem reasonable to suppose that it is not the executive but his family who are the most cognizant of social standing. Executives, therefore, would not be as liable to perceive the social ramifications of their positions. Support for this form of reasoning can be found in the comments of executives who persisted in including their families or a member of it in describing social status.

The social aspects of status for the executives were either the opportunity to participate in certain social and civic activities, or the ease they had experienced in being assimilated into a particular stratum.

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11 For a more complete discussion of the relationship of business position to social status, refer to Chapter III, p. 61.
of a community. It was also observed that the size of the town seemed to have no effect upon whether the executive mentioned social status or how he explained his feelings. For example, one executive who mentioned it was situated in a town of 30,000, a second in a city of over a million population. Both spoke of their job as the key to social acceptance by the "better elements" of the town.

The following are a few descriptions made by executives on how their management position had facilitated their desires to participate in social and civic activities:

1. "My position as a zone manager has allowed my wife and I to partake in all the civic opportunities we wish. Just last year I was campaign director for the Community Chest and my wife, not to be left out, helped guide the raising of funds for our church."

2. "Being an executive the local townspeople come to me to help them start charity drives."

3. "Just a few years ago I was honored by
being made a member of a board for a slum clearance project."

4. "Our company provides me with a country club as well as an athletic club membership. I don't know a better way to mix socially with other influential people in this town."

5. "At the local country club my wife and children have the opportunity of meeting some very nice people."

For a few other executives social status was represented by the ease with which they became accepted in their local communities. Typical of this were the comments of a district manager for an aluminum company who had only recently been transferred to his present assignment. He explained what happened to his family since their move:

When I transferred to this town, of course I was very elated because it meant getting one of the largest areas in the company in sales volume. I was worried, however, about moving the wife and kids to a city as large as this, and where they knew no one. But almost from the day we arrived, my job and its privileges such as club memberships has made everyone feel as if he had lived here all his life. Being an executive with a well-known company certainly helps one to get acquainted.
Presence of Status Incentive: Factors Which First-Level Sales Executives Do Not Realize

Certain factors which were not mentioned by first-level sales executives but yet may enhance or limit the existence of the status incentive will be analyzed in this section. To aid in the analysis, the responses will be classified quantitatively wherever such a presentation of data is thought desirable. The only purpose in utilizing the tables is to supplement the analysis of the factors which are under consideration. Both the relatively small size of the sample and the lack of randomness in the selection of the sampling units prohibit any generalizations being made from a given table. For purposes of convenience, these factors are classified as either pertaining to the individual or to his job.

Selected Individual Factor

From the descriptions of those factors which first-level sales executives visualize as contributing to the presence of status, it would seem reasonable to assume that
some degree of job familiarization and adjustment is necessary before the presence of status may be recognized. It was previously pointed out that executives relate status to either their job and its place in the structure of the sales organization or to the relationships they have with their subordinates. It is difficult to visualize how an individual could have an awareness of the degree of latitude he might have in his job or the informality of the sales organization without functioning for a period of time in that job.

The comments of 2 first-level sales executives with limited experiences in their present positions clearly illustrate this point. One executive who had been a district manager for a little over 6 months explained that each day it is as if he had a new job. Just as he was able to establish a certain routine something happened which interrupted the whole procedure. He went on to say that he had never imagined what the job would entail when he had been a salesman.

The other executive who had been in his present position about a year told the interviewer that being a first-level sales executive was hard to define as far as he
first-level sales executives have either been overlooked, underestimated, or taken for granted. They are in many companies, regardless of their title, the forgotten men.¹

Two characteristics of the first-level sales executive's job support the contention that his performance is of vital consequence to the effectiveness of the sales function in his particular company. The first is that he serves as a representative of the company in the field. His is the voice of top-level management to both salesmen and customers. He must understand and be able to defend his company's actions and policies. He must also be cost conscious without necessarily deterring needed sales efforts.

Secondly, the first-level sales executive must be able to communicate to higher management the marketing conditions present in his territory. He should report those conditions which he finds are interfering with the satisfactory attainment of his area's objectives, along with his suggestions as to what changes can be made to overcome them. First-level sales executives

was concerned. There seemed so many things to do, and he
had not been able to determine a system of priorities.
Looking back over his first year, he said that he could
only hope that his next year would be a lot less confusing.

The status an executive has as a result of job auton­
omy may also be hindered by the close supervision he will
undoubtedly receive from his supervisors during his first
few years in the position. Supervision of new first-
level sales executives is a primary task for almost all
of the top-level line sales executives interviewed. One
vice-president of sales emphasized the concern he has
for his novice district managers by exclaiming:

So you are studying our district managers. It's
about time that someone found out about these men.
My problems usually are all with the new ones, so I
spend a lot of time with them. The older ones in terms
of service, you don't have to worry about since the
only time they want to see you is when they have an
unusual problem. I sure wish we had a way of training
our salesmen so that when they are promoted their
whole world will not change so drastically.12

Several other top-level sales executives expressed
similar views. It would appear that typically the first-
level sales executive is expected to have numerous
difficulties during his early years in the job and as
a result is closely supervised.

12 The vice-president's company adheres strictly to
an internal promotion policy to encourage loyalty.
To determine whether there is any support for the assumptions made, the responses of executives on status are compared for various periods of job tenure. This comparison is presented in Table 5.

TABLE 5

STATUS INCENTIVE OF SIXTY-FIVE FIRST-LEVEL SALES EXECUTIVES BY NUMBER OF YEARS IN PRESENT JOB

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>3 years or less</th>
<th>4 to 10 years</th>
<th>11 years or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned status</td>
<td>12</td>
<td>21</td>
<td>16</td>
<td>49</td>
</tr>
<tr>
<td>Did not mention status</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>25</td>
<td>19</td>
<td>65</td>
</tr>
</tbody>
</table>

It can be seen from this table that after the first 3 years in the job there is a greater tendency for first-level sales executives to mention status being present in their environment than there is with less job experience. This tends to substantiate the assumption that job adjustment necessarily precedes the realization of the status incentive. What is
surprising, however, is that a considerable number of executives with 3 years or less in their present job are also able to perceive status. One explanation for this is that because of individual differences these executives have been able to adjust to their job much faster than most. Such differences would be impossible to detect in a study of this nature.

Another explanation and one for which some information can be obtained is that the individual during the early stages of his executive career is motivated by what he conceived the job to be prior to being promoted. Of the 12 executives who did mention status and yet had been in their jobs 3 years or less, 9 were found to have given status as an incentive in promotion with 5 naming it as the primary inducement. It is possible that these executives may have retained their previous feelings about the job without being conscious of doing so.

Therefore, first-level sales executives are conscious of status during their initial years in the job, although the proportion is not as great as is noted with executives of longer tenure. The assumption on job tenure, them, is
that while experience usually precedes awareness of the status incentive in the environment of the executive there is the possibility that individual differences and prior conceptions of the job may supplant experience.

**Selected Job Factor**

Much of the status that is present for a first-level sales executive evolves from his independence in the sales organization. In this informal structure that the executive visualizes, it would seem logical that the larger the branch organization he heads the more obvious would be the presence of status. If the size of his operation does affect the degree of status consciousness some measurement of size must be determined.

Sales volume was not felt to be an effective measurement because of the obvious differences existing between companies in terms of the dollar value and nature of their products. For example, a particular sales volume in dollars might indicate a relatively large branch for a company selling business forms or paint but would be insignificant in a steel company. It was also felt that any measurement in terms of sales volume whether it be dollars or physical
units would tend to underestimate the sizes of the branch for executives from the smaller companies and overestimate it for executives in larger companies.

What is common to the sales areas of all first-level sales executives, regardless of the dollar value or nature of the products they sell, is the salesman. The number of salesmen under an executive's supervision will indicate the relative evaluation of the size of his sales area. Using the number of salesmen as a measurement, it can be assumed that executives with larger sales forces will be more inclined to recognize the presence of status. Table 6 presents the frequencies with which executives with varying sized sales staffs under their supervision mentioned the incentive.
TABLE 6

STATUS INCENTIVE OF SIXTY-FIVE FIRST-LEVEL SALES EXECUTIVES BY SIZE OF SALES STAFF

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>Number of Salesmen</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 or less</td>
</tr>
<tr>
<td>Mentioned status</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Did not mention status</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
</tr>
</tbody>
</table>

It can be seen from the table that executives who supervise larger numbers of salesmen are more inclined to realize the presence of status in their environment. Whereas only slightly more than one-half of the executives who have 5 or less salesmen under their supervision mentioned status, all but one of the executives with more than 12 salesmen in his area mentioned it.

It may be possible that the number of salesmen indicates not only the size of the executive's operation but allows him to feel more like a sales manager and less like a salesman. Having a number of salesmen to supervise will undoubtedly cause the executive to perform more of the management functions than if he had only a few men.
to control. The comments of 2 first-level sales executives with only 3 men under their supervision illustrate this situation. Both men feel that their titles bear little relationship to reality. Most of the time they are merely salesmen, and have only scattered, hurried moments for administrative functions. One of the executives described his secretary as a better manager than he is, because it is she who does the greater part of the routine non-selling activities he can find no time for. Since both executives had been in their jobs about 7 years, it would not seem reasonable to suppose that they had not adjusted to their work.

Further study of Table 6 shows that of the executives with sales staffs of more than 12 men who were interviewed only one did not mention status as an incentive. It appeared during the interview with this executive that his desire to advance to the higher management levels made him almost oblivious to his present environment.

Investigation of individual and job factors which executives do not appear to realize has shown that there is a greater tendency to mention status when executives have considerable experience in their present position or when
the size of their sales area as measured by the number of salesmen is relatively large.

Interrelationships of Status With Other Non-Financial Incentives

Of the 49 executives who mentioned status as an incentive in current performance, 14 felt it was the only incentive in their environment, while the other 35 associated it with one or more other non-financial incentives. A complete listing of the non-financial incentives with which status was associated is as follows:

<table>
<thead>
<tr>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status with achievement</td>
</tr>
<tr>
<td>opportunity</td>
</tr>
<tr>
<td>loyalty</td>
</tr>
<tr>
<td>security</td>
</tr>
<tr>
<td>recognition</td>
</tr>
<tr>
<td>with achievement and opportunity</td>
</tr>
<tr>
<td>with achievement and loyalty</td>
</tr>
<tr>
<td>with achievement and recognition</td>
</tr>
<tr>
<td>with achievement, loyalty, and security</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
A number of points can be made from this listing of the non-financial incentives which were related with status. The first is that there appears to be a great deal of consistency between the incentives executives associate with status and the factors they describe as contributing to the presence of status. Certainly the large proportion of executives who have associated status with achievement and opportunity would tend to substantiate the visualizations of executives that the incentive is present because of the activities that are part of their present job of first-level sales executive. From this it can be assumed that factors which are not activity-oriented, such as titles, private offices, and private secretaries would seem to be ineffective relative to tasks involved in the job and the latitude that is involved in undertaking them.

A second point is that if an executive is motivated by incentives other than status, it is usually only one. Twenty-seven of the 35 executives mentioned status in conjunction with only one other non-financial incentive. Chances are, then, that when it has been determined that an executive is motivated by status, usually only
one other non-financial incentive will be present in his environment.

A third and final point is the evident lack of relationship between what has been defined as recognition of a person's position in an organization which is termed status, and recognition of a person's efforts or simply recognition. Only 2 of the 5 executives who mentioned recognition related it to status. It would seem that a differentiation is made between what they are and what they have done or are engaged in doing.

Having analyzed the factors which contribute to the presence of the status incentive in current performance, the attention of the study is now directed towards this incentive as it relates to the promotional process. Status as it was recalled in promotion to the present position of first-level sales executive is considered first.

Status as a Non-Financial Incentive in Promotion to First-Level Sales Executive

Status was the most frequently mentioned incentive, either financial or non-financial, for executives as they were asked to recall the inducements which influ-
who perform effectively can make a vital contribution to the sales organization by linking together its various parts.

This overlooking of the first-level sales executive is also evident from the lack of published information which exists about this level of sales management. A careful examination of all relevant publications showed only three instances where first-level sales executives were the sole subject. Robert Davis devoted an entire book to how first-level sales perform, the American Management Association has prepared a special report on this executive level, and an article in Sales Management dealt with various performance aspects of the first-level sales executive's job.

This study was initiated with the view that its

5 Robert T. Davis, Performance and Development of Field Sales Managers (Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1957).


enced their taking the job of first-level sales executive. Referring to Table 3 it is found that status was ranked first by 17, second by 14, and 25 ranked it third. It should also be noted that over one-half of the executives who recalled status in promotion ranked it third or as the least important of the 3 incentives. The analysis of status in promotion will consider those factors which may possibly explain its ranking. The selected factors which appear to affect the importance that executives attach to the status incentive are his position prior to promotion, the importance of financial gain in promotion to the executive, and the immediate financial gain for the executive as a result of promotion.

**Position of First-Level Sales Executive Prior to Promotion**

First-level sales executives can be classified into 2 groups on the basis of the position they held immediately prior to being promoted. The 2 groups are salesmen in the same company and other sources. Usually it was discovered that the executive had been a sales-

\[13\text{Table 3, Chapter III, p. 67.}\]
man for the same company before he was promoted. Of the 65 first-level sales executives interviewed, 54 were promoted from the rank of salesman. During the course of interviews with top-level sales executives it was found that not only was this promotion channel normal, but often a matter of company policy.

An example of the strict enforcement that some companies have of this policy is supplied from the remarks made by a general sales manager. He said that while the company may find a potentially good sales manager in another division of the company, the man is always made a salesman for a year or 2 in order to get the feel of selling. Even if the man holds a management job in another part of the company, it is still considered necessary for him to become a salesman before becoming a sales manager. Here and in other sections of the presentation of this study, repeated note of the utilization of selling ability as the primary and often sole criterion for promotion to sales management will be made. The obvious result of this reliance is that first-level sales executives are usually excellent salesmen who lead by example. Adherence to this practice may mean that the company minimizes the need for
administrative skills or is unaware of the possible repercussions.

Other sources include executives who have come from parts of their company other than sales or from other companies. If the executive was from an external source he usually had held a similar management position for a company in the same industry as his present employer.

No difference is noted in the relative frequencies with which status was recalled by the 2 groups. Thirty-eight out of 54 men who were promoted from the sales force and 8 of the 11 coming from other sources recalled status. There was a decided difference, however, in how the status incentive was ranked between the 2 groups. Executives who have been salesmen attached greater relative importance to status than did those from other sources who usually ranked status third.

The difference in the rankings of the status incentive between the 2 groups can be explained by the fact that the job of first-level sales executive is a clearly defined goal or level of aspiration to the salesman. As a salesman
the individual would have been in continuous contact with this level of management over an extensive period of time.\textsuperscript{14} Psychologists are in agreement that the most effective levels of aspiration for individuals are those with which they are familiar and are not beyond their attainment.\textsuperscript{15} Ex-salesmen, therefore, may tend to assign greater relative importance to the job's status.

**Importance of Financial Gain in Promotion**

Determining the frequency with which financial gain was recalled by the executives who mentioned status as a promotional incentive will show the relationship if any that may exist between the status of the position and the increased financial rewards which will undoubtedly ensue as a result of promotion. If a large proportion of executives do associate the incentives together, then it can be assumed that much of what is considered status is actually the differential that exists in financial rewards between their prior and present positions.

\textsuperscript{14}Referring to Tables 17 and 18 in Appendix E, it is found that generally first-level sales executives have considerable tenure as a salesman.

Analyzing the other incentives recalled by executives, it was found that only 12 of the 46 associated the 2 together as promotional inducements. This lack of association would tend to refute the assumption that what is conceived of as status is partially attributable to the financial increase that is visualized in promotion.

Importance of Actual Financial Gain in Promotion

Comparing the frequency with which status was recalled to the relative amount of pay increase received as a result of the promotion, it is apparent that the actual increase has no discernible effect upon the executive mentioning status. Table 7 presents a comparison of the rankings of status with the size of the executive's percentage increase in pay.
TABLE 7
STATUS INCENTIVE IN PROMOTION BY SIZE
OF PROMOTIONAL PAY INCREASE

<table>
<thead>
<tr>
<th>Rank of Status Incentivea</th>
<th>19 per cent or less</th>
<th>20 per cent or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>12</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Not ranked</td>
<td>2</td>
<td>4</td>
<td>6b</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>32</td>
<td>62b</td>
</tr>
</tbody>
</table>

^a Rank in order of most influential to least influential.

^b No data were available on promotional increases for 3 executives.

It is possible that even though executives do not state that they associate status with financial gain they may feel that an increase in pay is inevitable. It is also apparent that this increase would not be reflected immediately since it is conditional upon the individual proving himself in the job. Such an attitude is based upon confidence in himself to do a good job and a faith in his company to recognize such efforts.
Top-level sales executives were agreed that in most instances the man has to prove himself before he receives any significant increase in pay. They also commented that while personally deploiring the necessity of the individual being promoted under these circumstances, the company still has many reservations about promoting a productive salesman into a management job. It is most surprising to find not only the adherence to a practice which can be a hindrance to the company, but the philosophical attitude of executives in accepting such a practice. It is as if the company is saying to the individual, you must want this job so intensely that you are willing to accept it under any conditions.

It can be noted that one company included in the study is using a system whereby a salesman deemed to possess managerial capabilities is assigned as head office salesman. In this position he assists the first-level sales executive in the administrative functions and handles a few major accounts in the area. If, after an unspecified number of years, the individual demonstrates that he does possess the necessary managerial abilities, he is promoted. While the company which has adopted this apprenticeship
form of training was non-committal on their experiences with the program, their subjective evaluation was that the installation of such a training operation facilitates the adjustment process of moving into management and also provides ample opportunity for the selected individual to acquire the requisite skills.

In summary, it can be said that as the most common incentive in promotion, status is more highly regarded by ex-salesmen than by executives from other sources. There seems to be no indication of a relationship between status and financial gain either as it is visualized or is immediately received upon promotion. The study by its very nature was somewhat limited, however, in analyzing the relationships between status and visualized pay increases.

**Relationship Between Status in Promotion and Current Performance**

A study of the incentive in promotion would not be complete without some thought being given to its relationship to status in current performance. Considering only those executives who ranked status as the most important incentive in promotion, it is found that all but one of the 17 executives also mention it as motivating current performance.
The extent to which status is mentioned in both promotion and current performance may be caused by 2 factors. One is that the status an executive visualized in his present job actually does exist and he is motivated by it currently. For this to have happened the executive must have had a clear conception of the job before being promoted. It would certainly seem probable that a salesman occupies a most advantageous position from which to view the job of first-level sales executive. This close correlation between what is viewed in a job and what presently the job is should indicate some degree of job satisfaction for these executives. It would also seem logical to assume that these particular men had no misconceptions about the job to which they were promoted.

The other cause could be that the executives have transferred how they feel about the job now to their recalling of promotional incentives. But even such transfers would seem to support the previous assumption that these executives are well satisfied with their jobs.

The one executive who isn't conscious of status in current performance mentioned achievement. The situation surrounding his promotion might offer some explanation as
to why he is not presently motivated by status. This executive held the position of salesman for a rather long period of time during which countless younger salesmen were promoted over him. As a result he became very much ashamed of himself and his job as a salesman. Being so status conscious at the time he was promoted it would seem rather obvious why he ranked status as a primary promotional incentive. After having been promoted his desires for status were satisfied and he found motivation in what he was doing.

Having analyzed the incentive of status as it was recalled in promotion to the executive's present position, the attention of the study is turned toward the affect of status upon future aspirations for advancement. Consideration will be given to the effect, if any, of status on desires for future advancement and the reasons for desiring or resisting advancement which can be related to status.

Motivation From Status and Desires for Future Advancement

Only a very few of the first-level sales executives interviewed, 16, professed a desire to be promoted to a higher organizational level of management. One of the
findings may not only be directly helpful, but that it might provoke more interest in studying this sales management level.

**Terminology**

As previously stated, this is a study of the non-financial incentives which motivate first-level sales executives. In order to facilitate the presentation of the findings and to avoid confusion, a number of the terms used are defined.

**Definition of First-Level Sales Executive**

For purposes of this study, a first-level sales executive is a line official who functions in the field sales organization of a manufacturer. Because the structure of a sales organization may vary considerably from company to company, the first-level sales executive is further defined as being directly above the outside salesman and having at least one level of sales management superior to him and in some cases two. Operating usually from a branch office he has the primary duties of representing his company in the
major obstacles in many companies is that there exists only 2 levels of line sales management, the vice-presidential level and the level the first-level sales executive presently occupies. In such situations, the executive recognizes that the only advancements would be to staff positions. Examples of staff positions which executives could be promoted to are product manager, head of market research, and assistant to the vice-president of sales.

Status as a Deterrent to Advancement

As might be expected the executives who are motivated by status in their current performance have almost no interest in being promoted. Only 3 of the 49 executives in this group were desirous of advancement.

All 3 of these executives were relatively young and quite ambitious. One remarked that he thought that everyone wanted to get promoted. If a person didn't, he would be highly suspicious of that man.

16 A major manufacturer included in the study has only recently established a market research department. Labeled commercial research, the company is staffing the newly created department with salesmen and sales managers who are felt to have an aptitude for such work.

17 A vice-president of sales for a specialty steels producer has 3 staff assistants to aid in administering the sales department. One is concerned with organization, another with compensation, and the third is in charge of personnel.
Another characteristic of these 3 executives was that none was motivated by only the incentive of status in current performance. This might be an indication that the status of their present position was not as strong as might be expected from an individual who mentioned only status.

The lack of desire for advancement found in the other executives may be caused by satiation of their needs for status or a fear of losing their present status upon promotion. If the executive's needs for status have been satisfied, promotion with its implied greater status would be a rather ineffective inducement. It would seem unlikely, however, that any individual's needs for status would be satisfied for any more than a short period of time.\textsuperscript{18} Eliminating this possibility, it would seem logical to suppose that what the individual executive fears in promotion is the loss of status, as represented by independence of operation in doing his job as he conceives it to be.

\textsuperscript{18}See the discussion of Keynes' theory of satiable and unsatiable needs, Chapter II, p. 41.
Loss of Status with Advancement

In almost every case, advancement for the first-level sales executive will mean a job in the home office. The factors present in the home office, such as his title and a higher level in the company's hierarchy, are not what he conceives as status. To understand his resistance toward advancement, it is necessary to see how the home office will affect the conceptions he has of his present status.

First of all, working in the home office would mean a loss of the independence he presently has. His efforts would be more closely supervised and his superior will probably be just across the hall rather than in another part of the nation. During an interview with a first-level sales executive on a Friday morning, he mentioned that he was very shortly going out to play golf, an action which would not be conceivable if he were at the home office.

The executive by being in the home office would also lose his position as a representative of the company and the many privileges that may accompany it. The loss of such status was clearly illustrated by the
comments of a product manager about his previous promotion from the first-level of sales management. He said, "When I was promoted it meant giving up membership in a country club where I was looked upon as the company." He continued, "If it hadn't been for my wife, I would still be a district manager, the best job in the company."

Another loss of status may result from the fact that the individual is no longer the only member of management, but merely one of a large group. Continuing business and social relationships with other executives should result in less awareness of the status of being an executive.

Advancements, therefore, represent to the executives a loss of many of the factors which contribute to the presence of the status incentive in their present environments. Resistance to future promotions does not indicate a lack of ambition, but rather a hesitancy to surrender the individualism they have and their antipathy for organizationalism.
Summary

Undoubtedly the most important non-financial incentive that first-level sales executives are conscious of is status. The status of the first-level sales executive's position is both a major reason for the individual wanting the job as well as a definite obstacle to further advancement once he has been promoted to the job. In neither situation do financial considerations seem to affect the feelings of the individual on whether he is gaining or losing status.

The presence of status as conceived of by executives is a result of several interrelated factors, the most significant of which is their physical separation from higher-level management which allows for a greater degree of autonomy in the branch operation. The other factors which contribute are the relative freedom the executive has in choosing those activities which afford him the greatest job satisfaction, the supervision of subordinates, especially those who are sent to him for sales training, and the chance for local social participation in a respected position.
Controlling the complete operation of the branch as if he were in business for himself, the first-level sales executive receives very little interference from higher-level management as long as his area produces the sales volume expected of it. Very few companies have even attempted to define the duties required of individuals occupying such a management level. As might be expected, the larger the sales branch as measured in terms of the number of salesmen assigned to it, the greater is the tendency for the executive in charge to notice the presence of status.

Since he is the only representative of management in a specific geographical area, the executive also has the respect of individuals both inside and outside the company. By virtue of his position he perhaps receives the greatest amount of respect from the younger men who are assigned to his area for on-the-job sales training. This respect is shown by their attempts to imitate his actions, especially those which pertain to the selling situation.

It is usually necessary for the individual to spend a certain amount of time adjusting to the job
of first-level sales executive before he is cognizant of its status. Some individuals, however, do not need as great an amount of time because of behavioral differences or conceptions of the job formed prior to being promoted.
CHAPTER V

ACHIEVEMENT AS AN INCENTIVE

The second most frequently found non-financial incentive in the environment in which the first-level sales executive currently functions is that of achievement. A total of 29 executives noted its presence.¹

There appears to be 2 reasons for executives deriving satisfaction from the achievements they may make in their jobs. The first and by far the most pervasive is that achievements demonstrate to the individual that he does possess the abilities required by the job. As an example of this, one executive related that through the years he has obtained a great deal of satisfaction from the number of men, now members of management, who had started out in the company under his direction. This man feels that his

¹Table 2, Chapter III, p. 59.

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most significant contribution to the company has been the training he has given to the young men who have begun their careers under his supervision. Whether his training is as effective as he might suppose, the fact remains that such achievements do provide stimulation to his performance.

Another reason the executive may have in wanting to achieve is that such activities will be noticed by his superiors and eventually lead to a better job. By a better job, the executives envision transfers to either a more lucrative sales area or a higher level of sales management. Undoubtedly the largest number of executives are those who visualize their accomplishments as progress towards a job at the same level of management but in an area with a larger sales volume.

2 It is obvious that the first-level sales executive does provide a great deal of the training a novice salesman receives. Most of the training is in the form of on-the-job instruction. It is also possible that training should receive more of the attention of the executives. Questions asked of 400 sales supervisors showed that continual training of salesmen was the second most frequently mentioned factor that they felt should be given increased emphasis. Charles L. Lapp, Personal Supervision of Outside Salesmen (Columbus, Ohio: Bureau of Business Research, The Ohio State University, 1951) p. 230.

3 The failure of most first-level sales executives to envision their achievements as furnishing a basis for advancement is fully discussed in a latter part of this chapter.
Usually executives are cognizant of which areas are the most productive. In a steel company it was common knowledge that the district manager in the New York-Philadelphia area annually earns almost as much as the general sales manager. In a number of companies knowledge of the size of areas in terms of sales volume is facilitated by the use of a classification system. One aluminum company designates its districts as A, B, and C respectively, with the 'A' districts being the largest. Managers of the few 'A' districts are envied by even the vice-president of sales. Such a position represents to the first-level sales executive greater status and financial rewards.\(^4\) Much of the vice-president's envy is undoubtedly due to the district manager's ability to see his family more often, since much less time is spent in traveling.\(^5\)

Only a few executives see their achievements as steps toward the higher echelons of sales management in their company. One such executive related that he

\(^4\) In the previous chapter it was found that there is a greater tendency to notice status when the executive is supervising a large number of salesmen. Large areas in terms of actual or potential sales volume would seem to necessitate relatively larger numbers of sales personnel.

\(^5\) This vice-president was apparently weary from what he estimates to be nearly 70 per cent of his time being spent away from the home office.
assigned area and supervising one or more salesmen. In the course of presenting the findings of this study first-level sales executives will be referred to by the term executive except where it is necessary to differentiate between sales management levels.

Excluded by the definition are staff executives and those sales executives employed by wholesale and retail establishments although their motivation is no less significant. Due to time limitations and the prompt cooperation of the manufacturing firms initially contacted, it was not possible to schedule any interviews with wholesaling executives. Retail executives were omitted from consideration for two reasons. First, the emphasis in their job is on buying, not selling. Second, the motivating environment of a retail establishment is not comparable to a field sales organization.

Definitions of Motivational Terms

The following definitions of basic motivational terminology have been obtained from A Comprehensive

8 Occasionally a branch office will be located in the same building as the headquarters of the company. The Pittsburgh branches of a number of the companies studied afford examples of this.

conceived of all job activities as progress to the top of his company. He further confided that he was terribly ambitious and had only recently been able to curb his impatience. Much of his present restraint he had developed through a greater realization of what was necessary before a person can be considered eligible for promotion. In a sense, then, all achievements or accomplishments of these executives are effected for a purpose.

Presence of Achievement Incentive: Factors Which First-Level Sales Executives Realize

A decided difference was noted in how executives view the scope of their operations. At one extreme are those individuals who define their achievements as the efforts involved in completing those tasks continually encountered as a first-level sales executive. The opposite point-of-view conceives of achievements as much more than the routine requirements of the job.

6 Such a reappraisal of personal aspirations would tend to demonstrate that this executive is well-adjusted. Psychologists contend that a well-adjusted person's level of aspiration will vary up and down with his successes and failures so that it is not beyond attainment, protecting him from disillusionment, and yet far enough advanced as to keep his efforts from ceasing all together. Anderson, op. cit., p. 39.
Achievement in Routine Management Activities

To a number of executives the immediate tasks involved in their job as a first-level sales executive provide ample opportunity for them to effect accomplishments. One such executive, rated by his superiors as one of their best district sales managers, stated:

I am continually confronted with a seemingly endless array of small projects. I not only get a great deal of satisfaction in working on them but their variety keeps me from getting bored.

Another executive who is employed by the foods division of a large company considers his job little more than the submitting of reports to the home office and the making of joint sales calls with his salesmen. Instead of being bored with this routine, he seems to be highly satisfied with his achievements. He specifically mentioned his accomplishments in making joint sales calls. He told of a particular day's experience with a salesman:

To help our salesmen overcome the typical objections of supermarket managers it is necessary that I go along with them. A few days ago a salesman and myself made 9 calls and 9 sales. That's quite a record, but after I told him how to overcome their opening objections with a little aggressiveness, he did quite well. You know it's not natural for a man to be aggressive until you show him the results.

Gardner found that executives derive pleasure in accomplishing the small routine tasks that comprise
One top-level sales executive characterized such an executive as a "shopkeeper." He feels that with the increasing competition his company is facing, they cannot afford this deficiency any longer. While no other members of top-level sales management expressed an opinion on this subject, it would seem reasonable to suppose that first-level sales executives who are interested in more than homoestasis represent a valuable asset to their companies in current performance and a lucrative source of management potential. Those executives who are more creative in their achievements are considered next.

Achievement in Creative Management Activities

By the very nature of their organizational position and their separation from the home office, first-level sales executives receive little interference in modifying their job. These modifications, usually involving changes in operational procedure, may even their job. Such achievements even though lacking any degree of creativity animate successful executives more than anything else. Gardner, op. cit., p. 116.

8 A word adopted from the biological sciences to describe the processes by which an individual attains the relative stability he needs for survival in a particular business organization. Joseph W. McGuire, "The Concept of the Firm," California Management Review, Summer, 1961; p. 68.
result in additional duties. As an example of such an occurrence, one man reported that he had developed a new system which localized the disposal of obsolete inventory. This system, which met with home office approval and subsequently was adopted on a company-wide basis, has resulted in an increase in what the district manager is expected to do.

Other areas where creative effort is applied in an attempt to improve the existing situations were sales forecast and control reports, inventory control in the branch warehouse, disposal procedures for merchandise that has been traded-in, and sales meetings. Call reports, standard reporting devices for salesmen in nearly every company, probably receive the greatest share of attention. The urge to revise the call report may emanate from the fact that the form is fundamental to his job of supervision, making any deficiencies of utmost concern. It is also possible that he feels freer in revising a procedure which his immediate superiors will not review.9

9Generally the procedure will be for the salesman to submit periodically his completed call reports to the first-level sales executive. After whatever appraisal is felt necessary, the reports are filed in the branch office.
One first-level sales executive found a great deal of satisfaction in analyzing and finally altering the antiquated call sheet which was previously used. The older form required the salesman to make out one sheet for each prospect or customer visited. As a result, a great deal of repetitive and superfluous information was included. The executive, in describing his experiences with the old form, said:

When I became district manager the average salesman was spending about 2 hours a day, usually company time, in preparing his call sheet. While this was definitely a bad situation, you should have read some of the comments that were put under the heading of explanation. I remember one salesman in particular who when you read his report you might have surmised that each sales call was nothing but an exchange of pleasantries about our product line. A person would have to be awfully naïve to accept the fact that each sales contact does nothing but compliment us on our products. This young man whose reports I am discussing, I later discovered was on the timid side and so when he was faced with the requirement of making out a call report he was afraid to mention anything which might be considered derogatory. Believe me, I soon informed him that the purpose of the call sheet was to report honestly what happens.

Although the timidity of the salesman is the most vivid recollection of this executive, the excessive amount of time that was necessary in order to complete the previous form undoubtedly supplied the major impetus
to the preparation of a new form. It is also interesting to point out that the failure of top-management to adopt the form for company-wide usage has seemed to have had no diminishing effect on the satisfaction the executive evidently derived from such an accomplishment.

In summary, an analysis of the responses shows that executives are aware of achievement as it relates to their job. Such job achievements will vary in accordance with the executive's purposes and conceptions of the job.

Presence of Achievement Incentive: Factors Which First-Level Sales Executives Do Not Realize

Achievement as visualized by executives is purposeful action in what they conceive to be their job. With the incentive being noted as such, it would seem logical to assume that there are certain factors relevant to the individual or his job that may affect whether the presence of achievement is realized. The individual factor of job tenure is considered first.
Selected Individual Factor

From the descriptions of achievement it would seem logical to assume that its presence is more evident to those executives who have been in their jobs only a short period of time than it would be to those of longer job tenure. A number of reasons indicate such an assumption.

One is that after functioning in the same job over a period of time, the individual may feel as if he has accomplished about as much as he possibly can. If the executive visualizes his job as nothing more than the routine activities required of him, monotony developing from repetitious action may cause the individual to lose an awareness of what he is doing and as a consequence, the source of the achievement incentive. 10

Even for the man who visualizes his job in a creative way, tenure would seem to affect the degree of awareness he has of achievement. After a time the executive,

10 An interesting research work which has some bearing on this assumption was reported in a fairly recent publication. Personal interviews conducted with 250 executives in 12 companies found that as an executive grows older he gradually becomes more insensitive to his surroundings and develops numerous defenses. L. Huttner, S. Levy, E. Rosen, and M. Stopol, "Future Light on Executive," Personnel, March-April, 1959, p. 48.
in modifying his job, may exhaust all possibilities immediately available to him. This in turn will probably cause the individual to seek stimulation from other incentive forms.

Job tenure may also affect the purposes an executive visualizes in his achievements. One who achieves for his own esteem may find after a period of time that such efforts no longer prove stimulating. There is even the possibility that in bringing a number of projects to the desired conclusion a sense of complacency may develop.

For the few who feel that their achievements are progressive steps toward a better position in the company, time will certainly reduce the chances they have of getting such a promotion. Knowing that each year he spends as a first-level sales executive progressively lessens his chances for the desired job, he may reduce or even cease his achievements since they no longer have a purpose. If such a realization does occur the individual will not be aware of the incentive in his environment.

From the preceding discussion, it has been seen that time may have a lessening effect on the degree
of awareness that an executive has of the achievement incentive. To determine the effect that time has on awareness of achievement, mentioning of it by executives is compared for various periods of job tenure. Table 8 summarizes this comparison.

**TABLE 8**

**ACHIEVEMENT INCENTIVE OF SIXTY-FIVE FIRST-LEVEL SALES EXECUTIVES BY NUMBER OF YEARS IN PRESENT JOB**

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>3 years or less</th>
<th>4 to 10 years</th>
<th>11 years or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned achievement</td>
<td>12</td>
<td>12</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td>Did not mention achievement</td>
<td>9</td>
<td>13</td>
<td>14</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>25</td>
<td>19</td>
<td>65</td>
</tr>
</tbody>
</table>

It is very obvious from Table 8 that as the executive's tenure increases, there is less of a tendency to express an awareness of achievement. This finding tends to support the assumption, made earlier, that for these executives the extent of job tenure may affect adversely their awareness of achievement's presence.
Of course, one may suppose that executives with more job tenure, being generally older, do not notice the incentive of achievement because of their age, rather than because of how long they have been in their present position. To give some indication of an answer to this question, the ages of individuals with 3 years or less as a first-level sales executive were determined. Even though no definite conclusions can be based on what was found, a study of the ages showed that this factor did not seem to affect whether the executive mentioned achievement. Approximately the same proportion of executives 50 or older mentioned achievement as did those who were younger.

What was suggested in an analysis of the comments on achievement has received further support from a quantitative classification of the mentioning of achievement by length of job tenure. Having thus established that job tenure may affect an individual's awareness of the achievement incentive, it would now seem logical to investigate the aspects, if any, of his job that may also have an effect.
**Dictionary of Psychological and Psychoanalytical Terms:**

Need - the lack of something which if present would tend to further the welfare of the organism or facilitate its usual behavior.\(^{11}\)

Incentive - an object or external condition perceived as capable of satisfying an aroused motive that tends to elicit action to attain the object or condition.\(^{12}\)

Need, Drive, Incentive Pattern - a hypothesis about motivation which asserts that physiological needs are created by deprivation and that this condition gives rise to drives which stir and may guide activity until a related goal activity (incentive) is attained.\(^{13}\)

Motive - that which one consciously assigns as the basis of his behavior. The cognitive factor in motivation.\(^{14}\)

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\(^{11}\)Ibid., p. 338.

\(^{12}\)Ibid., p. 256.

\(^{13}\)Ibid., p. 339.

\(^{14}\)Ibid., p. 330.
**Selected Job Factor**

The desired purposes that executives have in achieving could be related to both the amount and type of financial reward. When an executive's pay plan is directly related to his accomplishments, he may be unable to make the differentiation between the non-financial and financial motivation emanating from such a situation.

Observations made of an area manager known intimately to the interviewer provides an excellent illustration of such a situation. This sales manager, after every accomplishment, would not only display a great deal of elation over the successful application of his efforts, but would have already computed how much bonus this accomplishment would mean to him at the end of the year. The interviewer remembers one instance when the sales manager had effected a significant cost reduction after spending nearly 6 months in working on the project. In talking about it the executive was able to show the interviewer his calculations on how much this would probably mean to him financially. It is also interesting to note that the
executive teaches this same technique to his salesmen so that they can quickly evaluate their efforts.

The few executives who visualize their achievements as leading to a better job would also seem to be relating the non-financial incentive of achievement to financial rewards. However, these financial rewards are in the future when the executive is eventually promoted to a larger sales area or higher level of management. As such this form of financial reward is not concerned with the executive's immediate plan of financial remuneration.

An extra-incentive, possibly in the nature of a bonus, would seem to be the form of financial reward that is most directly related to the efforts of these first-level sales executives. If an executive does associate financial incentives with achievement, one would expect those who are compensated by means of an extra-incentive to mention achievement to a greater extent than those who do not receive such a form of financial reward.

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11The usual pay plan for the first-level sales executives interviewed combines fixed salary with a bonus based on the executives' performance measured in either sales volume or sales profits. For a complete description of the pay plans of first-level sales executives, see Tables 20 and 22 in Appendix F.
financial reward. Table 9 summarizes the mentioning of achievement by first-level sales executives classified by the type of pay plan.

TABLE 9

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>Fixed Salary</th>
<th>Fixed Salary &amp; Extra-Incentive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned achievement</td>
<td>3</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>Did not mention achievement</td>
<td>11</td>
<td>25</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>51</td>
<td>65</td>
</tr>
</tbody>
</table>

While the small sample limits one from drawing definite conclusions, a study of the table does reveal that there is a greater tendency to mention achievement when the executive is rewarded by means of a pay plan that combines an extra-incentive with fixed salary. The distinction, however, between fixed salary and a combination plan is not always too sharp for the executives who were included in this study, since extra-incentives vary widely as a percentage of total pay. Obviously, if an extra-incentive is limited to only 6 per cent of pay as it is one steel company, it will be
difficult for the executive to perceive how his efforts will materially affect his total income. On the other hand, if the extra-incentive is a major proportion of total pay, it would not be difficult for him to see how his efforts can relate to the financial reward.\textsuperscript{12}

The previous comparison, then, between fixed salary and the combination plan may not be a valid one. It may be more logical to compare the mentioning of achievement by executives who receive extra-incentives of varying size. Table 10 presents such a comparison.

\textbf{TABLE 10}

\textbf{ACHIEVEMENT INCENTIVE OF FIFTY-ONE FIRST-LEVEL SALES EXECUTIVES BY RELATIVE SIZE OF EXTRA-INCENTIVE IN PAY PLAN}

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>24 per cent or less</th>
<th>25 per cent or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned achievement</td>
<td>8</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Did not mention</td>
<td>14</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>achievement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>29</td>
<td>51</td>
</tr>
</tbody>
</table>

The relationship between achievement and payment by means of an extra-incentive that was previously

\textsuperscript{12} Table 21 in Appendix F presents data on the sizes of extra-incentives for the 65 first-level sales executives interviewed.
suggested in Table 9 is more graphically shown when responses for only those executives who are paid by an extra-incentive are compared. It can be assumed from the evidence accumulated that there is a good chance executives do associate achievement with financial incentives when their attention is directed to the reward by its relatively large size.

Illustrative of the equating of achievement with a relatively large extra-incentive are the comments of a first-level sales executive who annually receives from 60 to 70 per cent of his total pay in the form of an overriding commission on the sales of stoves and oven equipment. He said that without a payment plan such as he has, it is doubtful whether he would have chosen a career in sales. With little regard for his fixed salary, he characterizes his commissions as the "carrot" which keeps him constantly alert and on the go.

Concerning the relative importance of the extra-incentive to the pay plan of the first-level sales executive, there was evidenced a decided difference of opinion between this management level and the upper echelons of sales management. First-level sales executives, regard-
less of the nature of their present pay plan, feel that extra-incentives should be a major portion of their total pay. By changing the relative importance of the components of their pay plan with the addition of or the increase in the extra-incentive, these executives feel that they would get a great deal more satisfaction from their accomplishments.

It is doubtful, however, whether all of the executives are as interested in the form of financial incentive as they are in the increases which may possibly develop with the addition or increase in the extra-incentive. They probably feel that an increase is inevitable with a change, since it is hardly likely that their company would risk disfavor with a pay plan that results in less income. One vice-president of sales said that when his company makes a change in an executive's pay plan it guarantees him at least as much money as he earned the preceding year. It is possible that many of the other companies in the study have this same policy.

There were, however, rather marked differences in how top-level sales executives view this subject. While admitting that the use of extra-incentives does have some
advantages, they feel their importance as a percentage of total pay should be reduced so that more emphasis can be placed on the stability of total financial rewards. Such stability, they contend, is desirable in that it allows the executive to feel more secure in his job.

Attempts to stabilize income have received support from employee wives. A general sales manager said that a survey of wives showed a preference for a stable yearly income even though it might be less than one that did fluctuate. The current popularity of installment payments might be a reason for the desire to receive a stable amount of income.

A study of the factors which pertain to the individual or his job has shown that there is usually a greater tendency for him to be aware of achievement in the motivating situation during his early years as a first-level sales executive and when his pay plan contains an extra-incentive which exerts considerable influence on the total amount of income he receives. It was also found that top-level sales management, while attempting to interject financial security in the environment of the first-level sales executive, have
completely ignored the feelings of the executives, themselves, and the existence of a possible relationship between incentives of a financial and non-financial nature.

Interrelationships of Achievement With Other Non-Financial Incentives

Eight of the 29 executives who are aware of achievement in their present environment feel it is the only incentive motivating their current performance. The other 21 executives mentioned achievement with one or more non-financial incentives. A listing of the non-financial incentives with which achievement was associated is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement with status</td>
<td>10</td>
</tr>
<tr>
<td>loyalty</td>
<td>2</td>
</tr>
<tr>
<td>recognition</td>
<td>1</td>
</tr>
<tr>
<td>with status</td>
<td>3</td>
</tr>
<tr>
<td>and opportunity</td>
<td></td>
</tr>
<tr>
<td>with status</td>
<td>3</td>
</tr>
<tr>
<td>and loyalty</td>
<td></td>
</tr>
<tr>
<td>with status</td>
<td>1</td>
</tr>
<tr>
<td>and recognition</td>
<td></td>
</tr>
<tr>
<td>with status, opportunity,</td>
<td>1</td>
</tr>
<tr>
<td>and recognition</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
</tr>
</tbody>
</table>
The association of achievement and status suggests that situational factors are probably responsible for providing most of the executive's achievements. It was noticed, for example, that when executives discussed what they were doing they tended to play down the efforts of salesmen when comparing them to their own. An executive for a company which produces and distributes food and soap products pictured the salesman's job as nothing more than customer relations since the products are heavily advertised to the ultimate consumer market. His job, on the other hand, is more creative in that he is a manager.\(^{13}\)

Another difference in achievements between first-level sales executives and salesmen is the superior ability of executives, in their own opinion, to handle the problems which may arise in the selling of a company's products. One executive talked about his successful settlement of a complaint that one of his salesmen had been unable to handle for over 6 months. Another said that his company has

\(^{13}\)Another study also found that specialties (such as managing) may increase the status visibility of the individual because of distinctions based on differences in skills. Ellis L. Scott, *Leadership and Perceptions of Organization* (Columbus, Ohio: Bureau of Business Research, The Ohio State University, 1956) p. 112. William Whyte in his study of human relations in the restaurant business reported a similar conclusion. William Foote Whyte, *Human Relations in the Restaurant Business* (New York: McGraw-Hill Book Company, Inc., 1948).
delegated him the authority to handle on a local level all customer complaints about the products and delivery of such. This action, he went on to say, was brought about because past experiences with salesmen had been unsatisfactory and the home office is too far removed from the market to be of any service.

Two more points can be made from the listing of non-financial incentives which were mentioned with achievement. The first is that 5 of the executives associate achievement with loyalty. This could be an indication of a relationship existing between what these executives consider as efforts being brought to a desired conclusion and the general well-being of their company. It is rather doubtful that there is any conflict between their interests and what they conceive to be those of their respective companies.

A steel company included in the study has installed a compensation policy by which they hope to develop loyalty in their first-level sales executives. The actions which particularly concern the company are those in which the executive is involved in pricing and apportionment decisions. Marketing a semi-manufactured product of a
Motivation - the process of arousing an organism to action by providing an incentive. 15

Definitions of Financial Incentives

In describing financial incentives, a number of terms are used which require defining.

Extra-Incentive - a financial incentive which is paid in addition to fixed salary. Common forms of extra-incentives are bonuses and commissions.

Commission - a financial incentive which is directly and progressively related to a unit of accomplishment, commonly sales volume in dollars. 16 Commissions for members of sales management are usually of an overriding nature based on the accomplishments of those salesmen under their supervision.

Bonus - a payment which is made in addition to what has been agreed upon in compensation and is not directly or progressively related to any measure of sales accomplishment. 17

Deferred Compensation - those payments which

15 Ibid., p. 330.
17 Ibid., p. 393.
standardized nature in a highly competitive market, the company maintains that prices and allocations for steel are most effectively handled at the management level nearest the market. The compensation policy adopted is the payment of only a fixed salary to the first-level sales executive while the salesman receives a bonus based on sales volume in addition to a fixed salary. By excluding the district managers from any financial reward based on sales it is felt that they will have less cause to deviate from what would be beneficial to the company. Neither of the 2 executives who were interviewed from this company gave any indication as to whether this policy has been successful in nurturing any loyalty. Both men appeared about as loyal as the other executives encountered in the study, although neither is aware of loyalty as an incentive in his motivating situation.

A second point is the astounding lack of association between achievement and recognition. The fact that only 3 executives mentioned both would seem to furnish further support to the previous finding that generally executives who mention achievement are directed toward self-esteem rather than the approval of others.
This concludes the analysis of the achievement incentive as it motivates first-level sales executives in current performance. The attention of the study is now directed to achievement as it affected promotion to the executive's present position. This is followed by a consideration of the effect of achievement's presence on the executive's professed desires for future advancement.

Achievement as a Non-Financial Incentive in Promotion to First-Level Sales Executive

As shown in Table 3, achievement was the third most important promotional incentive to the first-level sales executives studied. In total, 43 executives recalled achievement as a non-financial incentive in promotion, with 16 ranking it first, 14 second, and the remaining 13 placing it third. Only status and financial gain were recalled more frequently or had a larger total ranking. It is also evident that unless the first-level sales executive was promoted from the position of salesman in the same company he would not have felt his promotion to be such a significant organizational step.

14Table 3, Chapter III, p. 67.
Position of First-Level Sales Executive Prior to Promotion

Of the 43 first-level sales executives only 2 came from a source other than the sales force of their present company. Even these 2 are not real exceptions, since the promotion for both was from the sales staff of a wholesaler franchised by their present company. As a result their sales experience and management contact were almost the same as if they had been salesmen in the same company.

Possibly executives attach as much significance as they do to this promotion because it was the first and probably the only promotion they will ever receive. A district manager said that if you don't make this management level you should make up your mind that you will be a salesman the rest of your life. It was not uncommon to hear one of the executives say that this promotion had provided his greatest thrill. One executive, in particular, said that on the day he was told by his boss that he had been promoted, he couldn't seem to work, so the time was spent calling up his friends and telling them the good news. That evening he and his wife had a night "on the town."
To find that the 2 executives who came from wholesaling firms attach even greater significance than the others to their promotion does not seem illogical since they moved to a much larger nationally recognized business organization. One of them, a regional manager for an industrial equipment company, commented that as far as he was concerned, there was no comparison between working as an executive for a national firm and a wholesaler who was virtually unknown except to its customers.

Importance of Financial Gain in Promotion

It was determined earlier that achievement seems to have some relationship to the financial rewards offered in current performance. It may also be possible that executives associate the 2 forms of incentives in recalling promotion. If a large proportion of the executives who recalled achievement also included financial gain among the 3 incentives which induced them to seek their present job, it can be assumed that some relationship exists between achievement and the anticipated financial increase the individual sees in promotion.

A study of the other incentives which were recalled with achievement shows that almost every executive also
gave financial gain. Thirty-nine of the 43 executives ranked both incentives as being important. This degree of association would seem to substantiate the assumption that the significant organizational progress which the executives visualize in promotion is related to a potential increase in pay.

Importance of Actual Financial Gain in Promotion

A study of Table 11 shows that when the frequency with which achievement was recalled is compared to the relative promotional pay increase, no relationship exists.

TABLE 11

ACHIEVEMENT INCENTIVE IN PROMOTION BY SIZE OF PROMOTIONAL PAY INCREASE

<table>
<thead>
<tr>
<th>Rank of Achievement Incentive</th>
<th>19 per cent or less</th>
<th>20 per cent or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>7</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Not ranked</td>
<td>10</td>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>32</td>
<td>62</td>
</tr>
</tbody>
</table>

*aRank in order of most influential to least influential.

bNo data were available on promotional increases for 3 executives.
This evident lack of relationship between actual financial gain and achievement, even though the 2 incentives are usually associated in recalling promotion, would seem to reaffirm an earlier supposition that financial gain as an incentive is what the individual hopes to receive eventually in this job. It would appear, therefore, that companies will experience little trouble if they provide the individual with only a minimum raise when they promote him. If, however, the executive spends a rather extensive period before a significant increase in pay is forthcoming, his morale will undoubtedly suffer because his expectations have not been met.

Relationship Between Achievement in Promotion and Current Performance

Since executives appear to relate achievement with financial incentives in both current performance and promotion, it would seem essential to the analysis of the incentive to determine whether achievement is mentioned by the same individuals in the 2 situations. Considering only those executives who ranked the incentive first, it was found that while achievement is related to money in both situations there seems to be a difference in meaning
between the 2. Of the 16 executives who ranked achievement as the primary incentive in promotion, only 6 also mentioned it as motivating current performance. The other 10 executives are motivated by status as the only incentive or in association with another non-financial incentive.

The substitution of status for achievement in the motivating situation is in agreement with the descriptions made of achievement as it pertains to the promotional process. Executives describe achievement in promotion as the expenditure of effort to attain the desired position of first-level sales executive. To many of the executives the attainment of their present job is undoubtedly the most important event that has occurred in their business careers. Once the executive has been promoted, it is hardly likely that he will disregard the status he originally sought in getting the job.

In summary, it has been found that achievement as recalled in promotion to the executive's present position is related somewhat to the eventual financial gains accruing to an executive, but not to the immediate pay increase he receives at the time of promotion. It was also found that
a decided difference exists between achievement that stimulates an individual's desire for promotion and the incentive in current performance. Achievement as it affects the desires of executives for future advancement will be considered next.

Motivation From Achievement and Desires for Future Advancement

As might be expected the presence of achievement in the environment in which the first-level sales executive functions has no obvious effect on whether he desires to be promoted. Since only 4 of the executives who mentioned achievement seek advancement, this would suggest that only rarely are achievements made by executives for the purpose of advancement to a higher management level. The better job is the larger and more profitable sales area in the company.

Contrary to what was found previously for executives who are motivated by status, these individuals feel that there would be no loss of achievement upon their promotion to the home office. The application of their efforts would be simply altered to meet the conditions imposed by the new position. Naturally they feel that there would be
some adjustment to the new job which might result in a short period of restlessness. This situation would be only temporary, however, until they had accustomed themselves to the job and its place in the organization. It is interesting to note that a number of these executives feel that complete adjustment to a job comes only after the individual knows his place in the informal organization structure. As one executive said, "Just looking at an organization chart tells you absolutely nothing about a job and what you can do in that job."

Advancement for these executives, therefore, is not viewed in relation to the effect it would have on their present motivation from achievement but rather by other factors which may be pertinent. Executives are confident that they could achieve as well in a higher level of management as they presently are in the job of first-level sales executive.
Summary

The self-satisfaction that first-level sales executives receive in undertaking the routine and creative tasks entailed in their job was discovered to be the second most frequently mentioned incentive in current performance. It was discovered that only a few executives expend their efforts in anticipation that their superiors will take note of such endeavors. Regardless of the purpose for which the executive applies his efforts, he is usually inclined to over-value it in comparison to those undertaken by salesmen.

Unlike any of the other major classifications of non-financial motivation, achievement shows a definite relationship to both the job tenure of the individual and the method by which he is paid. An increase in job tenure was found to reduce an executive's consciousness of achievement in his motivating situation. As for the method of payment, it was found that when his pay plan contains an extra-incentive which exerts considerable influence on the total amount received, the executive is more inclined to mention achievement as an incentive.

In proposing changes in the method of payment for first-level sales executives, conflicting points-of-view were
are earned currently but carry a contractual arrangement whereby payment is deferred until retirement or other termination of employment.

Fringe Benefits - those benefits which supplement direct financial rewards by providing security and protection for the executive and his family. Usually included among the types of fringe benefits are vacations, group life insurance, medical and disability insurance, and pension plans.

Method of Investigation

Two basic methods of investigating the problem chosen for study were utilized: library research and personal interviews. Major emphasis was placed on interviews because it was felt that this technique would produce more information and more reliable information.

Practically all the literature available and known to the writer on the subjects of motivation, sales management, and executive performance was studied for purposes of general knowledge and assistance in the development of the questionnaires. This study of secondary sources also proved valuable in providing introductory material for the presentation of the findings of this study.
found between executives and their superiors. While first-level sales executives favor an increase in the relative proportion of total pay definable in terms of job efforts, top-level sales executives ardently oppose such a change. Their opposition is based on the reasoning that not until the individual executive is made to feel secure will he perform efficiently.

In promotion, achievement was ranked third after status and financial gain. Achievement in this situation is synonymous with significant organizational progress and as such is quite different from the presence of the incentive in current performance. It was also noticed that individuals who recalled achievement in promotion all had a similar background in that they had been salesmen in the marketing organization of their present company.

In-so-far as future advancement is concerned there are no indications that the presence of achievement means a desire for organizational advancement. This finding is consistent with the self-satisfying nature of achievement for most executives in current performance.
CHAPTER VI

OPPORTUNITY AS AN INCENTIVE

In terms of the frequency with which opportunity was found to exist in the environment of the first-level sales executive, it can be ranked third after status and achievement. A total of 20 executives mentioned opportunity as a source of motivation with 5 of them denoting it as the sole performance incentive.\(^1\)

Before proceeding to an analysis of the incentive of opportunity, several comments appear appropriate. One is that the analysis is concerned with opportunity only as it relates to the motivating situation of an executive. Obviously opportunity can be and often is present in the environment of an individual without necessarily being a source of direct stimulation to his performance. Quite

\(^1\)Table 2, Chapter III, p. 59.
frequently opportunity is considered to be one of the standards by which the morale of individuals occupying a particular position can be measured.\(^2\)

Another is that the descriptions of opportunity are a result of comparing present conditions with past experiences. What the executive remembers of his previous circumstances is related to either the job he held or the company in which he was employed.

Presence of Opportunity Incentive: Factors Which First-Level Sales Executives Realize

As previously stated the presence of opportunity as an incentive for the executive is related to conditions engendered by his job or company. Executives who find opportunity in their job usually were promoted from the sales force of their present company while those who associate opportunity with their company were hired from outside sources. Thus, how the incentive of opportunity is visualized appears to be almost wholly dependent upon the background of the individual executive.

\(^2\)In a morale study of 384 supervisors from the manufacturing divisions of a number of firms, opportunity with liking for the job, pride in the company, and reputation of the company were utilized to develop a weighted average morale indice. Eugene T. Benge, "Morale of Supervisors," Advanced Management, March, 1959, p. 18.
Opportunity in Their Job

The incentive of opportunity as it relates to the position of first-level sales executive motivates the individual by providing him with a comparatively greater number of chances to demonstrate his abilities through engaging in a wide variety of activities.

Notable among the executives who related opportunity to their position is a district manager for a business forms company who knowingly accepted a transfer to a territory that had shown a downward sales trend for many years. Worse yet, the area suffered from economic disturbances and many major companies left the area or were planning to. After nearly a year in the job he seemed very enthusiastic about the numerous challenges met and the opportunity they had given him to exhibit his abilities to the home office. He felt this way even though correction of the seemingly inherent difficulties had only begun. The district manager had not only the challenge of the downward sales trend but had also involved himself in rebuilding the sales force in this area. Before he was made district manager, the territory had suffered from a high turnover of sales
personnel. About the only men left were the incompetent. He spoke of his activities in recruiting and training salesmen with a great deal of satisfaction.

A similar illustration is afforded by an executive who had spent most of his career in personnel and industrial relations. He felt that in his present position of district manager he had the chance to show tangibly his executive qualities to higher management. His reasoning was that the relative worth of an individual as a manager can only be measured by his leadership of men. The first-level sales executive's job he now holds is such a leadership position.

Whenever opportunity was mentioned as a challenge there seemed to be no indication that the incentive was a source of self-satisfaction. Rather, it appeared to be a visualization of the chance for an individual to exhibit his abilities to others, particularly those who are superior to him. Moreover, the executives appear quite confident that they will be able to meet in a creditable fashion all the challenges their job has to offer. More will be said about opportunity and its relationship to self-satisfaction in a later section of this chapter.
Another aspect of opportunity as it pertains to the job of the executive is the greater variety of activities that it apparently offers. As such opportunity closely resembles what Barnard has described as the general incentive of enlarged participation. Executives who described opportunity in terms of the variety of activities their present position entails have all been promoted from the sales force. These executives characterize their previous position as essentially selling with little or no time available for anything else.

There seems to be at least 2 reasons why executives feel there is opportunity in the variety of activities of their present position. One is that such a variety offers the individual many more opportunities to learn the skills of managing a business enterprise. A district manager for an industrial equipment company stated that he knew of no better job in which to learn the business. He went on to say that as a salesman his only responsibility had been to call on the accounts that were assigned to him while now he

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3A general incentive is defined by Barnard as one which is not personal and cannot be specifically offered. Barnard, op. cit., p. 142.
has to know, among other things, personnel management, office management, pricing, setting quotas, handling advertising, and miscellaneous administrative matters.

A district manager for a tire manufacturer was of a similar opinion:

You get alot of ideas as a salesman but not until you become a manager is it possible to have the opportunity to actually put them into operation. As a salesman, I remember having a number of ideas, some pertained to my particular job, but the greater amount were concerned with the more general selling aspects of our company. It didn't matter what they were about because when I would present them to my boss he would say that's fine, but don't you think this customer needs more of your attention. A district manager, at least in my company, has alot of different things to do. It gets some of the others down but I enjoy it because it allows me a wider range for my ideas and also the opportunity to see that they are utilized.

It might be very interesting to determine whether this executive pays any more attention to the ideas of his salesman than his boss did to his. He probably has the same attitude; the salesman's job is to sell and cater to the wishes of the customers and the formulation of ideas should be left to management.4

4This is a prevalent attitude that can be quite harmful to upward organizational communication. The largest company included in this survey had a study made of their organization which was completed in 1959. The major defect found was that of communication, especially upward in the organization.
Opportunity in Their Company

The opportunity incentive is related to the company by only those executives who have been promoted to their present job from an external source. Coming from the sales organization of another company, typically smaller, the executives feel that with their present employer they have a great many more opportunities than would have been possible in their former companies.

One executive expressed his feelings on the opportunity present in his firm by saying that without a doubt it would be the leader in the industry within a few years.\(^5\) He went on to say:

Relatively speaking we are still a new company and as such there are tremendous opportunities. Before coming to this company, I spent all of my sales career with our major competitor. Their sales volume may be currently larger than ours, but we are a growing company. You know to get this chance I gave up a promotion and the salary increase that went with it.

To another executive opportunity was the size of his company and the vast scope of its operations. Having spent a major portion of his career in the sales organization of a local wholesaler, it was not surprising that he was able to envision many more opportunities with a company which distributes its products nationally.

\(^5\)It should be noted that the company of this executive is an established industrial equipment manufacturer
Before leaving the discussion of opportunity as executives find it in the environment of their company, some consideration should be given as to whether such descriptions may be a form of rationalization to convince themselves that coming to this particular company was correct. While a definite answer to such a question is outside the scope of this investigation, some evidence to support the descriptions as being expressions of actual feeling can be found in comparing the executives' present and former companies.

Such a comparison shows that for 6 of the 7 executives, getting their present job meant moving from a company which is local in nature and relatively small to a national manufacturer who operates on a much larger scale. It would seem unlikely that they would feel compelled to make any excuses about such a move. On the contrary, one might wonder about an executive who did not feel his opportunities had improved.

That only during the last decade has been forced to establish a more complete sales organization. Prior to this they existed on the basis of the quality of their products.
For the one executive who moved to a smaller company, his reasons appear quite logical and ones he should not feel compelled to rationalize. His contention was that his present company is growing and has prospects of becoming the leader in its field, whereas his previous job had been with a larger, more mature company that he anticipated would suffer future declines in sales. While this reasoning is more subjective, it still seems reasonable and not something for which he might feel there would have to be excuses.

In summary, it can be seen that the presence of the opportunity incentive as it is realized by executives is related to the conditions pertaining to either their job or their company. Typically the executives utilize their previous job or company as a basis for evaluating present opportunities.

Presence of Opportunity Incentive: Factors Which First-Level Sales Executives Do Not Realize

From the preceding analysis of the factors which executives realize as contributing to the presence of opportunity in their motivating situation, it is obvious that there may be other factors which although not
mentioned could affect opportunity's existence. These factors of which executives appear consciously unaware can be related to the executive as an individual or to his job as a first-level sales executive.

**Selected Individual Factor**

An individual's visualization of the conditions which generate opportunity could possibly be affected by his length of tenure as a first-level sales executive. If the executive finds that his job is intrinsically uninteresting, he may over a period of time become less aware of the conditions of the job or the business organization in which the job is located. Such an attitudinal reaction is commonly referred to as boredom and is associated with work that is of a repetitive nature or is relatively uncomplicated.  

Another effect that an increase in tenure may have on an individual's noticing opportunity is that the interval of time between his previous job and his present one is ever increasing. Such an increase may mean that the

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The second technique, personal interviewing, was used to examine the first-level sales executive through two sets of eyes: his own and those of the sales executives superior to him. Personal interviewing was thought essential because of the intangible nature of the information sought and because it would allow the interviewer to observe the environments in which the first-level sales executives are functioning. The questionnaires were structured and no attempt was made to disguise the intent of the interview.

A preliminary questionnaire was designed and a number of interviews were made with first-level sales executives who are close friends of the writer. Their advice and suggestions were received and incorporated into the form shown in Appendix A. No opportunity was available to set up a pilot test of the questionnaires to be used in interviewing top-level sales executives until after a number of interviews had been completed. The final form of the questionnaire appears in Appendix B. Space was not provided for answers on the questionnaire forms. Instead, answers were written on blank paper so that as much information as
executive will forget or at least find it difficult to remember the conditions which prevailed in his previous job. Thus, he will have less basis upon which to evaluate his present circumstances. If either or both of these assumptions are valid, one would expect to find older executives from the standpoint of job tenure noticing opportunity to a much lesser extent.

On the other hand, the tenure of an executive may have no effect on his visualizations of opportunity because he does not necessarily find the work to be repetitious in nature or during the lapsed time period he simply may not have forgotten his previous circumstances. For the executives studied there appears to be ample evidence to support this form of reasoning.

One reason that the executive may not find his job boring is that he is continually encouraged to make joint sales calls with his salesmen. The purposes of such endeavors are to abet the salesmen in difficult situations and to evaluate as a supervisor the selling techniques which are currently being employed by the salesmen. Participation in such sales activities should help to reduce much of the routine
in the job the first-level sales executive has.

There is also the fact that 25 of the 30 companies studied are engaged in industrial selling which is usually characterized as anything but routine. Examination of the sales records for any of the executives' areas would show a wide variety of customers. Among the diverse group of customers an aluminum company's district sales office has are an appliance manufacturer, a firm producing hardware used in automobiles, an electronics manufacturer, and a general building contractor. The first-level sales executive who supervises the sales to these customers will obviously have to deal with a multitude of varied and complex problems.

Another conceivable disruptive effect on the routine of the executive may be the avowed policy of most of the companies studied to delegate as many as possible of the management activities to this organizational level. The comments of a vice-president of sales for a tire manufacturer typify the attitude of higher management on this subject. He said:

My company is endeavoring to create a position in which the executive feels as if he is in business for himself. As a consequence he must decide many of the questions which previously were referred to us at the home office.
It would hardly seem possible that the conditions of such a job as the first-level sales executive occupies would be conducive to boredom. The only other effect tenure can have is the widening of the gap of time between the executive's previous job which is utilized as a basis in his evaluation and his present situation. Of course if his previous job had been as a salesman in the same company he is still in continuous contact with it as a first-level sales executive.

A comparison of the mentioning of opportunity by executives in various tenure categories shows that an increase in tenure seems to have no effect upon whether opportunity is recognized. Approximately the same proportion of executives with 3 years or less in the job gave opportunity as an incentive as did those with more than 10 years. Table 12 shows the results of this comparison.
TABLE 12

OPPORTUNITY INCENTIVE OF SIXTY-FIVE FIRST-LEVEL SALES EXECUTIVES BY THE NUMBER OF YEARS IN THE JOB

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>3 years or less</th>
<th>4 to 10 years</th>
<th>11 years or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned opportunity</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Did not mention opportunity</td>
<td>15</td>
<td>17</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>25</td>
<td>19</td>
<td>65</td>
</tr>
</tbody>
</table>

It would seem that, at least for the individuals studied, the conditions of their job as a first-level sales executive are such that they can find opportunity regardless of how familiar they are with their environment. Plausibly the reason for this is that the executive finds his job to be interesting and varied in content.

Selected Job Factor

Opportunity in the first-level sales executive's job may be a pay plan whereby the executive can appreciably increase his material rewards. If he does equate opportunity with financial rewards there would be a greater tendency for him to perceive opportunity
in his environment when his performance is being directly and immediately rewarded in dollars. Such a plan could be one which combines a fixed salary with an extra-incentive.

However, the executives in their responses did not allude to money when describing their realizations of the opportunity incentive; so no relationship may exist between the chance to make more money and opportunity as executives visualize it. In such circumstances the type of pay plan obviously will have no effect on whether opportunity is present.

Table 13 shows that in this study there is no greater tendency for the executives who are paid by means of an extra-incentive to mention opportunity.
TABLE 13
OPPORTUNITY INCENTIVE OF SIXTY-FIVE FIRST-LEVEL SALES EXECUTIVES BY THE TYPE OF PAY PLAN

<table>
<thead>
<tr>
<th>Presence of Incentive</th>
<th>Fixed Salary</th>
<th>Fixed Salary &amp; Extra-Incentive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioned opportunity</td>
<td>4</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Did not mention</td>
<td>10</td>
<td>35</td>
<td>45</td>
</tr>
<tr>
<td>opportunity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>51</td>
<td>65</td>
</tr>
</tbody>
</table>

This evident lack of relationship between opportunity and the type of pay plan could be due to their cognizance of the fact that opportunities to demonstrate their abilities will eventually lead to greater financial rewards regardless of the method of payment. The executives, with only a few exceptions, had faith in the company to recognize what was adequate and fair in financial rewards. Only those who had recently joined their present companies knew what the current "market rate" was for paying this management level. The others showed a decided disinterest in what their counterparts in various companies were being paid. Evidently
these first-level sales executives are very satisfied with their present working conditions.

It has been seen that neither the number of years in the job nor the method of pay has much effect on the presence of opportunity. The next section concludes the analysis of opportunity as an incentive in current performance by presenting the non-financial incentives which were associated with it.

Interrelationships of Opportunity With Other Non-Financial Incentives

Another source of evidence on what is involved in the motivation from opportunity in current performance emanates from an examination of the non-financial incentives that were mentioned with it. Of the 20 executives who noted opportunity, 5 gave it as the sole incentive stimulating current performance. The remaining 15 answered as follows:

<table>
<thead>
<tr>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity with status recognition</td>
</tr>
<tr>
<td>with status and opportunity</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
It can be seen from the listing that when opportunity was mentioned in conjunction with another incentive it was always status. This is consistent with the descriptions of opportunity which related the incentive to the job.

Another interesting point that can be made from a study of the listing is that executives do not associate opportunity with achievement. This failure to relate the two non-financial incentives is contradictory to what is generally held to be true. Usually it is considered necessary that opportunities be present so that individuals can use their abilities to achieve.

This contradiction necessitates some explanation. It was previously learned that executives do not refer directly to achievement in describing the factors which contribute to the presence of the opportunity incentive. Instead their emphasis is placed upon the present environment as contrasted with past experiences. It should also be remembered that the incentive of achievement is related to the executive's pay plan while opportunity is not. So this lack of association only substantiates what the executives conceive of as contributing to opportunity's presence.
Another distinguishing characteristic between the 2 incentives is the degree of attention or notice that executives wish to be given to their actions. Achievement, it will be remembered, is primarily motivation from self-esteem, whereas the executive who mentioned opportunity appears to be more desirous of his actions being noticed, particularly by higher management. It would hardly seem compatible that 2 such incentives would be present at the same time in the motivating situation of a particular individual.

This completes the analysis of opportunity as it motivates the current performance of the first-level sales executive. In the next 2 sections of the chapter, the study will be concerned with the incentive as it relates to promotion.

Opportunity as a Non-Financial Incentive in Promotion to First-Level Sales Executive

Opportunity is fourth in recall frequency and relative importance. A total of 31 executives recalled opportunity with 14 ranking it first, 10 second, and
Factors which will be studied in the consideration of opportunity as a promotional incentive are the job that the executive had prior to promotion, the importance of financial gain in promotion to the executive who recalled opportunity, the immediate financial gain for these executives, and the retention of the incentive in current performance.

Position of First-Level Sales Executive Prior to Promotion

While there was no difference in how they ranked opportunity, descriptions of its meaning depend to a great degree upon whether they had been elevated from the sales force. Executives who have once been salesmen described opportunity as the chance to put their own ideas into practice and to work with people. One executive who recalled opportunity as a primary inducement stated, "Becoming a district manager has allowed me to run my own show with my own methods." He went on to say that while a salesman for the company he had

7Table 3, Chapter III, p. 67.
possible could be obtained and the anonymity of the answers would seem more obvious to the respondents.

The procedure used in the interview did not vary significantly with the level of management involved. When it was convenient, top-level sales executives were interviewed prior to the company's first-level sales executives. During the interviews it was possible to observe many examples of the climate in which the first-level sales executives perform. In using the case approach in studying the subject, as many direct quotations as possible are used to depict more accurately the situations which occurred.

Scope and Limitations of the Investigation

From the beginning no statistical survey of non-financial incentives was intended. Instead it was felt that an intensive inquiry into a few cases would provide insight into the types and sources of non-financial motivation. So to assess accurately the findings of this study it is necessary to consider the scope of the survey and the limitations which may accrue from the selection of sample elements and the use of the personal interview as a method of research.
attempted to reorganize his own accounts, a system he has since incorporated successfully into his entire district.

Those executives who had come from other parts of the company or other companies recalled opportunity in terms of a chance to succeed in business. One such executive had spent almost 10 years with another company, but felt that his previous employer's personnel policies had been archaic and sales volume ebbing with a narrow product line. His present firm, on the other hand, is just the opposite and quite willing to listen to new ideas.

It is obvious that executives with identical backgrounds have about the same concepts of opportunity in promotion and current performance. The reason for this is that in both situations the individual describes this incentive in terms of what he visualized in the job as contrasted with his former position. Noting this similarity the next question concerns whether opportunity in promotion is related to the financial rewards which might be involved.
Importance of Financial Gain in Promotion

Seven of 31 executives ranked both opportunity and financial gain as incentives in promotion to their present position. In each instance the executive ascribed a higher ranking to opportunity than to financial gain.

From this it would seem that executives generally do not associate the 2 incentives in promotion. Those few executives who did mention both came from other companies. For such executives to mention financial gain is logical in that it is doubtful that they would have entertained any ideas of leaving their former company without some financial inducement. One general sales manager said that even though the man knows that the job he is offered is better, it is almost always necessary to include an increase in financial rewards. However, he did add that these younger men today want to know everything about the job and money was not the complete solution.

By ranking opportunity higher than financial gain it would seem that these executives view the conditions

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While this company prefers an internal promotion policy, the shortage of executive personnel caused by World War II necessitated seeking other sources.
of the job as being more important than any financial increase which might result from the lateral or vertical promotion to another company. Effective recruiting of men from outside the company should include the utilization of both financial and non-financial incentives with emphasis on the non-financial aspects of the job environment.

Importance of Actual Financial Gain in Promotion

If the rankings of opportunity are compared for executives with different sized pay increases it is apparent that there is no relationship between the immediate pay increase and the relative evaluation of opportunity. Table 14 presents this comparison.
TABLE 14

OPPORTUNITY INCENTIVE IN PROMOTION BY SIZE OF PROMOTIONAL PAY INCREASE

<table>
<thead>
<tr>
<th>Rank of Opportunity Incentive&lt;sup&gt;a&lt;/sup&gt;</th>
<th>19 per cent or less</th>
<th>20 per cent or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Not ranked</td>
<td>17</td>
<td>15</td>
<td>32&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>32</td>
<td>62&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup>Rank in order of most influential to least influential.

<sup>b</sup>No data were available on promotional increases for 3 executives.

While this comparison does not supply any information on whether the executive visualizes long-run financial increases in recalling opportunity, it does present additional information on the relationship of the 2 incentives in the promotion process. Failure to recognize the lack of relationship between opportunity and a financial increase either visualized or actual will seriously impair attracting desired individuals from both internal and external sources. It also
provides a further illustration of the importance of non-financial incentives.

**Relationship Between Opportunity in Promotion and Current Performance**

With the evident similarity between opportunity as it is visualized in promotion and current performance, it seems necessary that some attention be directed to the question of whether the incentive is mentioned by the same executives in both situations. Of the 14 executives who ranked opportunity as the primary inducement in promotion, only 8 feel that it is present in the environment in which they currently operate. A complete listing of the incentives which were mentioned is as follows:

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity</td>
<td>4</td>
</tr>
<tr>
<td>Opportunity with status</td>
<td>4</td>
</tr>
<tr>
<td>Status</td>
<td>4</td>
</tr>
<tr>
<td>Status with achievement</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>
Executives who retained the incentive in current performance are those who consider the job of first-level sales executive a logical steppingstone to the upper management levels of their respective companies. In the next section, how these executives and the others who are motivated by opportunity in current performance feel about further advancements will be analyzed.

Motivation from Opportunity and Desires for Future Advancement

Desires for advancement appear to be more prevalent among executives who are motivated by opportunity than those who are not. Ten of the 16 executives who profess a desire to be promoted were found to be conscious of opportunity in current performance. These 10 executives comprise one-half of the total number of executives who responded that this incentive was present in their job environment. This incentive appears to have a great deal of stimulative force in that 6 of the 10 executives also recalled it as the primary inducement in their desire to become a first-level sales executive.
Executives who want to be promoted conceive of their present job as a transitional step between the upper and lower segments of the business organization. In this job there is an abundance of opportunities for them to learn the functions of management and to display their talents. One executive described his job as the best position in which to be considered for promotion. He continued the discussion by saying, "I have to face the same problems as my bosses, so when promotion comes I will have very little trouble adjusting." With this executive as well as the others, neither the lack of openings in the upper management hierarchy nor the possibility that promotion might mean a staff job seemed to dilute the intensity of their ambitions.

Opportunity for executives who do not desire promotion appears to be a chance to solidify their present position rather than an attempt to present evidence to support consideration for promotion. An older executive summed up this attitude fairly adequately when he said, "Even though I am not going anywhere I get a lot of chances to show management that
I am fully capable of taking care of sales in this area. 9

While not a prevalent incentive in current performance and promotion, opportunity does appear quite often in the motivating situation of those executives who aspire for future advancement. Such a desire is notably absent among the executives who were interviewed in this study. In considering men for promotion, management should be alert for those who are motivated by opportunity.

Summary

The first-level sales executive who is motivated by opportunity usually finds this incentive in the environment created by his job. If the executive was recruited for his present job from another company, a possibility exists that he may relate opportunity to his company rather than his job. In either situation the executive will visualize the opportunity incentive

9 While it is not possible to know whether this executive was doing a good job, the action of the company upon his retirement is at least a good indication that he was administering a rather large area. What was once his territory has been now subdivided into 3 areas, each supervised by a first-level sales executive.
in comparison to what he remembers of his previous circumstances.

Job opportunity for the first-level sales executive can be a greater chance to demonstrate his abilities to higher management or the likelihood of being able to participate in a wider variety of business activities. Executives describe opportunity in their company as the satisfaction obtained in being a member of a business organization that has an excellent potential for future growth.

An executive's length of job tenure does not seem to reduce his awareness of the presence of opportunity. Executives who note the presence of opportunity do not seem to relate the incentive to any method of compensation by which their efforts can be more directly rewarded. Among the individuals who are paid by a plan that includes an extra-incentive there is no greater tendency to notice opportunity than there is when only a fixed salary is paid.

Even though opportunity and achievement are generally thought to be related and often part of the same motivating situation, evidence accumulated in this
study shows the reverse to be true. Analysis of the 2 incentives points out that:

1. The incentives of opportunity and achievement are not consciously associated.

2. The incentive of opportunity is oriented toward obtaining the esteem of others while achievements are usually undertaken for purposes of self-satisfaction.

3. The incentive of opportunity is unaffected by the type of pay plan, whereas achievement appears directly related to the presence of an extra-incentive and its relative importance to total pay.

The connotations that first-level sales executives give to opportunity as a promotional incentive depend to a large extent upon the executive's situation prior to being promoted. If the executive had risen from the sales force of the same company, he saw opportunity as the chance to experiment in handling people and to solve the numerous problems encountered. Promotion from other sources caused opportunity to be construed as the chance to succeed after being closely restricted for sundry reasons in previous jobs.
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Harry Robert Dodge

1963
Scope of the Investigation

Thirty-eight corporations were approached by means of a letter, reproduced in Appendix C, with the request for their cooperation and the opportunity to interview three of their first-level sales executives and at least one top-level sales executive. The letters were addressed to the person listed as the chief executive of the sales organization. Of the 38 requests, answers were received from 33 companies and arrangements were successfully completed to conduct interviews in 30 companies. Two other companies expressed a willingness, but no convenient time could be arranged in which to meet. The interviews were conducted from May, 1959, through August, 1959.

Sales volume data were available for all but 5 of the 30 companies. Total sales volume for the 25 companies in 1958 was approximately $12 billion. On the basis of classifications used by the National Industrial Conference Board, these 30 companies represent the following 14 industries: agricultural equipment and supplies; auto parts and accessories; drugs and medicines; electrical equipment and supplies; industrial machinery; metal and glass containers; metal working
As such, opportunity in promotion is not carried over into current performance by any individuals except those who visualize the job of first-level sales executive as a steppingstone to higher management levels. Of the 6 major types of non-financial motivation, opportunity is more commonly found among those executives who are desirous of moving into higher echelons of business. Over one-half of the executives who gave opportunity as a current incentive have ambitions for advancement. It can be surmised, then, that opportunity is an excellent indicator of an individual possessing those career ambitions which are unusual for the first-level sales executives interviewed.
CHAPTER VII

LOYALTY, RECOGNITION, AND SECURITY AS INCENTIVES

Because of the infrequency with which the presence of loyalty, recognition, and security were noted in the environment of the first-level sales executive, these incentives are combined into one chapter for analysis. Ten executives mentioned loyalty, 5 recognition, and 3 gave security as an incentive.¹ This total of 18 executives is slightly less than the number who mentioned opportunity.

Two points should be noted before proceeding with an analysis of these incentives. The first is that some consideration will be given to the presence of loyalty and security even though they are not consciously recognized as incentives by executives. Such discussion will also include some reasons why their presence does not appear to be a source of stimulation to individual performance.

¹Table 2, Chapter III, p. 59.
The second point is that the study of recognition will place major emphasis on the executive's awareness of their superiors' consistent failures to provide this form of motivation. Such an emphasis will mean that the analysis of this incentive will be concerned with its absence rather than its presence.

Presence of the Incentives of Loyalty, Recognition, and Security: Factors Which Executives Realize

To facilitate an understanding of the 3 non-financial incentives, each is discussed separately. The order of presentation is based upon the frequency with which the various incentives were noted in the environment of the first-level sales executive.

Loyalty

There appears to be little doubt that first-level sales executives are loyal to their companies.² Their loyalty was very obvious from their eagerness to discuss their jobs, the products they sell, and their companies. On numerous occasions the interviewer was told about

²The presence of loyalty among supervisory personnel is noted in other studies. Notable was the study of 140 companies which found that loyalty was one of the 3 most prominent selection standards with 60 per cent utilizing it. "What Makes a Good Supervisor?" The Management Review, January, 1959, p. 55.
or personally shown through offices, manufacturing plants, warehouses, and given a great deal of data on the firm's products. An excellent example of this was the district manager who led a personally conducted inspection trip of a new distribution center located adjacent to the district sales office. He explained in detail how his company had developed this large warehouse facility to handle more effectively the flow of products to company-owned stores and dealers within a 5 state area. Throughout the tour his pride in being a part of such a company was very obvious.

There appear to be at least 2 reasons why these executives are loyal to their companies. One is that their companies usually adhere to a strict internal promotion policy. Definite internal promotion policies were found in 27 of the 30 companies studied with the other 3 favoring such a policy but finding it difficult to adopt because of personnel needs which have arisen
in growth and expansion. One executive may have reflected a general feeling when he said, "A company deserves your loyalty when it fills its vacancies with those presently working for it."

Another reason is that executives generally are of the opinion that loyalty to their firm and its products is requisite to successful selling. This seems logical in that one could hardly imagine a salesman without such feelings being able to develop much confidence in his customers. It is quite possible that the loyalty observed in the executive's environment is a result of his present participation in selling as well as that which may have carried over from his previous experiences as a salesman. One district

3 This finding agrees with the previously cited study which found that 90 per cent follow the policy of internal promotion. It also found that such a practice is more common among large companies such as those included among the 30 being considered than it was among smaller companies. Ibid.

4 All of the companies included in the study encouraged their first-level sales executives to participate in personal selling. Fifty-four executives were promoted from the sales force of their present company and 8 acquired sales experience in other companies.
manager described this reason for loyalty by saying:

In our sales department and I think most other companies, your best men are really sold on the company and the product line. Personally, I don't see how a man could sell anything without being prejudiced about it to some extent. Take, for example, our product line, I feel that at the present time it is far superior to the entire market. Of course, it does have some disadvantages but not nearly as many or as major as those of our competitors. You can see I am really sold on the products we produce.

Loyalty, whether its source is found in the promotion policy, the nature of the sales job, or a combination of both, is rarely noted as a motivational force in the executive's environment. There are at least 2 explanations for this reticence. One is that the executive may be conscious of loyalty, yet hesitate to mention it for fear of appearing sentimental or chauvinistic. However, the executives interviewed gave no indications of such a feeling.

The other concerns the possibility that he has no active need for loyalty. Some support for this explanation is available if the premise that loyalty is very similar to the need for love is accepted. This study has shown that the most predominant needs of these executives are of a higher-level. This is
usually a good indication that the lower-level needs, such as love, have been satisfied previously. Any need that has been satisfied will no longer be an active determinant of behavior.

In all, only 10 executives mentioned loyalty as an incentive. The motivating situation in which the incentive appears to have the most stimulative effect is where the individual's loyalty is to be tested, often with great severity. Examples of such situations that were given by executives are claim adjustments for large customers and motivating a salesman who has become disillusioned with the company.

In the former situation one executive with a paint manufacturer explained that he receives a large amount of satisfaction when he is able to settle a claim of an important customer without impairing the position of his company. He recalled a number of instances where very important customers had unsuccessfully attempted to influence the outcome of a claim through their status as a large purchaser. It was his contention,

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5Maslow maintains as part of his theory that a well-adjusted individual will satisfy his needs in the order prescribed in the hierarchy. A more complete discussion of the hierarchy of needs can be found in Chapter II, p. 28.
however, that customers usually respect such loyalties as long as one also maintains a sense of fairness to all parties concerned. It would seem that much of the motivation this executive receives from the incentive of loyalty arises from a need to demonstrate his feelings about the company to persons external to it. An analogy to this would be the American who derives satisfaction in displaying the American flag in a foreign country.

A few executives find satisfaction in providing inspiration to their salesmen. Often the salesman becomes disillusioned with his job and/or his company. In such situations the executives must endeavor to replace these feelings with those of a more positive nature. An illustration of a situation where an executive found satisfaction from displaying his loyalties is provided by the comments of one of the respondents. It seems that a salesman had done a really outstanding job throughout the year only to miss winning the national

6Most authorities in the field of management are agreed that motivation and inspiration are basic to good supervision. See Ralph C. Davis, op. cit., Chapter 5.
sales contest by a few dollars in sales volume. To further aggravate matters there had been no cash awards given except for first place. The salesman was quite upset and talked about quitting. Even though the executive felt that the action of his company in awarding only one cash bonus had not been equitable, his loyalty to the company necessitated that he defend their actions in such a way as to make the salesman understand more clearly why it had happened as it did. The executive was satisfied that he had shown loyalty to his firm. Such loyalty as this is confined to the organization and is an integral part of his basic task of supervision.

Recognition

A breakdown of the comments of first-level sales executives on their failure to find recognition in

7It may be interesting to note that the executive was successful at least temporarily in settling the grievance of this particular salesman. However, the man did resign from the company 18 months later.
the environment in which they operate is as follows:

<table>
<thead>
<tr>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interviewed</td>
</tr>
<tr>
<td>Mentioned recognition</td>
</tr>
<tr>
<td>Did not mention recognition</td>
</tr>
<tr>
<td>Commented on lack of recognition</td>
</tr>
<tr>
<td>No comment made</td>
</tr>
</tbody>
</table>

Unlike the other non-financial incentives which are analyzed in this study, the absence rather than the presence of recognition is noted by executives. With the exception of the 5 who mentioned it, the executives are generally quite critical of the failure of their superiors to provide such motivation. The absence of this incentive, therefore, will receive the major emphasis in this analysis. The method of analysis will be to first establish what the executives have to say about the absence. This in turn will be followed by an interpretation of these remarks supplemented by references to other studies.

The recognition which executives desire is that which is forthcoming from their superiors who are usually located at the home office. It was found that when executives refer to the home office this is
synonymous to those sales managers who are superior to them. In describing the failure of the home office to recognize their efforts, executives feel the only attention they receive is the noting of their deficiencies or errors in performance. This general feeling was aptly described by one executive when he said, "I wish just once the regional manager would call me up and tell me that I was doing a good job and not just to find fault." He clarified this statement by adding that while the size of his bonus check did provide some indication that he has done a good job throughout the year, his company didn't include any comment on his performance when they mailed the check to him.

It seems from this executive's comments and those of the others interviewed that the telephone is the most frequently utilized method of communication between the executive and his superiors. Compared with a face to face conversation, any number of misinterpretations may result from the various inflections and tones of an individual's voice. It is not hard to conceive of an executive becoming disturbed over a phone call when he
machinery; non-ferrous metal products; office machinery and equipment; paint and varnishes; petroleum; radio and equipment; steel products; and toilet preparations and soap. A complete listing of the firms included in the study by major product is shown in Appendix D.

The companies had to be geographically convenient for the purpose of the interviews. The firms that were solicited had home offices located in the geographical area from Pittsburgh to Chicago and from Cincinnati to St. Joseph, Michigan.

A total of 104 interviews were obtained from 65 first-level sales executives and 39 top-level sales executives. The titles used to designate the first-level sales executives are as follows:

- District Manager - 25 companies
- Regional Manager - 2 companies
- Area Manager - 1 company
- Branch Manager - 1 company
- Zone Manager - 1 company

Among the top-level sales executives interviewed were 2 vice-presidents of marketing, 7 vice-presidents of sales, 3 directors of sales, and 3 general sales
interprets the tone of his superior's comments as being negative even though the caller had not intended them as such.

Another aspect of the utilization of the telephone as a method of communication which seemed to produce negative effects is the timing of the calls. One man related that his superior calls him every Friday around four o'clock in the afternoon. His reaction to this was that it is a rather childish way of keeping him from leaving early at the end of the week. In another interview an executive told of an instance where his superior called him on successive days at eight o'clock in the morning to check on whether he was actually making the sales calls he said he was. The executive said that this action not only made him mad but impaired his image with these particular customers. These obvious and rather clumsy attempts to check on the whereabouts of executives appear quite destructive to the motivational environments of the individuals affected.

From the responses of executives concerning the absence of recognition in their motivating situation it is possible that negativism could develop. Although
there is little question that negative incentives are occasionally effective stimulants to job performance, evidence appears to be in favor of positive incentives. The reason for this is that their long-run implications are more appropriate to a business environment. A few of the feelings that negative incentives have provoked such as guilt, failure, and hostility, would seriously limit their effectiveness in any given situation over an extended period of time. One writer, in an attempt to emphasize the need for positive incentives, has developed a number of principles which he refers to as articles of faith:

1. People have the potential to be good.
2. People want to be right guys.
3. People can achieve their goals.
4. People will respond to positive treatment.

It can be concluded from the criticisms of executives that not only are their superiors neglecting a form of

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9Jenkins, op. cit., p. 261.

10 Stickle, op. cit., p. 102.
non-financial motivation, but in doing so have emphasized negative incentives which tend to cause harmful long-term effects. It is also possible that top-level sales management generally is unaware of the implications involved in the use of the telephone as a method of communicating with subordinate management.

Evidence accumulated from other studies of business motivation certainly substantiates the fact that recognition is usually found in such environments and is not a form of non-financial motivation peculiar to only the individuals under consideration in this investigation. Starting with the rather informal work of Houser and progressing to the more sophisticated current studies, recognition has been commonly included as a non-financial incentive within the business environment. Logically, the next step in the analysis of recognition is to suggest possible reasons for the absence of such a well known incentive in motivating first-level sales executives.

Among the sources which can be cited as finding recognition in a business environment are the following:
1. Both executives and selling employees ranked recognition first among the 23 motives involved in job performance. Houser, op. cit., Table 4, p. 83.
Undoubtedly much of the failure to recognize the accomplishments of this group can be attributed to their geographical separation from their superiors and to the extensive span of control of the latter. While effective utilization of the telephone and air travel can minimize distances between the home office and the various sales branches throughout the country, a top-level sales manager is still faced with the problem of too wide a span of control. It was not uncommon to find in the companies surveyed a vice-president of sales having over 20 first-level sales executives reporting directly to him. For example, a vice-president of sales for one of the nation's largest firms said that while typically spending from 3 to 4 days a week personally contacting his district managers, he seriously feels this is inadequate. Because it is physically impossible to know what is happening in all the various areas of the nation, he concentrates his efforts on those districts which are staffed by relatively


3. Recognition was included among the first 5 important job factors by 29.6 per cent and ranked first by 2.2 per cent in a study of 7,000 workers. Harry W. Karn and B. von Haller Gilmer (eds.), Readings in Industrial and Business Psychology (New York: McGraw-Hill Book Company, Inc., 1952) Table I, p. 10.
inexperienced men or those which are experiencing difficulties. One solution to this problem is of course, to reduce the span of executive control by introducing a middle-management level in the sales organization. Presently, only 12 of the companies studied have 3 levels of sales management. In addition to inertia, the biggest deterrent to such a structural change is the increase in executive overhead expense.

Up to this point the discussion of recognition has been concerned with the absence of the incentive rather than with its presence. For those 5 executives who mentioned recognition, it took the form of acknowledgements of their work which originated from the home office. Surprisingly, there was a lack of unanimity on the question of whether recognition should be publicized outside the company. Two of the executives specifically mentioned that in addition to the internal notice that was given their accomplishments, their names and pictures also appeared in the local newspaper.
Illustrative of recognition which is noted both internally and externally are the following remarks of a district manager for a business machines company:

I got a good feeling although it may seem ridiculous to you from being rated a 'Tiger' for my sales volume during the last 6 months. Both the president and my boss complimented me on my performance and articles appeared in the company newsletter as well as in the local newspapers.

Security

Security was noted by only 6 executives, but appeared to have a definite influence on the behavior of executives. This inattention may be caused by security not being an active incentive, or it may result from reluctance on the part of those interviewed to admit they are motivated by it.

Before proceeding with an analysis of the causes, however, consideration should be given to the question of whether security does exist in the environment of the first-level sales executive. While no definite answer can be given this question, observations made during the process of the interviews and evidence accumulated from other studies of business motivation would seem to substantiate the assumption that security is likely to be present for the executives studied.
During the course of practically every interview, there was observed in the respondent through his answers a concern for the security of his position. Occasionally this concern is projected to another individual or group of individuals. Illustrative of such technique were the comments of a district manager for a steel company. While contending all the time that he personally was not security conscious, he was nevertheless able to describe almost too accurately the feelings of so-called fellow employees on the subject. More will be said later in this section about the resistance of executives to express their actual feelings about security.

Discussions with top-level sales executives disclosed the fact that they are convinced that not until their first-level sales executives are made to feel secure will performance reach its most productive level. A vice-president of marketing is of the opinion that the generally held concept of sales as a hazardous profession must be altered. It was his contention that continual pressure on the members

12The findings of a personnel study by the National Industrial Conference Board on security were that an employer's most productive act is to allow his employees to plan their economic future with reasonable certainty. Recognition for Long Service: Studies in Personnel Policy
of the sales force has disastrous effects over an extended period of time. Much of this pressure he attributes to a payment plan whereby the individual is not assured of a certain amount of income from pay period to pay period. It will be remembered that many of the companies in this study, including the vice-president's, make extensive use of fixed salary to try to eliminate some insecurity.

Evidence gathered from other studies of motivation also tends to confirm the premise that security probably exists as an important factor for first-level sales executives as it does for other members of the business organization.13


13 Among the other studies which can be cited are the following:

1. The National Industrial Conference Board found that 69.6 per cent of 301 companies rate job security as the most valuable factor in the performance of their employees. Ibid., p. 3.

2. Drs. Likert and Katz interviewed about 950 people in a life insurance company and 800 people in a public utility and found a significant difference between high production and low production workers in terms of the sense of security they have in their jobs. Eighty-three per cent of the workers characterized by high production felt secure in their job compared with only 40 per cent of those who are low producers. It is also obvious that even a considerable number of the low production workers have noticed security in their situations. Rensis Likert and Daniel Katz, "Supervisory Practices and Organizational Structures as They Affect Employee Productivity and Morale," Executive Personality
Of course, to accept this it must be assumed that there are no discernible differences insofar as security between the first-level sales executives interviewed and the individuals surveyed by the other investigators. It is also interesting to note that in 2 studies supervisors ranked security for their employees much higher than the employees themselves did.14 This finding closely parallels the attitude of top-level sales management in this study.


3. In a study of General Motors employees it was found that approximately one-half (49.1 per cent) are concerned with the security in their job. Chester E. Evans and LaVerne N. Laseau, "My Job Contest," Readings in Experimental Industrial Psychology, ed. Milton L. Blum (New York: Prentice-Hall, Inc., 1952) pp. 92-93.

Having established that security is undoubtedly present in the executive's environment, the analysis of the incentive is directed toward the question of why they are relatively unaware of it. Consideration is first given to whether security is an active incentive and therefore capable of stimulating action.

That security is no longer a form of active stimulation to these executives is indicated by the prevalence with which status and achievement are mentioned. These needs Maslow assigns to the higher levels of his hierarchy. If the theoretical explanation advanced by Maslow can be accepted, evidence of an individual satisfying higher level needs will denote that those of a lower level such as security will have been previously satisfied.\(^{15}\) Having satisfied his needs for security the executive will be relatively unaware of the evidences of the incentive in his environment.

Another explanation for the failure of executives to mention security as an incentive is the feeling that to

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\(^{15}\)See n. 5, p. 201 and Chapter II, p. 28.
managers. In addition, the writer talked with 2 vice-presidents of public relations and numerous lesser public relations officials.

**Limitations of the Investigation**

As should be expected there are limitations to the findings presented in this study. One limitation results from the sample, the lack of randomness in its selection, and the relative small size. The other limitation pertains to the utilization of the personal interview as a research method.

The 30 firms which comprise the sample were not chosen to be representative of American industry, nor was the method of selection random. In fact, because selection was based on convenience to the interviewer, the sample includes a heavy concentration of large-scale industries producing primary metals. Moreover, it was not possible to interview the same number of first-level sales executives within each company nor to know whether these individuals were representative of all those in the particular company. It is apparent, therefore, that the findings of this study are applicable only to the 30 companies and even more strictly to the individuals who have been interviewed.
make such an admission would be damaging to their ego. In such circumstances the executive, even though he is motivated by security, might view any outward manifestations as being detrimental to his position in a business environment, especially since he is a member of management. During many of the interviews, executives appeared rather sensitive about the image that current literature has created. On numerous occasions the interviewer was asked if he thought the portrayal of business as given in such books as The Organization Man is what the general public actually believes. They seem to be particularly concerned about the young men who are now considering a business career. Obviously if the executives are as apprehensive as this would seem to indicate, it is little wonder they refrain from mentioning anything which would further bring disfavor on their chosen field of endeavor.

The inattention of executives, therefore, can logically be explained. Either security is not an active incentive, or the men were hesitant to mention an incentive which would cast aspersions on their job

16 William H. Whyte, Jr., op. cit.
and themselves. In fact, one might well wonder why any executive mentioned security as an incentive.

The 3 who did mention security, however, also included their families in their comments. Typical of their responses were the comments of the executive who said, "Being a manager, I and my family are able to look to the future with a great deal of surety."

This executive as well as the other 2, felt that being a part of management offered more security per se than they had experienced as salesmen prior to promotion. It is possible that as managers they are much more confident than they were as salesmen. Why none of these executives mentioned security in relation to the size or stable nature of his company can possibly be explained by the fact that all of the companies in the sample are relatively large and stable organizations.

This concludes the analysis of the factors which executives realize as having an effect upon the existence or nonexistence of these incentives. The next section continues the study of those factors which may affect the existence of the incentives.
Presence of the Incentives of Loyalty, Recognition, and Security: Factors Which Executives Do Not Realize

In analyzing the factors which may be conducive to an executive's awareness of any of the incentives, it was found that all of them pertained to the executive himself, rather than anything which might be related to his job. Factors relating to the individual are his age and the extensive period of time he has been with his present company. The only factor which would be related to his job is his interest in indirect financial rewards. Such an interest, however, is felt to be more directly attributable to advanced age than to the types of non-financial incentives which happen to motivate the individual.

All of the executives who mentioned these 3 incentives were more than 50 years of age and had been with their respective companies a minimum of 20 years. Why such executives were the only ones to mention recognition and security is more easily answered than that of loyalty. Previously it was discovered that executives with extensive job tenure are not as inclined to mention achievement as are those with less experience in their job. It was also
learned that achievement is characterized more in terms of self-esteem than in terms of the esteem forthcoming from others. Possibly the executives with extensive job tenure, being necessarily older, have experienced a lessening of stimulation from their own esteem and now need recognition or the regard given to them by others.

Insofar as security is concerned it seems rather natural to find older executives motivated by such an incentive. Certainly the pressures exerted by society would be less for them than it would be for younger men. Older men are approaching retirement, and security after they leave their present job is probably of paramount importance to them.

To explain, however, why only older executives are motivated by loyalty is a much more difficult problem. Two possible reasons can be noted. The first is that executives can be motivated by loyalty in that such actions are a form of repayment to their firm for what the firm done for them throughout the years they have been with it.

This experience would be somewhat similar to the satisfaction gained in repaying an old debt.

A second reason could be that the loyalty exhibited by executives is not actually to the firm but to the individuals who comprise the firm. In almost every company visited the executive knows, often intimately all the other members of sales management for his company. This is not too difficult a task, however, in that the number of sales managers in a given company is never too large. The mentioning of company loyalty, then, would provide a way for the executive to show his regard for others in his company without appearing too sentimental about it. Whatever the reason for the older executive's loyalty it does not seem likely that it was bought by the pay he has received over the years.  

Interrelationships of Loyalty, Recognition and Security With Other Non-Financial Incentives

Unlike the previously studied incentives, loyalty, recognition, and security were never mentioned as the

\[18\] A conclusion reached in a study of 301 companies was that no monetary awards system has yet been devised to instill loyalty. *Studies in Personnel Policy Number 106*, *op. cit.*, p. 3.
only form of motivation in a given situation. Displaying almost no relationship to each other, they were associated with status, achievement, and/or opportunity.

Loyalty, Recognition, and Security as Non-Financial Incentives in Promotion to First-Level Sales Executive

Loyalty, recognition and security are of no greater relative importance in promotion than they are in current performance. Referring to Table 3 it is found that a total of 16 executives recalled these incentives in promotion. Further study of the table shows no executive ranked the incentives first, 6 ranked them second, and the remaining 10 executives placed the incentives third in relative importance.

\[19\] Table 3, Chapter III, p. 67.
Motivation From Loyalty, Recognition and Security and Desires for Future Advancement

It should be of no surprise to find that none of the executives motivated by these incentives in current performance has any inclinations toward future advancement. Undoubtedly they realize that at their relatively advanced ages there is little chance to move into higher management. One first-level sales executive responded that the only chance he would have to move to the job of regional manager would be as an interim appointee until a younger man could be groomed for the job.

The interviewer also had the impression that generally these executives consider themselves fortunate to have gotten as far in the organization as they have. A superior of one of them characterized him as a person who still cannot get over the fact that "he has it as good as he does." Here the lack of interest in future advancement is a result of a realistic personal appraisal rather than a lack of ambition.
Summary

The purpose of this chapter was to describe and analyze the 3 least frequently mentioned incentives. In the order of frequency with which they were mentioned, they are loyalty, recognition, and security. The executives who are conscious of the presence of these incentives can be characterized as older men who have spent their entire business careers working for the same firm.

From both the infrequency with which they were mentioned and the fact that none was the sole incentive in performance, it can be reasoned that none of these incentives is of major significance to first-level sales executives. The total number who mentioned the 3 is approximately one-third the number who found status present in their environment and even slightly less than that reported for opportunity, the third most frequently mentioned incentive.

It was also discovered that none of the executives ever specified any of the 3 as their sole source of stimulation. Each of the incentives, displaying a definite absence of affinity for one another, were associated in every instance with either status, achievement or opportunity.
For both loyalty and security, however, sufficient evidence was accumulated to show that they affect the performance of first-level sales executives without being an actual source of motivation. It was noticed, in particular, that executives almost without exception are very hesitant to discuss an aspect of their job, for example security, which might be construed as detrimental to their image.

The lack of motivation from recognition is definitely attributable to an obvious disregard of higher sales management for this incentive. Almost all of the executives interviewed complained that the only time they are noticed is when something goes astray in their area.

In the examination of the non-financial incentives of loyalty, recognition, and security it has been ascertained that while not frequently mentioned, they do have a pronounced effect upon individuals occupying the position of first-level sales executive. Strictly as a source of motivation their relative importance can be directly related to the proportion of older men that are found to be functioning in this position.
CHAPTER VIII

SUMMARY AND CONCLUSIONS

The purpose of this study has been to examine the major forms of non-financial motivation for first-level sales executives. Only limited attempts were made to quantify the data collected because of the lack of representativeness and the small size of the sample. It is hoped that business may find the study useful in its efforts to achieve greater productivity from this level of sales management. The information should provide a better perspective of this aspect of the first-level sales executive.

Summary

The major findings of this study may be classified into 2 groups as follows: (1) non-financial incentives in current performance; and (2) non-financial incentives in promotion and future advancement.
The other limitation results from the utilization of the personal interview as a method of eliciting the desired information. The responses of an individual are often rationalizations of behavior rather than an indication of real motives. It should also be remembered that an individual's answers will not reflect anything he might feel is damaging to his ego.

In view of these limitations, it is obvious that no generalizations from this study can be applied to American industry in its entirety. It should also be noted that any interpretation of the findings must be done with care. However, it is felt that the selection of the sample was wide enough to introduce the important aspects of non-financial motivation for this organizational level of sales management. It was discovered that after completing one-half of the interviews, the increase in the size of the sample introduced no new issues. As for the possible rationalizing by the executives, this may be of little significance in that the individual is often unaware of the real motives for his behavior.
**Current Performance**

A classification of responses showed that first-level sales executives are able to note the presence of 6 forms of non-financial motivation in their current job environment. These incentives, substantially similar to those reported in other investigations of executive motivation, are status, achievement, opportunity, loyalty, recognition, and security.

The most frequently mentioned incentive is status. Its presence is a result of several interrelated factors, the most significant of which is the autonomy executives have as a result of their geographical separation from top-level management. Other factors contributing to a consciousness of status include the relative freedom the executive has in choosing those activities which afford the greatest job satisfaction, the supervision of subordinates, especially those who are sent to him for sales training, and the chance for local social and civic participation in a respected position.

Executives, functioning as if they are in business for themselves, are of concern to their superiors only
when serious problems develop in their areas. Very few of the companies studied have attempted to define the first-level sales executive's job or its relationship to the other segments of the sales organization. As might be expected, the larger his operation in terms of salesmen, the greater is the executive's tendency to be conscious of status.

It is also of interest to note that it is usually necessary for the individual to adjust to the job before he is cognizant of status. The length of time necessary to adjust depends upon individual behavior patterns and prior conceptions of the job.

Achievement, the second most frequently mentioned incentive, is the self-satisfaction an executive receives in the activities involved in his job. Whether creative or routine, he feels his efforts are important to the success of the company.

Unlike any of the other forms of non-financial motivation, achievement shows a definite relationship to both job tenure and method of payment. An increase in job tenure was found to result in a reduction in an
executive's awareness of achievement in his motivating situation. As for the method of payment, executives are more inclined to mention achievement when their pay plan contains an extra-incentive which exerts considerable influence on the total amount of income received.

Hence, first-level sales executives favor a change in their pay plan that would increase the relative importance of the extra-incentive. But top-level sales executives strongly oppose this because they fear it would cause wide fluctuations in total pay, thus failing to provide the income stability so vital to the feelings of financial security.

Opportunity is usually found in the environment of the executive's job. The only exceptions to this were the individuals recruited from other firms who related the incentive to their present company. What the executive remembers of previous circumstances furnishes the basis of comparison in describing opportunity.

Opportunity in the executive's job is described as a greater chance to demonstrate abilities or the likelihood of being able to participate in a wider variety of business
activities. Company opportunity is the satisfaction obtained by being a member of a business organization that has an excellent growth potential. Neither job tenure nor the presence of an extra-incentive in the pay plan seems to affect awareness of opportunity.

The generally held opinion that opportunity and achievement are often present in the same motivating situation does not hold true for those interviewed. Analysis of the 2 incentives revealed the following differences:

1. Opportunity is not consciously associated with achievement.

2. Opportunity is oriented toward obtaining the esteem of others while achievement is thought of in terms of self-satisfaction.

3. Opportunity is unaffected by the type of pay plan, whereas achievement appears directly related to the presence of an extra-incentive and its relative importance.

The 3 least frequently mentioned incentives are loyalty, recognition, and security. Their presence was noted by older men who have spent their entire business careers working for the same company.
A number of reasons help explain the quantitative insignificance of these 3 incentives. Loyalty and security can effect job performance without being a source of satisfaction. It is also possible that an executive may be hesitant to mention either incentive for fear that it might be detrimental to his image. Executives are critical of their superiors for failure to satisfy their active needs for recognition. They feel that only their mistakes are noted.

**Promotion and Future Advancement**

Executives were also asked to recall the 3 incentives, either financial or non-financial, which stimulated the desire to be promoted to their present position. Those recalled included the 6 discovered in current performance, 3 other non-financial incentives, and the financial incentive of monetary gain. Even though the same incentives are found in both promotion and current performance with about the same relative frequency, it was determined that in promotion a different perspective is involved. Promotional incentives are related to either the experience of being promoted or what is envisioned once the individual has attained the position.
The status that a first-level sales executive has in the sales organization is both a major reason for the individual wanting the job as well as a formidable obstacle to future advancement. Financial considerations do not seem to affect his feelings on whether he is gaining or losing status.

Achievement, ranked third after status and financial gain, is synonymous with significant organizational progress. It was recalled as an incentive by only those men who were promoted from the sales force of their present company.

The descriptions of opportunity are dependent upon the executive's position prior to being promoted. If he had risen from the sales force of the same company, opportunity was visualized as the chance to apply his ideas to such tasks as might be involved in sales and administration. Promotion from other sources resulted in opportunity being depicted as a chance to finally succeed after being closely restricted for various reasons in the previous job.

Executives who are conscious of opportunity in their current job environment tend to desire future advancement
more than others. They frequently characterize their job as the best position to be in when the company is considering an individual for promotion.

Conclusions

From the findings of this study a number of conclusions and recommendations can be made.

Awareness of Non-Financial Incentives

Business organizations have relied almost exclusively upon monetary rewards to motivate members of first-level sales management. Such rewards, regardless of amount or method, are not complete in themselves, but rather part of the objective aspect of the motivating situation. In fact, the receiving of money allows the executive to seek satisfaction from social needs which are less financial in nature.

The chances of successfully satisfying all the needs an executive may have are materially strengthened by an awareness and utilization of non-financial incentives. Two of the more significant findings on non-financial motivation:

1. Status is the most frequently noted incentive
in the environment of the first-level sales executive. If the firm is desirous of enhancing executive status, consideration should be given to the nature of his job and his autonomy of operation rather than the generally recognized status symbols. This could be accomplished by decentralizing many of the primary functions now performed by the home office and by allowing more deviation in how the objectives of the branch are achieved. Efforts could also be directed to augment his image in the community by assigning him a greater share of the responsibilities of company representation. A corollary problem, however, will develop in that probably it will become increasingly difficult to induce the executive to leave his job for a position in the home office.

2. Recognition is generally lacking in the environment of the first-level sales executive. About the only contact he has with his superiors is negative in nature. Communications the superior has with executives that place a greater emphasis on their accomplishments offer possibilities of correcting this deficiency. Other opportunities for providing recognition
are the company newsletter and publicity releases to local newspapers.

**Distinctiveness of Non-Financial Incentives**

Even among those firms which are cognizant of non-financial motivation, very little distinction is made between the various types of incentives. Often in analyzing incentives differences were found to be significant. An example is provided by the differentiation between achievement and opportunity, incentives usually thought to be part of the same motivating situation.

These findings indicate that to obtain the most effective allocation of incentives, the specific needs of individuals must be determined. Thus, non-financial incentives as a means of motivating human behavior are not as interchangeable as financial.

**Sources of Non-Financial Incentives**

Sources of non-financial incentives for first-level sales executives are to be found in his job: its activities and organizational relationships. Only recognition is not directly forthcoming from an aspect
of his job. The sources for all but recognition are summarized as follows:

<table>
<thead>
<tr>
<th>Job Activities</th>
<th>Job Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Status</td>
</tr>
<tr>
<td>Achievement</td>
<td>Opportunity</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Loyalty</td>
</tr>
<tr>
<td></td>
<td>Security</td>
</tr>
</tbody>
</table>

This suggests that fundamental to an understanding and utilization of incentives is an analysis of the job and its relationships to the rest of the organization. In the companies surveyed, very few attempts have been made to determine job content. If a firm is going to utilize non-financial incentives, the chances of better results will be significantly enhanced by the use of a job description. With such as a criterion, the appropriate incentives can be applied that will produce the desired results in terms of attitudes and performances.

**Job Tenure**

This study found that tenure of an executive may affect his awareness of non-financial incentives. Usually an increase in the number of years spent in
Organization of the Study

The presentation of this study is in three parts. The first part containing Chapters I and II serves as an introduction to the findings of the study. In the first chapter, an attempt is made to indicate the nature of this study and the methods used in obtaining the information. Chapter II explains motivation, how it affects human behavior, and the factors involved in motivating individuals within the business environment.

The second part of the study, Chapter III, considers the classification of responses into major categories of non-financial motivation. Also included is a comparison of the non-financial incentives found for first-level sales executives with those discovered for executives in other studies.

In the third part, each of the six non-financial incentives is investigated. Chapters IV, V, and VI describe and analyze in detail the incentives of status, achievement, and opportunity. The last chapter of this part, Chapter VII, is concerned with the incentives
the job will mean a tendency to seek satisfaction from the position held in the organization rather than the work involved.

A motivational program which distinguishes between executives of varying years of tenure is indicated. By separating the executives on the basis of tenure, possibly into just 2 groups, a better perspective will evolve in fulfilling the various individual needs. This would be particularly important if the firm values the large proportion of executives who will remain for one reason or another in their present job until retirement. It would also seem useful to make periodic reappraisals of executives' needs to be alert to the changes that may occur as the person adjusts and gains job experience.

Financial Extra-Incentive

First-level sales executives appear to be more conscious of their achievements when a large portion of their pay is in the form of an extra-incentive. While the evidence accumulated in this study is far from conclusive, it does point out the fallacy of
assuming a lack of relationship between non-financial and financial incentives.

Pay policies, then, can affect the satisfying of non-financial needs. Consequently, the motivation of executives should involve a consideration of both forms of motivation. This may be difficult, particularly in the case of extra-incentives, if the philosophies of the companies studied are prevalent.

**Promotion**

Evidence gathered on promotional incentives shows that more than money is involved. Non-financial satisfactions are found in either the promotional experience or job visualizations. This means that firms desiring to attract what they consider to be the most capable individuals should give increased attention to maintaining and possibly enhancing the job of first-level sales executive as a significant level of aspiration. The absence of definite monetary differentials between first-level sales executives and salesmen suggests that non-financial incentives receive the greater share of attention.
Future Advancement

Advancement from his position is usually resisted by the first-level sales executive. A fear of losing his present status by moving to the home office is the principal reason. This implies that not only do 2 informal hierarchies exist, but that different personalities may be found in each. One, the field, is characterized by executives who are order givers and work independently. Executives situated in the home office have more of an advisory role and work under closer supervision.

A firm may wish to bridge the gap between the hierarchies. Since more money does not seem to be the answer, their attention should be directed to the jobs in the upper echelons of sales management. One possibility would be to allow home office personnel more autonomy of operation. Another solution might be the installation of a middle-management level. The latter, however, will involve a sizeable increase in executive overhead expense.

If a firm can not bridge the gap, then more careful study should be made of individuals before promotion. A particular area of concern would be their
ability to adjust to new situations. With more careful selection and indoctrination, fewer difficulties will be experienced.

Areas of Proposed Research

Continued research will be necessary if all the problems relating to non-financial motivation are to be resolved. The following specific areas appear most likely to yield significant findings:

1. Extension of this study to include a more representative selection of manufacturing concerns.
2. Extension of this study to include such firms as insurance, wholesaling, retailing, etc.
3. Study of the non-financial incentives for first-level sales executives who have been rated on the basis of performance.
4. Investigation of why salesmen want to become a first-level sales executive.
5. Study, using psychological testing devices, of the personalities of sales executives in the field and home office.
6. Study of first-level sales executives strongly motivated by each of the non-financial incentives to
determine problem solving abilities and degrees of cooperativeness.

It should be recognized that this study has been concerned with only one aspect of management, non-financial motivation. The recommendations are not presented as a formula for success. Effective management in a particular situation will mean a balancing off of the gains and losses resulting from the application of various techniques. For example, the primary functions which are decentralized to give the executive status may be more efficiently handled at the home office. However, for those firms that have done a good job of management and wish to become more sophisticated, non-financial incentives offer unlimited potentialities.
APPENDIXES
APPENDIX A

QUESTIONNAIRE FOR FIRST-LEVEL SALES EXECUTIVES

1. How are you paid?

2. Give the approximate percentage importance for each of the various components of your pay plan.

3. Is there a salary range for your job? If so, what percentage increase is possible from the lowest level?

4. How do fringe benefits affect your job performance?

5. Do you receive any form of deferred compensation? If yes, what are your reactions toward it?

6. What incentives other than money motivate you?

7. Would you please describe these incentives as completely as possible? (Every attempt should be made to obtain all their reactions).

8. What was your job immediately prior to becoming a first-level sales executive?

9. About what was the percentage increase in pay that you received immediately upon being promoted?

10. Give the 3 incentives which induced you to seek your present position. Please rate them in order of personal importance.

11. Do you seek promotion to higher sales management levels? Please explain your answer.

12. Do you know what other executives in similar positions are receiving in money? If no, are you interested?
13. Do any salesmen under your supervision make more money than you do?

14. Do you do any personal selling? If yes, determine if the individual is directly for it.

15. How many years have you been in your present job?

16. How many salesmen do you supervise in this branch?

17. How old are you?

18. How many dependents do you have?

19. Do you have any comments?
APPENDIX B

QUESTIONNAIRE FOR TOP-LEVEL SALES EXECUTIVES

1. Would you please describe the major functions performed by first-level sales executives?

2. Is any evaluation made of his performance? If yes what is the basis?

3. When was the pay plan for the first-level sales executive last revised? Reason for revision?

4. Do fringe benefits seem to have any effect on first-level sales executives?

5. What do you feel is the effect of non-financial incentives?

6. Do you know of any particular types of non-financial incentive which seem to have an effect?

7. Are non-financial incentives more important than financial?

8. Do you feel that non-financial incentives will become more or less important in the future?

9. Why do men wish to become first-level sales executives?

10. Why do men refuse promotion to first-level sales executive?

11. Do first-level sales executives ever refuse promotion to higher management levels? If yes, why?

12. Do you have any comments?
I am writing to you to ask permission to include the __________ Company in the case study I am conducting for my doctoral dissertation at Ohio State University. It is a study of the motivation of first-level sales executives. These are the executives immediately superior to the salesman in the sales organization and whose primary duties are the supervision and control of salesmen.

For the past two decades much has been said and written about the subject of executive motivation. Many firms have been experimenting with and developing various approaches to this subject. In many cases, despite the fact that most progressive sales leaders know and earnestly believe that the members of the first-level segment of sales management constitute one of the factors in an effective sales organization, the rewards to this group have been neglected.

This study will strive to present a better understanding of the behavior of first-level sales executives toward various non-financial incentives and attempt to further the concept of scientific management. In the process of the case study I would like to interview at least three first-level sales executives and one member from higher sales management levels. The interviews are not lengthy and usually require twenty minutes to complete. At all times the information received will be treated with the utmost confidence.
of loyalty, recognition, and security. A general summary and conclusions which were developed as a result of this study are presented in Chapter VIII.
### APPENDIX D

### SALES DATA

<table>
<thead>
<tr>
<th>Number of Companies</th>
<th>Major Product</th>
<th>1958 Sales&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Steel</td>
<td>$5,388.6</td>
</tr>
<tr>
<td>2</td>
<td>Tires and rubber goods</td>
<td>1,398.6</td>
</tr>
<tr>
<td>2</td>
<td>Petroleum</td>
<td>426.0</td>
</tr>
<tr>
<td>2</td>
<td>Radio and television</td>
<td>411.6</td>
</tr>
<tr>
<td>1</td>
<td>Soap and food products</td>
<td>1,331.8</td>
</tr>
<tr>
<td>1</td>
<td>Aluminum</td>
<td>753.1</td>
</tr>
<tr>
<td>1</td>
<td>Glass containers</td>
<td>508.5</td>
</tr>
<tr>
<td>1</td>
<td>Household appliances</td>
<td>404.6</td>
</tr>
<tr>
<td>1</td>
<td>Business machines</td>
<td>393.7</td>
</tr>
<tr>
<td>1</td>
<td>Paints and varnishes</td>
<td>254.4</td>
</tr>
<tr>
<td>1</td>
<td>Speciality steels and alloys</td>
<td>201.7</td>
</tr>
<tr>
<td>1</td>
<td>Drugs and pharmaceuticals</td>
<td>180.5</td>
</tr>
<tr>
<td>1</td>
<td>Diesel engines</td>
<td>108.8</td>
</tr>
<tr>
<td>1</td>
<td>Industrial equipment</td>
<td>89.7</td>
</tr>
<tr>
<td>1</td>
<td>Stoves</td>
<td>56.9</td>
</tr>
<tr>
<td>1</td>
<td>Business forms</td>
<td>46.5</td>
</tr>
<tr>
<td>1</td>
<td>Earth moving equipment</td>
<td>40.2</td>
</tr>
<tr>
<td>1</td>
<td>Lawn products</td>
<td>23.4</td>
</tr>
<tr>
<td>1</td>
<td>Pumping equipment</td>
<td>12.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$12,031.2</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup>Sales in millions of dollars.

<sup>b</sup>Sales data unobtainable for the following companies:

1. Plastic fabrics and coverings.
2. Automobile parts.
3. Mining and industrial equipment.
4. Office equipment.
5. Audio equipment.

## APPENDIX E

PERSONAL DATA

### TABLE 15
AGES OF FIRST-LEVEL SALES EXECUTIVES

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>30's</td>
<td>11</td>
</tr>
<tr>
<td>40's</td>
<td>20</td>
</tr>
<tr>
<td>50's</td>
<td>24</td>
</tr>
<tr>
<td>60's</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>

### TABLE 16
DEPENDENTS OF FIRST-LEVEL SALES EXECUTIVES

<table>
<thead>
<tr>
<th>Number of Dependents</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>-</td>
</tr>
<tr>
<td>1</td>
<td>7</td>
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<td>2</td>
<td>21</td>
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<td>5</td>
<td>3</td>
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<td>6</td>
<td>-</td>
</tr>
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<td>7</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
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</tbody>
</table>
APPENDIX E CONTINUED

TABLE 17
YEARS WITH PRESENT FIRM

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 or less</td>
<td>17</td>
</tr>
<tr>
<td>11 - 15</td>
<td>6</td>
</tr>
<tr>
<td>16 - 20</td>
<td>4</td>
</tr>
<tr>
<td>21 - 25</td>
<td>21</td>
</tr>
<tr>
<td>26 - 30</td>
<td>11</td>
</tr>
<tr>
<td>31 or more</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>

TABLE 18
YEARS IN PRESENT POSITION

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 or less</td>
<td>21</td>
</tr>
<tr>
<td>4 - 6</td>
<td>8</td>
</tr>
<tr>
<td>6 - 10</td>
<td>17</td>
</tr>
<tr>
<td>11 - 15</td>
<td>6</td>
</tr>
<tr>
<td>16 - 20</td>
<td>9</td>
</tr>
<tr>
<td>21 or more</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
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### TABLE 19
NUMBER OF SALES MEN SUPER VISED

<table>
<thead>
<tr>
<th>Number of Salesmen</th>
<th>Number of Executives</th>
</tr>
</thead>
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<tr>
<td>5 or less</td>
<td>21</td>
</tr>
<tr>
<td>6 - 10</td>
<td>20</td>
</tr>
<tr>
<td>11 - 15</td>
<td>6</td>
</tr>
<tr>
<td>16 - 20</td>
<td>10</td>
</tr>
<tr>
<td>21 or more</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
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**APPENDIX F**

**FINANCIAL DATA**

**TABLE 20**

**TYPES OF PAY PLANS**

<table>
<thead>
<tr>
<th>Pay Plan</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed salary only</td>
<td>5</td>
</tr>
<tr>
<td>Fixed salary and bonus</td>
<td>20</td>
</tr>
<tr>
<td>Fixed salary and override</td>
<td>4</td>
</tr>
<tr>
<td>Fixed salary, override, and commission</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
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</table>

**TABLE 21**

**EXTRA-INCENTIVES AS PER CENT OF TOTAL PAY**

<table>
<thead>
<tr>
<th>Per Cent of Total Pay</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 or less</td>
<td>7</td>
</tr>
<tr>
<td>10 - 24</td>
<td>15</td>
</tr>
<tr>
<td>25 - 34</td>
<td>18</td>
</tr>
<tr>
<td>35 or more</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong>a</td>
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*aFifty-one first-level sales executives receive an extra-incentive.*
### TABLE 22

**BASES OF EXTRA-INCENTIVES**

<table>
<thead>
<tr>
<th>Basis</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch sales</td>
<td>11</td>
</tr>
<tr>
<td>Branch sales and company profits</td>
<td>1</td>
</tr>
<tr>
<td>Branch sales and performance rating</td>
<td>1</td>
</tr>
<tr>
<td>Company sales</td>
<td>1 14</td>
</tr>
<tr>
<td>Branch net profits</td>
<td>6</td>
</tr>
<tr>
<td>Company profits</td>
<td>3 9</td>
</tr>
<tr>
<td>Discretionary</td>
<td>2 2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
</tr>
</tbody>
</table>

### TABLE 23

**FIXED SALARY RANGES**

<table>
<thead>
<tr>
<th>Salary Range Differential&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary range</td>
<td></td>
</tr>
<tr>
<td>100 per cent</td>
<td>5</td>
</tr>
<tr>
<td>90</td>
<td>1</td>
</tr>
<tr>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>30</td>
<td>2</td>
</tr>
<tr>
<td>25</td>
<td>1 11</td>
</tr>
<tr>
<td>No salary range</td>
<td>11</td>
</tr>
<tr>
<td>No information available</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup>Differential is maximum salary as per cent of minimum salary.
### TABLE 24

**PROMOTIONAL PAY INCREASES**

<table>
<thead>
<tr>
<th>Increase in Total Pay</th>
<th>Number of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease</td>
<td>3</td>
</tr>
<tr>
<td>No change</td>
<td>6</td>
</tr>
<tr>
<td>5 per cent</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>20 per cent</td>
<td>12</td>
</tr>
<tr>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>35</td>
<td>2</td>
</tr>
<tr>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td>No information available</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>
APPENDIX G

JOB DESCRIPTION

The primary objective of the district manager is to secure greater acceptance of the company's entire product line. The specific objectives are as follows:

1. Maintain and increase sales volume.
2. Maintain customer relations.
3. Conduct regular sales meetings.
4. Secure information on competition.
5. Administer salaries for sales personnel.
APPENDIX H

ORGANIZATIONAL STRUCTURE OF A SALES DIVISION

Executive Director of Sales (1)

Regional Sales Managers (6)

District Sales Managers (52)

Salesmen (1,000)
CHAPTER II

SOME FUNDAMENTAL CONCEPTS OF MOTIVATION

Before examining the non-financial incentives which first-level sales executives mentioned, it would seem both logical and prudent to present a few basic ideas on motivation. A complete discussion of the writings in the fields of psychology, sociology, economics, and business which have dealt extensively with motivation would require volumes. Instead, the literature was perused with the purpose of determining those concepts which would be of significance in a study of this nature.

Nature of the Motivating Situation

The discussion of motivation is initiated with an explanation of the theory of motivation as applied to humans. This is followed by a description of the relationship which exists between needs and incentives.
Books

Compensation


Economics


Marx, Karl. *Capital*.


**Industrial Motivation**


Scott, Ellis L. Leadership and Perception of Organization. Columbus, Ohio: The Ohio State University, 1956.


Management


Lapp, Charles L. *Personal Supervision of Outside Salesmen.* Columbus, Ohio: Bureau of Business Research, The Ohio State University, 1951.


**Psychology and Sociology**


Reports


Articles

Advanced Management


Fortune


Harvard Business Review


**Personnel**


**Sales Management**


Other Periodicals


AUTOBIOGRAPHY

I, Harry Robert Dodge, was born in St. Louis, Missouri, September 17, 1929. My secondary-school education was received in the public schools of Upper Arlington, Ohio. The Ohio State University granted me the Bachelor of Science degree in 1951 and the Master of Business Administration degree in 1954.

Before returning to Ohio State University in October, 1955, I was an Instructor in the Department of Business Organization at the University of Nebraska. While completing the residence requirements for the the Doctor of Philosophy degree, I held the positions of Assistant and Instructor in the Department of Business Organization.

After leaving Ohio State University, my experience included an Assistant Professorship at Florida State University and one year as a member of a consulting firm. In September, 1959, I accepted my present position as Assistant Professor of Marketing at Los Angeles State College.
Motivation

Man through learning or through heredity and growth has various behavioral possibilities which represent his potentialities for action. These potentialities for action are commonly referred to as abilities. Abilities when expressed at a given time constitute performance. That all of man's abilities find expression as performance at one time or another is generally doubted. As an example, the eminent psychologist William James wrote: "The human individual lies actually far within his limits. He possesses powers of various kinds which he habitually fails to use."

Motives are explanations of why an individual expresses an ability. It is obvious that by controlling the motives of men their behavior is controlled. Of course, this is limited by the fact that a person can not be motivated to express an ability he does not possess. Motivation, then, is concerned with the problems of bringing those abilities which

1William James, Psychology (New York: The World Publishing Company, 1948) pp. 191-192. It is interesting to note that while James skirts the subject of motivation in at least two chapters, he never attempts to develop a theory of motivation.

individuals do possess to expression as performance.

**Relationship between Needs and Incentives**

There is both a subjective and objective aspect to a given motivating situation. The subjective aspect is an inherent quality of the individual and is referred to as a need, desire, or want. The objective aspect is external to the individual and is called an incentive or goal.

When the natures of both the need and the incentive are such that obtaining the incentive satisfies the need, the situation is considered as motivating. Strengths of needs will vary among individuals causing them to differ among themselves in their susceptibility to specific incentive influences. Needs by themselves produce tensions and restless behavior. This logically leads to a discussion of human needs, the perception of such, and the possible effects of cultural pressures.

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3Ibid., p. 354.
Human Needs

What are these needs that constitute the subjective side of the motivating situation? There are many ways of classifying needs, but perhaps the most fundamental is in terms of origin.

Classification of Needs

Needs can be classified as either physiological or social on the basis of their origin. Until recently the theories of motivation were dominated by the supposition that there were a few physiological, primary needs like hunger or thirst upon which the whole complex structure of behavior was built. Currently a different idea has evolved which recognizes the physiological needs, but places the greatest emphasis on those that are derived from the cultural environment.

Physiological or innate needs help an individual preserve his life or further his usual modes of behavior. They have the common characteristics of producing activity and tending to weaken upon satisfaction. Examples

4Muzafar Sherif and Carolyn W. Sherif, An Outline of Social Psychology (rev. ed.; New York: Harper & Brothers, 1956) p. 370. It should be noted that this classification of needs has been generally advanced by psychologists.

5Ibid., p. 373.
NON-FINANCIAL INCENTIVES FOR
FIRST-LEVEL SALES EXECUTIVES

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Harry Robert Dodge, B. Sc., M.B.A.

The Ohio State University
1962

Approved by

[Signature]
Adviser
Department of Business Organization
of innate needs are hunger, thirst, sex, physical well-being, necessity for elimination, air to breathe, and a climate of proper temperatures. Normally associated with the demands of body tissues, these needs may result from a deficiency such as would be the case with hunger or they may arise from a condition of actual pressures within the body as the necessity for elimination.  

However, the ways in which these basic needs are satisfied are generally in accordance with the cultural environment in which the individual finds himself. Hunger and thirst are innate needs of all human beings, but the contents of meals and the particular foods which bring satisfaction differ from one society to another. As an illustration, wheat as it appears in the diet of an American is relatively unknown to the Oriental, who subsists on rice as his basic foodstuff.

The other classification of needs are those derived by an individual in the course of his development within a given society. They are referred to under a variety of names such as goals, life purposes, wants, and

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desires. The majority of social needs appear to most psychologists as being part of the much larger concept of the ego. Being part of this concept, social needs tend to organize themselves in such a framework as to give every man a feeling of significance. Freud defined social needs in his superego concept as that which result from the demands made upon a person by himself in the direction of conformity to the mores of his given society.

Social needs are formed in connection with personal and group relationships, or with values established by the society and the institutions within the society. One writer has characterized social needs by the utilization of the following three tenets: This I have done; this I will do; and this I am.

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Distinguishing between the two types of needs emphasizes that the subjective aspect of the motivating situation is a result of needs inherent in the individual as well as those derived from his cultural environment. The interaction of these needs, however, is unique for each person allowing for decided differences in behavior. Much of the uniqueness can be attributed to the varying consciousness of needs.

**Consciousness of Needs**

Causation of human behavior is not facts but facts as they are perceived by individuals. How a person perceives a particular set of circumstances is determined by his personal experiences and group associations. He may be influenced to notice certain factors in his immediate surroundings which others may completely ignore. Those needs which the individual is conscious of and seeks to satisfy are ascribed as active needs.

Sensitivity of perception can be shown for both basic needs and social needs by experiments that have been conducted. In an experiment where the basic need of hunger was considered, an underfed group of men

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11 Stagner, *op. cit.*, p. 89.
was observed to have suffered a very changed attitude toward food from that society condones as normal.  

The men not only reacted jealously to the small amounts of food they received, they also licked their plates, an activity they would have considered disgusting in normal circumstances.

For social needs, it was discovered that much of what an individual perceives within his business environment depends upon his position in the organizational structure. Supervisors and operative employees from the same section perceived entirely different factors in their jobs.

Another study explored the relationship between the social need of achievement and perceptual behavior.

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Individuals who had a greater need for achievement exhibited a higher degree of recognition or sensitivity to achievement related words.

Observers of motivation have felt that there is some order to the seeming capriciousness of active needs. The most widely accepted theory of how active needs arrange themselves is that advanced by Maslow. According to his theory, when a need is fairly well satisfied, the next higher need emerges to dominate the conscious life of the individual and to govern behavior because gratified or satisfied needs are no longer active stimulants.  

The Maslow system of hierarchy is as follows:

1. Physiological or basic needs.
2. Safety or avoidance of external dangers that might result in danger to the individual from the outside.
3. Love, or the need to be given love, warmth, and affection by another person.

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16 Ibid.
4. Esteem, including self-respect, self-esteem, and the respect and esteem of others.

5. Self-realization, or being able to accomplish and achieve.

Having satisfied the lower-level needs the individual finds sheer survival less imperative and is free to seek higher-level needs of a more social nature. The implications of this can be illustrated by the lower-level need of hunger. An individual known for his prodigious appetite was found to have minimal perceptual sensitivity to food-related stimuli after a meal. 17

The Maslow theory further maintains that an individual is able to cultivate the higher needs in a stable and ordered society, since higher-level needs require better external conditions for gratification. 18 Evidence of the person satisfying his needs in the order stipulated by Maslow is an excellent indication that the person is well-adjusted. Recognizing the influence that society has on motivating individuals, it would

17 Atkinson, op. cit., p. 357.

seem logical to next explore the pressures emanating from society which affect man in pursuing a business career.

**Cultural Pressures**

Cultural pressures are responsible for a great portion of man's reactions to various incentives. Society culturally defines the goals of individuals and the modes by which they should be sought. From a review of Western man's behavior through the years there appears two major forces. One force, individualism, is eulogized outwardly while subconsciously there has emerged an emphasis on group actions.

Until the consequences of strict adherence began to deviate greatly from reality a few decades ago, individualism was the dominant force in men's thoughts. Synonomous with the spirit of individualism is the ethic of Protestantism. This ethic, nurtured in the dogmas of Puritanism, fortified man with the assurance that by pursuing his own self-interests he was also

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fulfilling his obligation to God. Material possessions were merely earthly manifestations of God's will.\textsuperscript{21}

The beginnings of the Protestant Ethic seemed to coincide with the development of a middle-class in Europe when people were initiating attempts to rid themselves of the economic supervision of mercantilism, the political domination of aristocracy based on heredity, and the religious rulings imposed by ecclesiastical hierarchy.\textsuperscript{22} Basic to the Protestant Ethic were thrift and survival of the fittest in the struggle against one's own environment.\textsuperscript{23}

Being thrifty you would have money and be in a position to control circumstances, otherwise circumstances would control you. In visualizing the survival of the fittest, or Social Darwinism as it is sometimes labeled, popular thought reasoned that a man would move ahead in business in accordance with his own abilities. An individual, therefore, must

\begin{flushright}

\textsuperscript{22}Reisman, op. cit., p. 34.

\textsuperscript{23}William H. Whyte, Jr., op. cit., p. 16.
\end{flushright}
must have not only the capabilities for advancement but must exert tremendous will to get to the top where the contention was that there was always plenty of room.

But as the form of business expanded it tended to create an impasse. Man soon realized that to rise to the top would necessitate not only a great deal of fortitude but a number of fortuitous occurrences. The old dream of working only until the time when a person had enough capital to start one's own venture seemed to be gone forever in the haze of economic growth.

Catalysts in the movement toward groupism and the desire of man to function in a group were the realization of the wide distortions present under an economic system ruled by individualism, the dilution of the spirit of entrepreneurship, and the impact of the chaos created by the great depression of the 1930's. With such intellectuals as William James and John Dewey pointing out inconsistencies and defects, rugged individualism came to be suspected by the
American public as a code which benefits only a select few while creating hardships for many.  

With the dilution of entrepreneurship caused by the separation of ownership and management, a situation was created where man found that regardless of his abilities it was almost incomprehensible for him to think of or to plan for his own business venture. Probably the most devastating force which affected men's thinking was the depression. This era of economic uprooting greatly accentuated the shortcomings of an economic system governed by principles adopted from a code of extreme individualism. Fearing the perils of economic insecurity, people have re-oriented their decisions toward the goal of increased security for themselves and their families.

As a result of these occurrences there has been an increasing cognizance of public welfare, a recognition of the limited opportunities for ownership, and a very serious view of the future. As the emphasis

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<td>I. INTRODUCTION</td>
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on the individual lessened, men began to turn to the group as an instrument of economic action. The bases for this growing reliance are the potential productivity of the group and the more democratic and moral functioning possible with the group.\textsuperscript{26}

One belief is that science has proved the group is superior to the individual and can produce far greater results than would be obtained from a total of individual actions.\textsuperscript{27} While this has not actually been proved, it has not deterred the popularization of this alleged advantage of group interaction.

The more important justification for group action appears to be a moral one which expresses the belief that individual efforts are commonly quite contrary to the best interests of all. To protect these interests it is only right that they be given a place in the group so that they can actively affect the outcome.

Regardless of whether the feeling of groupism or togetherness is as strong as some writers believe, ample evidence is available to show a steady waning of the

\textsuperscript{26}William H. Whyte Jr., \textit{op. cit.}, p. 53.

\textsuperscript{27}\textit{Ibid.}
regard for the individual. Men feel that they must now operate and survive in a society which is moving from a world where they had little to protect to one where they have a great deal to protect.

Having explored human behavior as it pertains to motivation, the following section of the chapter examines the views of economists on incentives. It will be noted that these writers were concerned not only with the forms that incentives may take, but also the environments where they were to be utilized.

Economic Interpretations of Incentives

Since the latter part of the eighteenth century when economic thought was first beginning to crystalize in modern form, economists have written about the stimulative force of incentives on the efforts of individuals and economic systems. The formulas offered by these men are phenomena not only of their thinking but of the social conditions under which they lived. The writings can be divided into two major classifications. One, the more traditional, shows man to react more or less mechanically to economic principles. The second,
and the more modern one, attempts to explain human behavior by interrelating economic principles with those of social behavior.

**Traditional Theories**

Adam Smith, the first great economist, was extremely optimistic in his writings about the well-being of man. He visualized an economic man who when thrown on his own resources would labor effectively for the enrichment of all society. To him economic growth was much more important than wages per se. He further explained that a man must live by his work and he should receive sufficient wages to maintain himself and provide an opportunity to bring up a family.

After viewing the Industrial Revolution and some of its ramifications, Ricardo and Malthus wrote of a much more pessimistic prospect for the future of mankind than the one visualized by Smith. Ricardo concerned himself with how different individuals and classes of society might share in what the economy

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29*Ibid.*, Book I, Chapter VIII.
produces. There were to him two prices for labor, one the market price or what was actually paid for it, depending on supply and demand, and the other the natural price.  

The natural price of labor was defined as that which was necessary for laborers to exist and perpetuate without an increase or decrease in number. Ricardo also held to the proposition that profits and wages were in direct conflict with each other over their sharing of the product.

Malthus, foreteller of dire circumstances, prophesied that there never would be enough food to sustain the population at its then rate of growth. Under this notion of massive privation, men would be faced with the insecurity of being always on the verge of starvation.

Karl Marx pictured an economic system dominated by a materialistic concept. He regarded the workers

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30 David Ricardo, *Principles of Political Economy* Chapter IV.

31 Ibid., Chapter V.

32 Ibid., Chapter VI, pp. 70-71.

as economic men whose purchasing would never keep abreast of what they produced. He also stated that any temporary betterment of the worker's position would bring about the prompt worsening of it.³⁴ His outlook was certainly a dire one for the employees of industry.

Economists of this era seem to have been preoccupied with the ideas of man as an economic machine to be priced as any other commodity. The basic problems as they visualized them were productivity, inequality, and insecurity.³⁵

**Socio-Economic Writings**

Probably the first to be deeply impressed with the necessity of recognizing the need for human behavior in an economic system was Jeremy Bentham. His celebrated theory of hedonism stated that an individual's conduct was governed by a balancing of the two motive forces of pleasure and pain.³⁶ He maintained that

³⁴Karl Marx, *Capital*, Volume I, Chapter I.


that happiness consists of the presence of pleasure and the absence of pain. Pleasures and pains were most complicated since each was believed to possess seven different dimensions or qualities.

Even before this, however, Adam Smith, who seemed to favor the economic man, described other considerations connected with work. These attractions, which he labeled principal circumstances, could in his opinion counterbalance pecuniary differences between tasks. The following are the circumstances of employment as outlined by Adam Smith:

1. The agreeableness of employment.
2. The difficulty and expense involved in learning the required tasks.
3. The stability of the employment.
4. The degree of trust involved with the job.
5. The chance for success in the job.

Much later, Alfred Marshall wrote that the attractiveness of a trade depends on many causes besides

37 Smith, op. cit., Book I, Chapter X.
the difficulty of the work and the monetary gains to be had. He felt that the working environment of the position, the geographical location of the employment, and the social prestige related to the job were all part of the estimate by the individual of the job. He also cautioned that in making this estimate the character of the individual would always assert itself.38

About fifty years ago a German economist, Adolf Wagner, published a classical treatment of incentives. He grouped incentives into five classes:39

1. Desire for livelihood and fear of want.
2. Desire for approval of master and fear of punishment.
3. Desire for praise and fear of being despised.
4. Impulse to activity or joy in work and dislike for inactivity.
5. Moral command and fear of conscience.

In more recent times, John M. Keynes classified

38Alfred Marshall, Principles of Economics (6th ed.) Book VI, Chapter III.
human needs in relation to the situation in which an individual finds himself.\textsuperscript{40} The two classes of needs were defined as those absolute in nature and those which are relative. Absolute or satiable needs, he wrote, are felt by all human beings regardless of their situation. Examples are the basic needs of hunger and thirst. The other class of needs is composed of relative or what might be called insatiable needs. These impart satisfaction to an individual by elevating him above his immediate surroundings. Power and prestige are common examples of this form of human need.

Although evidences of a socio-economic nature can be found in the work of Adam Smith and very vaguely before his time, it was not until the twentieth century that economic philosophers gave much recognition to this form of reasoning and its vital role in motivating individuals and economic systems. Recently John Galbraith in his book, \textit{The Affluent Society}, said that so great has been the change in the desires of the individual that many are no longer evident to

him. He feels that the economic ideas which once interpreted the functioning of economic systems cannot be adjusted to present day conditions. No longer is economic insecurity of the competitive model essential or mass privation paramount. 41

From the theories advanced by psychologists and economists it is apparent that motivation requires both financial and non-financial incentives.

Financial and Non-Financial Incentives

Even though business has come to accept the premise that both financial and non-financial incentives should be present in any given situation, money is still regarded as the most effective stimulant. Possible reasons for this emphasis are:

1. The historical precedence of the financial incentive as a reward for the individual who is engaged in business activities.

2. The seemingly materialistic society in which the individual must exist.

3. The rather intangible nature of non-financial-

41Galbraith, op. cit., p. 151.
cial incentives which may cause one to conclude erroneously that no controls are possible over their existence.

4. The fact that non-financial needs, such as prestige, may often be satisfied through an increase in pay.

**Emphasis on Financial Incentives**

There is a great deal of historical precedence which favors monetary rewards for individuals in business activities. Much of this precedence on financial incentives can be seen in the writings of economists. Adam Smith referred to an "economic man," a model human who is principally guided in behavior by financial rewards. Classical economists following his philosophy turned the economic man into a principle of determinism. Even Jeremy Bentham finally had to resort to money in equating the seven dimensions of pleasures and pains in his humanistic doctrine. Alfred Marshall declared that only in

42Smith, *op. cit.*, Book I, Chapter I.


44Bowring, *op. cit.*, Chapter XIV.
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<th>Table</th>
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<td>Achievement Incentive of Sixty-Five First-Level Sales Executives By Number of Years in Present Job</td>
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<td>Achievement Incentive of Sixty-Five First-Level Sales Executives By Basic Type of Pay Plan</td>
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<td>Achievement Incentive of Fifty-One First-Level Sales Executives By Relative Size of Extra-Incentive in Pay Plan</td>
<td>147</td>
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terms of money can the force of motives for human beings be measured.45

As business developed and perfected its operational techniques, financial incentives were one of the first to receive nation-wide attention. As early as 1892, Jacob Schoenhof in his book, The Economy of High Wages, explained how a principle of high wages could be applied by business to stimulate productivity.46

Undoubtedly the most extensive utilization of financial incentives occurred in the Bethlehem Steel Corporation during the regime of Charles Schwab. With no set limitation upon the size of bonus that could be earned and a relatively small fixed salary, Schwab felt that men at every management level would be impelled to exert their maximum efforts in behalf of the company.47 This compensation policy was abruptly halted by the instigation of a stockholder suit.48

45Marshall, op. cit., Chapter XIV.


48Berendt vs. Bethlehem Steel Corporation 108 N.J. Eq. 148, 152, 154 Alt. 321, 323 (1931) With the granting of a preliminary injunction in 1931, litigation came to a close.
Limitations to the Use of Financial Incentives

Perhaps the major obstacle to the simple formula of money furnishing all the motivation necessary in a business environment is the evidence which has been accumulated showing that more money will not satisfy all the evident needs of an individual. Recent literature on the subject of industrial motivation has stressed the idea that man's interest in money and the degree of satisfaction he receives from it is directly related to his income bracket.49 This concept of the weakening of money as an incentive can be supported by a study of income satisfaction and aspiration which is summarized in Table 1. The table shows that except for those earning $100 a week or more, the higher a person's income, the more likely he is to be satisfied with a lesser percentage increase in money.50


50 An explanation for the large increase in income desired by individuals earning $100 or more a week was advanced by Centers and Cantril. Their close examination revealed that a considerable proportion of the cases in this category were professional people who wanted relatively large financial increases. While no direct evidence was obtainable from the data as to why this is so, they feel that physicians, dentists, and lawyers
<table>
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<tr>
<th>Weekly Income in Dollars</th>
<th>Increase Wanted in Percentage</th>
<th>Increase Wanted in Dollars</th>
</tr>
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<tr>
<td>National</td>
<td>86</td>
<td>----</td>
</tr>
<tr>
<td>Under 20</td>
<td>162</td>
<td>16.20</td>
</tr>
<tr>
<td>20 - 20.99</td>
<td>97</td>
<td>24.25</td>
</tr>
<tr>
<td>30 - 39.99</td>
<td>66</td>
<td>23.10</td>
</tr>
<tr>
<td>40 - 59.99</td>
<td>59</td>
<td>29.50</td>
</tr>
<tr>
<td>60 - 99.99</td>
<td>52</td>
<td>41.60</td>
</tr>
<tr>
<td>100 and over</td>
<td>100</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: R. Centers and H. Cantril, "Income Satisfaction and Income Aspirations," *Journal of Abnormal and Social Psychology*, January, 1946, Table 1, p. 68.

An earlier study found that professional people are more inclined to identify themselves socially than they are economically with the upper-class. Eleven percent identified themselves as upper-class socially while only 5 percent so classed themselves economically. J.M. Wallace, F.W. Williams, H. Cantril, "Identification of Occupational Groups with Economic and Social Class," *Journal of Abnormal and Social Psychology*, October, 1944, Table 1, p. 483.
Explanations for this lessening of aspiration for additional financial rewards as current income is increased are generally based upon the inability of money to satisfy advanced needs of a more social nature. Chester Barnard, previous to the development by Maslow of his theoretical hierarchy, conceived of each person possessing a physiological necessity level beyond which material inducements would constitute weak incentives. Barnard, however, is rather pessimistic about popular acceptance of his view since current sentiments favor the idea that people ought to want material objects.

Much more recently Fremont Kast applied Maslow's theory to the affluent nature of the present economy and arrived at the same conclusions as Barnard regarding the relative ineffectiveness of financial rewards. In his opinion, an individual is confused in attempting to satisfy higher level needs because

52 Ibid., p. 144.
of the difficulties encountered in utilizing money.\(^{54}\)

A second limitation which may reduce the effectiveness of financial incentives is the determination of equitable bases upon which to reward the individual financially for his efforts.\(^{55}\) Among the companies surveyed by the writer, three hindrances were found to effective allocation of financial incentives. Two were characteristic of those companies which are engaged in industrial selling while the other was discovered in industrial as well as consumer goods companies.

The two conditions which seem peculiar to industrial sales operations are the extended length of the normal selling period and the usage of the team concept in consumating a sale. The length of time it takes to complete a sale makes it difficult to

\(^{54}\)ibid., p. 57

\(^{55}\)Of the 16 companies in this study who were found to have made some changes during the last 5 years, 13 changed the basis for the payment of the extra-incentive, 2 changed the type of extra-incentive from commission to bonus, and one company added an extra-incentive. From this it would seem that business does realize that there may be limitations imposed by the bases of financial rewards and has attempted to make improvements.
interject the time element into any specified pay period or to ascertain who was actually responsible for the sale if a number of men at different times had been assigned to this account. As for the concept of the sales team, it is almost impossible in such a situation to determine who contributed and to what degree in obtaining the sale. In those companies studied where such problems are visualized as insurmountable, the only financial incentive utilized is fixed salary and no attempt is made to relate the individual's efforts to any specific reward.

The other condition which may hinder the establishment of a basis for financial rewards is the apparent inability of companies to forecast sales and, hence, create a standard. A number of industrial goods companies are confronted with this dilemma because their products are basically new and all the possible uses for these products are not yet known. For those producing and distributing consumer goods, quotas may be difficult to establish since it is felt that many factors other than the sales force's actions may affect sales volume in a given area. Commonly such companies utilize their sales force more for customer relations
than for selling. Among those companies who are faced with such problems in finding equitable sales standards, financial rewards that are directly related to performance usually comprise only a small portion of the individual's total pay.

The third major limitation to the effectiveness of financial incentives is the reduction occasioned by an individual's cost-of-living and rate of personal taxation. Both of these affect significantly the degree of discretion he has in disposing of his earnings. Costs of living for first-level sales executives, in particular, may cause considerable reduction in the financial rewards received. This is because this job almost always implies that they maintain a certain status in the local community as the sole management representative of their company. While it is certainly not the intention of this study to show that either cost-of-living or taxation has crushed ambition or the use of monetary rewards, it is obvious that their influence on how an individual disposes of his income can result in alterations in the methods by which needs are satisfied.

Even though financial incentives possess an his-
historical and fundamental importance in motivating men who are engaged in business activities, it is apparent from the foregoing discussion that they are not complete in themselves, but rather part of the objective aspect of the motivating situation. The reasons for this exaggerated position may be the complexities involved with salary structures, the difficulties which must be overcome in obtaining compensation, and the power of exchange that money gives an individual in his society. 56

Emergence of Consideration for Non-Financial Incentives

Even though Adam Smith and other early economists referred to non-financial incentives involved in employment, it was not until the application of psychology to the understanding of the motivation of individuals in business about thirty years ago with the renowned Hawthorne study that business began to take note. Up to this time it was generally felt that

56Barnard, op. cit., p. 143.
more money was the only reason why a person had chosen a business career.\textsuperscript{57} Beginning in the late 1920's at the Western Electric plant, Elton Mayo and F.J. Roethlisberger in collaboration with W.J. Dickinson made the first scientific exploration into the nature of workers' relations with the corporation. The results of this study established the fact that the psychological factors associated with the job were more important than either good pay or working conditions.\textsuperscript{58}

A listing of the more commonly expressed forms of non-financial motivation was developed by Harry Tosdal to aid in designing a comprehensive compensation plan for salesmen. The non-financial incentives he included are as follows:\textsuperscript{59}

1. The desire for recognition within the company.
2. The desire for status outside the firm.
3. The desire to excel in achievements.
4. The desire to have the opportunity to do good work.


\textsuperscript{59}Harry R. Tosdal, "How to Design the Salesman's
Even though business has reluctantly accepted the premise that non-financial incentives exist, very few organizations have made any attempt to determine those forms that are evident to their respective employees. It is not convinced that such incentives can be determined and controlled. Reliance is placed, instead, on the more objective monetary rewards.

Summary

An understanding of motivation as psychologists conceive of it is unquestionably essential to a study of non-financial incentives. Fundamentally any reaction of an individual to a particular incentive in a given motivating situation is a result of his needs, the degree of consciousness he has of these needs, and the cultural pressures determining the methods by which he may satisfy these needs. While needs are of a physiological or social nature, it is generally felt that social needs have more relative importance to individuals in the present advanced level of society.

If an individual is conscious of a need, whether

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<tr>
<td>12. Opportunity Incentive of Sixty-Five First-Level Sales Executives By Number of Years in the Job</td>
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<td>13. Opportunity Incentive of Sixty-Five First-Level Sales Executives By Type of Pay Plan</td>
<td>180</td>
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<td>14. Opportunity Incentive in Promotion By Size of Promotional Pay Increase</td>
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<td>15. Ages of First-Level Sales Executives</td>
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<td>16. Dependents of First-Level Sales Executives</td>
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<td>17. Years with Present Firm</td>
<td>248</td>
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<td>18. Years in Present Position</td>
<td>248</td>
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<td>20. Types of Pay Plans</td>
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<td>21. Extra-Incentives as Per Cent of Total Pay</td>
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<td>22. Bases of Extra-Incentives</td>
<td>251</td>
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<td>23. Fixed Salary Ranges</td>
<td>251</td>
</tr>
<tr>
<td>24. Promotional Pay Increases</td>
<td>252</td>
</tr>
</tbody>
</table>
it be physiological or social, the need becomes active causing him to notice or perceive, more readily, certain factors present in his immediate environment. Learned observers are of the opinion that some order exists to active needs and as each is satisfied the next or higher level of a more social nature emerges to dominate the behavior of the individual.

The methods an individual utilizes in attempting to satisfy his active needs are governed mainly by the pressures exerted by the culture in which he resides. At present Western man is confused in that he feels he should retain the facade of belief in individualism even though he realizes that his culture is moving steadily toward a concept of groupism. Giving impetus to this movement is the idea that only in concert with others can man adequately protect what he has accumulated.

Incentives have also concerned economists in their attempts to explain the behavior of individuals and economic systems. From Smith to Keynes, economists have sought to interpret not only the relationships existing between the factors of production but also the state of the economy which existed at the time in
which they wrote. It was not surprising to note that as man developed a greater understanding of himself, the writings of economists tended to reflect a more comprehensive picture of motivation than that of the traditionalistic "economic man."

Business, which inherited the generalization that the only important desires of man are those which money can satisfy, is not yet convinced that motivation from non-financial incentives is a subject with which it should be concerned. Much of this lack of attention emanates from the fact that the subjects of financial character are concrete and can be specifically discussed while non-financial motivation is subjective. Progress has been made, however, during the last two decades in showing that non-financial incentives do exist in the business environment and that there are limitations to the use of financial incentives in certain situations. The relative importance of non-financial motivation in a given situation is wholly dependent upon the active needs of the individual concerned and the particular environment in which he performs.
The remainder of this dissertation will be concerned with the non-financial incentives which were found to be present in the motivating situations of the first-level sales executives who were interviewed. Chapters III through VII contain the findings of the primary research.
CHAPTER III

TYPES OF NON-FINANCIAL INCENTIVES

Before an analysis could be made of non-financial incentives it was necessary to classify the descriptive comments on motivation obtained from interviews with first-level sales executives. To facilitate this classification, clearly defined non-financial incentives which possessed a minimum of overlapping in meaning were designated as major categories. In the event a particular comment did not resemble any of the predetermined categories, a new one was established. Such action was found to be necessary only when classifying what the executives recalled as motivating them to accept their present job.

This chapter contains the definitions that were utilized in classifying the data from personal interviews. Because the meanings attached to the selected forms of non-financial incentive can and do vary considerably, each type of incentive is defined as
completely as possible. After the definitions are presented, the types of non-financial incentive thus determined are compared with other studies of executive motivation.

Categories of Non-Financial Motivation

Six major types of non-financial incentive were found as a result of classifying the comments of executives concerning motivation in their current job performance. Listed in the order of frequency with which they were mentioned, they are status, achievement, opportunity, loyalty, recognition, and security. Table 2 summarizes this information.
TABLE 2
NON-FINANCIAL INCENTIVES IN CURRENT PERFORMANCE

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Number of Executives Mentioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>49</td>
</tr>
<tr>
<td>Achievement</td>
<td>29</td>
</tr>
<tr>
<td>Opportunity</td>
<td>20</td>
</tr>
<tr>
<td>Loyalty</td>
<td>10</td>
</tr>
<tr>
<td>Recognition</td>
<td>5</td>
</tr>
<tr>
<td>Security</td>
<td>3</td>
</tr>
<tr>
<td>Number of Executives</td>
<td>65</td>
</tr>
</tbody>
</table>

As for the types of incentives involved in promotion to the first-level sales executive's present position, a total of 10 were detected. This total includes the same 6 discovered in current performance with the addition of 3 other non-financial incentives and the financial incentive of monetary gain.

Current Performance

The most frequently mentioned non-financial incentive in current performance was that of status.
Forty-nine executives mentioned aspects of the status or position they have as members of management. To 14 of these executives status is the sole incentive in their current performance. For these individuals sufficient motivation appears to be obtained from this one form of incentive.

The status incentive is defined as a state or condition of affairs always dependent upon others in the group or community.\(^1\) It is partly a matter of how others directly perceive an individual's position. Commonly associated with status are the terms prestige, power, domination, and popularity.\(^2\) To avoid confusing status with recognition, status is conceived of as an individual's awareness of his established and respected relationship with others. Recognition, on the other hand, is an individual's consciousness of acknowledgements which have been made of his activities.

Sources of status can be found for first-level sales executives in both their business and social environments. Within the business organization, status


is commonly associated with managerial rank. Very frequently occupational status will transcend the limits of the business organization to provide the executive with certain social stature in the particular community.³ An example of this occurs when the company provides the executive with a country club membership, thus eliminating both the necessity of waiting to be accepted and the accompanying financial burdens. Socially, status may also be forthcoming from holding an office in a church or other social or civic organization. Social status is also related to an individual's family, but this tends to wane once the individual moves away from the area where his parents and other relatives reside.

Achievement, the second most commonly found incentive, was mentioned by 29 first-level sales executives. Of this total, 8 gave only achievement as motivating current performance.

Achievement or its synonym, accomplishment, is the degree or level of success an individual obtains in bringing an effort to a desired end. Burleigh Gardner concluded from his study of the traits which differentiate successful and unsuccessful executives that achievement more than any other incentive motivates the successful.

Two points should be amplified in the definition of achievement. The first is that efforts should be directed towards only those tasks which the particular individual deems as important in the successful performance of his job. Thus, achievements in recreational activities or in sports would not be classified in this study as indicating this incentive.


The second point concerns the question of whether the incentive of achievement is present in a given situation even though the efforts of the individual have not been carried to their logical conclusion. In answer to this question, it is generally accepted that the incentive of achievement includes the energy and persistence given to work-in-process as well as finished tasks. In fact, William Henry in his findings on incentives for executives stated that successful executives are stimulated more by the constant day-to-day feelings that they must accomplish than they are by the results of their efforts. Therefore, achievement includes not only those business tasks the executive has been able to bring to the desired conclusion, but the activities he is presently engaged in.

Next in the order of frequency of mention is opportunity. Twenty executives were aware of opportunity

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7 This was an investigation of the personalities of some 300 executives in various types of business firms. The projective techniques used were the Rorschach or ink blot test and the Thematic Apperception Test. William E. Henry, "Executive Personality and Job Success," *Executive Personality and Job Success: Personnel Series Number 120* (New York: American Management Association, 1948) p. 5.
CHAPTER I

INTRODUCTION

This is a study of the non-financial incentives which motivate first-level sales executives. First-level sales executives are those members of sales management who are situated immediately above the salesmen in the structure of the sales organization and whose primary tasks are to see that the salesmen assigned to their areas do their work. Most often they are known as district managers.

Objectives of the Study

The basic purpose of this study is to explore the various types of non-financial motivation which affect the job behavior of first-level sales executives. Although numerous aspects of the motivating situation will be discussed, emphasis will be given to the forms which non-financial motivation may take and the possible causes for their existence. More specifically the objectives of this study are as follows:

1. To determine the non-financial incentives
in current performance with 5 mentioning it as the only incentive.

Opportunity, often expressed by the term challenge, is an incentive which is dependent upon the circumstances or environment present in a given motivating situation. There appears to be 2 basic types of environment for first-level sales executives. One allows the executive the opportunity to show his abilities. As such, opportunity seems to be closely related to achievement. The other environment is one in which the executive can foresee the opportunity to progress to a higher position in the company. Under these conditions opportunity is closely allied with the incentive of status. In both types of environment it is evidenced that the existence of opportunity is the result of a relative evaluation of the individual's present environment with his past experiences.

Scant attention was given by the first-level sales executives to the incentives of loyalty, recognition, and security. Loyalty was mentioned by 10 executives, recognition by 5, and security by 3. None of these

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3 was ever mentioned as the only incentive motivating an executive.

Loyalty is an attitude or sentiment of firm attachment to a person, group, organization, or idea. As an incentive loyalty furnishes motivation through such attachments. For first-level sales executives loyalty could be present in their attachments to the company and/or the other individuals employed in their company.

The incentive of recognition can be defined as an individual's awareness of an objective acknowledgement of the merit of his efforts. Very often the terms praise, note, and identification are used as synonyms. The source of recognition for purposes of this study is conceived of as an executive from a higher management level. Usually this higher-level executive will be located in the sales organization although such was not established as a criterion.

Security is a motivating situation in which the satisfaction of the individual's needs is guaranteed.

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9 Ibid., p. 300.
10 Ibid., p. 445.
11 Ibid., p. 483.
Motivation, then from security emanates from an individual's attainment of satisfaction without effort. Security for the first-level sales executive evolves from the conditions surrounding his particular company, organizational position, or method of financial remuneration.

Promotion to Present Position

Table 3 lists each of the incentives recalled as motivating acceptance of their present position. In the process of questioning the executive on promotion, he was asked to recall the 3 incentives involved and to rank them in order of relative personal importance.

12Ibid., p. 483
TABLE 3
PROMOTIONAL INCENTIVES RECALLED

<table>
<thead>
<tr>
<th>Incentive Recalled</th>
<th>Executives' Rankings&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Total Weighted Rankings&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Status</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Monetary Gain</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Achievement</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Opportunity</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Recognition</td>
<td>--</td>
<td>3</td>
</tr>
<tr>
<td>Loyalty</td>
<td>--</td>
<td>1</td>
</tr>
<tr>
<td>Security</td>
<td>--</td>
<td>2</td>
</tr>
<tr>
<td>Better Working Conditions</td>
<td>--</td>
<td>2</td>
</tr>
<tr>
<td>Location</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>Participation</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>65</td>
<td>65</td>
</tr>
</tbody>
</table>

<sup>a</sup>Rankings in order of most influential to least influential.

<sup>b</sup>Values assigned the rankings are as follows: 1 - 3 points; 2 - 2 points; and 3 - 1 point.

From a study of the table there is evidenced a great degree of similarity between the non-financial incentives recalled in promotion and those presently motivating the performance of executives. Status, achievement, and opportunity, which were the three most frequently mentioned in current performance, are also the three non-financial incentives which received
the highest total rankings in recalling reasons for accepting promotion. It is also seen in the rankings of promotional incentives that loyalty, recognition, and security were never recalled as the primary motivational force. Such an absence of emphasis on any of these incentives tends to reflect the same lack of stimulative force that was previously noted in current performance.

The only difference in the order of non-financial incentives in current performance and promotion is the higher ranking received by recognition as a promotional incentive. This differential, however, is too slight to be meaningful. Further analysis of the similarity between incentives in current performance and promotion is developed by type of incentive in the ensuing chapters of this study.13

Promotional incentives are separated into three groups for purposes of definition. The groups are (1) incentives previously defined as motivating current performance, (2) additional types of non-financial incentives

13 Precautions were taken in framing questions during personal interviews to limit the degree to which the respondent might transfer his thoughts on motivation in current performance to that of promotion and vice versa.
discovered in recalling promotion, and (3) the financial incentive of monetary gain.

In considering as promotional inducements those types of incentives which were previously defined it was necessary that each be viewed as either pertaining to the position of first-level sales executive or to the promotional experience. Incentives attributed to the position of first-level sales executive were status, opportunity, and security. As an example, an executive mentioning status as a promotional incentive would mean by this that he would acquire more status upon elevation to this management level.

The other three incentives of achievement, loyalty, and recognition were related to the promotional experience. Illustrative of the association of one of these incentives to promotion is the description of such an organizational movement as the most significant accomplishment of their careers. Further analysis of each of the various types of promotional incentives which are also to be found in current performance is presented in Chapters IV through VII.
The second group is comprised of those non-financial incentives which were not definable as one of the generally recognized forms of non-financial motivation. For this reason the inducements are explained in terms utilized by the particular executives.

Two of these incentives, better working conditions and participation, were a result of comparing the circumstances of their positions prior to promotion with the possibilities offered by a first-level sales executive's job. Better working conditions in being a first-level sales executive meant for 2 men a lessening of the conflicts which persisted for them as salesmen. Both told of having experienced personality clashes with their district managers. The cause of such differences was felt to be resentment of their college education. Not only had they found it almost impossible to satisfy their former bosses, but it seemed as if they were subject to constant ridicule. As an illustration, one told of being embarrassed for his manner of dress by the district manager during a sales conference with a very important client. Not only did he feel that this had been unnecessary, but had lessened his position as a representative of the
company and its products. Certainly it had not added to his stature in the eyes of the prospect.

For the other executive better working conditions meant that he would be able to extricate himself from a situation where an informal organization had plagued his effectiveness. In his former position of senior salesman he had had the added responsibility of supervising the training of new salesmen in the district. On numerous occasions another salesman who happened to be extremely friendly with the district manager had contradicted his instructions to the apprentice salesmen or supplied them with information which he himself had not been appraised of. This continued undermining of his position reduced the authority he was able to exercise over these men for whom he was fully accountable. It does not seem coincidental that all 3 of the executives who recalled the incentive of better working conditions had come from other companies to their present positions.

Participation, the other comparative form of promotional incentive, was recalled by 2 executives. It was their contention that being a first-level sales executive would lessen the restrictions that had been imposed upon them as salesmen. They both felt that as a salesman
they had been subject to the direction of others without having any chance to influence the formulation of policies. One said that not until he had become a first-level sales executive had he sensed the competitive phase of business. Participation, then, provided motivation in correcting the feeling of isolation and ineffectiveness which had been experienced by these men as salesmen.

The last incentive in the second grouping to be discussed is that of location. For the 2 executives who mentioned it, location meant returning to an area where their parents or those of their wives resided. For the man who ranked location as the primary inducement, his acceptance of the promotion meant that he would return to his home town where all of his and his wife's relatives resided. He now feels that possibly this transfer may have been a misjudgment insofar as his future business career is concerned. For the other executive, acceptance of his present job had enabled him to move closer to his wife's parents. He rationalized his feelings by saying that although his area is not the most profitable he does have a happy home life.
While the basic concern of this study is the various forms that non-financial motivation may take for individuals in a particular level of sales management, it was thought essential that the financial incentive of monetary gain be included when considering promotional incentives. The importance of monetary gain in promotion is obvious from a study of Table 3. Monetary gain was ranked as the primary incentive in promotion as often as status and was second in total weighted rankings only to status. It is also noticeable from the table that when monetary gain was recalled it was almost always ranked either first or second.

In regard to the size of the monetary gain the executives responded that although they had been completely unaware of what might be given them as a result of the promotion, they had been confident that it would be adequate.\textsuperscript{14} This confidence appeared to be based upon two assumptions. One was that the executives assumed their

\textsuperscript{14}The confidence expressed by executives on the adequacy of financial increases appears somewhat paradoxical when the relative sizes of promotional pay increases are examined. See Table 24 in Appendix F. Thirty or almost one-half of the executives interviewed received pay increases of less than 20 per cent. This would mean an increase of less than $100.00 for an individual making $500.00 before promotion.
which first-level sales executives find in their present position.

2. To determine the possible relationships which may exist between the non-financial incentives currently affecting first-level sales executives and their professed desires for future advancement.

3. To determine the non-financial incentives which first-level sales executives sought in being promoted to their present position.

4. To determine the possible relationships which may exist between the non-financial incentives which were sought in promotion and those existing currently for the first-level sales executive in job performance.

No attempt has been made to measure the relative intensities of the different non-financial incentives or to introduce controls over any of the variables which may be present in a given motivating situation.

Reasons for the Study

The primary reason for undertaking this study is that non-financial motivation has been largely neglected by business. Too often it is felt that more money, directly or indirectly, will satisfy all
pay plans would be administered fairly. To illustrate this faith, a first-level sales executive in a steel company told of working for five months after promotion before receiving notice of an increase in pay. When questioned as to whether this affected his performance during the earlier months, he replied that he had given it very little thought, knowing that eventually the situation would be rectified.

The other assumption is founded upon experiences the respondents had had with first-level sales executives prior to promotion to this same position. One executive knew promotion would include an increase in pay because the district managers he had been in contact with certainly lived on a much higher scale than possible on his salesman's salary. Another executive commented that after being a guest in the home of a district manager it was quite obvious that promotion would entail a sizeable increase in pay.
Comparison With Other Studies of Executive Motivation

From the published studies that have been made of the motivation of executive personnel, two were selected for comparison. The reasons for selecting these particular studies from the myriad of data on business motivation are as follows:

1. The studies are concerned exclusively with management personnel as is this study.
2. The studies utilize the personal interview as does this investigation as the basic method of research.

It also seems necessary to make a few preliminary comments on each of the two studies selected before attempting any constructive comparative analysis. The study of middle-management personnel is concerned primarily with the derivation of feelings from incentives of a financial and a non-financial character. As such, very little attention is directed toward the types of incentives and their various ramifications.

Another point which should be noted about this study is the composition of the sample. Only accountants and engineers in the middle-management levels were interviewed. Usually such technical orientation will indicate a significantly different personality from that found in the sales department. The responses of these accountants and engineers would tend to reflect their personalities.

As for the study of incentives for top-level executives, its major purpose was the consideration of various aspects of financial compensation. A listing of non-financial incentives was included only to show the relationships, if any, that may have existed between these and financial incentives. In addition to specifying the form of non-financial motivation and the frequency with which it was mentioned, quotations of the executives were

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16 A study of 130 salesmen and 41 technical people using the forced choice of personality inventory found that the 2 groups differ in describing themselves. Salesmen described themselves as outgoing, friendly, aggressive, and forceful. On the other hand, technical people consider themselves introverted, mild, withdrawn, and silent. Wayne R. Kirchner and Marvin D. Dunnette, "How Salesmen and Technical Men Differ in Describing Themselves," Personnel Journal, April, 1959; pp. 418-419.

included to amplify the meanings attached to the various incentives. Thorough analysis, however, of the non-financial incentives was not attempted. The rankings of non-financial incentives from the two studies together with that found for first-level sales executives are presented in Table 3.
TABLE 4
RANKINGS OF NON-FINANCIAL INCENTIVES
IN THREE SELECTED STUDIES
(Rankings Based on Frequency of Mention)

<table>
<thead>
<tr>
<th>Incentive</th>
<th>First-Level Sales Executives N=65</th>
<th>Management Personnel a N=228</th>
<th>Corporate Executives b N=50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>1</td>
<td>1&lt;sup&gt;c&lt;/sup&gt;</td>
<td>5&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
<tr>
<td>Achievement</td>
<td>2</td>
<td>2&lt;sup&gt;&amp;3&lt;/sup&gt;e</td>
<td>1</td>
</tr>
<tr>
<td>Opportunity</td>
<td>3</td>
<td>4&lt;sup&gt;f&lt;/sup&gt;</td>
<td>-</td>
</tr>
<tr>
<td>Loyalty</td>
<td>4</td>
<td>-</td>
<td>4&lt;sup&gt;g&lt;/sup&gt;</td>
</tr>
<tr>
<td>Recognition</td>
<td>5</td>
<td>2&lt;sup&gt;&amp;3&lt;/sup&gt;</td>
<td>2</td>
</tr>
<tr>
<td>Security</td>
<td>6</td>
<td>9</td>
<td>-</td>
</tr>
</tbody>
</table>

<sup>a</sup>Incentives which accountants and engineers of managerial status stated as lasting attitudes resulting in job satisfaction. Of the original 12 incentives specified in the study, reclassification and deletion of the financial incentive of salary reduced the total to 9 non-financial incentives. The incentive of loyalty was not included in the list.

<sup>b</sup>Non-financial incentives mentioned and described by a top-level corporate executive in each of 50 companies. Opportunity and security were not mentioned.

<sup>c</sup>In order to obtain greater comparability with the incentive of status as described by first-level sales executives, the frequencies with which responsibility and work itself were mentioned were included with that of status.
What was defined as power with qualifications closely resembles one particular aspect of the status incentive for first-level sales executives.

Both achievement and recognition were mentioned by an identical number of individuals.

In order to obtain greater comparability with the incentive of opportunity as described by first-level sales executives, the frequencies with which possible growth and advancement were mentioned are combined.

What were defined as fidelity traits closely resemble the loyalty incentive for first-level sales executives.


It can be readily seen that there is a substantial amount of agreement on the part of the executives in the three studies as to the relative importances of the selected non-financial incentives. It can also be noted that the incentive rankings of first-level sales executives show more similarity to those of middle-management than they do to higher management levels. Doubtless the contiguity of the lower and middle management levels in the organizational structure would
often tend to produce many similar motivating situations.

For the four incentives of achievement, opportunity, loyalty, and security there is evidenced very little variation in rankings. The rankings of achievement and security in particular afford excellent examples of this similarity. Achievement is ranked second by both first-level sales executives and middle-management personnel while corporate executives accorded it the position of primary importance.

It is also evident that it does not matter what management level you are considering, the incentive of security is generally ignored. First-level sales executives and middle managers rank security as the least important incentive influencing their behavior while the corporate executives avoided even mentioning it.

There were, however, differences in how the executives in the three studies ranked the incentives of status and recognition. Status was ranked first by executives in the lower and middle levels of management while those from the top level gave this incentive only slight attention. There are two possible explanations for this difference. The first is the possibility of an inverse relationship existing between management level and the need for status.
The attainment of the top-level echelons may have substantially satisfied the corporate executive’s need for status, relegating it to an inactive motivational force. Conversely, executives who have not reached such esteemed positions may have a much more active status need.

A second possibility is that corporate executives associating generally with other executives are not as fully conscious of their status as is an executive who experiences continuous relationships with operative employees. The working situation in which the first-level sales executive usually finds himself offers an excellent example. Separated from the home office, the first-level sales executive finds that it is necessary to continually associate with the sales, clerical, and service personnel assigned to his area. Contacts with other company executives usually consist of infrequent telephone calls from his immediate superior. In such a situation it is extremely likely that the individual is fully cognizant of his occupational status. It would appear that both explanations have some merit.

The lower ranking of recognition by first-level sales executives was significantly different from the
rankings accorded it by middle and top-level management. That the working situation of the first-level sales executive lacks recognition is also evident in the comments that were made on this subject during the course of the interviews. Nearly all the first-level sales executives are of the opinion that they are not being recognized for what they do. The first-level sales executives also rejected any suggestion that financial rewards are a substitute for recognition. Additional discussion of the absence of recognition for first-level sales executives is contained in Chapter VII.

It is apparent from comparing the incentives for first-level sales executives to those found for other executives that motivation for management personnel does not vary greatly. What few differences there are seem to be clearly explicable in situational terms.

Summary

A careful classification of responses shows that first-level sales executives are able to note the presence of six major forms of non-financial motivation in their
current job environment. These incentives, listed in the order of frequency with which they were noted, are status, achievement, opportunity, loyalty, recognition, and security.

With the non-financial motivation for first-level sales executives categorized, it was then possible to compare the findings with those reported in other investigations of executive motivation. This comparison showed that there is substantial agreement among executives of various organizational levels on the relative importances of these particular non-financial incentives. What few differences there are can be explained by an analysis of the circumstances involving the sample from which the study was drawn.

Executives were also asked to recall the three incentives either financial or non-financial which stimulated the desire to be promoted to their present position. The ten incentives recalled as affecting promotion included the same six non-financial incentives discovered in current performance, three other non-financial incentives, and the financial incentive of monetary gain. Even though the same six non-financial incentives are involved in both current performance and promotion with
the needs of an individual. In an advanced society it is extremely doubtful that the needs of individuals can be satisfied exclusively by the addition of more money. Partially as a result of this reliance upon monetary rewards, business is confused regarding its loss of control over the motivation of its employees.

Certainly the problem is not one which is limited to operative employees. In fact, control over the motivation of management may be more vital in that their actions will probably have a more direct effect on whether the organization accomplishes its stated objectives. It also seems logical to assume that business, by effectively motivating its managerial personnel, will in turn allow these executives to do a better job of stimulating their subordinates.

Almost every source of information on executive motivation concerns financial incentives. Commencing with John Baker's book on executive compensation published in 1938, the number of printed articles and surveys on financial incentives has mushroomed. Almost every issue of a business periodical contains some

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about the same degree of relative importance it was ascertained that in promotion a different perspective is involved in that the incentive is viewed as relating to either the experience of being promoted or what was envisioned once the individual had attained the position.

The next step is to analyze separately in the following four chapters the non-financial incentives which were found to affect both current performance and the previous promotion. In the analysis emphasis will be placed on the presence of each incentive in current performance.
CHAPTER IV

STATUS AS AN INCENTIVE

By grouping the responses of first-level sales executives it was found that 49, or approximately 3 out of every 4, are motivated by status.¹ This quantitative measurement, however, does not relate anything about the nature of the status incentive or the factors which contribute to its presence.

The purpose of this chapter, then, is to present an analysis of the qualitative factors which are relevant to the existence of the status incentive in the environment of the first-level sales executive. Consideration is also given to this incentive in promotion and its effect upon aspirations for future advancement.

Presence of Status Incentive: Factors Which First-Level Sales Executives Realize

First-level sales executives are conscious of 4 interrelated factors which contribute to the presence of the status incentive. These factors are the geo-

¹Table 2, Chapter III, p. 59.
graphical separation of their job from the home office, the orientation of the job to the man rather than the man to the job, the direction of the performances of subordinates, and the participation in local social activities. The order in which these factors are presented is based on the relative frequency with which each was mentioned even though it should be noted that such a quantitative measurement is not significant insofar as the objectives of this study are concerned.

Geographical Separation from the Home Office

A number of executives in mentioning status equated it with the freedom of action they have in their jobs which results from a geographical separation from the home office. This separation allows the executives a great deal of autonomy in that it precludes close supervision and necessitates that executives frequently represent their companies in the local areas. That this freedom is a direct result of the

2Freedom of action as a source of motivation and as related to the status incentive can be noted in the reports of the findings of 2 other studies. John Baker cited independence or freedom of action as a common source of stimulation for executives. John Calhoun Baker, "How Should Executives Be Paid?" Harvard Business Review, Autumn, 1939, pp. 94-95. In the second study it was found that individuals who
geographical separation is supported not only by the descriptions of executives, but by the absence of such feelings among the executives who maintain offices in the same building as does the home office. Although 2 of the 8 executives who operate from the home office did mention status, it was related to factors other than their independence of operation.

A very good example of the independence that first-level sales executives have is the analogy suggested by one of them. Having served in the Army during World War II, his experiences had been that both a colonel and an executive such as himself are able to exercise complete control over their operations with very little interference from higher levels. Such directives as may be received are usually concerned with matters pertaining to general policy.

Another illustration of the autonomy of the first-level sales executive, if he is physically separated from the home office, was afforded by an executive who are extremely conscious of their status attach significantly greater importance to freedom of action and overestimate their own status considerably less than those who are not conscious of their status. Solomon Rettig, Leo Despres, and Benjamin Pasamanick, "Status Stratification and Status Equalization," The Journal of Social Psychology, August, 1960, p. 117.
who was interviewed at the home office where he was
attending a yearly sales meeting. This person had a
decided distaste for any assignment which would be
with the home office. He characterized his superiors
as tending to be over-solicitous when given the
opportunity. His basic wish was to be allowed to
return to his area so he could get back to work in
his own office away from the watchful eyes of his
superiors.

Higher levels of sales management do not dispute
the fact that their first-level sales executives usually
operate independently, but hasten to add that there
is a decided tendency for them to exaggerate their
own position. An administrative staff assistant to
a vice-president of sales felt that the cause for the
lack of supervision in his company is the failure of
top management to define properly the first-level sales
executive's job and its position in the organizational
structure of the sales department. He went on to say

3 A somewhat similar finding was reported by Robert
Davis in his study of the performances of first-level
sales executives. He found that they were expected to
operate with a minimum of direction. Robert T. Davis,
op. cit., p. 117.

4 The inattention in defining the job of first-level
sales executive is explored in the next section.
that it was a condition that had been inherited and which continued through fear of change and inertia.

In another company the vice-president of sales frankly admitted that he was able to do very little actual supervising of his district managers. He had on occasion talked with other top-level sales executives about this problem and found that it was not unique to his company. All of these other top-level sales executives feel as he does that something could be done about it if and when the pressure for more sales volume ever slackens.

A tire manufacturer and distributor has found that in order to retain competent first-level sales executives, an environment must be created that is similar to what the man might have as an independent tire distributor. It has been this firm's experience that when an executive is lost, it is not because of greater financial rewards, but rather because the man likes the idea of becoming his own boss. While the company has instituted changes which are felt to have enhanced the executive's independence within his area, the problem has not been completely solved.
Another aspect of status that is caused by the geographical separation of the executive from the home office is the requirement that he represent his company as its highest official in a particular area. Not only must he represent the company to its employees and customers, but he may frequently be called upon to represent it to the general public. An area manager for a paint company described this aspect of his job rather succinctly by stating that he was the company in this town. Among the situations in which the executives would be required to represent the company are those involving complaints, interviews with local press and radio, and relations with local governmental units. A number of other comments by executives on the prestige attached to being a first-level sales executive are as follows:

1. "When the local radio station or newspaper wants some information about the company or new developments in our product line they call on me."

2. "A lot of salesmen have found out the hard way that I am the company in this area. This is especially true on complaints which are brought to my attention by salesmen."
3. "Those people over at the state house (state capital is located in the same city as is the office of the first-level sales executive) know that it's me they have to talk to on any matter which might concern the company."

4. "A number of years ago my company's plant in another state was involved in a pretty nasty labor dispute. Quite a few people, even one delegation, descended on me to complain about the company's treatment of these men. I firmly supported the company and feel certain that a few of these people left my office knowing a lot more about the company's position in this matter."

Orientation of the Job to the Individual

Another factor which contributes to the presence of the status incentive is the individualistic nature of the first-level sales executive's job. The lack of careful study and definition of the job was plainly evident in the companies included in the study. Only 5 of the 30 companies have job descriptions for this position. In those companies which have no job description, the responses of top-level sales executives
to questions concerning the duties of first-level sales executives were vague and tended to reflect their conceptions of what particular individuals were doing in the job rather than what the company expects.5

Lacking anything but a few generalities as to what he must do, the first-level sales executive can allocate his time in accordance with those activities he finds most satisfying. In one company it was reported that an area has had 3 managers over a period of 10 years and each has made the job something different. It was added that although there was a decided difference among the 3 executives, all did produce a satisfactory sales volume. Obviously this company is more interested in results than how these results are obtained.

The executives appeared to place emphasis on selling. Having been salesmen prior to promotion, they undoubtedly enjoy selling and feel quite competent doing it.6 As sales executives in selling situations, they also

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5To add to the confusion concerning what the first-level sales executive does, Robert Davis found executives doing things not at all consistent with what their superiors said they did. Davis, op. cit., p. 22.

6Fifty-four of the 65 first-level sales executives were promoted from the sales force. The primary criterion used to promote men in the companies studied is sales volume performance.
find that they have a great deal more prestige than they remember as salesmen.\textsuperscript{7} A few of the comments made concerning their status as executives in selling situations are as follows:

1. "Even though I am a district manager I still get to sell quite a bit. Usually I handle key accounts or those where one of our salesmen is experiencing trouble. My presence certainly helps the sales go a little smoother."

2. "Now that I am a sales manager I can sense our customers giving me a little more respect than a salesman."

3. "Very few prospects keep me waiting as they might do a salesman."

4. "Selling a product such as we do you have a lot of people taking part in the decision. When a salesman lets a customer know that I am going to be with him, we are much more likely to have all concerned

\textsuperscript{7}The lack of prestige in the title salesman has caused a number of companies to consider seriously upgrading it to sales manager. While it can not be disputed that the title of salesman may not have all the prestige it should have, it would be well for these companies to consider that if they did upgrade the title other companies, particularly competitors, would possibly follow suit. If such occurs the title of sales manager might in turn lose its present status implications.