Motivation Factors: Impact on Sales Commission Plan Employees in a Telecommunication Company in Malaysia

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The purpose of this study is to uncover factors of motivation among account executives in a telecommunication company after the improvement of sales commission plan program in year 2014. Factors of motivation, such as monetary reward, recognition, affiliation, job security, and work environment that influence account executives motivation have been highlighted. Quantitative method was used in this study with the help of questionnaire data collection. The questionnaires were distributed among one of the telecommunication company account executives. The study found that there are significant differences in motivation level between gender, age, year of service, salary, and workplace of account executives. Monetary reward, job security, and work environment were found as the significant drivers to motivate account executives. The study also found that improvement on public recognition and affiliation factors failed to bring positive impact towards account executives motivation. Consistently, the findings can conclude that there is a relationship between account executives and sales commission plan that can lead to increase in motivation. Despite the positive result, the study can suggest the company to improve its bottom-line where sales commission plan program needs further revision in accordance with account executives factors of motivation.

Keywords: motivation factors, sales commission plan, account executives, telecommunication company

Introduction

Motivation represents the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior (McShane & Glinow, 2010). As motivation became important in organizational settings, it is urged that leaders or managers needed to make a thorough initiative to motivate subordinates. Motivated subordinates are willing to exert a particular level of effort (intensity), for a certain amount of time (persistence) and toward a particular goal or direction (Singh & Tiwari, 2012).

The changing of work environments has led to the increase in work challenges among employees in many organizations today. This telecommunication company is Malaysia’s leading next-generation communication provider, always focused on creating value for shareholders by offering comprehensive range and cutting edge communications products, services, and solutions in broadband, data, and fixed-lines. In support of the government’s vision of transforming Malaysia to become a value-based knowledge society, the company has also put in place various strategic information communication technology (ICT) infrastructure to ensure that the
vision comes true. My1Hub and Iskandar International Gateway is one of the government initiatives to achieve the country’s ICT transformation. It aims to further elevate the company’s capacity as the nation information exchange, where all communications needs are met or through the company and as the trusted ICT partner to propel Malaysia into becoming an international and regional hub.

The company’s small medium enterprise (SME) management has initiated sales engagement road show visiting all 15 SME states with the purpose to re-iterate and to communicate on the sales commission plan implementation and its processes for account executives clear understanding. Koone (1998) explained that companies can always improve their sales force motivation and boost their chances of meeting the set target by paying greater attention to the compensation management of the sales force.

The objective of this study is to identify the company’s SME account executives motivation factors with the implementation of a new improved sales commission plan. By understanding the factors, it shall improve the sales commission plan effectiveness, which in long run shall bring constructive impact to sales revenue performance of the company. The company’s sales commission plan payout structure has been designed and developed to ensure account executives to maintain their existing customer base as priority while at the same time to search for potential new sales. It is developed based on consideration factors and guiding principle of the company.

**Research Hypotheses**

The hypotheses were developed according to the research questions, theoretical framework as in Figure 1, and based on the review of literatures. There are five research hypotheses developed as follows:

Hypothesis 1 (H1): There is no significant relationship between monetary reward and account executives’ motivation to work;

Hypothesis 2 (H2): There is no significant relationship between recognition and account executives’ motivation to work;

Hypothesis 3 (H3): There is no significant relationship between affiliation and account executives’ motivation to work;

Hypothesis 4 (H4): There is no significant relationship between job security and account executives’ motivation to work;

Hypothesis 5 (H5): There is no significant relationship between work environment and account executives’ motivation to work.

![Figure 1. Theoretical framework.](image-url)
**Literature Review**

**Motivation**

Gellerman (1992) said that motivation could energize people mind and body to do their work efficiently. Motivation can also be regarded as the necessary drive or energy towards achievement of some goals (Analoui, 1999). Since motivation is directed by internal drive, an individual cannot motivate another individual, but he or she may create a situation or environment for them to respond as they choose to. The ingredients of motivation lie within the individual. Motivation and work performance have always become the popular philosophy and forces behind most successful organization. In this competitive world, organizations are customer centric, thus the need for motivated employees to deliver services is needed. Employer must in most time nurture employees with positive work ethics and best practices to enliven responsible and successful individual (Shipley & Kleiner, 2005).

According to Frederick Herzberg’s two factor theory (1966), there are intrinsic factors, such as recognition, challenging work, and responsibilities that can generate job satisfaction. Absent of extrinsic factors, such as salary, compensation, and working condition may lead to employee dissatisfaction. Hence, for organization to increase motivation of the employees, it should be concerned with the nature of the work or programmed itself, the opportunities it presents for the employees to gain status, responsibilities, and achieving self-realization (Mullen, 1993). Motivated employees shall improve organization performance and its stability, by proactively doing extra mile whatever is necessary to achieve targets or goals of the organization, as well as addressing any potential challenges to maintain the organization’s stability.

In sales environments, the management is always looking for creative ways to motivate their sales teams to ensure that the sales people are properly motivated, since motivation is a de-facto element to add to the company bottom-line. Sales incentive or commission plan has been identified as a great motivator for any sales people (K. M. Dawson & S. N. Dawson, 1990).

**Motivation Factors**

It was found that gratification of one needs level does not necessarily lead to increase in motivation. There is a situation when some people can be very hungry and at the same time striving to fulfill their social/love needs. Although with its limitations, Maslow’s theory continues to be a useful reference in deriving human motivation fundamental basis (Heller & Weisberg, 2014). Some of the motivation factors that had been known and used in many motivation studies include monetary reward, recognition, affiliation, job security, and work environment. These factors function as motives or dimensions to motivate employees in an organization (Osterloh & Frey, 2000).

**Sales Commission Plan**

Wang, Waldman, and Zhang (2014) have proposed conceptual models that can assist in understanding what variables can influence sales force performance. Sales force system framework consists of several complex components and linkages within sales organizations which later will drive the company results ultimately. Any sales force systems may produce the desired output, if only they find the right balance of quantity, quality, and allocation of activities (Aronoff & Wilson, 2014).

Sales people required knowledge, skills, abilities, and importantly motivation to execute sales activities effectively and efficiently. Effective sales process, available sales tools, and fairness of performance management and incentive are the contributors of sales force effectiveness. Company factors, such as the
products offerings and capabilities plus the external factors (i.e., competition and environment threats), mark up as the external forces that may hinder the effectiveness of sales force systems. To be effective, sales activity required effective execution and sufficient quality of activities, and also required reasonable allocation of activity to customers, products, sales tasks, and value communication. Effective sale activities reassure with better retention value, increase satisfaction, and improve relationship among the customers. The worth from the company perspective is looking towards new business, bigger market share, and better growth.

Employees can be motivated to act, due to internal desires and wishes, and the behaviors can also be driven by external rewards or incentives. According to incentive theory, people normally are attracted toward behaviors that offer positive reinforcements and pushed away from behaviors associated with negative reinforcements. Incentives can be used to get people to engage in certain behaviors, but they can also be used to get people to stop performing certain actions. It only became powerful, if the individual places importance on the reward. The rewards have to be achievable in order to be motivating, for example, a sales person will not be motivated to drive extra sales, if the incentive plan is difficult and not realistic to achieve (Pritchard, 1990).

Methodology

Sampling and Research Design

The survey was conducted at a telecommunication company in Malaysia and the population of this study comprised of all account executives from the company’s SME division of, which total up to 98 account executives from all over Malaysia. The sampling method by Krejcie and Morgan (1970) has been used to determine effective sample size for a given population. Hence, from 98 account executives, only 88 account executives were selected as a sample of this study. This study managed to score high respondents’ rate at 94%, only five respondents out of 80 respondents were not responded and returned the questionnaire.

A descriptive study was undertaken to determine the motivation factors among a telecommunication SME account executives. The commonly perceived motivation factors of monetary reward, recognition, affiliation, job security, and work environment have been tested.

Research Instruments

For data collection on this study, a questionnaire approach was used. The questionnaire used five-point Likert scale to measure the level of agreement of respondents for each of the item in the questionnaire. Respondents of this study require to response with a range from strongly disagree to strongly agree (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree). The first section was developed to collect demographic information on gender, age, marital status, race, education level, job level, salary range (monthly), place of work, and year of service. The second section of the questionnaire contained the variables items, to measure the identified motivation factors of monetary reward, recognition, affiliation, job security, and work environment. The third section developed to verify respondents’ new sales performance as at quarter two of year 2014. This section also would like to gather respondents understanding on their current performance over sales target given and the last open ended type of question to acquire respondents’ perception towards, what else could the management act or do in order to improve the sales person (account executives) motivation in effective manner.

A pilot test was conducted to 10 account executives originated from Selangor, Kuala Lumpur, Johor, Sabah, and Sarawak. Later, the content validity was determined by using Cronbach’s alpha statistics calculation.
Cronbach’s alpha is one of the commonly used for reliability test. It is understood that the closer the Cronbach’s alpha is to one, the greater the internal reliability of the test will be (Nunnaly, 1978).

Data Collection Method
This survey was conducted in a natural environment with minimum interference by the researcher and other interested party. Account executives participation was volunteered and confidentiality was assured. In addition, the questionnaires provided with information as such: Why the information is collected and how it is intent to be used as this to assure that the account executives understand the importance of answering honestly.

Questionnaire was distributed to account executives nationwide via email communication to sales management manager/assistant manager at respective state. Researcher decided to reach account executives through email, by personalized sending to 15 sales management managers/assistant managers, to acquire their favor to print the questionnaire form as per attached in the email and help to distribute the hardcopy form to all the account executives in the state. Instead of asking the account executives managers to distribute the questionnaire, researcher would like to eliminate biases if the questionnaire is distributed by the account executives managers, since in the organization account executives currently directly report to the account executives managers.

Data Analysis Method
The collected data were analyzed using Statistical Package for Social Science (SPSS) version 21. Researcher has decided to use three types of analysis in this study. The first type was descriptive statistics pertaining to the demographics data collected. The demographics data were analyzed using the frequencies, mean, standard deviation, and percentage statistical types. The analysis was conducted to examine correlation between motivation factors towards respondents demographics profiles and also towards sales commission plan program effectiveness. The second type of statistical analysis was applied to test the five hypotheses using Analysis of Variance (ANOVA) analyses. In the third stage, Pearson correlation analysis was used to examine the patterns of relationship among the five jobs motivation factors with the SME sales performance.

Findings and Discussions

Respondents’ Profile
Within a month, from 85 questionnaires distributed, a total of 80 SME account executives from the telecommunication company have responded to the questionnaires that have been assisted by SME sales management team at respective state. Out of 80 who have returned the questionnaires, 37 (46.25%) were males and 43 (53.75%) were females.

Majority of the respondents were Malay, 63 (78.75%), followed by Chinese, nine (11.25%), Indian, six (7.50%), and others, two (2.50%). Others represent Iban and Dayak respondents from East Malaysia. This race distribution also represents race distribution of the company’s employees. While in relation to age group, the highest age group responded were those in the age group of 31-40 (42.50%) and the lowest were in the age group of above 41. It is interesting to note that percentage of respondents in the age group of 41-50 was about the same percentage of those who were at the age group of above 51 at 13.75%.

A comparison of marital status shows that 58 (72.50%) were married, followed by 20 (25%) with single status, those with divorced and widowed status at 1.25%. The high number of married respondents shows that employees are also family oriented. It was found out that majority of the respondents with bachelor degree amounted to 71 (88.75%) as the pre-requisite for accounts executives position in the telecommunication
company. Only nine (11.25%) out of 80 respondents earned a master degree. The company currently does not provide any additional allowance, salary increment, or benefits for employees with master degree. However, it did support and encourage employees to further study by providing financial aids through scholarship and discount fees as the company believed in lifelong learning.

The majority of the respondents come from commercial business district: Petaling Jaya, Kuala Lumpur, Johor, and Selangor area. This is because number of body placement of account executives normally are based on number of existing customers, potential market, and geographical intense of the area. Hence, Petaling Jaya, Kuala Lumpur, Johor, and Selangor have the highest number of account executives compared to non-commercial business districts, such as Kedah Perlis, Negeri Sembilan, Terengganu, and Kelantan.

Finally, most of the respondents at 28.75% earned salary between RM 4,001 to RM 5,000 per month, followed by 27.50% who earned salary between RM 5,001 to RM 6,000 per month, 23.75% respondents with salary between RM 3,000 to RM 4,000 per month, and only 20% of the respondents with salary more than RM 6,000 per month. In 2012, the company has executed salary adjustment for newcomers with bachelor degree holder at RM 3,500 per month to meet industry level. Hence, none of the company’s SME account executives earned income below than RM 3,000 per month.

**Means of Sales Commission Plan Effectiveness**

Male respondents are slightly more motivated with the improvement of the sales commission plan which has commenced in January 2014. The male respondents seem to have a better motivation to pursue and close more sales, with this new improved sales commission plan when compared with the female respondents.

Respondents at age range between 41-50 years old are more hunger to do sales with the new improved commission in place. Interestingly respondents with age below 30 years old show less satisfied with this new sales commission plan, hence their motivation is at the lowest among the group. In relation with the above result, respondents who have in service longer than 21 years are more satisfied with the improvement of the sales commission plan. With that their motivation to pursue and close more sales shows the highest when compared with other junior respondents. Consistently, respondents with age range of 41-50 which certainly have served the company more than 21 years are more motivated sales person.

Respondents who earned more than RM 6,000 per month are more motivated to close more and better sales, however respondents with income less than RM 4,000 per month are not satisfied and eventually not motivated with the new improved sales commission plan. This result is associated with the previous result, respondents with service in the company less than five years and at age range between 21-30 years old are the least motivated account executives.

Finally, this study revealed that respondents from state Pahang are the most motivated group but at moderate level. Respondents from Kelantan were the least motivated group with the lowest rating in terms of perception towards their motivation on new sales commission plan implementation. This study has also discovered that the company’s SME account executives nationwide view that this new sales commission plan does not drive their motivation to do more. They have disagreed with the statement that the new sales commission plan has made them feel motivated to close more sales (mean = 2.80, SD = 1.011).

**Central Tendencies and Dispersion of Account Executives’ Factors of Motivation**

This study survey questions with the intention to gauge and examine SME account executives factors of motivation namely: monetary reward, recognition, affiliation, job security, and work environment. The survey
was designed with five subscales based on the above mentioned factors of motivation. Five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = somewhat agree, 4 = agree, and 5 = strongly agree) was used to measure the level of agreement of the respondents. The highest possible score for an individual item was 5, indicating the highest level of agreement; while, the lowest possible score for an individual item was 1, indicating the highest level of disagreement.

The monetary reward subscale revealed that SME account executives perceived financial status was the important motivation factor, as it was an indication of their success in their career life (mean = 3.66, SD = 0.885). However, they had rated their satisfaction level for the new sales commission plan at rating below three (mean = 2.31, SD = 0.908).

The recognition subscale showed that TM SME account executives perceived willingness to do more than what is required including spending more time and effort to get things done for the sake of the company sustainability (mean = 4.01, SD = 0.738). They also perceived that praises, good words, and pat on the back from the superior may increase their desire to excel further (mean = 3.79, SD = 0.837). Interestingly giving out award, trophies, and certificate of achievement has moderate influence for SME account executives to work harder (mean = 3.35, SD = 1.202).

The affiliation subscale result has shown that SME account executives feel that they contribute and play vital roles towards success and failures of the company (mean = 3.94, SD = 0.752). Excellent relationship and good communication between account executives and the superior may motivate an individual to do better and more (mean = 3.78, SD = 0.675). However, the company efforts to make them feel important and productive were perceived to be moderate (mean = 3.45, SD = 0.884).

The job security subscale showed that SME account executives feel that job security was the important driving factor, as it increased their willingness to work harder (mean = 3.94, SD = 0.862). However, they denied that job security gave them “I do not care” attitude (mean = 2.25, SD = 1.019).

While the work environment subscale has depicted that SME account executives perceived that they have been surrounded by supportive environment, the company has provided them with sufficient trainings, frequent knowledge updates, and sales tools availability (mean = 3.78, SD = 0.746). The respondents perceived that their work is interesting, they denied that their current jobs are frustrating (mean = 2.48, SD = 1.147).

Central Tendencies and Dispersion of Sales Commission Plan Effectiveness Towards Account Executives Sales Achievement

From the survey results, it was found that commercial business district account executives are less satisfied with their current pay. Commercial business district states comprise of six states namely: Kuala Lumpur, Selangor, Petaling Jaya, MSC, Penang, and Johor. Interestingly, account executives in commercial business district state perceived that the new sales commission plan is complicated, they do not fully understand on the sales commission plan (SCP) commission measurement, i.e., measurement of their sales achievement. Hence, majority of the commercial business district account executives rated below average when asked, they do feel motivated to close more sales with new improved sales commission plan in place.

Analysis of Variance (ANOVA) Testing

One-way ANOVA analysis was performed to validate and to confirm whether there is a significant relationship between commercial business district states and non-commercial business district states in SME in terms of their satisfaction level towards new improved sales commission plan.
It can be concluded that there is a significant difference in the respondent sales commission plan satisfaction level among SME states, commercial business district states, and non-commercial business district states (significant value = 0.067, less than \( p \)-value of 0.05). The analysis indicates that non-commercial business district states are more satisfied with sales commission plan implementation, with mean = 3.50. Table 1 below summarizes the significant difference.

Table 1
**ANOVA SCP Satisfaction Level Among SME States**

<table>
<thead>
<tr>
<th></th>
<th>( N )</th>
<th>Mean</th>
<th>Std. deviation</th>
<th>Std. error</th>
<th>95% confidence interval</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial business district states</td>
<td>48</td>
<td>3.06</td>
<td>1.119</td>
<td>0.161</td>
<td>2.74</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Non commercial business district states</td>
<td>32</td>
<td>3.50</td>
<td>0.880</td>
<td>0.156</td>
<td>3.18</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>3.24</td>
<td>1.046</td>
<td>0.117</td>
<td>3.00</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>( F )</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>3.675</td>
<td>1</td>
<td>3.675</td>
<td>3.461</td>
<td>0.067</td>
</tr>
<tr>
<td>Within groups</td>
<td>82.813</td>
<td>78</td>
<td>1.062</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>86.488</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Hypothesis Testing and Discussions**

Pearson correlation analysis was conducted among five identified motivation factors with account executives motivation to work, which has been measured based on account executives’ sales performance as at quarter two of year 2014.

**Hypothesis 1 (H1).** There is no significant relationship between monetary reward and executives’ motivation to work. Pearson correlation analysis was performed to test the research hypothesis. Based on the above analysis, the significant value, 0.000 is less than \( p \)-value of 0.05. Therefore, hypothesis 1 (H1) can be rejected. There is a significant relationship between monetary reward and account executives’ work motivation, with correlation coefficient, \( r \) of 0.658 with 1% confident level.

**Hypothesis 2 (H2).** There is no significant relationship between recognition and account executives’ motivation to work. Pearson correlation analysis was performed to test the research hypothesis. Based on the above analysis, the significant value, 0.414 is more than \( p \)-value of 0.05. Therefore, hypothesis 2 (H2) is accepted; there is no significant relationship between recognition and account executives’ motivation to work.

**Hypothesis 3 (H3).** There is no significant relationship between affiliation and account executives’ motivation to work. Pearson correlation analysis was performed to test the research hypothesis. Based on the above analysis, the significant value, 0.967 is more than \( p \)-value of 0.05. Therefore, hypothesis 3 (H3) is accepted; there is no significant relationship between affiliation and account executives’ motivation to work.

**Hypothesis 4 (H4).** There is no significant relationship between job security and account executives’ motivation to work. Pearson correlation analysis was performed to test the research hypothesis. Based on the above analysis, the significant value, 0.001 is less than \( p \)-value of 0.05. Therefore, hypothesis 4 (H4) can be rejected. There is a significant relationship between job security and account executives’ work motivation, with correlation coefficient, \( r \) of 0.368 with 1% confident level.
Hypothesis 5 (H5). There is no significant relationship between work environment and account executives’ motivation to work. Pearson correlation analysis was performed to test the research hypothesis. Based on the above analysis, the significant value, 0.007 is less than p-value of 0.05. Therefore, hypothesis 5 (H5) can be rejected. There is a significant relationship between work environment and account executives’ work motivation, with correlation coefficient, r of 0.300 with 1% confident level.

The results of the hypothesis testing using Pearson correlation indicated that there is a significant relationship among monetary reward, job security, and work environment towards account executives motivation to work as indicated in Table 2 below. In addition, there is no significant relationship between recognition and affiliation variables towards SME account executives’ work motivation.

Table 2
Summary of Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Factors of motivation</th>
<th>r-value</th>
<th>p-value</th>
<th>Significant vs. non-significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary reward</td>
<td>0.000</td>
<td>0.050</td>
<td>Significant</td>
</tr>
<tr>
<td>Job security</td>
<td>0.001</td>
<td>0.050</td>
<td>Significant</td>
</tr>
<tr>
<td>Work environment</td>
<td>0.007</td>
<td>0.050</td>
<td>Significant</td>
</tr>
<tr>
<td>Recognition</td>
<td>0.414</td>
<td>0.050</td>
<td>Non-significant</td>
</tr>
<tr>
<td>Affiliation</td>
<td>0.967</td>
<td>0.050</td>
<td>Non-significant</td>
</tr>
</tbody>
</table>

Conclusions

Undoubtedly, the key to increase motivation of any people is by increasing their opportunities to thrive at something they concern most. In normal situation, people who are highly motivated are self-motivated and many have proved that they are also in high performers’ category. These people usually have a strong determination to achieve, succeed, learn, and execute. There is a difference in SME account executives satisfaction and motivation level towards the new implemented sales commission plan among gender, age, year of service, and work place. SME account executives factors of motivation are significantly related towards monetary reward, job security, and working environment. The recognition and affiliation factors are not the significant drivers for TM SME account executives job motivation.

This finding implies that management shall not only improve employees’ salary, commission payout, and bonuses, job security and working environment enhancement are also crucial. Majority of TM SME account executives acknowledged the company stability and its effort in satisfying the job security elements. Employees at work come with unique motivation drivers, hence they need to be motivated in different ways. The right approach will motivate and the wrong approach will surely de-motivate them. At the extreme, if employees are wrongly handled, they will be unable to function as per expectation (Deci & Ryan, 2008). When employees bring to the work these dissatisfied feelings which contribute to lower work motivation, sooner or later it will impact company’s overall performance.

The current study provides foundations for the future research to validate factors of motivation among TM SME account executives nationwide as well as advancement of the TM sales commission plan. The findings of the study will be shared with the company’s management for future improvement on the sales commission plan program while putting great attention to generation Y and also focusing on account executives residing at commercial business district states. It will also be positioned as a baseline to chart better sales commission program for the company.
References


