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# Effects of Pharmaceutical Salesperson's Perception on Core Capabilities -Focusing on the Company Culture and Reputation of Pharmaceutical Companies-

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*Due to rapid environmental-change pharmaceutical industry, sales strategy for sales survival of pharmaceutical company is necessary. In accordance with the rapid development of medicine and advancement of efforts to secure the market, competition among pharmaceutical companies make an effort to achieve their goals. However, due to various negative influence of inside and outside, this field is getting a difficult occupation. Even when securing and training new employees with quite a bit of expense and time, the rate of surviving employees over 1 year is decreasing. For this, the researcher suggested major research result through actual investigation by utilizing survey technique, and a plan to enhance pharmaceutical company salespersons' core competence and raise sales achievement. As the research result, company culture strongly influences salespersons' sales ability. We defined the formation of organizational culture, which influences communication culture where smooth communication is made in the company, also, definite and exact evaluation in promoting work, and trust formation between upper and lower organization, is important, which should be reflected in the company field.*

*Keywords: Pharmaceutical Industry, Company Culture, Reputation, Core Competence, Salesperson*

## 1. INTRODUCTION

Since the pharmaceutical industry is a precision chemical industry that produces products directly related to human life and health. Developing and using excellent medicines is not only a problem directly related to people's health, but also very important in terms of importance [1]. There are a lot of factors that salesperson's job satisfaction, it was shown that in order to improve the job satisfaction of organizational members, the learning support leadership of the manager and the learning agility of the members can be systematically improved [2] In this regard, research on corporate capabilities has been increasing recently, and it is the current trend that the capabilities related to corporate culture are becoming important among corporate capabilities [3]. In particular, salespeople of pharmaceutical companies, which mainly target specialized drugs, do not directly target consumers. Because doctors and pharmacists are the main customers, their core capabilities are important factors in maximizing sales of pharmaceutical companies [4]. However, there are not many studies on the factors that affect sales performance, although there are many aspects to improve sales performance in domestic prior research [5]. This study aims to understand how pharmaceutical companies' perceptions of culture and reputation affect salespeople, focusing on salespeople who deliver products to consumers.

## 2. RELATED WORKS

### 2.1 Company Culture, Reputation, Core Competence

Companies must strengthen their core competitiveness in order to maintain their competitive advantage. Company culture is the nature of a company and has an inseparable relationship with the development of a company. Company culture depends on the organization, business environment, value, hero, ritual, ritual, and cultural network [6].

Reputation includes the public's perceptual, historical, and qualitative dimensions and elements of action for any individual or organization. Comprehensively, Reputation means 'a widespread name for the quality and behavior of which the public perceives an individual or organization [7]. It is defined as being constructed based on various factors such as corporate philosophy, behavior, and communication [8]. Therefore, the company's reputation is characterized by a variety of stakeholder empirical factors, rather than by one factor in its concept [9].

Core competence is divided into organizational and individual competencies. Organizational competence distinguishes an organization's products and services from those of other competitors. Core competency is the behavior that is consistently observed, characteristic, and has been successfully achieved by the interaction of knowledge, skill, attitude, and value [10].

## 3. PROPOSED METHOD

Many related scholar value communication when studying Company culture. This is an important implication that organizational communication becomes relative and diverse depending on the context. It showed close correlation between individual-level teamwork and self-development according to vertical culture [11]. The friendly-built reputation has a positive impact on the company's financial performance, consumers' intentions, quality awareness of products and services, and increased loyalty to customers and internal customers [12]. Therefore, in this work, the following hypotheses are established:

**H1. The Company culture of a pharmaceutical company will have a positive effect on the Core competencies of the salesperson.**

**H2. The Reputation of a pharmaceutical company will have a positive effect on the Core competencies of the salesperson.**
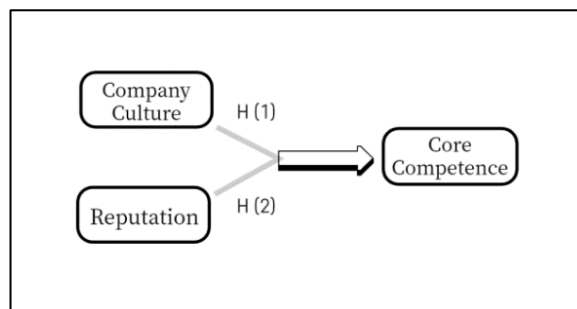


**Figure 1. Research Model**

The survey composition of corporate culture used 10 decision-related questions in the study of Tak Su-jeong (2001) and uses a Likert 5-point scale. (The degree of management and executive involvement, reflection of the opinions of the practitioners, objections, listening to problems, distinguishing responsibilities, authority within the organization, reliability, meritocracy, authority and control.)

## 4. ANALYSIS

### 4.1 General Details

In order to achieve the purpose of the study, it was targeted at sales positions engaged in domestic pharmaceutical companies and the resulting general characteristics (gender, age, number of years worked, position) were compared with third parties to conduct frequency analysis. The majority of survey distributed 150 sheets, of which 35 unfaithful questionnaires were removed from 140 pieces, and 115 pieces were finally analyzed. Of the total 115 people, 95.7% were men and 4.3% were women. Salespeople were almost male, with the highest age (44.3%) in their 30s and 40s (35.7%), followed by those in their 20s (12.2%), and those in their 50s (9%). The number of working years was the largest, with 41.7% under 5-10 years and 27% under 10-20 years. The positions were also seen as deputy/director (32.2%), manager (28.7%), and chief/assistant manager (19.1%). The Employee had a low distribution of 14.8%.

### 4.2 Validation

As shown in Table 1, we used orthorgonal rotation and the varimax rotation method in it. Questions with factor loading greater than 0.40 were adopted to increase validity in factor analysis, and questions loaded with other factors were removed. If the value of communality is less than 0.5, it is considered that the explanatory power is insufficient to explain each factor.

**Table 1. Company Culture Validation Results**

| Question | Factor 1. Company Culture | Factor 2. Communication Culture | Commonality |
|---|---|---|---|
| 1 | 0.843 | | 0.711 |
| 2 | 0.826 | | 0.713 |
| 3 | 0.821 | | 0.676 |
| 4 | 0.808 | | 0.657 |
| 5 | 0.793 | | 0.635 |
| 6 | 0.709 | | 0.548 |
| 7 | | 0.813 | 0.661 |
| 8 | | 0.708 | 0.602 |
| 9 | | 0.678 | 0.580 |
| 10 | | 0.650 | 0.562 |
| Eigen-Value | 3.910 | 2.134 | |
| Variance | 39.105 | 21.388 | |
| Cumulative variance rate | 39.105 | 60.443 | |
| KMO | 0.818 | | |
| Bartlett | 468.947 ($p<0.01$) | | |

In order to verify the validity of the Company Culture, 10 factors explaining it was analyzed and extracted from two factors and named as organizational culture and communication culture. The overall model has a 60.4% explanatory power and is found to be suitable.

**Table 2. Reputation Validation Results**

| Question | Factor1. Social Responsibility | Factor 2. Ethical management | Factor 3. Company Image | Commonality |
|---|---|---|---|---|
| 1 | 0.661 | | | 0.765 |
| 2 | 0.733 | | | 0.602 |
| 3 | 0.695 | | | 0.587 |
| 4 | | 0.755 | | 0.654 |
| 5 | | 0.698 | | 0.588 |
| 6 | | 0.664 | | 0.519 |
| 7 | | | 0.786 | 0.654 |
| 8 | | | 0.723 | 0.657 |
| 9 | | | 0.616 | 0.604 |
| Eigen-Value | 1.934 | 1.916 | 1.781 | |
| Variance | 21.483 | 21.286 | 19.793 | |
| Cumulative variance rate | 21.483 | 42.770 | 65.583 | |
| KMO | 0.734 | | | |
| Bartlett | 251.219 (p>0.01) | | | |

As shown in Table 2, Among the variables describing Reputation those with commonality were eliminated, and those that were not suitable were also eliminated.

Finally, three factors were extracted and named. The overall model has a 63% explanatory power and has been shown to be suitable.

**Table 3. Core Competence Validation Results**

| Question | Factor 1. Company Culture | Factor 2. Communication Culture | Factor 3. Product knowledge | Factor 4. Sales manners | Commonality | |
|---|---|---|---|---|---|---|
| 1 | 0.823 | | | | 0.726 | |
| 2 | 0.778 | | | | 0.646 | |
| 3 | 0.759 | | | | 0.740 | |
| 4 | 0.759 | | | | 0.638 | |
| 5 | 0.758 | | | | 0.680 | |
| 6 | 0.634 | | | | 0.606 | |
| 7 | | 0.891 | | | 0.834 | |
| 8 | | 0.867 | | | 0.781 | |
| 9 | | 0.776 | | | 0.692 | |
| 10 | | | 0.876 | | 0.820 | |
| 11 | | | 0.852 | | 0.775 | |
| 12 | | | 0.654 | | 0.536 | |
| 13 | | | | 0.776 | 0.666 | |
| 14 | | | | 0.748 | | 0.582 |
| 15 | | | | 0.715 | | 0.604 |
| Eigen-Value | 3.645 | 2.418 | 2.150 | 2.111 | | |
| Variance | 24.301 | 16.121 | 14.330 | 14.074 | | |
| Cumulative variance rate | 24.301 | 40.422 | 54.752 | 68.826 | | |
| KMO | 0.799 | | | | | |
| Bartlett | 816.103 (p<0.01) | | | | | |

As shown in Table 3, A factor of Core Competence resulted in the elimination of nine questions. The factor analysis shows 68.8% explanatory power as shown a significant model in <Table 3>.

### 4.3   Reliability

Reliability refers to the consistent degree between measured multivariate variables. This means the variance of measurements that occur when repeatedly measured for the same concept. We find that the reliability of the study is desirable overall at 0.873.

## 5. RESULTS

### 5.1   Correlation Analysis

Correlation analysis is an understanding of the relationship between two variables, and more precisely, the two variables change co-vary, co-differ together. Each factor has a statistically significant positive (+) correlation.

### 5.2   Hypothesis Testing

The purpose of this study is to identify the impact of sales representatives working in pharmaceutical companies on their operational capabilities among core competencies based on their perception of company culture and reputation. As shown in Table 4, a regression analysis was conducted to verify the hypotheses of this study.

**Table 4. The Relationship between Company Culture and Core Competence**

| Model | | Non-standardization factor | | standardization factor | t | p | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | | Standard error | $\square$ | | | Tolerance | VIF |
| (constant) | | 1.416 | 0.196 | | 7.227 | 0.000 | | |
| Factor | Communication Factor | 0.371 | 0.045 | 0.536 | 8.173 | 0.000 | 0.953 | 1.050 |
| | Organizational Culture | 0.270 | 0.044 | 0.401 | 6.119 | 0.000 | 0.953 | 1.050 |
| Subordination Variable : Core Competence | | | | | | | | |
| $n^2$ : 0.541 (54%),  $n^2$ : 0.533 | | | | | | | | |
| F : 66.125 (p<0.01) | | | | | | | | |
| Durbin-Watson : 1.965 | | | | | | | | |

As a result of regression analysis of Core Competence, each sub-factor of Company Culture, Communication Culture and Organizational Culture, both sub-factors represent significant positive effects on core competence. So that Hypothesis 1 was adopted.

As a result of regression analysis, only ethical management (p<0.05) was validated with significant positive effects, and Hypothesis 2 was partially adopted because the remaining social responsibilities and Company images had no significant impact. A total of 150 questionnaires were distributed to retrieve 140 copies and 115 copies were used after removing 35 unfaithful responses. The results of this study are as follows.

First, the relationship between Company Culture and Core Competence influenced both communication culture and organizational culture. In this part, organizational culture was named as a more important factor

than communication culture.

Second, the analysis between reputation and core competence showed that only ethical management factors affected the core competencies, and social responsibility and company image did not significantly affect them. This shows that it is difficult to distinguish and recognize the company's reputation.

Third, the final hypothesis verification was adopted by Hypothesis 1, and Hypothesis 2 was partially adopted because only ethical management was affected.

### Table 5. The Relationship between Fame and Core Competence

| Model | | Non-standardization factor | | standardization factor | t | p | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | | Standard error | $\beta$ | | | Tolerance | VIF |
| (constant) | | 3.237 | 0.220 | | 14.698 | 0.000 | | |
| Factor | Social Responsibility | 0.049 | 0.055 | 0.092 | 0.891 | 0.375 | 0.782 | 1.278 |
| | Ethical Management | 0.157 | 0.062 | 0.269 | 2.547 | 0.012 | 0.742 | 1.347 |
| | Company Image | 0-.085 | 0.056 | 0-.155 | -1.507 | 0.135 | 0.781 | 1.280 |
| Subordination Variable : Core Competence | | | | | | | | |
| $n^2$ : 0.080 (8%), $n^2$ : 0.055 | | | | | | | | |
| F : 3.224 (p<0.05) | | | | | | | | |
| Durbin-Watson : 1.899 | | | | | | | | |

Based on these research results, one method was proposed for the management and it should be utilized for it. In addition, this paper conducted a survey focusing on sales representatives from companies where most respondents are more competitive than other pharmaceutical companies. Therefore, there is a limitation to expanding the scope of salespeople in future surveys.

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