AN EXPLORATORY CASE STUDY OF MANAGERS’ PERCEPTION OF
THE COMPLEXITY OF SALES ENVIRONMENT IN SELECTED FIRMS IN
GOMBAK-SELANGOR MALAYSIA

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Abstract

Purpose – The purpose of this paper was to explore perception of group of managers on the complexity of contemporary sales environment in Gombak, Selangor. This was to understand how the managers went about conducting business in such environment, and to highlight the critical success factors in sales management. The study focussed on the nature and constituents of the sales environment and its influence on the sales performance.

Design/method/approach – The study adopted case study design where managers of the selected companies were involved in semi-standard face-to-face interview to collect data on their perception of the sales environment. The interviews were voice recorded and later transcribed for analysis. Thematic and conversation analysis techniques were used to identify the key themes for further consideration and discussion.

Findings – This study found out that the managers’ perceptions varied on constituents of sales environment depending on their business location, the manager’s nationality, the products the business dealt in and the industry of the firms. In addition, the managers agreed that sales environment impacts on sales and influences sales management decisions.

Research limitations/implication – This study was limited to a narrow geographical scope, few selected small-scale firms dealing in consumer goods. It was a cross-sectional study. It generated practical business issues that modern managers especially those engaged in consumer goods can pay attention to for the betterment of the business sales.

Practical implications – The sales environment determines the business decisions and operations. The extent of influence of each of the components of the sales environment varies. However, the bottom line is that the firm manager needs to have total awareness of the business environment in general and that of sales in particular. This is because the business decisions depend on the business the firm deals in and/or sales environment.

Originality/value – The study enables small-scale business managers to gain insight into the intricacies and dynamics of the sales management.

Keywords – Sales environment, sales management, sales force.
Paper type – Case study

Introduction

The need for effective and efficient sales operations has become apparent due to the rapidly changing business environment as experienced now (Williams, 2011). The changing business environment is characterized by stiff competition in nearly all industries, constantly shifting customer preferences, dynamic customer demand patterns, and technological advancement and application in business, creating complexity in business environment (Venu, 2010). To this end, Evans, et al., (2012:89) observed that:

*Despite significant progress, unfortunately, our ability to predict sales performance based on the extensive, published research on topics such as salesperson selection, buyer–seller interactions, job design, incentive systems, sales controls, supervision, and many other topics in the sales/sales management domain has been less than ideal. Because extant research can explain a relatively small variance in sales performance, there are many opportunities for advancing our understanding of sales performance and a need for new theoretical models to accomplish this goal.*

Williams (2011) explains that shifts in the commercial flows do not only present terrible financial turbulence, unemployment, but also challenges in selling in consumer and industrial markets. It is evident that numerous thorny business issues have terrific influence on sales programs, which undermine companies’ sales and the general organizational performance (Dickie 2006). In light of the turbulent, unpredictable sales environment, this study was designed to seek and explore the business manager’s perception on the complexity of the business environment in Gombak in order to articulate the underlying critical success factors (CSF) pertaining to sales management and performance. The objectives of this study were threefold. First, it was to explore the perception of managers as to what constitute(s) the complexities of the sales environment. Second, the study was to explore how the environmental complexities influenced the sales operations. Third, the study aimed at seeking understanding of how the managers addressed some of the issues therein the sales environment in order to attain sales sustainability in the business venture. To achieve the objectives, three research questions were formulated. First, the main research question was what were/are the fundamental issues that affect sales of the firm? Second, how do the underlying issues influence sales operations in the firm? Third, the study aimed at answering how the manager responded to the factors that influence the business operations.

Literature review

Sales environment is a multidimensional concept that is broad in both meaning and scope (Todd, Palmatier, Dhruv, and Sharma, 2009). Sales environment consists of external and internal components, where external component relates to issues that are uncontrollable while internal environment is the component that is controllable by the firm (Ramani and Kumar
Hao, et al. (2011) and Kotler (2000), example of external business environment include the economic, socio-cultural, customer, legal and political situation, as well as the physical conditions; while internal environment among others encompasses firm resources both financial and human, organizational intelligence and so forth. It is critical to highlight that sales managers face challenges of emerging business models, responding to the global socio-economic and political crises, dwindling professional sales and unstable workforce in the external sales environment. Whereas for the case of internal environment, issues such as working with both new and old sales models, difficulty in training, hiring and retaining right sales force, employing up to date sales technology, lack of qualities of effective sales force for the dynamic market place and sales management accountability (Williams 2011). Some of the key sales activities dictated by today’s sales environment include establishing and maintaining customer database; monitoring order processing; analyzing customer feedback and quick response to customer enquiries, satisfactory handling of customer complaints; continuous conduct of customer satisfaction surveys and making immediate accurate decision to that effect (Peter and Donnelly 2008).

Sales environment has become so dynamic due to internationalization of competition through globalization, and unexpected end to economic growth in many global economies since 2008 to date, Geiger and Guenzi (2009). In addition, other factors like rapid technological advancements, for example, emergency of selling over the internet; customer-driven heightened price sensitivity, increased emphasis on quality and value (Sheth and Sharma, 2008). Because of such dynamics, sales organizations must creatively and innovatively undertake dramatic actions for survival. However, according to Hao, et al., (2011), the environmental dynamism is more experienced in external firm environment, and firms in different industries have significant differences in the impact of the environmental characteristics on their sales performance.

Sales environment exerts influence on sales activities and therefore determines the sales management activities (Sreedhara and Babu 2010). External environment being uncontrollable poses a great threat to sales performance. When business managers perceive instability in the economy, such as political instability, unstable supply prices, unpredictable fluctuations in the interest and exchange rates, business managers feel challenged as product consumers become more conscious in their purchase decisions (Todd, et al., 2009, and Verbeke, Dietz & Verwaal, 2011). For the internal factors, Sreedhara and Babu (2011) underscored the importance of convenience, store image, internal store environment, quality, variety and assortment of merchandise, prices and customer service, and store personnel to be key factors that highly influence the sales performance. It is deducible that if sales management controls the internal environmental and carefully monitors the external one, then the firm achieves favorable level of sales performance. However, it is notable from Deeter-Schmelz’s (2011) review of abstracts of the Journal of Personal Selling and Sales Management that, the direction of influence of a given factor that influences sales vary from sector, industry and economy. An influential sales factor in one sector, industry or economy may not be as influential as it may be in another economic condition. The review indicates that factors that influence sales performance regardless of the situation, relate to sales management and organization, product characteristics, sales person characteristics, market
setting characteristics, and lastly, the nature of the economy and the business environment as reviewed in turn below.

Sales person characteristics

Sengupta, et al., (2000) strongly advised that to register success in sales performance, the sales persons should have cognitive capability to analyze customer and business organization problems and focus on the strategic implications of such problems to the firm. According to Bergeron and Laroche (2009), the sales person’s attributes such as helpfulness, ability to fix problems, reliability, responsiveness and other visible feature influence customers trust, service quality, customer satisfaction levels, future purchase behaviour and recommendations to other potential customers. This means that sales manager holds a task to manage sales person’s behaviour in order to bring about positive influence on company sales. Fu, et al., (2010) conducted a study to investigate the effect of sales person motivation on sales person productivity, attitude and self-efficacy in increasing their selling intentions; the results indicated increase in sales performance. Other sales person characteristics that bear positive results on sales performance is emotional intelligence (Marcos, 2011) and sales person job satisfaction (Kumar 2010). Mallin and DelVecchio (2008) add that another key element that sales force should be abreast with is the usage of technology in sales management. They also advocate that sales force automation should part of the considerations made in sales force recruitment.

Sales management and organization

Karen, Son, Nick, Jay, and Andrea (2012) argue that success of any sales program depends on the sales management and leadership. Sales management involves activities such as planning, controlling, supervising, motivating, sales person hiring and so forth. While sales organization relates to the sales activities, breaking the complex sales activities into small less complex levels; allocating responsibilities; developing structures for products distribution; and development of other sales strategies and techniques. Modern sales management structure has become flatter and thickly networked compared to what the earlier cases. Chang and Tung (2011) found out that salespeople with higher locus of control take better care of customers’ interest. Onyema and Nikolaos (2010) indicate that behavioral control of salespeople affects their focus on superior, administrative responsibilities, customer satisfaction and promotion. In this regard, in case the sales person has negative perception of, or lacks trust in his/her supervisors his/her sales output is affected. Piercy, Low and Cravens (2010) present similar view that organizational commitment on sales people effectiveness increases the sales person’s output.

Product characteristics

A product is any offer that the company makes for a target market; hence, it is a service and physical item(s) (Kotler 2000). Notably however, for the case of service, the sales person is seen as the product itself due the characteristic inseparability of service from the service provider (Parasuraman, et al 1985, and Berry & Parasuraman 1991). For this reason therefore, service companies such as hospitals, financial institutions, catering firms, tourism, and so forth should make the service staff perceived as ethical, reliable, and responsive in
order to influence consumer to buy the services (Sergio 2003). Whereas for physical items, the design should consider socio-cultural, economic, legal requirements in order to make it acceptable to the target consumers. The design manifests itself in features like size, colour, distribution channels, packaging, and in other dynamics. Product design that matches target market requirements influences buying decisions. This makes selling ease and increase firm sales. Chin-Tsai and Pi-Fang (2002), found out user friendliness of the of the product equally creates customers favor for the product. Product attributes and knowledge should be carefully considered because it is only the products that match customer needs most appropriate are the ones that can easily win the positive customer purchase decisions.

**Market and consumer characteristics**

Kumar (2009:11) describe the market situation by saying, “Markets no longer remained ‘sellers’ market’, it obvious turned into ‘buyers’ market’”. In the global open market, economy of today, the business firms now treat consumers like kings. The consumer enjoys total autonomy, freedom of choice, and independent decision-making. This consumer behaviour influences the firm’s manufacturing processes, production, product quality, content, design, pricing, sales management and organization. Consumers have become sensitive to price, physical evidence of quality claims, consumption security of the products, product access and accessibility, speed of service, level of accuracy and several other issues concerning the products (Williams 2011, and Guenzi 2003). In addition, consumers expect sales persons to be ethical in their behaviour (Geiger and Guenzi 2009). Contemporarily, consumers’ level of awareness has increased due to exposure to marketing communication in the media, consequently, this has increased levels of customer expectations, crate market turbulence, need for productivity on the part of the firms, buyer dominating sales decision making, and reduced product life cycles, critically determining success or failure of a sales person.

**Nature of the economy and business environment**

The concept of ‘business environment’ denotes forces and institutions that are external to the firm, uncontrollable by the firm management but influential to the functioning of the business enterprise (Little, 2012). The not only limited to, but include firm customers, the firms in the industry i.e. competitors, suppliers, the national and the local government; social, political, legal and technological, demographic forces among others. Good firm management understanding of the business environment helps the business in the determining opportunities and threats, giving direction for growth, continuous learning, image building, meeting challenges of competition and identifying firm’s strength and weakness (Schwepker and Good 2011). Sergio (2003) notes that business environment has become highly turbulent and dynamic.

Further examination of business environment indicates that in free market economy, traders are at liberty operating as they please. This now brings total confusion and stiffens competition as the nature of the industries become unclear. According to (Malcolm, 1931), this is not a new phenomenon in business environment as seen from, "We find that [the] picture is becoming more and more confused. It is an era of scrambled merchandising. Grocery stores sell cigarettes; drugstores sell grocery products; and tobacco stores sell razor
blades. Grocery stores are on the way to becoming food department stores; department stores and variety chains operate luncheonettes and soda fountains.” However, it general notable that high-income economy with stable governments affect sales more favorable than otherwise.

In concluding this section, the extant literature indicates that the factors that influence sales are not only limited to but include, firm management & sales organization; product characteristics, salesperson characteristics, consumer characteristics, and lastly, the nature of the economy and the business environment. The literature also suggests that to achieve good sales performance, sales management need to recruitment salesperson based on certain criteria considered suitable, manage seller-buyer interactions, sales job design, and appropriate sales incentive systems, sales/sales person controls, and supervision. However, the extant literature indicates that despite research recommendations, sales performance still leaves a lot to be desired (William 2011). Therefore, to gain better insight into sales performance, researchers need to develop new theoretical sales models to explain factors that determine sales performance.

Methodology

As this study aimed to elicit manager’s perception of the complexity of the sales environment, it was necessary to adopt a data collection method, which engaged the interviewer and the interviewee into active discourse on issues of interest in the study. Therefore, this study applied semi standard, face-to-face interview to collect the data. Face-to-face interview enables gaining insight into subjectivity, opinion and lived experiences of the respondents (Atkinson and Silverman, 1997). Equally, semi standard interview as a rich method that offers opportunity to scrutinize the intricacies of the interviewee’s personal view and perception was applied (Gerson and Horowitz 2002). This was for, it allows flexibility, vary the language and the questions to suit the conditions of interview (Gubrium and Holstein (2001). Based on the advice from Guba and Lincoln (1994), that purposive sampling can be adopted if there existed methodological and resources constraints for other better methods on one hand; and availability of possible convenient settings, respondents and the processes studied on the other. This study adopted convenient and purposive sampling technique to select companies to participate in the research. Some of the conveniences and purposes considered in the sample selection were accessibility, English language usage and visibility of the business organization. Some of the interviews were voice recorded, transcribed, and later analyzed (see appendix 3). Drawing recommendations from Silverman (2010) and Braun & Clarke (2006), thematic and conversation analysis approaches were used.

The selected companies

This study selected six small-scale business organizations within Gombak, State of Selangor. The selected companies were located in two distinct physical areas. Four of the companies were located within complexes of the International Islamic University Malaysia, Gombak Campus, and the other two in Idaman a suburb of Kuala Lumpur city. The two companies located outside the university campus were purposely selected to check if there is any significant difference between companies located within the campus and the outside counterpart. Further to note, two of the respondents were foreigners. They were selected in
order to see if there was difference in perception of the sales environment in nationality perspective. The selected business organizations operated in different industries such as garments, hospitality, books & stationery, electronics and footwear industries. To protect the identity of the companies, they were pseudo named as Company A, B, C, D, E, and F, and the respondents were known as RI through to R6. As far as respondent characteristics are concerned, out of the six respondents, one was female. All the respondents were mature, that is, all above the majority age of 18 years. The respondents were all graduates and occupied senior positions at levels of managers.

Discussion of findings

The main findings of the study emerged from the opinions of respondents forming themes that represent the perception of the managers who participated in furnishing the information. The transcription yielded five major themes, and these were business & sales environment, features & nature of sales force, sales management & organization, product characteristics and customer and/or consumer behaviour. The findings are as presented in the table 1 below.
Analyzing the perceptions of the managers on the complexity of the sales environment in Gombak, the key findings as tabulated and presented in the table 1 indicate that sales performance is dependent on business environment, firm management and organization of the firm activities, the personnel involved in sales activities, nature of the products offered and the consumer characteristics. It is conclusive that the managers have not varied widely in their perceptions of the sales environment. However, some slight differences exist depending on the nationality of the respondents, the location of the business premise, the industry the

<table>
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<tr>
<th>Theme</th>
<th>Sub-themes</th>
<th>Narratives &amp; respondents’ views</th>
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<tbody>
<tr>
<td>Business sales environment</td>
<td>Competition, socio-cultural differences, politics, rules &amp; regulation, economy, languages, exchange rate, Halal compliance</td>
<td>“In UIA, you just have to follow the rules and regulations of Foods and Facilities Services, the dos and don’ts…” (R2). “The political issues, and outside issues also affect our sales to go up and down” (R3). “But, you must know that here it is mixed business environment of Chinese, Malay, Arabs and others” (R1). (R2). “We must be competitive. There is competition” (R1). “We have to do something proactive in order to sell successfully” (R3). “Carry responsibility….to do all these on…” (R3). “Explain the product” (R1). “Here what you need is relate to people nicely” (R4). “….you have to have the language, you to have to know how to communicate with people. You have to have good language” (R4). “You must thing how to bring people to our place” (R1). “We are doing aggressive strategy we call guerrilla marketing” (R2). “We do research and observation to compare…” (R2). “Just like if you placed your order yesterday, we can bring it tomorrow, or if it is ordered in the morning, we can deliver in the afternoon, immediately even though…” (R3). “You must mixed because many people like…” (R1). “I choose to specialize in sandwich because it is food everybody can eat” (R1). “….we must think how this people must respect and take this food” (R1). “The most important thing is to maintain high quality and every other problem will just be solved” (R6).</td>
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<tr>
<td>Features &amp; nature of Sales force</td>
<td>Proactive, sincerity &amp; honesty, take responsibility, trustworthiness, persistence, resilience professionalism, knowledgeable, language &amp; communication skills</td>
<td></td>
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<tr>
<td>Sales Management &amp; Organization</td>
<td>Have a strategy, perception and image building, playing with pricing strategy, research, convenient location, accessibility, quick service, customer relationship management, display your products, communicate about the products, plan, etc.</td>
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<tr>
<td>Product characteristics</td>
<td>Provide unique product, product variety, provide universal product, specialize, product design, innovativeness &amp; creativity, good quality, good &amp; unique products, etc.</td>
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<tr>
<td>Customer/customer behaviour</td>
<td>Understand the customer needs, market targeting, sophisticated &amp; simple customers, effective demand, purchasing power, quality sensitive etc.</td>
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firm operated in, the type of ownership of the business, the size and whether the firm is export firm or not. The findings have been discussed thematically as presented below.

**Business environment**

The four firms that operated their businesses within the university complex never contradicted each other, and generally, the managers perceived no complexity in the university business environment. One manager (R4) operated business outside the university campus equally never perceived any complexity in the business environment. However, R5 who operated export business outside the campus had contrary view where he perceived complexity in the business environment. Some of the views are: (R3) said, “Not too complex here”, where ‘here’ refers to Universiti Islam Atarabanga (UIA), R4, said, “Here there are no challenges. “Malaysia has good economy”, and (R2) commented that:

*Doing sales in UIA is not very difficult. Because for me we target two major Kulliyyah, we target Engineering and Architecture Students. We are in central location in the university. We are ease to access for students. Not real difficult. It is ease to do business here. Here it is not like outside there where you are dealing with open market and competition is very high. There are many competitors outside there.”*

Comparing the perception of business managers based within the university campus with those outside the campus, the outside perceived much more business challenges compared to those within the university. This could be due to concentration of consumers at one place, within the campus with little exposure to alternative products as seen out there. Furthermore, the products in most of the businesses within the university are just convenience routine products whose purchase does not need buy decision support from elsewhere. The finding that business environment here in Gombak has nearly no complexity is a contradiction to the view held by Williams (2011), and Noel & Basker (2007). It is should be acknowledged here that effectiveness of the influence of business environment is dependent on the firm size and the nature of products the company deals. Small firms that deal in routine consumer products do not perceive pressure of the environment influence on the sales like the large and medium size multinational and local firms do. This is why the small-scale firms that offer routine consumer convenience products do not feel the influence of the business environment on their sales operations like those small-scale firms that operate in Gombak.

Although the respondents generally agree that the business environment in Gombak does not have complexity unlike the cases elsewhere, they acknowledge that competition, socio-culture, legal and economic components of business environment influence sales operation. The following excerpts attest to that effect. “Of course, everywhere you have competition”, (R1), “In UIA, you just have to follow the rules and regulations of Foods and Facilities Services, the dos and don’ts…” (R2). “The political issues, and outside issues also affect our sales to go up and down” (R3). But, you must know that here it is mixed business environment of Chinese, Malay, Arabs and others (R1). This particular finding is like elsewhere as seen in (William 2011; Raul & Kuropatwa 2011); where there is consensus that business environment is one of the factors that determine sales activity outcomes. For business firms to survive in this dynamic, rapidly changing and volatile business
environment, sales managers need to adopt innovation strategies and dynamic capabilities approaches while managing sales of the firm.

**Features and nature of Sales force**

The managers unanimously agree that sales performance is dependent on the characteristic features of the sales force. The managers’ opinion is that to influence consumers purchase decision, the sales force ought to present conviction that they act honestly, genuinely, sincerely, accurately and they are faithful. In addition, the sales force needs to exhibit trustworthiness, professionalism, technical knowledge and are ready to take responsibility over the outcome of the encounters and the transaction. Some of the respondents commented like: “We have to do something proactive in order to sale successfully” (R3). “Carry responsibility ....to do all these on....” (R3). “Explain the product” (R1). “Here what you need is relate to people nicely” (R4). “…you have to have the language, you to have to know how to communicate with people. You have to have good language”, and “Once you do not have professional sales team, and then forget about going international”. (R4). According to Morris, et al (1994), sales performance success or failure solely depend on the quality of the sales force. Cadogan and Lee (2009) found out that personal sales force characteristics such as age, experience of work, gender, ethical behaviour, and moral uprightness crate impressions that lure consumers into purchase decisions from the firm. Furthermore, Dunning, et al (2004) stressed that sales person’s characteristics is central in determining long-term, future sales sustainability and performance.

**Sales Management & Organization**

Another finding that is a critical success factor in sales performance is the manner by which activities related to sales are managed and organized. Katsikea, and Dionisis, (2003), argue that sales managers need to demonstrate superior behavioral attributes, such as sales planning, sales presentation, adaptive selling techniques, sales decision support system, and technical knowledge; and distinguished professional capability and sales orientation. The findings from the managers of the firms in Gombak, sales management and organization is characterized by formulating appropriate strategy, building desirable customer perception and firms image, playing with pricing strategy, undertaking research, having convenient business location with ease access, providing quick service, customer relationship management. In addition, display your products; communicate about the products, and so forth.

The managers emphasized the need for proper sales management and organization by saying: “You must thing how to bring people to our place” (R1). “We are doing aggressive strategy we call it guerrilla marketing” (R2). “We do research and observation to compare...” (R2). “Just like if you placed your order yesterday, we can bring it tomorrow, or if it is ordered in the morning, we can deliver in the afternoon, immediately even though.....”(R3). To achieve satisfactory sales management and organization (Tanner, et al., 2008) emphasized that sales executives should organize the firm in such a way to create or/and add value to products, professionalize sales activities, and embrace new emerging technologies.
**Product characteristics**

The managers strongly believe that another critical success factor in sales performance is the nature and the characteristics of the products offered. The product features that the managers emphasize include product uniqueness, provision of product variety; universality of product usage, specialized product offers, product design, innovation & creativity, and quality. Accordingly, firms that provide products within this framework will experience better sales compared to a practice contrary to this customer requirement. Some of the respondents made the comments: “You must mix because many people like….”; “I choose to specialize in sandwich because it is food everybody can eat” and “….we must think how this people must respect and take this food”. (R1). “The most important thing is to maintain high quality and every other problem will just be solved” (R6).

Kotler (2000), customers will always desire greater assortment of products because this gives them more choices and chance to satisfy their needs. In addition, customers will need varied lot size; short waiting or service time, special convenience, service backups and service recovery. Therefore, it is advisable that for sales success, the products offered should have close matching with the customer needs.

**Customer and behaviour**

As Bass (1997) notes, “Successful, effective salespersons and leaders act in the best interests of customers and followers, as well as themselves.” It all means the sales persons have to labor to understand their customers in order to match their offers with the customer needs. However, it notable that the modern customers are after the best value for their money, make ‘smart’ decisions, highly informed, and vigilant in making their consumptions decisions (Asael 1995 and Kotler, 2000). The managers equally perceive their customers in similar way, for example, they describe their customers as both sophisticated and simple, have effective demand, but conditional and are quality sensitive to the sellers’ actions. See some of the interview extracts: “You must know what all these people can take…..” (R1). “If you want high quality, we give you, if you want lower quality we give you also” (R3). “People have money to spend and they like good products, quality” (R4).

**Managerial implications, limitation and conclusion**

According to the findings, the critical success factors for sales performance are variedly many. Some of the key ones firm sales environment, sales management and organization, sales force characteristics, products and their attributes and the good understanding of the target customer behaviour. The managers have to command good understanding of their business environment in order to make effective and efficient sales decisions. Sales force recruitment should be based on certain criteria that can create reliable organizational and product image. As far as the product is concerned, there is critical need to align the product attributes with the target market need in order to influence favorable purchase decisions. Lastly, planning, coordinating and controlling sales activities should take center stage of the sales activities.
The findings of this study should be applied in the light of the fact that the study is conducted over small geographical area, with small number of respondents in consumer goods sector. In addition, it has been a cross-sectional study yet with short time of interview averaging to about 20-minutes per respondent. This might not have warranted absolute in-depth investigation of the respondent’s perception. Conclusively, the findings of this study can be adequate basis of decision that can apply in similar conditions elsewhere.

Reference


