



**FACTORS IMPACTING SALESPEOPLE
PERFORMANCE: AN EMPIRICAL STUDY OF THE
PHARMACEUTICAL INDUSTRY OF MALAYSIA**

BY

ARDIAN ISMAJLAJ

**A dissertation submitted in fulfilment of the requirement for
the degree of Master of Science (Marketing)**

**Kulliyyah of Economics and Management Sciences
International Islamic University Malaysia**

December 2016

ABSTRACT

Among the major components of the health sector in Malaysia, pharmaceutical industry is a key constituent. Owing to its strong ability in the production of generic drugs, the pharmaceutical industry carries high growth potential domestically as well as in the export sector. The effectiveness of the sales force is a high priority area for the Pharmaceutical industry due to the pressure to achieve maximum return on investment. The desire to enhance share in the market and to become the favoured pharmaceuticals supplier is a constant stimulus for the management of pharmaceutical companies. This thesis examines the factors that affect the performance of salespersons in the pharmaceutical industry. The impact of five variables on salesperson performance are examined, namely, the effect of sales skills, organizational commitment, job satisfaction, intrinsic and extrinsic motivation. The research methodology is primarily quantitative, based on the analysis of survey results from sales employees of selected companies in the Malaysian Pharmaceutical industry. SPSS and AMOS statistics software package was used to conduct the data analysis. To extract and select the factors behind the measured variables of interest, factor analysis was done. To investigate the variables and the fitness of the proposed model, Structural Equation Modelling (SEM) was performed. A significant positive impact was found of job satisfaction, extrinsic motivation, organizational commitment and sales skills on salesperson's performance. It was also found that the influence of intrinsic motivation was not significant on salesperson's performance. The results of this thesis will provide an analysis of the impact of each factor on the performance of sales personnel in the Pharmaceutical industry in Malaysia.

ملخص البحث

من بين المكونات الرئيسية لقطاع الصحة في ماليزيا هي صناعة الأدوية. ونظرا لقدرتها الكبيرة في إنتاج الأدوية العامة، هذه الصناعة تحتل إمكانات عالية للنمو محليا وكذلك في قطاع التصدير. فعالية قوة قسم المبيعات هي ذات أولوية عالية لصناعة الأدوية بسبب الضغط لتحقيق أقصى عائد على الاستثمار. الرغبة في تعزيز أسهمها في السوق لكي تصبح المورد المفضل لدى المستهلكين هو التحفيز المستمر لإدارة شركات الأدوية. تبحث هذه الأطروحة عن العوامل التي تؤثر على أداء مندوب مبيعات في صناعة الأدوية. يتم فحص المتغيرات الخمسة على أداء مندوب مبيعات، هي: تأثير مهارات البيع، الالتزام الإداري، رضا الوظيفي، الدوافع الذاتية والخارجية. منهجية البحث هي الكمي في المقام الأول، استنادا إلى تحليل نتائج الاستبانة من بين موظفي المبيعات في الشركات المختارة لصناعة المنتجات الصيدلانية بماليزيا. تم استخدام برامجي الإحصاء SPSS و AMOS لإجراء تحليل البيانات. لاستخراج وتحديد العوامل وراء المتغيرات المقاسة، تم إجراء تحليل العوامل. للتحقق من المتغيرات ومناسبة نموذج المقترح، تم تنفيذ (SEM). وعثرت النتائج على أثر إيجابي كبير في جانب الرضا الوظيفي، الدوافع الخارجية، الالتزام الإداري ومهارات البيع على أداء مندوب المبيعات. ووجد أيضا أن تأثير الدوافع الذاتية لم يكن كبيرا على أداء مندوب المبيعات. وستكون نتائج هذه الأطروحة تحليلا ذات تأثير لكل عامل على أداء موظفي المبيعات في صناعة الأدوية في ماليزيا.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Marketing).

.....
Muhammad Tahir Jan
Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Marketing).

.....
Ahasanul Haque
Examiner

.....
Adewale Abideen Adeyemi
Examiner

This dissertation was submitted to the Department of Marketing and is accepted as a fulfilment of the requirement for the degree of Master of Science (Marketing).

.....
Suhaimi Mhd. Sarif
Head, Department of Business
Administration

This dissertation was submitted to the Kulliyyah of Economics and Management Sciences and is accepted as a fulfilment of the requirement for the degree of Master of Science (Marketing).

.....
Maliah Sulaiman
Dean, Kulliyyah of
Economics and Management
Sciences

DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Ardian Ismajlaj

Signature

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION OF
FAIR USE OF UNPUBLISHED RESEARCH**

**FACTORS IMPACTING SALESPEOPLE PERFORMANCE: AN
EMPIRICAL STUDY OF THE PHARMACEUTICAL INDUSTRY
OF MALAYSIA**

I declare that the copyright holders of this dissertation are jointly owned by the student and IIUM.

Copyright © 2016 Ardian Ismajlaj and International Islamic University Malaysia. All rights reserved.

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below

1. Any material contained in or derived from this unpublished research may be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieved system and supply copies of this unpublished research if requested by other universities and research libraries.

By signing this form, I acknowledged that I have read and understand the IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Ardian Ismajlaj

.....
Signature

.....
Date

ACKNOWLEDGEMENTS

All praises and thanks are to ALLAH rabb of ‘Alamin (mankind, jinns and all that exists). We will not be able to enumerate the favours of ALLAH on us as ALLAH said in the Quran. Therefore, I cannot enumerate ALLAH’s praises as He praised Himself.

Firstly, I would like to express my sincere gratitude to my supervisor Dr. Muhammad Tahir Jan for the continuous support on completing my thesis. His advices, guidance and motivation helped me throughout the time of this research. I could not have imagined having a better supervisor and mentor for my thesis.

Besides my supervisor, I would like to thank the rest of my thesis committee and examiners for their insightful comments that helped me enhance and make a better research.

I would also like to thank all the lectures and the faculty members who have been there and helped me complete my studies for this degree of Master of Science in Marketing.

Last but not the least; I would like to thank my family: my lovely wife Edra for being here with me throughout this journey by providing her continuous support. My dearest thanks and gratitude go to my mother Mire for all her sacrifices she has made to educate me to become a better human being. There are no words to describe how grateful I am to have you as my mother, and I am so sorry for being far away from you all these years. Thank you mother for all your prayers and your support.

TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iv
Declaration	v
Copyright Page.....	vi
Acknowledgements	vii
List of Tables	x
List of Figures	xi
CHAPTER ONE: INTRODUCTION	1
1.0 Introduction.....	1
1.1 Background of Study	2
1.1.1 Sales Channels	3
1.1.2 Major Players in the Industry.....	4
1.1.3 Industry Prospects	5
1.2 Problem of Statement	5
1.3 Research Objectives.....	6
1.4 Research Questions.....	7
1.5 Significance of Study.....	8
1.6 Scope of The Study.....	9
1.7 Definitions of Key Terms	9
1.7.1 Salesperson.....	9
1.7.2 Job Satisfaction	9
1.7.3 Intrinsic Motivation.....	10
1.7.4 Extrinsic Motivation	10
1.7.5 Organizational Commitment.....	10
1.7.6 Sales Skills	11
1.7.7 Sales Performance.....	11
1.8 Chapter Summary	11
CHAPTER TWO: LITERATURE REVIEW	13
2.0 Introduction.....	13
2.1 Factors that Affect the Performance of Salespeople.....	13
2.1.1 Job Satisfaction (JS).....	13
2.1.2 Intrinsic Motivation.....	17
2.1.3 Extrinsic Motivation	19
2.1.4 Organizational Commitment.....	22
2.1.5 Sales Skills	25
2.1.6 Sales Performance Measures	26
2.2 Chapter Summary	28
CHAPTER THREE: METHODOLOGY.....	30
3.0 Introduction.....	30
3.1 Research Design	30
3.2 Instrumentation	30

3.3 Population	31
3.4 Sampling and Data Collection	32
3.5 Conceptual Framework.....	34
3.6 Data Analysis.....	35
3.6.1 Data Cleaning and Screening	35
3.6.2 Reliability (Full Questionnaires Reliability).....	36
3.6.3 EFA (Exploratory Factor Analysis)	36
3.6.4 Reliability of the Executed Factors	37
3.6.5 CFA (Confirmatory Factors Analysis).....	37
3.6.6 Validity Tests	38
3.6.7 Structural Equation Modeling (SEM).....	40
3.7 Chapter Summary	41
CHAPTER FOUR: FINDINGS AND DATA ANALYSIS.....	42
4.0 Test Profile.....	42
4.1 Construct Quantification.....	45
4.2 Structural Equation Modelling	45
4.3 Data Screening.....	48
4.3.1 Replacing Missing Values	49
4.3.2 Removing Outliers	49
4.3.3 Univariate Outliers	49
4.3.4 Multivariate Outliers	51
4.3.5 Assessment of the Data Normality.....	51
4.4 Exploratory Factor Analysis (EFA).....	53
4.5 Measurement Model (CFA) – Stage 1 Of Sem	58
4.5.1 Standardized Loadings of the Model’s Items	58
4.5.2 Goodness of Fit Indices (GOF).....	60
4.5.3 Reliability and Convergent Validity	63
4.5.4 Discriminant validity.....	66
4.5.5 Descriptive Analysis	67
4.6 Structural Models - Stage 2 of SEM.....	69
CHAPTER FIVE: DISCUSSIONS, IMPLICATIONS AND	
CONCLUSIONS	76
5.0 Introduction.....	76
5.1 Discussions and Implications	76
5.2 Limitations	79
5.3 Conclusions and Suggestion for Future Research	80
REFERENCES.....	82
APPENDIX A INITIAL CFA MODEL, INCLUDES ALL	
EXOGENOUS AND ENDOGENOUS VARIABLES	
TOGETHER WITH THEIR RELATIVE	
ESTIMATION ERRORS. (61 ITEMS).....	93
APPENDIX B OBSERVATIONS FARTHEST FROM THE	
CENTROID (MAHALANOBIS DISTANCE)	94
APPENDIX C SECOND CFA MODEL WITH 51 REMAINING	
ITEMS	95
APPENDIX D THE QUESTIONNAIRE	96

LIST OF TABLES

Table 1.1	Sales Channels	3
Table 1.2	The List of Pharmaceutical Companies	4
Table 4.1	Frequency of Gender	42
Table 4.2	Frequency of Age	42
Table 4.3	Frequency of Marital Status	43
Table 4.4	Frequency of Nationality	43
Table 4.5	Frequency of Monthly Income	44
Table 4.6	Frequency of Educational Level	44
Table 4.7	List of Constructs and Measurement Items	45
Table 4.8	Result of Univariate Outlier Based on Standardized values	50
Table 4.9	Assessment of Normality for Measurement Model	52
Table 4.10	Results of Exploratory Factor Analysis (EFA)	56
Table 4.11	Discarded Items Due to Insufficient Factor Loadings	59
Table 4.12	GOF Indices of Modified Measurement Model	62
Table 4.13	Results of Cronbach Alpha and Convergent Validity for Modified Measurement Model	64
Table 4.14	Discriminant Validity of Modified Measurement Model	66
Table 4.15	Results of Descriptive Statistic for Constructs	68
Table 4.16	Examined Hypotheses in Structural Model	70
Table 4.17	Examining Results of Hypothesized Effects of the Variables	72

LIST OF FIGURES

Figure 4.1	Modified Measurement Model with Remaining 46 Items	67
Figure 4.2	Means and Standard Variations of All Constructs	69
Figure 4.3	Full Fledged Structural Model	71

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

In a global market, pharmaceutical industry has been recognized to be worth of USD \$300 billion a year and estimated to go up to USD \$400 billion in the next three years (World Health Organization, 2015). Making it so one of the top most profitable industry worldwide. Again, according to the World Health Organization, one third of this industry is controlled by 10 largest pharmaceutical companies, where most of them with sales around USD \$10 billion a year and profit margin about 30 percent. Therefore maintaining and increasing the revenue and the profit margin in this highly competitive market has brought a lot of pressure to the sales managers and it has drawn undivided attention from top management to the salespeople's performance. As being the front line and the representatives of the company, salespeople are highly important as they are the face and the contact point between the company and the customers. Hence making their performance having a direct impact on the overall company's performance, as their sales contributes directly to the company's revenue. This study is designed to understand and analyze sales people performance and some of the factors that have impact on their performance. This research is undertaken in Malaysia and it focuses only on the salespeople of the pharmaceutical industry. The first chapter of this dissertation gives an overview of the existing research on factors affecting the performance of sales people, specifically those in the pharmaceutical industry. An introduction of the pharmaceutical industry in Malaysia is given in the background of the study, which helps in the identification of research gap in this field. Further, the chapter outlines the research problem, objectives, questions and

importance of this research. The significance of the study and scope of the research is also outlined, followed by definitions of the key terms related to this research.

1.1 BACKGROUND OF STUDY

This study is designed to analyze salespeople's performance and what are the factors that have impact on their performance. It focuses only on the sales representatives of the pharmaceutical industry in Malaysia. Factors identified for examination in this study are as follow: job satisfaction, intrinsic, extrinsic motivation, organizational commitment, and sales skills. But before going any further, it is important that first of all we have some understanding about pharmaceutical industry in Malaysia. We should know its worth and value to the economy of this country and who are the major players.

Pharmaceutical industry is among the major components of the health sector in Malaysia, is a key constituent. Owing to its strong ability in the production of generic drugs, the pharmaceutical industry carries high growth potential domestically as well as in the export sector. Malaysian government's interest in promoting its pharmaceutical industry as a strategic industry denotes its potential (Malaysian External Trade Development Organization, 2014).

The Malaysian pharmaceuticals market has experienced progressive growth over the last 10 years at a rate of 8 to 10 percent per annum (PhAMA, 2012). This sustained growth is the direct result of a robust domestic generic sector and branded, imported and also patented medicines (Malaysian External Trade Development Organization, 2014). From 2006 to 2010, the pharmaceutical industry charted even better profit and growth performance as compared to larger economic sectors from the likes of automotive, agriculture and electronics. However, the real strength of this

sector may be gauged from its faring considerably better than other industries during the 2009 economic crisis, whereby it recorded a growth of 5.6 percent from 10.7 percent in 2008 (PhAMA, 2012).

For the above reasons, the pharmaceutical industry in Malaysia can be considered vital for the economy. Therefore further examination in the context of factors that will enhance its growth and development is necessary. The performance of sales people is a critical component of this industry and the role of the sales person is becoming even more demanding due to the current business environment. For instance, the competition is intensifying in the industry, which makes the selling environment more challenging. In addition, for the sales department, acquiring new customers and opening new channels are increasingly important to the industry growth. Moreover, the roles of sales representatives and sales managers are becoming more complex and demanding (IIR, 2008). Thus, in this business environment and in this industry's current growth stage, it is essential to identify the factors that are pertinent to enhancing the sales performance of the pharmaceutical industry.

1.1.1 Sales Channels

Malaysia's pharmaceutical industry has four noteworthy outlets of distribution, to be specific the Government, pharmacies, clinics and private hospitals. The share of these four markets for the sales of pharmaceutical companies is outlined in Table 1.1.

Table 1.1 Sales channels

Government	38%
Pharmacies	23%
Clinics	22%
Private hospitals	17%

It was noticed that sale of pharmaceutical products to pharmacies recorded a growth rate of 13.3 percent in the year 2009, succeeded by sales to private hospital at 8.5 percent year over year, and finally sales to clinics and the government that grew at less than 5 percent (PhAMA, 2012).

In Malaysia, the Drug Control Authority (DCA) enlists 246 pharmaceutical organizations, of which 51 are authorized to deliver modern medicines, for example, antibiotics, analgesics, anti-histamines, anti-hypertensive, diuretics, and antacids. Rest of the 172 are authorized to produce medicines that are traditional and herbal (Malaysian Investment Development Authority, 2014).

1.1.2 Major Players in the Industry

Malaysia Pharmaceutical Industry is made of local base companies as well as foreign multinational companies, which have a big presence in the market with their sales offices and representatives all over Malaysia. The list of those companies is presented in the Table 1.2 as recorded in Pharmaceutical Association of Malaysia (PhAMA), 2012.

Table 1.2 The List of Pharmaceutical Companies

Category	Names of the Companies
Local Companies	Pharmaniaga Bhd; CCM Pharmaceuticals Sdn Bhd; Duopharma (M) Sdn Bhd; Kotra Pharma (M) Sdn Bhd; Hoe Pharmaceuticals Sdn Bhd; Hovid Sdn Bhd; Royce Pharma Manufacturing Sdn. Bhd; Y.S.P Industries
Foreign Companies	Abbott Laboratories (M) Sdn Bhd; Abbvie (M) Sdn Bhd; Astra Zeneca; Bayer Co. (M) Sdn Bhd; Boehringer Ingelheim (M) Sdn Bhd; Eisai (M) Sdn Bhd; Eli Lilly (M) Sdn Bhd; Glaxo SmithKline Pharmacuetical (M) Sdn Bhd; Hospira (M) Sdn Bhd; Leo Pharma (M) Sdn Bhd; Merck (M) Sdn Bhd; Merck Sharp and Dohme (M) Sdn Bhd; Mundipharma Pharmaceuticals (M) Sdn Bhd; Novartis Corporation (M) Sdn Bhd; Novo Nordisk Pharma (M) Sdn Bhd; Pfizer (M) Sdn Bhd; Reckitt Benckiser (M) Sdn Bhd; Roche (M) Sdn Bhd; Sanofi Aventis (M) Sdn Bhd; Servier (M) Sdn Bhd; Sun Pharmaceutical (M) Sdn Bhd; Takeda (M) Sdn Bhd; Zuellig Pharma (M) Sdn Bhd

1.1.3 Industry Prospects

The increasing global demand for halal pharmaceuticals has also made the Malaysian Pharmaceutical companies highly attractive. The organizations have the opportunity to take advantage of local skills in halal production, worldwide acknowledgment of Malaysia's halal accreditation and the expanding recognition of its halal products (Malaysian Investment Development Authority, 2014).

Therefore, to further enhance the growth of this industry in Malaysia and to increase the sales of local pharmaceutical products and halal pharmaceuticals, the role of sales people is highly crucial. Thus, the focus of this research will be to study the improvement of sales performance by exploring the factors that impact performance of sales people in this industry.

1.2 PROBLEM OF STATEMENT

The effectiveness of the sales force is a high priority area for the pharmaceutical industry due to the pressure to achieve maximum return on investment. The sales force represents the largest component of investment in sales and marketing for this industry. Hence the returns gained from the companies spending towards sales have to be strong to satisfy investors and stakeholders. Thus, sales force effectiveness is highly important in the pharmaceutical industry (Bates, 2011).

Pharmaceutical companies rigorously track and manage sales activity, to increase productivity and sales. This is particularly important as pharmaceutical companies are facing increased resistance to their products due to the perceived mistrust towards pharmaceutical industry (Bates, 2011). Comprising the most critical personnel in the company's marketing communication process; the sales representatives possess a boundary position, serve as the channel of communication

between the organization and customers, bolster numerous transactions, and are crucial in scanning and monitoring the external environment (Ahmad, Basir, and Kitchen, 2010; Sohi, 1996). It is, thus, crucial for any pharmaceutical company that seeks to increase market share and supersede the competition to study and understand the factors that enhance salesperson (Ahmad, Basir, and Kitchen, 2010).

Previous literature has demonstrated that factors such as job satisfaction, motivation, organization commitment and sales skills have an effect on general sales performance. While there are limited studies that investigate the influence of these factors in the context of the pharmaceutical industry, no previous research has explored these constructs in relation to the Malaysian Pharmaceutical industry. Thus, to fill this gap in understanding the key factors influencing the performance and effectiveness of the pharmaceutical sales force in Malaysia and to determine the factors that are specific to the Malaysian context, this research will pursue the following research questions.

1.3 RESEARCH OBJECTIVES

The general objectives of this study are to investigate those factors that have an impact on the salespeople's performance of pharmaceutical industry in Malaysia. Those objectives of this study are as follows:

- 1.3.1 To examine the impact of job satisfaction on salesperson's performance in pharmaceutical industry.
- 1.3.2 To examine the impact of intrinsic motivation on salesperson's performance in pharmaceutical industry.

1.3.3 To examine the impact of extrinsic motivation on salesperson's performance in pharmaceutical industry.

1.3.4 To examine the impact of organizational commitment on salesperson's performance in pharmaceutical industry.

1.3.5 To examine the impact of sales skills on salesperson's performance in pharmaceutical industry.

1.4 RESEARCH QUESTIONS

This research addresses the following research questions to explore the above research problem.

1.4.1 What is the impact of job satisfaction on salesperson's performance in the pharmaceutical industry?

1.4.2 What is the impact of intrinsic motivation on salesperson's performance in the pharmaceutical industry?

1.4.3 What is the impact of extrinsic motivation on salesperson's performance in the pharmaceutical industry?

1.4.4 What is the impact of organizational commitment on salesperson's performance in the pharmaceutical industry?

1.4.5 What is the impact of sales skills on salesperson's performance in the pharmaceutical industry?

These research questions were formulated to determine an accurate measure of the dependent variable used in this study, to determine the performance and sales effectiveness of sales people in the selected industry.

1.5 SIGNIFICANCE OF STUDY

This research can make a significant contribution to the existing body of knowledge and understanding regarding the sales performance and effectiveness of sales people in the pharmaceutical industry. It will also provide country specific information regarding the factors that are specific to the Malaysian context and enable future comparison between factors influencing sales performance across countries. There is, undoubtedly, a scarcity of information and research regarding the sales performance and their contributing factors in Malaysia.

Improvement in sales performance is critical to pharmaceutical companies. The identification of the salient factors that substantially influence effectiveness of pharmaceutical sales force, can contribute greatly to improvement and positive development in the management of sales people. It can also give insight that will enhance the organizational approach taken in ensuring the effectiveness and efficiency of its sales employees. Furthermore, this can provide benefits for pharmaceutical companies in terms of its performance and growth, by ensuring that marketing and sales activities and investments towards these departments can help achieve the company's goals and objectives.

Thus it is expected that this study is expected to add knowledge to the existing body of knowledge on the performance evaluation and contributing factors to sales effectiveness of sales people in the pharmaceutical industry. In addition it is also expected that this information can help top management in understanding their sales force better and thereby coming up with more effective ways on achieving the targets and improving their performance.

1.6 SCOPE OF THE STUDY

The study focuses on the impact of sales performance in Malaysia, particularly on its Pharmaceutical industry. The study limits the factors that affect the performance of sales people to five key variables. The collection of primary data is based on surveys distributed within Kuala Lumpur and the Klang valley area, where most of these companies are located with their business offices.

1.7 DEFINITIONS OF KEY TERMS

1.7.1 Salesperson

A salesperson can be defined as an employee who is a contact point between the company he or she represents and the clients or customers of the company, who uses personal communication to inform, convince and create relationship with the potential clients and customers with the purpose to persuade them to buy from the company's goods and services, in this context, promoting and selling pharmaceutical products to the targeted customers (Mulky, 2011). Sales personnel are utilized by the pharmaceutical companies to promote their products directly and personally to physicians and other healthcare providers.

1.7.2 Job Satisfaction

Various researchers and practitioners have developed and defined the concept of employee satisfaction or job satisfaction in diverse manners. Locke's definition (1976), though, has been considered the most authoritative and used most widely as far as organizational research is concerned. He defines job satisfaction as "*a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences*" (p.1304) (Locke, 1976). Some researchers have also defined it with

respect to the level of satisfaction of an employee with his or her job; and how he or she likes the work (Spector, 1997). This definition of job satisfaction can be assessed at the global level (i.e. overall satisfaction) or at the surface level (i.e. an individual is content with various features of the job or otherwise) (Spector, 1997).

1.7.3 Intrinsic Motivation

Intrinsic motivation can be referred to the performance of an activity for the sake of the satisfaction it results in, rather than for an external motivating factor. Since intrinsic motivation is primarily between a person and his task, some researchers have defined it in terms of the characteristics of the task, for example how appealing and interesting it may be, while others have defined it with the consideration of the gratification a person feels from intrinsically motivated task engagement (Ryan and Deci, 2000).

1.7.4 Extrinsic Motivation

Extrinsic motivation is often defined as the performance of an activity owing to a distinct and external outcome and motivation. According to Ryan and Deci (2000) extrinsic motivation takes place whenever an activity is undertaken for the purpose of attaining a separable result. Extrinsic motivation differs from intrinsic motivation as the latter is embarked upon solely for the pleasure it accords in and of itself and not for the result it may carry with itself (Ryan and Deci, 2000).

1.7.5 Organizational Commitment

The definitions of organizational commitment (OC) and its measures have a common theme whereby the OC is perceived to associate the individual with the organization.

The generally considered type of OC is *attitudinal* (Porter, Mowday, and Steers, 1979) (Sun, 2012). *Attitudinal* OC is defined as “*the relative strength of an individual's identification with and involvement in a particular organization*” (Mowday, Porter, and Steers, 1982).

1.7.6 Sales Skills

A sales representative's skills may be understood as the individual's learned capability at performing the vital assignments required for the job. Rentz et al. (2002) ordered selling skills into three measurements in particular technical skills, interpersonal and salesmanship. These measurements were observed to be valuable indicators of sales representative execution.

1.7.7 Sales Performance

Performance is defined as activity or effort to accomplish or carry out a task or action based on pre-defined expectations and timeline (Motowidlo, Borman, and Schmidt, 1997). Whereas sales performance is been defined and measured based on the salespersons' effectiveness on accomplishing and achieving: i) Sales volume: the percent of the territories total sales volume generated by the salesperson; and ii) Closing ratio: the salesperson's ratio of successfully closed sales to the number of sales contacts (Pettijohn, Taylor and Keillor, 2011).

1.8 CHAPTER SUMMARY

To summarize, chapter one of this thesis consist of nine parts. The first part provides an introduction of the first chapter. The second part of this chapter gives a study background of the Malaysian healthcare focusing on the pharmaceutical sector, its

structure, major companies, its growth, the industry prospects, its sales channel, and the factors affecting the performance of sales people. The third part discusses the problem statement that identifies the research gap and the research problem that is addressed in this research. Further, part four and five of the first chapter outlines the questions and the objectives of this research. In the sixth and seventh part, the significance of the study and scope of the research is also outlined, showing the contribution that this research will add to the existing knowledge and it can help top management in understanding their sales force better. The scope of the study illustrates the area that will be chosen by the researcher for conducting the research. Part nine delineates definitions of the key terms related to this research. The final part of this chapter gives the summary of the first chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The following literature review examines previous studies on the selected factors that affect the performance of sales people in order to establish the theoretical basis for this research. Section 2.1.1 discusses the literature pertaining to job satisfaction, 2.1.2 examines intrinsic motivation and section 2.1.3 outlines the findings of previous research on extrinsic motivation. Section 2.1.4 explores the studies on organizational commitment, while section 2.1.5 examines sales skills. Lastly, section 2.1.6 outlines the literature on sales performance.

2.1 FACTORS THAT AFFECT THE PERFORMANCE OF SALESPEOPLE

2.1.1 Job Satisfaction

Salesperson job satisfaction has been examined in previous studies, both at the global and facet level. Global evaluation of job satisfaction (JS) concentrates on a person's general fulfilment with the employment, while the facet level evaluates a salespersons gratification derived from different characteristics of the job, for example pay, benefits, and supervision (Churchill, Ford, and Walker, 1974). A number of antecedents and consequences of salesperson JS have been recognized in marketing literature. Antecedents have been classified as individual differences, organizational variables, role perceptions, and job or task variables (Brown and Peterson, 1993). Organizational commitment, organization citizenship behaviour, an inclination to leave and turnover are some of the results of JS pointed out in the literature (Brown and Peterson, 1993); (Donovan, Brown, and Mowen, 2004). Although there is