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Consequences of contingent compensation

James Herschel Turner
Louisiana Tech University

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We hereby recommend that the dissertation prepared under our supervision
by James Herschel Turner
entitled Consequences of Contingent Compensation
be accepted in partial fulfillment of the requirements for the Degree of

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Recommendation concurred in:

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Approved:

Dean of Graduate School

Dean of the College
ABSTRACT

The principal objective of this study is the explication of the impact of incentives on measures of performance. The effects of contingent compensation (commissions and bonuses) on role stress, job attitudes, and performance outcomes were studied in a multi-industry sample of 255 employees.

It was hypothesized that as compensation contingency increases, role conflict and financial anxiety also increase and the increase in stress would be negatively related to in-role performance, organizational commitment, and job satisfaction. Finally, it was hypothesized that as organizational commitment and job satisfaction are reduced, intent-to-leave will be increased and extra-role performance will be reduced. The sum of these relationships, i.e., the hypothesized negative impact of compensation contingency on in-role and extra-role performance and its positive impact on turnover, is counter to the results predicted by expectancy theory. Understanding these relationships can add to the ability of managers to evaluate alternate compensation plans.

Data was collected by means of a self-report questionnaire administered to individuals who receive some element of their compensation based on performance contingencies. The isomorphism of
single-industry compensation plans was avoided by incorporating individuals from various industries. The compensation of individuals included in the sample ranged from 100% performance based to 100% salary. Expressing compensation as a continuous variable allowed the model relationships to be evaluated using regression analysis. Path coefficients were developed for model variables.

The analysis revealed that reduced income and increased compensation contingency result in increased levels of financial anxiety. The only significant model link to in-role performance was financial anxiety (negative). Other model paths supported earlier research (e.g. MacKenzie, et al., 1998).

A secondary objective was to differentiate between the relationships for the dimensions of job satisfaction (intrinsic and extrinsic) and those for the combined job satisfaction construct. One result was that the MacKenzie, et al. (1998) job satisfaction – extra-role performance path proved to be significant only for intrinsic job satisfaction when using IJS and EJS. Also, the job satisfaction – organizational commitment – extra-role performance linkages were replaced by an intrinsic job satisfaction – extra-role performance path when IJS and EJS were substituted for the combined JS measure.
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CHAPTER 1

INTRODUCTION

The purpose of this chapter is to introduce this dissertation, which analyzes the effects of contingent compensation on sales representatives and customer contact employees. The effects studied include differences in role conflict, financial anxiety, job attitudes, and performance outcomes. First, the importance of achieving a better understanding of the effects of using contingent forms of compensation (commissions, bonuses, etc.) will be explained. Each construct to be studied will then be described and its theoretical relationship to other constructs will be explicated, as will its overall importance to the study. Finally, the plan of study will be introduced along with a model relating the constructs of the study.

Importance of the Study

The success of sales and service representatives in obtaining sales from new customers and in retaining established customers and the continuing business from them, is fundamental to the success of the companies they represent. By their efforts, sales representatives and customer contact employees link the company to its customers. They
provide many services in their attempts to forge and maintain the company's connection with its customers: educating customers about products and services, resolving customer problems, building company-customer relationships, providing feedback from customers, and providing information on competitors.

For many companies, however, the customer-company link is only visible at the time of sale. For these companies, in a very real sense, the company-customer connection only exists when a sale is made and an order is placed. Because of the need to encourage sales and performance results, companies look for ways to motivate their sales and service representatives to maximize both the amount of time spent in direct selling activities and their efforts in these activities. Perhaps the most common way by which companies attempt to do this is through the use of contingent compensation.

Expectancy theory posits that if a person believes in the expectancy-reward link, motivation will increase. An implication of expectancy theory is that if motivation is reduced, performance should also be degraded. Empirical research into the effects of contingent rewards has shown that such rewards reduce intrinsic motivation (Deci, 1972). Kohli (1985), however, found one form of contingency, contingent approving behavior of supervisors, to be positively related to role clarity. Presumably this result derives from the feedback provided by this supervisory behavior (Deci, 1972).
The controlling and stressing characteristics of contingent rewards may have the opposite effect on performance. For example, Behrman & Perreault (1984) found role ambiguity, another component of role stress, to be negatively related to performance.

**Contingent Compensation**

Because companies act to motivate sales representatives and to direct their activities toward company objectives, most sales representatives receive incentive compensation in some form. For some, the incentive element of compensation is an annual bonus based on performance. For others, the incentive component is a substantial and meaningful component of every paycheck. In fact, for many sales representatives the entire paycheck is based on their performance during the previous pay cycle.

Expectancy theory (Vroom 1964, Porter & Lawler, 1968) suggests that motivation is the result of an evaluation of a reward context. The amount or level of motivation produced by a reward, according to expectancy theory, is a result of the interactions of three factors:

- the belief that the called-for result can be attained,
- the belief that such attainment will in fact be rewarded,
- the desire to obtain the proffered reward.

The interaction of expectancy, instrumentality, and valence produces motivation. Providing a desired reward, based on attainable
performance, which the representative believes will be realized upon satisfactory accomplishment, should serve to motivate performance.

Similarly, in economic theory the problem of agency exists when an agent is not motivated to perform according to the desires of the principal, i.e., "the principal-agent problem arises when the agents have objectives that differ from those of the principal" (Maurice & Thomas, 1995, p. 654). The agency problem is a result of the moral hazard. Any time a party to an agreement has an incentive (a motivation) not to comply fully with the agreement, a moral hazard exists. This extends to outside sales representatives who might find greater utility in spending their time in personal pursuits rather than sales activities. It also extends to other customer contact employees who might be less friendly or helpful towards customers in the absence of a financial reward. This would certainly be more likely if there is no trade-off for doing so, i.e., if the sales or service representative’s compensation were unaffected by the lack of sales or other performance results. Companies often attempt solve the agency problem by tying the sales and service representatives’ income to the attainment of company goals; e.g., to sales, new accounts, retention rates for existing accounts. By utilizing pay-for-performance, management hopes to obviate the moral hazard. As Swanson (1972 p. 704) put it, "As for responsibility and goodness – as commonly defined – no one ... would want or need them. They refer to man’s behaving well despite the absence of positive reinforcement that is obviously sufficient
to explain it. *Where such reinforcement exists, ‘no one needs goodness.’*” (Italics added).

Others, however, have questioned the ‘obvious sufficiency’ of rewards to explain human behavior. The controlling effects of rewards may produce ancillary behaviors and attitudes which offset their value as motivators of sales and service representative behavior (Deci, 1972).

**Role Conflict**

Role conflict arises because the sales and service representatives experience conflicting demands. “Role conflict is the degree to which salespeople receive incompatible demands from their role-set members (e.g., peers, management, or customers) that cannot be satisfied simultaneously” (Dubinsky & Hartley, 1986). At a fundamental level, the objectives of the sales and service representatives’ customers are different from those of the company he or she represents. Selling price, level of service, product features, etc., are all likely to be subject to differing desires of the two parties. Yet the sales and service representatives must attempt to satisfy both simultaneously in order to be successful. Attempting to benefit one at the expense of the other may not only affect the sales representatives’ long-term success but could have dramatic effects on short-term income.

Surprisingly, there seems to be a complete absence of research into the effects of contingent compensation on role conflict. As previously
mentioned, Kohli found role clarity to be related to contingent approving behavior by supervisors, but the effects of contingent compensation on aspects of role stress or financial anxiety have not been researched. It seems reasonable to expect an increased level of stress to follow increasing levels of contingent compensation. Dubinsky & Hartley (1986) found individuals high in self-monitoring (the degree to which they adapt their behavior based on situational cues – Snyder, 1974) also experience role conflict. A common antecedent to both role conflict and self-monitoring behavior might well be compensation or reward structure.

Prior research has shown that motivation is significantly and negatively affected by role stress in general and role conflict in particular (Tyagi, 1985). Tyagi studied the effects of role conflict, role overload, role ambiguity, and sub-unit conflict on the levels of intrinsic and extrinsic motivation on sales people. Tyagi's sample was comprised of 104 life insurance agents representing a single company. His results showed that approximately 30% of the variance in overall motivation was explained by role stress. He also concluded that "Role conflict was shown to produce the most significant negative influence on both intrinsic and extrinsic motivation ..." (p. 302).

Jackson and Schuler (1985) performed a meta-analysis studying 29 correlates of role ambiguity and role conflict. Their study included ten organizational context variables, five individual characteristics, ten affective reactions, and four behavioral reactions. They included the
results of 96 studies across many industries and professions with total sample of 15,956. Referencing research by Caplan & Jones (1975); French & Caplan (1970, 1972); and Ivancevich, et al. (1982), Jackson and Schuler state: "Projects in which physiological data such as heart rate and blood pressure have been collected indicate that role ambiguity and role conflict, especially role conflict, may have physiological consequences" (p. 40).

Role conflict may act to impair performance through either cognitive or motivational effects. From a cognitive perspective, the individual faces a true dilemma about fundamental issues relating to performance. The sales and service representative must recognize that there is at best incomplete information from which to determine appropriate behaviors that would satisfy all parties, and that it is impossible to accomplish everything expected by supervisors and by customers. From a motivational perspective, performance should be degraded by the effect of role conflict on effort-to-performance and performance-to-reward expectancies (Jackson and Schuler, 1985, p. 43).

With incomplete information and conflicting demands, the sales representative has little assurance that effort will produce the desired results or that the results achieved for the company will satisfy those desired by the customer, or vice-versa. The effects on motivation predicted here are those confirmed by Tyagi (1985). If expectancy is reduced by role conflict, expectancy theory suggests performance will
also be reduced. In this study role conflict will be modeled as a key mediator linking contingent compensation to in-role performance and to job attitudes (organizational commitment and job satisfaction).

**Financial Anxiety**

Financial anxiety is important because it reflects an individual's manifestations of concerns about money. Anxiety in general is the result of a perceived lack of control or predictability. White (1974) asserts that mastery serves as a defense against anxiety. Mastery, of course, provides a sense of control and predictability. Financial anxiety, then, is the result of a lack of control or predictability in relation to one's finances. This anxiety stems from concern over income or outgo. On the income side of the ledger, anxiety might result from concern over amount or timing of income. Financial worries in particular seem to cross the boundaries between work and non-work at will. An individual attempting to cope with an unpredictable income might feel stress or anxiety of a much more generalized and ubiquitous nature than that captured by measures of role ambiguity and role conflict. In this study, financial anxiety will be modeled as a key mediator linking compensation contingency to job satisfaction.

**Performance**

Performance is the principal outcome measure of the study. If expectancy theory and agency theory explain the logic behind contingent
compensation, they do so because they describe the manner in which one individual can cause (or inhibit) the behavior of another toward the attainment of organizational goals. Darmon (1974) suggests compensation schemes serve three functions: compensating, motivating, and directing. The desire to motivate and direct the behavior of the individual sales and service representative toward behaviors that achieve organizational objectives drives the design of compensation plans toward incentives and commissions (Darmon, 1974). This study will attempt to measure the relationship of incentives and commissions to measures of in-role (job description) performance.

**Extra-role Performance**

In addition to the measures of in-role performance, this study will also measure extra-role performance and its relationships within the proposed model. Barnard (1938) said "... it appears utterly contrary to the nature of men to be sufficiently induced by material or monetary considerations to contribute enough effort to a cooperative system to enable it to be productively efficient to the degree necessary for persistence over an extended period" (p. 93). Katz (1964) noted, "An organization which depends solely upon its blue-prints of prescribed behavior is a very fragile social system" (p. 132). Both authors are referring to the many acts of responsible citizens that serve to maintain the organization to which they belong but which may not be observed,
may not be measurable, and are therefore not compensable or controllable. Included are "... the day-to-day spontaneous prosocial gestures of individual accommodation to the work needs of others" (Smith, et al., 1983, p. 653). Indeed, the altruistic behaviors which serve to maintain and stabilize organizations appear to be the organizational manifestation of 'reciprocal altruism' which is theorized by evolutionary psychologists to be the basis for cooperation and the evolutionary success of social species (Hamilton, 1964; Trivers, 1971; Axelrod & Hamilton, 1981; Cosmides, 1989). In fact, Rushton (1986) in a study of 573 adult twin pairs of both sexes, determined that 60% of altruism is the result of heredity. In this study, extra-role performance will be modeled as an outcome affected by organizational commitment, job satisfaction, and intent to leave.

**Intent to Leave**

Intention to leave (intent to quit, propensity to leave) has been suggested as the immediate precursor to actually leaving an organization (Mobley, 1977). Empirical research has shown intention-to-leave to be significantly and positively correlated to actual turnover. Horn and Hulin (1981), for example, found a correlation of .71 between intention to reenlist and actual reenlistment in a sample of national guardsmen. Horn and Griffeth (1991) found a significant correlation of -.38 between intention to quit and retention in a study of nurses. In a meta-analysis,
Hom, Caranikas-Walker, Prussia, and Griffeth (1992) reviewing 17 studies and a total sample size of 5,013 found quit intention correlated at .36 with turnover. Tett & Meyer (1993) published the results of another meta-analysis. Their results, based on 6 independent samples with an aggregated sample size of 1,034 produced a correlation of .39 between turnover intention and actual turnover.

Because intent to leave has been shown to consistently correlate significantly with actual turnover, and because using it as an indicator of actual turnover obviates the need for longitudinal study, in this study intent-to-leave will be used in order to represent the relationships between turnover and other study variables.

**Job Satisfaction**

Job satisfaction has been the subject of research at least since the Hawthorne studies of the 1920s (Roethlisberger & Dickson, 1939). Job satisfaction is the “pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke, 1976 p. 1300). The definition of job satisfaction for salespeople given by Churchill, Ford, & Walker (1974) includes “all characteristics of the job itself and the work environment which [industrial] salesmen find rewarding, fulfilling, and satisfying, or frustrating and unsatisfying” (p. 225).

An individual’s attitude about his or her job should have meaningful implications about how he or she does it. Many human-
relations era researchers sought to establish a connection between job satisfaction and performance (e. g. McGregor, 1960). Brayfield & Crockett (1955), however, cited conflicting research results and questioned this view. Porter & Lawler (1968) espoused the view that performance leads to job satisfaction. This has become the generally accepted view. Even so, the strength of the relationship appears to be very weak (Iaffaldo & Muchinsky, 1985).

Greater job satisfaction has also been generally related to reduced propensity to leave the organization (Brayfield & Crockett, 1955; Mowday, Koberg, & McArthur, 1984) and with reduced rates of absenteeism (Porter & Steers, 1973). In addition, job satisfaction has been shown to be strongly related to organizational commitment (Porter, Steers, & Mowday, 1974) and to organizational citizenship behaviors (Smith, Organ, & Near, 1983; Organ, 1988).

The importance of job satisfaction lies not in its relationship with performance but with its stabilizing effects (reducing tardiness, absenteeism, and turnover) and through its effects on cohesion (increasing organizational citizenship behaviors and organizational commitment). In this study job satisfaction will be modeled as mediating the effects of in-role performance, role conflict, and job-induced tension on intent to leave and extra-role performance.
Organizational Commitment

Organizational commitment is also an important job attitude. As defined by Mowday, Porter, & Steers (1982 p. 6) organizational commitment is "the relative strength of an individual's identification with and involvement in a particular organization. ... It can be characterized by at least three factors: (a) a strong belief in ... the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization."

Organizational commitment has been found to be negatively related to turnover (Mowday, et al., 1979; Hom Karterberg & Hulin, 1979; Angle & Perry, 1981; Tett & Meyer, 1993), negatively related to tardiness (Angle & Perry, 1981; Mowday, et al., 1979), and negatively related to absenteeism (Steers, 1977; Mowday, et al., 1979).

Mowday, et al. (1982) hypothesized organizational commitment to be a function of personal characteristics (e.g. age, tenure, education), role characteristics (e.g. role stress, job scope), structural characteristics (e.g. size of the organization, formalization, occupational groupings), and work experiences (e.g. organizational dependability, pay equity, met expectations).

The importance of organizational commitment, like job satisfaction, derives from its impact on the stability of the organization. In this study
organizational commitment will be modeled as the key mediator linking role conflict and extra-role performance.

**Further Research**

One of the principal questions that needs further study is: “What are the effects of contingent compensation on role stress and role tension; i.e., do these stresses come with boundary spanning or do they also stem from the structure of compensation?”

Behrman & Perreault (1984) found support for their hypothesis that “role conflict is an unenviable but nevertheless basic and unavoidable characteristic of the selling job -- and that effective performance depends on the sales representative confronting and coping with that conflict” (p. 13). The theoretical development of role conflict suggests that it should impair performance. “Role theory states that, when the behaviors expected of an individual are inconsistent -- one kind of role conflict -- he will experience stress, become dissatisfied, and perform less effectively than if the expectations imposed on him did not conflict” (Rizzo et al., 1970).

If selling entails coping with role conflict, selling a lot intuitively means coping with a lot of role conflict. The directionality is important. The Behrman and Perrault results showed a positive correlation between performance and levels of role conflict. What this suggests is that successful (high-performing) sales representatives are able to overcome
the effects of role conflict, but at the same time experience more role conflict because of their performance level. The results of Behrmann and Perreault are thus not at odds with theory which suggests that role conflict impedes sales efforts and results. Others (e.g. Selye, 1975) who suggest that role conflict plays a positive function – a form of eustress – may simply have the causal direction reversed. It may be higher performance that produces higher role conflict, not that higher levels of stress contribute to performance.

In the Behrmann and Perreault model, the antecedents of role stress were role characteristics. As such, they all relate to the boundary-spanner functions. Little can be done to change the role characteristics of boundary spanners.

The principal question addressed in this research is whether the contingency of compensation acts to increase role conflict and thus exacerbate the impact of role conflict on performance outcomes: in-role performance, extra-role performance, and intent-to-leave. Importantly, the effects on job satisfaction and organizational commitment will also be studied.

**Contributions of This Study**

The contributions of this study come from three distinct areas: management of the sales function, theoretical explication of the impact of contingent compensation on model constructs, and clarification of the
relationship of role conflict and financial anxiety to performance and turnover.

Better management of the sales function will result from a better understanding of the relationship of incentives to performance. If the relationship is straightforward, i.e., if incentives result in performance improvement, their use is important for business success. On the other hand, if the results of incentive use is more complex (as hypothesized in the proposed model), then the use of incentives becomes problematic and more difficult to manage. Understanding the relationships more fully is important to making decisions about the use of contingency compensation and managing any ill effects.

The relationship of role conflict and financial anxiety on performance needs to be clarified. As these constructs were developed they were thought of as impairing performance (Rizzo, House, & Lirtzman, 1970; House & Rizzo, 1972). More recently some researchers have questioned whether the relationship is curvilinear (e.g. Behrman & Perreault, 1984; Singh, 1998). The concept of eustress (Selye, 1975) suggests that some levels of stress may be beneficial. These relationships will be tested within the framework of this study.

Theoretical explication is needed to not only to clarify the relationship between role conflict and performance, and contingent compensation and role conflict/financial anxiety, but the mediated effects of contingent compensation on job satisfaction, organizational
commitment, and performance outcomes also needs to be clarified. The mediated effects of contingent compensation on extra-role performance will also be studied.

**Model**

The core element of the proposed model is based on the relationship of role stress to job satisfaction and organizational commitment (Johnston, Parasuraman, Futrell, & Black, 1990). The Johnston, et al., model tested leadership behaviors as antecedent and propensity to leave and turnover as consequent.

Brown & Peterson (1993) used the core element with performance acting to mediate some of the stress effects on job satisfaction and organizational commitment. MacKenzie, Podsakoff & Ahearne used the Brown & Peterson model to explicate the relationships of both in-role performance and extra-role performance (OCBs).

The proposed model will analyze the effects of contingent compensation on the constructs of the MacKenzie et al. formulation.
This study of the effects of contingent compensation on role conflict, financial anxiety, organizational commitment, job satisfaction, in-role performance, extra-role performance, and turnover was developed to enhance the ability of management to structure compensation systems in order to facilitate performance and minimize turnover. Chapter 2, Literature Review, reviews the literature on the model variables to further
develop each with respect to hypothesized relationships. Conflicting conceptual-theoretical development and empirical results is be reviewed. Chapter 3, Research Methodology, elaborates the methodology for data collection, the sampling frame, and the statistical analysis. Chapter 4, Research Findings and Analysis, presents the research results and analysis. Chapter 5, Discussion and Managerial Implications, discusses the study's results, reviews the study's implications from a theoretical perspective, identifies areas requiring further study, and reports the study's implications for practicing managers.
CHAPTER 2  

LITERATURE REVIEW

Motivating and Directing Employees

Motivating employees in general, and salespeople in particular, by using performance-contingent rewards is a long-established management practice. Rewards are used in management systems to motivate individual employees not just to increase their performance, but to align their efforts with organizational goals and objectives. According to Barnard, alignment of individual self-interest with the interests of the organization is the basis of organizational efficiency. "... [T]he efficiency of a cooperative system is its capacity to maintain itself by the individual satisfactions it affords." (Barnard, 1938, p. 57)

Expectancy theory (Vroom, 1964; Porter & Lawler, 1968) describes worker motivation as a function of the individual's expectancy of successful performance (expectancy), the valence or salience of the reward (valence), and the belief that performance will lead to reward (instrumentality). Following expectancy theory, compensation planning should be based, at least in part, on establishing the proper goal and reward combinations that will effectively motivate employee performance.
Several researchers and theorists have raised serious questions, however, about the efficacy of carrot-and-stick techniques of motivation. Herzberg (1959) and Levinson (1973) were among the first to seriously question the use of incentives as a management tool. Festinger (1967) believed rewards would affect the attitude of individuals toward their work and their understanding of why they are working. Following his theory of cognitive dissonance, Festinger predicted rewards would reduce intrinsic motivation.

In order to test the relationship between monetary rewards and intrinsic motivation, Deci (1971) conducted one laboratory study and one field study. In the laboratory experiment, 24 undergraduate psychology students were divided into two twelve-person groups – one experimental and one control. The subjects were given the Parker Brothers game called Soma and diagrams showing configurations they were asked to reproduce. In three thirteen-minute trials, they were asked to complete as many as possible.

The experimental group was paid $1 for each configuration successfully reproduced in trial two. These subjects were told there was only enough money to pay them for one trial and thus they could not be paid for the third trial. To measure intrinsic motivation, the experimenter left the room for eight minutes in the middle of each session. A guise was used to explain the interruption. During the eight-minute break the subjects were free to play with the game, read
magazines which were provided, or simply wait. The amount of time each subject spent playing the game during the interruption was the measure of intrinsic motivation.

The test used was whether the difference in time spent playing Soma between the second and first interruption) was different for the experimental group when compared to the control group. The difference was significant at the .10 level. The introduction of rewards in trial two for the experimental group significantly reduced the amount of time spent playing the game in the second free-choice period when compared to the control group.

In a field replication designed to test the same effect, Deci (1971) utilized eight students working on the college newspaper. Here the measure of intrinsic motivation was time spent writing headlines. Using a four-person experimental group and a four person control group with four trial periods, the students were assigned to write headlines. It was assumed that the more highly motivated students would require less time to write a headline. As before, the experimental group was paid in trial two ($ .50 per headline) and the test was the difference between pre and post trial time for the experimental group compared to the difference for the control group. This test achieved significance at .01 for the trial-three difference and .10 for the trial-four difference. The introduction of a monetary incentive increased the post-reward trial times for writing headlines.
The headline-writing time difference for trial two – the reward trial – compared to trial one was nominally lower for the experimental (reward) group than for the control group but Deci did not test the significance of this result.

Deci (1972) replicated the Soma experiment using a sample of 96 undergraduate students. In this replication Deci sought to relate not only the relationship between monetary reward and intrinsic motivation, but also to relate verbal reinforcements and intrinsic motivation. Deci predicted that, as before, the use of monetary rewards would diminish intrinsic motivation. He also hypothesized that verbal reinforcements would serve to increase motivation. This study also developed, however, a non significant but interesting suggestion that even praise, when seen as controlling, can lead to a reduction in intrinsic motivation. Deci proposed that verbal reinforcements in particular, may exhibit an inverted-U shaped relationship with intrinsic motivation. At low levels verbal reinforcements would tend to increase intrinsic motivation, while at higher levels, when they are seen as controlling, they would actually serve to reduce it.

This result led Deci to conclude: “There are at least two aspects to any reward, a “controlling” aspect and an “informational” or feedback aspect. The controlling aspect leads to a decrease in intrinsic motivation by changing the perceived locus of causality, while the feedback aspect
leads to an increase in intrinsic motivation by increasing the person's sense of competence and self-determination." (Deci, 1972 p. 118)

In yet another replication of this effect Pritchard, Campbell, & Campbell (1977) used a sample of undergraduate psychology students who were experienced chess players and an intrinsically interesting (for this sample) chess problem to solve. The control (non-rewarded) group consisted of 8 male and 3 female members. The experimental group consisted of 14 male and 3 female members. Pritchard, et al., used a free choice period during which intrinsic motivation was measured as the amount of time spent on a chess problem. They also, however, used a self-report instrument to measure task satisfaction. The groups were studied in two periods one week apart such that one measure of intrinsic motivation was taken before any reward was offered to the experimental group and a second measure was taken one week later at the second non-reward session. The experimental group was aware that there would be no reward prior to the second session. This study produced three significant results. First, intrinsic motivation was reduced after the introduction of a monetary reward contingent upon performance. This was true for both the time measure for intrinsic motivation as well as the self-report instrument (although the self-report was only marginally significant). Second, the effect of offering a reward was powerful enough to produce results one week after its introduction - in a group of chess players. Third, there was no performance difference for the group that
was paid when compared to the control group. In other words, one might expect that the increase in extrinsic motivation would more than offset the reduction in intrinsic motivation. If this were true, performance would have shown improvement in the presence of contingent reward. It did not.

One principle effect of using monetary rewards (extrinsic motivation) to induce and direct (control) behavior is the reduction of intrinsic motivation, the interest or motivation one derives from the task itself. Deci’s research has led him to conclude that contingent rewards interfere with the individual’s need for self-determination, i. e., the need to feel autonomous. The intended effect of contingent rewards is, of course, to control and direct the motivation, and thereby the behavior, of those individuals. This constraint on individual self-determination serves to reduce the individuals intrinsic motivation in the task itself. Offering a reward induces the individual to focus on ends instead of means; outcome instead of process. This alone may be sufficient to reduce the individual’s intrinsic motivation, or interest, in the means (or the process) of the task itself.

**Incentives in Practice**

Baker, Jensen, & Murphy (1988) reviewed aspects of compensation where economic theory and actual practice seem to disagree. They summarized empirical evidence revealing inconsistencies between the
use of incentives in practice and the use of incentives as predicted by economic theory. After reviewing Deci's criticisms of the motivational effect of monetary incentives they concluded that "... careful examination of the criticisms of monetary pay-for-performance systems indicates not that they are ineffective but rather that they are too effective: strong pay-for-performance motivates people to do exactly what they are told to do. Large monetary incentives generate unintended and sometimes counterproductive results because it is difficult to adequately specify what people should do and therefore how their performance should be measured (p. 597)." They found a wide discrepancy between what would be expected if compensation and reward schemes were derived purely from economic theory and the reality of compensation and reward systems in general use. They attributed this discrepancy to problems with performance evaluation systems, lack of employee trust in management to provide the promised rewards, and management's distaste for conflict that might arise should accurate appraisals be given.

If human motivation is described by economic theory, i.e. expectancy theory, then incentives and reward schemes should be an extremely common elements of compensation plans and they should govern a relatively large proportion of remuneration. Employees who are rated as top performers should receive compensation amounts proportionate to their performance levels. Evidence from two large manufacturing firms, (reported in Medoff & Abraham, 1980) however,
shows the pay differential in these firms for being evaluated as outstanding or excellent as opposed to not acceptable is 7.8% for one firm and 6.2% for the other. Baker, et al., concluded: “ultimately it may be that the psychologists, behaviorists, human resource consultants, and personnel executives understand something about human behavior and motivation that is not captured in our economic models” (p. 615).

Guzzo, Jette, and Katzell (1985) performed a meta-analysis of the effects of psychologically based interventions, including monetary rewards, on worker productivity. This analysis was based on 98 workplace studies of planned change that included objective measures of the consequences of the change. These 98 studies produced 37,371 measurements of worker productivity in companies providing goods and services. The results of this meta-analysis produced no significant effects for financial incentives. The non-significant result for financial incentives suggests that, on average, the motivational value of incentives across these studies was zero. The use of financial incentives did not produce performance improvement.

In another meta-analysis of the effects of organizational behavior modification on performance, Stajkovic and Luthans (1997) arrived at similar conclusions. This meta-analysis was based on 19 studies with a total sample size of 2,818 subjects. It specifically included only studies based on contingent reinforcements (money, feedback, social praise) administered as an external intervention by a manager or researcher.
Separating the studies into manufacturing and service categories allowed them to look at the effects of various organizational behavior modification techniques on each sector. For manufacturing businesses, Stajkovic and Luthans determined financial incentives for factory workers to be non-effective, i.e., the relationship of financial incentives to performance was not significant. For service businesses, which of course would include sales-related businesses and departments, the effects of financial incentives on performance did achieve statistical significance. Even so, the results of combining non-financial incentives, e.g. social reinforcement, with performance feedback were found to produce much larger effects and as the authors pointed out, are less expensive.

Darmon (1974) studied a sample of 23 salesmen working for the International Harvester Company. This study encompassed four years—two years before and two years after a change in their compensation plan. Darmon proposed five hypothetical responses of salespeople to financial incentives. They might: (1) persist in prior habit patterns unaffected by the change in incentive, (2) strive to maximize the sales results regardless of earnings, (3) change their behavior in order to reach some acceptable level of income, (4) change their behavior to maximize income, or (5) change behavior so as to maximize satisfaction. Darmon built nine models that focused on allocation of selling time by product line and work intensity level. He then validated the model by forecasting.
the results for each salesperson for each year in the study. By ranking
the models from best fit to worst fit for each period and summing the
ranks for each model, Darmon was able to select the model with the
lowest sum as the best model to describe the response of the salesmen to
the compensation (commission structure) change. He concluded that
salespeople seek to perform at a level that produces a desired income
level – model number 3 above. In his words: “This study has provided
additional evidence to support the proposition that financial incentives
have some effect on human behavior. ... In addition, this study has
shown that if financial incentives do have some impact on salesman
behavior, these effects may not always be those generally assumed by
marketing practitioners and theorists” (Darmon, 1974 p. 424).

**Autonomy, Control, and Motivation**

Woodworth (1918) proposed that even though an action or
behavior of an organism can be initiated by extrinsic means, “only when
it is running by its own drive ... can it run freely and effectively” (p. 70).

Harlow, Harlow, and Meyer (1950) noted that monkeys learned to
solve puzzle mechanisms for no other reward than the apparent pleasure
they derived from the task itself. These researchers may have been the
first to use the term *intrinsic motivation* to describe this phenomena. In
subsequent research, Harlow (1950) demonstrated that monkeys
performed some problem-solving tasks better when they were
intrinsically motivated than when they were being rewarded for their behavior.

Woodworth (1958) and White (1959) proposed that a need for effectance is a basic drive. Being able to affect the environment in such a manner as to produce results that effectively provide for the maintenance of an organism is the definition of competence. Competence motivation, i.e., the drive to become autonomous and self-sustaining, is the basis for learning (Deci and Ryan, 1985). The reward for competence-motivated behavior is the feeling of effectiveness or competence that results. An interesting characteristic of this type of motivation is that mastery or competence, once achieved, does not result in satiation of the drive — as hunger is satisfied by food. The attainment of competence or mastery can only lead to the need to stretch, to attain the next challenge, and to reach for higher and higher levels of competence (Deci and Ryan, 1985).

The Weitz, et al., (1986) model of adaptive selling is based on just such an intrinsic orientation. Of course, sales representatives are rewarded for selling and servicing their products. The question of interest, then, is what happens to intrinsic motivation and performance in the face of extrinsic rewards?

Festinger (1967) suggested that when rewards are given for intrinsically motivated behavior, the person being rewarded will change the concept of why he or she is performing the task. Based on the theory
of cognitive dissonance (Festinger, 1957) he predicted that external rewards would result in a reduction in intrinsic motivation.

deCharms (1968) proposed that when a person is rewarded for intrinsically motivated behavior, he or she will perceive a shift in the locus of control, i.e., a loss of autonomy, and will feel manipulated by the rewards. Deci (1971) confirmed that when monetary rewards are given in order to encourage or direct behavior, intrinsic motivation is reduced. In subsequent research, Deci (1972) proposed that rewards of any kind are comprised of at least two elements, a controlling element as described by deCharms (1968) and an informational element. While the informational element provides information about competence and tends to increase intrinsic motivation, the controlling element, at the same time, tends to reduce intrinsic motivation. When money or other salient rewards are offered, the controlling element overpowers the informational element resulting in a net reduction in intrinsic motivation.

It would seem then that intrinsic motivation is inextricably linked to the experience of self-determination, the feeling of being autonomous in one's actions. The need to develop competence and to become self-determining is fundamental, but in order to be self-determining one must experience control over one's actions (Deci, 1989).
Related Research

Many researchers have established the connection between intrinsic motivation and performance in non-work settings. For example, Miller (1961) asked 72 nine year old boys to distinguish between simple drawings of faces. Some were paid when they succeeded, others were simply given informational feedback, i.e., whether they were correct or not. Those boys who were paid made more mistakes than those who weren't. Amabile (1983) was able to show that intrinsic motivation in school children leads to greater creativity. Janet Spence (1970) found that children rewarded with candy performed less well than children given no reward when asked to remember which of two words was designated by the experimenter as “right.”

In other studies with school children, (Deci, Schwartz, Sheinman, & Ryan, 1981; Ryan and Connell, 1989; Ryan and Grolnick, 1986) it has been shown that teachers who were generally supportive of the self-determination of their students, “had a positive effect on the intrinsic motivation, self-esteem, and perceived competence of their students” (Deci, 1989 p. 581).

The counter-intuitive effects of rewards have also been found in studies of adults. For example, Schwartz (1982) found that adults who were asked to observe a game and decipher the rules of the game were less successful when offered a reward than in a non-reward trial. Amabile, in an unpublished research in 1992, found that professional
artists who were commissioned to create a work produced a less creative work than another group working without a commission. Creativity was judged by the artists themselves and by peers with the same result.

In a workplace study, Deci (1989) was able to further test the efficacy of these concepts. Using data from 23 managers and their subordinates, Deci was able to show that managers who support self-determination have an effect similar to that of the teachers in the earlier studies. Specifically, Deci, Connell, and Ryan were able to develop an intervention based on teaching managers to support self-determination in their subordinates. This intervention, over time, produced significant improvement in several work climate variables. Improvements occurred in feeling non-pressured and in general satisfaction. In addition, several items included in the job satisfaction measure also showed significant improvements, i.e., quality feedback, opportunity for inputs, security, trust in the corporation, and potential advancement.

The intervention training program focused on three elements critical to self-determination: choice, non-controlling feedback, and acceptance and acknowledgement of the others perspective. By training managers in the importance of self-determination in workers, it was expected that creativity, learning, self-esteem, and the emotional character of the workforce would all be positively impacted. While there was support for this outcome, it also became apparent that when workers are fearful of pay and security issues, the gains from supporting
self-determination are likely to be inconsequential – just as Maslow might have predicted. Perhaps the first and strongest response to the intervention supporting self-determination was in trust. It is important to note that trust can be regained through the effort to support self-determination.

**Sales Representatives and Intrinsic Motivation (Control Systems)**

Paying sales representatives by commission serves not only as a means of compensation, but also as a mechanism to motivate and direct their efforts (Darmon, 1974). Building on this concept and on the Deci (1971, 1972, 1985) research into self-determination and intrinsic motivation, Anderson and Oliver (1987) re-characterized contingent compensation schemes as outcome based control systems. Defining a control system as a “set of procedures for monitoring, directing, evaluating, and compensating its employees” (p.1), they propose that there are two general forms of control systems. Commissions identify the outcome-based control system which is characterized by:

- relatively little monitoring of salespeople by management,
- relatively little direction by management, and
- straightforward objective measures of results (outcomes) used to evaluate and compensate the sales force.
An alternative control system is the behavior-based control system. This type of control system is characterized by:

♦ considerable monitoring of salespeople's activities and results
♦ high levels of management direction of and intervention in the activities of salespeople, and
♦ evaluation and compensation of sales personnel based on subjective and more complex methods incorporating the skills and talents of the salesperson, activities, and sales strategies rather than outcomes.

Incorporating agency theory (Eisenhardt, 1985), transaction cost analysis (Williamson, 1985), organization theory (Ouchi, 1979), and cognitive evaluation theory (Deci and Ryan, 1972) Anderson & Oliver (1987) developed a series of hypotheses about the likely results of each type of control system.

A central premise of agency theory is that agents and principals have different goals. Where the principal desires increased profit, the agent desires increased personal income; where the individual is seen as risk averse, the firm is seen as risk neutral. In order to align these diverging goals effectively, commission compensation (outcome-based control) may seem the most effective and efficient control system. Anderson and Oliver point out, however, that this solution ignores several factors. The time lag between effort and sale, factors other than effort that influence sales, interrelated demand for multiple products,
and the need for the sales representative to perform nonselling functions, are all important management concerns that are difficult to account for in an outcome-based control system.

Organization theory proposes that the divergent goals of workers and the firm can be reconciled through a process of socialization. This process results in workers identifying their goals with the goals of the organization. In addition, organization theory suggests that measuring the inputs or outputs as required in agency theory, may be impossible. The control system incorporating socialization and identification is a third type of control system, the clan system described by Ouchi (1979). In this system, neither inputs (behaviors) nor outcomes (results) are used to control. Rather, a humanistic socialization process encourages loyalty and identification with the firm and its goals.

Transaction cost analysis generally supports the use of outcome-based compensation and control systems. This system relies on the efficiencies of market driven economics to serve as a control mechanism. Even here, however, adherents of transaction cost analysis allow for situations in which behavior-based control systems are preferable, such as for salespeople who possess valuable customer knowledge and relationships, brand applications, etc.

Anderson and Oliver adapted a matrix (see Figure 2.1) based on the hypotheses of organization theory to describe the relationship of
measurement of inputs and outputs and knowledge of the transformation process with the appropriate control system.

Only when feedback can be given in an informative manner does it increase intrinsic motivation (deCharms, 1969; Deci, 1972). Interestingly, one of the tools used by manufacturing businesses to improve quality and productivity was statistical process control, specifically Shewhart control charts. These control charts provide accurate, non-controlling information to machine operators. It might be instructive to measure the intrinsic motivation levels of workers before and after the introduction of control charts. Perhaps control charts could be used by sales representatives to record and monitor facets of their activity and to alleviate or overcome some of the controlling character of the commission compensation structure.

From Anderson and Oliver, 1987 p. 81.

Figure 2.1

Knowledge of Process by Which Behavior is Transformed into Outcomes
The result of the control-system considerations by Anderson and Oliver was a series of seven hypotheses. These hypotheses proposed, among other things, that behavior-based control systems will be characterized by: sales representatives with more product knowledge and sales expertise, better customer satisfaction, and higher levels of intrinsic motivation and commitment to the sales agency.

Based largely on the theoretical work of Anderson and Oliver (A&O), Cravens, Ingram, LaForge, and Young, (1993), tested the A&O hypothesized relationships between compensation-control systems and cognitions, attitudes, motivation, sales strategies, and performance. They sampled sales managers \( (n = 144) \) in a diverse set of industries to test the relationships at the sales force level. Their results indicate that the type of control system, i.e., management control versus commission control, is correlated, in the hypothesized direction, to each of these elements. Performance in achieving sales objectives was more affected by commission-control than by management-control, as hypothesized by Anderson and Oliver (coefficients were \(.19 \) vs. \(.12\)). Customer satisfaction, however, was enhanced by management control (coefficients were \(.05 \) vs. \(.13\)). Other areas also enhanced by management control were: competence, teamwork, motivation, and planning. All were in accord with the hypothesized relationships of Anderson and Oliver.
What appears at first to be a straightforward process of alignment, commission-based compensation is more broadly a system of control. When the contingent rewards result in a loss of self-determination, they also result in a reduction in intrinsic motivation (Deci 1972). Note, however, that as described by Anderson and Oliver (1987) under outcome-based control systems, the sales process is not being actively controlled or managed. As Anderson and Oliver (1987) describe it, this system of outcome control is characterized by little monitoring of salespeople and little managerial direction of salespeople. Only results are important, not methods. Management of this crucial function has been transferred to the sales representative via a mechanism that reduces intrinsic motivation. This transfer of this responsibility occurs most commonly and completely in businesses where the high turnover rate (another characteristic of commission-based control, Weeks, 1966) results in a sales force with little experience. In the life insurance industry, for example, fewer than 50% of its field force has five years of experience (LIMRA, 1997).

Oliver and Anderson (1994) provided their own empirical test of their propositions, this time at the salesperson level. They sampled a group of manufacturers’ representatives from the electronics components industry. The sample was made up of 216 managers and 347 sales representatives. Using this sample, they were able to show significant positive relationships between the use of behavior-based control systems
and several hypothesized outcomes. Notably these included the innovativeness and supportiveness dimensions of organizational culture, job satisfaction, participative decision making, organizational commitment, accepting authority, and sales competence. Interestingly, and contrary to their expectations, however, perceived control systems did not appear to affect the salesperson's behavioral strategy, i.e., the sales representatives did not ignore long-term strategies in favor of activities which might have produced immediate sales, even when compensated by commission. This might also be a manifestation of an inherited moral sense (Rushton, 1986) in addition to a rational need to plan and prepare for the future. Selling what is best for the customer makes good long-term economic sense and is good moral judgement as well.

Perhaps a review of some of the prominent models of sales performance can serve as a guide in determining the effects of commissions on the performance and turnover of salespeople.

Models of Sales Performance

There have been many models developed to describe attitudinal and behavioral relationships that are precursors of performance and turnover in salespeople. The theoretical models and research that follows were selected because, in at least one facet, each touches upon the model proposed in Chapter 1. In large part, these models focus on
the relationships among the constructs of role stress, motivation, job satisfaction, performance, organizational commitment, contingent rewards, and intent to leave.

Sales managers have, for many years taught the ‘A*S*K’ formula for success in sales careers. Rating sales representative on a scale of zero to three on Activity (the number of sales contacts), selling Skill, and Knowledge of the product, (its uses, and its customers), and multiplying the results it is said, will yield a prediction of sales results consistent with actual performance (Levine, 1978). This formula assists sales managers in guiding the development of their sales personnel. Conceptually, the need for balance among the relationships is evident from the multiplicative nature of the formula. Improving lower-rated areas produces a greater result than higher-rated areas.

In a similar vein, Weitz, et al., (1986) proposed a model of adaptive selling which suggests that salespeople are more effective when they adapt their selling presentations to the unique circumstances of each customer, i. e., practice adaptive selling. In the Weitz model, sales results are a function of three salesperson characteristics, the sales representative’s ability to practice adaptive selling, the sales representative’s motivation to practice adaptive selling, and the sales representative’s knowledge of the selling domain.

For Weitz, motivated behavior includes not only intensity and persistence of effort (which sales managers simply call activity) but also
includes the choice of task (market or product) and the approach used. Adaptive selling is certainly the selling skill referred to in the sales manager's model, and knowledge also has essentially the same meaning for both. A*S*K. Importantly, choice, which is critical in this model in allowing the sales representative to accept and learn from failure, and in creating customer-specific sales presentations, is seen as a function of intrinsic motivation.

Dubinsky and Hartley (1986) tested a model based on the Weitz, et al., model. Realizing that no research addressed the issue of sales person adaptability, they decided, following Snyder (1974) to use the construct 'self-monitoring' instead. Using self-monitoring, i.e., adaptive social behavior, as a proxy for adaptive selling behavior, they hypothesized that self-monitoring would act to reduce role ambiguity and, perhaps, role conflict. This reduction in role stress should produce an increase in work motivation and overall job satisfaction. They hypothesized that the reduced role stress and increased work motivation would combine to produce improved job performance. In this model, the improved performance would also result in an increase in overall job satisfaction.

Testing this model in a sample of 162 retail salespeople, produced only partial support for their model. Self-monitoring was significantly and positively correlated with role conflict and role ambiguity. Work motivation was significantly and negatively related to role ambiguity, but
the relationship between work motivation and role conflict was not significant. Overall job satisfaction was significantly and negatively related to role conflict and role ambiguity, but the relationship between overall job satisfaction and performance was not significant. Finally, the relationship between job performance and role ambiguity was significant and negative, but the relationship between job performance and role conflict, work motivation, and self-monitoring were all non-significant.

A principle finding of this study was that “high self-monitors experience more role conflict” (p. 263). Of course, the relationship between self-monitoring and role conflict may not be indicative of the relationship between adaptive selling behavior, as described by Weitz,
and role conflict. Adaptive social behavior is, after all, only a proxy for adaptive selling behavior. In fact, the focus of self-monitoring is image or impression management. This ‘other directedness’ of self-monitoring must necessarily derive from an extrinsic orientation. Based on Pittman, Emery, and Boggiano (1983), Condry (1977), and Ambabile (1983), Weitz, et al., specifically describe adaptive selling behaviors as flowing from an intrinsic orientation. An intrinsically oriented sales representative would be more concerned with the work itself than in either the material rewards deriving from successful service delivery or in the image he or she may portray to others. Providing the correct service and improving the delivery of that service is the focus of an intrinsically motivated salesperson.

Kohli (1985) used expectancy theory as a model of motivation to test the relationships between certain supervisory behaviors, role clarity (the complement of role ambiguity), specific self-esteem, job satisfaction, and motivation in salespeople. In a sample composed of 114 sales representatives from three companies selling industrial products, Kohli found that contingent approving (rewarding) behavior on the part of sales managers resulted in greater role clarity and higher job satisfaction. This behavior also produced higher extrinsic instrumentalities, but not intrinsic instrumentalities. In other words, if sales managers give praise for good performance, salespeople develop a higher confidence in the assuredness of external rewards in general. The sales representatives
are able to trust that the rewards promised for their selling successes will result. Interestingly, the specific self-esteem of the sales representatives, their confidence in their own ability to perform the job, was not affected by the contingent approving behavior of sales managers.

The effects of role stress, role conflict and role ambiguity, on performance and satisfaction were also studied by Behrman and Perreault (1984). In their model, the characteristics of the task environment create role ambiguity and role conflict. Individual characteristics of the sales representative also affect these role stresses and have direct effects on job performance and job satisfaction.

![Diagram](image)

**Figure 2.3**

Role Stress Model of Performance and Satisfaction

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The sample used to test this model was drawn from five national industrial products firms. The result was a sample of 196 field representatives involved in technical, creative selling and after-sale service of accounts.

Using an expanded version of the Rizzo, House, and Lirtzman (1970) scale to measure role conflict and their own self-report scale to measure performance, Behrman and Perreault found a counter-theoretical relationship, i.e., the path coefficient between role conflict and performance was positive. In their model this would indicate that as role conflict increases, performance also increases. Their results also showed a significant negative correlation between role conflict and job satisfaction. In light of these results, Behrman and Perreault suggest: "Sales managers concerned with identifying ways to improve salesforce satisfaction must at the same time think clearly about the effect of their approaches on sales performance" (p. 19). The interpretation of this result, however, need not be so dark. First, it should be noted that in their operationalization, role conflict includes inter- and intra-sender conflict, person-role conflict, and work overload. If one of these, work overload, for example, is predominant in the performance-role conflict relationship, it may be possible to address this issue separately from the other role conflict elements. The authors here made no reported attempt to look at the various dimensions of role conflict separately. Additionally,
the causal connection between role conflict and performance is problematic. Does role conflict contribute to performance or does performance contribute to role conflict? If it is the latter, there may very well be structural issues that drive both performance and role conflict. A different structure may derive similar performance without creating the role conflict effects seen in this study. A study based on a multi-industry sample might eliminate or at least diminish the artifactual results stemming from the structural isomorphism existing within most industries. It is possible, for example, that performing a distasteful act, or doing something only slightly beyond what might be fully acceptable in light of one's self image, in small doses (lower performance levels) does not create significant role conflict. These same acts, however, occurring more frequently (higher performance levels), might produce role conflict in more appreciable levels.

The Behrman and Perrault (1984) result (a positive relationship between role conflict and performance) is problematic. This is especially true considering that Dubinsky, Dougherty, and Wunder (1990), found role conflict negatively related to job satisfaction (as did Bagozzi, 1978) and positively related to intention to resign in a sample of salespeople. The Dubinsky, et al., results showed that 25% of the variation in job satisfaction in their sample was explained by role conflict.

Bagozzi (1978) explored factors related to performance and satisfaction. He found specific self-esteem to be the most important
factor related to performance (positive) and role conflict the most important factor related to job satisfaction (negative). Bagozzi recommended that "if management wants to enhance job satisfaction, steps should be taken to reduce role conflict" (1978, p. 530).

Brown & Peterson (1993) published a meta-analysis relating the antecedents and consequences of salesperson job satisfaction. One category of job-satisfaction correlates from their study was work outcomes. This included sales performance, organizational commitment, and propensity to leave. They include role ambiguity and role conflict in another category – role perceptions. Based on 59 individual studies with 254 usable study effects, they used path analysis in order to determine the direction of causality for significant effects. They concluded:

♦ role conflict does not have a negative effect on sales performance.

♦ performance and job satisfaction are not causally related.

♦ performance is not significantly related to propensity to leave.

♦ the effect of performance on organizational commitment is very weak.

♦ job satisfaction only partially mediates the effect of role conflict on organizational commitment.

♦ role conflict exerts a direct negative effect on organizational commitment.

♦ role ambiguity is not related to organizational commitment.
role ambiguity has a direct negative effect on propensity to leave.

- role ambiguity and role conflict have direct negative effects on job satisfaction.

- organizational commitment is primarily a consequence rather than an antecedent of job satisfaction.

The model resulting from this meta-analysis is shown in Figure 2.4.

![Diagram showing the relationships between role ambiguity, role conflict, organizational commitment, job satisfaction, sales performance, and propensity to leave.]

**Figure 2.4**

**Antecedents and Consequences of Job Satisfaction, Brown-Peterson Model**

Babakus, et al., (1996), reviewed organizational variables related to job satisfaction. They concluded that the salesperson's perception of the fairness of the company's compensation program affects the job
satisfaction of salespeople through the perception of organizational support. They postulated that the type of control system employed by management would influence job satisfaction, i.e., the greater the extent of compensation control or outcome control, the less job satisfaction experienced by sales representatives.

**Turnover**

Most research into turnover for the last four decades has been based on the March and Simon (1958) model. This model implicitly assumes that the decision to leave is the result of a rational process in which the decision to leave is based upon an individual's determinations about the desirability of quitting and the opportunity or ease of doing so. This model has been extended and tested by many researchers over the years. Price (1977) added another dimension by suggesting that the operant factors are dissatisfaction and opportunity to leave. Mobley (1977) also focused on the connection between job dissatisfaction and turnover.

Mowday, Porter, and Steers (1982) developed a more comprehensive model in which organizational commitment plays a central role. Organizational commitment, it turns out, is a multidimensional construct which includes both a cognitive and an emotional component.
Muchinsky and Tuttle (1979) did a literature review of 150 studies on turnover. They produced a taxonomy for the resulting predictor variables grouping them as: attitudinal factors, biographical factors, work-related factors, and personal factors.

Jaros, Jermier, Koehler, Sincich (1993), using structural equations, confirmed significant relationships between turnover and each of the three dimensions of organizational commitment (continuance, affective, and moral). They also developed a latent variable, withdrawal tendency, which moderated the effects of organizational commitment on withdrawal.

Williams and Livingstone (1994) performed a meta-analysis on 55 studies and found a negative relationship between performance and turnover. They also found this negative relationship to be stronger in organizations using performance-contingent rewards.

Somers (1996) used survival analysis to study turnover in a sample of nurses. He determined that withdrawal was not uniform over time, instead occurring in waves. Using Cox regression, he determined that job satisfaction is predictive of turnover, and somewhat incredulously, that job search behavior is not. This may lend further support to the Hom, et al., (1984) hypothesis that at least some employees just quit.
Stages of Turnover

Hall and Nougaim (1968) and Shein (1971) segmented an employment career into three distinct stages. Extending and testing this concept, Buchanan (1974), in a study of managers, proposed that organizational commitment should also develop along different dimensions in each stage. Shein (1971) identified the first year as the basic training and initiation stage. Buchanan (1974) suggests that new managers, often young, "are questioning whether the reality of that career is congruent with their inner sense of self," in their first year. Safety, according to Hall and Nougaim (1968), is the principal concern of new employees at this stage. Becoming established and being accepted by the organization are primary concerns. Organization commitment in the initiation period should develop along the expressive or affective dimension primarily. The importance of this first stage cannot be overemphasized. According to Wanous (1980), most employees who eventually leave an organization, depart between the 6-month and 1-year mark.

The second stage, years two through four, has been named the performance stage by Buchanan (1974). The focus of the manager in the performance period, according to Hall and Nougaim (1968) is achievement. Organizational commitment in this period, then, should develop along the instrumental or normative dimension.
The final phase of an employee's career, years 5 and beyond, Buchanan (1974) calls the outcome stage. In this stage, the side-bet or continuance commitment should begin to predominate. Here, employees become more concerned with organizational dependability; i.e., will the organization deliver on the employees' expectations for increases in income, promotion, and benefit programs? Safety, one of the principal concerns in initiation period employees, re-emerges as a concern in the outcome period. Where new hires were more concerned with fitting-in and with whether or not they could trust pre-employment impressions and representations about a career with the organization, for outcome stage managers, safety is calculated with a definite long-term perspective.

Similarly, Mowday, et al., (1982) developed a three-stage process for organizational commitment development. In their model, however, stage one was a pre-employment stage, which they labeled "anticipation." They then combined middle and late career stages into one stage, which they call entrenchment. The point of this scheme is that organizational commitment begins to develop during the period of recruitment and job choice. Hall & Nougaim (1968) alluded to this by suggesting that one of the factors contributing to high first year turnover is the "reality shock," i.e., the reality that expectations were not accurate.
**Turnover in Salespeople**

**Type of Customer**

Weeks (1966), in a multi-industry study of 655 Conference Board Companies, found that overall, quit rates among consumer products sales forces were approximately double that for industrial products sales forces and the discharge rate was approximately three times as large. His data revealed that “On the average (the median), 3% of the sale force quit and 1% were discharged during 1964. The highest 25% of the companies report that 7% or more of their salesmen quit and 5% were discharged” (p. 19). In addition to product group, Weeks’ data revealed the now well established relationships between turnover and age, and between turnover and length of service.

In an effort to benchmark other industries and to further determine factors influencing turnover which might not be discernible within a highly isomorphic industry, the Life Insurance Agency Management Association (LIAMA) funded another Conference Board Study of the subject. In that study, Weeks and Stark (1972) focused their attention on turnover among new sales representatives, i.e., sales representatives within their first five years on the job. They chose this segment of sales representatives because of the magnitude of the early losses. “By the end of the fifth year of employment, typically half of a given year’s new sales recruits have terminated employment” (p. 1). They
also believed that the variation among industries and companies within industries would shed light on possible avenues for controlling turnover.

Weeks and Stark identified three groups of factors influencing the turnover decision: compensation, job content, and career events.

**Pay (Form and Amount)**

Compensation was found to influence turnover through both form and amount. Amount of pay is important because sales representatives earning less than those in similar positions will be susceptible to offers of higher pay. Weeks and Stark divided form of compensation into three general classes: commission only, salary plus bonus (75% - 85% salary with the difference as a bonus), and salary only. Turnover among the commission-only group was significantly higher in the first two years of employment. Interestingly however, this difference loses significance by the third year of employment.

**Job Content**

Job content factors relate to the complexity of the job and the time required to become proficient. Jobs with higher educational requirements and longer training times typically experienced reduced turnover.

Surprisingly, Weeks found the college major of the job-holder was also significant. “New hires with majors in science, engineering, and especially, liberal arts are less likely to leave in the early years than
graduates with business school, marketing, or accounting majors, and non-graduates.” Weeks attributed this to the nature of the companies that hired liberal arts majors, i.e., the difference was due to job content, type of product, and type of customer, rather than any real difference in educational background.

**Career Events**

Career events were also found to correlate with turnover. As Weeks (1972) put it: “The first full year a young salesman works on quota is likely to be traumatic” (introduction p. 2). Territory transfers and promotions, along with family moves, add to the likelihood that the salesperson will be looking for new jobs.

**Role Stress**

Fulk and Wendler (1982) found contingent approving behavior inversely related to anxiety, willingness to leave, and role conflict. Kohli (1985) extended this research and found that contingent approving behavior by sales managers “leads to greater role clarity, self-esteem, job satisfaction and instrumentality (which encourage salespeople to work harder)” (p. 430).

Lucas, et al., (1987) looked at seven factors prior research indicated should be related to turnover. Using multiple group discriminant analysis, they found tenure, age, task-specific self esteem, and intrinsic job satisfaction all significantly related to turnover, with
tenure and age by far the largest contributors. Their recommendation is for sales managers to spend more time and effort on selecting and supporting sales representatives and less on attempts to adjust their attitudes.

In other role-stress research, Fry, et al., (1986), found a significant relationship between role conflict and job anxiety. Jones, et al., (1996), found role conflict significantly and positively related to job anxiety, and significantly and negatively related to job satisfaction. Job satisfaction was significantly and negatively related to propensity to leave. Role conflict is antecedent, in these studies, to anxiety, job dissatisfaction and intent to leave.

Turnover is an important outcome of the role stress and job attitude relationships. These relationships may be even more important for salespeople because the turnover rates for salespeople are higher than for non-sales employees (Weeks, 1966). Because learning effects tend to change attitudes over time (Mowday, Porter, Steers; 1982), and because turnover eliminates those who experience the highest role stress (Mowday, et al., 1982), the study of new sales representatives should produce a better description of the relationships leading to turnover.

In a study designed to explore the antecedents and consequences of organizational commitment during early employment, Johnston, et al., (1990) surveyed a national consumer goods company's sales force. Using a longitudinal design with two time periods of data collection resulted in
a sample size of 261 on the initial survey and a sample of 232 approximately six months later. The model resulting from path analysis of the hypothesized relationships, Figure 2.5, reveals role ambiguity and job satisfaction as direct contributors of organizational commitment.

**Job Attitudes**

Sager, et al., (1989) categorized variables proposed as antecedent to turnover as either (1) characteristics of the organization or individual, or (2) individual attitudes.

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**Figure 2.5**

*The Sager, Futrell, and Varadarajan Performance – Turnover Model (1989)*
Using various antecedent, intervening, and precursory variables, Sager, et al., propose a model with performance and tenure affecting job satisfaction and intentions to quit, respectively. In their model, job satisfaction, organizational commitment, job comparison (alternative with present) and intentions to quit, interact to produce turnover.

Mobley (1982) suggested that the performance-turnover relationship may vary with the extent to which rewards are based on performance. Based on Mobley, Sager, et al., suggest that a commission-based compensation system will produce a stronger negative relationship between performance and turnover, i.e., higher performance will produce even lower turnover if the commission component of compensation is larger. Higher performers are more likely to stay if paid by commission.

**Job Attitudes x Role Stress**

Organizational commitment has long been established as a stable indicator of an employee’s intent to leave and ultimate turnover (Steers and Mowday, 1981). Johnston, et al., (1990), found the development of organizational commitment in new salespeople to be a function of role ambiguity (which is a component of role stress) and job satisfaction.

They also reconfirmed the strong relationship between organizational commitment and propensity to leave, with organizational commitment accounting for 53% of variance in intent to leave.
Role conflict and leadership behaviors act only through these mediating variables. Organizational commitment, in this study, accounted for 53% of the variation in propensity to leave. The authors suggest that, in spite of a significant indirect effect through role ambiguity and job satisfaction, the absence of any direct effect of role conflict on organizational commitment minimizes its effect on turnover.

Figure 2.6

Relationships of Organizational Commitment with Its Antecedents and Consequences: Final Model (Johnston, Parasuraman, Futrell, and Black, 1990)
In their words: “a company viewing a moderate degree of pressure and conflict as being healthy for its salespeople would not necessarily be undermining their organizational commitment.” (p. 341)

**Organizational Citizenship Behaviors**

**The Logic of OCB**

The explanations for the existence of trust and cooperation differ. For example, Boulding explains the existence of cooperative behavior, and morality, by suggesting that it is part of the context within which economics works. For Boulding (1969), the cooperative system requires a context of a romantic or heroic ethic to balance the economic ethic. As he put it, “Economics is a clod, heroic man is a fool, but somewhere in between the clod and the fool, human man, if the expression may be pardoned, steers his tottering way” (p. 10).

Barnard (1938), described organizations as cooperative systems that endure because the various stakeholders continue to have their needs met through their association with the organization. It would seem that the dynamics of such a limited cooperative system, based only on self-interest, would produce instability and could not endure. It takes only a small step, however, to move from Barnard’s cooperative system to a system of social exchange as described by Blau (1964) (see below).

Some animal behaviors are often seen as puzzling when the logic of survival of the fittest is applied. Survival of the fittest is, after all, the
fundamental tenet of the theory of evolution. Survival is seen as the most fundamental of self-interests. If all individuals strive to survive and reproduce, and if only the fittest survive, the effect of evolution is a species continually improving its fit with its environment. Only adaptively fit individuals survive to contribute their genetic strengths to future generations. Fitness maximization is the result of evolutionary stresses and competition for survival.

The difficulty for evolution theorists was to explain the existence of cooperative social behavior. This was, of course, the same dilemma that beset neoclassical economics. As Hamilton (1964) explained, "With very few exceptions, the only parts of the theory of natural selection which have been supported by mathematical models admit to no possibility of the evolution of any characters which are on average to the disadvantage of the individuals possessing them. If natural selection followed the classical model exclusively, species would not show any behavior more positively social than the coming together of the sexes and parental care" (p. 1).

But, of course, cooperative social species do exist, and with them we see behaviors that do not resemble self-interest seeking, or perhaps even self-preservation seeking. Food sharing, alarm calls, and aid in combat seem antithetical to self-interest and survival seeking. An alarm call, for example, to alert others about the presence of a predator may
enhance the likelihood of the survival of those others, but at the expense of worsening the odds of survival for the individual sounding the alarm.

The logic that makes sense of this seemingly irrational behavior is what Hamilton (1964) called inclusive fitness or kin selection. Dawkins (1976) coined the phrase *the selfish gene* to describe this concept. Through kin selection, the ability of the group and the species to survive is enhanced by altruistic acts of individual members. It’s as if the genes of the individual compel altruistic self-sacrifice in order to improve the odds of survival for the many copies of the gene existing in kin.

**Reciprocal Altruism**

Trivers (1971) developed the concept of cooperative behavior into what he called reciprocal altruism. In other words, if all members of a group or clan reciprocated the altruistic behavior, not only would the odds of the survival of the genes be enhanced, but the odds of survival for each individual would as well. For example, an individual giving an alarm call may decrease the odds of his kin being taken by a predator to almost zero. As long as the odds of predation for the individual sounding the alarm do not increase to one, and as long as each individual reciprocates, each individual (and the species) will experience an improved likelihood of survival.
Social Exchange Theory

Blau (1964) combined similar concepts into the development of social exchange theory. Blau in effect created a relationship continuum ranging from close kin on one end to complete strangers on the other. Blau saw exchange and cooperation as occurring quite differently along the continuum, following the relationship differences. Exchanges within family or close clan relationships are characterized by trust and willing cooperation -- the reciprocal altruism as described by Trivers. It is generally expected that if each individual cooperates, i. e., acts altruistically, all will benefit. On the other end of the scale, exchange is characterized by close accounting and negotiated contractual equivalencies. This end of the scale is characterized by skepticism and formality. Altruism is then the basis of ethical and moral codes (Lieberman, 1991). Altruism and skepticism (distrust) together form the basis for moral action and analysis.

Having spent millions of years evolving behaviors (and attitudes) that enhance survival, humans spent the overwhelming majority of that time living in extended family groups, i. e., clans. The moral rule that developed in this setting to enable cooperative behavior would follow the same genetic logic as developed by Hamilton in the theory of kin selection. This rule would resemble reciprocal altruism much more closely than measured economic exchange. The hypothesis that altruism
is genetically based was supported by Rushton (1986). In a study of 573 pairs of twins he determined that genetics is the strongest factor in predicting both altruistic behavior and aggressive tendencies.

Reciprocal altruism manifests itself as prosocial behavior. Organizational citizenship behaviors are, after all, selfless acts that, when reciprocated, forge and maintain cooperative structure. As Smith, Organ & Near (1983) put it, "Citizenship behavior may represent just one manifestation of a broader disposition toward prosocial behavior" (p. 656).

In the Smith, et al., (1983) study, organizational citizenship behavior (OCB) was found to have two dimensions, altruism and generalized compliance. This study, based on 422 respondents from two midwestern banks, was designed to test the hypotheses that workplace environmental factors and personality factors served to promote OCB. Based on the literature from social psychology on altruism, they specifically proposed that personality or mood (they used job satisfaction as a proxy), leader-supportiveness behaviors, and task interdependence would serve to increase OCB. They produced a model based on their results for each dimension (altruism and compliance). For altruism, leader supportiveness acted through job satisfaction to produce altruism. For compliance, leader supportiveness had a direct effect on compliance, but the results for job satisfaction were not significant. Interestingly, the best indicator for compliance was the individual's score on the lie scale.
(Eysenck, 1958). The authors felt this might indicate need for approval driving both compliance and the lie score. Importantly, the authors also felt leader supportiveness was itself a form of altruistic behavior causing their subordinates to respond in-kind, i.e., in a somewhat reciprocal fashion.

A meta-analysis of attitudinal and dispositional predictors of OCB was completed by Organ & Ryan (1995). In their model, job attitudes and personality factors act directly to produce OCB and are only minimally related to task performance. Their review, based on 55 studies with a total sample size of several thousand, supported this model. They found altruism correlated most strongly with job satisfaction (.282), but also correlated with organizational commitment (.247 – however the relationship with continuance commitment was not significant). For compliance, the relationship was reversed. The correlation with satisfaction (.275) was lower than that for organizational commitment (.316 – although again the correlation with continuance commitment was not significant). The authors concluded: “If ability is the single best predictor of task or in-role performance ... then perhaps morale is the analogous best predictor of extra-role contributions” (p. 795).
**OCBs and Sales Performance**

Prosocial behavior was specifically studied vis-à-vis sales performance and turnover by George & Bettenhausen (1990). The authors hypothesized that the leader's positive mood and group cohesiveness would positively relate to prosocial behavior and negatively relate to turnover. They also hypothesized that prosocial behavior, i.e., helpful behaviors directed at customers, would positively relate to sales performance measured at the group level.

Their sample came from 33 stores of a national retail chain. The average group size was 11.21 sales associates with an average tenure of 2.07 years. Their results confirmed that prosocial behavior was positively related to group cohesion and leader's positive mood, and that turnover was negatively related to leader's positive mood, but not to group cohesiveness. Sales performance (measured as dollars of sales volume) was positively related to leader's positive mood and to prosocial behavior. A principle limitation of this study was that the direction of causality could not be definitely determined.

Podsakoff & MacKenzie (1994) also related OCBs to sales unit effectiveness. Defining OCBs as “discretionary extra-role behaviors on the part of a salesperson that have been shown to influence managers’ evaluations of performance” (p. 351 - abstract) they divided their study into two parts. The first part was the determination of the relationship on managers’ evaluations. Ratings were obtained from the managers of
987 full-time insurance agents. These agents represented a major insurance carrier and were located throughout the U. S. The average company tenure of the agents was 5.29 years, and they had worked for their present manager for an average of 3.15 years. Podsakoff & MacKenzie developed a scale to measure OCBs based on Organ (1988). This scale included three distinct aspects of OCB: helping behaviors (altruistic behaviors), civic virtue (compliance behaviors), and sportsmanship (positive affect, peacekeeping). Agent OCBs were also given by the agents’ managers. In accord with their hypotheses all three aspects of OCB were significantly positively related to the managers’ evaluations.

The second study element was designed to determine whether OCBs relate to an objective measure of sales-unit effectiveness. Agent OCB ratings were aggregated into measures of sales-unit OCB and a sales-unit performance index was developed from company records. The performance index was comprised of the weighted average of four performance factors: the amount of new business brought in by the agents; the amount of unit sales in excess of the company’s prior-year median production; the average number of policies sold per agent week worked; and the total number of policies sold. Weightings were assigned by the researchers and ranged from 40% to 15%. The civic virtue and sportsmanship aspects of OCB were found to significantly and positive affect sales unit performance. Helping, however, was not significantly
related to the performance index. In fact, path analysis revealed that helping behavior had a significantly negative impact on the performance index. After stating that "it appears that some OCBs may help and others may hinder organizational performance" (p. 358) the authors suggest that the true effect of helping behaviors is obscured by a suppression effect. They suggest this may happen when the loss of production from an experienced agent is not made up from the helped (inexperienced) agent's production. They also suggest that this may be a short-term negative relationship with long-term effects being positive. It may well be that the sales units with several new agents see an increase in helping behavior while average production suffers because of the overall inexperience of the sales unit agents. This would also seem to be a short-term obscuration of the true impact of helping, but only if turnover allows the helped agent to survive into a more productive (and helping) agent.

Antecedents of OCB were also explored in the context of personal selling by Netemeyer, Bole, McKee, & McMurrian (1997). The authors proposed a model with job satisfaction acting directly to produce OCB, but with person-organization fit, leadership support, and fairness in reward allocation acting through job satisfaction. Netemeyer, et al., used two samples to explore these relationships. In study 1, the sample was 91 sales representatives employed by a cellular paging company. The median age was 29, the median income was $20,000 - $29,999, 51 were
female, 52 had college degrees, and the median length of time with the employer was 1.89 years. All constructs were measured using self-report scales. The results of this study confirmed the model relationships with the exception that the leadership support to job satisfaction path was not significant.

In their second study, Netemeyer, et al., used a sample of 182 real-estate agents. The average age of this group was 48, the average tenure was 8.4 years, the median income was $30,000 - $39,999, 142 were female and 86 had four-year degrees. Again, the model was supported. Interestingly the compensation plan for the study 1 employee sample was a combination of a small salary plus commission. The compensation plan for the study 2 participants was all commission. The authors suggested that: “Salespeople whose control system is tied heavily to ‘outcome-based’ criteria (i.e., sales volume) might be less likely to engage in OCBs, whereas those salespeople closely aligned to a ‘behavior-based’ system might be more apt to engage in OCBs” (p. 85). Despite this suggestion, the authors included no attempt to determine whether the difference in compensation structure could be correlated with study results.

following relationships. (1) Role ambiguity and role conflict will be negatively related to job satisfaction. (2) In-role performance will be related positively to job satisfaction. (3) Job satisfaction will positively affect organizational commitment. (4) Organizational commitment will be negatively related to propensity to leave. (5) Extra-role performance will mediate the satisfaction-turnover relationship. (6) Extra-role performance will mediate the in-role performance-turnover relationship.

Using a sample of 672 commissioned life insurance agents, they tested these relationships. The agents had an average age of 36.9 years, an average company tenure of 4.3 years, and an average of 2.6 years working for their managers. Almost two-thirds (65.7%) of the agents had college degrees, and 78.3% were men.

All hypothesized relationships were supported, with one exception. The in-role performance – organizational commitment relationship was not significant. The overall goodness-of-fit index, however, suggested the model did not fit the data. Using path analysis and tests of over-identifying restrictions, they refined the model (see figure 2.7).

The changes required of the model include a direct relationship between role ambiguity and organizational commitment as well as a direct relationship between role conflict and organizational commitment, i.e., in-role performance only partially mediates the relationship between role ambiguity and organizational commitment, and between role conflict and organizational commitment.

![Diagram](attachment:diagram.png)

**Figure 2.7**

MacKenzie, Podsakoff, and Ahearne  
The Antecedents and Consequences of In-Role and Extra-Role Salesperson Performance
CHAPTER 3

RESEARCH METHODOLOGY

The objective of this chapter is to present the research methodology to be used in determining the effects of contingent compensation on sales representatives and others who receive a portion of their compensation as contingent upon performance. Specifically, the effects of contingent compensation will be studied using a framework based in part on a model developed by MacKenzie, Podsakoff, and Ahearne (1998). This model includes: role stress (role ambiguity, role conflict), job attitudes (job satisfaction, organizational commitment), and performance outcomes (in-role performance, extra-role performance, intent-to-leave). Because the effects of contingent compensation are believed to include increased anxiety (based on the unpredictability of income), financial anxiety will be added to the model. A new scale to measure financial anxiety will be validated and used for this purpose. Also, because there is no theoretical or empirical work connecting contingent compensation to role ambiguity, the role ambiguity construct is eliminated from the model. Contingent compensation will be studied as a direct contributor to role stress and financial anxiety and indirectly to
in-role performance. Acting through these constructs, the effects of contingent compensation on organizational commitment, job satisfaction, extra-role performance, and intent-to-leave will also be studied (see figure 3-1).

This chapter will be organized as follows: (1) proposed framework, (2) research hypotheses, (3) operationalization of model constructs and a discussion of reliability and validity considerations, (4) the survey instrument, (5) the sampling design and research methods, and (6) the statistical techniques to be utilized in data analysis.

**Proposed Framework**

The proposed framework includes the relationships of role stress and job attitudes. Organizational commitment is the strength of an "individual's identification with and involvement in a particular organization" (Mowday, Porter, & Steers, 1982 p. 6). The theoretical development of organizational commitment suggests that it could be used to predict the likelihood that an individual would remain with the organization and work toward attainment of organizational goals (Mowday, et al., 1982). The definition of job satisfaction for salespeople given by Churchill, Ford, & Walker (1974) includes "all characteristics of the job itself and the work environment which [industrial] salesmen find rewarding, fulfilling, and satisfying, or frustrating and unsatisfying" (p. 225). Greater job satisfaction has also been generally related to reduced
propensity to leave the organization (Brayfield & Crockett, 1955; Mowday, Koberg, & McArthur, 1984) and with reduced rates of absenteeism (Porter & Steers, 1973). In addition, job satisfaction has been shown to be strongly related to organizational commitment (Porter, Steers, & Mowday, 1974) and to organizational citizenship behaviors (Smith, Organ, & Near, 1983; Organ, 1988).

Role conflict arises because the individual employee experiences conflicting demands. This would seem to be especially true for salespeople and others who must satisfy often conflicting demands in order to receive some or all of their compensation. “Role conflict is the degree to which salespeople receive incompatible demands from their role-set members (e.g., peers, management, or customers) that cannot be satisfied simultaneously” (Dubinsky & Hartley, 1986). Research has indicated that role stress acts to inhibit motivation (Tyagi, 1985). Tyagi concluded that role conflict produced a significant negative impact on both intrinsic and extrinsic motivation.

Generalized anxiety and job-induced tension are related to role stress. Job-induced tension measures tension that may result from any of the facets of work life and is measured based on physiological responses to stress and tension. Generalized anxiety also reflects the various manifestations of stresses in all areas of life, work and non-work. These measures, taken together, reflect the stresses and pressures that exist for an individual regardless of their origin. Financial anxiety, in
particular, seems to cross work/non-work boundaries at will. An individual attempting to cope with an unpredictable income might feel stress (financial anxiety) of a much different nature than that measured by role ambiguity and role conflict.

The interrelationship of role stress and job attitudes is central to performance and turnover. Johnston, et al., (1990) used this relationship as the core of their model linking leadership behaviors to turnover in salespeople. Brown and Peterson (1993) used the same core elements to position salesperson job satisfaction with respect to

![Diagram](image)

**Figure 3.1**

**The Effects of Contingent Compensation**
antecedents (role stress) and consequences (performance and turnover). Mackenzie, et al. (1998), used the Brown & Peterson model to similarly position extra-role performance within a framework of antecedents and consequences.

**Research Hypotheses**

A set of eleven hypotheses based on this model will allow a test of the relationships of the proposed model constructs.

**Development of Hypotheses**

Expectancy theory (Vroom 1964, & Porter & Lawler, 1968) suggests that motivation is the result of an evaluation of a reward context. To the extent a sales representative, or other employee offered incentive compensation, values a reward, believes the necessary performance is achievable, and believes the reward will result from the required performance, the sales representative will be motivated to perform. This logical evaluation, according to expectancy theory, will produce motivation to perform in order to achieve the reward. Expectancy theory is the theoretical foundation supporting the connection between the provision of an incentive and the expectation of enhanced performance. Based on research cited above, it is hypothesized that financial anxiety and role conflict will mediate the incentive – performance connection.
Financial Anxiety

Compensation contingency directly affects financial anxiety. For example, when a sales representative's livelihood depends upon unpredictable outcomes of the sales process, the fact that even short-term success (and therefore near-term income) is unpredictable can engender anxiety. This should be especially true in the case of new sales representatives who have little or no experience to assist them in predicting the likely outcomes of their effort in order to reduce their perceived vulnerability. This financial anxiety should be manifest in certain behaviors that will allow its measurement.

Salespeople have vulnerabilities greatly exceeding those faced by people in other careers. Bagozzi (1978) described the occupation of selling as being characterized by vulnerability. Sales representatives experience vulnerabilities in the effectiveness of the management-developed sales process in producing sales, in the product or service competitiveness and continued usefulness, in the general economic level, in the fair-mindedness of management, and even in the training program. If the perception of vulnerability produces generalized anxiety, a selling career in which the sales representative's compensation is largely or wholly contingent upon sales results should produce higher levels of vulnerability and financial anxiety than one in which the sales
representative is paid largely or completely by salary. It should follow, then, that:

\[ H1 \text{ As levels of contingent compensation increase, levels of financial anxiety will increase.} \]

If the amount of contingent compensation is a low percentage of total compensation, compensation uncertainty should be low as should the resulting anxiety. If the amount of contingent compensation is a high percentage of total compensation, compensation uncertainty and anxiety should also be high. This increase in financial anxiety will result in a reduction in job satisfaction and an increase in the sales representative's intent to leave. Spector (1987) found significant positive correlations between interpersonal conflict at work and two measures important to this model: generalized anxiety and job dissatisfaction.

**Job Satisfaction**

Bagozzi (1978), using the Job-Related Tension Index developed by Kahn, et al., (1964) to measure role stress, found job-related tension significantly and negatively related to performance, generalized self-esteem, and job satisfaction. Gupta and Beehr (1979) demonstrated a relationship between job stress and withdrawal behaviors, which they suggested as being mediated through job dissatisfaction.
H2  As levels of financial anxiety increase, levels of job satisfaction will be reduced.

H3  As levels of role conflict increase, levels of job satisfaction will be reduced.

**Role Conflict**

Rizzo, et al., (1970) defined role conflict in terms of congruency or compatibility of role requirements, i.e., responsibilities. Based on role theory, the nature of the construct, and previous research they hypothesized role conflict to result in reduced performance and job satisfaction. They found role conflict to be correlated positively with anxiety and negatively with job satisfaction and job security.

These conflicts are certainly not missed by sales representatives. "Which product do I sell, the one that is best for my customer or the one that pays me the most?" "How can I sell this product when I know that my competitor has a superior product or superior value?" These and similar questions are common questions in sales force discussions.

Dubinsky and Hartley (1986) found self-monitoring to be significantly and positively related to role conflict. This suggests that sales representatives who feel they must attempt to read the social cues in order to adapt to the situation experience role conflict borne of an unclear determination as to which role is expected. Role conflict is created when an individual is uncertain as to the received role, i.e., an
accurate perception of what is expected by others is a prerequisite to accepting that role (Greene and Organ, 1972).

It should also be noted that outcome-based compensation also acts as a constraint on the sales representative, greatly reducing their autonomy. Commission-based compensation acts to focus the sales representative's effort on the outcomes only, rather than on the sales process or on the customer's needs. This focus on ends instead of means, self instead of others, produces a conflicted received role. The strength of the reward should serve to exacerbate the ends-means tension. By definition this is role conflict. Importantly, Brown & Peterson (1993) and MacKenzie, et al., (1998) found significant negative correlations between role conflict and organizational commitment and between role conflict and in-role performance. Consequently, it is hypothesized that:

$H4$ As levels of contingent compensation increase, role conflict will also increase.

$H5$ As levels of role conflict increase, in-role performance will be reduced.

$H6$ As levels of role conflict increase, organizational commitment will be reduced.
Performance

Several researchers have established a connection between role conflict and performance. Bagozzi (1978), for example, found role conflict significantly negatively related to performance in a sample of industrial salespeople. Dubinsky and Hartley (1986) in a study of retail salesperson performance, also found role conflict to be negatively related to performance, although the relationship was not significant. Additionally, Kahn (1964) found that individuals who reported experiencing role conflict, also reported that their own effectiveness was reduced (Rizzo, House, Lirtzman, 1970). If the level of role conflict is a function of contingent compensation, it should be heightened in sales people who receive a higher percentage of their pay based on their sales results. With role conflict mediating the relationship, contingent compensation should result in reduced performance.

Brown & Peterson (1993) found performance to positively influence organizational commitment, but to have no effect on job satisfaction. MacKenzie, et al., (1998) separated performance into in-role and extra-role and obtained the opposite result, i.e. in-role performance positively influence job satisfaction which leads to organizational commitment. Based on this research it is hypothesized that:

H8 As levels of in-role performance increase, job satisfaction will be increased.
**Extra-role Performance**

The existence of extra-role performance (OCB) derives theoretically from the work of Blau (1964) in the development of social exchange theory and from the concept of organizational justice. Blau identifies the logic of social organization as deriving from either the intrinsic gratification of association itself or from the extrinsic benefits the association provides. In his words: "...an individual may be attracted to others either because associating with them is intrinsically gratifying or because the association furnishes extrinsic benefits for him" (Blau, 1964, p.58). The degree of satisfaction of these needs, when compared with the individual's perceived contribution, and when compared to the contributions and outcomes of others, leads the individual to a perception of organizational justice. The two elements of organizational justice (procedural justice and distributive justice) relate directly to the intrinsic and extrinsic benefits of association described by Blau (1964). According to the theory of organizational justice, organization members perceive fairness, or justice, as being a function of both social exchange and economic exchange principles. Procedural justice is that element of fairness or equity which follows from the employee's being intrinsically valued; i.e., having dignity, being a respected member, or being accepted. It is the justice one would experience in a group of friends where one friend helps or is helped by another without either friend keeping a
ledger to later expect an exact balancing of accounts. This kind of justice is inherent in the concept of social exchange which rests on the foundation of reciprocal altruism, as discussed in chapter 2. Distributive justice, on the other hand, is *quid pro quo*, contractual, i.e., economic in nature. Distributive justice derives when the fruits of organization are distributed fairly, i.e., when contribution is measured and outcomes are distributed accordingly.

Folger and Konovsky (1989) and Konovsky and Pugh (1994) demonstrated that employee perceptions of procedural justice predicted the level of organizational citizenship behaviors. Konovsky and Pugh (1994) hypothesized that distributive justice, i.e., the existence of extrinsic rewards, or economic justice, would be negatively related to organizational citizenship behaviors. As they put it, “The conditionality of economic exchanges also inhibits the development of trust because that development requires evidence of one party’s self-sacrifice and responsiveness to the other person’s needs, which conditional exchanges do not provide” (p.659). Self-sacrifice and responsiveness to the other person’s needs are, of course, acts of altruism. Aside from cooperation itself, the manifestation of the reciprocal altruism rule in organizational behavior is in organizational citizenship behaviors.

Testing their model in a sample of 475 Department of Veterans Affairs hospital employees, Konovsky and Pugh (1994) were able to support the positive impact of procedural justice on levels of trust. The
hypothesized negative effects of distributive justice, however, did not obtain. Even though the path estimate was negative, as predicted, it did not achieve statistical significance.

It would seem that a stronger test of the impact of distributive justice on OCB could be made in a sample of sales representatives who are continually exposed to the economics of distributive justice; i.e., commissions, bonuses, and various other incentives. If the effect of formalized exchange rules, as hypothesized based on the theory of distributive justice, is to reduce OCB, the best test should be in commission sales representatives. As the proportion of commission increases in the sales representatives pay plan, the level of OCB manifest should be reduced.

Moreover, the MacKenzie, et al., (1998) model produced significant positive relationships between job satisfaction and extra-role performance, and between organizational commitment and extra-role performance. In the proposed model, job satisfaction is hypothesized to be reduced by contingent compensation acting through role conflict and job-induced tension, and organizational commitment is hypothesized to be reduced by contingent compensation acting through role conflict. In other words, both the theory of organizational justice and the proposed model suggest OCBs will be reduced in the face of higher proportions of contingent compensation.
H8 As levels of organizational commitment increase, extra-role performance will increase.

**Intent to Leave**

Most research into turnover for the last four decades has been based on the March and Simon (1958) model. This model implicitly assumes that the decision to leave is the result of rational process in which the decision to leave is based upon an individual’s determinations about the desirability of quitting and the opportunity or ease of doing so. This model has been extended and tested by many researchers over the years. Price (1977) added another dimension by suggesting that the operant factors are dissatisfaction and opportunity to leave. Mobley (1977) also focused on the connection between job dissatisfaction and turnover.

Mowday, Porter, and Steers (1982) developed a more comprehensive model in which organizational commitment plays a central role. They suggest that organizational commitment, which acts as a stable predictor of turnover, develops in stages: pre-entry, early employment, and middle and late career. Turnover among new hires, especially new sales representatives, certainly occurs at much higher rates than among more established employees and sales representatives.
Steers (1977) confirmed that organizational commitment is strongly related to the intent and desire to remain, but that job performance was unrelated to organizational commitment.

Mobley, et. al. (1979) found evidence to support a relationship between turnover and several independent variables including age, tenure, job satisfaction, organizational commitment, job content, and intent to stay. Cotton and Tuttle (1986), in another meta-analysis, found strong confidence in the correlation between turnover and several factors. These factors included: employment perceptions, union presence, pay, overall job satisfaction, satisfaction with the work itself, pay satisfaction, satisfaction with supervision, age, tenure, gender, education, the number of dependents, biographical information, organizational commitment, met expectations, and behavioral intentions (all positive).

While Brown & Peterson (1993) found job satisfaction acting through organizational commitment to produce intent to leave, the MacKenzie, et al., (1998) results indicate that job satisfaction acts directly and through extra-role performance to produce intent to leave while organizational commitment acts only through extra-role performance. Again, the MacKenzie model separated in-role and extra-role performance.
H9 As levels of job satisfaction increase, intent to leave will be reduced.

H10 As levels of job satisfaction increase, extra-role performance will increase.

H11 As levels of intent to leave increase, extra-role performance will be reduced.

Because it did not appear that MacKenzie, et al., (1998) tested the causal priority of intent to leave vis-a-vis extra-role performance, it seem likely that it is intent to leave that causes curtailment of extra-role performance rather than the reverse. This hypothesis will be tested.

<table>
<thead>
<tr>
<th></th>
<th>Table 3.1 Summary of Hypotheses.</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>As levels of contingent compensation increase, levels of financial anxiety will increase.</td>
</tr>
<tr>
<td>H2</td>
<td>As levels of financial anxiety increase, job satisfaction will be reduced.</td>
</tr>
<tr>
<td>H3</td>
<td>As levels of role conflict increase, job satisfaction will be reduced.</td>
</tr>
<tr>
<td>H4</td>
<td>As levels of contingent compensation increase, role conflict will increase.</td>
</tr>
<tr>
<td>H5</td>
<td>As levels of role conflict increase, in-role performance will be reduced.</td>
</tr>
<tr>
<td>H6</td>
<td>As levels of role conflict increase, organizational commitment will be reduced.</td>
</tr>
<tr>
<td>H7</td>
<td>As levels of in-role performance increase, job satisfaction will be increased.</td>
</tr>
</tbody>
</table>
Table 3.1 (Continued) Summary of Hypotheses.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H8</td>
<td>As levels of organizational commitment increase, extra-role performance will be increased.</td>
</tr>
<tr>
<td>H9</td>
<td>As levels of job satisfaction increase, intent to leave will be reduced.</td>
</tr>
<tr>
<td>H10</td>
<td>As levels of job satisfaction increase, extra-role performance will increase.</td>
</tr>
<tr>
<td>H11</td>
<td>As intent to leave increases, extra-role performance will be reduced.</td>
</tr>
</tbody>
</table>

Measurement

Contingent Compensation

The extent of contingent compensation was operationalized by using a three-item scale:

The percentage of my income two months from now that is dependent on my sales results between now and then is: ____

The percentage of my income six months from now that is dependent on my sales results between now and then is: ____

The percentage of my income twelve months from now that is dependent on my sales results between now and then is: ____

While these items have not been used before, the objective character of the requested response should provide high levels of both reliability and validity. As most compensation plans change very little over period of a sales representative's career, it is anticipated this scale will produce a sufficiently high reliability. The three items could also be
used individually to test for near, mid, and long-term relationships, should reliability be lower than anticipated.

**Intent to Leave**

Intent to leave was measured by two scales. First by a single item scale used by Spector, et al., (1988):

<table>
<thead>
<tr>
<th>Table 3.2 Intent to Leave (Spector, et al. 1988)</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often, if ever, have you seriously considered quitting your present job?</td>
</tr>
</tbody>
</table>

This scale is frequently used in research involving sales personnel (e.g., Johnston, 1990). Because the reliability of single-item measures is often considered problematic (Wanous, Reichers, & Hudy, 1997) intent to leave will also be measured by the four-item scale developed by Bluedorn (1982) which asks respondents to report their:

<table>
<thead>
<tr>
<th>Table 3.3 Intent to Leave (Bluedorn, 1982)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

Responses range from very high (7) to very low (1).
This scale was recently used by Babakus, et al., (1996) in a study based on a national sample of 203 sales people. Their study produced a reliability coefficient for this scale of 0.84.

**Generalized Anxiety**

Anxiety was measured using a reduced version of the Taylor (1953) Manifest Anxiety Scale (as modified by Hoyt and Magoon, 1953, Buss, 1955, and by Bendig, 1956). Hoyt and Magoon validated the original scale in a sample of college students and found only 30 of the items to be valid. Buss extended the validation using a sample of neuropsychiatric patients. Out of the 30 items found to be valid by Hoyt and Magoon, Buss found only 14 to be valid for a patient population. Bendig (1956) did a further validation study on the Taylor MAS incorporating the prior work of both Buss and Hoyt & Magoon. Using a sample of college students, he developed a Short Form of the Manifest Anxiety scale. His work resulted in a 20-item scale with an internal consistency reliability of 0.76 (compared to 0.82 for the original 50 item scale). Because the Bendig study did not involve a patient population, the Short Form scale will be used to measure anxiety in this study, along with one additional scale item from the original MAS. While the scale was designed to have each item answered as either true or false, the response set for this study will be a seven-point Likert-type scale with anchors of “strongly agree”
and "strongly disagree" in order to more fully differentiate the range of "trueness - falseness". Scale items are shown in Table 3.4.

Item 21 is from the original 50-item Taylor MAS. Because it relates directly to the nature of the anxiety under study, it is included in the anxiety scale. This scale, along with the job induced tension scale (House & Rizzo, 1972) was used to help validate the financial anxiety scale (FAS).

<table>
<thead>
<tr>
<th>Table 3.4 Short Form Manifest Anxiety Scale (Taylor, 1953)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I believe I am no more nervous than most others.</td>
</tr>
<tr>
<td>2. I work under a great deal of tension.</td>
</tr>
<tr>
<td>3. I cannot keep my mind on one thing.</td>
</tr>
<tr>
<td>4. I am more sensitive than most other people.</td>
</tr>
<tr>
<td>5. I frequently find myself worrying about something.</td>
</tr>
<tr>
<td>6. I am usually calm and not easily upset.</td>
</tr>
<tr>
<td>7. I feel anxiety about something or someone almost all the time.</td>
</tr>
<tr>
<td>8. I am happy most of the time.</td>
</tr>
<tr>
<td>9. I have periods of such great restlessness that I cannot sit long in a chair.</td>
</tr>
<tr>
<td>10. I have sometimes felt that difficulties were piling up so high that I could not overcome them.</td>
</tr>
<tr>
<td>11. I find it hard to keep my mind on a task or job.</td>
</tr>
<tr>
<td>12. I am not unusually self-conscious.</td>
</tr>
<tr>
<td>13. I am inclined to take things hard.</td>
</tr>
<tr>
<td>14. Life is a strain for me much of the time.</td>
</tr>
<tr>
<td>15. At times I think I am no good at all.</td>
</tr>
</tbody>
</table>
Table 3.4 (Continued)  Short Form Manifest Anxiety Scale (Taylor, 1953)

<table>
<thead>
<tr>
<th>16.</th>
<th>I am certainly lacking in self-confidence.</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.</td>
<td>I certainly feel useless at times.</td>
</tr>
<tr>
<td>18.</td>
<td>I am a high strung person.</td>
</tr>
<tr>
<td>19.</td>
<td>I sometimes feel that I am about to go to pieces.</td>
</tr>
<tr>
<td>20.</td>
<td>I shrink from facing a crisis or difficulty.</td>
</tr>
<tr>
<td>21.</td>
<td>I worry over money and business.</td>
</tr>
</tbody>
</table>

**Job-Induced Tension**

Job-Induced Tension is a measure of the “tension and pressures growing out of job requirements” (House & Rizzo, 1972, p. 481). It has been shown to be significantly and positively correlated with role conflict and intent-to-leave and negatively correlated with job satisfaction (Netemeyer, Johnston, & Burton, 1990) and positively with role conflict (Frye, Futrell, Parasuraman, and Chmielewski, 1986).

The scale used in this study was developed by House & Rizzo (1972) as a 7-item true-false scale. Netemeyer, et al., (1990) converted the scale to use a 5-point response set in lieu of the true-false set and found a composite reliability measure of .82. Frye, et al., (1986) reported an internal consistency of .88. They also provided evidence of nomological validity in that the path coefficients to role conflict, company support, and satisfaction with customers fit generally within the theoretical model based on an understanding of the constructs.
Table 3.5 Job-Induced Tension (House & Rizzo, 1972)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I feel fidgety or nervous because of my job.</td>
</tr>
<tr>
<td>2</td>
<td>Problems associated with work have kept me awake at night.</td>
</tr>
<tr>
<td>3</td>
<td>My job tends to directly affect my health.</td>
</tr>
<tr>
<td>4</td>
<td>If I had a different job, my health would probably improve.</td>
</tr>
<tr>
<td>5</td>
<td>I often “take my job home with me” in the sense that I think about it when doing other things.</td>
</tr>
<tr>
<td>6</td>
<td>I feel nervous before attending meetings in the organization.</td>
</tr>
<tr>
<td>7</td>
<td>I sometimes feel weak all over.</td>
</tr>
</tbody>
</table>

This scale, along with the manifest anxiety scale (Taylor 1953) was used to help validate the financial anxiety scale (FAS).

**Financial Anxiety**

Financial anxiety, or worry about money, permeates many types of behavior. The effects of financial anxiety are commonly blamed for

Table 3.6 Financial Anxiety Scale (FAS)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I worry about being able to pay my bills two months from now.</td>
</tr>
<tr>
<td>2</td>
<td>After making a sale, I frequently worry about finding the next sale.</td>
</tr>
<tr>
<td>3</td>
<td>There is a major purchase (car, house, etc.) that I will not make because of financial uncertainty</td>
</tr>
<tr>
<td>4</td>
<td>Starting a family and rearing children is more difficult because of the financial uncertainty.</td>
</tr>
<tr>
<td>5</td>
<td>I would consider another job offer, doing the same job, if it paid all salary instead of salary and bonus or commission.</td>
</tr>
<tr>
<td>6</td>
<td>I would consider going into management because of a more dependable income.</td>
</tr>
</tbody>
</table>
divorce, coronary artery disease, and other areas of emotional and physical illness. Surprisingly, no scale could be found to measure the anxiety stemming from a changeable or unpredictable income. Because it is at the core of this research, a new scale was developed for its measurement. This researcher, in collaboration with a group of highly experienced sales representatives and sales manager identified ten concerns and behaviors which this group volunteered as their response to an uncertain income. In some instances they were coping strategies that this group recommended to new sales representatives, e.g., keeping a larger than ‘normal’ balance in a checking account. This scale was validated as part of this study.

**Job Satisfaction**

Job satisfaction is a key job attitude in many models of performance and retention. Job satisfaction in salespeople has been measured and studied by numerous researchers (Bagozzi, 1978;
Churchill, et al., 1974; Teas, 1983). The measure of Job satisfaction utilized in this study included measures of intrinsic and extrinsic job satisfaction. Because Deci's (1972) findings indicate contingent compensation or rewards may act to diminish intrinsic motivation, and because the provision of incentives is necessarily extrinsic to the work itself, the relationship of each dimension to the other study variables may add to the understanding of the role incentives play. Also, many of the researchers reviewing the motivational impact of various constructs have discussed the effects of job dissatisfaction. Following Herzberg, job dissatisfaction follows from hygienic factors. The description of these factors reveals them to fall into the category of extrinsic. The complement of extrinsic job satisfaction may provide a measure for job dissatisfaction relating directly to this theoretical basis of the construct.

The scale used to measure the two satisfaction components is the Job Dimension Scale (Schletzer, 1965) as modified by Lucas, Parasuraman, Davis, & Enis (1987). In their study, Lucas, et al., report coefficient alphas of .612 for the intrinsic job satisfaction scale and .617 for the extrinsic job satisfaction scale. These scales, as all scales in this study, utilized a 7-point rating (from strongly disagree to strongly agree) for each item.

The Lucas, et al. (1987), Intrinsic Job Satisfaction scale incorporated four items.
### Table 3.7.1 Intrinsic Job Satisfaction (Schleitzer, 1965)

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1i</td>
<td>Our agency does a good job at encouraging professional growth.</td>
</tr>
<tr>
<td>2i</td>
<td>I get a feeling of accomplishment from the work I am doing.</td>
</tr>
<tr>
<td>3i</td>
<td>My job is an interesting one.</td>
</tr>
<tr>
<td>4i</td>
<td>My firm offers opportunities for growth as a career underwriter.</td>
</tr>
</tbody>
</table>

### Table 3.7.2 Extrinsic Job Satisfaction (Schleitzer, 1965)

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1e</td>
<td>I am satisfied with the compensation plan under which I work.</td>
</tr>
<tr>
<td>2e</td>
<td>I am satisfied with my earnings as an agent.</td>
</tr>
<tr>
<td>3e</td>
<td>My earnings are fair in relation to the efforts expended.</td>
</tr>
<tr>
<td>4e</td>
<td>I am satisfied with my probable earnings with this company.</td>
</tr>
<tr>
<td>5e</td>
<td>The public's attitude toward my company is good.</td>
</tr>
<tr>
<td>6e</td>
<td>I am satisfied with my benefit plan in general.</td>
</tr>
<tr>
<td>7e</td>
<td>The public's attitude toward sales people is good.</td>
</tr>
</tbody>
</table>

In keeping with the Herzberg definitions, the intrinsic scale was expanded to ten items by including six additional items.

### Table 3.7.3 Intrinsic Job Satisfaction – Added Items

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>5i</td>
<td>My work here has real meaning.</td>
</tr>
<tr>
<td>6i</td>
<td>I am proud to tell people what I do for a living.</td>
</tr>
<tr>
<td>7i</td>
<td>If I perform well, I will have opportunity for promotion.</td>
</tr>
<tr>
<td>8i</td>
<td>I am recognized here for doing a good job.</td>
</tr>
<tr>
<td>9i</td>
<td>This job is challenging.</td>
</tr>
<tr>
<td>10i</td>
<td>This job allows me to work without direct supervision.</td>
</tr>
</tbody>
</table>
Similarly, the extrinsic scale was expanded to 12 items by including five additional items.

<table>
<thead>
<tr>
<th>Table 3.7.4 Extrinsic Job Satisfaction – Added Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>8e</td>
</tr>
<tr>
<td>9e</td>
</tr>
<tr>
<td>10e</td>
</tr>
<tr>
<td>11e</td>
</tr>
<tr>
<td>12e</td>
</tr>
</tbody>
</table>

These additional items more completely describe the constructs as defined by Herzberg (1966). For the purposes of this study, however, the job satisfaction construct will be modeled as uni-dimensional. The sum of the 22 individual items will be the measure of job satisfaction.

**Organizational Commitment**

Perhaps the most commonly used scale to measure organizational commitment is the Organizational Commitment Questionnaire (OCQ) developed by Mowday, Steers, and Porter (1979). This scale was validated based on studies of 2563 employees in nine different organizations. It has been found to have acceptable levels of reliability and of predictive, convergent, and discriminant validity.

This scale is comprised of fifteen items using a 7-point response set ranging from strongly disagree to strongly agree.
<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.</td>
</tr>
<tr>
<td>2</td>
<td>I talk up this organization to my friends as a great organization to work for.</td>
</tr>
<tr>
<td>3</td>
<td>I feel very little loyalty to this organization.</td>
</tr>
<tr>
<td>4</td>
<td>I would accept almost any type of job assignment in order to keep working for this organization.</td>
</tr>
<tr>
<td>5</td>
<td>I find that my values and the organization's values are very similar.</td>
</tr>
<tr>
<td>6</td>
<td>I am proud to tell others that I am part of this organization.</td>
</tr>
<tr>
<td>7</td>
<td>I could just as well be working for a different organization as long as the type of work was similar.</td>
</tr>
<tr>
<td>8</td>
<td>This organization really inspires the very best in me in the way of job performance.</td>
</tr>
<tr>
<td>9</td>
<td>It would take very little change in my present circumstances to cause me to leave this organization.</td>
</tr>
<tr>
<td>10</td>
<td>I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.</td>
</tr>
<tr>
<td>11</td>
<td>There's not too much to be gained by sticking with this organization indefinitely.</td>
</tr>
<tr>
<td>12</td>
<td>Often, I find it difficult to agree with this organization's policies on important matters relating to its employees.</td>
</tr>
<tr>
<td>13</td>
<td>I really care about the fate of this organization.</td>
</tr>
<tr>
<td>14</td>
<td>For me this is the best of all organizations to work for.</td>
</tr>
<tr>
<td>15</td>
<td>Deciding to work for this organization was a definite mistake on my part.</td>
</tr>
</tbody>
</table>
**Extra-role Performance**

Organizational citizenship behaviors "are discretionary behaviors on the part of a salesperson that are believed to directly promote the effective functioning of an organization, without necessarily influencing a salesperson's objective sales productivity" (Podsakoff & MacKenzie, 1994 p. 351). Organ (1988) suggested that OCBs come in a variety of forms. Specifically, he categorized OCB into: sportsmanship, civic virtue, and helping behaviors. Sportsmanship behaviors are exhibited when sales representatives maintain a non-complaining attitude about the organization, i.e., they focus on the positives and try to ignore petty annoyances. Civic virtue is manifest in sales representatives who support the organization by fulfilling requirements and suggesting improvements to operations and procedures. Helping behaviors include acts of altruism (helping a co-worker with work-related problems), courtesy (to prevent work-related problems), cheerleading (encouraging others when they are down), and peacemaking (attempting to resolve conflicts when they occur).

Podsakoff & MacKenzie (1994) developed a scale of manager-rated OCB. They asked sales managers to provide an appraisal of the extent to which a sales representative exhibits OCB. Using a scale of one (strongly disagree) to seven (strongly agree), they were asked to provide their assessment of how well a sales representative measured-up to these statements.
Podsakoff & MacKenzie found the reliability of each sub-scale to be high (as measured by Cronbach's alpha, helping, 0.89; civic virtue, 0.82; sportsmanship, 0.84) and found the overall scale to have a Cronbach's alpha of 0.92. Discriminant validity of scale constructs was evidenced by the fact that that all OCB intercorrelations were less than 1.00 (p<.05)

<table>
<thead>
<tr>
<th>Helping</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Willingly gives his or her time to help other agents who have work-related problems.</td>
</tr>
<tr>
<td>2. Is willing to take time out of his or her own busy schedule to help recruiting or training new agents.</td>
</tr>
<tr>
<td>3. &quot;Touches base&quot; with others before initiating actions that might affect them.</td>
</tr>
<tr>
<td>4. Takes steps to try to prevent problems with other agents and/or other personnel in the agency.</td>
</tr>
<tr>
<td>5. Encourages other agents when they are down.</td>
</tr>
<tr>
<td>6. Acts as &quot;peacemaker&quot; when others in the agency have disagreements.</td>
</tr>
<tr>
<td>7. Is a stabilizing influence when dissention occurs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Civic Virtue</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Attends functions that are not required but help the agency/company image.</td>
</tr>
<tr>
<td>9. Attends training/information sessions that agents are encouraged but not required to attend.</td>
</tr>
<tr>
<td>10. Attends and actively participates in agency meetings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sportsmanship</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Consumes a lot of time complaining about trivial matters. (R)</td>
</tr>
<tr>
<td>12. Always finds fault with what the agency/company is doing. (R)</td>
</tr>
<tr>
<td>13. Tends to make &quot;mountains out of molehills&quot; (makes problems bigger than they are).(R)</td>
</tr>
<tr>
<td>14. Always focuses on what is wrong with his or her situation rather than the positive side of it. (R)</td>
</tr>
</tbody>
</table>
and the shared variance among any two constructs (the square of their intercorrelation) was always less than the average variance explained by the construct. In other words, each construct was distinct (not included within another) and the overlap or shared variance was always less than the average variance explained by the construct itself.

This 14-item manager evaluated scale was converted to a self-report scale using the same one (strongly disagree) to seven (strongly agree) scoring procedure. In addition, MacKenzie, Podsakoff, and Ahearne (1998) suggested inclusion of items to measure customer oriented behaviors that may fall within the description of OCB. As boundary spanners, sales representatives should exhibit linking OCBs in their contacts with customers. MacKenzie, et al., suggested three "customer oriented behavior" items for inclusion:

<table>
<thead>
<tr>
<th>Table 3.9.2: Organizational Citizenship Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer-Oriented Behavior Items (MacKenzie, et al. 1998)</td>
</tr>
<tr>
<td>15 Providing personal advice to a client in areas in which the salesperson does not receive compensation.</td>
</tr>
<tr>
<td>16 Referring people to a client's business.</td>
</tr>
<tr>
<td>17 Introducing clients to people who might help the client with either work or non-work related problems.</td>
</tr>
<tr>
<td>18 Introducing business clients to one another socially.</td>
</tr>
</tbody>
</table>

The scale was converted to self-report with a 7-point response set and question 18 was added to bridge the context of questions 16 and 17.
The resulting scale has a total of eighteen items comprising the four sub-scales. (See Appendix 1).

**Role Conflict**

Role conflict was measured by use of the 15 role conflict items of the role stress questionnaire developed by Rizzo, et al., (1970). In Rizzo, et al., (1970), subjects were asked to indicate the degree to which the

| Table 3.10  Role Conflict (Rizzo, et al., 1970) |
|------------|-----------------------------------------------|
| 1.         | I have enough time to complete my work.       |
| 2.         | I perform tasks that are too easy or boring.  |
| 3.         | I have to do things that should be done differently. |
| 4.         | I am able to act the same regardless of the group I am with. |
| 5.         | I work under incompatible policies and guidelines. |
| 6.         | I receive an assignment without the manpower to complete it. |
| 7.         | I have to buck a rule or policy in order to carry out an assignment. |
| 8.         | I receive assignments that are within my training and capability. |
| 9.         | I have just the right amount of work to do.    |
| 10.        | I work with two or more groups who operate quite differently. |
| 11.        | I receive incompatible requests from two or more people. |
| 12.        | I do things that are apt to be accepted by one person and not accepted by others. |
| 13.        | I receive an assignment without adequate resources and materials to execute it. |
| 14.        | I work on unnecessary things.                  |
| 15.        | I perform work that suits my values.           |
condition existed for them. Response options ranged from very false to very true on a seven-point scale. This scale has been used by other researchers including Babakus, et al., (1996) to examine variables relating to job satisfaction in sales people. The Babakus study was based on a sample of 203 sales representatives in the field sales force of a national (U. S.) organization. Partitioning the role-stress scale into its role conflict and role ambiguity dimensions, their study produced reliability coefficients of 0.70 for role conflict and 0.77 for role ambiguity.

**In-Role Performance**

In-role performance was measured by means of two self-report scales.

<table>
<thead>
<tr>
<th>Table 3.11 In-Role Performance (Robinson, 1996)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

This scale was developed by Robinson (1996) for similar application. She found the two items to be highly correlated \((r = .84)\) and combined them into a single measure. Responses range from poor to excellent using a seven-point Likert scale. Because a person’s performance is often understood in comparative terms, i. e., how does one’s performance stack-up against one’s peers, the three-item relative-
performance scale developed by Oliver and Anderson (1994) will also be used.

<table>
<thead>
<tr>
<th>Table 3.12 In-Role Performance (Oliver &amp; Anderson, 1994)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How would you evaluate your performance on your agency’s sales goals?</td>
</tr>
<tr>
<td>2. Compared with other salespeople working for your company, how would you evaluate your effort?</td>
</tr>
<tr>
<td>3. Compared with other salespeople working for your company, how would you evaluate your overall performance?</td>
</tr>
</tbody>
</table>

Respondents were given a seven-point scale anchored by poor and excellent. Based on their sample of 347 manufacturers representatives in the electronics industry, the Oliver and Anderson reliability coefficient was 0.862.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent Compensation</td>
<td>3-item scale developed for this study</td>
</tr>
<tr>
<td>Intent to Leave</td>
<td>Single item scale developed by Spector (1988)</td>
</tr>
<tr>
<td></td>
<td>4-item scale developed by Bluedorn (1982)</td>
</tr>
<tr>
<td>Anxiety</td>
<td>21-item MAS developed by Taylor (1953)</td>
</tr>
<tr>
<td>Job-Induced Tension</td>
<td>7-item scale developed by House &amp; Rizzo (1972)</td>
</tr>
<tr>
<td>Financial Anxiety</td>
<td>10-item scale developed for this study</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>22-item scale developed by Schletzer (1965)</td>
</tr>
<tr>
<td></td>
<td>modified by Lucas, et al., (1987) and for this study</td>
</tr>
</tbody>
</table>

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Table 3.13 (Continued) Summary of Measures

<table>
<thead>
<tr>
<th>Construct</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>15-item OCQ developed by Mowday, et al., (1979)</td>
</tr>
<tr>
<td>Role Conflict</td>
<td>15-item scale developed by Rizzo, et al., (1970)</td>
</tr>
<tr>
<td>In-Role Performance</td>
<td>2-item scale developed by Robinson (1996)</td>
</tr>
<tr>
<td></td>
<td>3-item scale developed by Anderson &amp; Oliver (1994)</td>
</tr>
</tbody>
</table>

**Method**

In exploring the relationships of the proposed model it is important to include the entire range of compensation contingency, from zero to 100 percent. Principally, of course, wide variability in the amount or percentage of contingent compensation must be present in the sample in order to identify the consequences of contingent compensation. In addition, variability in the products sold must also be present. This will allow identification of the consequences stemming from contingent compensation as distinct from industry - cultural artifacts. In order to accomplish this, participation will be solicited from a wide selection of sales and sales-related organizations. Industry groups to be represented will include automobile dealerships, furniture stores, financial services (banks and insurance agents), retail clerks, automotive repair shops, and
office equipment dealers. In addition, whenever possible, additional variation in compensation structure within industry groups will be identified for separate analysis. For example, if one furniture dealer pays mostly or all salary, survey results for employees of this dealer will be contrasted with those of other dealers who pay all or mostly commission. Several opportunities for comparative analysis exist, but ultimately they depend upon participation decisions. A minimum sample of approximately 200 usable survey instruments is expected. This sample should provide an adequate measure of the hypothesized relationships.

Analysis

The analyses performed were a function of the data set. As there was no single industry group large enough to develop meaningful single-industry contrasts, the analysis was restricted to OLS regression of the entire data set. Covariance matrices were also produced in order to identify global relationships. Ultimately, however, the model was tested via the use of several regression models.

The regression equations used to test the model are listed below using the following abbreviations: CC = contingent compensation, RC = role conflict, FA = Financial Anxiety, IRP = in-role performance, ERP = extra role performance, JS = job satisfaction, IJS = intrinsic job satisfaction, EJS = extrinsic job satisfaction, OC = organizational commitment, ITL = intent to leave.
1. ERP = \( \beta_{11} \text{ITL} + \beta_{12} \text{OC} + \beta_{13} \text{JS} + \beta_{14} \text{IRP} + \beta_{15} \text{RC} + \beta_{16} \text{FA} + \beta_{17} \text{CC} \) 
   + \( e_1 \)

1a. ERP = \( \beta_{21} \text{ITL} + \beta_{22} \text{OC} + \beta_{23} \text{JS} + \beta_{24} \text{EJS} + \beta_{25} \text{IRP} + \beta_{26} \text{RC} + \beta_{27} \text{FA} + \beta_{28} \text{CC} + e_2 \)

2. ITL = \( \beta_{31} \text{OC} + \beta_{32} \text{JS} + \beta_{33} \text{IRP} + \beta_{34} \text{RC} + \beta_{35} \text{FA} + \beta_{36} \text{CC} + e_3 \)

2a. ITL = \( \beta_{41} \text{OC} + \beta_{42} \text{JS} + \beta_{43} \text{EJS} + \beta_{44} \text{IRP} + \beta_{45} \text{RC} + \beta_{46} \text{FA} + \beta_{47} \text{CC} + e_4 \)

3. OC = \( \beta_{51} \text{JS} + \beta_{52} \text{IRP} + \beta_{53} \text{RC} + \beta_{54} \text{FA} + \beta_{55} \text{CC} + e_5 \)

3a. OC = \( \beta_{61} \text{IJS} + \beta_{62} \text{EJS} + \beta_{63} \text{IRP} + \beta_{64} \text{RC} + \beta_{65} \text{FA} + \beta_{66} \text{CC} + e_6 \)

4. JS = \( \beta_{71} \text{IRP} + \beta_{72} \text{RC} + \beta_{73} \text{FA} + \beta_{74} \text{CC} + e_7 \)

4a. IJS = \( \beta_{81} \text{EJS} + \beta_{82} \text{IRP} + \beta_{83} \text{RC} + \beta_{84} \text{FA} + \beta_{85} \text{CC} + e_8 \)

4b. EJS = \( \beta_{91} \text{IRP} + \beta_{92} \text{RC} + \beta_{93} \text{FA} + \beta_{94} \text{CC} + e_9 \)

5. IRP = \( \beta_{101} \text{RC} + \beta_{102} \text{FA} + \beta_{103} \text{CC} + e_{10} \)

6. RC = \( \beta_{111} \text{FA} + \beta_{112} \text{CC} + e_{11} \)

7. FA = \( \beta_{121} \text{CC} + e_{12} \)
CHAPTER 4

DATA ANALYSIS AND RESULTS

This chapter presents the results of the data analysis. A demographic analysis of the study participants is presented first. The second section presents descriptive statistics for each study variable. Included in this section is an analysis of a new scale designed to measure the manifestation of anxiety resulting from financial uncertainty. The third section presents the correlations among the study variables. The final section presents the results of the hypothesis testing.

Demographic Characteristics of the Sample

The survey instrument was distributed primarily to companies that compensate some or all, of their employees by means of incentive, bonus, or commission. In two of the companies, employee compensation was salary only. They were included because they represent the zero end of the continuum of compensation contingency and they were selected in order to represent the entire range of contingency within an industry segment included in the sample. Because many sales-oriented
businesses pay their sales representatives entirely on commission, the 100 percent end was already well represented. In total, 34 companies agreed to participate in the study. These companies represented ten industries operating in Texas and Louisiana. For logistical reasons, some participating companies agreed to the inclusion of only local stores. Other companies, operating only in the local area, included all locations. In total these locations included 448 employees at 45 locations. Table 4.1 summarizes the sampling frame information.

Analysis Sample

Survey instruments were returned by 277 employees representing 31 firms operating at 41 locations. The resulting response rate was 61.8 percent. Several returned instruments were incomplete or were deemed unusable for other reasons. It addition, one manufacturing company was eliminated from analysis after it was determined that their employees did not receive any contingent or performance-based compensation and had no customer contact. Moreover, this company was the only participant from that industry. Sampling frame information is summarized in Table 4.1.

After eliminating unusable instruments and excluding the manufacturing company, the resulting sample included 28 companies with 255 employees, operating at 36 locations. This represents 56.9 percent of the sampling frame. The analytical sample information is presented in Table 4.2.
### Table 4.1 Sampling Frame

<table>
<thead>
<tr>
<th>Industry</th>
<th>Companies</th>
<th>Locations</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Car Dealership</td>
<td>6</td>
<td>7</td>
<td>165</td>
</tr>
<tr>
<td>Furniture Retail</td>
<td>8</td>
<td>16</td>
<td>131</td>
</tr>
<tr>
<td>Banking</td>
<td>2</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Office Equip. Sales</td>
<td>7</td>
<td>7</td>
<td>43</td>
</tr>
<tr>
<td>Automobile Service</td>
<td>3</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Insurance</td>
<td>3</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Department Store</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Floor Covering</td>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Industrial Supplies</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>34</strong></td>
<td><strong>45</strong></td>
<td><strong>448</strong></td>
</tr>
</tbody>
</table>

### Table 4.2 Analysis Sample

<table>
<thead>
<tr>
<th>Industry</th>
<th>Companies</th>
<th>Locations</th>
<th>Usable Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Car Dealership</td>
<td>6</td>
<td>7</td>
<td>78</td>
</tr>
<tr>
<td>Furniture Retail</td>
<td>8</td>
<td>15</td>
<td>95</td>
</tr>
<tr>
<td>Banking</td>
<td>2</td>
<td>2</td>
<td>43</td>
</tr>
<tr>
<td>Office Equip. Sales</td>
<td>3</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Automobile Service</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Insurance</td>
<td>3</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Department Store</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Floor Covering</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Industrial Supplies</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>28</strong></td>
<td><strong>36</strong></td>
<td><strong>255</strong></td>
</tr>
</tbody>
</table>

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The analysis sample was comprised of approximately 60 percent sales representatives, 8 percent sales managers, 17 percent bank employees, 2 percent finance & insurance representatives (at auto dealerships), 10 percent technicians (auto mechanics), and 2 percent service managers. Slightly more than 1 percent could not be categorized.

In this sample, approximately 28 percent (71) were salaried or hourly personnel (zero compensation contingency), 34 percent (87) were paid entirely by commission (100 % compensation contingency), with the remaining 38 percent (97) distributed between 1 percent and 85 percent compensation contingency. The mean compensation contingency was 47.6 percent.

<table>
<thead>
<tr>
<th>Table 4.3 Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>Career Tenure</td>
</tr>
<tr>
<td>Tenure w/ company</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Compensation Contingency</td>
</tr>
<tr>
<td>Dependents</td>
</tr>
<tr>
<td>Education</td>
</tr>
</tbody>
</table>

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Seventy-seven percent of the sample were Caucasian, 14 percent were African-American, 5 percent were Hispanic, 1 percent were Asian/Pacific Islanders, and 5 percent reported ‘other’ (mostly native American). The sample was 63.5 percent male and 36.5 percent female. Other demographic information is shown in table 4.3.
The sample was approximately 61 percent married, 22 percent single, 16 percent divorced, and 2 percent widowed.

**Measurement Scale Reliability**

Reliability of measurement scales is a prerequisite for the validity of measures. A discussion of the reliability and validity of scales used in this study was presented in Chapter 3. A comparative summary of scale reliabilities contrasting prior measures with those developed in this study is presented in Table 4.4. All scale reliabilities, as represented by Cronbach’s alpha, were greater than recommended by Nunnally (1978) as the minimum value sufficient for research purposes, i.e. $>-.70$.

<table>
<thead>
<tr>
<th>Table 4.4 Scale Reliabilities (Cronbach's alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
</tr>
<tr>
<td>Compensation Contingency</td>
</tr>
<tr>
<td>Role Conflict</td>
</tr>
<tr>
<td>Job Induced Tension</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
### Table 4.4 (Continued) Scale Reliabilities (Cronbach's alpha)

<table>
<thead>
<tr>
<th>Scale</th>
<th>Prior measure</th>
<th>Present Study</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Anxiety Scale (FAS)</td>
<td>New Scale</td>
<td>.78</td>
<td>3.53</td>
</tr>
<tr>
<td>Intrinsic Job Satisfaction</td>
<td>.61 Lucas, et al (1987)</td>
<td>.87</td>
<td>5.88</td>
</tr>
<tr>
<td>Financial Anxiety Scale (FAS)</td>
<td>New Scale</td>
<td>.78</td>
<td>3.53</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Not Reported as combined</td>
<td>.93</td>
<td>5.56</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>.88 Mowday, et al (1982)</td>
<td>.86</td>
<td>5.69</td>
</tr>
<tr>
<td>In-Role Performance</td>
<td>.86 Oliver &amp; Anderson (1994)</td>
<td>.88</td>
<td>5.96</td>
</tr>
<tr>
<td>Extra-Role Performance (14)</td>
<td>.92 Podsakoff &amp; MacKenzie</td>
<td>.81</td>
<td>5.58</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra-Role Performance (L4)</td>
<td>New Scale proposed by Podsakoff &amp; MacKenzie (1994)</td>
<td>.56</td>
<td>4.75</td>
</tr>
<tr>
<td>Extra-Role Performance (18)</td>
<td>New Scale proposed by Podsakoff &amp; MacKenzie (1994)</td>
<td>.78</td>
<td>5.39</td>
</tr>
<tr>
<td>Intent to Leave</td>
<td>.84 Babakus (1996)</td>
<td>.94</td>
<td>1.94</td>
</tr>
<tr>
<td>Manifest Anxiety Scale (MAS)</td>
<td>.76 Bendig (1956)</td>
<td>.88</td>
<td>2.88</td>
</tr>
</tbody>
</table>

**Descriptive Statistics for Study Variables**

**Contingent Compensation**

Table 4.5 (below) summarizes the descriptive statistics for the study variables.
Contingent compensation was measured by asking respondents to report the proportion of total income they expected commissions, bonuses, and other performance-based mechanisms (i.e., compensation contingency) to produce over the next: two months, six months and 12 months. The same information was obtained by asking employers to provide a description of their compensation plan including total compensation amounts and estimates of the amount received through commission, bonuses, or other performance-based mechanisms, for each employee. In instances where the employee either omitted this information or obviously misinterpreted the question (for example, some provided commission or bonus amounts instead of percentages), the employer provided information was used -- when it was available. The mean compensation contingency was 47.58%. The standard deviation, however, was 44.28% reflecting the fact that the two largest groups represented in the study (based on percentage of compensation contingency) were paid either no commission or bonus, or 100% commission and bonus. The Cronbach’s alpha for this variable was .99, indicating that there was very little difference in contingency over time. Variability in compensation contingency was generally the result of new sales representatives being given a training salary for a short time – two to three months.
### Table 4.5 Descriptive Statistics for Study Variables

<table>
<thead>
<tr>
<th></th>
<th>C_C</th>
<th>RC</th>
<th>FAS</th>
<th>JIT</th>
<th>IRP</th>
<th>JS</th>
<th>OC</th>
<th>ITL</th>
<th>ERP</th>
</tr>
</thead>
<tbody>
<tr>
<td>N Valid</td>
<td>254</td>
<td>255</td>
<td>254</td>
<td>250</td>
<td>248</td>
<td>255</td>
<td>255</td>
<td>254</td>
<td>255</td>
</tr>
<tr>
<td>N Missing</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td>47.58</td>
<td>3.03</td>
<td>3.51</td>
<td>2.74</td>
<td>6.00</td>
<td>5.55</td>
<td>5.68</td>
<td>2.01</td>
<td>5.58</td>
</tr>
<tr>
<td>Median</td>
<td>45.83</td>
<td>3.07</td>
<td>3.70</td>
<td>2.57</td>
<td>6.00</td>
<td>5.82</td>
<td>5.87</td>
<td>1.20</td>
<td>5.64</td>
</tr>
<tr>
<td>Mode</td>
<td>100.00</td>
<td>4.00</td>
<td>3.70</td>
<td>1.00</td>
<td>6.00</td>
<td>6.59</td>
<td>6.60</td>
<td>1.00</td>
<td>5.86</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>44.28</td>
<td>.92</td>
<td>1.12</td>
<td>1.35</td>
<td>.80</td>
<td>1.01</td>
<td>.93</td>
<td>1.44</td>
<td>.82</td>
</tr>
<tr>
<td>Skewness</td>
<td>.12</td>
<td>-.04</td>
<td>.06</td>
<td>.57</td>
<td>-.95</td>
<td>-.65</td>
<td>-.77</td>
<td>1.43</td>
<td>-.40</td>
</tr>
<tr>
<td>Std. Error of Skewness</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
<td>.15</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-1.81</td>
<td>-.80</td>
<td>-.50</td>
<td>-.29</td>
<td>1.50</td>
<td>-.44</td>
<td>-.29</td>
<td>1.28</td>
<td>-.49</td>
</tr>
<tr>
<td>Std. Error of Kurtosis</td>
<td>.30</td>
<td>.30</td>
<td>.30</td>
<td>.31</td>
<td>.31</td>
<td>.30</td>
<td>.30</td>
<td>.30</td>
<td>.30</td>
</tr>
<tr>
<td>Minimum</td>
<td>.00</td>
<td>1.07</td>
<td>1.00</td>
<td>1.00</td>
<td>2.25</td>
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C_C = compensation contingency; RC = role conflict, FAS = financial anxiety scale, JIT = job induced tension, IRP = In-role performance; JS = job satisfaction, OC = organizational commitment, ITL = intent to leave, ERP = extra-role performance.
**Role Conflict**

The reliability of the role conflict scale (Cronbach’s alpha) was .79. This compared well with the alpha reported by Rizzo, et al (1970) of .82 and by Johnston, et al. (1990) of .85 (the Johnston, et al. report was based on a shortened version of the scale). The mean score for role conflict was 3.03. This compares to a mean of 4.19 in a sample of managerial and technical employees which specifically excluded sales personnel (Rizzo, et al., 1970). The minimum of score for the present sample was 1.07 and the maximum score was 5.20. The comparative level of role conflict in this sample appears to be low. The standard deviation of role conflict was 0.92.

**In-Role Performance**

The distribution of the variable ‘in-role performance’ was certainly not normal. As would be expected, this distribution highly skewed. The mean score was 6.00, while the minimum was 2.25 and the maximum was 7.00. This follows the results of many researchers who report similar skewness for self-report performance (or for supervisor report), e.g. Baker, et al (1998). On the one-to-seven scale of poor to excellent, fully 75% scored themselves as 5.5 or higher with 25% scoring 6.5 or higher.
Job Induced Tension

Job induced tension produced a mean score of 2.74 with a minimum score of 1.00, a maximum score of 7.00, and a standard deviation of 1.35. This scale was developed by House and Rizzo (1972) using a sample of 200 research and development, and engineering personnel. Their original scale used a 1 = false, 2 = true, scoring. The initial House and Rizzo sample produced a mean of 1.24 with a standard deviation of .28. Converting their results to a seven-point scale would produce a mean of 2.44 with a standard deviation of 1.68. This compares well to the results from the present sample. The distribution in the present sample was shifted toward the low end of the scale with only 38 respondents (14.9%) scoring above 4.0. This would indicate a generally low level of job induced tension overall.

Job Satisfaction

Job satisfaction was also not normally distributed. The mean job satisfaction score was 5.55 with a standard deviation of 1.01. The mode was 6.59. The minimum job satisfaction score was 2.38; the maximum score was 7.00. Intrinsic job satisfaction had a mean of 5.88 with a standard deviation of 1.01. Extrinsic job satisfaction had a mean of 5.28 and a standard deviation of 1.14. Lucas, et al (1987) used a slightly shorter version of these scales in a study of sales force turnover. In two samples of insurance salespeople (1,412 and 1,045 sales representatives)
they developed means of 5.32 and 5.52 for intrinsic job satisfaction and means of 4.81 and 5.08 for extrinsic job satisfaction (after converting to seven point scales). The standard deviations developed in their study were also similar to those in the present study: .87 and .75 for intrinsic job satisfaction and 1.88 and 1.77 for extrinsic job satisfaction. The weighted means for their combined scores were 5.07 and 4.82. The combined-scale mean of 5.55 in the present study would indicate a high level of job satisfaction.

**Organizational Commitment**

The organizational commitment scores mirrored those for job satisfaction. The overall mean was 5.68 with a standard deviation of .933. The mode was 6.60. The minimum score for organizational commitment was 3.33, while the maximum score was 7.00. Mowday, et al. (1979), reported mean scores for this scale ranging from 4.2 to 5.3 with standard deviations of .90 to 1.05. It would appear that organizational commitment was high for the present sample, but certainly in accord with the Mowday, et al. (1979), results.

**Intent to Leave**

The mean score for intent to leave was 2.01 with a standard deviation of 1.44. This compares with a mean of 2.21 and a standard deviation of .71 in a sample of sales people reported by Babakus, et al. (1996). The mode for the present sample was 1.00. Intent to leave had a
minimum score of 1.00 and a maximum of 7.00. Overall, intent-to-leave for this group was low, but not out of line with the Babakus report.

**Extra-Role Performance**

Extra-role performance, or organizational citizenship behavior, also showed on a slight shift toward the high end of the scale. The mean was 5.58 with a standard deviation of .82. The mode was 5.86. The minimum score for extra-role performance was 3.07 and the maximum was 7.00. This is the second use of this scale and the first use as a self-report. MacKenzie, and Podsakoff developed the scale (1994) based on the work of Organ (1988, 1990a, 1990b). MacKenzie, Podsakoff, and Ahearne used the scale (1998) to study the antecedents and consequences of extra-role performance. Unfortunately they did not report the means for these scales developed in their sample.

**Financial Anxiety Scale (FAS)**

The scale labeled FAS above is a new scale designed to measure the financial anxiety engendered by the uncertainty of compensation resulting from the contingent character or element of the compensation scheme. The coefficient alpha for the ten-item Financial Anxiety Scale was .78. A further analysis of the scale items is given in Tables 4.6, 4.7, and 4.8.
In addition to scale reliability, the underlying construct must be valid, i.e., it must measure what it purports to measure. While reliability indicates the scale is in fact measuring something, determining that it is measuring the intended construct requires comparison with other constructs in the context of theory. For example, it must possess discriminant and convergent validity. The following correlation matrix, Table 4.7, is evidence of these important relationships. For example, the financial anxiety scale, or FAS, should be correlated positively with validated scales measuring similar constructs, e.g., generalized anxiety and job-induced tension. Generalized anxiety is measured here by the Manifest Anxiety Scale (MAS), job induced tension is measured by the job-induced tension scale (JIT) developed by House & Rizzo (1972).
### Table 4.7: Correlations With FAS Scale

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FAS = Financial Anxiety Scale; RC = role conflict; MAS = Manifest Anxiety Scale, JIT = job induced tension, OC = organizational commitment; SE = self esteem; Trust = trust in supervisor; ERP = extra-role performance

As can be seen in the correlation matrix, FAS is significantly and positively correlated with both MAS and JIT (.332 and .408). In addition,
financial anxiety would create stress not unlike role conflict and should therefore be positively correlated to role conflict (RC). This relationship is also positive and significant. To the extent that each of these scales are measuring a common underlying construct, these positive correlations indicate convergent validity (to the extent they represent correlations among related constructs, the positive correlations are indicative of nomological validity).

In addition, validity requires that the measure also discriminate the variable from dissimilar constructs. Discriminant validity is provided by the significant negative correlations with organizational commitment (OC), self esteem (SE), trust in management (Trust), and extra-role performance (OCB). All correlations are in the predicted direction and are significant.

Another measure of validity is provided by a measure’s ability to predict. Financial anxiety, as measured by FAS, is expected to cause a reduction in job satisfaction. The OLS regression with FAS as the independent variable and job satisfaction (JS) as the dependent variable produces a standardized coefficient of -.342 which is significant at .001.

The OLS regressions relating financial anxiety as a dependent variable with income and compensation contingency also produce path coefficients that are highly significant and with direction in accord with theory, i.e., positive for compensation contingency and negative for income. Based on these path coefficients relating contingency of income

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and the amount of income to financial anxiety, the construct can be said to be nomologically valid as well. These tests of construct validity, convergent, discriminant, and predictive, together provide evidence of the validity of the FAS scale as a measure of financial anxiety.

The study measurement scales are reliable and valid. Table 4.8 displays the correlation matrix relating the study variables.

Income was included in the matrix because of the theoretical relationship of income to such variables as anxiety and job satisfaction. The importance of income to the model relationships can be seen from the fact that income (INC) is significantly correlated to every variable included in the study (at .001 or better).

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C_C = compensation contingency; RC = role conflict, FAS = financial anxiety scale, JIT = job induced tension, IRP = In-role performance; JS = job satisfaction, OC = organizational commitment, ITL = intent to leave, ERP = extra-role performance

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Tests of Hypotheses

The hypotheses will be tested utilizing the regression equations given in Chapter 3. They are as follows:

1. ERP = \beta_{11}ITL + \beta_{12}OC + \beta_{13}JS + \beta_{14}IRP + \beta_{15}RC + \beta_{16}FA + \beta_{17}CC + e_1

1a. ERP = \beta_{21}ITL + \beta_{22}OC + \beta_{23}JS + \beta_{24}EJS + \beta_{25}IRP + \beta_{26}RC + \beta_{27}FA + \beta_{28}CC + e_2

2. ITL = \beta_{31}OC + \beta_{32}JS + \beta_{33}IRP + \beta_{34}RC + \beta_{35}FA + \beta_{36}CC + e_3

2a. ITL = \beta_{41}OC + \beta_{42}JS + \beta_{43}EJS + \beta_{44}IRP + \beta_{45}RC + \beta_{46}FA + \beta_{47}CC + e_4

3. OC = \beta_{51}JS + \beta_{52}IRP + \beta_{53}RC + \beta_{54}FA + \beta_{55}CC + e_5

3a. OC = \beta_{61}JS + \beta_{62}EJS + \beta_{63}IRP + \beta_{64}RC + \beta_{65}FA + \beta_{66}CC + e_6

4. JS = \beta_{71}IRP + \beta_{72}RC + \beta_{73}FA + \beta_{74}CC + e_7

4a. JS = \beta_{81}EJS + \beta_{82}IRP + \beta_{83}RC + \beta_{84}FA + \beta_{85}CC + e_8

4b. EJS = \beta_{91}IRP + \beta_{92}RC + \beta_{93}FA + \beta_{94}CC + e_9

5. IRP = \beta_{101}RC + \beta_{102}FA + \beta_{103}CC + e_{10}

6. RC = \beta_{111}FA + \beta_{112}CC + e_{11}

7. FA = \beta_{121}CC + e_{12}

The first hypothesis states that as compensation contingency increases, financial anxiety will also increase. This is represented by equation 7 above.
A simple Pearson's correlation for financial anxiety and compensation contingency does not reach significance. This correlation, however, does not control for the effects of income. The simple correlation of income with compensation contingency (+ .221) indicates that as levels of contingency are increased, income also increases. The increasing level of income attendant to increasing compensation contingency would tend to mask any financial anxiety produced by the increasing compensation contingency. This would result in an income confound in the financial anxiety - compensation contingency relationship and would produce a non-significant correlation.

OLS regression allows for the effects of income to be controlled. The regression results are given in Table 4.9. In order to control for the effects of income, income was entered first into the regression. This control was applied in all subsequent regressions, i. e., income was entered first into all regression equations in order to control for its effects.

Controlling for income, the path coefficient from compensation contingency to financial anxiety is both positive and significant. While the effect is not as large as the effect of income, the relationship supports the first hypothesis: financial anxiety increases with increasing contingency of compensation.
Dependent Variable: Financial Anxiety

H1 Supported

The second hypothesis proposes that as measures of financial anxiety increase, measures of job satisfaction will be reduced. Table 4.10 summarizes these correlations.

<table>
<thead>
<tr>
<th>Table 4.9 Regression Results - Financial Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td><strong>B</strong></td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>CONT COMP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4.10 Correlations between Measures of Job Satisfaction and Financial Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job Satisfaction</strong></td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>
Table 4.10 (Continued) Correlations between Measures of Job Satisfaction and Financial Anxiety

<table>
<thead>
<tr>
<th></th>
<th>Job Satisfaction</th>
<th>Intrinsic Job Sat</th>
<th>Extrinsic Job Sat</th>
<th>Income</th>
<th>Financial Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extrinsic job satisfaction</td>
<td>Correlation Coefficient</td>
<td>.933</td>
<td>.723</td>
<td>1.000</td>
<td>.297</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>255</td>
<td>255</td>
<td>255</td>
<td>229</td>
</tr>
<tr>
<td>Income</td>
<td>Correlation Coefficient</td>
<td>.297</td>
<td>.254</td>
<td>.297</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>229</td>
<td>229</td>
<td>229</td>
<td>229</td>
</tr>
<tr>
<td>Financial Anxiety</td>
<td>Correlation Coefficient</td>
<td>-.342</td>
<td>-.334</td>
<td>-.302</td>
<td>-.543</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>254</td>
<td>254</td>
<td>254</td>
<td>229</td>
</tr>
</tbody>
</table>

The test of the hypothesis is the development of path coefficients through OLS regression. The results of the regression (equation 4 above, using stepwise regression) showed in-role performance and income to be non-significant. Financial anxiety and role conflict were, however, highly significant and in the hypothesized direction.
Table 4.11 Regression Results -- Job Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>7.853</td>
<td>.214</td>
<td>36.693</td>
<td>.000</td>
</tr>
<tr>
<td>Role Conflict</td>
<td>-.560</td>
<td>.061</td>
<td>-.510</td>
<td>-9.138</td>
</tr>
<tr>
<td>Financial Anxiety</td>
<td>-.173</td>
<td>.047</td>
<td>-.204</td>
<td>-3.658</td>
</tr>
</tbody>
</table>

Dependent Variable: Job Satisfaction

Table 4.12 Regression Results -- Intrinsic Job Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.213</td>
<td>.359</td>
<td>11.741</td>
<td>.000</td>
</tr>
<tr>
<td>Role Conflict</td>
<td>-.149</td>
<td>.055</td>
<td>-.144</td>
<td>-2.701</td>
</tr>
<tr>
<td>Extrinsic job satisfaction</td>
<td>.501</td>
<td>.042</td>
<td>.656</td>
<td>12.052</td>
</tr>
<tr>
<td>Compensation Contingency</td>
<td>-3.247E-03</td>
<td>.001</td>
<td>-.152</td>
<td>-3.327</td>
</tr>
<tr>
<td>Financial Anxiety</td>
<td>-8.612E-02</td>
<td>.037</td>
<td>-.108</td>
<td>-2.311</td>
</tr>
</tbody>
</table>

Dependent Variable: Intrinsic job satisfaction

A refinement of this relationship lies in equations 4a and 4b. The job satisfaction scale utilized was developed to encompass two dimensions, intrinsic and extrinsic. Utilizing the same formulation allows a test of the impact of the same variables on each of these
dimensions. Tables 4.11 and 4.12 summarize the results of these regressions.

<table>
<thead>
<tr>
<th>Table 4.13: Regression Results — Extrinsic Job Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Role Conflict</td>
</tr>
<tr>
<td>Financial Anxiety</td>
</tr>
<tr>
<td>Compensation contingency</td>
</tr>
</tbody>
</table>

Dependent Variable: Extrinsic job satisfaction

Importantly, these three regression models show that even though compensation contingency produced no significant effects on overall job satisfaction, it still makes a significant positive contribution to extrinsic job satisfaction and a significant negative contribution to intrinsic job satisfaction. Moreover, these effects exist beyond income effects (which were non-significant).

**H2: Supported**

The third hypothesis proposes that as role conflict increases, job satisfaction will be reduced. A correlation matrix of these relationships is presented in Table 4.14.
Table 4.14: Correlations between Measures of Job Satisfaction and Role Conflict

<table>
<thead>
<tr>
<th></th>
<th>RC</th>
<th>IJS</th>
<th>EJS</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td>RC</td>
<td>Pearson Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>255</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IJS</td>
<td>Pearson Correlation</td>
<td>-.482</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>255</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td>EJS</td>
<td>Pearson Correlation</td>
<td>-.540</td>
<td>.740</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>255</td>
<td>255</td>
<td>255</td>
</tr>
<tr>
<td>JS</td>
<td>Pearson Correlation</td>
<td>-.551</td>
<td>.910</td>
<td>.952</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>255</td>
<td>255</td>
<td>255</td>
</tr>
</tbody>
</table>

As can be seen in the table, role conflict is significantly and negatively related to measures of intrinsic job satisfaction (IJS), extrinsic job satisfaction (EJS), and overall job satisfaction (JS). This is in accord with the hypothesis.

The regression results above (Tables 4.11, 4.12, and 4.13) confirm that as role conflict levels increase, job satisfaction measures (overall, intrinsic, and extrinsic) are reduced.

**H3: Supported**
The fourth hypothesis states that increasing compensation contingency will result in increasing role conflict. As can be seen in Table 4.8, the correlation for these measures is also significant but opposite to the hypothesized direction, i.e., as compensation contingency increases, role conflict is diminished. The correlation coefficient is -.241, significant at .000.

The results of the OLS regression, (equation 6, above) are summarized in Table 4.15.

<table>
<thead>
<tr>
<th>Table 4.15 Regression Results — Role Conflict</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Financial Anxiety</td>
</tr>
<tr>
<td>CONTCOMP</td>
</tr>
</tbody>
</table>

Dependent Variable: Role Conflict

The regression results and the simple correlation reflect a significant but negative relationship between compensation contingency and role conflict, i.e., as compensation contingency increases, role conflict is diminished. This is counter to hypothesis 4.

H4: Not Supported
The fifth hypothesis suggests that in-role performance will be diminished by role conflict. The Pearson's correlation for these two measures) from Table 4.10) is - .113 with a significance level of .038. This is in accord with H5. The OLS regression for equation 5 is summarized in Table 4.16

<table>
<thead>
<tr>
<th>Table 4.16 Regression Results – In-Role Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>(Constant) 6.471</td>
</tr>
<tr>
<td>Financial - .145</td>
</tr>
<tr>
<td>Anxiety -.212</td>
</tr>
</tbody>
</table>

Dependent Variable: Performance

As can be seen from Table 4.16, the only variable in equation 5 to show a significant relationship with in-role performance is financial anxiety. In fact, the significance of role conflict was .413 in the model. This is counter to the hypothesized role conflict – in-role performance relationship.

**H5: Not Supported.**

Hypothesis number six proposes that measures of organizational commitment will be diminished by increasing levels of role conflict. Table 4.8 shows the correlation coefficient to be - .578 with a significance
of .000. The OLS regressions of equation 3 and 3a are summarized in Table 4.17 and 4.18, respectively.

The results of both regressions reflect a highly significant, negative relationship between levels of organizational commitment and role conflict. The dimensionality of job satisfaction has little impact on the regression results. The relationship between organizational commitment and role conflict is in accord with the hypothesis.

<table>
<thead>
<tr>
<th>Table 4.17 Regression Results — Organizational Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td><strong>B</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Job Satisfaction</td>
</tr>
<tr>
<td>Role Conflict</td>
</tr>
<tr>
<td>Financial Anxiety</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational commitment

<table>
<thead>
<tr>
<th>Table 4.18 Regression Results — Organizational Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td><strong>B</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Intrinsic job satisfaction</td>
</tr>
<tr>
<td>Extrinsic job satisfaction</td>
</tr>
<tr>
<td>Role Conflict</td>
</tr>
<tr>
<td>Financial Anxiety</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational commitment

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H6: Supported

Hypothesis number seven proposes that job satisfaction will increase as in-role performance increases. Table 4.19 displays the simple correlations between job satisfaction and in-role performance.

<table>
<thead>
<tr>
<th></th>
<th>IRP</th>
<th>IJS</th>
<th>EJS</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IRP</strong></td>
<td>Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sig. (1-tailed)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IRP</strong></td>
<td>N</td>
<td>248</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IJS</strong></td>
<td>Correlation</td>
<td>.173</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sig. (1-tailed)</strong></td>
<td>.003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IJS</strong></td>
<td>N</td>
<td>248</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td><strong>EJS</strong></td>
<td>Correlation</td>
<td>.160</td>
<td>.743</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sig. (1-tailed)</strong></td>
<td>.006</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EJS</strong></td>
<td>N</td>
<td>248</td>
<td>255</td>
<td>255</td>
</tr>
<tr>
<td><strong>JS</strong></td>
<td>Correlation</td>
<td>.172</td>
<td>.907</td>
<td>.951</td>
</tr>
<tr>
<td></td>
<td>Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sig. (1-tailed)</strong></td>
<td>.003</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td><strong>JS</strong></td>
<td>N</td>
<td>248</td>
<td>255</td>
<td>255</td>
</tr>
</tbody>
</table>

Tables 4.11, 4.12, and 4.13 display the regression results for equations 4, 4a, and 4b respectively, summarizing these relationships. The correlation coefficients relating in-role performance and job
satisfaction are significant and positive. There does not appear to be any meaningful difference between the intrinsic, extrinsic, and overall measures of job satisfaction in relationship to in-role performance.

**H7: Supported**

Hypothesis eight states that as organizational commitment increases, so does extra-role performance. From Table 4.8 the correlation coefficient between the two measures is .361 with a significance level of .000, in accord with the hypothesis. The regression including this relationship is based on equations 1 and 1a. Tables 4.20 and 4.21 summarize these regressions.

<table>
<thead>
<tr>
<th>Table 4.20 Regression Results – Extra-Role Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>B</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Organizational commitment</td>
</tr>
<tr>
<td>In-Role Performance</td>
</tr>
<tr>
<td>Role Conflict</td>
</tr>
<tr>
<td>Intent-to-Leave</td>
</tr>
</tbody>
</table>

**Dependent Variable: Organizational Citizenship Behavior**
The regression results in Table 4.20 show a significant path coefficient (+ 0.207) between organizational commitment and extra-role performance. This certainly supports hypothesis eight. Table 4.21, however, reveals that when job satisfaction is replaced in the regression by intrinsic and extrinsic job satisfaction separately, the organizational performance – extra-role performance path becomes non-significant. In its stead, two new paths have established significance: the intrinsic job satisfaction – extra-role performance path (+ 0.250) and an income – extra-role performance path (+ 0.110). Other relationships are little changed.
H8: Supported

Hypothesis nine of the study proposes that as measures of job satisfaction increase, intent-to-leave will be diminished. Table 4.22 summarizes the simple correlations. As can be seen from the table, the correlations are significant and negative. As job satisfaction levels increase, measures of intent-to-leave are diminished.

The OLS test of hypothesis nine is based on equations 2 and 2a. A summary of these regressions is presented in Table 4.23 and Table 4.24.

<table>
<thead>
<tr>
<th></th>
<th>ITL</th>
<th>IJS</th>
<th>EJS</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>254</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IJS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-0.544</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>254</td>
<td>255</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EJS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-0.492</td>
<td>0.740</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>254</td>
<td>255</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-0.550</td>
<td>0.910</td>
<td>0.952</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>254</td>
<td>255</td>
<td>255</td>
<td>255</td>
</tr>
</tbody>
</table>
Table 4.23 reflects a significant negative path coefficient (-.214) between intent-to-leave and job satisfaction. This supports hypothesis nine. However, when job satisfaction is replaced in the regression with intrinsic job satisfaction and extrinsic job satisfaction, only intrinsic job satisfaction displays a significant path coefficient (-.272) with intent-to-leave (Table 4.24).

<table>
<thead>
<tr>
<th>Table 4.23 Regression Results – Intent-to-Leave - 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Organizational Commitment</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
</tr>
<tr>
<td>Job Satisfaction</td>
</tr>
</tbody>
</table>

Dependent Variable: Intent-to-Leave

<table>
<thead>
<tr>
<th>Table 4.24 Regression Results – Intent-to-Leave - 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Organizational Commitment</td>
</tr>
<tr>
<td>Intrinsic Job Satisfaction</td>
</tr>
</tbody>
</table>

Dependent Variable: Intent-to-Leave

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H9: Supported

The tenth hypothesis of the study states that as levels of job satisfaction increase, levels of extra-role performance will also. The correlations are presented in Table 4.25.

<table>
<thead>
<tr>
<th></th>
<th>OCB</th>
<th>LJS</th>
<th>EJS</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OCB</strong></td>
<td>Pearson Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>255</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LJS</strong></td>
<td>Pearson Correlation</td>
<td>.458</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>255</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td><strong>EJS</strong></td>
<td>Pearson Correlation</td>
<td>.360</td>
<td>.740</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>255</td>
<td>255</td>
<td>255</td>
</tr>
<tr>
<td><strong>JS</strong></td>
<td>Pearson Correlation</td>
<td>.429</td>
<td>.910</td>
<td>.952</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>255</td>
<td>255</td>
<td>255</td>
</tr>
</tbody>
</table>

The regression model testing the job satisfaction - extra-role performance relationship is based on equations 1 and 1a. Tables 4.20 and 4.21 summarize these relationships. From Table 4.20 it can be seen that overall job satisfaction is not significantly related to extra-role performance. From Table 4.21 it can be seen that when job satisfaction
is replaced in the regression with intrinsic job satisfaction and extrinsic job satisfaction separately, intrinsic job satisfaction does exhibit a significant path (+ .250) with extra-role performance. This relationship is positive and highly significant, in accordance with the hypothesis.

**H10: Supported for Intrinsic Job Satisfaction.**

The final hypothesis of the study postulates a negative relationship between intent-to-leave and extra-role performance, i. e., as intent-to-leave increases extra-role performance will be reduced. From Table 4.8 the simple correlation coefficient relating these two measures is -.462, with a significance of .000. The regression model testing this hypothesis is again based equations 1 and 1a. The summary of these regressions is presented in Tables 4.20 and 4.21. Table 4.22 reveals a significant path coefficient (- .176) linking intent-to-leave with extra-role performance. This is in accord with the hypothesis. Table 4.21 reveals a smaller but still significant path coefficient (- .145) for the two model constructs.

**H11: Supported**

All path coefficients are significant at .05 or greater, with the exception of the path from income to extra-role performance, which is significant at .063.
Aside from the increase in complexity stemming from using the dimensions of job satisfaction in model 2, the principal difference is that the significant path from organizational commitment to extra-role performance has been replaced in model 2 by a significant path between intrinsic job satisfaction and extra-role performance.

Tables 4.26 and 4.27 summarize the significant path coefficients for model relationships. Table 4.26 depicts the results obtained when undifferentiated job satisfaction is utilized in the model. Table 4.27 depicts the results for model relationships when intrinsic and extrinsic job-satisfaction are substituted for the single job satisfaction measure.

<table>
<thead>
<tr>
<th>Table 4.26 Standardized Path Coefficients for Model Variables</th>
<th>Model 1 (Undifferentiated Job Satisfaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inc</td>
</tr>
<tr>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Compensation Contingency</td>
<td>.237</td>
</tr>
<tr>
<td>Role Conflict</td>
<td>-.132</td>
</tr>
<tr>
<td>Financial Anxiety</td>
<td>-.572</td>
</tr>
<tr>
<td>In-Role Performance</td>
<td>ns</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>ns</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>ns</td>
</tr>
<tr>
<td>Intent-to-Leave</td>
<td>ns</td>
</tr>
<tr>
<td>Extra-Role Performance</td>
<td>.104</td>
</tr>
<tr>
<td>Model 2 (Utilizing Job Satisfaction Components)</td>
<td>Inc</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Compensation Contingency</td>
<td>.237</td>
</tr>
<tr>
<td>Role Conflict</td>
<td>-.123</td>
</tr>
<tr>
<td>Financial Anxiety</td>
<td>-.572</td>
</tr>
<tr>
<td>In-Role Performance</td>
<td>ns</td>
</tr>
<tr>
<td>Intrinsic Job Satisfaction</td>
<td>ns</td>
</tr>
<tr>
<td>Extrinsic Job Satisfaction</td>
<td>ns</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>ns</td>
</tr>
<tr>
<td>Intent-to-Leave</td>
<td>ns</td>
</tr>
<tr>
<td>Extra-Role Performance</td>
<td>.108</td>
</tr>
</tbody>
</table>

All model 2 path coefficients are significant at .05 or greater.
Table 4.28 Summary of Hypothesis Tests

<table>
<thead>
<tr>
<th>Hypothesis (H)</th>
<th>Supported/Not Supported</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Supported</td>
<td>As levels of contingent compensation increase, levels financial anxiety will increase.</td>
</tr>
<tr>
<td>H2</td>
<td>Supported</td>
<td>As levels of financial anxiety increase, job satisfaction will be reduced.</td>
</tr>
<tr>
<td>H3</td>
<td>Supported</td>
<td>As levels of role conflict increase, job satisfaction will be reduced.</td>
</tr>
<tr>
<td>H4</td>
<td>Not Supported</td>
<td>As levels of contingent compensation increase, role conflict will increase.</td>
</tr>
<tr>
<td>H5</td>
<td>Not Supported</td>
<td>As levels of role conflict increase, in-role performance will be reduced.</td>
</tr>
<tr>
<td>H6</td>
<td>Supported</td>
<td>As levels of role conflict increase, organizational commitment will be reduced.</td>
</tr>
<tr>
<td>H7</td>
<td>Supported</td>
<td>As levels of in-role performance increase, job satisfaction will be increased.</td>
</tr>
<tr>
<td>H8</td>
<td>Supported</td>
<td>As levels of organizational commitment increase, extra-role performance will be increased.</td>
</tr>
<tr>
<td>H9</td>
<td>Supported</td>
<td>As levels of Job satisfaction increase, intent to leave will be reduced.</td>
</tr>
<tr>
<td>H10</td>
<td>Supported for Intrinsic Job Satisfaction</td>
<td>As levels of job satisfaction increase, extra-role performance will be increased.</td>
</tr>
<tr>
<td>H11</td>
<td>Supported</td>
<td>As intent to leave increases, extra-role performance will be reduced.</td>
</tr>
</tbody>
</table>
Job Satisfaction Factor Analysis

It was decided to factor analyze the job satisfaction scale for at least three reasons. Because of the clear distinction made between intrinsic and extrinsic job satisfaction, because both scales were supplemented with extra items for this research, and because the implications drawn rely on the two distinct dimensions, factor analysis was utilized as a means of confirming the two dimensions.

Table 4.29 is the resulting pattern matrix for the factor analysis completed utilizing maximum likelihood extraction and an Oblimin rotation with Kaiser normalization.

<table>
<thead>
<tr>
<th></th>
<th>Autonomy</th>
<th>Pay &amp; Benefits</th>
<th>Pride</th>
<th>Working Conditions</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am recognized here for doing a good job.</td>
<td>.262</td>
<td>.195</td>
<td>8.248E-02</td>
<td>.241</td>
<td>.204</td>
</tr>
<tr>
<td>This job is challenging.</td>
<td>.887</td>
<td>-3.870E-02</td>
<td>.284</td>
<td>-.201</td>
<td>.176</td>
</tr>
<tr>
<td>This job allows me to work without direct supervision.</td>
<td>.337</td>
<td>4.965E-02</td>
<td>-2.841E-02</td>
<td>.108</td>
<td>-.100</td>
</tr>
<tr>
<td>I am satisfied with my compensation plan.</td>
<td>-3.499E-02</td>
<td>.674</td>
<td>1.075E-03</td>
<td>2.280E-02</td>
<td>.153</td>
</tr>
<tr>
<td>I am satisfied with my earnings.</td>
<td>2.627E-02</td>
<td>.916</td>
<td>1.382E-02</td>
<td>-3.767E-02</td>
<td>-.127</td>
</tr>
<tr>
<td>My earnings are fair in relation to the efforts expended.</td>
<td>6.595E-02</td>
<td>.881</td>
<td>-6.249E-02</td>
<td>4.360E-02</td>
<td>-5.313E-02</td>
</tr>
<tr>
<td>I am satisfied with my probable future earnings.</td>
<td>-1.437E-02</td>
<td>.765</td>
<td>.125</td>
<td>5.927E-02</td>
<td>1.612E-02</td>
</tr>
<tr>
<td>Partial Item</td>
<td>Autonomy</td>
<td>Pay &amp; Benefits</td>
<td>Pride</td>
<td>Working Conditions</td>
<td>Growth</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>I am satisfied with my benefit plan in general.</td>
<td>9.903E-03</td>
<td>.453</td>
<td>5.167E-02</td>
<td>-4.345E-02</td>
<td>.162</td>
</tr>
<tr>
<td>I get a feeling of accomplishment from the work I am doing.</td>
<td>3.329E-02</td>
<td>3.152E-02</td>
<td>.795</td>
<td>-2.872E-02</td>
<td>9.124E-02</td>
</tr>
<tr>
<td>My job is an interesting one.</td>
<td>.134</td>
<td>-6.794E-02</td>
<td>.735</td>
<td>-1.367E-02</td>
<td>.132</td>
</tr>
<tr>
<td>My work has real meaning.</td>
<td>-4.165E-02</td>
<td>6.009E-02</td>
<td>.813</td>
<td>-1.817E-02</td>
<td>7.321E-02</td>
</tr>
<tr>
<td>I am proud to tell people what I do for a living.</td>
<td>5.427E-02</td>
<td>9.868E-03</td>
<td>.816</td>
<td>1.617E-03</td>
<td>-3.685E-02</td>
</tr>
<tr>
<td>The public's attitude toward my company is good.</td>
<td>.128</td>
<td>1.837E-02</td>
<td>.502</td>
<td>.223</td>
<td>-9.919E-02</td>
</tr>
<tr>
<td>The public's attitude toward my career is good.</td>
<td>-2.807E-02</td>
<td>7.398E-02</td>
<td>.544</td>
<td>.118</td>
<td>-.121</td>
</tr>
<tr>
<td>The policies of this company make my job easier.</td>
<td>-3.789E-02</td>
<td>-5.964E-02</td>
<td>.125</td>
<td>.539</td>
<td>1.614E-02</td>
</tr>
<tr>
<td>My job is secure.</td>
<td>1.804E-02</td>
<td>.182</td>
<td>8.079E-02</td>
<td>.370</td>
<td>-5.135E-02</td>
</tr>
<tr>
<td>The working conditions here make it easier to do a good job.</td>
<td>2.860E-02</td>
<td>.111</td>
<td>2.788E-02</td>
<td>.788</td>
<td>-8.026E-02</td>
</tr>
<tr>
<td>The people I work with make it easier to do a good job.</td>
<td>3.632E-02</td>
<td>-1.953E-03</td>
<td>2.509E-02</td>
<td>.745</td>
<td>1.664E-02</td>
</tr>
<tr>
<td>My supervisor is a real asset to me in doing my job.</td>
<td>.104</td>
<td>2.875E-02</td>
<td>-7.561E-02</td>
<td>.499</td>
<td>.258</td>
</tr>
<tr>
<td>This organization does a good job at encouraging professional growth.</td>
<td>-2.657E-02</td>
<td>.225</td>
<td>.258</td>
<td>.275</td>
<td>.361</td>
</tr>
<tr>
<td>This company offers opportunities for growth.</td>
<td>-7.232E-02</td>
<td>.218</td>
<td>.299</td>
<td>8.691E-02</td>
<td>.621</td>
</tr>
<tr>
<td>If I perform well in this job, I will have opportunity for promotion.</td>
<td>3.562E-02</td>
<td>.237</td>
<td>3.794E-02</td>
<td>.183</td>
<td>.527</td>
</tr>
</tbody>
</table>

**Extraction Method:** Maximum Likelihood. **Rotation Method:** Oblimin with Kaiser Normalization. Rotation converged in 10 iterations.
This factor analysis developed five factors from the twenty-two job satisfaction scale items. These factors have been labeled here: autonomy, pay & benefits, pride, working conditions, and growth. Autonomy, pride, and growth clearly are elements of intrinsic job satisfaction. Equally clearly, the two remaining factors, pay & benefits and working conditions, are elements of extrinsic job satisfaction. Noticeably, two items from the original scale: “the public's attitude toward my company is good” and “the company's attitude toward my career is good” which were coded as extrinsic job satisfaction items loaded onto the pride dimension of intrinsic job satisfaction.

Moving these two items to intrinsic job satisfaction results in a coefficient alpha of .88 for intrinsic job satisfaction, .88 for extrinsic job satisfaction and .93 for the combined job satisfaction scale. This compares with the earlier reported coefficient alphas of .87 for intrinsic job satisfaction and .88 for extrinsic job satisfaction. The means for the adjusted scales are 5.16 for extrinsic job satisfaction and 5.88 for intrinsic job satisfaction. These compare to the originally identified scale means of 5.29 for extrinsic job satisfaction and 5.88 for the intrinsic job satisfaction. Overall, even though two items may have been better identified as intrinsic, no meaningful change developed from that change. Even so, all regressions utilized to test hypotheses utilized the results of the factor analysis, i.e., the two extrinsic items found to load onto pride
were included in the intrinsic job satisfaction score and excluded from the extrinsic job satisfaction score.
CHAPTER 5

DISCUSSION OF FINDINGS

The purpose of this chapter is to discuss and interpret the results of the study. The first section of this chapter provides a discussion of the research findings. The second section will present a discussion of the managerial implications of these findings. Suggestions for future research are provided in the next section. The fourth section will describe limitations of the study. Finally, contributions of the study are presented in the fifth section of this chapter.

Research Findings, Conclusions, and Implications

This study investigated the effect of compensation contingency on a framework of relationships including role conflict, anxiety, organizational commitment, job satisfaction, in-role performance, extra-role performance, and intent to leave. It was hypothesized that increasing compensation contingency work act to increase levels of role conflict and anxiety with the consequent effects being evident throughout the other model constructs.

Perhaps the first finding of this study is the effect of income on some study variables. While income was not of direct interest in itself,
the effects of income were important to other relationships central to the study. For example, the relationship of financial anxiety and compensation contingency was confounded by income. The simple correlation between the two is negative (though not significant) indicating that higher levels of contingency produce lower levels of anxiety. The correlation between the two after controlling for income is significant and positive. Similarly, income served to reduce the size of the correlation of compensation contingency with other measures of stress and anxiety (role conflict, job induced tension, and generalized anxiety) though it did not reverse the direction of association. Moreover, higher income was found to reduce financial anxiety, and role conflict, and to increase extra-role performance. These are the direct effects of income and they persisted even after the addition of other mediating variables.

The first result of importance involving the modeled relationships was the negative relationship between compensation contingency and role conflict, counter to the hypothesized direction. The correlation was not only negative, but was highly significant (-.233, .000). On the face of it, this would seem to indicate that as the percentage of total compensation represented by commissions, bonuses, and other pay-for-performance mechanisms, increases, role conflict is actually reduced. This would seem to be a plausible result based on the clarity provided both to worker and to manager by having a single measure of performance, e. g., commissions or bonuses earned, or the performance.
factor(s) used to calculate them. If success or failure is readily
discernable by a single measure or single group of measures, the
employee has greater confidence in the form and content of other
relationships. For example, customer relationships revolve around the
sale. In fact, in the truest sense of the word, there is no customer unless
and until a sale is made. Relationships with managers are similarly
focused. If sales results act to filter and clarify performance, or in fact
are the single measure of performance, the relationships with superiors
would also seem clarified. Communications would seem to be clearer
and less ambiguous than might otherwise be possible. Secondly, from a
manager’s perspective, the task ambiguity is also lessened. A manager
can focus clearly on issues which relate directly to compensation with
little concern about conflicting priorities. While this interpretation of the
study results is quite rational, methodological issues cause this
interpretation to be called into question.

The hypothesized relationship was based partly on an assumption
that the employee experiences conflicted loyalties between a desire to act
in the best interest of customers and employers at the same time. This
conflict was hypothesized to become more pronounced under
compensation plans basing pay on obtaining customer orders. The role
conflict scale used did not explicitly ask questions relating to this
conflict. The scale asked questions that certainly included this type of
conflict, e. g., ‘I receive incompatible requests from two or more people.’
A factor analysis of the role conflict scale produced three dimensions, one of which could have been called 'inter-personal conflict.' While comparing the means of inter-personal conflict arrayed against contingent compensation levels, it became apparent that the trend followed the original hypothesis if one company were removed. In fact this company was the only company in a major metropolitan city as opposed to mid-sized cities and small towns. It was also the only company to have a large number of employees (~100) at one large store. The other furniture stores had an average of five to six employees at each location. Eliminating this company, and running the regression with the remaining companies in the furniture sub-category produced a positive correlation (as hypothesized) between compensation contingency and role conflict which was significant at .077 (n = 55). The compensation contingency - role conflict relationship remains unsettled.

The second finding of interest, is the confirmation that as the extent of compensation contingency increases, financial anxiety also increases. While income had the largest effect on financial anxiety (correlation coefficient: - .572, sig. .000) the correlation of financial anxiety with compensation contingency was positive and highly significant (correlation coefficient: .118, sig. .003). This provided partial support for the hypothesis that anxiety and job-induced tension would increase with increasing compensation contingency. In fact, job-induced tension and generalized anxiety were both diminished by increasingly
contingent compensation. This was true even after controlling for income. The explanation for these relationships would seem to follow the explanation for the role conflict relationship with compensation contingency, i.e., the clearer performance expectations combined with explicit, non-threatening feedback on performance would seem to eliminate or reduce the uncertainties of workplace relationships which include power asymmetries.

Additionally, a significant and positive relationship exists between role-conflict and financial anxiety. There could be several explanations of this relationship. It would seem likely that as role conflict increases, the individual is less secure in his job relationships overall. As this job insecurity increases, one would expect that feelings of job insecurity would cause feelings of financial anxiety to become more acute. Causal direction here is problematic. An equally reasonable explanation might be that as feelings of financial anxiety increase, an individual might come to blame the managers and policies of the employer in an attempt to rationalize the individual’s financial shortcomings as being the fault of others, i.e., the supervisors, policies, etc. of the firm.

In-role performance, in this sample, was positively and significantly related to extra-role performance (.304, .000). MacKenzie, et al (1998) hypothesized that in-role performance, acting through organizational commitment, would increase extra-role performance. Unfortunately, their sample produced no link between in-role
performance and organizational commitment. While the present sample similarly did not produce a significant IRP – OC path, it did produce a direct path relating in-role and extra-role measures of performance. It is quite likely that superior performers (IRP) increase their level of extra-role performance as a means of reinforcing the social status conferred by their in-role performance. This is a social maintenance behavior.

Role conflict, in this study, developed a negative and significant direct path to extra-role performance (– .194, .003). Interestingly, this relationship was not mediated by job satisfaction. In fact, when the variable ‘job satisfaction’ was replaced in the regression by its two dimensions, intrinsic and extrinsic job satisfaction, the size and strength of the RC - ERP relationship were unchanged.

The present sample also confirmed the negative relationship between intent-to-leave and extra-role performance. The importance of the ITL – ERP, RC – ERP, and the IRP – ERP relationships lies in their social maintenance function. Social maintenance is necessary to in order to build and maintain status or standing within the social order. The concept of reciprocal altruism (Trivers, 1971) suggests that individuals cooperate not only to directly satisfy their own physical needs, but as a means of relating their own abilities and importance to the group. If a group member is only out for personal gain, other members learn to distrust the selfish individual. This can only lead to marginalization of the individual and the lack of group support for that
individual's objectives. Reciprocal altruism is then a moral filter used to judge the behavior of others (and ourselves). When viewed in terms of reciprocal altruism, intent-to-leave should act to reduce extra-role performance. If an individual is planning to leave, effort spent maintaining social relationships, i.e., performing altruistic acts, which are not likely to be reciprocated, is wasted effort.

Similarly, the more an individual feels marginalized or minimized by the group, the less likely the individual will be to put effort into either in-role performance or extra-role performance and the more likely that individual will be to consider leaving the group. The experience of marginalization would be manifest as, or at least accompanied by, feelings of role conflict, job-induced tension, and anxiety. The negative relationship between role conflict and extra-role-performance is certainly in accord with this rationale. The conflicted or marginalized individual will not put forth the effort required of maintenance behaviors which are unlikely to be reciprocated. The fact that managers rate more highly those individuals they perceive as performing extra-role behaviors (Podsakoff & MacKenzie, 1994) is only one example of the reciprocation involved.

MacKenzie, et al (1988) found a significant negative path between role conflict and in-role performance (-.11). This study produced the same relationship, although with marginal significance (-.113, .076). When financial anxiety was added to the regression, however, the role
conflict – in-role performance path lost significance altogether. The financial anxiety – in-role performance path coefficient, however, was larger and more significant (- .212, .001) than the replaced RC – IRP path coefficient. Similarly, the RC – IRP path was replaced by generalized anxiety (- .279, 000) and by job-induced tension (- .240, 000) when they were added, in turn, to the RC – IRP regression model. Interestingly, though it was not included in this study, per se, the path established in the MacKenzie, et al (1998) study between role ambiguity and in-role performance was not supplanted by any of the three measures of tension/anxiety included in this study. All three factors, in turn, showed significant effects on in-role performance, in addition to the effect of role ambiguity. It would seem that the emotional response to the factors producing role conflict is quite different from the response to role ambiguity factors.

Financial anxiety was also found to produce direct significant negative effects on organizational commitment (- .120, .007). Generalized anxiety and job-induced tension, however, both failed to reach significance in the regression with organizational commitment.

One final non-comfirmatory finding was obtained when using the two job-satisfaction dimensions in lieu of the single job satisfaction measure. The MacKenzie, et al (1998) study developed significant positive linkages between job satisfaction and organizational commitment and between organizational commitment and extra-role
performance. The present study confirmed those relationships. However, when measures of intrinsic job satisfaction and extrinsic job satisfaction were used in place of the single job satisfaction measure, intrinsic job satisfaction developed a significant positive path directly to extra-role performance and the organizational commitment path to extra-role performance lost significance. This not only highlights the importance of intrinsic job satisfaction, but also the contribution it makes to organizational commitment.

**Managerial Implications**

The first implication of importance to managers is that no significant linkage exists between compensation contingency and performance. Commissions and bonuses are often used to motivate performance. In this study, as in others cited in chapter 3, (e.g. Baker, et al, (1988); Stakjovic and Luthans (1997)), there was no performance gain from compensation contingency. Indeed, the only direct performance link between any of the study variables and performance was the negative path connecting in-role performance with financial anxiety. Of course, financial anxiety was shown to be positively correlated with compensation contingency. The only path to in-role performance to develop, then, was the path from compensation contingency through financial anxiety to in-role performance, which was
overall negative, i.e., increasing the contingency of compensation acts to increase financial anxiety which appears to inhibit performance.

Indeed, the positive correlation between income and compensation contingency would indicate that in order to extend the motivation of contingent compensation, management pays a premium in total compensation. It would appear that, if it costs less to pay employees a salary or hourly wage than to pay commissions and bonuses, and if the commissions and bonuses contribute nothing or are actually inhibiting performance, salaries would be the more effective compensation mechanism. This is, however, not a settled issue. Even so, the number of studies producing a ‘no positive effect’ result of compensation contingency on in-role performance should give compensation planners reason to look closely at their reasoning for including ‘incentives’ in their compensation plans.

A second implication for management lies in the connection between in-role performance and extra-role performance. This result may also derive from social maintenance behaviors. If this is so, management of both IRP and ERP should involve social maintenance behaviors. The Stajkovic and Luthans (1997) meta-analysis showed that performance feedback, coupled with non-financial social rewards, is more effective at increasing performance than are financial rewards (p. 1143). This, combined with the results of the present study, leads this researcher to suggest that managers look for ways of providing non-
threatening feedback and ways to instill shared goals, rather than offering incentives, as a more effective and less costly means of improving performance. While this certainly requires more creativity and a more involved or 'hands-on' management style than simply offering an incentive, it at least has the promise of success.

A third implication for management is that an understanding of job satisfaction must include the distinction between intrinsic job satisfaction and extrinsic job satisfaction. Focusing on those elements, like pay, that are extrinsic to the work itself, can only lead to the diminution of job dissatisfaction and not to job satisfaction (Herzberg, 1966, Likert, 1967). Managing to create intrinsic job satisfaction requires providing non-threatening, i.e., non-controlling feedback, and fostering self-determination in the workforce by opening communications and fostering worker initiatives and worker participation (Deci, et al, 1989)). Intrinsic job satisfaction derives from the work itself and the experience of self-determination in doing the work. The connections between IJS and extra-role performance and between IJS and organizational commitment illuminate the importance of intrinsic job satisfaction.

One final implication for management is the negative path correlation between financial anxiety and in-role performance. In this study, financial anxiety was found to be negatively correlated with income level and positively correlated with compensation contingency.
As income goes down, financial anxiety goes up; as compensation contingency goes up, financial anxiety goes up. It has previously been shown that lower income levels also correlate with higher levels of turnover (Stark, 1970). While it is difficult to measure the exact costs of turnover and the real costs of the reduction in performance attendant to lowered income levels and incentive type compensation plans (through financial anxiety), it may be a false economy to under-pay or to over-incentivize the workforce.

**Suggestions for Future Research**

The results of this study raise several questions that need to be addressed in future research. The first issue that requires further study is the relationship between compensation contingency and role conflict. Looking specifically at the inter-personal conflict experienced by customer-contact employees who are paid a commission to obtain a sale or some other form of customer compliance. This should included either a refined sample, to reduce potential confounding, or a large sample size.

The concept of reciprocal altruism needs to be translated into models of behavior to better understand the impact of social maintenance on organizational behavior. Including constructs such as self-esteem, trust, motivation, and organizational justice would also further our understanding of the full impact of motivational/reward/incentive systems.
The relationship of intrinsic job satisfaction with organizational commitment also merits clarification. Both intrinsic and extrinsic job satisfaction are significantly and positively correlated with organizational commitment. The IJS – OC relationship, however, was much stronger than the EJS – OC relationship in this sample. Additionally, IJS replaced OC in the path to extra-role performance. What, then, is the IJS / EJS relationship with the dimensions of organizational commitment and what antecedent relationships are required for both.

The relationship of compensation contingency with role conflict was reversed in the smaller one-industry sub-sample. This only occurred after eliminating one company from that sample. This company was located in a metropolitan area and had a large number of employees at one location. It also paid no commission. Anderson and Oliver (1987) suggested that behavior-based control system would include closer supervision. How then, do these factors impact role conflict? Specifically, does closeness of supervision, or the level of formalization attendant to larger companies, or even the size of the city where one lives, act to increase role conflict? Does the level of autonomy experience in smaller firms or perhaps because of commission-based compensation systems, reduce role conflict?
Limitations of the Study

Several factors exist which influence the external validity, generalizability, and interpretation the study findings.

The design of the current study is cross-sectional. As such, causality is problematic. In every association between two variables, it is conceivable, and often arguable, that causation is either reversed, an artifact of the study and sample design, mutual, or non-existent. It is possible, for example that, a change in extra-role performance will impact intent-to-leave. This Jamesian interpretation would seem much less reasonable than the conclusion that intent-to-leave influences extra-role performance, or perhaps that both variables are influenced by some third factor such as job satisfaction. Future research that allows for longitudinal measurement of these constructs would add greatly to the interpretation of their association.

An additional limitation of this study is that it was based entirely on self-report data. As such the data were certainly subject to self-report bias. In order to minimize this, respondents were assured of anonymity and confidentiality in the handling of their responses. Respondents were also assured that only aggregated reports would be provided to participating employers with no individual responses reported. In the analysis of data, when a scale appeared skewed, e.g. in-role performance, significant correlations were established with non-parametric statistics. All scales utilized (other than the financial anxiety
scale) had previously been utilized with acceptable reliability and were considered valid measures. In this study, all scales again reported acceptable levels of reliability.

Additionally, a major limitation of the study stems from the fact that the sample was not only a multi-employer, but also a multi-industry sample. This was necessary in order to obtain the variation across compensation contingency. Compensation plans are somewhat isomorphic within industries and it was decided that a multi-industry sample was the only approach that would ensure the required variation in compensation contingency. Of course, as the variability across compensation contingency was ensured, any other similarity of management style, benefit structure, formalization of policies, etc. that might help to control for artifactual results was lost. The only control for these and other extraneous variables that might effect the study results is sample size. The sample size here, for analysis, was 255. While this sample produced significance for model relationships, a larger sample, or evidence of congruence of relationships with sub-categories or other studies, would enhance the study results. As this sample was being developed, an attempt was made to develop three sub-categories within the larger sample. Because the Saturn auto dealerships were begun with a 'no negotiation' style of doing business, they initially paid their sales representatives a salary for new car sales. It was hoped that this different pay plan for auto sales representatives would allow the
development of a sub-category (auto dealerships). This category would include sales representatives paid 100% commission from traditional dealerships and sales representatives paid either 100% salary, or some combination of salary for new car sales and commission for used car sales from Saturn dealerships. A second sub-category was anticipated within the banking sector. Through personal contact, a large local branch for a major bank agreed to participate. This bank had only recently introduced a pay-for-performance bonus plan. In addition, a large regional credit union also had some personnel who were paid a portion of their income based on performance measures. A third sub-category providing the required variability in pay plans developed within the furniture retail sales industry. Two furniture retail companies, one local and one in Houston Texas, that paid their sales representative largely on a salary or hourly basis, agreed to participate in the study. It was hoped to balance these two companies with a group of other local furniture sales outlets, which pay their sales representatives entirely by commission, in order to include the entire range of compensation contingency. When the final sample was reviewed, however, only the furniture sub-sample provided a one-industry group that produced the requisite variability in compensation contingency. The Saturn dealerships had largely changed their compensation systems to conform to industry norms, and the banking sector paid only minimal incentives. Both groups were important to the full sample, however, even though a
single-industry sub-sample did not develop for either. The resulting
sample allowed for the contrast of one single-industry sub-sample with
the total sample, but no direct inter-industry contrasts.

Another limitation of this study was the use of introspective
questions. To the extent that questions asked to respondents as a
means of understanding their emotional responses and motivations, the
instrument and the study is limited. While most of the scales utilized
include questions which appear to require minimal introspection, the
question of import is at what level of introspection can a question be
relied upon to elicit a meaningful response? Joseph LeDoux (1996)
states: "... the core of an emotion is not an introspectively accessible
conscious representation" (p. 299). Certainly the scales utilized in this
study appear to this researcher to produce meaningful results and
acceptable validity. Without a behavioral confirmation, however, the
answer to the question is not without qualification.

**Contributions of This Study**

This study provided a number of important contributions to the
organizational behavior and sales management literature. A scale to
measure financial anxiety (FAS) was developed and validated. This scale
allows the measurement of anxiety produced by any number of factors
that might directly or indirectly impact the financial-well-being of
employees. The reliability measures and the comparisons with other
similar and dissimilar measures provide a comfortable level of validity for future use.

This study also developed a significant negative path between financial anxiety and in-role performance. If financial anxiety is increased by the introduction of incentive pay, commissions, bonuses, or other compensation contingency, and if that anxiety serves to reduce performance, the real benefit of pay for performance plans must seem questionable at best. This is especially true considering that no positive connection between compensation contingency and in-role performance was found. While this relationship certainly deserves further study, this is the first attempt to connect performance to incentive compensation at the worker level.

Finally, this study introduced the concept of reciprocal altruism a fundamental algorithm of human behavior. This rule of moral behavior casts a different light on organizational behavior. This also deserves much more study in the future.
Dear Study Participant:

The attached survey has been designed to help researchers understand the relationships between individual pre-dispositions, job attitudes, and certain elements of pay systems. This is part of a study undertaken by the College of Administration and Business at Louisiana Tech University. It has been shown to take approximately 20 minutes (or less) to complete this survey. Your responses are anonymous and no individual data will be released to your company. Each participating employer will be given a summary of the study findings to be made available to participants.

Please take a few minutes to complete the questionnaire. Your honest responses will help immensely in understanding these relationships. Because the elements of pay included in this study are commissions and bonuses, which are common elements in the pay plans for sales representatives, the instrument specifically addresses sales representatives. If your job title is not ‘sales representative,’ please answer the questions as you would if the questions addressed your job.

After you have completed the survey, please seal it in the attached envelope and return it to your manager. I will pick up the completed surveys for inclusion in this important study.

Thank you for participating,

James H. Turner
APPENDIX A Questionnaire

INSTRUCTIONS: CIRCLE THE NUMBER THAT CORRESPONDS TO THE APPROPRIATE ANSWER OR FILL IN THE REQUIRED INFORMATION.

RESPONSE CODE:
1. Strongly Disagree
2. Moderately Disagree
3. Slightly Disagree
4. Neither Agree nor Disagree
5. Slightly Agree
6. Moderately Agree
7. Strongly Agree

ANXIETY -- Short Form MAS

1. I believe I am no more nervous than most others. 1 2 3 4 5 6 7
2. I work under a great deal of tension. 1 2 3 4 5 6 7
3. I cannot keep my mind on one thing. 1 2 3 4 5 6 7
4. I am more sensitive than most other people. 1 2 3 4 5 6 7
5. I frequently find myself worrying about something. 1 2 3 4 5 6 7
6. I am usually calm and not easily upset. 1 2 3 4 5 6 7
7. I feel anxiety about something or someone almost all the time. 1 2 3 4 5 6 7
8. I am happy most of the time. 1 2 3 4 5 6 7
9. I have periods of such great restlessness that I cannot sit long in a chair. 1 2 3 4 5 6 7
10. I have sometimes felt that difficulties were piling up so high that I could not overcome them. 1 2 3 4 5 6 7
11. I find it hard to keep my mind on a task or job. 1 2 3 4 5 6 7
12. I am not unusually self-conscious. 1 2 3 4 5 6 7
13. I am inclined to take things hard. 1 2 3 4 5 6 7
14. Life is a strain for me much of the time. 1 2 3 4 5 6 7
15. At times I think I am no good at all. 1 2 3 4 5 6 7
16. I am certainly lacking in self-confidence. 1 2 3 4 5 6 7
17. I certainly feel useless at times. 1 2 3 4 5 6 7
18. I am a high strung person. 1 2 3 4 5 6 7
19. I sometimes feel that I am about to go to pieces. 1 2 3 4 5 6 7
20. I shrink from facing a crisis or difficulty. 1 2 3 4 5 6 7
21. I worry over money and business. 1 2 3 4 5 6 7

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Job-Induced Tension (House & Rizzo)
1. I feel fidgety or nervous because of my job. 1 2 3 4 5 6 7
2. Problems associated with work have kept me awake at night. 1 2 3 4 5 6 7
3. My job tends to directly affect my health. 1 2 3 4 5 6 7
4. If I had a different job, my health would probably improve. 1 2 3 4 5 6 7
5. I often “take my job home with me” in the sense that I think about it when doing other things. 1 2 3 4 5 6 7
6. I feel nervous before attending meetings in the organization. 1 2 3 4 5 6 7
7. I sometimes feel weak all over. 1 2 3 4 5 6 7

Financial Anxiety Scale (FAS)
1. I worry about being able to pay my bills two months from now. 1 2 3 4 5 6 7
2. After making a sale, I frequently worry about finding the next sale. 1 2 3 4 5 6 7
3. There is a major purchase (car, house, etc.) that I will not make because of financial uncertainty. 1 2 3 4 5 6 7
4. Starting a family and rearing children is more difficult because of the financial uncertainty. 1 2 3 4 5 6 7
5. I would consider another job offer, doing the same job, if it paid all salary instead of salary and bonus or commission. 1 2 3 4 5 6 7
6. I would consider going into management because of a more dependable income.

Because of the commission or bonus income I earn:
7. I keep a larger balance in my checking account. 1 2 3 4 5 6 7
8. I avoid installment purchases. 1 2 3 4 5 6 7
9. I am concerned about consistently being able to make enough money to meet my expenses. 1 2 3 4 5 6 7
10. I am concerned that some time in the future I will not be able to make enough money to meet my expenses. 1 2 3 4 5 6 7
RESPONSE CODE: (Very False) 1 2 3 4 5 6 7 (Very True)

Role Conflict

1. I have enough time to complete my work. 1 2 3 4 5 6 7
2. I perform tasks that are too easy or boring. 1 2 3 4 5 6 7
3. I have to do things that should be done differently. 1 2 3 4 5 6 7
4. I am able to act the same regardless of the group I am with. 1 2 3 4 5 6 7
5. I work under incompatible policies and guidelines. 1 2 3 4 5 6 7
6. I receive an assignment without the manpower to complete it. 1 2 3 4 5 6 7
7. I have to buck a rule or policy in order to carry out an assignment. 1 2 3 4 5 6 7
8. I receive assignments that are within my training and capability. 1 2 3 4 5 6 7
9. I have just the right amount of work to do. 1 2 3 4 5 6 7
10. I work with two or more groups who operate quite differently. 1 2 3 4 5 6 7
11. I receive incompatible requests from two or more people. 1 2 3 4 5 6 7
12. I do things that are apt to be accepted by one person and not accepted by others. 1 2 3 4 5 6 7
13. I receive an assignment without adequate resources and materials to execute it. 1 2 3 4 5 6 7
14. I work on unnecessary things. 1 2 3 4 5 6 7
15. I perform work that suits my values. 1 2 3 4 5 6 7

RESPONSE CODE: (Poor) 1 2 3 4 5 6 7 (Excellent)

Performance

1. How would you rate your own work performance? 1 2 3 4 5 6 7
2. How would your employer rate your work performance? 1 2 3 4 5 6 7
3. Compared with other salespeople working for your company, how would you evaluate your effort? 1 2 3 4 5 6 7
4. Compared with other salespeople working for your company, how would you evaluate your overall performance? 1 2 3 4 5 6 7

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RESPONSE CODE:
1. Strongly Disagree
2. Moderately Disagree
3. Slightly Disagree
4. Neither Agree nor Disagree
5. Slightly Agree
6. Moderately Agree
7. Strongly Agree

Organizational Commitment

1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.
   1 2 3 4 5 6 7

2. I talk up this organization to my friends as a great organization to work for.
   1 2 3 4 5 6 7

3. I feel very little loyalty to this organization.
   1 2 3 4 5 6 7

4. I would accept almost any type of job assignment in order to keep working for this organization.
   1 2 3 4 5 6 7

5. I find that my values and the organization's values are very similar.
   1 2 3 4 5 6 7

6. I am proud to tell others that I am part of this organization.
   1 2 3 4 5 6 7

7. I could just as well be working for a different organization as long as the type of work was similar.
   1 2 3 4 5 6 7

8. This organization really inspires the very best in me in the way of job performance.
   1 2 3 4 5 6 7

9. It would take very little change in my present circumstances to cause me to leave this organization.
   1 2 3 4 5 6 7

10. I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.
    1 2 3 4 5 6 7

11. There's not too much to be gained by sticking with this organization indefinitely.
    1 2 3 4 5 6 7

12. Often, I find it difficult to agree with this organization's policies on important matters relating to its employees.
    1 2 3 4 5 6 7

13. I really care about the fate of this organization.
    1 2 3 4 5 6 7

14. For me this is the best of all possible organizations for which to work.
    1 2 3 4 5 6 7

15. Deciding to work for this organization was a definite mistake on my part.
    1 2 3 4 5 6 7

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RESPONSE CODE:
1. Strongly Disagree
2. Moderately Disagree
3. Slightly Disagree
4. Neither Agree nor Disagree
5. Slightly Agree
6. Moderately Agree
7. Strongly Agree

Intrinsic Job Satisfaction

1. Our agency does a good job at encouraging professional growth. 1 2 3 4 5 6 7
2. I get a feeling of accomplishment from the work I am doing. 1 2 3 4 5 6 7
3. My job is an interesting one. 1 2 3 4 5 6 7
4. My firm offers opportunities for growth as a career underwriter. 1 2 3 4 5 6 7
5. My work here has real meaning. 1 2 3 4 5 6 7
6. I am proud to tell people what I do for a living. 1 2 3 4 5 6 7
7. If I perform well in this job, I will have opportunity for promotion. 1 2 3 4 5 6 7
8. I am recognized here for doing a good job. 1 2 3 4 5 6 7
9. This job is challenging. 1 2 3 4 5 6 7
10. This job allows me to work without direct supervision. 1 2 3 4 5 6 7

Extrinsic Job Satisfaction

1. I am satisfied with my compensation plan. 1 2 3 4 5 6 7
2. I am satisfied with my earnings as a sales rep. 1 2 3 4 5 6 7
3. My earnings are fair in relation to efforts expended. 1 2 3 4 5 6 7
4. I am satisfied with my probable future earnings with this company. 1 2 3 4 5 6 7
5. The public's attitude toward my company is good. 1 2 3 4 5 6 7
6. I am satisfied with my benefit plan in general. 1 2 3 4 5 6 7
7. The public's attitude toward sales people is good. 1 2 3 4 5 6 7
8. The policies of my employer make my job more difficult. 1 2 3 4 5 6 7
9. My job is secure. 1 2 3 4 5 6 7
10. The working conditions here make it easier to do a good job. 1 2 3 4 5 6 7
11. The people I work with make it easier to do a good job. 1 2 3 4 5 6 7
12. My supervisor is a real asset to me in doing my job. 1 2 3 4 5 6 7

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### Organizational Citizenship Behaviors

#### Helping
1. I often help other sales reps who have work-related problems. 1 2 3 4 5 6 7
2. I often take time to help recruit and train new sales reps. 1 2 3 4 5 6 7
3. I check with co-workers before taking any actions which might affect them. 1 2 3 4 5 6 7
4. I try to prevent problems with other sales reps/personnel I work with. 1 2 3 4 5 6 7
5. I always encourage other sales reps when they are down. 1 2 3 4 5 6 7
6. I try to help resolve disagreements among my co-workers. 1 2 3 4 5 6 7
7. I am a stabilizing influence when disturbances occur. 1 2 3 4 5 6 7

#### Civic Virtue
8. I attend functions which are not required but which help the company image. 1 2 3 4 5 6 7
9. I attend training and education sessions beyond company requirements. 1 2 3 4 5 6 7
10. I attend and participate in all sales meetings (even when not required). 1 2 3 4 5 6 7

#### Sportsmanship
11. I complain a lot about even trivial matters. 1 2 3 4 5 6 7
12. I find fault with company initiatives and policies. 1 2 3 4 5 6 7
13. I find myself making problems bigger than they are. 1 2 3 4 5 6 7
14. I focus on what is wrong about my situation rather than what is positive about it. 1 2 3 4 5 6 7

#### Customer Oriented Behavior
15. I advise clients in areas that will not make me any money. 1 2 3 4 5 6 7
16. I introduce clients to people who might help them with work (or non-work) problems. 1 2 3 4 5 6 7
17. I refer people to my clients' businesses. 1 2 3 4 5 6 7
18. I introduce my clients to one another socially. 1 2 3 4 5 6 7

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INTENT TO LEAVE

RESPONSE CODE: (Very Low) 1 2 3 4 5 6 7 (Very High)

How would you rate the:

1. Likelihood you will leave this job in the next three months. 1 2 3 4 5 6 7
2. Likelihood you will leave this job in the next six months. 1 2 3 4 5 6 7
3. Likelihood you will leave this job in the next year. 1 2 3 4 5 6 7
4. Likelihood you will leave this job in the next two years. 1 2 3 4 5 6 7

How often, if ever, have you seriously considered quitting your present job? (Circle your response)

1. Never 2. Seldom 3. Occasionally 4. Often 5. All the Time

Compensation

The next three questions will tell us something about how you are paid. We would like to know how much of your pay comes from bonuses, commissions, and other performance-based mechanisms. This includes any performance awards that you expect.

1. The percentage of my income two months from now that is dependent on my sales results between now and then is:

   ________________________________

2. The percentage of my income six months from now that is dependent on my sales results between now and then is:

   ________________________________

3. The percentage of my income twelve months from now that is dependent on my sales results between now and then is:

   ________________________________
Your responses to the demographic questions below will be used for research purposes only. Individual responses are kept strictly confidential. Please circle the correct response or fill in the requested information.

**Individual Data**

A. **How long have you been with your company?**
   ____________________________
   ____________________________

B. **What is your gender?**
   ____________________________
   1. Female
   2. Male

C. **Race?**
   1. African American
   2. Asian/Pacific American
   3. Caucasian
   4. Hispanic
   5. Other

D. **Height**
   ____________________________

E. **Weight.**
   ____________________________

F. **Number of Dependents**

G. **Home Widower**
   1. Are you buying your home? **Yes** **No**
   2. If yes, amount of mortgage __________________

H. **Highest grade level completed:**
   __________________
   (Example: High School Graduate = 12)

I. **What is your**
   1. African
   2. Asian/Pacific
   3. Caucasian
   4. Hispanic
   5. Other

J. **Marital Status**
   1. Single
   2. Married
   3. Widow (or
   4. Divorced

K. **1998 Income**
MEMORANDUM

TO: Dr. Mary Margaret Livingston
FROM: Deby Hamm, Graduate School
SUBJECT: HUMAN USE COMMITTEE REVIEW
DATE:

The following Human Use Research Proposal has been submitted for an EXPEDITED REVIEW:

Please initial this transmittal letter and return it to me when you approve as is, or recommend changes to this proposal.

Accepted by Deby Hamm, Graduate School

Changes Recommended by Dr. Livingston:

Approved by Dr. Livingston:

Approved by Dr. Terry McConathy:

COMMENTS:
REFERENCES


Barnard, Chester I., (1938). *The Functions of the Executive*. Cambridge, Ma.: Harvard University Press,


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Levinson, H. (1973) *The Great Jackass Fallacy*. Division of Research, Graduate School of Business Administration, Harvard University, Boston, Massachusetts.


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