

## **POLITICAL HIERARCHIES IN PHARMACEUTICAL SALES: TERRITORY TRANSFERS, KPI GOVERNANCE, AND RESIGNATION DECISIONS AMONG MEDICAL REPRESENTATIVES IN INDONESIA**

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### **Abstract**

**Purpose:** This qualitative, theory-building study develops an evidence-informed framework to explain why pharmaceutical medical representatives (MRs) in Indonesia may resign after being reassigned to distant or low-potential territories following perceived “like-dislike” supervisory dynamics.

**Research Methodology:** We propose an embedded qualitative case study design in an Indonesian pharmaceutical company, integrating salesforce governance (territory design, KPI setting, and incentive rules) with organizational behavior theories on perceived organizational politics, leader member exchange (LMX) differentiation, organizational justice, and job demand resources.

**Results:** The framework specifies three mechanism chains. First, supervisory favoritism fosters LMX differentiation, which in turn heightens employees’ perceptions of organizational politics and justice violations. Second, opaque governance of KPI and incentive systems undermines procedural justice, thereby weakening psychological safety. Third, when territory reassignment is interpreted as an informal sanction, it escalates job demands and subsequently increases withdrawal behaviors and turnover intentions, including resignation. Based on these mechanisms, we develop a set of research propositions and provide a field ready interview protocol for MR-supervisor dyads and, where relevant, Sales Operations and HR stakeholders.

**Limitations:** As a conceptual qualitative study, empirical validation through in-depth interviews and document analysis is required.

**Contribution:** The study connects political dynamics in pharmaceutical sales management to territory governance and KPI incentive systems, offering a practical agenda to reduce preventable turnover while maintaining ethical promotion standards (e.g., IPMG Code of Ethics).

**Keywords:** pharmaceutical salesforce; medical representative; territory reassignment; supervisor favoritism; KPI governance; incentives; turnover



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## 1. INTRODUCTION

Sales and marketing are frequently framed as “numbers-driven,” yet many outcomes in sales organizations are shaped by informal power, resource allocation, and interpersonal influence. These dynamics are commonly described as organizational politics—behaviors aimed at advancing self-interest when formal rules leave room for discretion. In pharmaceutical field selling, discretionary decisions (e.g., territory allocation, KPI interpretation, coaching attention, and incentive adjustments) can become arenas of political contestation, particularly in emerging markets such as Indonesia.

In pharmaceutical selling, the medical representative (MR) role is strongly territory dependent. A territory defines physician/hospital access, travel load, customer universe, and the feasibility of achieving KPIs. In Indonesia’s compliance environment, promotional interactions are also bounded by industry codes and company policies (e.g., IPMG Code of Ethics), which can increase administrative demands and make supervisory support more salient for performance and well-being.

Practitioner narratives often describe “like-dislike” dynamics (favoritism) where certain MRs are treated as in-group members receiving better territories, leniency, and informal support while others receive punitive transfers, stricter KPI enforcement, or reduced support. Empirical work links favoritism to perceptions of organizational politics and adverse employee outcomes (Lasisi, Constanța, & Eluwole, 2022), and turnover research shows resignation often follows identifiable cognitive pathways when employees judge fairness restoration to be unlikely (Hom, Lee, Shaw, & Hausknecht, 2017).

Accordingly, this paper asks: How do territory reassignment, supervisor discretion, and KPI-incentive governance combine to produce perceived politics and resignation decisions among pharmaceutical MRs in Indonesia? We contribute an evidence-informed mechanism framework and a qualitative protocol for future fieldwork.

## 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### 2.1. Literature Review

Perceived organizational politics & favoritism. Favoritism refers to preferential treatment that rewards relationships over merit and is widely associated with perceptions of unfairness. Recent evidence links favoritism to organizational politics and harmful employee outcomes, including reduced well-being and sustainability of workforce relationships (Lasisi et al., 2022). In sales organizations, favoritism can manifest through differential territory allocation, selective tolerance of KPI shortfalls, biased coaching, and selective access to opportunities. Perceived organizational politics is commonly operationalized using the Perceptions of Organizational Politics Scale (POPS) (Kacmar & Ferris, 1991).

### LMX differentiation and the “in-group/out-group” mechanism.

Leader member exchange (LMX) theory argues that leaders develop different quality relationships with different subordinates, producing in-group/out-group patterns. When differentiation is visible and unexplained, employees may interpret it as unfairness or political bias. Eichenseer, Spurk, and Kauffeld (2020) model LMX differentiation as a multilevel phenomenon with leader-related antecedents and consequential effects on employees—making it relevant to supervisor-MR dynamics.

KPI governance, incentives, and performance feedback. Salesforces use KPIs, quotas, and incentives to align effort with strategy. Yet KPI setting and incentive allocation are governance decisions. If criteria are opaque, inconsistently applied, or insensitive to territory difficulty, employees may perceive procedural and distributive injustice (Colquitt, 2001). Meta-analytic evidence links perceived organizational politics to strain and turnover intentions (Chang, Rosen, & Levy, 2009), suggesting that performance systems can improve output while simultaneously increasing withdrawal when experienced as unfair. Recent large-scale evidence in sales contexts also shows that performance ranking display designs can affect both attainment and turnover (Ahearne, Pourmasoudi, Atefi, & Lam, 2025).

### **Territory reassignment as a political signal.**

Territory-based selling makes reassignment a powerful organizational act: it redistributes opportunity and workload. When reassignment is perceived as unrelated to performance, it can be interpreted as retaliation or informal sanction, strengthening perceptions of politics. In such contexts, territory changes become identity and status signals not merely operational adjustments.

### **Integrating justice, LMX differentiation, and job demands.**

Organizational justice explains how employees evaluate decisions and interpersonal treatment (Colquitt, 2001). LMX differentiation explains the relational channel through which favoritism becomes tangible (Eichenseer et al., 2020). Job Demands-Resources theory explains how heightened demands (travel, coverage complexity, administrative burden) create strain when resources (support, autonomy, fair incentives) are insufficient (Bakker & Demerouti, 2017). Together, these lenses predict that territory transfers and KPI enforcement are interpreted through fairness and relational meaning, shaping withdrawal and resignation.

### **2.2. Qualitative Research Propositions**

Because this paper is qualitative theory-building, we propose research propositions to guide interviews and analysis:

- P1:** Supervisory favoritism increases perceived organizational politics through visible LMX differentiation.
- P2:** Opaque KPI setting and incentive rules increase procedural injustice, strengthening perceived politics and eroding psychological safety.
- P3:** Territory reassignment to distant/low-potential rayons functions as an informal sanction when perceived as unrelated to performance, amplifying perceptions of politics.
- P4:** Perceived politics and justice violations increase withdrawal cognitions and turnover intention; resignation becomes more likely when fairness restoration is judged unlikely.
- P5:** Transparent governance (appeals, KPI calibration by territory difficulty, documented reassignment criteria) weakens the relationship between perceived politics and turnover intention.

### 3. RESEARCH METHODOLOGY

**Design.** We recommend an embedded qualitative case study in an Indonesian pharmaceutical company (or a small set of firms) to capture lived experiences of territory reassignment, KPI governance, and supervisory discretion among MRs.

#### **Setting and unit of analysis.**

The focal unit is the territory assignment and performance governance process in a defined sales region. Embedded units include (a) MRs (current and resigned), (b) supervisors (district/area managers), and (c) policy artifacts (KPI definitions, incentive rules, territory maps, transfer memos). Sampling. Use purposive sampling to recruit:

1. MRs who experienced at least one territory reassignment in the last 12–24 months (including those resigning within 6 months),
2. supervisors involved in KPI evaluation, coaching, and territory decisions, and
3. where relevant to KPI/incentive and transfer governance, Sales Operations and/or HR staff designing or administering KPIs, incentives, and reassignment procedures. Snowball sampling may help reach resigned MRs.

#### **Data collection.**

- a) Semi-structured interviews (45–90 minutes) covering: territory history, perceived fairness of reassignment, supervisor interactions (“like–dislike” dynamics), KPI feasibility, incentive transparency, coping strategies, and exit decision pathway.
- b) Document analysis: KPI scorecards, territory potential model (if available), policy memos, incentive calculation rules, internal communication about transfers.
- c) Optional diaries (2–4 weeks) to capture daily travel demands and supervisor contact patterns.

**Data analysis.** Apply reflexive thematic analysis (Braun & Clarke, 2006) with abductive logic: start with sensitizing concepts (politics, justice, LMX differentiation) while allowing inductive emergence of themes. Maintain audit trail (codebook versions, memos, decisions).

**Trustworthiness.** Use triangulation (interviews + documents), member reflection (sharing short theme summaries to validate meaning), peer debriefing, thick description, and explicit boundary conditions.

**Ethics.** Obtain informed consent, anonymize individuals and territory identifiers, and avoid collecting identifiable customer data.

### 4. RESULTS AND DISCUSSIONS

#### **4.1. Results**

As a conceptual qualitative study, the primary “results” are a mechanism framework and propositions organizing prior evidence and theory for pharmaceutical territory contexts.

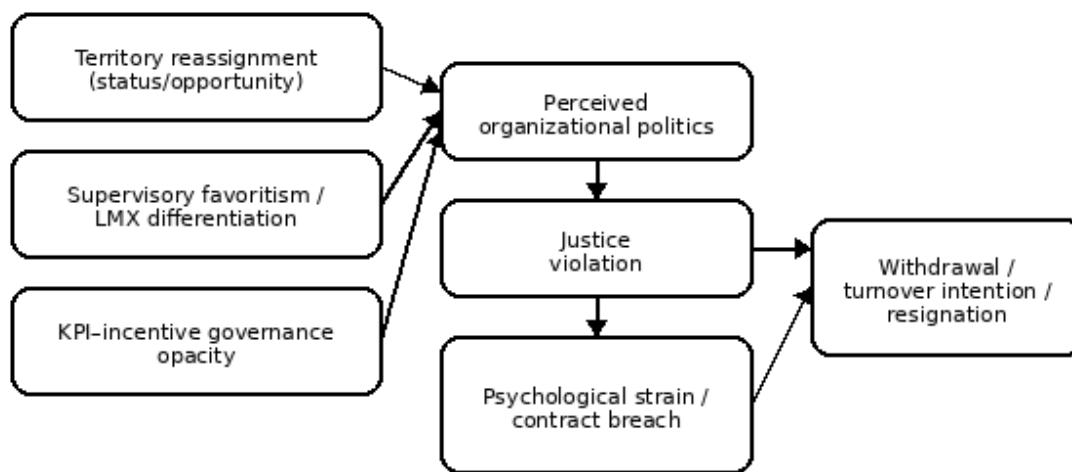
**Theme 1: Territory reassignment as resource reallocation and status ordering.** Territory defines opportunity and strain; reassignment can be interpreted as status signal. When criteria

are unclear, reassignment may be attributed to favoritism or retaliation, strengthening political perceptions.

**Theme 2: KPI-incentive governance as a fairness system.** KPI targets and incentives are experienced as fair when rules are transparent, consistent, and calibrated to territory difficulty. Opacity and discretionary exceptions strengthen perceptions of procedural injustice (Colquitt, 2001).

**Theme 3: Supervisory favoritism and LMX differentiation as interpersonal channel.** In-group/out-group patterns arise through differential coaching, lead sharing, tolerance of shortfalls, and territory allocation. Such differentiation has identifiable antecedents and consequences in multilevel modeling work (Eichenseer et al., 2020).

**Theme 4: From perceived politics to exit via strain and contract breach.** Favoritism-related politics is associated with negative well-being outcomes (Lasisi et al., 2022). In territory contexts, added travel demands and reduced perceived opportunity accelerate withdrawal cognitions and exit when fairness restoration is judged unlikely.



**Figure 1.** Conceptual Mechanism Framework of the Influence of Territorial Reassignment, KPI Opacity, and LMX Differentiation on Political Perceptions, Justice Violations, Psychological Strain, and Turnover Intentions.

The figure 1 illustrates a conceptual mechanism framework that integrates how organizational practices within pharmaceutical territory settings shape employees' cognitive and behavioral responses. Territory reassignment—which alters status implications and perceived opportunity structures—together with supervisor favoritism, LMX differentiation, and opacity in KPI governance, collectively function as antecedent conditions that can trigger perceptions of organizational politics. When such practices are viewed as inconsistent, opaque, or preferential, employees are more likely to interpret decisions as politically motivated and procedurally unfair, activating a sense of justice violation as a key psychological mechanism.

This justice violation then leads to heightened psychological strain and perceptions of psychological contract breach, which function as proximal drivers of withdrawal cognitions, turnover intention, and ultimately resignation. The framework thus positions supervisory favoritism, KPI inconsistency, and territory allocation decisions as early-stage triggers in a

cascading process that shapes negative affective and behavioral outcomes. The model draws conceptually from procedural justice theory (Colquitt, 2001), research on LMX differentiation and its multilevel effects in sales contexts (Eichenseer et al., 2020), and evidence linking organizational politics to strain and withdrawal behaviors (Lasisi et al., 2022).

## 4.2. Discussions

**Theoretical implications.** The framework extends sales management beyond incentives as economic levers and emphasizes governance legitimacy. Performance systems may boost productivity but simultaneously increase turnover under some conditions (Ahearne et al., 2025), implying that sales performance management should be evaluated using combined outcomes (performance + retention), not performance alone.

## Managerial implications (pharma context).

1. Territory governance: publish reassignment criteria, business rationale, rotation rules; implement appeal process; audit transfers for bias.
2. KPI calibration: adjust targets using territory potential indicators (customer universe, access constraints, travel time).
3. Incentive transparency: standardize exception handling; provide written explanations; separate coaching from incentive adjudication where possible.
4. Supervisor capability: train supervisors on fairness communication, conflict-of-interest boundaries, and LMX differentiation risks.

**Retention strategy.** Avoidable “politics-driven resignations” are both ethical and economic issues because turnover disrupts coverage and raises onboarding costs. Turnover theory shows exit often follows identifiable cognitive pathways; hence governance and early support can reduce resignation likelihood (Hom et al., 2017; Rubenstein et al., 2018).

## 5. CONCLUSION

Politics exists in sales marketing not merely as a concept but as a practical territory-linked reality. Supervisors and governance systems allocate opportunity, impose strain, and legitimize outcomes via KPI and incentive rules. When experienced as favoritism-driven or procedurally unfair, territory transfers can be interpreted as informal sanctions and trigger resignation decisions among pharmaceutical MRs.

This paper contributes (1) an evidence-informed qualitative mechanism framework, (2) five propositions for qualitative fieldwork, and (3) actionable governance recommendations. Future research should validate the framework empirically using multi-actor interviews and longitudinal HR outcomes, comparing urban-rural territories and supervisor levels to identify boundary conditions and best practices.

## LIMITATIONS AND FUTURE RESEARCH

This paper is theory-building and does not report primary interview data; therefore, its propositions require empirical validation. Future research should (1) conduct multi-actor interviews (MRs, supervisors, and when appropriate Sales Ops/HR) and triangulate with documents (territory maps, KPI scorecards, incentive rules, transfer memos); (2) compare urban versus remote territories to assess boundary conditions such as travel burden and customer access; and (3) integrate turnover event histories (e.g., timing of reassignment, KPI

changes, and resignation) to strengthen causal process tracing. A multi-company design across Indonesian pharmaceutical firms could improve transferability and reveal how governance maturity and compliance practices moderate politics turnover mechanisms.

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