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Importance of Alternative Rewards

Impact Of Managerial Level

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What rewards are important to sales managers? Does the importance of different types of rewards vary across sales management hierarchical levels? Research bearing on these issues has been minimal to date, so these questions have not been answered in the literature. The answers, however, have become increasingly more urgent with dramatic changes in the composition of the workforce. Therefore, this article reports the results of a study that examined whether organizational level has an impact on the perceived importance sales managers place on rewards. Findings indicate that six rewards are especially important to sales managers, irrespective of their hierarchical level, but only a few significant differences were found between reward importance and managerial level. Implications for sales management and future research are provided.

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INTRODUCTION

The critical importance of rewards as a means of motivating employees has been well established in the literature [e.g., 1–3]. Hierarchical level in the organization also has been found to be strongly associated with reward levels, reward satisfaction, and managerial perceptions of the adequacy of their rewards relative to those of their subordinates and superiors [e.g., 4, 5]. Moreover, scholars in organizational behavior have shown that recompense and perquisites tend to increase as one moves up the corporate ladder, thus conducing to status and power differences and reward inequality [6–8] at successive hi-

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erarchical levels. For example, chief executive officer (CEO) average total compensation in 1996 rose 54% compared with a 3.2 and 3% raise for white collar and factory workers, respectively. Average CEO compensation in 1996 was an astonishing 209 times higher than that of a factory employee [9]. And according to New York City–based compensation consultants, Pearl Meyer and Partners, approximately one-half of a CEO's pay, on average, is now in the form of stock options, but the roller-coaster stock market may cause some CEOs to change their compensation preferences [10]. Published research also suggests that the importance that employees assign alternative rewards differs according to their changing needs, career stage, and organizational level [11, 12].

Over the last two decades, the profile of the typical worker has changed dramatically with expanding numbers of minorities and women at all organizational levels [13]. The U.S. work force now includes large numbers of dual-career households whose employers tend to provide similar, overlapping reward or benefit programs in which only one spouse can participate. Also, there are many older employees (perhaps remarried and starting a second family) whose needs for rewards and benefits may not be traditionally consistent with their chronological age or organizational level. In addition, benefits formerly restricted to highly compensated employees may now be considered discriminatory under the federal tax code [14, 15], so there is new management focus on finding an array of benefits from which employees may make their own choices. Because of the wide range of family situations and reward preferences, flexible, cafeteria-type benefit systems have become an increasingly popular alternative to standardized reward systems [14, 16]. With intense pressure being placed on organizations to implement reward programs that will prove truly effective in improving productivity, renewed emphasis is being given to determining the specific reward preferences of various worker and manager categories [12, 17].

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REWARD IMPORTANCE AND ORGANIZATIONAL POSITION

Prior work (albeit scant) has obtained some evidence that employee reward preferences differ by one's position in the organization. For instance, Weaver [11] discerned that employee preferences for five rewards (important work, promotion, job security, short working hours with much free time, and high income) differed considerably among categories of workers. Furthermore, Kovach [18] determined that white and blue collar employees had different reward preferences, as did supervisors vis-à-vis their subordinates. In particular, white collar workers and supervisors essentially preferred intrinsic rewards (e.g., feelings of accomplishment), but blue collar employees and supervisors' subalterns tended to focus more on extrinsic rewards (e.g., pay). Also, Dyer and Theriault [19] discerned that higher-level managers had a stronger belief than did their lower-level counterparts that their subordinates' pay should be based more strongly on merit than should their own pay.

Reward Preferences of Sales Managers

Although the above literature suggests that hierarchical level in the organization is related to actual employee rewards, as well as reward preferences, little is known about reward preferences of sales managers and whether those preferments differ across sales manager level. In fact, only one study in the sales management literature was found that even investigated reward preferences of sales managers. Bellenger, Wilcox, and Ingram [20] determined that sales managers preferred higher-order over lower-order rewards; moreover, they identified three groups of sales managers having distinctly different reward orientations (growth, security, and respect orientations). However, their investigation did not explore whether reward orientations varied by managerial level. Indeed, "[sales] managers have traditionally been treated as a homogeneous group . . . [and there has not been] much attention to differences among levels of management . . . " [21, p. 532].