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Determinants of Sales Force Performance: The Case of Multinational Pharmaceutical Companies operating in Ethiopia

By: Chalachew Teshale

ID: SGS/0096/2009A

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ID: SGS/0096/2009A

Advisor: Mohammed Nour (Asst. Professor)

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ST. MARRY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

DETERMINANTS OF SALES FORCE PERFORMANCE: THE CASE OF
MULTINATIONAL PHARMACEUTICAL COMPANY OPERATING IN
ETHIOPIA

BY: CHALACHEW TESHALE

APPROVED BY BOARD OF EXAMINERS

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ADVISOR   SIGNATURE & DATE

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Declaration

The researcher hereby declares that this thesis has been prepared by me in partial fulfillment of the requirements for the award of a Master's Degree in Business Administration. The researcher wish to state that this work has never been presented in any University or Institution of learning apart from references made to the works of other people for which the researcher have dully acknowledged. Therefore, it is an original work done by me under a close supervision of my advisor.

_____   _____

Name   Signature

St. Mary's University, Addis Ababa   May, 2018

Statement of certification

This is to certify that Chalachew Teshale has carried out this research work on the topic titled as: ''Determinants of Sales Force Performance: The Case of Multinational Pharmaceutical Company operating in Ethiopia''. The work is suitable for submission of the award of Master's Degree in Business Administration.

Advisor: _____

Signature: _____

Date: _____

Acknowledgments

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List of Abbreviations

ANOVA   Analysis of Variance

CLRM   Classical Linear Regression Model

SPSS   Software Package for Social Science

VIF   Variable Inflation Factor

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Abstract

Sales force performance is undeniably the central interest in the field of sales force management due to the obvious link between sales performance and overall corporate performance. The aim of this study was to examine different factors affecting the performance of salesforce and identify the most powerful determinates of performance. Quantitative approach and explanatory research design was used to assess the different factors affecting sales force performance. All sales representatives working in multinational pharmaceutical companies operating in Ethiopia were included in the study. Out of 110 sales representatives, 101 responded giving response rate of 91.8%. A self-administered questionnaire was used to collect the necessary data. Data was analyzed using SPSS version 21 was used and appropriate statistical tools including person correlation and multiple linear regression analysis were utilized. The correlation analysis showed that there is strong and statistical significant association between selling skills, salary, recognition, supervisory support and performance. In addition, the results of this study showed that recognition, selling skills, basic salary, commission, career development and supervisory support explains performance by 27.7%, 37%, 29.7%, 11.3%, 11% and 16%, respectively. In conclusion, the study indicates selling skills, basic salary, recognition and supervisory support are statistically significant factors in explaining sales force performance but commission, role perception and career development are found to be ineffective factors affecting performance. This indicates that sales managers in pharmaceutical firms should work on to develop the skill level of sales force, installing right and simple acts of recognition practice, devising the right mix of salary and commission and providing more supervisory support to further improve the performance of their sales force to build high performing team.

Keywords*: sales force, performance, pharmaceutical firms, Multinational*

CHAPTER ONE

INTRODUCTION

1.1Background of the Study

In daily life, a layman deals with different transaction in terms of selling and purchasing of goods and services. In these transactions the second one persuades the first person. Therefore, selling may be defined as persuading people to satisfy the want of first one. The person, who does this act, is called as the salesman, the result of this action as sales, while these activities of the person, are supervised and controlled by sales-management (Azizi et al, 2012). Salespersons provide key link in adding value for customers, in finding new opportunities, in influencing future intentions and in gaining referrals. Moreover, it is argued that salesperson serves as the major determinant of whether or not consumers receive a brand-marketing message (Boles et al 2000)

Salesperson performance is defined as the extent to which a salesperson's contribution to achieve the organization's sales objectives. The performance constructs considers the results that can be attributed to the salesperson rather than factors (e.g. market potential, intensity of competition, brand image) affecting performance that are not controllable by salesperson. Salesperson performance is undeniably the central variable interest in the field of sales force management. For over 100 years, sales practitioners and researchers alike have attempted to understand salesperson performance and to identify the factors that influence it. The reason for salesperson performance's central role in the sales literature would appear to be rooted in the obvious link between sales performance and overall corporate performance. When salespersons do well, the organization is likely to do well, and contrary is normally true as well (Churchill et al., 2000).

Salespersons are the most important marketing tools in the interface between the company and its customers. Added that a top-quality salesperson who maximizes revenues from current existing customers and systematically identifies and manages new prospects well are critical. This will allow a business entity to grow faster than its competitors will. As such, top-quality salespersons may offer substantial business performance improvement in today's increasingly competitive environment (Baldauf & Cravens, 2002).

The need to understand sales force performance and identifying factors affecting performance are getting major attention. Since the early 1970 is an increasing volume of relatively,

sophisticated and informative research has focused on understanding why sales people behave as they do and identifying factors critical to their performance. Today, nearly every issue of the major academic marketing journals contains at least one article of direct relevance to sales management and personal selling. Thus, substantial evidence has accumulated about the impact of different variables on a salesperson job behavior and performance, namely: motivation, aptitude, skill level, role perception, personal factors and environmental and organizational variables (Churchill et al., 2000).

Pharmaceutical marketing is a complex industry, bound by stringent government mandates, risk averse consumer population, and an expanding cost structure of drug production and compliance (Wren et al 2013). According to the report from Ministry of Health, pharmaceutical industry market size in Ethiopia is expected to be around $800 million and expected to reach one billion by 2020, with annual growth rate of 25-35%. The Emergence of Multinational Company and revival of local company coupled with government interest contributes for this market growth. In Ethiopia more than 10 multinational companies are distributing, promoting and selling their products through their local representatives (MOH, 2014).

In order to maintain and stimulate long-term growth and position itself as a leader in the industry, it is crucial for firms to examine different factors affecting the performance of salespersons and identify the most powerful determinates of performance. The ultimate success of many business firms rely on the success of their individual sales people, for their performance directly affects firm's performance not just in the short run but also in the end as well. Though performance of sales force are critically important for the success of organizations, there is little empirical evidence supporting in identifying what factors affect the performance of sales force performance and also evidence is lacking to identify the relative importance of those factors in explaining performance. Besides, in most cases there is wide variation in performance of sale people. Therefore, knowledge of how to achieve superior salesperson performance is of fundamental and it is an enduring interest of sales managers and organizations and sales people themselves. This paper tries to find out what factors affect the performance of sales force in the case of Multinational Pharmaceutical companies operating in Ethiopia and also the relative importance of each factor in influencing performance.

1.2 Statement of the Problems

The pharmaceutical market in Ethiopia is currently at infancy stage but growing at faster rate every year according to the report from Ministry Of Health. While the sector is expected to grow, intense competition is anticipated because more new pharmaceutical companies are expected to be in the picture in the years to come. Different pharmaceutical companies are competing for maximizing their market shares and for achieving this business objectives most firms rely on the performance of their Sales force. The sales force is the link that personalizes each company for customers, functioning as a differentiating factor that creates more competitive advantages for companies.

Recently many of the giant pharmaceutical firms in the world including the top ones like Pfizer, Novartis, Astra Zeneca, Glaxo Smith Kline and Merck are operating in Ethiopia by opening commercial subsidiary office and by setting ambitious business goals. But, based on the informal interview with national sales managers of this company, the results that pharmaceutical companies obtained are not always the ones that they expected. Though, there are various factors contributing for this underperformance, sale mangers clearly mentioned performance of their Salesforce as one of critical factors. This is especially true in pharmaceutical firms unlike that of other business firms since the marketing efforts directly relies on the success of their sales people. In most countries including Ethiopia the only legally allowed ways of promoting pharmaceutical products is through personal selling approach which makes the roles of sales force critical. There is a great amount of effort from the firm's side to improve their financial performance by investigating and rectifying factors affecting organization performance.

In addition, in any organizations having sales team, there are high performers, mediocre performers and low performers when it comes to achieving business objectives. What accounts for this wide variation in performance within sales force, and what is the relative importance of these factors in explaining variations is still remains as important questions in the areas of the sales and performance management. Consequently, sales managers within sales organizations who is working to build high performing team lacks information to improve sales force performance. Lack of evidence in this area may lead different sales organization to fail to develop appropriate compensation, recruiting and selection and install proper performance management system in their way to build a culture of high performance (Ingram et al. 2004).

Though different studies are conducted to investigate the impact of various factors on performance, there is contradictory results in their report. For instance, the study by Johnston and Marshal (2010) reported that commission as an important factors driving performance but the study by Institute of leadership and management reported commission as ineffective factors driving performance. Furthermore, there is no such study conducted to assess the different factors affecting the performance of sales force in the case of Multinational pharmaceutical companies in Ethiopia though the sector is growing at an alarming rate. Thus, there is need to explore what factors affect salesperson performance and to what extent these factors affect performance. So, the objectives of this is to assess the effect different factors including pay system, merit based promotion, recognition, supervisory support, skill level, role perception) on sales force performance. In addition this paper tries to address the relative importance of these factors in explaining performance.

1.3 Basic Research Questions

The main emphasis of the research was to investigate the effects of different factors on sales force performance as per the questions formulated below

- To what extent basic salary, commission, selling skills, career development, recognition, level of supervisory support and role perception affect performance of sales force

1.4 Objectives of the study

1.4.1 General objective

To identify factors determining the performance of sales force and assessing the relative importance of these factors in explaining performance

1.4.2 Specific objectives

1) To explain the effect of basic salary on performance
2) To explain the effect of commission on performance
3) To assess the effect of skill level on performance
4) To explain the effect of career development/merit based promotion on performance
5) To describe the effect of role perception on performance
6) To explain the effect of supervisor support on performance
7) To assess the effect of recognition on performance

1.5 Significance of the Study

The results of this study offer insights about the predictors of improved sales force performance to sales management in an organizations. Determining what leads to superior sales force performance is an important aspect of every sales manager job and may be critical to the survival and success of an organization (Churchil et al 2000). Since, sales people are important segment of employees of an organization examining the variables to improve sales force performance will benefit sales organizations at most.

On the other hand, the practical significance of the present study lies on the extent to which the findings could provide empirical evidence on different factors that influence the salesperson performance. Therefore, knowing what factors determine sales force performance best helps sales managers to focus on investing their resources to influence those behaviors positively.

Furthermore, knowledge on the determinants of salesperson performance can help different business firm's management to formulate better sales management policies; innovative sales strategies; effective salesperson training and development programs; competitive rewards and recognitions initiatives; and selection and recruitment policies, which in turn might result in enhancing salesperson performance in selling services and product lines offered by the company

1.6 Scope of the study

The study only tries to assess what determines sales force performance in the case of multinational pharmaceutical company in Ethiopia. The study addresses performance determinants from sales force side. Though there are few sales Representatives working in the

region, only those working in Addis Ababa were included in the study. Besides, only sales representative who had working experience of more than one year were included in the study.

Though there are many factors affecting sales force performance, this study focused on investigating relevant factors i.e pay system (salary and commission, selling skills, merit based promotion/career development, recognition, role perception and supervisory support affecting performance of sales force. The study did not include environmental factors affecting performance and includes only pertinent variables from personal and organizational factors.

Lastly, even though there are sales forces working in Multinational companies operating in different sectors, the study only focus on Pharmaceutical Multinational Companies operating in Ethiopia.

1.7 Limitation of the study

The limitation of this study was that, it only considers the subjective measures of sales force performance. The self-report performance measure was used for several reasons. First, there is no evidence in favor of using any one particular measure over another, and that self-report performance measures have been used in sales research and have not shown any particular upward bias (Churchill et al. 2000). Second, the objective measures concerned only the quantity of sales as reflected in dollar volume and total compensation. Given that the company served a diverse national market, sales quantity achievement may vary depending on many regional and market factors beyond the individual salesperson's control. The dollar volume and compensation, therefore, might not reflect a salesperson's true level of performance, especially when the salespeople were to be compared across different regions and territories. The subjective measures, on the other hand, cover overall performance in addition to quantity achievement. Therefore, the self-report performance measure is preferred in this study.

In addition, this the study only focus on pharmaceutical sales force, it lacks generalizability to sales force in other sectors.

1.8 Definition of Basic Terms

Salesforce Performance: Salesforce performance management is neither a technique nor a single process, it can be considered as a set of process, or a concept, a holistic philosophy that includes motivation of employees to perform well, employees knowledge about what their managers expect of them, development of employees, monitoring and measuring performance in order to know what areas are to be improved (Churchil et al 2000)

Role perception: The role attached to the position of the salesperson in any firm represents the set of activities or behaviors to be performed by any salesperson occupying that position (Aziz et al 2012)

Skill level: Skill level refers to an individual's learned proficiency at performing the necessary tasks (Churchil et al 2000).

1.9 Organization of the Paper

This paper is organized under five chapters: chapter one deals with background of the study, statement of the problem, significance, Scope and limitation of the paper and organization of the study. The second chapter deals present's with review of related literatures, both theoretical and empirical literatures that sheds light to the study. The third chapter discusses the research methodology used in the study. Chapter four presents data analysis and interpretation and chapter five deals with summary of findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Selling and sales management

Sales management, personal selling and salesmanship are all related. Sales management directs the personal selling effort, which in turn, is implemented largely through salesmanship. The term personal selling and salesmanship are often used without distinction. 'Personal Selling' is a highly distinctive form of promotion. It is basically a two way communication involving not only individual but social behavior also. Personal selling involves a two-way flow of communication between a buyer and seller, often in a face-to-face encounter, designed to influence a person or groups purchase decision. But, with advances in telecommunications, however, personal selling takes place over the telephone, through video teleconferencing and interactive computer links between buyers and sellers. It aims at bringing the right products to the right customers (Kotler 2003).

Sales management involves planning the selling program and implementing and controlling the personal selling effort of the firm. Numerous tasks are involved in managing personal selling including: setting objectives; organizing the sales force; recruiting, selecting, training, and compensating salespeople; and evaluating the performance of individual salespeople (Kotler 2003).

Companies spend large sums of money training their sales personnel in the art of selling. The reason for this attention to personal selling is simple: in most companies the sales personnel are the single most important link with the customer. The best designed and planned marketing efforts may fail because the sales force is ineffective. This frontline role of the salesperson means that for many customers the salesperson is the company. Allied with the often substantial costs associated with recruiting, training and maintaining the sales force, there are powerful reasons for stressing the importance of the selling task and for justifying attempts to improve effectiveness in this area (PA Consultants, 1979).

Today, a sales force must have a wide range of skills to compete successfully. Today selling requires a wide array of skills. Creating and maintaining a high performing sales force is a challenging task. The confidence and motivation of salespeople are being constantly worn

down by the inevitable rejections they suffer from buyers as part of everyday activities (PA Consultants, 1979).

2.1.2 Sales Force Performance Management

For an organization's, high performance and the quality of workforce at all levels of the organization is vital. The role of human resources in gaining a competitive advantage for an organization is empirically documented by (Brewster et al., 2003). According to them, an organization to accomplish their goals, they must continually look for better ways to organize and manage their work. This was not always the case, as human resources were traditionally seen as a cost.

High performance results from appropriate behavior, especially discretionary behavior and the effective use of the required knowledge, skills and competencies. Performance management must examine how results are attained because this provides the information necessary to consider what needs to be done to improve those results (Armstrong, 2006:497-498).

To summarize, performance means both behavior and result. Behavior emanates from the performer and transforms performance from abstraction into action. Not just a means to an end, the behavior is also an outcome in itself, the product of mental and physical effort applied to the task, which can be judged apart from the result (Armstrong, 2006).since performance is both a behavior and result, how can it could be managed is crucial question to be answered

Salesforce performance management is neither a technique nor a single process, it can be considered as a set of process, or a concept, a holistic philosophy that includes motivation of employees to perform well, employees knowledge about what their managers expect of them, development of employees, monitoring and measuring performance in order to know what areas are to be improved (Wilson, 2005). This indicates that performance is a function of motivation and ability of the employees to achieve the objective of an organization in general and their goal in particular.

2.2 Theory of Sales Force Performance

Salesforce performance has been researched by scholars and others for many years. A number of theories have evolved and those that are pertinent to the performance of salespeople are reviewed below.

2.2.1 The Churchill, Ford and Walker Model of Salesforce Performance

Churchill et al. developed a model of sales force motivation that integrated some of the ideas of Herzberg and Vroom. This suggests that the higher the salesperson's motivation, the greater the effort, leading to higher performance. This enhanced performance will lead to greater rewards which will bring about higher job satisfaction. The circle will be completed by the enhanced satisfaction causing still higher motivation.

The implications of this model for sales managers are as follows:

1. They should convince salespeople that they will sell more by working harder or by being trained to work 'smarter' (e.g. more efficient call planning, developing selling skills).

2. They should convince salespeople that the rewards for better performance are worth the extra effort. This implies that sales manager should give rewards that are valued and attempt to 'sell' their worth to the sales force. For example, a sales manager might build up the worth of a holiday prize by stating what a good time they personally had when there.

They also found that the value of rewards differed according to salesperson type. Older salespeople who had large families valued financial rewards more. Younger, better educated salespeople who had no family or small families tended to value higher order rewards (recognition, liking and respect, sense of accomplishment).

2.2.2 Likert's Sales Management Theory

Unlike other scholars, Likert based his sales management theory on research that looked specifically at the motivation and performance of salespeople.

His research related differing characteristics and styles of supervision to performance. One of the hypotheses he tested was that the sales managers' own behaviours provide a set of standards which, in themselves, will affect the behaviour of their salespeople. He found that there was a link. High performing sales teams usually had sales managers who themselves had high performance goals.

His research also investigated the methods used by sales managers in the running of sales meetings. Two alternative styles were compared. Sales managers who used the group method of leading sales meetings encouraged their team both to discuss sales problems that had arisen in the field and to learn from one another. Sales managers who monopolised the meeting discouraged interaction between salespeople and used it as an opportunity to lecture them rather

than to stimulate discussion. There was a strong tendency for higher producing sales teams to use the group method.

Several reasons can be put forward to explain this. First, it is likely that a problem faced by one salesperson has been met previously by another who may have found a way of overcoming it; for example, a troublesome objection to one salesperson may have been successfully dealt with by another. The group method of leading a sales meeting encourages problem-solving and stimulates communication. Second, the more open style of meeting enables the sales manager to gain a greater understanding of the needs and problems of the sales force. Finally, the group method promotes a feeling of group loyalty since it fosters a spirit of co-operation.

Thus, the research conducted by Likert suggests that to produce a highly performing sales force, the sales manager should have high performance goals and encourage analysis and discussion of salespeople's performance and problems through the group method of conducting sales meetings.

2.2.3 Herzberg Two Factor Theory

Herzberg's dual factor theory distinguished factors which can cause dissatisfaction but cannot motivate (hygiene factors) and factors which can cause positive motivation. Hygiene factors included physical working conditions, security, salary and interpersonal relationships. Directing managerial attention to these factors, postulated

Herzberg, would bring motivation up to a 'theoretical zero' but would not result in positive motivation. If this were to be achieved, attention would have to be given to true motivators. These included the nature of the work itself which allows the person to make some concrete achievement, recognition of achievement, the responsibility exercised by the person, and the interest value of the work itself.

The inclusion of salary as a hygiene factor rather than as a motivator was subject to criticisms from sales managers whose experience led them to believe that commission paid to their salespeople was a powerful motivator to perform higher in practice. Herzberg accommodated their view to some extent by arguing that increased salary through higher commission was a motivator through the automatic recognition it gave to sales achievement.

The salesperson is fortunate that achievement is directly observable in terms of higher sales (except in missionary selling, where orders are not taken, e.g. pharmaceuticals, beer and selling to specifiers). However, the degree of responsibility afforded to salespeople varies a great deal.

Opportunities for giving a greater degree of responsibility to (and hence improving performance) salespeople include giving authority to grant credit (up to a certain value), discretion to offer discounts and handing over responsibility for calling frequencies. The results of an experiment with a group of British salespeople by Paul, Robertson and Herzberg showed that greater responsibility given to salespeople by such changes resulted in higher sales success (Jobber and Lancaster, 2009).

2.2.4 Vroom's Expectancy Theory

Basically Vroom's expectancy theory assumes that people's motivation to exert effort is dependent upon their expectations for success. Vroom based his theory on three concepts – expectancy, instrumentality and valence.

1.Expectancy: This refers to a person's perceived relationship between effort and performance, i.e. to the extent to which a person believes that increased effort will lead to higher performance.

2.Instrumentality: This reflects the person's perception of the relationship between performance and reward; for example, it reflects the extent to which a person believes that higher performance will lead to promotion.

3.Valence: This represents the value placed upon a particular reward by a person. For some individuals promotion may be highly valued; for others it may have little value.

Thus, according to the theory, if a salesperson believes that by working harder they will achieve increased sales (high expectancy) and that higher sales will lead to greater commission (high instrumentality) and higher commission is very important (high valence), a high level of motivation and improved performance should result.

Clearly, different salespeople will have different valences (values) for the same reward. Some might value increased pay very highly, while for others higher pay may have less value. For some the sense of accomplishment and recognition may be very important, for others much less so. Also, different salespeople may view the relationship between performance and reward, and between effort and performance, in quite different ways. A task of sales management is to specify and communicate to the sales force these performance criteria, which are important in helping to achieve company objectives, and to relate rewards to these criteria.

Further, this theory supports the notion that for performance targets (e.g. sales quotas) to be effective motivators they should be regarded as attainable (high expectancy) by each salesperson; otherwise the first link in the expectancy model will be severed. Finally, this model provides a diagnostic framework for analysing motivational problems with individual salespeople and an explanation of why certain managerial activities can improve motivation. Training in sales skills, for example, can improve motivation by raising expectancy levels.

2.2.5 Adams's Inequity Theory

Feelings of inequity (unfairness) can arise when an individual's effort or performance on the job exceeds the reward they receive. Salespeople who feel they contribute more than others to the organisation expect to receive proportionately greater rewards. This is the essence of Adams's inequity theory.

For a salesperson, inequity can be felt in the following areas: monetary rewards; workload; promotion; degree of recognition; supervisory behaviour; targets and tasks.

The outcome of a salesperson perceiving significant inequities in any of these areas may be reduced performance as a result of the feeling of unfairness. The implication is that sales managers must monitor their sales force to detect any feelings of unfairness.

2.3 Determinants of Sales Force Performance

Job performance refers to the behaviors that are expected in the line of the organizations goals and the purpose under control of individual employees (Campbell et al., 1993). Hunter and Hunter (1984) pointed out that job performance is of interest to the organizations because of the importance of high productivity in the workplace

There are several factors that being described by Stup (2003) towards the success of the employees" performance. The factors are such as physical work environment, equipment, meaningful work, performance expectation, and feedback on performance, reward for good or bad system, standard operating procedures, knowledge, skills and attitudes. The most widely described determinants of employees 'performance are the following (Marshall and Johnston 2010, Stup 2003).

2.3.1 Pay System

The design, implementation, evaluation and regular adjustment of pay system/incentive plans is the responsibility of sales management who have to decide on the basic compensation plans

for its sales force. The core of sales compensation plans consists of a salary and incentive payments. In missionary selling tasks, the most used plan, a salary which is a fixed sum of money paid at regular intervals (Marshall and Johnston 2010). John and Weitz (1989) agree that the role of the salary should be related inversely to the relative impact of selling effort on sales (the slope of sales response function).The amount of salary paid to a given salesperson is usually a function of that salesperson's experience, competence, and time on the job, as well as the sales manager's judgments about the quality of the individual's performance (Marshall and Johnston 2010).

A straight commission plan is useful for companies that are focused on improving sales volume or profitability and since a direct link exists between sales volume and the amount of commission received, commission payments are useful for increasing reps' selling efforts in the short term. A bonus is a payment made at management's discretion for achieving or surpassing some set level of performance (Marshall and Johnston 2010).

The most widely used plan is a combination of base salary and financial incentives, such as commission, bonus or sales contests. Sales managers experience challenges in crafting payment plans that use both salary and incentive plans to maximize salespeople's performance as this is very complex, and companies often choose a program based on convenience or cost effectiveness rather than actual benefits to the company. Financial incentives were highly regarded by sales managers in the motivation of their sales teams for high performance. Managers have the opportunity to meet their salespeople in the field, at head office and at sales meetings/conventions. They provide a number of opportunities for improving motivation (Jobber and Lancaster, 2009).

First, they allow the sales manager to understand the personality, needs and problems of each salesperson. The manager can then better understand the causes of motivation and demotivation in individual salespeople and respond in a manner that takes into account the needs, problems and personality of the salesperson. A study by Jobber and Lee (1994) showed the extent to which the perceptions of sales management and salespeople towards motivation and demotivation can differ. They investigated the perceptions of what motivates and demotivates salespeople by asking a sample of life assurance salespeople and their sales directors.

Sales management thought that competitions/prizes and incentives based on target setting motivated salespeople to perform higher significantly more than the salespeople themselves did. Salespeople, on the other hand, valued fringe benefits higher than sales management.

Perceptions of demotivating issues were also at variance. Sales management believed supervisory relations and personal problems demotivated salespeople significantly more than the salespeople did, whereas the salespeople believed that lack of advancement, lack of security and long hours of work were more a source of demotivation than the sales management believed. Such misunderstandings can lead to wasted managerial effort devising motivational schemes and compensation plans that are not valued by salespeople. The remedy is to meet regularly with the sales force to understand their value systems, so that what is prescribed by management is effective in raising sales force motivation (Pullins, E.B., 2001)

2.3.2 Merit Based Promotion and Recognition

Sales managers believe that a merit-based promotion system does act as driver for high performance. If the promotion is to a managerial position, there are grave dangers of promoting the company's best salesperson. The skills required of a sales manager are wider than those required of a salesperson. A sales manager must be able to analyze and control the performance of others, motivate and train them. These skills are not required to sell successfully (Jobber and Lancaster, 2009).

If promotion is to be tied to sales performance, it is sensible to consider the creation of a dual promotional route. The first path follows the normal managerial career sequence. The second is created to reward outstanding sales success (Jobber and Lancaster, 2009).

According to Fred L. (2011), although money receives the most attention as a reinforce and incentive motivator, and is even equated with reward systems by practicing managers, there is increasing evidence that contingently administered recognition can be a powerful reinforce to increase employee performance.

Recognition is the identification or acknowledgement given for something or it can be defined as communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace. Recognizing or honoring employees for high level of service is meant to encourage repeat actions, through reinforcing the behavior to see repeated

2.3.3 Training and Development

Producing the best available product or service is not enough – it has to be sold. If companies are to survive they must attach the utmost importance to training their field sales force, not just pay lip service to the concept. Top management must be totally committed to training and

authorise sufficient investment for this to occur. They must also accept that the benefits derived from sales training may not be immediate; they take time to show through (Jobber and Lancaster, 2009).

The potential benefits of sales training are immense, ranging from enhanced skill levels, improved motivation and greater self-confidence in one's ability to perform well at selling, a factor that has been shown to be related to improved sales performance(Jobber and Lancaster, 2009).

2.3.4   Role Perceptions

The role attached to the position of the salesperson in any firm represents the set of activities or behaviours to be performed by any salesperson occupying that position. This role is defined largely by the expectations, demands, and pressures communicated to the salesperson by his or her role partners. These partners include persons both outside and within the individual's firm who have a vested interest in how the salesperson performs the job – top management, the individual's supervisor, customers and family members. The salesperson's perceptions of these expectations strongly influence the individual's definition of his or her role in the company and behaviour on the job. The role perceptions concept of the model has three components: Role accuracy, Perceived role conflict and Role ambiguity (Román et al 2010)

This concept indicates that the three role perception variables have psychological consequences for the individual salesperson and can produce dissatisfaction with the job. They also affect the salesperson's motivation resulting in a higher turnover within the sales force and poorer performance. Industrial salespersons are particularly vulnerable to role inaccuracy, conflict and ambiguity (Román et al 2010).

2.3.5 Supervisor Support

A supervisor is also known as a person with an experience leader, a person who can solve problem and also the role model at the first level of organizational management (Nijman, 2004). Therefore, as an experience leader, the supervisors had always being involved in conducting a training program.

Rabey, (2007) stated that, a supervisor could be a trainer to the employees, as the trainer will assist the employees in getting their job done by guiding employees on the operational process especially y when it comes to a new operational procedure. A

supervisor support could lead to the employees" performance but there is a case that the supervisor had failed in supporting their employees. For example, the miscommunication between employees and the supervisor in term of delivering the information or process on the job to the employees (Harris et. al., 2000). In order to gain the employees performance, both party in between the employees and supervisor needs to play their part which is to commit with the relationship. If full commitment is given, it will leads to positive result to the performance from the employees.

Overall, meetings in the field, which may form part of an evaluation and training programme, can also provide an opportunity to motivate. Sales technique can be improved and confidence boosted, both of which may motivate by restoring in the salesperson the belief that performance will improve through extra effort (Jobber and Lancaster, 2009).

2.4 Empirical Review

Various research exists about what factors determine sales force performance in different sales organizations. Past researches from different industries mainly in developed countries attempted to help to identify reliable and valid predictor's sales force performance. However, the hypothesized predictors, which includes personal, organizational and environmental factors, explained little of the variation in performance. Churchill and Hartley (2000) who are credited with seminal work in this area found that besides aptitude, role perception, motivation, personality and organizational factors like sales skills also affecting salesperson performance.

According to Walker et al (1977), each salesperson classifies the principles of a sales force. The three basic factors regarding salesperson's performance includes: the level of motivation of salespeople in each activity or task related to their work; Sales or ability and aptitude of individuals with limited ability to perform tasks and salesperson understands the role and motivation to perform; and the role perception consists of role accuracy, role ambiguity and role conflict. The study determinants of motivation and performance in industry selling can explain the conceptual framework set of individual, interpersonal, organizational and environment variables that can affect a salesperson's motivation and job satisfaction.

On the other hand, a review of published and unpublished literature uncovered 116 articles that yielded 1653 reported associations between performance and determinants of performance. A meta-analysis by Churchill et al grouped all performance antecedents into six categories: role perceptions, aptitude, skill level, motivation level, demographics, and organizational and

environmental variables. They found attenuation-corrected correlations of predictor-performance ranging widely from a low of .104 for organizational/ environmental factors to a high of .379 for role perception variables (Churchill et al.'s 2000).

The important relationships between employee performance and pay satisfaction have been well established. Studies showed that monetary compensation is one of the most significant variables in explaining better employee performance and job satisfaction. According to Artz (2008) suggests overall, fringe benefits play a significant role in determining employee performance.

Several scholars view compensation as a reward individuals receive in exchange for performance. Johnston and Marshall (2010) notes that the relationship between performance and rewards is very complex and a firm can use a variety of rewards. Of the two types of rewards, extrinsic rewards comprising of salary, financial incentives, security, recognition and promotion are said to have powerful and immediate effect (Johnston and Marshall 2010). Intrinsic motivation which is derived from within and this result in feelings of accomplishment. Previous research studies which have been carried out note that there are no significant decrements in intrinsic motivation when tangible rewards (extrinsic) are tied to outcomes or to performance (Oliver and Anderson 1995; Cravens et al. 1993). In a recent meta–analysis a positive link between financial incentives and performance was supported in the paper which largely focused on incentives related to outcomes (Bonner et al. 2000)

By examining indicators of pharmaceutical sales force performance through sales force motivation strategy perspective, John et al (2012), could found that financial incentives in terms of salary, bonus and commission are critical for superior sales force performance. However, he concluded that financial reward even being basic and important, it touches upon only one dimension of motivation. Further, John et al (2012), concluded that salespeople should be involved in setting sales quota,and this will serve as an effective motivating strategy. Finally, John et al (2012), found that the impact of meeting with sales managers and salespeople on the sales force performance. Neither learning, goal orientation nor intrinsic motivation contributed significant variance in creative performance of the managerial sales force whereas interestingly both factors had their positive role in nurturing creative ideation and its innovative execution for frontline sales persons (Malik et al., 2012).

Sales-related skills seem to be more promising antecedents to sales performance. Skills are the salesperson has learned proficiency at performing the necessary tasks. The skills related to sales

performance are thought to include vocational skills, presentation skills, interpersonal skills, general management skills, and information collection and analysis skills (Weitz et al. 1986). Churchill et al. (1985) report an attenuation-corrected meta-correlation of .32 between skill and performance. Correlation of this magnitude, although smaller than that between performance and role perception (.379), is larger than that between performance and aptitude (.193), motivation (.258), personal factors (.292), or organizational/ environmental factors (.104).

In a role stress model of sales performance, Behrman and Perreault (1984) propose experience as a direct predictor of sales performance. Using a sample of 196 sales representatives from five different industrial firms, they found sales experience to be significantly and positively related to sales performance. They further noticed that effort and experience had virtually independent, and therefore, compensatory effects of identical magnitude on performance. Bartkus et al (1989) also found the number of years in real estate sales has a direct and positive effect on the real estate agent's sales performance.

Role ambiguity occurs when individuals lack a clear definition of their role expectations, and the requirements/methods to complete their job tasks (Rizzo et al., 1970). Role ambiguity in word means lack of sufficient perception of information required for appropriate performance of sales person (Singh, 1998). According to the previous studies, one can conclude that if the sales personsales person has not sufficient information regarding him/her role, expectances, as well as the procedure of achieving the expectances, then, he/she would not be able to orient the activities and attempts and consequently the performance level is expected to be decreased.

In their study on 210 salespeople and 630 customers, Román and Iacobucci (2010) found that role ambiguity is negatively related to adaptive selling behavior. Determining the predictors of export sales managers' job satisfaction, Katsikea et al (2011) in their study on 160 UK exporters found that role conflict and role ambiguity have a significant negative effect on job satisfaction. The studies revealed that role conflict has a negative impact on job satisfaction, sales performance, organizational commitment, formalization and customer-oriented selling performance while it has a positive impact on work alienation, tension, burnout and selling effort.

2.5 Conceptual Framework

Based on the previous literatures, the possible factors affecting sales force performance, personal and organization factors are conceptualized as below (Churchill et al., 2000, Brent M. Wren et al 2014, Azizi et al, 2012).
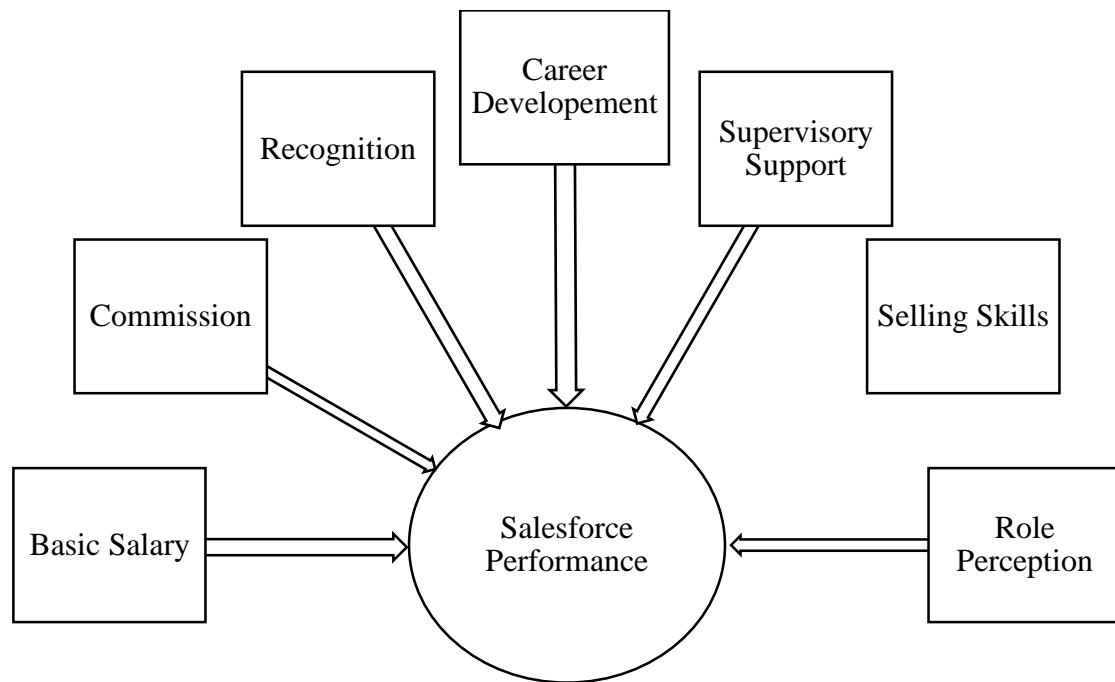

Figure 1: Conceptual framework

<div align="center">

CHAPTER THREE

RESEARCH METHODOLOGY

</div>

3.1 Research Design

A good design is often characterized by adjectives like flexible, appropriate, efficient, and economical and so on. Generally, the design which minimizes bias and maximizes the reliability of the data collected and analyzed is considered a good design. The design which gives the smallest experimental error is supposed to be the best design in many investigations (Kothari 2004).

In research, varieties of research design are applicable. However, in this study, explanatory and descriptive research design was used to investigate the relationship between sales performance and factors affecting performance. According to Cohen et.al. (1980), this research design was found to be the most commonly used method. Explanatory research tries to establish the relationship that exists between variables. It aims at identifying how one variable affects the other; it seeks to provide an empirical explanation to the causes and effects relationship between one or more variables. Hence, the researcher chose explanatory research design over the others to study and examine factors affecting sales force performance that need to be tackled so as to enhance the performance of sales people in particular and performance of business organization as whole. In addition, the researcher also employed descriptive design to briefly describe studied variables using descriptive statistics.

3.2 Research Approach

There are two basic approaches to research, the quantitative approach and the qualitative approach. Quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. This approach can be further sub-classified into inferential, experimental and simulation approaches to research. The purpose of inferential approach to research is to form a data base from which to infer characteristics or relationships of population. This usually means survey research where a sample of population is studied (questioned or observed) to determine its characteristics, and it is then inferred that the population has the same characteristics. So, to achieve the objective of this study and answer the research questions, the researcher adopts and used quantitative research approach. This includes the generation of data in quantitative terms which was subjected to rigorous quantitative analysis in the formal way (Kothari 2004).

3.3 Population, Sample Size and Sampling

3.3.1 Target Population

All multinational pharmaceutical company sales representatives were used as primary sources of data. There are eleven multinational companies operating in Ethiopia and 110 sales people are working within these Pharmaceutical companies. This includes Pfizer with annual sale of 1.5 million USD, Merck with annual sales of 1 million USD, Astra Zeneca with annual sales of 4 million USD, Sandoz with annual sales of 4.2 million USD, Novartis with annual sales of 3 million USD, Blim with annual sales of 4.6 million USD, Denk with annual sales of 5.6 million USD, Sanofi with annual sales of 2.8 million USD, Glaxo Smith Kline with annual sales of 7 million USD, Medocheme with annual sales of 1.8 million USD and Remedica with annual sale of 1.2 million USD. All this companies had commercial office in Ethiopia. This primary source helps the researcher to acquire firsthand information and strengthen the idea.

3.3.2 Sample Population and Sampling

All items in any field of inquiry constitute a 'Universe' or 'Population.' A complete enumeration of all items in the 'population' is known as a census inquiry. It can be presumed that in such an inquiry, when all items are covered, no element of chance is left and highest accuracy is obtained. But in practice this may not be true. This type of inquiry involves a great deal of time, money and energy. Therefore, when the field of inquiry is large, this method becomes difficult to adopt because of the resources involved. At times, this method is practically beyond the reach of ordinary researchers. Further, many a time it is not possible to examine every item in the population, and sometimes it is possible to obtain sufficiently accurate results by studying only a part of total population. In such cases there is no utility of census surveys. However, it needs to be emphasized that when the universe is a small one, it is no use resorting to a sample survey (Kothari 2004).

So, in this particular study since the total population is small and manageable in terms of resources and time, all company sales representative working in multinational pharmaceutical company were included in the study.

3.4 Data Collection Instruments and Procedures

3.4.1 Data Collection Instruments

To collect all the necessary data from the salespeople, self-administered questionnaire based survey instruments was used.

Both structured and unstuctured questionnaire were used to collect the necessary information. Most part of questions involved a Likert Scale ranking (5-point likert scale) while some questioners involve open ended explanation about the overall performance management system.

Likert Scale is a psychometric scale commonly involved in research that employs questionnaires. It is the most widely used approach to scaling responses in survey research. A Likert scale is the sum of responses on several Likert items. In likerst scale, 5 stand for strongly agree, 4 agree, 3 neutrals, 2 disagree and 1 strongly disagrees. In case of ordinal questions, respondents will invite to level on the given alternatives (Wuensch, Karl L., 2005).

3.4.2 Data Collection Procedures

The salespeople were asked to rate themselves on the measures of experience, skill level, personal traits, effort, affective commitment, role conflict, and role clarity. In addition, all sales people were asked to evaluate their own performance in addition to the independent variables.

First, the questionnaires were prepared and submitted to the advisor for comment. Then, pilot testing was conducted on 10 randomly selected sales representatives and depending on the feedback of respondents" responses amendments were made for clarity. After the necessary amendments are made, the questionnaires were distributed to the sample sales force to fill the questionnaire and send it back to the investigator.

3.5 Validity and Reliability Test

3.5.1 Validity test

Validity is determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account (John, 2009). This study's validity was assured through conducting interview with 10% of sample population to determine accuracy of finding drawn from questionnaire and asking three sales managers for recommendation. Also opinion

from the research advisor ensure the content validity, whether the items measure the area of interest or the concept it intends to measure which will advance its validity.

3.5.2 Reliability test

Reliability is an indicator of a measure's internal consistency of measuring instruments. Consistency is the key to understanding reliability of instruments. A measure is reliable when different attempts at measuring something converge on the same result (Kothari C. R., 2004). Thus, reliability refers to the consistency and dependability of a measuring instrument; using it repeatedly should give us the same or similar results every time. The techniques applied to assess the reliability of data collection instrument in this study is Cronbach Coefficient Alpha, the most commonly used and can test reliability with various item formats. Cronbach's alpha reflects that the extent to which the items in questionnaire are related to each other. Cronbach's coefficient alpha normally range between 0-1 values, which indicate the higher the values the higher degree of internal consistency. Although, different author accept different values of this tests to reach on internal reliability of the instrument, the most commonly accepted value is equal to or greater than 0.70 to reach on reliability of acceptable instrument (Kothari, 2004)

Reliability Statistics

Cronbach's Alpha	N of Items
.956	41

Cronbach''s alpha reliability result of this study is 0.956. Using rule of thumb of Kothari C. R., 2004, the Cronbach''s alpha value of the study is within acceptable level.

3.6 Method of Data Analysis

After collection of the data, different relevant statistical tools were employed. The data analyses were conducted using Software Package for Social Science, /SPSS/ program. The collected data was analyzed and summarized by using descriptive statistics. Appropriate inferential statistics including correlation and regression are employed to analyze and measure the extent and direction of relationship between the two variables and the estimation of the value(s) of one variable from the given values of another variable when the two variables are linearly related respectively.

3.7 Ethical Considerations

Respondents were assured the confidentiality and anonymity of their response and informed the purpose and objectives of the study on the cover letter attached with each questionnaire which make the respondents feel secured and understand that responding the questionnaire won't cause any harm or threat on their job. Appropriate time was selected to distribute and collect questionnaire not to affect their routine activities. In order to increase respondents' rate and accuracy of responses busy office hours was not used. Participants' willingness was requested before delivering the questionnaire. All data was treated in a way that respects and protects the confidentiality and anonymity of participants involved in the study. Materials used to collect data or as a data source are acknowledged in appropriate manner.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter covers the analysis and interpretation of data collected using questionnaires as per the objectives of the study. The main intent of the research was to evaluate the effects of selling skills, role perception, recognition, basic salary, commission, career development and supervisory support on sales force performance.

The data was collected from 110 sales representatives and 101 sales representatives filled and returned the questionnaire giving the response rate of 91.8%.

4.1 Demographic information of the respondents

Table 4.1: Summary of demographic factors

Variables	Classification of variable	Frequency	Percentage
Gender	Male	81	80.2
	Female	20	19.8
	Total	101	100
Educational status	Bachelor	68	67.3
	Above bachelor	33	32.7
	Total	101	100
Years of experience	1-5 years	37	36.6
	5-10 years	48	47.5
	10-15 years	16	15.8
	Total	101	100
Basic salary	10000-15000	12	11.9
	15000-20000	28	27.7
	20000-25000	8	7.9
	25000-30000	24	23.8
	Above 30000	29	28.7
	Total	101	100

Source: own survey, 2018

The above table depicts the respondent's main characteristics. The demographic information of respondent gathered for the studies were gender, age, working experience and monthly gross

salary. Out of 101 respondents, 80.2% were male and majority of the respondents (67.3) educational status is bachelor degree. 47.5% of sales representative had working experience of 5-10 years but only 15.8% of them had an experience of 10-15 years. About 28.7% of sales representative had monthly gross salary above 30,000 birr.

The demographic data showed that sales representatives from both genders are included which increase the generalizability of the study. In addition, the respondents had different mix of educational status, years of experience and wide range of basic salary which ultimately increase the quality of the data and overall generalizability of the study. Most of the sales representatives had an experience of 5-10 years which increase the quality of the data generated since they might have better understanding of the job.

4.2 Analysis of Collected Data

4.2.1 Descriptive Analysis

In this section, the collected data was entered and reported using SPSS. The mean value of each performance factor with respect to respondents" category is analyzed and presented as follows.

The composite mean scores and standard deviations have been computed for all the dimensions of the independent and dependent variables. The composite mean value shows the average of all respondents "perceptions on a certain dimension. While, standard deviation shows how diverse are the perceptions of respondents for a given dimension. For instance, high standard deviation means that the data are wide spread, which means that respondents give variety of opinion and low standard deviation implies that respondent's express close opinion.

The rule of thumb pertaining to the intervals for breaking the range in measuring variables that are captured with five point scale (that ranges from strongly disagree to strongly agree) is 0.8, which is actually found by dividing the difference between the maximum and minimum scores to the maximum score (Kidane (2012). Hence, a calculated composite mean value that ranges from1 to 1.80 implies strong disagreement, whereas the remaining ranges of 1.81 to 2.6, 2.61 to 3.4,3.41 to 4.2 and 4.21 to 5.00 representing respondents" perceptions of disagreement, neutrality, agreement and strong agreement respectively.

Therefore, composite scores of mean and standard deviation were calculated for the four scales of sourcing practice, namely strategic purchasing, long-term orientation, communication and limited number of suppliers, and for the scale of operational performance. The resulting composite scores of mean and standard deviation are presented on the following table.

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Table 4.2: Descriptive statistics of variables

Variables	Min	Max	Mean	Standard deviation
Selling skills	2.17	4.33	3.14	0.9
Role Perception	4.33	4.50	4.34	0.05
Basic salary	2.2	4.6	2.9	3.16
Commission	2.13	2.67	2.3	0.16
Recognition	1.67	4.67	2.96	1.15
Career development	4	4.25	4.04	0.1
Supervisory support	2.43	4.57	3.28	0.77
Sales performance	2.57	4.57	3.27	0.75

Source: own survey,2018

Descriptively, the average or mean level of sales force performance was (M=3.27, SD=0.75) on a five-point Likert Scale. This implies that, on the average, the performance of sales force was above average performer. The result from this study shows that high mean result for role perception (M=4.34, SD=.05),career development/merit based promotion (M=4.04, SD=0.1). On the other hand, the study found moderate mean scores for other variables like supervisory support (M=3.27, SD .77), selling skills (M=3.14, SD=0.9), recognition (M=2.96, SD=1.15), basic and salary (M=2.9, SD=3.16) but less mean score for commission (M=2.3, SD=.16). From the above table it is observed that all the performance factors had more than average scores expect commission or performance based bonus. This implies that all the aforementioned factors are important for sales force to perform except commission which had low mean score. It also meant that, there is more than average performance of sales force in this Multinational companies.

4.2.2 Correlation Analysis

The Pearson's Product Movement Correlation Coefficient was computed to determine the relationships between payment, benefit, recognition, promotion, nature of job and working condition with job satisfaction. Correlation analysis is a useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If r = -1 there is perfectly negative correlation between the variables. If r = 0 there is no

relationship between the variables and if r = +1 there is perfectly positive relationship between the variables. For values of r between +1 and 0 or between 0 and -1, the different scholars have proposed different interpretations with slight difference. A p value is assumed to be significant with less than or equal to 0.05 at 95% confidence interval. Bartz (1999) described the strength of association among variables as mentioned in following table.

Table 4.3: Interpretation of R Value

R Value	Description
0.80 or higher	Very high
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very low

Source: Bartz (1999)

Table 4.4: The correlation between sales performance and independent variables

	Pearson correlation coefficient	P value
Sales performance	1	
Selling skills	.900[**]	.001
Role perceptions	-.186	.062
Basic salary	.922[**]	.000
Commission	-.004	.971
Recognition	.937[**]	.000
Career development	.327	.081
Supervisory support	.884[**]	.001

**. Correlation is significant at the 0.01 level (2-tailed).

Source: own survey,2018

Significant positive correlation existed between independent variables: selling skills, basic salary, recognition, supervisory support and dependent variable, sales force performance (r=0.9, p<0.001; r=0.922, p<0.000; r=0.937, p<0.000, r=0.884, p<0.001, respectively). This implies that increase or decrease in the adjustment of selling skills, basic salary, recognition and supervisory support is associated with similar change in employees" performance.

The result also showed that career development is positively correlated with sales force performance(r=0.327) but the result is not statistically significant (P=0.081). On the other hand, commission and role perception had negative relationship with sales force performance which is not statistically significant.

4.2.3 Regression analysis

4.2.3.1 Assumptions of Multiple Regression Model

Five tests for classical linear regression model (CLRM) assumptions namely normality, linearity, homoscedasticity; multicolinearity and independence of residual are conducted and discussed as follows.

Test for Normality

Test of normality, its determining whether the data is well modeled by normal distribution or not. This test of normal distribution could be checked by graphical (histogram and dot plot) method of tests. The normality assumption assumes a critical role when a study is dealing with a small sample size, data less than 100 observation. (Gujarati, D. 2004). This assumption is tested by the researcher using histogram. The decision rule is, if the data is not skewed, one can conclude that the variables of interest are normally distributed (Gujarati, D. 2004)
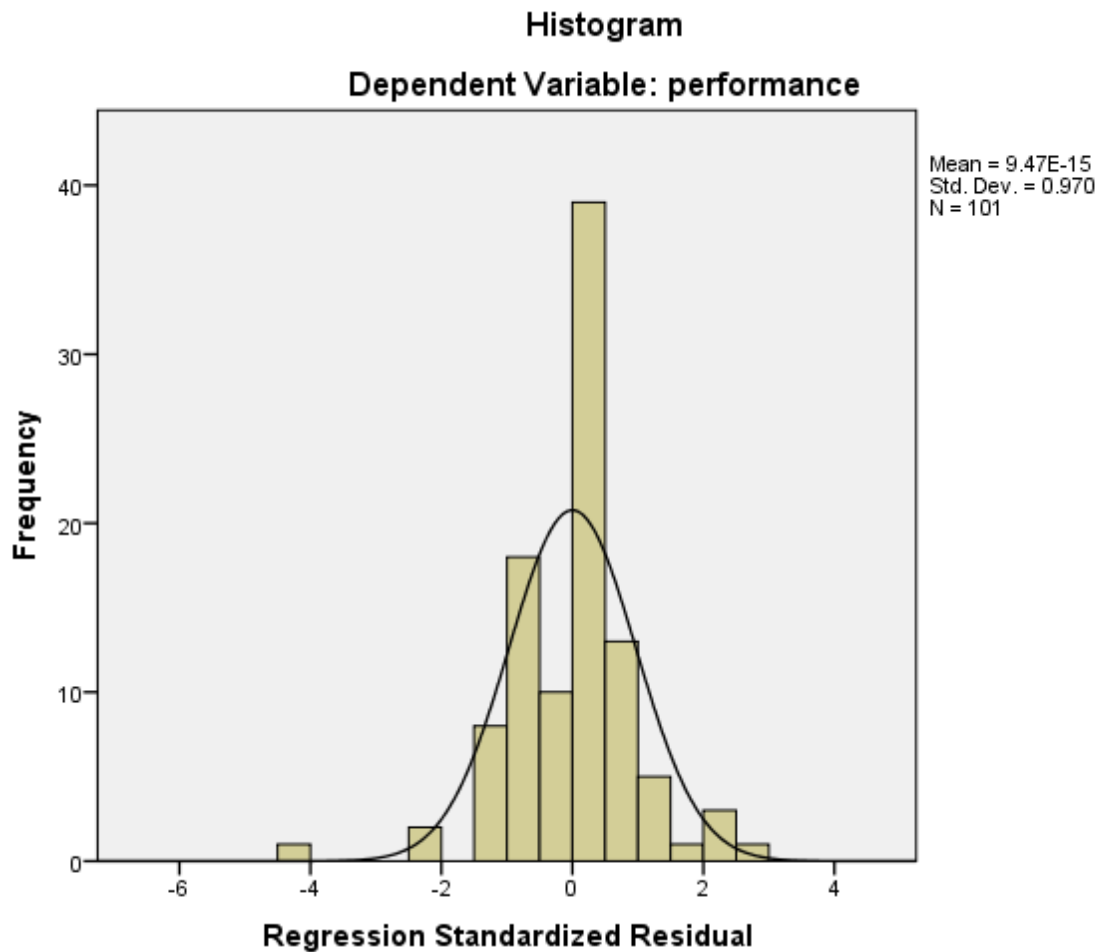
Figure 4.1: Histogram (test for normality)

From the above figure, we can see that residuals of the model are approximately normally distributed.

Test for Linearity

Multiple linear regression models also assume that there is a linear relationship between the independent variables and the dependent variables. Multiple regressions can accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature. These assumptions can be checked by scatterplot diagram stated below.
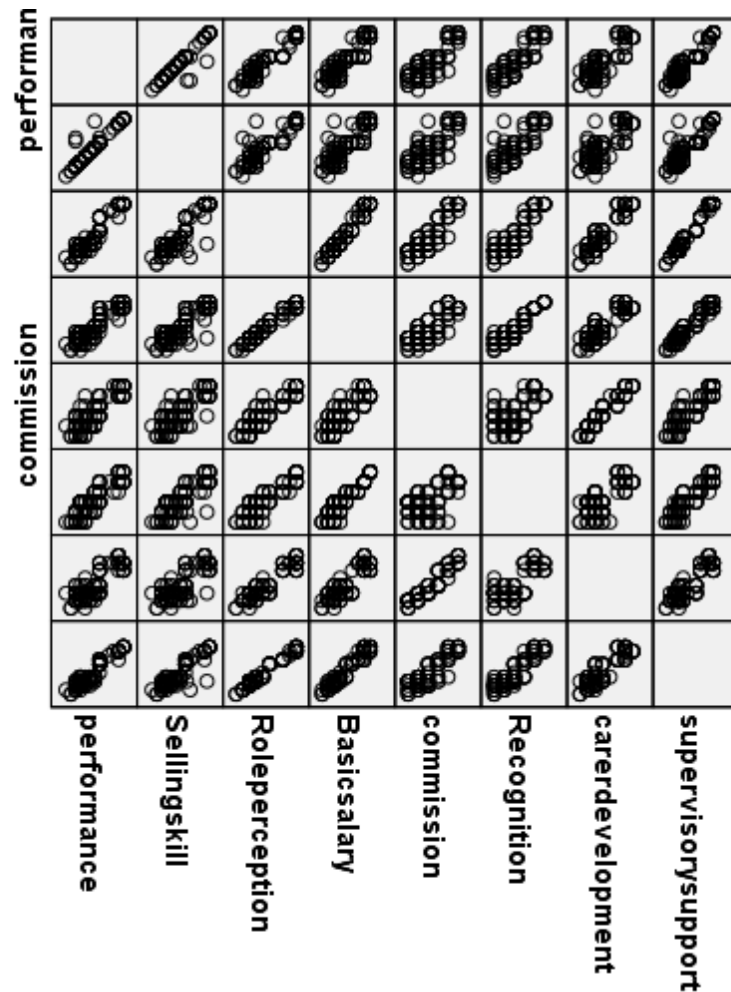
Figure 2: Scatter plot (Test for linearity)

As we can see from the above diagram, this assumption are not serious threat to the study since one can draw one straight line to approximate the observations for all independent variables against the dependent variable (Field, 2009)

Test for Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that researchers assume that errors are spread out consistently between the variables (Keith, 2006). This is evident when the variance around the regression line is the same for all values of the predictor variable. These assumptions can be checked by special scatterplot diagram stated below.

Scatterplot

Dependent Variable: performance
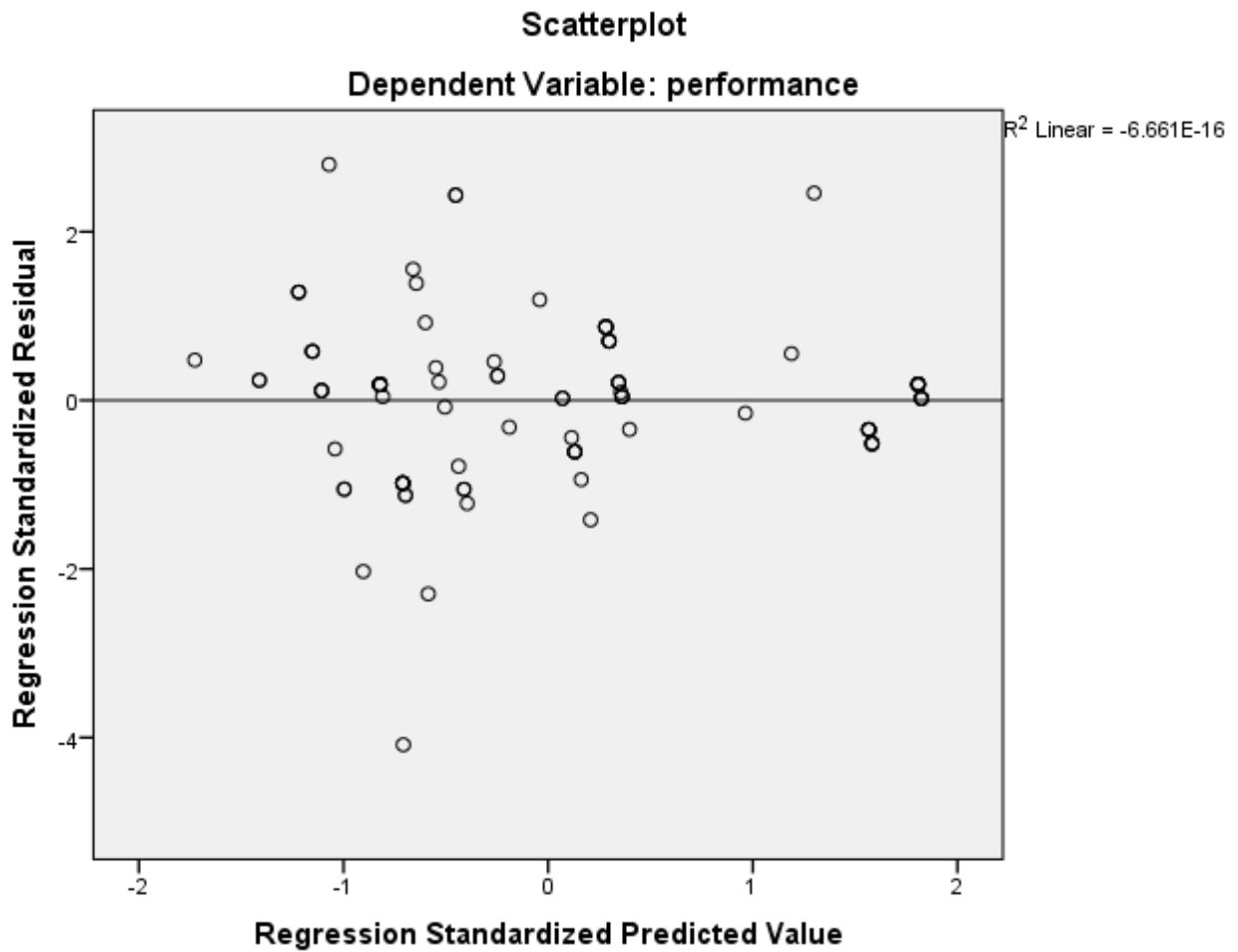
The decision rule is, if the data appears more random than funneled, this assumption can be accepted.

Test for Multi Collinearity

Another test to meet multiple linear regression model assumptions is test of Multi collinearity. It's an indication is there is a relationship between the independent variables (Gujarati, D. 2004)

Variable Inflation Factor (VIF) technique was used. The VIF is a measure of the reciprocal of the complement of the inter-correlation among the predictors: /VIF=1/ (1-r2)/

Table 4.5 VIF values of predictors

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Skills	.230	5.622
	Role perception	.422	2.370
	Basic salary	.471	3.439
	Commission bonus	.641	1.561
	Recognition	.242	7.059
	Career development	.375	2.670
	Supervisory support	.235	6.644

The decision rule for this assumption to be met, VIF scores should be well below 10, and tolerance scores to be above 0.2 and shows there is no multicollinearity problem in the independent variables (Gujarati, D. 2004).

Test of Independent of Residuals

Other criteria for multiple linear regression models, it assumes that the residuals are independent of one another. Here, we can use the Durbin-Watson statistic to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, this value should be close to 2. Values below 1 and above 3 are cause for concern and may render the analysis invalid. This assumption is accepted since the Durban Watson is around 2(Field, 2009; Gujarati, D. 2004).

Table 4.6: Durbin-Watson value

Durbin-Watson
2.091

4.2.3.2 Regression model

Multiple regression analysis applied to find out the relative importance of different factors affecting sales force performance which includes role perception, selling skills, basic salary, commission or performance based bonus, recognition, career development or merit based promotion and supervisory support.

The model for factors affecting sales force performance in Multinational pharmaceutical company is proposed as follows

Performance=Bo+B1*roleperception+B2*skills+B3*salary+B4*commission+B5*recognition+B6*Supervisory support+B7*career development+ error

Where B0=constant

B1-B6= is the coefficient for each independent variable explaining their impact

Table 4.7: ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.342	7	7.763	337.321	.000b
	Residual	2.140	93	.023		
	Total	56.483	100			

a. Dependent Variable: sales performance
b. Predictors: (Constant), supervisory support, commission, Role perception, career development, Recognition, basic salary, Skills
Source: Own survey,2018

The ANOVA result confirmed the overall significance of the Model with p value of 0.000 which is highly significant, thus we can assume there is linear relationship between the variables in our model and the model is fit.

Table 4.8 Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.981ª	.962	.959	.15170	2.091

a. Predictors: (Constant), supervisory support, commission, Role perception, career development, Recognition, Basic salary, selling Skills
b. Dependent Variable: sales performance
Source: Own survey,2018

The R (Coefficient of Correlation) is simply a measure of the degree of (linear) association between the dependent variable and the independent variables. It only measures degree of association or co variation between the two variables but the adjusted R square (Coefficient of Determination), can be defined as the proportion of the total variation or dispersion in the sales force performance (dependent variable) that explained by the variation in independent variables in the regression (Gujarati, 2004). Accordingly, based on the model below adjusted R square indicates that the factors included in the model explain 95.9% variation in sale force performance. The corollary of this is that only 4.1% of the variation in sales force performance is unexplained by the relationship. Thus when adjusted R square is high it means that the independent variables included in the study play an important part in affecting the dependent variable. This showed that most of the relevant variables that can affect sales performance are included in the study.

Regression equation is formulated as follows form the table below:
Sales force Performance=0.660-0.292 roleperception+0.037 selling skills+0.297 salary+0.113 commission+0.277 recognition+0.16 supervisory support+0.891 career development+1.574

Table 4.9 Regression coefficient results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.660	1.574		-.419	.676
Selling Skills	.37	.289	.246	3.591	.001
Role perception	-.092	.467	-.019	-.065	.533
Basic salary	.297	.200	.569	6.489	.000
Commission	.113	.113	.025	1.000	.320
Recognition	.277	.035	.427	7.971	.000
Career development	.11	.248	.119	3.600	.090
Supervisory support	.160	.281	-.230	-7.686	.001

a. Dependent Variable: sales force performance

Source: own survey,2018

4.3 Interpretations of regression results and discussion

As it is clearly indicating, in table 4.5 above, the individual effects of the independent variables can be explained by their respective beta coefficients. The first variable mentioned in the table is selling skills. Accordingly, selling skills and sales performance had strong positive effect on performance of sales people (B=0.37, P=0.001). This indicates that selling skills can explain about 37% variation in sales force performance. This is supported by other study which reported significant positive relationship between skill levels and job performance (Katsikan & Skarmeas, 2003; Churchil et al 2000). Thus, salesperson skills at using active listening, handling objections, and negotiating can be quite important in building relational factors (e.g. role performance, synergistic solutions) as well as the customer's perceptions of trust and credibility in that salesperson which ultimately boosts the performance of salesperson

On the other hand, role perception is negative effect on sales performance but the result is not statically significant (B= -0.092, P=0.533). The study by Aziz et al (2012) also indicated that job ambiguity had negative impact on sales force performance which is in line with this study. Another study by Ahmad N.et al (2012) also reported that there is no significant effect between role ambiguity and sales performance which supports the results. This indicates that understanding what the job entails and how it is supposed to be performed is not enough for the sales people to perform higher.

Company's typically compensate their sales force by using some combination of salary, commission and/or bonuses but executives are unsure of which financial factors provide significant impact on performance of sales force. Financial incentives are important factors used in most pharmaceutical firms as means to drive performance of sales force forward.

Basic salary is one of the major financial factors affecting sales force performance. The result from this study showed that salary had statistically significant effect on performance of sales force. This means that basic salary can explain 29.7 % of variation in sales forces performance. This result is in line with the results from institute of leadership and management (ILM, 2013). In this study, money is mentioned as important motivation factors and majority of employees say it has big impact on performance, with base salary and benefits rated as the second most important factors affecting employee performance. This indicates that fair and competitive base salary is a fundamental requirement for most people

Apart from basic salary, commission or performance based bonus are also commonly used factors to positively influence performance in business firms. But, in this study commission had no strong impact on performance of sales people (B=0.113, P=0.320). This is also supported other study which mentioned performance related bonus are considerably less effective factors to influence performance.

Recognition is appropriate for intrinsically motivating behaviors such as inventiveness, commitment and initiative. Because these behaviors translate into innovation and creativity, service above and beyond the call of duty, and eagerness to change and move forward, they are a source of strategic differentiation. According to the results in this study, recognition had strong and statistically significant impact on performance. This means that recognition explains variation in performance of sales force in 27.7% of the case, respectively. This is supported by another study which reported recognition for efforts and skills are also among the most important nonfinancial motivational factors ranked sixth (Hansen et al. 2002). This indicates that recognition, non-financial reward and support/feedback are increasingly desired by employees. Managers who are able to understand and utilize these tools effectively will be able to get the best out of their sales force and produce a happier, more productive environment.

A big number of sales representatives choose to build a career out of being a pharmaceutical representative and are not interested in moving into sales management or even marketing. As it is clearly indicated in the table above, career developments are not mentioned as important factors affecting performance. Base on the regression result, career development explains variation in performance of sales force in 11% of the cases but the result is not statistically significant. This is not in agreement with the study done by Wiese et al, 2013 reported that the possibility of being promoted was rated as important by sales representatives as key drivers of performance. This means, it is not always true to assume that most sales people would like to grow into managerial level. Overall, sales management should consider the introduction of a merit-based promotional ladder. This would meet the needs of the sales representatives who wish to progress within the sales force rather than move into management.

Though, leadership of the sales force is important since it often has a substantial effect on both sales force performance and organizational outcomes, supervisory support had strong and statistically significant impact on sales forces performance in this study. This means that ,in the linear regression model with the independent variables, supervisor support explains 16% of the variance in performance of sales force. Significant positive relationships

were found and presented from an exploratory study of the relationship between the extent or level of leadership provided to salespeople and behavior-based salesperson performance (Wilkinson, 2009) supporting the results in this study.

In general, it is better to understand the relative importance of sales manager or supervisor monitoring, directing, evaluating, and rewarding activities. It is also important to know if performing more of this activities or less of this will lead to higher behavioral and outcome performance in sales force. The result found here is also in line with the conventional wisdom that manager 'and/or supervisors coaching activities are very important for the success of the sales force.

Overall, the regression model developed under the study can be considered as a good fit or predictor of sales forces performance. The majority of predictors included in this model are pertinent factors to explain variation in performance of sales people

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

Based on the data analysis and interpretation in Chapter four, the findings are summarized as follows.

➢ The result from this study shows that high mean result for role perception (M=4.34), career development/merit based promotion (M=4.04). On the other hand, the study found moderate mean scores for other variables like supervisory support (M=3.27), selling skills (M=3.14), recognition (M=2.96), basic salary (M=2.9) but less mean score for commission (M=2.3)

➢ The study found significant positive relationship between independent variables; selling skills, basic salary, recognition, supervisory support and the dependent variable, sales force performance (P=0.001, P=0.000, P=0.000, P=0.001, respectively). On the other hand, the result indicated that there is no significant relationship between career development and sales force performance. In addition, the result showed that, there is non-significant negative relationship between role perception, commission and sales force performance

➢ Based on the result, about 95.9% of variation in sales force performance can be explained by variation in selling skills, basic salary, commission/performance based bonus, recognition, supervisory support, role perception and career development

➢ As per the study, the relative importance or impact of each explanatory factors on sales force performance are explained as follows. Factors with positive significant impact on sales force performance includes: Selling skills (B=0.37, P=0.001); basic salary (B=0.297, P=0.000); recognition (B=0.277, P=0.000) and supervisory support (B=0.16, P=0.001). On the other hand, role perception had negative impact on sales force performance which is not statistically significant (B=0.092, P=0.533) and commission or performance based bonus had no significant impact on sales force performance (B=0.114, p=0.320).

5.2 Conclusions

Based on the major findings of the study, the following conclusions were drawn:

- Based on the research result, selling skills are important factors affecting performance of sales representatives in pharmaceutical firms. This means that to directly impact salesperson performance is for managers to ensure that their salespeople are provided with experiences and training that develop appropriate selling skills as well as flexibility in handling different types of customers across different selling situations.

- The research showed that financial incentives outside of the basic salary package are relatively infective drivers of performance of sales people in multinational pharmaceutical firms. Despite this, financial incentives are still commonly used by pharmaceutical firms in an attempt to generate high performance, while performance related bonus or commission are largely ineffective where as fair basic salary package are increasingly desired by sales force. Instead of ineffective bonus schemes, the research shows that increasing basic salary is an effective way of improving sales performance.

- The result indicates that recognition is increasingly desired by sales force working in multinational pharmaceutical firms to perform better. Thus, recognition can be used as a tool for increasing employees' performance

- Among other factors, the study found that the levels of supervisory support (monitoring and direction of sales force activities, and sales force coaching and communication) were significantly related with sales force performance. This leads to support from the sales management are highly desired and valued by sales people to perform better.

- Though, the sales person's ability to do the job well is partly determined by how clearly he or she understands those role expectations, there is no significant positive relationship between role perception and sales force performance.

- Over all, there is no single predictor of sales force performance but multiple factors are explaining their performance. The research indicates various ways of stimulating higher sales performances such as selling skills, basic salary, recognition and support from management or supervisors.

5.3 Recommendations

This study aims to assist pharmaceutical sales managers and company management to understand the needs of their sales force in their way to build high performing culture. Specifically, findings provide company management with preliminary evidence about what predicts salesperson performance. Based on conclusions in the study, the following recommendations are forwarded

1. The study found that supervisory support is important factors affecting performance of sales force. This indicates that, Sales force should be supported in their efforts to do their job and build relationships with customers. This might require a sales manager or supervisor to accompany a sales representative more often to see customers such as physicians.

2. Findings in this study indicated that recognition is key driver of performance in multinational pharmaceutical companies. This meant that, so much focus should be given on structures and systems for recognition of a representative's efforts which are often overlooked by pharmaceutical firms. Rather than more elaborate and costly systems, more simple acts of recognition need to be implemented. They may be carried out at supervisory level rather than at organizational level.

3. The result in this study indicated that salary is important factors affecting performance of sales force than commission which is opposite to the conventional wisdom that both are equally important. This implies that, pharmaceutical companies should initiate competitive benefit package system with right mix of salary with commission/incentives in an effort to motivate representatives to achieve higher sales than their counterparts and ultimately increase the overall turnover of their products. However, it is important to take notice basic salary is highly effective drivers of performance than commission or performance based bonus. So, pharmaceutical sales managers should work vigorously to install the right benefit package for sales representatives.

4. The findings in the study showed that selling skills alone can explain major variation in performance of sales force. In addition, the result reported that there is strong correlation between selling skills and performance. This indicates that intensive training in these areas should be given and that sales managers should search for additional means to improve their salespeople's skills in these important areas.

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Annex II: Questionnaire

Dear Respondents,

I am a postgraduate student of St Mary's University. I am currently undertaking a research project on assessing the determinant of sales force performance in the case of multinational pharmaceutical companies operating in Ethiopia.

Please recall that you are selected as a possible participant because you are working sales representative in multinational pharmaceutical company. Your participation in the study is completely voluntary.

The research work is for academic purpose only. Any information obtained in connection with this study will remain strictly confidential.

The questionnaire will take approximately 10-15 minutes of your time. Your honest and true opinion will be valuable for this research. Thank you in advance for your assistance.

Part I: General Information's

1. What is your gender? Female ☐ Male ☐
2. What is the highest level of education you have attained? Bachelor ☐ Above bachelor ☐
3. How long have you been employed in your current company? _____years months.
4. How long have you been employed in a selling position (including positions in other industries)? .....Years
5. How much is your gross monthly salary?...........in birr
6. In addition to the above monthly salary, what additional benefits are provided by your company?

   a. Performance based incentives/commission/bonus (please specify how you are paid, the time interval you are paid and any other comments)…………………………………………………………………………… …………………………………………………………………………… ………

   b. Please specify any other benefits (Cash or cash equivalents) provide by your company…………………………………………………………………… …………………………………………………………..

Part II: Factors affecting performance

Indicate your response to each of the following statements with regard to factors affecting performance Please place an X in the appropriate answer box according to the following code definitions: strongly disagree(1),disagree(2),neutral(3), agree(4), strongly agree(5).

S.N	Statements	1	2	3	4	5
	Selling Skills (Behrman DN et al 1982)					
1	I listen attentively to identify and understand the real concerns of customers.					
2	I make sure that what customers demand is what they actually need.					
3	I always work out solutions to customers' questions and objectives.					
4	I always update myself regarding the products I am working on and feel confident to detail my products					
5	I always used customized approach to individual customers during a business call					
6	It is easy for me to convince a customer that had a different viewpoint than me					
	Role Perception (House & Rizzo, 1972)					
7	I feel certain about how much authority I have					
8	The firm provides clear, planned goals and objectives for my job					
9	I know that I have divided my time properly					
10	I know what my responsibilities are					
11	I know exactly what is expected of me					
12	In the firm I am working on there is clear explanation of what has to be done					
	Salary and benefits					
13	My salary is sufficient in relation to what I perform					
14	Salary increments are made based on employee performance					
15	I am satisfied with the benefits I receive					

16	The benefits are as good as most other organizations offer					
17	The benefit package of the company is equitable among sales staff					
	Commission/Performance based bonus					
18	The firm bonus payment is performance based					
19	The firm bonus plan encourages to perform better					
20	If I perform well, I am certain that amount of bonus increase					
	Recognition					
21	I receive positive recognition for what I perform better					
22	When I do a good job I receive a recognition for that					
23	I feel that my job receives enough attention from my company					
	Career Development/merit based promotion					
24	The company has a clear career Development procedure					
25	The company applies performance based career development					
26	The career development procedure is encouraging					
27	Within my profession, there are Opportunities for more advancement					
	Supervisory support					
28	My performance is judged more by how much work I do than my relationship between with my line managers					
29	My manager encourages me to openly express my ideas and opinions					
30	My manager promptly acknowledge and recognize me for doing a good job					
31	My manager/supervisor inspires me to do my best					
32	My manager performance appraisal system is objective and fair enough					
33	I get the coaching and support that I need from my manager to help me do my job well					
34	My manager regularly gives me feedback on how well I do things					

Part III: Sales performance (Brown and Peterson (1994)

Indicate your response to each of the following statements with regard to your Performance. Please place an X in the appropriate answer box according to the following code definitions: strongly disagree(1),disagree(2),neutral(3), agree(4), strongly agree(5).

	Statements	1	2	3	4	5
35	I was effective in making sales presentations					
36	I was effective in closing sales					
37	I always achieved the sales quota assigned to me					
38	I am active enough in gaining and bringing new customers to customer database					
39	I always timely complete any assigned tasks					
40	I treat customers at most respect and always do my best to fulfill their needs					
41	I contributed to the overall performance of the firm to the best of my ability to achieve its objective					