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Driving cross selling in South African business to business firms

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Driving Cross Selling in South African business to business firms

Mpho Makhene

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in the field of Strategic Marketing

Johannesburg
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ABSTRACT

Cross-selling remains the easier and most cost effective option for companies to grow revenues and achieve profitability as compared to growing revenue by acquisition of new customers. Many firms are seeking to grow their revenue and achieve high levels of customer loyalty. These firms and industries across the world are turning to cross selling as the solution. Many factors, such as merger and takeovers, result in firms having multiple product lines and silos with sales people focused according to these product divisions. What becomes more difficult is identifying which factors will lead to more integrated teams that are motivated to engage in cross selling.

This study seeks to address some of the challenges that result in lower motivations levels of sales people to engage in cross selling. Financial incentives, product knowledge and recognition are studies to determine their influence on motivation to cross sell products from other divisions in a firm.

A review of literature was conducted to study the influence of financial incentive, product knowledge and personal recognition on work motivation. These three constructs were then extended into a quantitative study of how they influence sales people's motivation to engage in cross selling.

The findings uncovered that salespeople consider product knowledge as a key inhibitor for them to engage in cross selling. The results also revealed a close contest with financial incentives and personal recognition also having positive influence on their motivation to engage in cross selling.

Consistent with existing literature from social studies, it cannot be overemphasised that product knowledge empowers sales people and gives them the confidence to cross sell in an industrial sales environment.

Key words: Sales, Cross Selling, Motivation, Financial Incentives, Recognition, Product Knowledge.

DECLARATION

I, Mpho Makhene, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Mpho Makhene

Signed at: Parktown

On the: 10 June 2015

DEDICATION

This report is dedicated to my wife, Mari Moloi-Makhene, and my kids, Keabetswe and Katlego Makhene. Thank you for your love and patience.

ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to the following champions:

Neale Penman: for your patient supervision, your guidance and uplifting encouragement through this research.

Hennie Gerber: Statistician: for your patience and holding my hand tightly through the statistics.

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CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to assess the influence of financial incentive, product knowledge and employee recognition on motivation to cross sell and to also develop a model that will help sales teams and their firms put in place strategies for a successful business to business cross selling in South Africa.

1.2 Context of the study

In the era of mergers and acquisitions, firms are often faced with the challenge of merging the different sales forces from the two merged firms that might have been focused around their respective product lines. In order to achieve efficiencies in sales operations and to drive down selling costs, it makes more financial sense to have salespeople that can sell different products from different divisions and business units. This study looks at how financial incentives, product knowledge and employee recognition can be applied to drive the uptake of cross selling initiatives in South African business to business firms.

1.3 South African business to business selling

Before and after the dot com boom in the early year 2000, business to business firms in South Africa and across the globe were faced with the then enormous pressure to grow revenue amid the tough competitive environment where revenue and profits were falling. Other than the pressure faced by South African firms due to the global financial meltdown, other industries in general have always been looking at ways to be efficient with their resources and to also increase their share of the market. Kumar, George, and Pancras (2008) illustrated that firms can increase their contribution margin for any given order when they introduce cross selling initiatives.

1.3.1 Introduction to cross selling

Keiningham, Cooil, Aksoy, Andreassen, and Weiner (2007) argued that when a firm goes beyond just focusing on retaining customers and is able to increase the revenue it earns from the same customer, it will add as much as ten times more value to the firm.

As firms seek to grow their revenue and drive down costs, firms across the world and in different industries are turning to cross selling as the solution. What becomes more and more difficult is identifying ways of motivating the sales teams to engage in cross selling. Other studies have focused on different aspects of cross selling. W. A. Kamakura, Wedel, de Rosa, and Mazzon (2003) looked at ways to cross sell using database marketing. Jasmand, Blazevic, and de Ruyter (2012) also looked at ways to cross sell in a customer support environment. Firms can look at customers' purchase history and suggest complementing products or suggest additional products based on this purchase history. In addition, the customer service environment can present the firm with opportunities to suggest additional products based on the problem presented by the customer.

Other firms considered cross selling as a way to improve profitability. Kumar, Shah, and Venkatesan (2006) and Kumar et al. (2008) established that cross selling directly or indirectly results in an increase in customer profitability.

Felvey (1982) argued that it is an easier option for institutions to grow their business by cross-selling services to their existing customers as compared to attracting new customers.

> "By implementing a cross-selling strategy, an organization can expand its customer relationships and gain a higher share of wallet, resulting in more stable business growth rates, stronger customer ties, less customer churn, and sustainable competitive advantages" (Ansell, Harrison, & Archibald, 2007)

Ansell et al. (2007) also credit cross-selling as a means to allow firms to develop and continue the relationship with their customers and thereby enabling

further sales opportunities. This situation can also be described as a one stop shop. Ness, Schroeck, Letendre, and Douglas (2001) make the case that since most companies earn 80% of their profits from 20% of their customers, it is important that companies are able to understand the value of existing customer relationships so that customer retention strategies can be optimized. Malms and Schmitz (2011) claim, in their investigation, that cross selling can be enhanced when firms establish the cross-divisional orientation that will incorporate organizational culture. They conclude that the degree to which a firm is ready for cross-selling depends on the cross-selling motivation of its sales force. Selling performance is defined as "the salesperson's perception of quantity of sales achieved, the quality of customer relations they maintain, and the knowledge they possess about their company's products, competition, and customer needs." In Krishnan, Netemeyer, and Boles (2002)'s study the benefits of product training on cross-selling success were examined, together with the effects of financial rewards on cross selling and how employee recognition programs lead to enhanced cross-selling performance.

1.3.2 Financial incentive, product knowledge and employee recognition as drivers of motivation to cross sell.

Various studies have contrasted industries generally held view that employees are motivated by financial rewards. It is a general practice across different industries for firms to reward good performance. Other studies have argued that when employees possess the required knowledge about the product, they gain confidence and they perform their work better. Some social studies have considered the effect of acknowledging and recognizing employee performance as one of the drivers of work motivation. The question now becomes which of the three variables will drive cross selling better. This study looks at the literature on financial rewards, product knowledge and employee motivation to develop the scale used to measure their effect on the motivation to cross sell.

We also consider the salesperson as different to other workers in terms of what motivates them. A case has been made that salespeople are systematically different in their motivations as compared to workers in other occupations.

> “Those individuals who are aggressive and relatively high in financial motivations eventually seek out such occupations as salesmen . . . the typical salesman is financially motivated far more strongly than the average employee in his company.” (Smyth, 1968, p. 109)

Walker Jr, Churchill Jr, and Ford (1977) developed a model that suggests that the salespeople's perceptions, the types, amounts of rewards, the extent to which he or she values these rewards, will strongly influence his motivation to perform optimally. While we hold true this knowledge that financial rewards will motivate salespeople to perform better, we extend this definition of performance to include performing cross selling activities.

1.4 Problem statement

1.4.1 *Main problem*

How to drive motivation to cross sell in South African business to business firms by assessing the effect of product knowledge, financial incentives and personal recognition programmes for sales people.

Although much research has been conducted on what motivates sales people to perform, few studies have focused on the challenges faced by firms with multiple product lines across multiple divisions. From the organizational efficiencies alone, one can agree that it is much more efficient to have salespeople that are selling multiple products to a single customer, rather than having multiple salespeople selling multiple products to the same customer. Cross selling offers the solution to this problem. Little is known about the effect and the extent of financial incentives; product knowledge and personal recognition have on cross selling success.

1.4.2 Sub-problems

Sub-problem one: The influence of financial incentive, product knowledge and recognition on motivation.

Sub-problem two: The influence of financial incentive, motivation and recognition on cross selling.

Sub-problem three: The influence of financial incentive, product knowledge and recognition on cross selling.

1.5 Significance of the study

The key purpose of this study is to improve cross selling efforts and grow revenues by driving cross selling across different product divisions. This study contributes to the existing knowledge on cross selling and further addresses failures of cross selling efforts in organizations. This study only focuses on how

financial rewards, product knowledge and recognition influence motivation for salespeople engaged in cross selling.

The study further provides guidance to firms involved in selling multiple products and associated services, to academics and strategy advisory firms involved with the business that seeks to grow their product lines or seeking to acquire other firms with additional product lines.

Ultimately, this research has developed a model that will help sales teams and their firms put in place strategies for a successful business to business cross selling in South Africa.

1.6 Delimitations of the study

- The study was limited to South Africa firms with some firms having operations in the African continent.
- The study was limited to sales manager, sales engineers and key account managers etc.
- This study looked at only three factors that may have an influence on the motivation of sales people to engage in cross selling.
- This study considered respondents that only worked in firms that sold to other firms, also known as business to business (B2B) sales.
- This study assumes there are no structural organizational boundaries that prohibit sales of bundled products.

1.7 Definition of terms

Cross selling is broadly described as a practice of selling additional products from other divisions than the ones that the customers were initially enquiring about.

“When customers purchase more products or services from the same firm, they are known to extend the duration of their relationship with the firm” (W. A. Kamakura et al., 2003)

Firm, business and company are used throughout and refer to a legal entity that trades in goods and services.

Financial incentives refer to other forms of payments over and above the normal monthly remuneration.

Product knowledge refers to knowledge about the product that extends beyond the products description and relates to knowledge about the functional uses and benefits of the product. This knowledge is often a key competency required when presenting the product to potential customer.

1.8 Assumptions

The following assumptions were made in relation to this research:

(a) The respondents reflected their normal perspectives as they relate to their current sales roles.
(b) The respondents grasped the concept of cross selling as was defined in the e-mail.
(c) The respondents did not possess any bias towards their firms or particular view.
(d) Firms that are represented by respondents are facing similar challenges and all the questions in the questionnaire will be applicable.
(e) The sensitivity of topics, such a financial incentives, did not play a role in influencing the openness of the responses.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction to Cross selling

W. A. Kamakura et al. (2003) describe cross selling as a practice where the customers purchase more than one product or service from the same firm and they are further known to extend their relationship with the firm. Cross selling can also take a form that is often referred to as “up-selling”. Ansell, Harrison and Archibald (2006) describe up-selling as inducing the customer to buy enhanced version of the required products, upgrades and add-ons. Butera (2000) describes cross-selling as the practice of selling additional products and services to existing customers in addition to the ones the customer is currently buying. Valentin Ngobo (2004) describes cross-buying as the customer behaviour of buying additional products and services from the same firm.

There are benefits to customers as well, customers benefit from having fewer points of contact when looking to buy products. Having fewer salespeople to interact with results in reduced administrative costs, reduced errors and time saved. Besides the positive aspects of cross selling already discussed in this study and other studies, such as increasing the reliance on the company, W. A. Kamakura et al. (2003) highlight the point that the company is able to derive a generally positive relationship with the customer and this further makes the link between the user and the provider much stronger.

Malms and Schmitz (2011) argue a case that firms will benefit from focusing on their current customers rather than constantly striving to acquire new customers and the common sales strategy for achieving this is cross-selling. Wagner A Kamakura, Ramaswami, and Srivastava (1991) looked at cross-selling in the financial services firms and discovered that, when customers take up additional products, firms get a larger proportion of customer resources, customers switching costs are increased and this ultimately results in a higher probability of customer retention.

2.2 Background discussion on work motivation theories

Scholars have since looked at various ways that can motivate employees to perform better at their respective jobs. Studies have been undertaken to determine broadly how certain behaviours can be influenced or enhanced. Prospects of these studies promised to revolutionize many things. One of the theories that were formulated during this era, in 1960, was the theory of Goal Setting. Locke (1969) discovered that the act of specifying targets did actually enhance performance. Steers and Porter (1974) also discovered that specifying the goal, the level of how difficult the goal is and the level of commitment to the goal actually did enhance the performance of the task.

Adams (1963) came up with equity theory that seeks to explain how employees respond cognitively and behaviourally to work situations that they perceived to be unfair. He argued that employees will be influenced to act differently when they were underpaid or overpaid. The theory of goal setting and equity is used widely in the workplace to manage performance of individuals and teams from the blue collar worker to top level executives. Sales managers now embrace concepts such as management-by-objectives, where salesmen have sales targets set for them to achieve on a monthly, quarterly or annual basis.

While these theories looked at ways to improve overall performance, the purpose of this study is to look at similar theories and how they can be applied in a combination or individually to enhance the efforts of cross selling in South Africa. Sales people have often been described as unique in their personalities. What motivates sales people in particular is different to what motivates other employees. While salespeople are relied on by their companies to bring in revenues and drive profitability, they are often expected to sell the company's product to multiple users. Salespeople are required to possess a certain level of knowledge about the application and benefits of their products. The situation develops where the firm expands into multiple product lines or where the firm acquires another firm with complementing product lines. Another situation arises due the market demanding a total packaged solution rather than just one or two products.

2.3 Motivation

Pritchard, Campbell, and Campbell (1977) broadly define motivation as the amount of effort expended in work-related tasks. This study extends this theory on work motivation to the sales environment as well. It has also been argued that motivated employees are high performing employees. It has been argued extensively that salespeople can be motivated by both the financial and non-financial rewards to perform consistently.

Motivation is also defined as “willingness to exert high levels of effort toward organizational goals, conditioned by the effort’s ability to satisfy some individual need.” (Robbins, Judge, Millett, & Boyle, 2013, p. 36)

Brown and Peterson (1994) define motivation as an internal psychological state that stimulates a person to engage in a particular behaviour and it helps us to consciously make choices when we are faced with many alternatives. The challenge that is faced by many sales people in South Africa is acquiring the product knowledge that is required to sell a specific product. This situation is made worse by the fact that products are constantly being improved and new products added. Another dimension is brought about by having to constantly learn the different products and their applications for different industries.

Greenberg and Baron (2008) argue that there is a positive correlation between employee motivation and job performance. When sales people are motivated, their job performance as far as selling from a wider product selection improves. Jaramillo, Locander, Spector, and Harris (2007) emphasise the fact that we need to understand motivation theories in order to understand human behaviour which will in turn lead us to understand job performance. Jaramillo et al. (2007) also found that the salesperson’s initiative will enhance the relationship between intrinsic motivation and adaptive selling.

2.3.1 Content theories on motivation

The content theory, also known as substantive theories, was theorised by the likes of Maslow, Alderfer, Douglas and Herzberg.

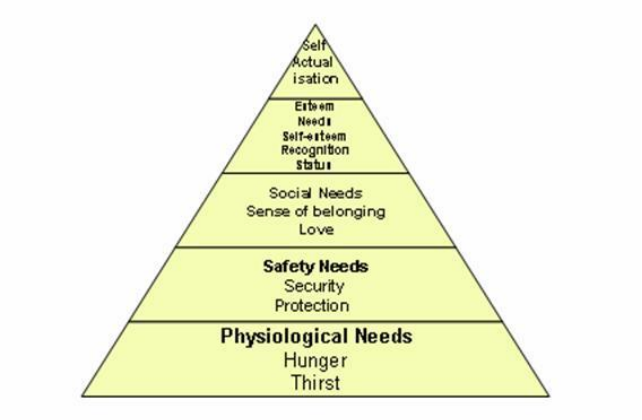


Figure 1: Maslow's model of the hierarchy of needs (Maslow 1971)

Maslow (1943), in his theory of human motivation, argues that people are forever wanting and not satisfied with what they currently have. He describes people as always striving for better circumstances and in a progressive way. Maslow's theory takes a form of a hierarchy that is based on two groups of needs: Level one to four forms the deficiency group and level five forms a growth need. Maslow's five levels provide a valuable basis to understand what motivates sales people and how to best reward and recognise them to engage in the practice of cross selling.

His theory suggests that while individuals develop, they work their way up the ladder of the hierarchy of needs based on fulfilling a series of needs in the order of priority, including physiological, safety and security, belongingness, esteem and self-actualization. Maslow's level of physiological needs consists of people's needs to breathe, drink water, to eat and to have proper and adequate ablution facilities. Companies can provide meals and exercise facilities to ensure the physiological needs of their sales people and improve comfort in the working environment. Maslow's level of safety needs relates to people's need for safety, physical health and employment security. The need for safety comes after the physiological need is achieved. This level is important because sales

people need to feel safe about their jobs while they venture into selling other product lines.

Maslow's level of belonging and love needs, suggests once a sales employee fulfils their physiological and safety needs, the third layer of human needs is social. People's need for acceptance and to have a sense of belonging will motivate sales personnel to engage in cross selling. Companies can create social groups around a cluster of product lines to promote interaction and enhance a sense of belonging with all the sales people that are involved with other product lines.

Maslow's level of esteem needs, relates to people's needs to be respected and to respect themselves and also to respect others. Esteem needs can further be categorised into two levels. The lower level refers to fame, glory and respect. The higher level refers to achievement and competency. Companies can initiate programs to recognise and issue certificates dedicated to efforts of cross selling. These rewards can take a form of a progressive structure.

Maslow's level of self-actualization allows the individual sales personnel to showcase their full potential. Top of the hierarchy of needs triangle is the self-transcendence level. Deficiency needs are basic needs. Employees soon reach a level where they are no longer motivated by these needs. They look to satisfy their growth needs by seeking to utilize their unique potential and by being the best. The growth needs are considered the best motivations and drivers of behaviour. Non-financial rewards, such as formal recognition and public praise, can be used by the employer to motivate cross selling behaviour.

2.3.2 *Alderfer's ERG theory of motivation*

Alderfer (1972) enhanced the knowledge on what motivates individuals. According to him, the individual's motivation is made up of the following needs: (E) Existence, (R) relatedness and (G) growth needs. Alderfer (1972) then defines the three ERG components as the need for growth, and the need to be related and the need to exist.

a) Growth: Needs within the person that makes a person engage in creativity activities for himself and his surroundings.

b) Relatedness: refers to how an individual get involved with others.

c) Existence: relates to all material needs and psychological needs.

The work environment must also be one where employees can interact on a social level with other employees. Schultz (1982) proposed that, when an employer supports its employees, they fulfil their need to relate to each other. The employer can support its employees by recognising and respecting them. As with Maslow's physiological and safety needs, employers can fulfil employees' needs for existence by providing fringe benefits and other forms of job security.

2.3.3 *Douglas Hall's age theory of motivation*

According to Hall and Mansfield (1975), employees age and seniority were related to the amount of various needs, aspirations for needs, importance of needs, satisfaction with needs, self-image, organizational climate, job challenge, job involvement, intrinsic motivation, perceived performance, and perceived effort. They concluded that the following career stages: early, middle, and late did exist and they have different variables that characterize the different stages.

Halls theory of motivation is further described by LaMotta (1995) as one where individuals early in their careers are seeking advancement, friendship, chances to advance their skills and money. Hall and Mansfield (1975)'s theory on motivation looks at one's chronological age as it relates to one's stage in their career. This theory takes the view that individuals have needs that are informed by the progress that their careers are making. They also categorize employees as follows:

- Employees under the age of thirty tend to rank a "good salary" as first in order of what is important on a job,
- Employees over fifty are more concerned with "interesting work".

Therefore recognition for employees between forty and fifty-five would be to be left alone to do their jobs in the best possible way and to be self-directed. Quality rewards and recognition should therefore be geared towards the needs of differently aged employees. It is thus evident that a "one size fits all" approach to reward and recognition would not work (LaMotta, 1995, p. 18).

2.3.4 *Herzberg's two factor theory of motivation*

Herzberg (1966) developed the theory of motivation in work settings that addressed the distinctions between the two major aspects of the work situation and classified them as motivators and hygienic factors.

This two-factor theory states that there are factors in the workplace that cause job satisfaction and there are also separate sets of factors that cause dissatisfaction. The two factor theory has come to be known as the motivation-hygiene theory and the dual-factor theory.

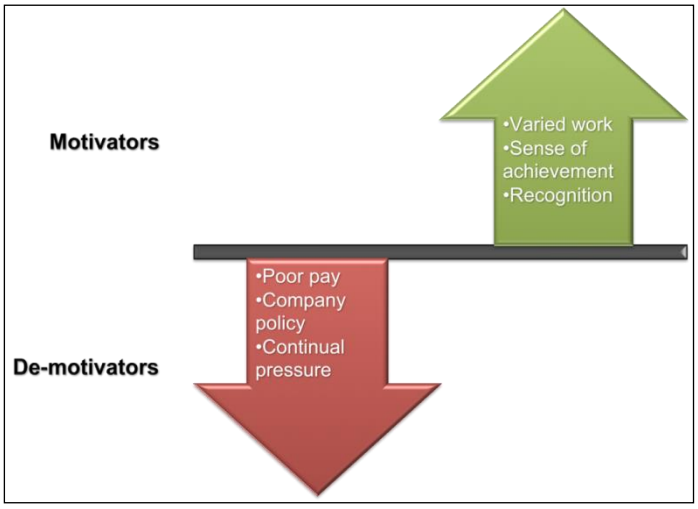


Figure 2: Herzberg's Two-Factor Theory (Herzberg, 1968; Herzberg, Mausner, & Snyderman, 1959)

According to Herzberg (1966) the two-factor theory on motivation, needs of employees can be classified into two categories: satisfiers and dissatisfies. Satisfiers are good at motivating the person to perform better and with added effort. Dissatisfiers on the other hand, only describe the work environment and act to guard against job dissatisfaction. Dissatisfiers do not necessarily influence or enhance job attitudes. Kotler and Armstrong (2010) further call these hygiene factors because they are merely preventative and part of the work environment. According to this theory of motivation, organisations must first address the hygiene factors in the work environment. Hygiene factors relating to salary, working conditions and supervision keep employees dissatisfied and must be removed first.

2.3.5 *Expectancy theory*

The expectancy theory, also known as mechanistic or process theory was theorised by the likes of Walker, Churchill, Ford and Skinner. Nel et al. (2004) have described the expectancy theory as one where the individual's actions and behaviour are motivated by believing that the desired results will follow. It may also be inferred that this theory indicates that sales people will engage in cross selling if they expect some form of reward to follow. It should be noted that the reward should follow the act or effort at cross selling rather than just high performance in one product. In general, the expectancy theory tells us that individuals are motivated to perform in a certain way based on their anticipation for the rewards. Walker Jr et al. (1977) expanded on Vroom's expectancy theory by further developing the model that will also predict the level of job performance. They concluded that a salesman's job performance relies on the following three multiplicative factors: (1) The level of motivation, (2) The sales aptitude or ability, and (3) The perceptions about how his or her role should be performed. The performance of the sales person is likely to be affected by one of the three above variables.

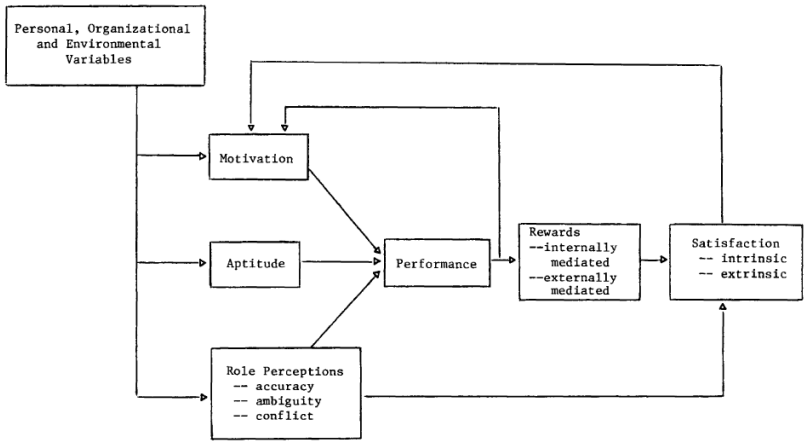


Figure 3. The model-determinants of salesperson's performance (Walker Jr et al., 1977)

The expectancy theory as articulated by Vroom states that "individuals think and will act in a rational way that will satisfy their needs and help them attain their goals." (Vroom, 1964, p. 45). Vroom's initial theory was to predict how much an

individual will expend his effort on work and his motivation to work. The strength of a tendency to act in a certain way depends on the strength of an expectancy that the act will be followed by a given consequence (or outcome) and on the value or attractiveness of that consequence to the actor (Vroom, 1964, p. 45)

Schultz (1982) describes the following elements of behavioural science that are part of quality recognition as:

a. Individuals behaviour is controlled by both positive and negative reinforcement as well as stimulus applied from the outside.
b. Under the same conditions, behaviour that is rewarded and reinforced tends to be frequently repeated.
c. In order for a reinforcement to be effective, it has to be timed correctly by rewarding the behaviour during or immediately after when it has occurred.

Reinforcement is most effective when it is timed correctly, that is, when it occurs during or immediately upon the conclusion of the behaviour that one wants to affect (Schultz, 1982).

The relevance of these theories is to show how South African business to business firms can create sales environments for their salesforce that will allow them to thrive. These theories provide important components that need to be present in a thriving work environment. According to the ERG theory, a thriving environment is one that allows the individual members of the sales team to grow, to relate to one another and to exist. Also, employers must first sanitise the work environment before they can expect to motivate employees. Employers must also create a working environment that can challenge their employees to utilize their expertise and therefore allow them to have a better sense of purpose and to feel more fulfilled.

Herzberg's two factor theory of motivation informs us that companies need to first address issues that keep their salesforce unhappy and dissatisfied before they can expect to motivate their salesforce to engage in cross selling.

Employers need to be mindful of not only what influences certain behaviours amongst sales people, but also how and when to motivate sales people to engage in cross selling.

2.4 Employee recognition as a motivator to engage in cross selling

According to the theory on work motivation by Lawler III (1973), expectancy attitudes were found to be significantly related to some measures of effort and performance. “Psychological Motives and Incentives Many marketing writers have recognized that psychological, nonmonetary incentives-such as recognition, opportunities for personal growth, and the like-are important in motivating salespeople.” (Walker Jr et al., 1977).

Formal employee recognition has also been studied as one of the non-financial rewards available to employers. I have chosen to include and study the effects of this variable because it is one of the reasons that sales people mention as de-motivators in selling other products offered by the firm. Most firms’ organizational designs in South Africa and the world are structured around the product that they manufacture and sell. This also results in the organizational design and sales people to sell one or few products. Even in organizations with complex structures, sales people or product managers will ultimately take the glory and will be recognised for sales of the products that belong to their product line. Lawler (2003) proposes that the most amount of motivation comes to people when they undertake tasks that are both intrinsically and extrinsically rewarding. Rewards that are provided by the company are considered extrinsic while the feeling of achievement, accomplishment and self-satisfaction are considered to be intrinsic.

The literature supports the view that recognising employees leads to a motivated workforce and overall improved employee performance. This, in turn, positions the company to deliver more sales across its product lines. Effective recognition enhances employee motivation and increases employee productivity, all of which contributes to improved organisational performance (Deeprose, 2006). While the current literature supports an argument for an improved unspecified performance, I am further extending the improved performance to include the efforts of the sales people to cross sell products from multiple product lines that the company sells.

2.5 Financial incentives as a motivator to engage in cross selling

Zboja and Hartline (2012) define incentives as financial rewards tied directly to the successful implementation of an initiative. Often companies will structure their financial incentives for their sales people to be in line with their sales objectives and sales targets. This results in sales people being encouraged to only sell the products for which they get rewarded. This study seeks to investigate whether financial rewards can further be used to motivate salespeople to engage in cross selling products from other divisions or product lines. This study builds on the existing knowledge and practice of incentivising sales peoples' performance with financial rewards.

Mitchell and Mickel (1999) looked at money as a motivator and how it relates to the reinforcement and expectancy theories with regard to using money as a form of reward. Reinforcement theory supports the notion that money will motivate employees because pay can be seen by the employee as a reward for performance. The expectancy theory, on the other hand, supports the view that employees will put in the required effort and the effort expended will result in the monetary rewards.

What the company is willing to pay for an employee's labour determines to a large extend the value that the organization places on the individual. Robbins et al. (2013) proposed the theory of equity which maintains that employees consider compensation as a way to measure the extent to which the firm values their contribution. It can then be seen that all theories consider compensation as a motivator. The theory of reinforcement, expectancy theory and the theory of equity continues to play a role in assisting corporates to justify and motivate executive remuneration.

Malms and Schmitz (2011) highlight the fact that often companies assign their salespeople clear product responsibilities with incentives schemes that go with only certain products. This often results in salespeople with less incentive to engage in cross selling. This goes without saying that those involved in sales

will tend to be biased toward selling the products which will gain them rewards. They will be motivated by the products that attract rewards.

Various scholars have since discussed financial incentives as a motivator for improved performance. There are credible studies that still prove that monetary rewards are the primary motivator for sales effort. Walker Jr et al. (1977) have also proposed that the pay package acts as the basic motivator whereas additional financial incentives, such as bonuses, play a part of inducing more and added effort. Steers, Mowday, and Shapiro (2004) argue that managers regard financial incentives as motivation and an important part of the performance driver across all levels. They go on to further emphasise that, based on the organizational research, it is regarded as a fundamental building block in developing theories that address effective management practice.

“The findings relative to rewards parallel other studies of reward preferences of salespeople which have found pay and promotion to be the most preferred rewards, well ahead of intrinsic rewards” (Churchill, Ford, Hartley, & Walker Jr, 1985; Ingram & Bellenger, 1983)

2.6 Product knowledge as a motivator to engage in cross selling

Churchill et al. (1985) have discovered that the type of products that the salesperson sells will determine a salespersons' performance. The degree of the complexity of the products will influence the confidence that the salesperson has when engaging in a sale of that product. Motivation affects the amount of effort expended performing the activities and ability affects the quality of the effort expended. (Weitz, Sujan, & Sujan, 1986)

Cross selling goes a step further when compared to selling an individual product. Selling an individual product without adding any value to the products is considered as "box dropping". Cross selling requires a certain level of selling skill that is coupled with product knowledge. Therefore, it can be inferred that cross selling requires "expertise" from a salesman. Churchill et al. (1985) allege that selling skills have received less attention in various studies that looked at the predictors of sales performance. Churchill et al. (1985) further quote a figure that only 178 of the total of 1653 correlations used a salesperson's skill as a predictor of performance. A focus on product knowledge amongst salesmen received even less attention in the studies that were conducted to look at what contributes to better performance amongst salespeople. Because we expect the salesperson to offer a wider range of products to customers, it becomes imperative for sales people to have a good knowledge of their products.

"Breadth of a salesperson's product portfolio should be an important mediator of cross-selling success, as should the firm's ability to motivate and prepare salespeople to engage" (Malms & Schmitz, 2011)

Adequate product knowledge is critical to give the salesperson the confidence and capabilities to engage in cross selling activities. Sales people are often considered knowledgeable and experts by their customers. Potential customers need to be sure that the sales person that is advising them on their choice of is product is technically capable to offer that advice.

Zboja and Hartline (2010) argue that training and incentives remain the two most important factors that are prominent when a firm needs to support its employees in cross-selling initiatives. We also see from the study by Futrell, Berry, and Bowers (1984) that sales training, rewards for selling, and support of the sales program are the most quoted priorities for increasing selling effectiveness in retail and wholesale banks.

Gist and Mitchell (1992) revealed in their study that self-efficacy can be learned through the process of sales force socialization, verbal persuasion, and it can also be learned by modelling successful performers. It was previously noted in various articles that self-efficacy can increase when workplace confidence increases through successful experiences. Bandura (1982) had originally conceptualized self-efficacy as the extent to which an individual believes himself or herself as capable of successfully performing a specific behaviour. Knowledge about a domain has been shown to have a substantial impact on performance in that domain (Anderson, 1982; Bettman & Park, 1980).

Cron, Marshall, Singh, Spiro, and Sujan (2005) argue that training and development is one of the two most important domains of the selling field.

2.7 Conclusion of Literature Review

Research question one: The influence of financial incentive, product knowledge and recognition on motivation.

- Financial incentive, product knowledge and recognition have a considerable effect on Motivation.

Research question two: The influence of financial incentive, motivation and recognition on cross selling.

- Financial incentive, motivation and recognition have a considerable effect on cross selling.

Research question three: The influence of financial incentive, product knowledge and recognition on cross selling.

- Financial incentive, product knowledge and recognition have a considerable effect on cross selling.

CHAPTER 3. RESEARCH METHODOLOGY

In this section, I have outlined the methodology that I have used to research the possible effect of the three research questions that seek to enhance cross selling in business to business in South African firms. I have also discussed the design of this research, together with the population and how the sampling was conducted. The research instrument, procedure, collection of data, how data was analyses and interpreted is also discussed. I have also stated the limitations to the study. I concluded this section with the discussion on validity and reliability.

3.1 Research Design

The research methodology used is a quantitative method using a survey for data collection. An online survey with questionnaires was used for this study. This survey approach was appropriate for this study since it allows me to gain a high representation of the population of sales people. This high representation will therefore result in good, statistically significant results. The survey approach also allows for low costs, more precise results and less observer subjectivity. The use of a survey in this study is however not ideal since my study deals with sensitive issues, such as financial incentives.

3.2 Population and sample

3.2.1 *Population*

A total of 549 individuals were targeted. Only individuals that are involved in sales of one or more products were targeted. The individuals chosen, work for businesses that supply products and services to other businesses in the region. Sales people with the role and mandate of selling, building and maintaining a relationship with business customers were targeted.

The list of respondents was compiled from a professional database accessed through Linkedin.com. The individuals in the study are connected to myself directly or connected to my connections.

A population of this study is made up of sales people across South African firms involved in services, product sales, long-cycle sales, and high value capital. A population of sales people was limited to only the sales people that interact with customers or are client facing.

3.2.2 Sample and sampling method

A purposive sampling method was used for this study. The sample was carefully selected on purpose due to their chosen profession and the job function that they perform. Their work roles were a considered factor due to the insight they provide to this study. Leedy and Ormrod (2001) describe purposive sampling as a technique whereby those who participate are chosen for a given purpose. No attempt was made to randomly select respondents. The results of this study are therefore not generalized and do not represent the general population.

The goal was to collect a minimum of 120 responses with about 100 complete and usable samples. The population was incentivised to participate with a lucky draw. The lucky draw promised a shopping voucher from Takelot.com to the value of R550.00 to take place on the 14th of February 2015.

94 respondents completed the survey and were used in the study.

3.2.3 *Profile of respondents*

Respondents are made up of professionals, lower management to senior management. Their work titles ranged from Sales Engineers, Sales Representatives, Key account managers, Account Managers, Sales Managers, Sales Directors, Business Development Managers, Business Managers and Channel Relationship Managers.

3.3 The research instrument

An online questionnaire made up of 29 questions was used. Six questions were background category questions and 23 questions were made up of seven scale opinion rating questionnaires.

For each construct, I asked questions that required the respondents' opinion of their situation as it relates to their work situation. The questions started with a statement that required the respondents to rate their level of disagreement or agreement. (Appendix A)

3.4 Procedure for data collection

An e-mail was sent to sales individuals requesting them participate in the study. (Appendix B) This e-mail contained a link to the on-line questionnaire created on Qualtrics.com. This list of individuals was taken from a database of online social media professionals by the name of Linkedin.com.

3.5 Data analysis and interpretation

Contingency tables based on descriptive statistics have been used to describe the extent to which the three variables will influence cross selling. A correlation analysis is used to examine whether there is a relationship between the variable elements. A regression analysis is used to determine the degree of influence between the variables.

3.6 Validity and reliability

Joppe (2010) explains validity as it relates to quantitative research as determining whether we are truly measuring what we intended to measure and the extent of the truth in our research.

3.6.1 *External validity*

"An experiment is deemed to be valid, inasmuch as valid cause-effect relationships are established, if the results are due only to the manipulated independent variable (possess internal validity) and are generalizable to groups, environments, and contexts outside of the experimental settings (possess external validity)" (Onwuegbuzie, 2000).

3.6.2 *Internal validity*

Cook, Campbell, and Day (1979) defined internal validity as the validity in which we may approximately infer a causal relationship between variables.

Internal validity can also be defined as how confidently you may claim that no other variable had an influence in the result. An exploratory factor analysis was used to test the validity of all the constructs used in the questionnaire

To test the validity of all the constructs (dimensions) in the questionnaire, an exploratory factor analysis was performed to determine if the individual questions load (or contribute) onto the constructs as intended in the questionnaire (Wiid & Diggines, 2010).

Factor analysis is a statistical method used to describe variability among observed variables in terms of fewer unobserved variables called factors (Wiid & Diggines, 2010).

Table 1: Factor Analysis

Number	Eigenvalue	Percent	Percent	Cum Percent
1	**6.6187**	28.777		28.777

Number	Eigenvalue	Percent	Percent	Cum Percent
2	**3.4088**	14.821		43.598
3	**2.5855**	11.241		54.839
4	**1.9790**	8.604		63.443
5	**1.4809**	6.439		69.882
6	0.9520	4.139		74.021
7	0.8360	3.635		77.656
8	0.6968	3.030		80.685
9	0.6219	2.704		83.389
10	0.5553	2.414		85.803
11	0.4544	1.976		87.779
12	0.4353	1.893		89.672
13	0.4075	1.772		91.443
14	0.3796	1.650		93.094
15	0.3480	1.513		94.607
16	0.2913	1.266		95.873

Number	Eigenvalue	Percent	Percent	Cum Percent
17	0.2547	1.107		96.981
18	0.1948	0.847		97.828
19	0.1665	0.724		98.551
20	0.1235	0.537		99.088
21	0.0983	0.428		99.516
22	0.0841	0.366		99.882
23	0.0272	0.118		100.000

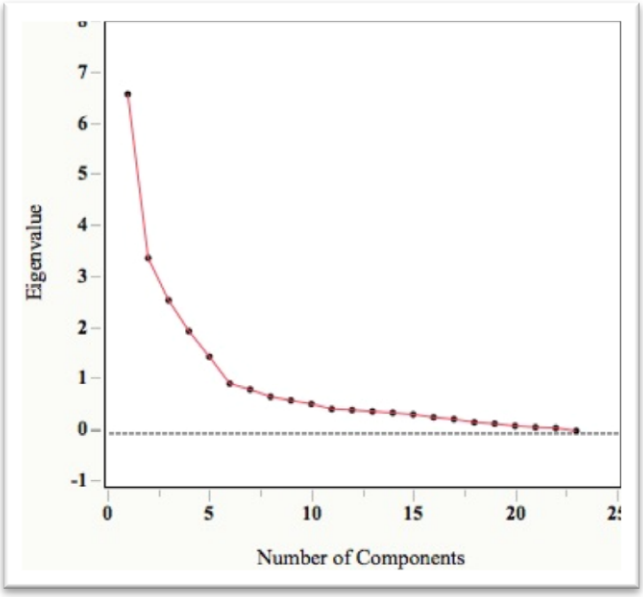


Figure 4: Scree Plot

Conclusion: There must be 5 factors. The output shows 69.88% cumulative variance is explained by 5 factors. Five factors have Eigen values larger than 1. This means that the items may be reduced to 5 factors. Five factors will be used for the rotation.

Table 2: Rotated factor loadings

	Communality	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Q2_1 I am financially rewarded by commission or a split in commission	0.49	**0.65**	0.17	-0.1	0.02	0.15
Q2_2 My commission structure depends on me selling other	0.67	**0.75**	0.29	0.08	-0.0	0.11
Q2_3 The other products increas my commission in the same way as my	0.70	**0.83**	0.07	0.07	-0.0	0.09
Q2_4 Selling other products increases my commission	0.95	**0.93**	0.11	0.23	0.06	0.09
Q2_5 The commission from the other products makes it worthwhile	0.94	**0.91**	0.16	0.28	0.05	0.07
Q3_1 Present an extensive product range offered by the company.	0.61	0.16	-0.0	**0.76**	-0.1	0.03
Q3_2 Address the needs of the customers with those products.	0.85	0.06	-0.1	**0.89**	0.19	0.09
Q3_3 Identify and recognize opportunities in the market.	0.42	0.22	0.05	**0.56**	0.23	0.08
Q3_4 Have confidence in discussing with the customer about other products.	0.34	0.05	0.03	**0.54**	0.17	0.13
Q3_5 Modify my sales presentation to cater for additional needs.	0.51	-0.0	0.12	**0.60**	0.36	0.07
Q4_1 Praised	0.47	0.18	0.61	-0.1	0.09	0.21

	Communality	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Q4_2 Acknowledged.	0.86	0.13	0.91	0.08	0.08	0.09
Q4_3 Recognized for such	0.88	0.13	0.92	0.10	0.06	0.07
Q4_4 Personaly recognized for selling other divisions' products	0.66	0.24	0.77	0.01	0.13	0.02
Q5_1 I feel positive to sell other divisions' products.	0.39	0.24	0.02	0.22	0.41	0.34
Q5_2 I feel confident in the other division's products.	0.60	0.17	0.19	0.18	0.26	0.66
Q5_3 I have the drive to sell other divisions' products.	0.79	0.16	0.10	0.13	0.11	0.85
Q5_4 I am enthusiastic about selling other divisions' products.	0.84	0.10	0.10	0.06	0.24	0.87
Q6_1 I always offer products from other divisions.	0.37	0.16	0.01	0.18	0.55	0.05
Q6_2 I believe offering other divisions products will benefit the company.	0.61	0.01	0.04	0.11	0.77	0.08
Q6_3 I believe offering other divisions products will benefit the customer.	0.72	-0.1	0.24	0.23	0.76	0.13
Q6_4 I believe offering other divisions products will benefit me.	0.40	-0.1	0.01	-0.0	0.59	0.22
Q6_5 We should sell a solution rather than a product.	0.25	-0.1	0.15	0.25	0.40	0.08

Exploratory factor analysis was applied to responses to the 23 questions. The maximum likelihood method was used to extract the components, and this was followed by a varimax (orthogonal) rotation. Only the first five factors exhibited Eigenvalues greater than or near 1; results of a scree plot also suggested that only the first five were meaningful. Therefore, only the first five factors were retained for rotation. Combined, the first five factors accounted for 69.88% of the total variance. Scale items and corresponding factor loadings are presented in Table 2.

In interpreting the rotated factor pattern, an item was said to load on a given factor if the factor loading was 0.40 or greater for that factor and less than 0.40 for the other. Using these criteria:

- Five items were found to load on the first factor, which was subsequently labelled “Financial incentive”.
- Four items were found to load on the third factor, which was subsequently labelled “Product Knowledge”.
- Four items were found to load on the second factor, which was subsequently labelled “recognition”.
- Four items were found to load on the fifth factor, which was subsequently labelled “Motivation”. Although question 5.1 loaded on factor 4 (factor loading = 0.4) instead of factor 5 (factor loading = 0.34), it was decided to keep it with factor 5 because it made more sense. It can also be seen as a limitation that can be investigated further in future studies.
- Five items were found to load on the fourth factor, which was subsequently labelled “Cross Selling”.

3.6.3 *Reliability*

A reliability test was performed to test and assess how reliable each of the five constructs that I have used in my questionnaire and research questions were. Item analysis was done using Cronbach's Alpha values. Item analysis was performed to evaluate the reliability of the different constructs in the questionnaire.

Joppe (2010) as cited in Golafshani (2003) explains reliability as the degree to which the results are consistent over time and how accurate they are and if they are a representation of the total population under study, furthermore the research instrument is considered reliable if we can reproduce the results under a similar methodology.

"Reliability refers to the consistency of your measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. (Wiid & Diggines, 2010)

It is further mentioned by Wiid and Diggines (2010) that the overall Cronbach's alpha value for reliability is interpreted as follows:

Cronbach's alpha above 0.8 - good reliability

Cronbach's alpha between 0.6 and 0.8 - acceptable reliability

Cronbach's alpha below 0.6 - unacceptable reliability

A reliable Cronbach Coefficient Alpha value will ensure that each construct measured that same construct consistently.

Table 3: Summary report on the reliability of scale

Variables	Items	Items left Out	Cronbach's α	Reliability	Missing values
Financial	Q2.1 Q2.2 Q2.3 Q2.4 Q2.5	None	0.9246	Good	6
Product Knowledge	Q3.1 Q3.2 Q3.3 Q3.4 Q3.5	None	0.8321	Good	2
Recognition	Q4.1 Q4.2 Q4.3 Q4.4	None	0.8938	Good	3
Motivation	Q5.1 Q5.2 Q5.3 Q5.4	None	0.8395	Good	3
Cross Selling	Q6.1 Q6.2 Q6.3 Q6.4 Q6.5	None	0.7666	Good	4

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

Results for this study were obtained from 95 completed responses out of 549 sent questionnaires. This translates into a response rate of 17%.

The results in this section are presented in tables and graphs for all the questions. Tables reflect the number of respondents and the percentages for each question.

Graphs show a distribution score for each variable. A multivariate correlation table is presentable for ease of cross tabulation. A summary table is presented showing the average of the mean and standard deviation for the variables: financial incentive, product knowledge, recognition, motivation and cross selling.

Frequencies tables and graphs are presented to show the profile of the respondents.

A regression analysis is also presented for each of the three research questions:

1. The influence of financial incentive, product knowledge and recognition on motivation)
2. The influence of financial incentive, motivation and recognition on cross selling.
3. The influence of financial incentive, product knowledge and recognition on cross selling)

A graph to show the response motivation score and tables with summary of fit, analysis of variance and parameter estimates are also shown. And lastly, we show graphs with residual by predicted plot and prediction profiler.

4.2 Demographic profile of respondents

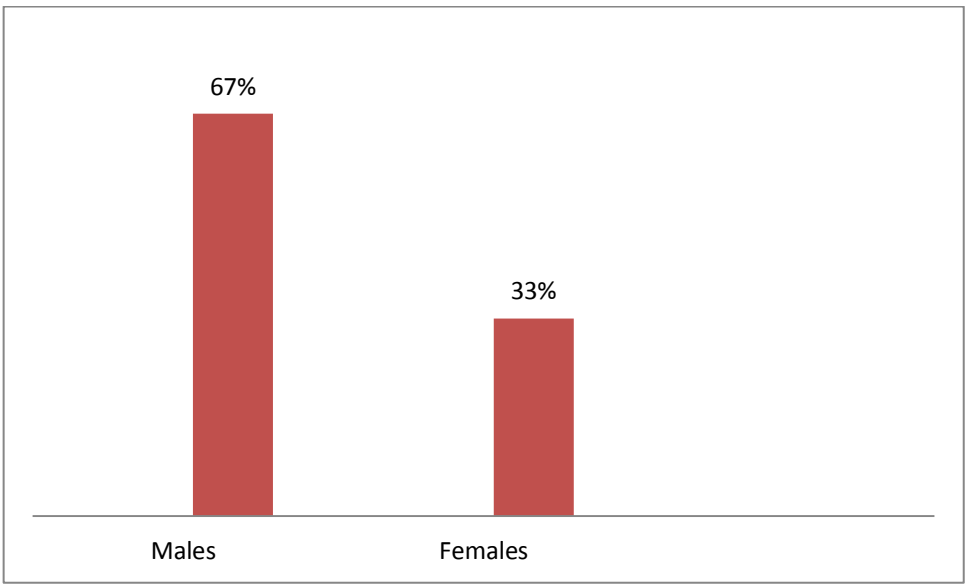


Table 4: Gender distributions of respondents

Level	Count	Percentage
Males	63	67%
Females	31	33%
Total	94	100%

Most of the respondents were males at 67% and 33% were females. There was only 1 missing response in the data used.

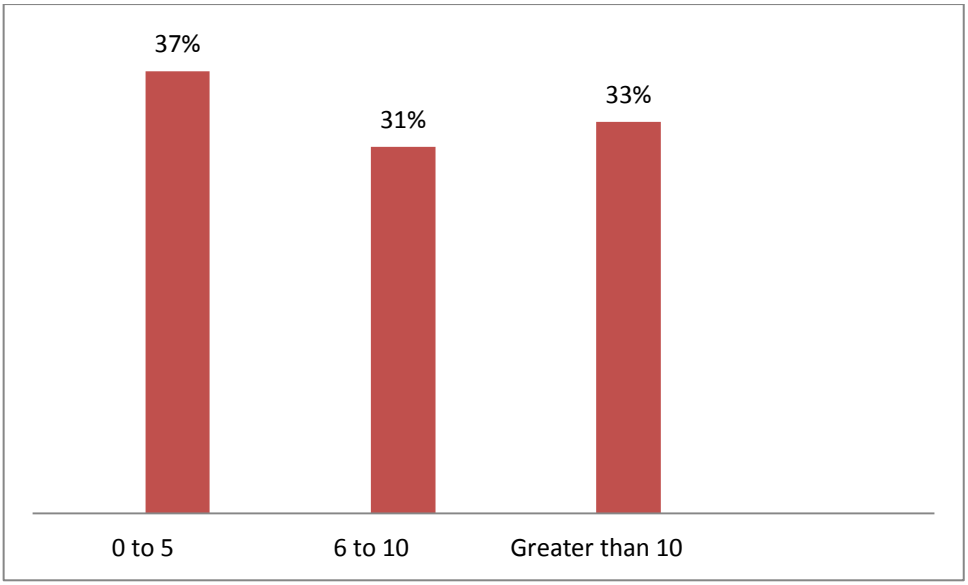


Table 5: Sales experience distributions of respondents

Years	Count	Percentage
0 to 5	35	37%
6 to 10	29	31%
Greater than 10	31	33%
Total	95	100%

The majority of the respondents had little sales experience with 37% of the respondents indicating 0 to 5 years of sales experience. Almost the same proportion of moderate to very experienced. 31% of the respondents had 6 to 10 years' experience and 33% of the respondents had more than 10 years of sales experience. There were no missing responses.

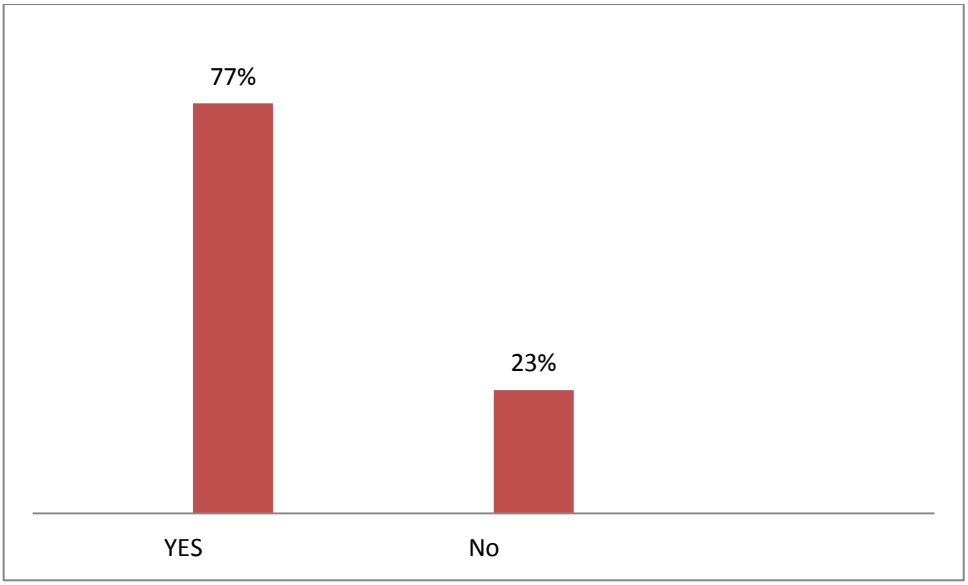


Table 6: Sales training distributions of respondents

Level	Count	Percentage
YES	73	77%
No	22	23%
Total	95	100%

An overwhelming majority of my respondents indicate that they have received some form of sales training during the course of their careers. 77% had received training while 23 had not received any form of sales training.

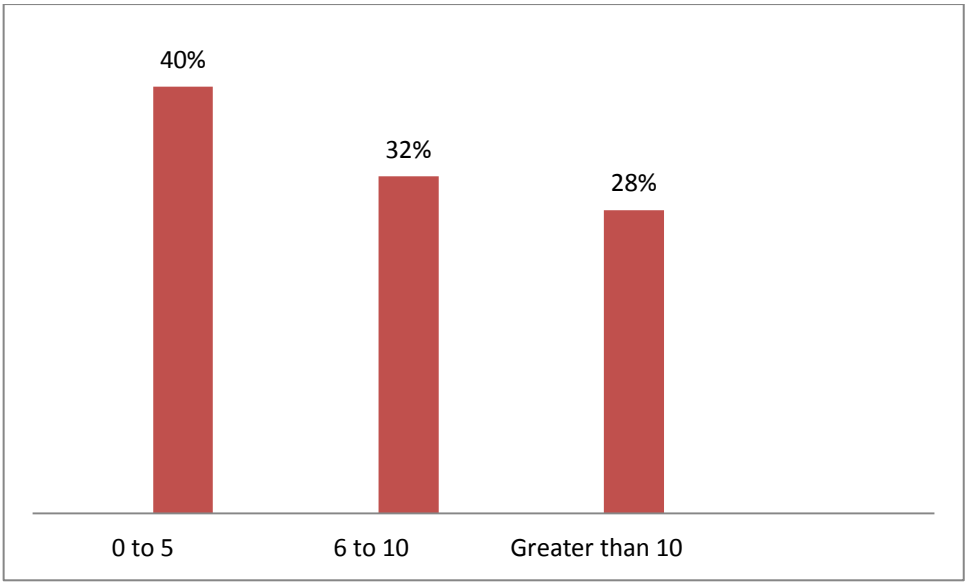


Table 7: Team sizes distributions of respondents

Level	Count	Percentage
0 to 5	38	40%
6 to 10	30	32%
Greater than 10	27	28%
Total	95	100%

40% of the respondents indicate that they belong to teams that were made up of members that consisted of 5 people or fewer. 32% of the respondents indicate that they belong to teams that had between 6 and 10 members.

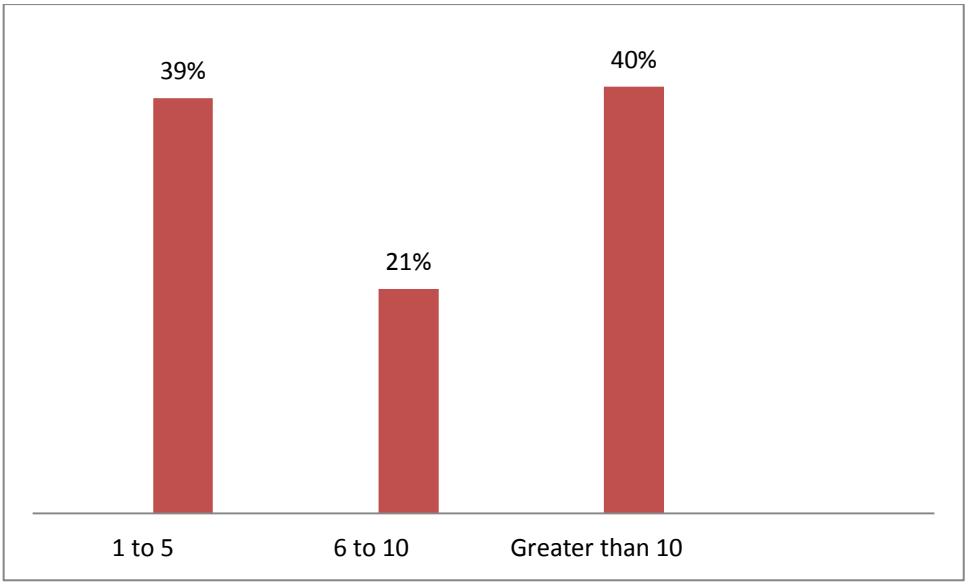


Table 8: Product lines distributions of respondents

Level	Count	Percentage
1 to 5	37	39%
6 to 10	20	21%
Greater than 10	38	40%
Total	95	100%

39% of the respondents indicated that they were responsible for selling 1 to 5 products. And 21% indicate that they were responsible for selling 6 to 10 products while 40% were responsible for selling more than 10 products.

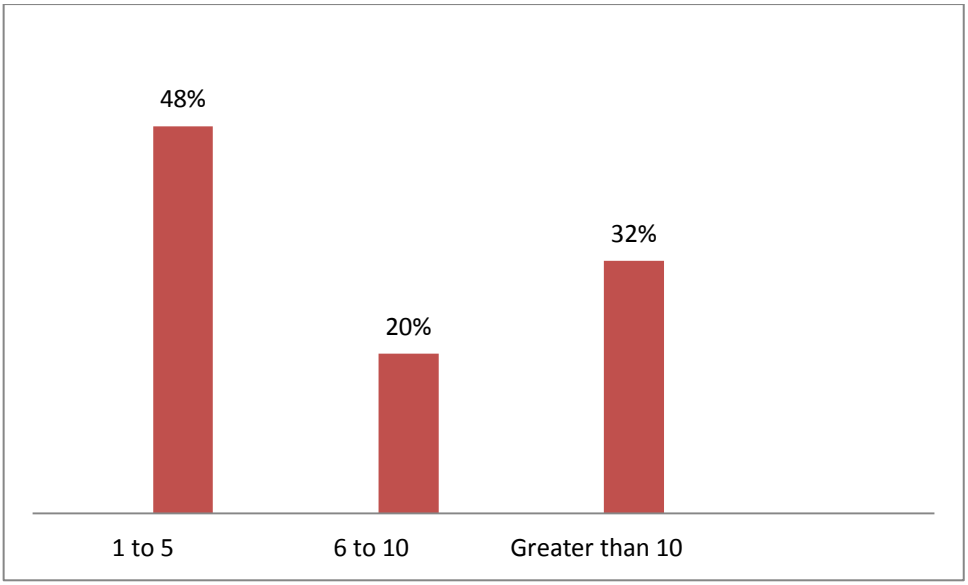


Table 9: Product lines or divisions distributions of respondents

Level	Count	Percentage
1 to 5	46	48%
6 to 10	19	20%
Greater than 10	30	32%
Total	95	100%

48% of respondents indicated that they work for firms with between 1 and 5 divisions and 20% indicated that their firms had had between 6 and 10 divisions while 32% worked in firms that had over 10 divisions.

4.3 Descriptive statistics

Table 10: Responses to financial incentive

I will consider offering or selling other products beyond my divisions' products if:														
	1 Strongly Disagree		2 Disagree		3 Somewhat Disagree		4 Neither Agree nor Disagree		5 Somewhat Agree		6 Agree		7 Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q2_1 I am financially rewarded by commission or a split in commission	6	6.52%	7	7.61%	2	2.17%	2	2.17%	14	15.22%	**32**	**34.78%**	**29**	**31.52%**
Q2_2 My commission structure depends on me selling other	16	17.39%	12	13.04%	4	4.35%	9	9.78%	20	21.74%	**20**	**21.74%**	**11**	**11.96%**
Q2_3 The other products increas my commission in the same way as my	10	10.99%	9	9.89%	3	3.30%	7	7.69%	17	18.68%	28	30.77%	17	18.68%
Q2_4 Selling other products increases my commission	8	8.70%	9	9.78%	5	5.43%	5	5.43%	13	14.13%	29	31.52%	23	25.00%
Q2_5 The commission from the other products makes it worthwhile	8	8.89%	8	8.89%	4	4.44%	6	6.67%	14	15.56%	31	34.44%	19	21.11%

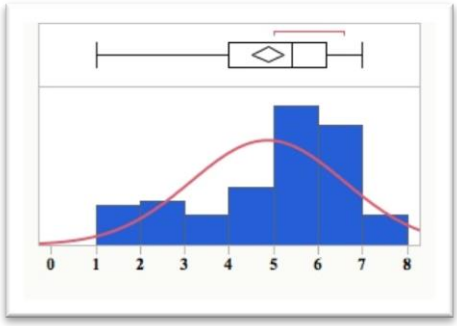


Figure 5: Financial Incentive score

- The graph above represents a distribution of the results to the questions on the financial incentive variable.
- Normal (Mean=4.87474, SD=1.72553)

Table 11: Responses to product knowledge

Knowledge of other divisions' products will empower me to:														
	1 Strongly Disagree		2 Disagree		3 Somewhat Disagree		4 Neither Agree nor Disagree		5 Somewhat Agree		6 Agree		7 Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q3_1 Present an extensive product range offered by the company.	1	1.09%	0	0.00%	1	1.09%	4	4.35%	7	7.61%	33	35.87%	46	50.00%
Q3_2 Address the needs of the customers with those products.	1	1.09%	1	1.09%	0	0.00%	3	3.26%	6	6.52%	29	31.52%	52	56.52%
Q3_3 Identify and recognize opportunities in the market.	0	0.00%	0	0.00%	0	0.00%	3	3.19%	3	3.19%	**32**	**34.04%**	**56**	**59.57%**
Q3_4 Have confidence in discussing with the customer about other products.	0	0.00%	0	0.00%	1	1.09%	3	3.26%	1	1.09%	**39**	**42.39%**	**48**	**52.17%**
Q3_5 Modify my sales presentation to cater for additional needs.	0	0.00%	0	0.00%	1	1.09%	2	2.17%	6	6.52%	34	36.96%	49	53.26%

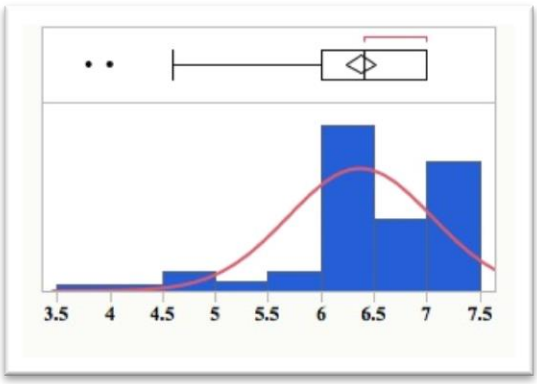


Figure 6: Product knowledge Score

- The graph above represents the distribution of the results to the questions on the product knowledge variable.
- Normal (Mean=6.37234, SD=0.68067)

Table 12: Responses to recognition

I will engage in selling other divisions' products or cross sell when I am:														
	1 Strongly Disagree		2 Disagree		3 Somewhat Disagree		4 Neither Agree nor Disagree		5 Somewhat Agree		6 Agree		7 Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q4_1 Praised	9	9.78%	13	14.13%	8	8.70%	22	23.91%	27	29.35%	6	6.52%	7	7.61%
Q4_2 Acknowledged.	5	5.43%	5	5.43%	6	6.52%	8	8.70%	21	22.83%	**26**	**28.26%**	**21**	**22.83%**
Q4_3 Recognized for such	6	6.38%	4	4.26%	5	5.32%	9	9.57%	17	18.09%	**34**	**36.17%**	**19**	**20.21%**
Q4_4 Personaly recognized for selling other divisions' products	5	5.38%	5	5.38%	6	6.45%	13	13.98%	20	21.51%	29	31.18%	15	16.13%

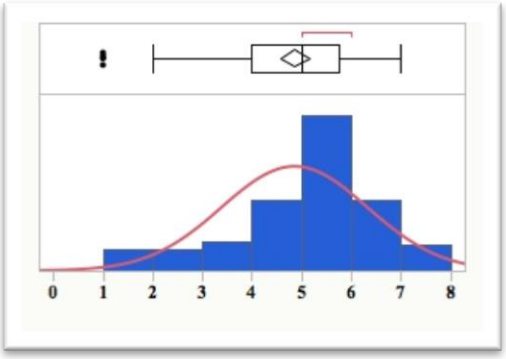


Figure 7: Recognition Score

- The graph above represents a distribution of the results to the questions on the recognition variable.
- Normal (Mean=4.86316, SD=1.47261)

Table 13: Responses to motivation

I feel motivated to engage in selling other divisions' products or cross sell when:														
	1 Strongly Disagree		2 Disagree		3 Somewhat Disagree		4 Neither Agree nor Disagree		5 Somewhat Agree		6 Agree		7 Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q5_1 I feel positive to sell other divisions' products.	1	1.11%	3	3.33%	2	2.22%	11	12.22%	14	15.56%	**36**	**40.00%**	**23**	**25.56%**
Q5_2 I feel confident in the other division's products.	2	2.17%	1	1.09%	1	1.09%	5	5.43%	12	13.04%	**42**	**45.65%**	**29**	**31.52%**
Q5_3 I have the drive to sell other divisions' products.	1	1.11%	3	3.33%	2	2.22%	9	10.00%	17	18.89%	43	47.78%	15	16.67%
Q5_4 I am enthusiastic about selling other divisions' products.	1	1.10%	3	3.30%	1	1.10%	6	6.59%	21	23.08%	39	42.86%	20	21.98%

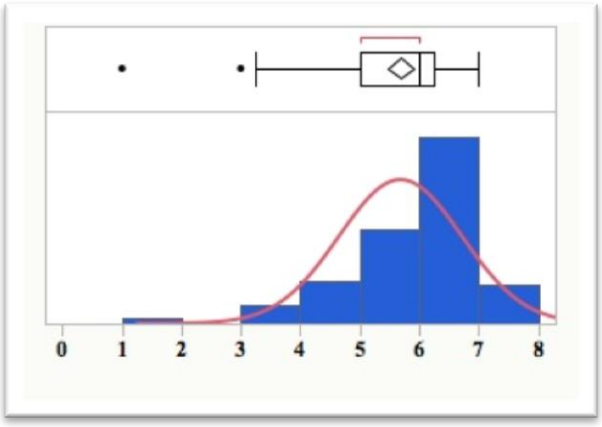


Figure 8: Motivation score

- The graph above represents a distribution of the results to the questions on the motivation variable.
- Normal (Mean=5.68817, SD=1.03647)

Table 14: Responses to cross selling

	1 Strongly Disagree		2 Disagree		3 Somewhat Disagree		4 Neither Agree nor Disagree		5 Somewhat Agree		6 Agree		7 Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q6_1 I always offer products from other divisions.	1	1.09%	3	3.26%	4	4.35%	9	9.78%	32	34.78%	25	27.17%	18	19.57%
Q6_2 I believe offering other divisions products will benefit the company.	0	0.00%	0	0.00%	0	0.00%	3	3.26%	10	10.87%	37	**40.22%**	**42**	**45.65%**
Q6_3 I believe offering other divisions products will benefit the customer.	0	0.00%	1	1.08%	0	0.00%	8	8.60%	11	11.83%	25	26.88%	48	51.61%
Q6_4 I believe offering other divisions products will benefit me.	1	1.09%	2	2.17%	3	3.26%	9	9.78%	29	31.52%	27	29.35%	21	22.83%
Q6_5 We should sell a solution rather than a product.	0	0.00%	0	0.00%	1	1.06%	4	4.26%	1	1.06%	**17**	**18.09%**	**71**	**75.53%**

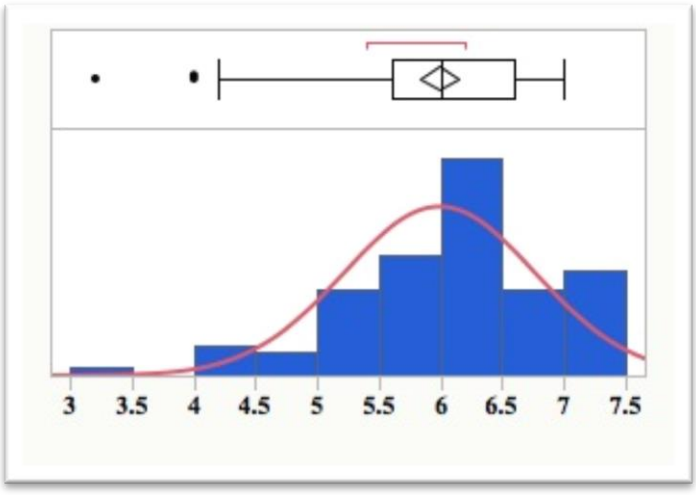


Figure 9: Cross selling Score

- The graph above represents a distribution of the results to the questions on the cross selling variable.
- Normal (Mean=5.99632, SD=0.7783)

Table 15: Summary of mean and standard deviation for all constructs

	Mean	Standard Deviation
Financial incentive score	4.87	1.73
Product knowledge score	***6.37***	***0.68***
Recognition score	4.86	1.47
Motivation score	5.69	1.04
Cross selling score	6.00	0.78

Table 16: Multivariate Correlations

Correlations Matrix	Financial incentive score	Product knowledge score	Recognition score	Motivation score	Cross selling score
Financial incentive score	1.0000	0.2613	0.3639	0.3285	0.0720
Product knowledge score	0.2613	1.0000	0.1038	0.3116	**0.3603**
Recognition score	0.3639	0.1038	1.0000	0.2966	0.2285
Motivation score	0.3285	0.3116	0.2966	1.0000	0.4505
Cross selling score	0.0720	0.3603	0.2285	0.4505	1.0000

There are 3 missing values in the table.

4.4 Results pertaining to research Question 1: The influence of financial incentive, product knowledge and recognition on motivation)

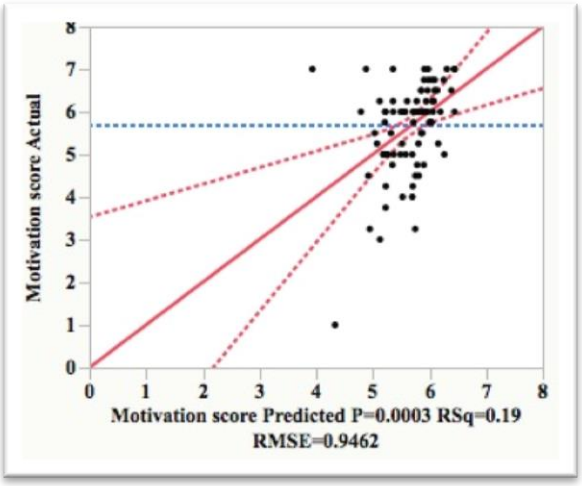


Figure 10: Response Motivation score, Whole Model, Actual by Predicted Plot

Table 17: Summary of fit of the regression for RQ1

RSquare	**0.193504**
RSquare Adj	0.16601
Root Mean Square Error	0.946215
Mean of Response	5.67663
Observations (or Sum Wgts)	92

Table 18: Analysis of Variance Table RQ1

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	3	18.903832	6.30128	**7.0380**
Error	88	78.788424	0.89532	**Prob > F**
C. Total	**91**	97.692255		0.0003*

This is the F test to test the significance of the overall model.

Table 19: Parameter Estimates RQ1

Term	Estimate	Std Error	t Ratio	Prob>|t|	Std Beta	VIF
Intercept	2.0199634	1.025073	1.97	0.0519	0	.
Financial incentive score	0.1134436	0.064008	1.77	0.0798	0.188757	1.237648
Product knowledge score	**0.3826219**	**0.163554**	**2.34**	**0.0216***	**0.232385**	**1.0766648**
Recognition score	0.136002	0.073494	1.85	0.0676	0.193333	1.1909688

T Test are done to show the significance or not of the independent variables in the model.

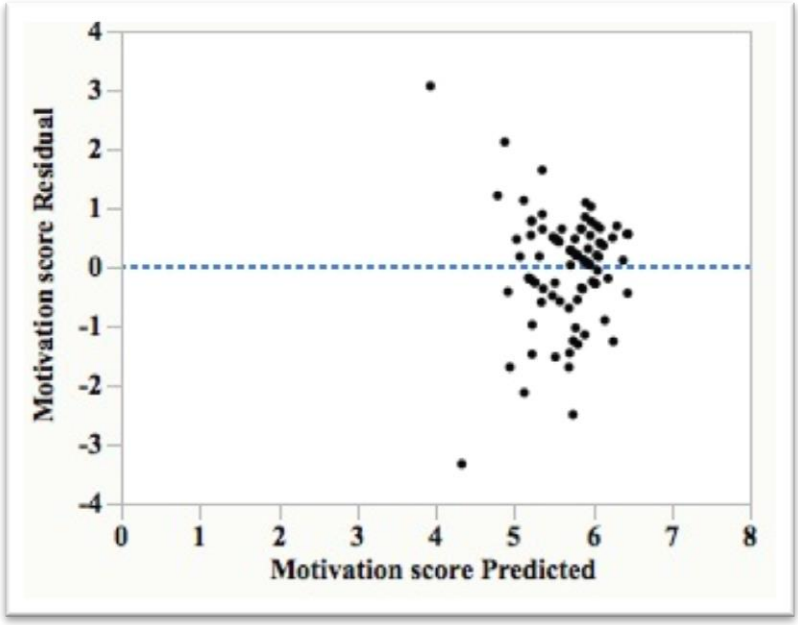


Figure 11: Residual by Predicted Plot RQ1

This figure 11 shows the residual plot. It must not show the partner. If it does, the fit of the model is inadequate.

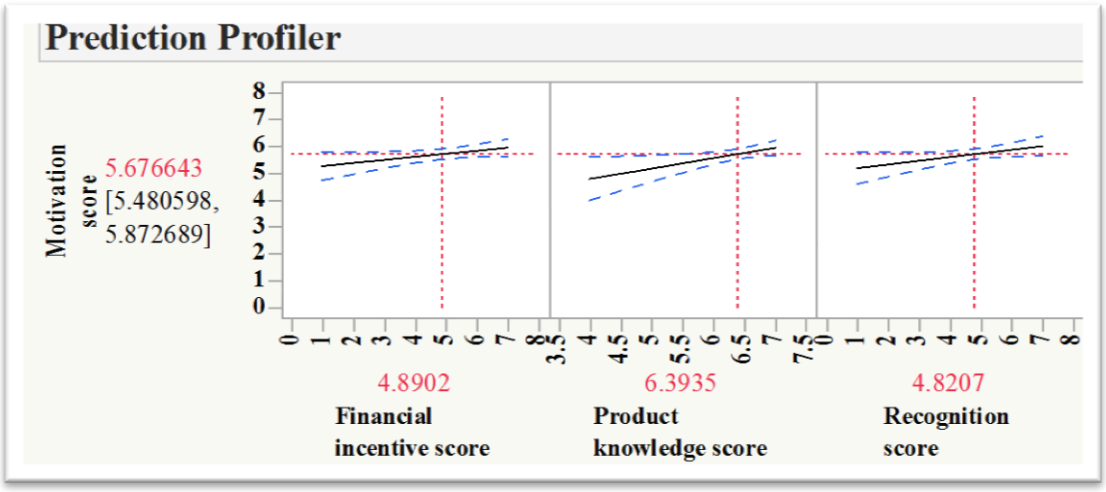


Figure 12: Prediction profiler RQ1

4.5 Results pertaining to Research Question 2: The influence of financial incentive, motivation and recognition on cross selling.

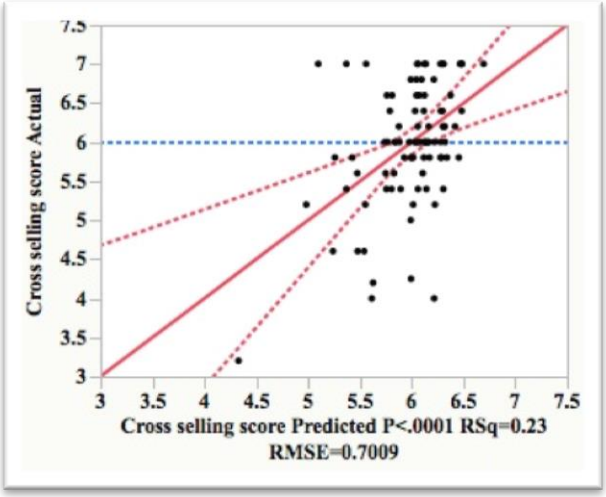


Figure 13: Response Cross selling score, Whole Model Actual by Predicted Plot RQ2

Table 20: Summary of fit RQ2

RSquare	**0.226694**
RSquare Adj	0.200627
Root Mean Square Error	0.700882
Mean of Response	5.991935
Observations (or Sum Wgts)	93

Table 21: Analysis of Variance RQ2

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	3	12.816459	4.27215	**8.6967**
Error	89	43.719992	0.49124	**Prob > F**
C. Total	**92**	56.536452		<.0001*

Table 22: Parameter Estimates RQ2

Term		Estimate	Std Error	t Ratio	Prob>|t|	Std Beta
Intercept		3.969062	0.42747	9.29	<.0001*	0
Financial incentive score		-0.057139	0.047507	-1.20	0.2323	-0.12581
Motivation score		**0.3415072**	**0.076399**	**4.47**	**<.0001***	**0.451528**
Recognition score		0.074756	0.055462	1.35	0.1811	0.139854

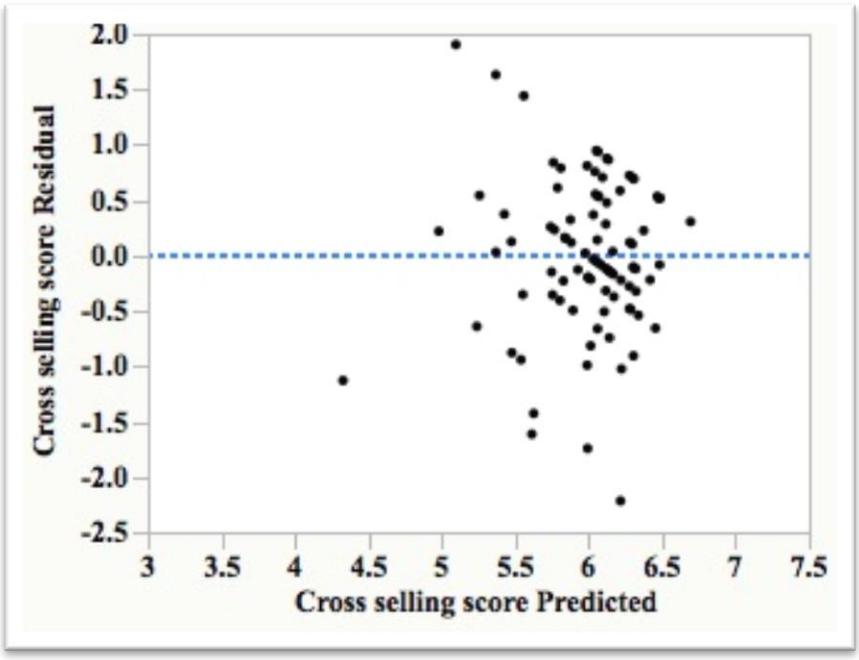


Figure 14: Residual by Predicted Plot RQ2

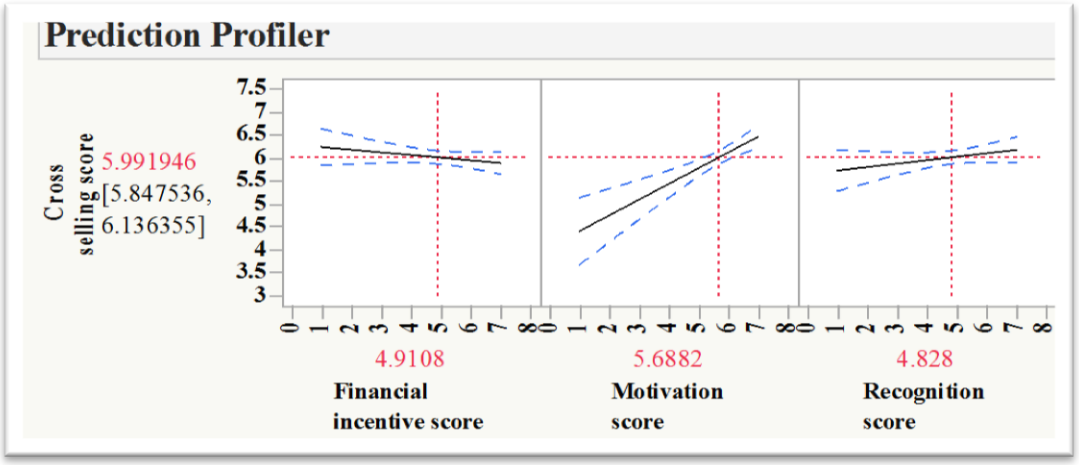


Figure 15: Prediction Profiler RQ2

4.6 Results pertaining to Research Question 3: The influence of financial incentive, product knowledge and recognition on cross selling.

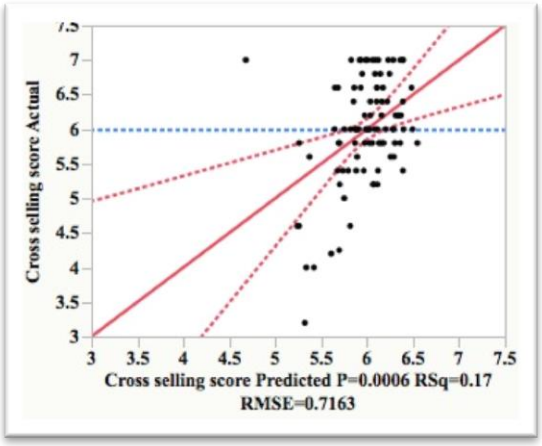


Figure 16: Response Cross selling score, Whole Model RQ3

Table 23: Summary of Fit RQ3

RSquare	**0.17415**
RSquare Adj	0.146621
Root Mean Square Error	0.71635
Mean of Response	5.985638
Observations (or Sum Wgts)	94

Table 24: Analysis of Variance RQ3

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	3	9.738992	3.24633	6.3262
Error	90	46.184120	0.51316	**Prob > F**
C. Total	93	55.923112		0.0006*

Table 25: Parameter Estimates RQ3

Term		Estimate	Std Error	t Ratio	Prob>|t|	Std Beta	VIF
Intercept		3.0234458	0.721395	4.19	<.0001*	0	.
Financial incentive score		-0.053543	0.047586	-1.13	0.2635	-0.11898	1.218494
Product knowledge score		**0.4133364**	**0.112897**	**3.66**	**0.0004***	**0.362816**	**1.0702156**
Recognition score		0.1211156	0.05387	2.25	0.0270*	0.231004	1.1504421

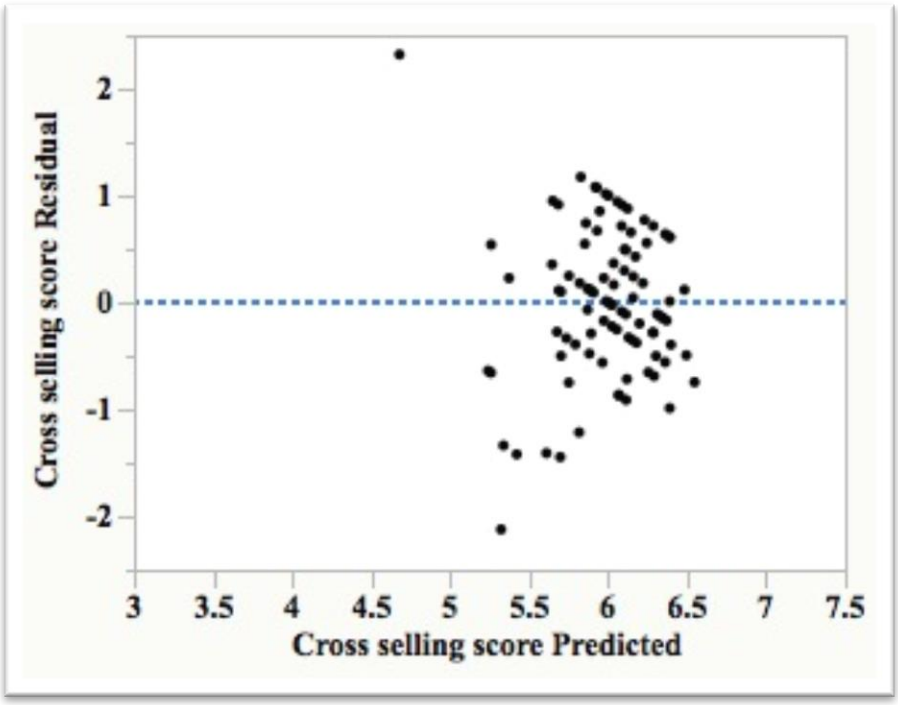


Figure 17: Residual by Predicted Plot RQ3

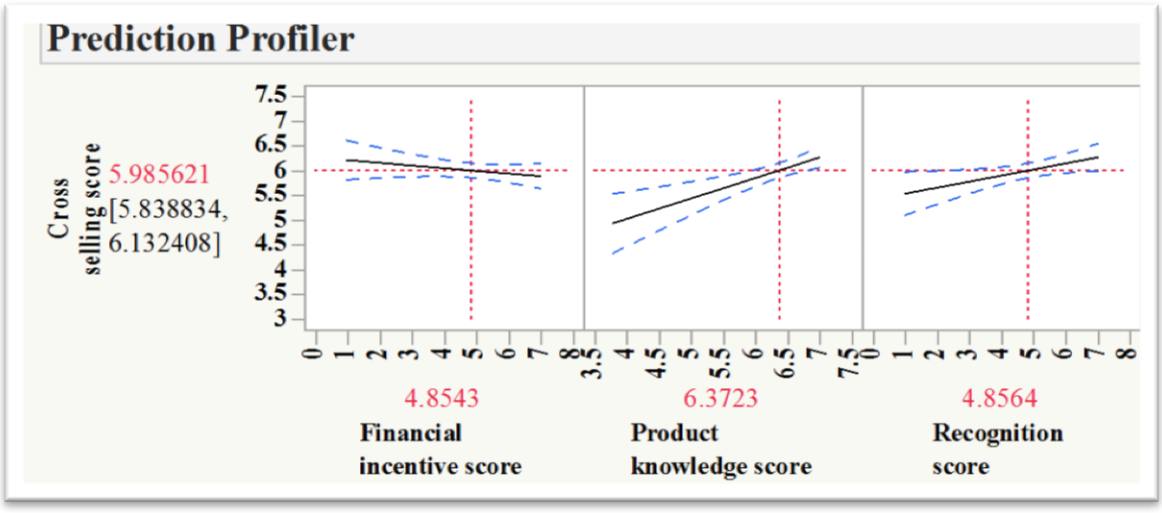


Figure 18: Prediction Profiler

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

In this section, an attempt is made to discuss and explain the results presented in the previous section as they relate to the literature review. The research questions are answered and the hypotheses are accepted or rejected.

Wiid and Diggines (2010) use correlation as a measure of the linear relationship between two variables.

I have also calculated the correlation matrix to test the strength of the relationships between my five different constructs. Besides the strength of the relationship between my constructs, this correlation also shows the direction of a linear relationship between my two variables.

Wiid and Diggines (2010) define regression as a technique for analysis and modeling of numerical data that consists of values of a dependent variable and of one or more independent variable. The dependent variable is also called response variable or measurement and the independent variable is known as explanatory variable or predictor.

I have assessed the relationship between the dependent variable (Motivation) and the three independent variables (financial incentive, product knowledge and recognition on motivation) using linear regression.

5.2 Demographic profile of respondents

Experience and the level of product knowledge amongst sales people may have a significant impact on the study. Knowledge of the specific industrial application will affect the study when the sales people have to measure their motivation to engage in cross selling. Age and seniority in their sales roles will have an effect on the attitude towards cross selling. Levels of responsibility such as mentoring other junior sales people and performing supervising functions will have an impact as far as their attitude towards cross selling.

5.3 Descriptive statistics

5.3.1 Financial Incentive table

From the respondents, 34.78% agree and 31.52% strongly agree that they will consider selling other products to the ones offered by their divisions if they are financially rewarded by some form of commission. It can also be seen from the same question that 34.44% of the respondents agree and 21.11% strongly agree that they consider a commission a worthwhile motivator to engage in cross selling.

5.3.2 Financial incentive score

Based on the histogram for the financial incentive score with a mean average of 4.87 and standard deviation of 1.7, it can be noted that distribution is skewed to the right. This tells us that most respondents agree that they are motivated by financial rewards.

5.3.3 Product Knowledge table

From the respondents, 34.04% agree and 59.57% strongly agree that the knowledge of other divisions' products will empower them to Identify and recognize opportunities in the market. It can also be seen from the same question that 42.394% of the respondents agree and 52.17% strongly agree that knowledge of other divisions will give them confidence. This is important when discussing with the customer and engaging in cross selling.

5.3.4 Product knowledge score

Based on the histogram for the product knowledge score with a mean average of 6.37 and standard deviation of 0.68, it can be noted that distribution is more skewed to the right. This tells us that most respondents agree that product knowledge will motivate them to engage in cross selling.

5.3.5 Recognition table

From the respondents, 28.26% agree and 22.83% strongly agree that they will engage in selling other divisions' products or cross sell when they are acknowledged by management for going beyond their divisions' products. It can also be seen from the same question that 36.17% of the respondents agree and 20.21% strongly agree that they consider being recognized by their peers as a worthwhile motivator to engage in cross selling.

5.3.6 Recognition score

Based on the histogram for the recognition score with a mean average of 4.86 and standard deviation of 1.5, it can be noted that distribution is slightly skewed to the right. This tells us that most respondents agree that they consider recognition and being acknowledged important to engage in cross selling.

5.3.7 Motivation table

From the respondents, 40.00% agree and 25.56% strongly agree that they feel motivated to engage in selling other divisions' products or cross sell when they feel positive about those products. It can also be seen from the same question that 45.65% of the respondents agree and 31.52% strongly agree that feeling confident in the other division's products will lead them to engage in cross selling.

5.3.8 Motivation score

Based on the histogram for the motivation score with a mean average of 5.69 and standard deviation of 1.04 it can be noted that distribution is slightly skewed to the right. This tells us that most respondents feel that their motivation to cross sell relies on their enthusiasm, the drive, their confidence and their positive attitudes towards the other divisions' products are positive,

5.3.9 Cross Selling table

From the respondents, 40.22% agree and 45.65% strongly agree that they believe that offering other divisions products will benefit the company. It can also be seen from the same question that 34.44% of the respondents agree and 21.11% strongly agree that they should sell a solution rather than a single product for the firm for which they work.

5.3.10 Cross Selling score

Based on the histogram for the financial incentive score with a mean average of 5.60 and standard deviation of 0.78, it can be noted that distribution is slightly skewed to the right. This tells us that most respondents believe that cross selling is what they should be doing.

5.3.11 Summary of mean and standard deviation for all constructs

When considering all the scores for the constructs, it can be seen that product knowledge scores the highest mean of 6.37 with a standard deviation of 0.68 followed by cross selling with a mean of 6.00 and standard deviation of 0.78

This demonstrates that when considering all the constructs, products knowledge ranks high as a motivator to engage in cross selling. Also, it appears that the respondents consider cross selling as something that they should be engaged in and they have a positive attitude towards cross selling.

5.3.12 Correlation matrix

Multivariate Correlations analysis was conducted to table the relationship between all the variables. The correlation table was used to further examine whether there is a relationship between product knowledge on motivation and also product knowledge on cross selling. This was done to support the findings of the regression analysis.

Product knowledge on motivation results showed a positive correlation of (0.3116) which demonstrates the relationship between “product knowledge” and

Motivation. This positive correlation of (0.3116) shows a weak to moderate relationship between product knowledge and motivation which further confirms the findings of the regression analysing research question 1. Research question 1 showed product knowledge having a greater influence on motivation as compared with financial incentive and recognition.

Results from the multivariate correlation also showed product knowledge on cross selling having a positive correlation of (0.3603), which demonstrates the relationship between “product knowledge” and cross selling. This positive correlation of (0.3603) shows a weak to moderate relationship between product knowledge and cross selling which also confirms further the findings of the regression analysing research question 3. Research question 3 showed product knowledge having a greater influence on cross selling as compared with financial incentive and recognition.

5.4 Discussion pertaining to Research Question 1: The influence of financial incentive, product knowledge and recognition on motivation. RQ1

5.4.1 Linear regression

Multiple regressions were conducted to measure the influence of financial incentive, product knowledge and recognition on motivation of individual salespeople.

The model showed a 19.35 percent of variance in influence on motivation.

Because the P Value of the F test is smaller than 0.01 the regression model is significant at a 99% level of confidence. ($F_{3, 91}$ = 7.04; p = 0 .0003)

Because the P Value of the T test is smaller than 0.05 products knowledge has a significant effect on motivation at a 95% level of confidence. (Beta = .0.232, p =0 .0216)

There is however a close call when looking at the P Value between product knowledge at 0.0216 and recognition at 0.068 and financial incentive at 0.08.

Prediction profiler: This can be seen from Figure 12 which shows which factor has the largest influence on the dependent variable. Product knowledge shows a highest steep of 6.4 versus financial incentive with a steep of 4.9 and recognition with a steep of 4.8.

5.4.2 The finding to the research question 1:

Higher levels of product knowledge are associated with higher levels of motivation of sales people as compared to the other independent variables.

Appendix C will show the leverage plot for the three independent variable scores “The financial incentive”, “product knowledge” and “recognition” and the dependent variable “motivation”

5.4.3 Conclusion to the research question 1:

This resulted in the acceptance that product knowledge has a greater effect on motivation of sales people over the other three variables, being financial incentive, product knowledge and recognition. Product knowledge has a greater effect on the Motivation of salespeople when compared to financial incentive and personal recognition.

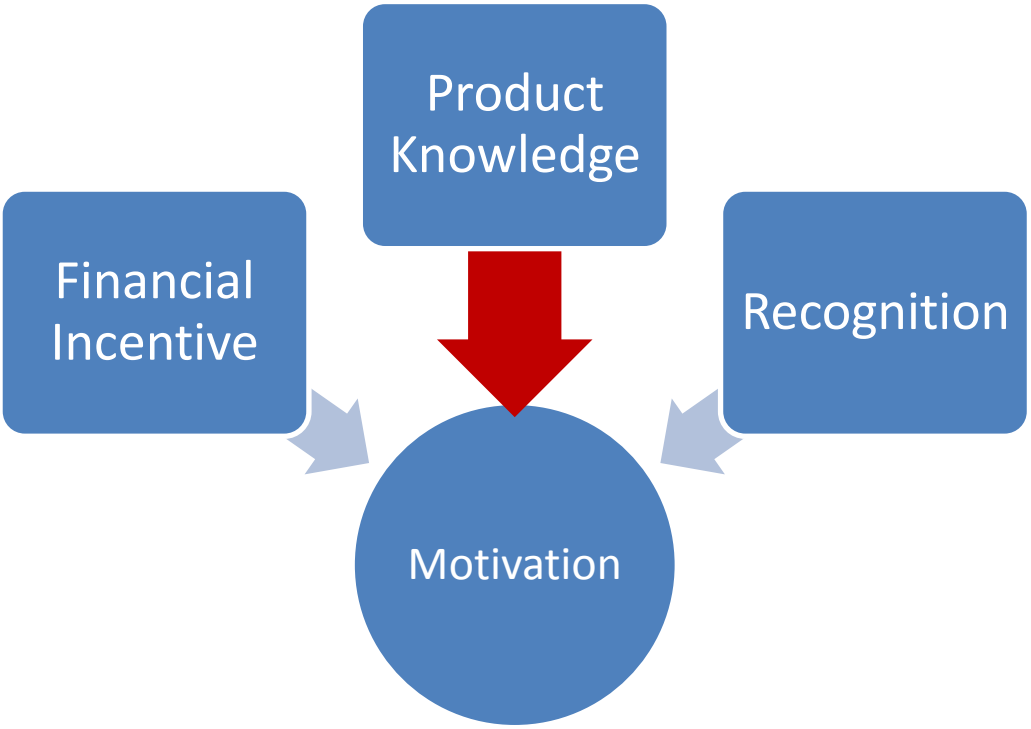


Figure 19: The finding to the RQ1

5.5 Discussion pertaining to Research Question 2: The influence of financial incentive, motivation and recognition on cross selling.

I conducted multiple regressions to measure the influence of financial incentive, motivation and recognition on cross selling attitude of individual.

The model showed a 22.67 percent of variance in influence on cross selling.

Because the P Value of the F test is smaller than 0.01 the regression model is significant at a 99% level of confidence. ($F_{3, 92}$ = 8.70; p = 0 .0001)

Because the P Value of the T test is smaller than 0.05 motivation has a significant effect on cross selling at a 95% level of confidence. (Beta = .0.452, p =0 .0001)

Prediction profiler: This can be seen from Figure 15 which shows which factor has the largest influence on the dependent variable. Motivation shows a highest steep of 5.7 versus financial incentive with a steep of 4.9 and recognition with a steep of 4.8.

5.5.1 The finding to the research question 2:

Higher levels of motivation are associated with higher levels of cross selling of sales people as compared to the other independent variables.

Appendix C will show the leverage plot for the three independent variable scores “The financial incentive”, “motivation” and “recognition” and the dependent variable “cross selling”

5.5.2 Conclusion to the research question 2:

This resulted in the acceptance that motivation is stronger than the other two variables being financial incentive and recognition. Motivation has a greater effect on the cross selling attitude of salespeople when compared to financial incentive and personal recognition.

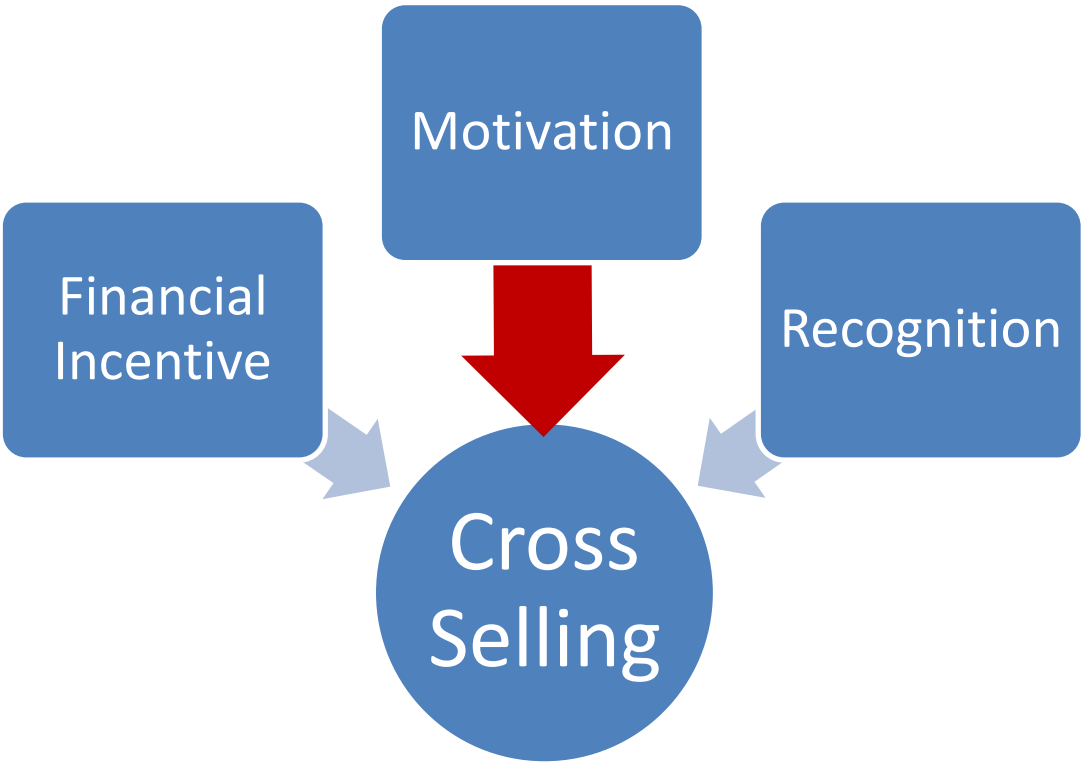


Figure 20: The finding to the RQ2

5.6 Discussion pertaining to Research Question 3: The influence of financial incentive, product knowledge and recognition on cross selling

Multiple regressions were conducted to measure the influence of financial incentive, product knowledge and recognition on cross selling attitude of individual salespeople.

The model showed a 17.41 percent of variance in influence on cross selling.

Because the P Value of the F test is smaller than 0.01 the regression model is significant at a 99% level of confidence. ($F_{3, 93}$ = 6.33; p = 0 .0006)

Because the P Value of the T test is smaller than 0.05 products knowledge has a significant effect on cross selling at a 95% level of confidence. (Beta = 0.3628, p =0 .0004)

Prediction profiler: This can be seen from Figure 18 which shows which factor has the largest influence on the dependent variable. Product knowledge shows a highest steep of 6.4 versus financial incentive with a steep of 4.9 and recognition with a steep of 4.9

Appendix C will show the leverage plot for the three independent variable scores “The financial incentive”, “product knowledge” and “recognition” and the dependent variable “cross selling”

5.6.1 The finding to the research question 3:

Higher levels of product knowledge are associated with higher levels of cross selling of sales people as compared to the other independent variables.

5.6.2 Conclusion to the research question 3:

This resulted in accepting that product knowledge over the other two variables being financial incentive and recognition. Product knowledge has a greater effect on the willingness of salespeople to cross sell when compared to financial incentive and personal recognition.

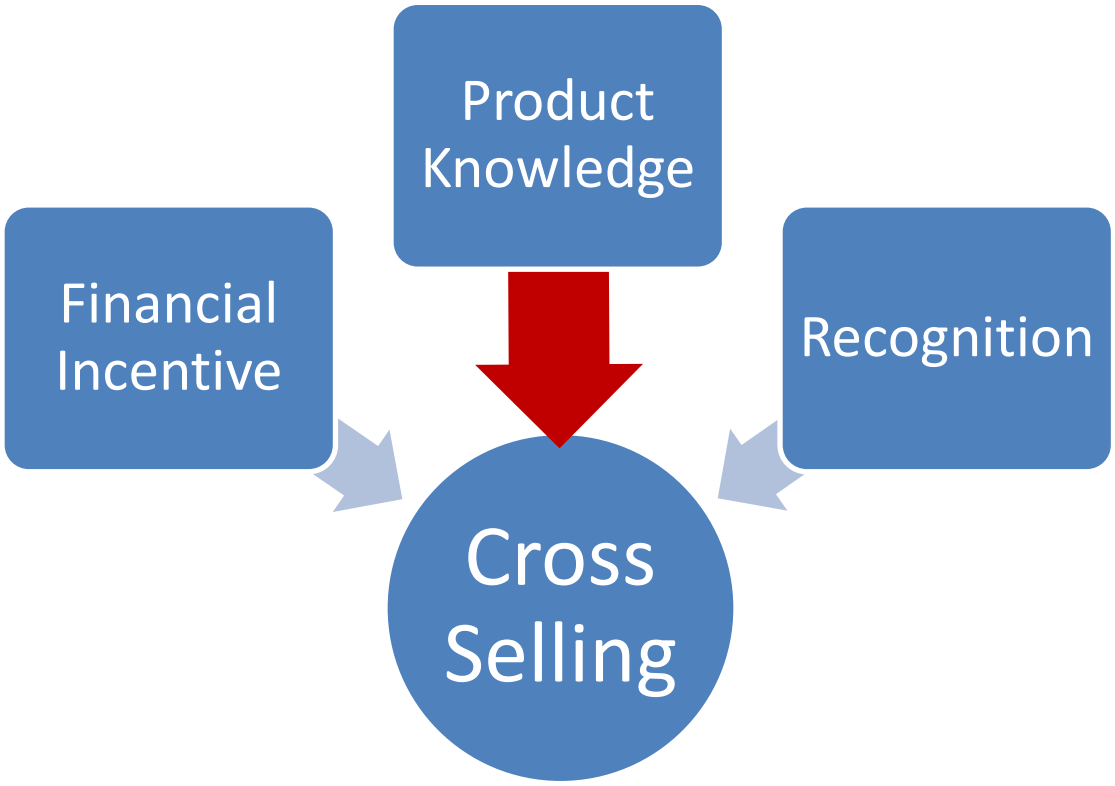


Figure 21: The finding to the RQ3

5.7 Conclusion

Product knowledge has a greater influence than motivation when compared to financial incentive and recognition.

Motivation has a greater influence over cross selling when compared to financial incentive and recognition.

Product knowledge has a greater influence over cross selling when compared to financial incentive and recognition.

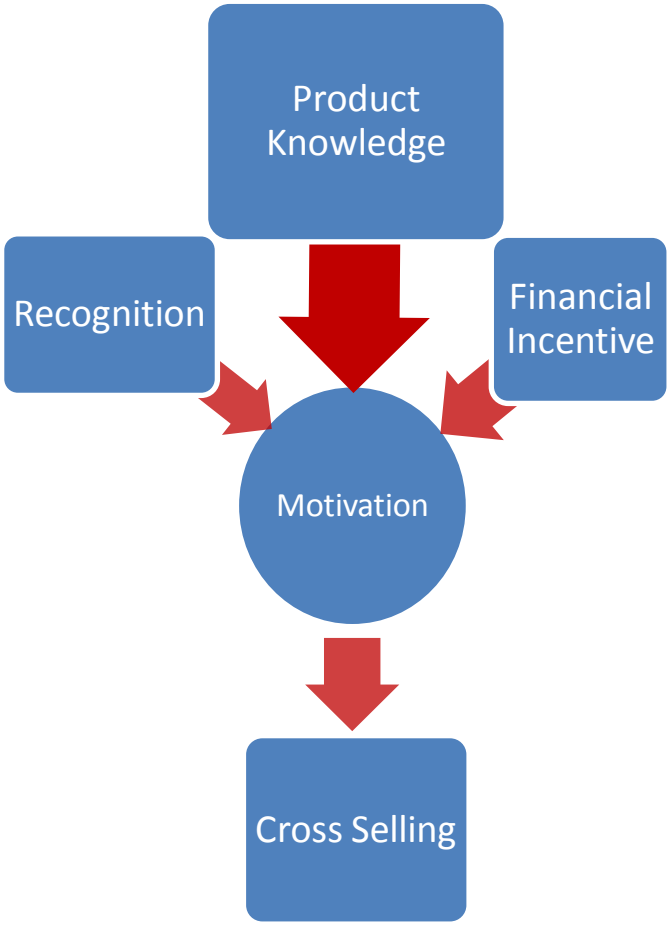


Figure 22: Final Model

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This chapter concludes the study by summarising the findings and recommending a model to firms and academia for improving and driving cross selling effort in the South African context. This is then followed by suggestions for further research.

6.2 Conclusions of the study

Research question one: The influence of financial incentive, product knowledge and recognition on motivation.

Financial incentive, product knowledge and recognition have a positive influence on motivation of sales people. It is however, also apparent that product knowledge has a greater effect on motivation of sales people over the other two variables, being financial incentive and recognition.

Research question two: The influence of financial incentive, motivation and recognition on cross selling.

Financial incentive, motivation and recognition have a positive effect on cross selling engagement of sales people. It was also discovered that motivation has a stronger effect than the other two variables, being financial incentive and recognition on cross selling.

Research question three: The influence of financial incentive, product knowledge and recognition on cross selling.

Financial incentive, product knowledge and recognition have a positive effect on cross selling efforts of sales people. This study, once again, found out that product knowledge has a greater effect on the willingness of salespeople to cross sell when compared to financial incentive and personal recognition.

6.3 Recommendations

While the study by Roberts (2005) indicated a positive relationship between rewards and recognition on motivation of employees, a balance needs to be achieved by also considering financial incentives as well as non-financial incentives. Non-financial incentives must be expanded to include ongoing product training for sales people. It is crucial for top management to match employee development to be in line with product development and product line expansions.

Current financial incentives for sales people still provide an effective motivation for sales people engaged in cross selling. This is in line with the current literature on work motivation theories. Different forms of financial incentives given to sales people must be structured in such a way that they reward all efforts of cross selling.

It can also be said for personal recognition programs that they still provide a least cost effective form of motivation to employees. Specific and special awards must be introduced to put the spotlight on the efforts of those sales people that engage in the most cross selling.

6.4 Managerial and contextual implications

This study provides managers with comparative view of various factors and how they influence cross selling performance. How this variables influence cross selling performance when considered individually and when considered in combination. Results of this study will provide knowledge to managers on how to achieve balance when structuring financial and non-financial incentives for sales people.

6.5 Limitations of the study

A key limitation of this study is the small sample size of 94. A much bigger sample would provide a more accurate reflection of the population. The methodology used in this study only allows superficial insights into the respondents' feelings and thoughts. The analysis methods used could only limit me to descriptive and inferred data and denied the study the ability to discover major schemes that influence cross selling.

6.6 Suggestions for further research

Further research may be conducted to consider the views of customers. Customers require solution and not products. Selling a solution requires a combination of a number of products engineered to address the needs of a customer.

Further qualitative research can be conducted with top management to look at structural organizational issues that prevent cross selling efforts for sales people.

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APPENDIX A: Actual Research Instrument

Enhancing cross selling in South African business to business firms

Q1a what is your Gender?
❍ Male (1)
❍ Female (2)
Q1b What is your sales experience?
❍ 0-5 Years (1)
❍ 6-10 Years (2)
❍ More than 10 Years sales experience (3)
Q1c Have you received any form of sales training?
❍ Yes (1)
❍ No (2)
Q1d What is the size of your sales team?
❍ 0-5 Salespeople (1)
❍ 6-10 Salespeople (2)
❍ More than 10 Salespeople (3)

Q1e What is the number of product Lines that you sell?
❍ 0-5 Product Lines (1)
❍ 6-10 Product Lines (2)
❍ More than 10 Product Lines (3)
Q1f What is the number of product lines or Divisions in your company?
❍ 0-5 Product Lines/Divisions (1)
❍ 6-10 Product Lines/Divisions (2)
❍ More than 10 Product Lines/Divisions (3)

Q2 FINANCIAL INCENTIVE

I will consider offering or selling other products beyond my divisions' products if:

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I am financially rewarded by commission or a split in commission. (1)							
My commission structure depends on me selling other divisions' products. (2)							
The other products increase my commission in the same way as my divisions' products. (3)							
Selling other products increases my commission. (4)							
The commission from the other products makes it worthwhile. (5)							

Q3 PRODUCT KNOWLEDGE

Knowledge of other divisions' products will empower me to:

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
Present an extensive product range offered by the company. (1)							
Address the needs of the customers with those products. (2)							
Identify and recognize opportunities in the market. (3)							
Have confidence in discussing with the customer about other products. (4)							
Modify my sales presentation to cater for additional needs. (5)							

Q4 RECOGNITION

I will engage in selling other divisions' products or cross sell when I am:

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
Praised (1)							
Acknowledged. (2)							
Recognized for such (3)							
Personally recognized for selling other divisions' products (4)							

Q5 MOTIVATION

I feel motivated to engage in selling other divisions' products or cross sell when:

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I feel positive to sell other divisions' products. (1)							
I feel confident in the other division's products. (2)							
I have the drive to sell other divisions' products. (3)							
I am enthusiastic about selling other divisions' products. (4)							

Q6 Cross Selling

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I always offer products from other divisions. (1)							
I believe offering other divisions products will benefit the company. (2)							
I believe offering other divisions products will benefit the customer. (3)							
I believe offering other divisions products will benefit me. (4)							
We should sell a solution rather than a product. (5)							

Q7 Please enter your information to stand a chance to win a prize on the 14th of February 2015. e-mail address (1)

APPENDIX B: E-mail to respondents

Dear Respondent,
I received your e-mail address as you are connected to me on LinkedIn. I am hoping you will assist me. I am currently conducting a research survey to understand how organizations that sell multiple products can better enhance the cross selling efforts of its sales personnel.

I kindly request your help in filling in this online survey. The survey takes approximately 7 minutes. Your response is entirely confidential and anonymous, results are only used on an aggregated level. For the purpose of this study, cross selling is broadly described as a practice of selling additional products from other divisions than the ones that the customers were initially enquiring about.

There is also a chance for you to win a TAKEALOT.COM voucher worth R550.00 on Valentine's Day the 14 Feb 2015.

Follow this link to the Survey:

$ l://SurveyLink?d=Take the Survey

Or copy and paste the URL below into your internet browser:
$l://SurveyURL

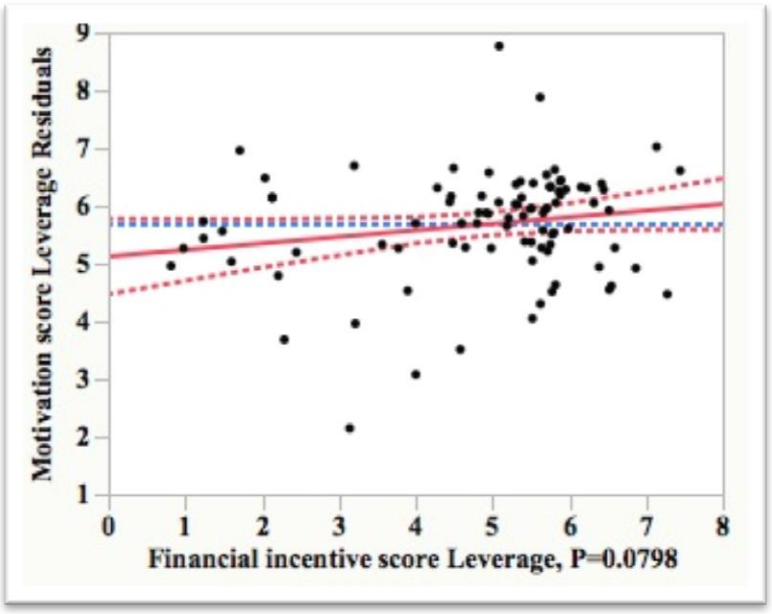
Follow the link to opt out of future emails:
$l://OptOutLink?d=Click here to unsubscribe

Warm Regards,

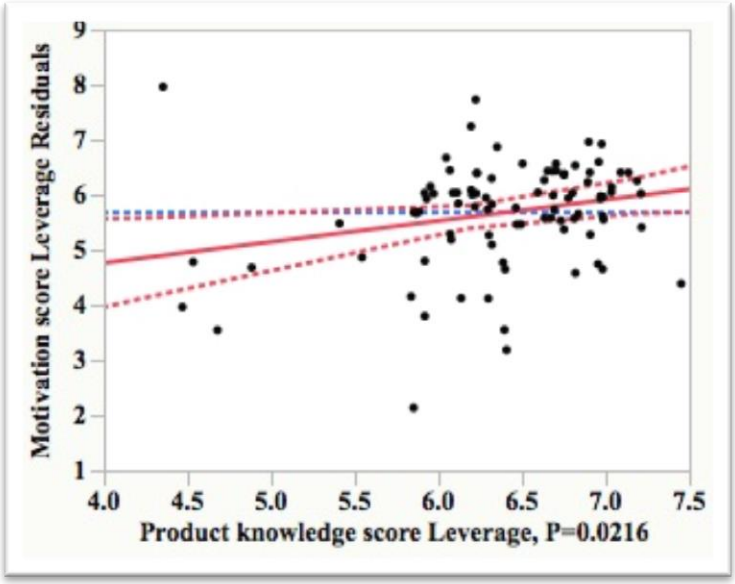
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APPENDIX C: Additional statistical results

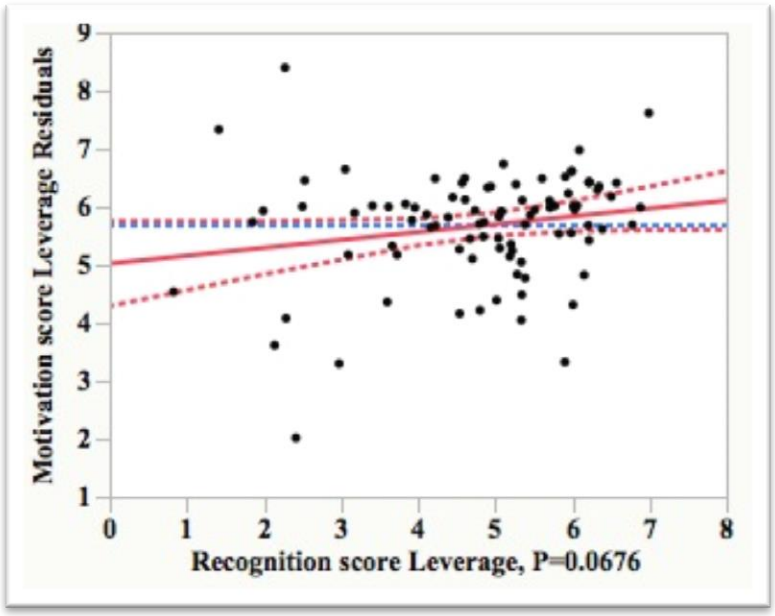
Research question one: The influence of financial incentive, product knowledge and recognition on motivation.



Financial incentive score, Leverage Plot

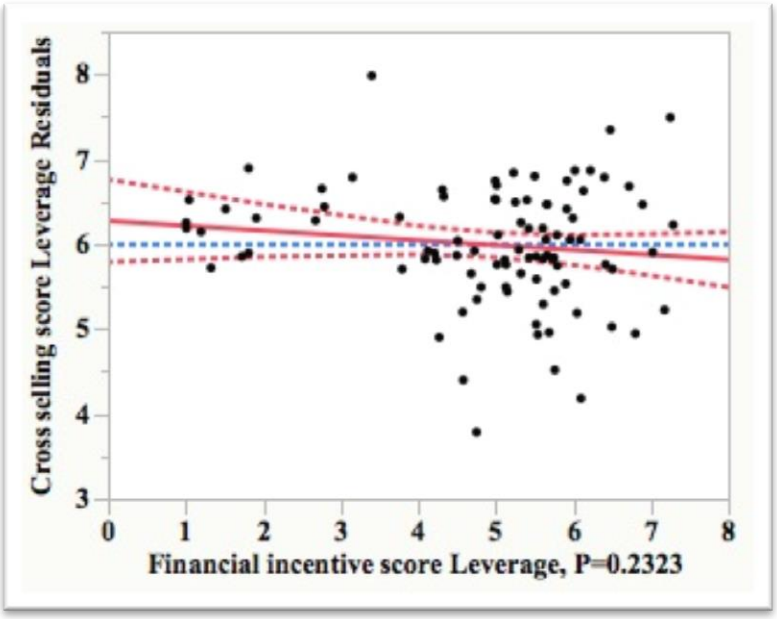


Product knowledge score, Leverage Plot

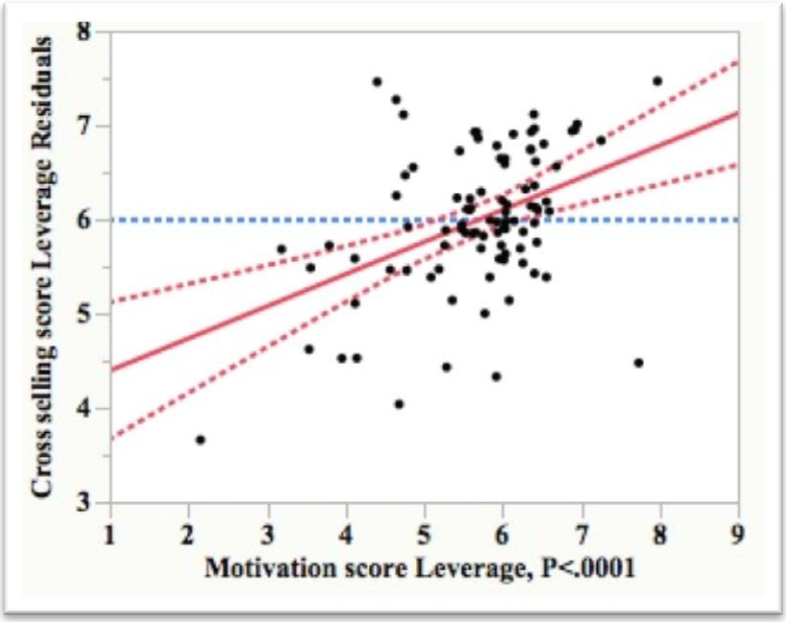


Recognition score, Leverage Plot

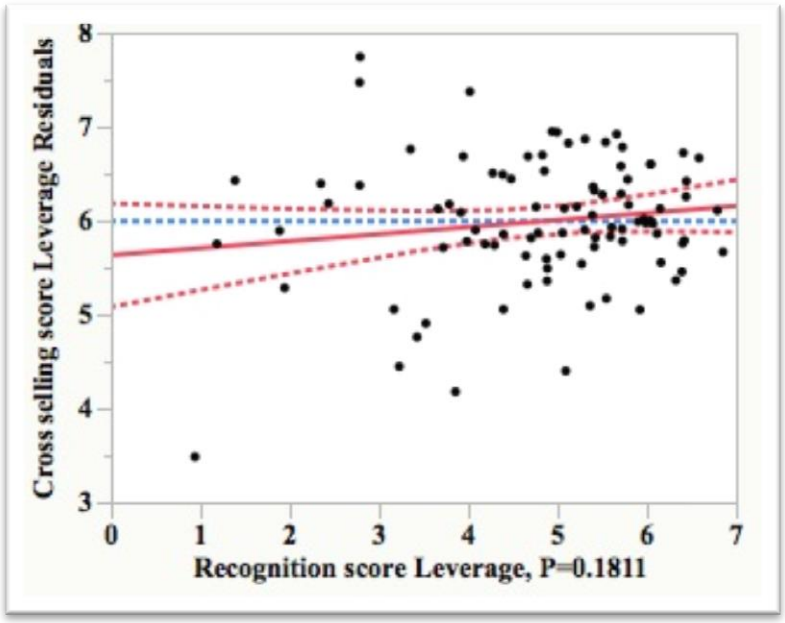
Research question two: The influence of financial incentive, motivation and recognition on cross selling.



Financial incentive score, Leverage Plot

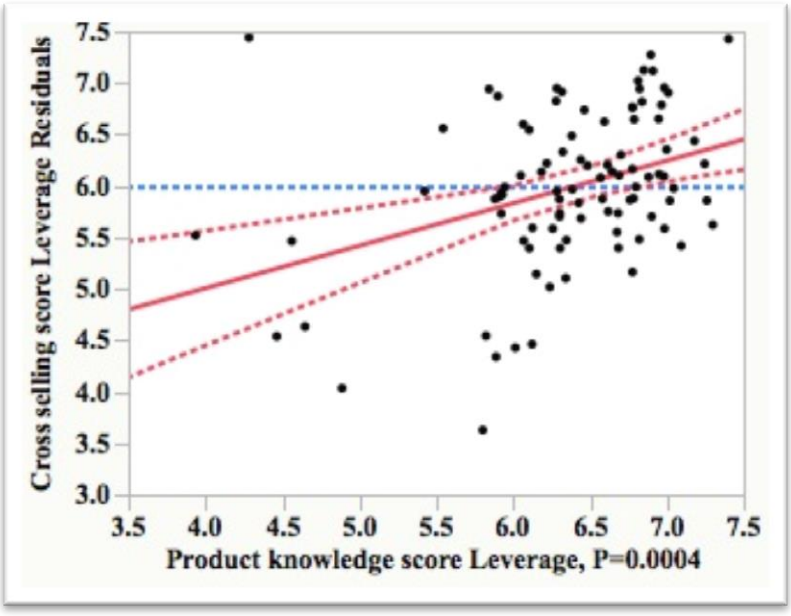


Motivation score, Leverage Plot

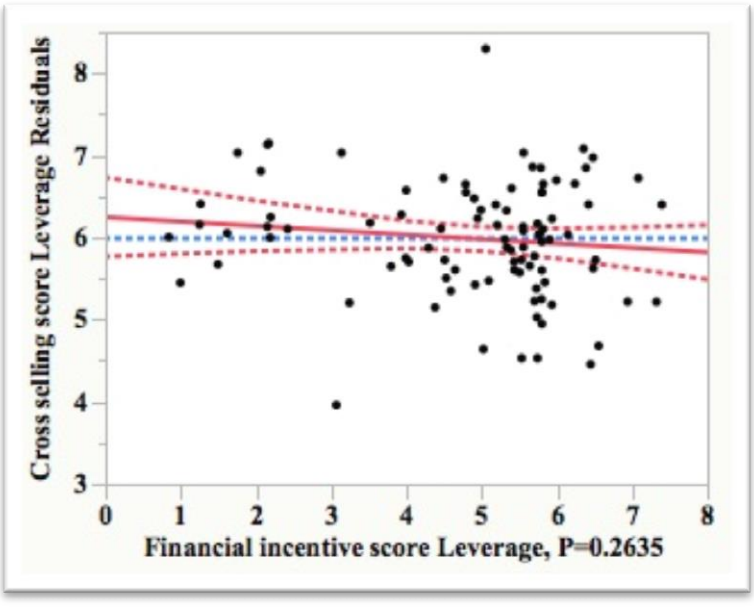


Recognition score, Leverage Plot

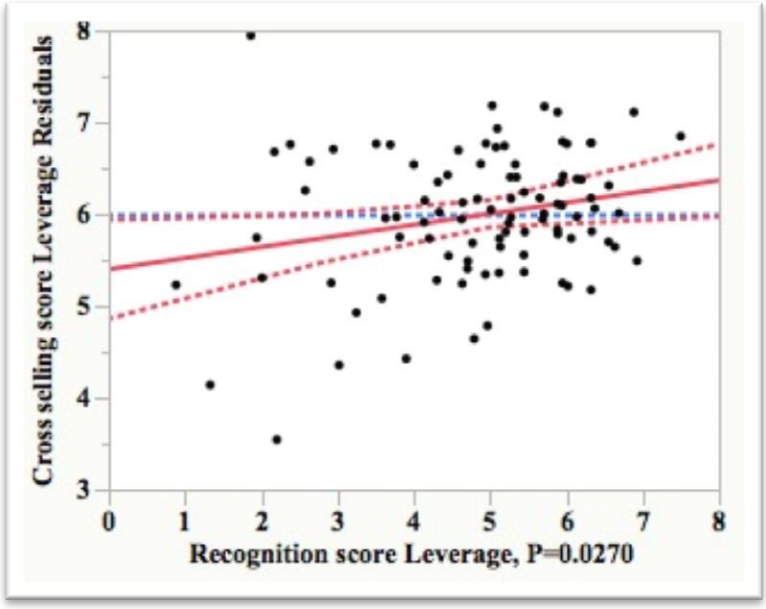
Research question three: The influence of financial incentive, product knowledge and recognition on cross selling.



Financial incentive score, Leverage Plot



Product knowledge score, Leverage Plot



Recognition score, Leverage Plot