Original Article

Measuring sales performance of home décor products

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ABSTRACT Sales personnel play a key role in the formation of long-term relationships with business partners including buyers and suppliers. The relationship acts as the primary link between the buyer and the seller, creating the possibility for considerable influence on the buyer's perceptions of the seller's reliability, the value of their services and consequently the buyer's interest in continuing the relationship. This study discusses the impact of sales territory, design and compensation on salespeople as predictors of performance of sales unit effectiveness. The findings of the study show that the balance between territory design (TD) and incentive pay affect the overall performance of sales tasks executed by the field sales teams. Sales TD also largely influences the level of performance both directly and indirectly through its relationship with salespeople's behavioural performance. The study reveals the balance between territory designing and incentive pay in performing sales activities in developing countries, which affects overall performance of sales tasks. Managers may emphasise commission-oriented tasks owing to the link with performance and the need to re-conceptualise the shift of sales personnel from a 'hard selling' to a 'smart selling' approach.

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INTRODUCTION

Methods of practice existing in the field include putting the customer first, outcome performance (OP), putting the manager first and behaviour control (BC), which under both firms impose administrative control on salespeople to measure their performance. Sales managers depend on top performers and sheer numbers of salespeople to stay competitive. They analyse and manage performance of sales personnel, measuring OP and cognitive behaviour in handling tasks to determine the strengths and weaknesses of salespeople (Ledingham *et al*, 2006). Many firms believe in developing strong and effective controls in administering sales activities to gain higher market share. Such administrative controls include policies and practices that are built around training a salesperson on strategic perspectives, effective supervision of assigned tasks, providing motivation and cognitive support to sales personnel, developing surveillance over sales territories and conducting periodical performance appraisals (Anderson and Onyemah, 2006). Buyers often have greater loyalty to sales personnel than they have to the firms employing the salespeople, as salespeople develop buyers' perceptions (Weitz and Bradford, 1999). Sales management is a continuous process in a firm. The more a company learns about the sales process, the more efficient it becomes at selling, and the higher the sales yield (Leslie and Holloway, 2006).

This study discusses the impact of territory design (TD) on overall sales performance in reference to the underlying rationale of management control, incentive pay and TD as predictors of performance and sales unit effectiveness (SUE), and attempts to examine the relationships between incentive pay and management control and their impact on salesforce performance. The independent roles of monitoring, directing and evaluating activities in combination with incentive compensation have been analysed in relation to their affect on sales personnel and organisational consequences. The discussions in the article also emphasise the rationale of improving managerial understanding of sales management control initiatives and their impact on sales personnel and profit optimisation at the organisational level.

REVIEW OF LITERATURE AND HYPOTHESES

Territorial control and effectiveness

Sales TD is considered an important managerial variable, and has received little analytical attention in the traditional literature, but it appears to have a significant influence on the effectiveness of the sales operation (Rajagopal, 2007b). It is argued that organisational effectiveness is determined by salesforce OP and behavioural performance (BP), as well as through the use of behaviour-based control approaches. Although conventional theory has suggested that behaviour performance and OP result from different stimuli, behaviour-based

control is positively associated with both behaviour performance and OP (Piercy *et al.*, 1998; Churchill *et al.*, 2000). The importance of designing effective sales territory is widely supported in the process of organisational restructuring. Despite this importance, the impact of sales TDs on sales personnel and organisational consequences has not gained significant research attention (Ntayi, 2005).

The TD is a major determinant of a salesperson's opportunity to perform well, and their ability to earn incentive pay where incentives are linked directly to territory-level individual performance (Grant *et al.*, 2001). Sales personnel in the more effective sales units display higher levels of intrinsic and extrinsic motivation, sales support orientation and customer orientation. Both salesperson's behaviour and OP were rated higher by managers in the organisations with more effective sales units (Baldauf *et al.*, 2002; Rajagopal, 2006).

The following hypothesis can be formed:

Hypothesis 1a: TD satisfaction is the strongest predictor of behaviour performance.

Compensation, control and effectiveness

Administering control measures to field salesforce has become a major performance guiding tool in many business firms. Industrial sales organisations largely implement direct management control and influence the activities of employees towards improving their efficiency (Darr, 2003). Management control measures, such as monitoring sales managers and directing, and evaluating and rewarding activities in an organisation, can be used to achieve favourable results for the organisation and to guide salesforce behaviour (Anderson and Oliver, 1987). Management control is thus recognised as an important performance indicator (Cravens *et al.*, 1993; Oliver and Anderson, 1994).

Result-oriented performance control and market volatility are positively related to new product-selling performance. The effect of adopting a salesforce on selling performance is stronger where outcome-based control is used and where the firm provides information on the background of the new product to sales personnel through internal marketing (Hultink and Atuahene-Gima, 2000). Some studies observe that sales personnel who simultaneously exhibit commitment and effort will achieve higher levels of performance for new product selling (Anderson, 1996; Magrath, 1997). However, not much research attention is given to sales management control, beyond developed countries, notwithstanding recognition of the critical role of the sales manager in international selling (Money and Graham, 1999).

Sales managers need to predict how alternative and relatively complex compensation schemes would affect sales revenues and profits, as well as their likely impacts on salesforce morale and turnover (Darmon, 1997). In particular, individual-level variables such as career stage and risk preferences moderate the relationship between pay mix and expectancy perceptions, and instrumentality perceptions. Managers need to

acknowledge that certain salespeople respond positively to fixed salary plans whereas others respond positively to incentive (Pappas and Flaherty, 2006). New salespersons need training in order to feel competent and able to meet company-mandated and/or personal objectives. It is important to build strong relations at the area manager level (Liu, 2007). Extensive organisational studies on reward systems support the proposal that compensation is an important, strategic management variable that operates independently of other forms of management control (Lawler, 1990).

The following hypothesis can be formed:

Hypothesis 1b: Tasks assigned to salespeople in designated territory and balanced supervisory control instill higher confidence in achieving sales targets.

Management control and pay can be considered to be two related yet distinct forms of control. Determining the level of fixed salary and incentive payment policies is an important sales management task (Farrell, 2005). Financial compensation has long been held as the primary motivator of sales teams. Disparities in pay schemes across countries can affect the motivation levels of sales personnel (Rouzies *et al*, 1999). In addition, sales managers also use formal controls like output and process controls to develop the sales personnel's trust in their role (Kwaku and Li, 2006). Firms should be able to apply revenue management to their salesforces; however, a move towards measuring revenue by salesperson hour was proposed to better integrate the value of the sales personnel's time as a factor in sales potential and revenue calculation (Siguaw *et al*, 2003). Management decisions surrounding the proportion of incentive pay in total compensation operates independently from managers' monitoring, directing and evaluating activities, and needs to be assessed separately in management practice (for example, Lawler, 1990).

The above arguments lead to the following hypothesis:

Hypothesis 1c: Financial incentives will instill higher confidence in salespeople than balanced supervisory control.

The interrelationship of key variables with the OP as a principle component of the study is exhibited in Figure 1. Administrative control of salespeople is considered to be a tool to achieve the desired OP of salespeople.

Personality factors

Many studies examine control from the perspective of the field sales manager (Babakus *et al*, 1996; Piercy *et al*, 1999). Deshpande and Farley (1998) evidenced that the relationships found in developed countries also are relevant in developing countries for consequences of market orientation. The external and internal environment of a company and personality traits affect decision making of salespeople (Ofek, 2002). Internal

Figure 1: Hypotheses framework.

communication and the choice of a control system affect ethical decision making. The informal internal communication affects the personality traits whereas the control system influences the ethical climate of the sales personnel (Barker, 2001).

Ethical climate and salespeople's personality traits also affect ethical decision making (Verbeke *et al.*, 1996; Jayakody and Sanjeevani, 2006). The study shows that ethical decision making can be influenced by management; education has less effect. Ethical behaviour leads to lower levels of role conflict and higher levels of job satisfaction, but has no affect on performance (Ramon and Munuera, 2005; Stewart and Nandkeolyar, 2006). Other studies relate personal characteristics to variations in motivation by showing that a person's desire for different job-related rewards (for example, pay, promotion) differ with demographic characteristics such as age, education, family size, career stage or organisational climate (Chonko *et al.*, 1992).

In the process of BC, sales managers put more effort towards the activities of monitoring, directing and evaluating salespersons, than the result-oriented control activities (Anderson and Oliver, 1987). It is argued that only the companies that have a portfolio approach to sales pay, with pay reflecting the type of customer and the skills required to manage the relationship, will achieve appropriate motivation and productivity (Ryals and Rogers, 2005). Hence, the following hypothesis can be developed:

Hypothesis 2: Compensation, degree of behavioural satisfaction and OP are interrelated, and lead to the effectiveness of the sales units.

All hypotheses constructed above have been framed considering the relevance of discussions in various research studies in reference to major variables including behavioural dimensions of sales personnel, impact of compensation on task management and overall performance of the sales units in competitive markets.

STUDY DESIGN

Sample and data collection

This study is an investigation into the practices followed in salesforce administration in Mexico. The salesforce of four home décor retailers engaged in selling paints, tiles, furnishings and sanitary products were investigated. The sample was divided into equal sections among three areas: type of salesforce, type of product market and type of sales operations. All sample respondents were male salespeople and in the age group of 23–42. The data were collected by graduate students as they had the advantage of having been working managers during 2007–2009. Data collection was concentrated on companies in two Mexican cities – Santa Fe and Toluca.

Data collection was carried out through e-mail, telephone contacts and company visits. A survey questionnaire was employed to collect data for the study. Data collection was organised into two parts. The first part of the questionnaire was aimed at determining the level of involvement of sales personnel with tasks and performance, whereas the second part focused on the managers, and understanding their administration and control strategies. Survey questionnaires have been used in many research studies to measure the personality traits of sales personnel, customer relationship and sales performance (for example, Yammario and Dubinsky, 1990; Sharma and levy, 2003).

A focus group discussion was carried out initially consisting of a representative sample from selected industries. This was carried out to assess the responsibility of direct supervision of sales personnel in industrial selling situations and the sale administration process in general. Accordingly, pre-coded questionnaires were developed for the study and administered to the respondents. Questions with pre-coded options and some open-ended questions were also administered separately for qualitative assessment of the responses. A pilot study of the survey was carried out to ensure that the scale of measurement and variables of the study were well understood by the respondents. The major attributes of the sample respondents are exhibited in Table 1. The collected data were filtered in reference to reliability test results and were analysed using

Table 1: Attributes of sample design employed in the study

Broad sample areas	Sample attributes	Study region	
		No. of respondents (N=258)	Per cent sample
Type of salesforce	Generalist salespeople	54	62.79
	Product specialist	18	20.93
	Customer services	14	16.28
Type of products	Paints	41	47.67
	Tiles (including Talavera)	23	26.74
	Furnishings	10	11.64
	Sanitary ware	12	13.95
Type of market operations	Business-to-business	18	20.93
	Retail consumer markets	42	48.83
	Large consumer accounts	18	20.93
	Direct selling personnel	8	9.30

Table 2: Descriptive statistics of the data employed in the study

Measures	Variables of the study				
	BC	SUE	TD	BP	OP
Sample size	258	258	258	258	258
Sample variance	1.724	2.316	1.842	0.804	0.560
Mean	4.935	4.157	3.222	3.470	3.185
Standard error	0.142	0.164	0.146	0.097	0.081
Skewness	-1.122	0.031	-0.388	-0.661	0.351
α values	0.816	0.773	0.941	0.805	0.782

Abbreviations: BC=Behavioural control, SUE=Sales unit effectiveness, TD=Territory design, BP=Behavioural performance, OP=Outcome performance.

Statistical Package for Social Science (SPSS) package. The descriptive statistics of the data used in the study are exhibited in Table 2.

Response trend

Data were collected from 280 respondents equally spread across all four industry categories, consumer goods, consumer durables, industrial products and consumer services, on the identified variables. Accordingly, questionnaires were administered to 70 respondents in each category of industry. Twenty-two responses were eliminated from the study owing to inconsistency and paucity of information; hence, information from 258 respondents was considered for data processing and analysis of results. The overall response rate was 92.1 per cent.

Methods of analysis

Analysis of the results was conducted through QSR Nvivo2 and SPSS. The questionnaires were initially drafted in English and later translated into Spanish for use in Mexico. The questionnaires were translated from English to Spanish using literal translation and transposition techniques. In translating some questions the techniques of equivalence and reformulation are used to give a correct sense to the sentence.

The following methods of analysis were used:

- Statistical analysis: Chi-squared test, root mean square, Tucker-Lewis fit index (TLI), comparative fit index (CFI) and incremental fit index (IFI) analysis;
- Cronbach's α ;
- Regression analysis;
- Covariance analysis;
- Monte Carlo (MC) method;
- Analysis of covariance (ANCOVA); and
- Eigenvalues.

ANALYSIS

Variables

In this study, the principal attribute of dependent variables is sales performance as measured on a standard scale with indicators affecting

them as independent variables that play the role of behavioural variables in measuring the performance of salespeople. The dependent variables were regressed in reference to many independent variables affecting the performance of the dependent variables. The details of the dependent variables are given in Table 3. Of many interdependent variables identified for the analysis of the data during the study, five major variables have been used:

- Behavioural control (BC): personality factors, sales management control strategies (monitoring activities of salespeople towards prospecting customers, closing sales, customer services, managing customer dissatisfaction and complaining behaviour and post-sales services) to determine 'active' and 'committed' sales personnel (Katsikea and Morgan, 2003).
- Sales unit effectiveness (SUE): overall performance of sales personnel within sales teams in profit centres.
- Territory design (TD): interactive variable among behavioural attributes of sales personnel and task performance; TD determines the acquaintance with the market channels, competitors, consumer preferences, infrastructure and mobility in field activities.
- Behavioural performance (BP): relationship of sales personnel to customers and market channels.
- Outcome performance (OP).

The service quality and customer relationship exert significant influence on sales performance. The outcome behaviour of fellow sales personnel affects performance in team sales and is determined as one of the major independent variable in measuring the overall performance of salespeople in an organisation (Emin *et al*, 2004; Rajagopal, 2008). Most of the

Table 3: Distribution of independent variables to dependent variables in the study

Dependent variables		Independent variables	
Variables	Measurement	No. of variables	Variables
BC	Performance monitoring	6	Task administration, responsiveness, team performance, quality of work, strategic planning abilities, compensation sensitivity
SUE	Sales team performance	5	Productivity per salesperson, target coverage, contribution to profit by salesperson, sales response to time, number of customer calls served
TD	Sales volume in area	5	Accounts per salesperson, incremental sales per salesperson, cost of sales per salesperson, profit by territory, new customer prospected per salesperson in allocated time
BP	Individual performance	4	Attitude towards customers, innovative applications, flexibility during sales, number of customer complaints handled
OP	Growth in sales	4	Increase in market share by salespersons, implementing sales strategies, efficiency in territorial expansion of sales, volume of sales

Abbreviations: BC=Behavioural control, SUE=Sales unit effectiveness, TD=Territory design, BP=Behavioural performance, OP=Outcome performance.

companies have instituted a team sales approach to achieve higher sales and serve effectively as profit centres in a designated sales territory (Rajagopal, 2007c). TD is considered a major interactive variable among behavioural attributes of salespeople and task performance. It is observed that a friendly territory provides scope for higher performance at the field level. To a large extent, the effectiveness of sales personnel depends on the TD (Darmon, 2002).

The constructs of the study were measured using reflective indicators showing effects on the core variables. Major variables segments identified for the analysis include BC (6), SUE (3), TD (3), BP (2) and OP (2), which account for 16 variables in total. This construct was derived from an original scale developed by Narver and Slater (1990) on market orientation. This scale also comprised triadic coordination among behavioural traits of sales personnel, TD and OP, including long-term perspectives of supervisory control of salespeople (for example, Ruekert, 1992; Hunt and Morgan, 1995; Rajagopal, 2009).

The general linear regression model was developed as below:

$$S_{pr}^t = \beta_0 + \beta_1 V_1 + \beta_2 V_2 + \beta_3 V_3 + \beta_4 V_4 + \beta_5 V_5 + \beta_6 V_6 \\ + \beta_7 V_7 + \beta_8 V_8 + \beta_9 V_9 + \beta_{10} V_{10} + \beta_{11} V_{11} + \beta_{12} V_{12} \\ + \beta_{12} V_{12} + \beta_{13} V_{13} + \beta_{14} V_{14} + \beta_{15} V_{15} + \beta_{16} V_{16} + \varepsilon$$

In the above equation (S_{pr}^t) denotes performance of sales personnel (S_p) in a sales territory r at a given time t and variables $V_1 - V_{16}$ indicate task administration (V_1), responsiveness (V_2), team performance (V_3), quality of work (V_4), strategic planning abilities (V_5), compensation sensitivity (V_6), productivity per salesperson (V_7), sales response to time (V_8), work load per salesperson (V_9), accounts per territory (V_{10}), cost of sales per salesperson (V_{11}), profit per salesperson by territory (V_{12}), attitude towards customers (V_{13}), innovative applications (V_{14}), growth in market share (V_{15}) and volume of sales (V_{16}).

Statistical analysis

Analysis of covariance (ANCOVA) has been conducted considering OP as the principal component; relational values were also computed. Data were also analysed to obtain Eigenvalues to find a clear path of relationship among the principal and associated variables. The goodness-of-fit statistics¹ comprising chi-square statistics (4.296), root mean square error of approximation (0.0731), TLI (0.907), CFI (0.926) and IFI (0.914) indicate that the model used for analysis in the study fits the data adequately. All variables were loaded significantly on their corresponding segments, which revealed significant P -value at 0.01–0.05 levels.

The test results showed an acceptable reliability level on average for all observations included for analysis in reference to all variables pooled under different segments. The study observes that the formal controls on the performance of such activities are carried out in 35.2 per cent of companies in the study area. More strictly 'relational' activities, from

both an external (that is towards the customers) and internal (that is towards other members of the sales team) perspective, appear to be very frequently performed by the salesforce; customer relationship management and development seem to be far more intensively performed.

Cronbach's α

The reliability of data was tested using the Cronbach's α test. Variables derived from the test instruments are declared to be reliable only when they provide stable and reliable responses over a repeated administration of the test. The (α) values were found in the range from 0.77 to 0.94 ($P > 0.01$ two-tailed) within acceptable levels for the selected samples. The measure of BP (means for the four independent variables ranged from 7.41 to 9.39) yielded a Cronbach's coefficient (α) of 0.84, while the measure of TD satisfaction had α of 0.81.

Regression analysis

Regressions analysis (Table 4) presents the relationship among the predictors including BC, incentive pay, TD and consequence of behaviour, sales performance and SUE (Rajagopal, 2007a). The interpretation of regression results exhibited in Table 4 indicates that TD has greater significance along with the BC dimensions in achieving SUE (Jiang and Rosenbloom, 2005).

Regression analysis is computed considering OP, BC, TD, sales unit effectiveness (SUE) and BP as dependent variables for measuring overall sales performance of salespeople. The pattern of regression results shows that Hypothesis 1a received strong support, showing that performance of sales depends on the working conditions in the assigned territory ($\beta = 0.846$, $P = > 0.001$), while Hypothesis 1b was also strongly supported by the BC attributes concerning performance of salespeople in reference to balanced supervision by managers ($\beta = 0.683$, $P = > 0.001$). Hence, the results presented in Table 4 are consistent with Hypotheses 1a and 1b.

ANCOVA and covariance analysis

The results of the ANCOVA show that the measure of sales OP was significant $\{F(4, 258) = 22.47, P < 0.001\}$, with an R^2 of 0.605. BC was a

Table 4: Standardized regression coefficients for the variables of the study area ($n=258$)

Variables	Measure (β)	F Ratio
BC	0.683**	18.77**
SUE	0.624**	21.02**
TD	0.846**	28.10**
BP	0.247	16.52*
OP	0.155	22.47**
Intercept	4.575	—
R^2	0.605**	—

P-values * > 0.01 and ** > 0.001 .

Abbreviations: BC=Behavioural control, SUE=Sales unit effectiveness, TD=Territory design, BP=Behavioural performance, OP=Outcome performance.

significant covariate ($F = 18.77$, $P < 0.001$). Previous studies had used similar techniques to measure the customer satisfaction and sales efficiency in a competitive market environment, and the measures used in this study are consistent with the methodology employed by these earlier studies (Hallowell, 1996; Bigné *et al*, 2003; Rajagopal, 2007b). The result of the analysis of variance carried out on multiple regression data produced results significant at >0.01 and >0.001 alpha levels for major variables. Satisfaction with TD emerges as the more important predictor for the sample respondents.

The underlying covariance relationship (Table 6) reveals the principal component. OP largely depends on the behavioural dimensions of salespeople encompassed by economic and relational variables such as compensation, TD, work load per salesperson, volume of sales and productivity per sales person. ANCOVA allows comparisons among groups of variables with respect to the principal component. This has been achieved by making an adjustment based on fitting the regression results (for example, Fisher *et al*, 1994). ANCOVA has been applied in the study to increase the precision of comparisons among groups by accounting for variation in important prognostic variables.

Correlations

Correlations for all the variables of the countries under study are exhibited in Table 5. The results of the study show that BP of salespeople, which is driven by the indicators of financial incentives, is highly correlated with BC, affecting the personality of salespeople in achieving their tasks in an assigned territory ($r = 0.898$, $P = > 0.001$). Similarly, OP of salespeople has also found to have significant correlation with BP, showing that financial incentives, which is the core attribute of BP variable, also affect the OP of salespeople ($r = 0.484$, $P = > 0.01$). Such results indicate that higher perceived values of assigned tasks in designated territory, incentive pay and balanced supervisory control may instill more confidence in salespeople. A positive and significant relationship among these variables leads to the effectiveness of the sales units. Hence, the results of the study lead to confirmation of Hypotheses 1c and 2.

Table 5: Correlation matrix of the major variables under study ($n=258$)

Variables	Correlation coefficients				
	BC	SUE	TD	BP	OP
BC	1.000	—	—	—	—
SUE	0.466*	1.000	—	—	—
TD	0.116	0.270	1.000	—	—
BP	0.898**	-0.034	0.733**	1.000	—
OP	0.110	0.292	0.717**	0.484*	1.000

P-values * >0.01 and ** >0.001 .

Abbreviations: BC=Behavioural control, SUE=Sales unit effectiveness, TD=Territory design, BP=Behavioural performance, OP=Outcome performance.

MC method

Redundancy in the results, which exhibited some degree of biasness in inter-correlations among variables, has been minimised using the MC method. Bias is largely affected by sample size and biasness was found to decrease by increasing the volume of data. It is observed that inter-correlation bias tends to decrease as the inter-correlations between the two sets of variables increase. The number of predictors and criterion variables, as well as the degree of correlation among variables in each set, has relatively minimal effect on bias (Beth, 1982). The MC method is a useful technique to compute numerical integration and sort out the redundancy in the statistical results. A procedure known as Kaiser average for averaging correlation coefficients using the Eigenvalue of an inter-correlation matrix was adopted in the study using the MC method (for example, Dunlap *et al*, 1987). This process has substantially reduced the bias towards correlations near zero and showed slightly smaller standard errors (greater efficiency) than the other averages for small correlations.

Eigenvalue

Eigenvalues were also computed to determine the variance of a linear function of the variables and measure the amount of variation explained by the principal component addressing OP expressed by the variable (V_7) – productivity per salesperson. The results (Table 6) indicate that the principal components show significant correlation with other variables and reveal that the stronger the relationship the greater the difference among Eigenvalues. They also demonstrate conclusive evidence that productivity per salesperson (V_7), a proxy variable to OP, is closely associated with compensation sensitivity (V_6), number of accounts per territory per salesperson (V_{10}), costs of sales (V_{11}), profit contributed per salesperson by territory (V_{12}) and team performance in achieving targets (V_3). However, this analysis certainly does not rule out the possibility of the influence of other variables in determining the OP of sales personnel.

DISCUSSION

The values of regression and covariance are plotted in Figure 2, which presents the extent of relationship among the selected variables with the principal component. Accordingly, the results of regression coefficients in association with the covariance and Eigenvalues support Hypotheses 1a, 1b, 1c and 2. Path analysis has been used (Figure 2) as a subset multivariate procedure that allows examination of a set of relationships between one or more independent variables, either continuous or discrete, and one or more dependent variables, either continuous or discrete (Hoyle, 1995; Ullman, 1996).

It is observed from Figure 3 that OP is largely affected by the TD, compensation offered to sales personnel and volume of sales generated per person (in addition to low-end effect of other behavioural traits of sales personnel). In the process of sales administration and control in reference to measuring the performance of sales personnel, the latent variables observed include quality of work (V_4), work load per person (V_9)

Table 6: Results of regression, covariance and Eigenvalues for selected variables

Variable segment	Variables	Regression coefficient	Covariance	Eigenvalue
BC	Task administration (V_1)	0.4327 ⁺	18.215 (V_1, V_7)	5.047
	Responsiveness (V_2)	0.4195 ⁺	8.039 (V_2, V_7)	2.726
	Team performance (V_3)	0.6037*	3.937 (V_3, V_7)	4.241
	Quality of work (V_4)	0.3792	6.724 (V_4, V_7)	4.377
	Strategic planning abilities (V_5)	0.4211 ⁺	4.881 (V_5, V_7)	1.803
	Compensation sensitivity (V_6)	0.6938*	12.047 (V_6, V_7)	6.331
SUE	Productivity per salesperson (V_7)	0.7381*	6.429 (V_7, V_1)	7.328
	Sales response to time (V_8)	0.4427 ⁺	23.403 (V_8, V_7)	2.549
	Workload per salesperson (V_9)	0.3602	15.293 (V_9, V_7)	4.371
TD	Accounts per territory (V_{10})	0.6927*	6.832 (V_{10}, V_7)	5.609
	Cost of sales per salesperson (V_{11})	0.6224*	9.117 (V_{11}, V_7)	4.216
	Profit per salesperson by territory (V_{12})	0.6398*	18.728 (V_{12}, V_7)	5.927
BP	Attitude towards customers (V_{13})	0.5772**	14.396 (V_{13}, V_7)	3.018
	Innovative applications (V_{14})	0.3956 ⁺	4.638 (V_{14}, V_7)	1.022
OP	Growth in market share (V_{15})	0.5820**	21.732 (V_{15}, V_7)	4.382
	Volume of sales (V_{16})	0.7427*	27.093 (V_{16}, V_7)	6.927

* $P < 0.01$, ** $P < 0.05$, + $P < 0.10$.

Abbreviations: BC=Behavioural control, SUE=Sales unit effectiveness, TD=Territory design, BP=Behavioural performance, OP=Outcome performance.

Figure 2: Path analysis of critical variables in sales administration and control.

and innovative strategies (V_{14}) used by the sales team, which have shown the least effect on OP (V_7).

CONCLUSIONS

The study reveals the balance between territory designing and incentive pay in performing sales activities in developing countries, which affects overall performance of sales tasks. However, the incentive pay is normally based on sales team outcomes, and is apparently not accomplishing this objective. It may be appropriate for the managers to consider review of incentive plans designs to improving the SUE. However, there is no apparent negative impact of relatively high levels of

Figure 3: Model of relationship among principal sales administration and behavioural variables.

BC in combination with high incentive pay. Work environment is largely governed by territorial tasks for the sales personnel. Sales TD has a strong impact on the effectiveness of sales organisation both directly and indirectly through its relationship with salespeople's BP. Collecting and processing territory and account information are major aspects of a salesperson's task, and to a large extent their effectiveness depends on the amount and quality of the market information available to them. Although they are not always easy to disentangle, the information gathering and processing activities, on one hand, and the effective contact time devoted to selling to clients and prospects, on the other, compete for the limited time resources available to sales personnel.

Managerial implications

BC dimensions

The effective management of salespeople is important to managers of international marketing operations. The degree of input and involvement from sales personnel does, however, appear to vary across firms. The multinational pharmaceutical companies generally assign weights to different performance objectives and incorporate territory data when establishing these objectives. The BC is a consistent predictor of the performance of sales personnel and the effectiveness of the sales units. This indicates the importance of proactive monitoring, directing and evaluating salespeople by the managers. Sales managers may implement such controls effectively by establishing coordination, training and feedback processes rather than imposing command and control policy.

Sales teams and territory management

Sales teams may be organised in view of territorial attributes such as critical distances, density of customers and location of service providers to improve extensive coverage of customers spread across the operational area (Piercy, 2006). As suggested below, managers may categorically monitor and control the tasks of the sales personnel within the broad framework of the sales process to enhance their performance:

- *Prospecting and qualifying* – collecting basic information about consumers, references, joining a prospect's organisation, initiating communication.
- *Negotiation* – on the orders, delivery, pre- and post-sales service, organisational benefits and the like.
- *Approach* – the sales package.
- *Presentation and demonstration* – convincing the buyer.
- *Problem solving* – resolving conflicts pertaining to product, price, place, promotion, packaging and competitive advantage over negotiations.
- *Delivering* – closing the deal by satisfying the consumer.
- *Follow-up* – post-sales service and maintaining relationship.

Critical factors that significantly contribute in increasing the performance of salespeople towards administering tasks and achieving results include interpersonal and communications skills, knowledge of the product, ability to explore the market demand and creativity in administering sales tasks. One of the methods that is workable and effective involves the development of sales benchmarking to develop competitiveness.

Compensation plan for salespeople

The qualitative information provided by the respondents revealed managerial approaches to balancing the task-compensation relationship. The study reveals that compensation for sales personnel should be a mix of salary and commission methods. Managers may emphasise more on commission-oriented tasks as they are linked with performance. A successful sales commission plan should possess the following three characteristics:

- The plan should offer an immediate positive reward to the sales person for his achievements.
- The compensation plan linked to the career path should be clear easy to understand.
- It should be relatively free of influence from factors outside the control of sales personnel.

Personal development and motivational factors

Firms must consider the relationship between the differing roles of internal sales personnel and external selling partners, the size of the salesforce, its degree of specialisation, and how sales personnel share their efforts among different customers, products and activities. These

variables are critical because they determine how quickly the salesforce of a firm responds to market opportunities, influences performance of sales personnel, and affects the revenues, costs and profitability of the firm (Zoltners *et al*, 2006). The training of the sales team should be directed at developing awareness of the advantages of adopting relational behaviours and boosting capabilities and skills. The systems for controlling and appraising the salesforce may be designed for the long term (Schultz and Good, 2000) and provide incentives for relational behaviours, if behaviour-based control systems are used and utilise relational performance indicators.

Task administration and control

Managers may define clear sales tasks to ensure significant results from salespeople and effective performance feedback. A firm may focus on administering sales activities in four major processes: territory-target-based deployment of the salesforce, efficiency in managing the client accounts, working with improved information systems and minimising field-level task conflicts. Hence, limiting the number of accounts for each sales employee may prove a good option to improve the efficiency of sales activities in the market. Field sales managers may be encouraged to adopt the practice of management by objectives using performance appraisal and monthly reviews to encourage their sales personnel work more effectively.

LIMITATIONS

There has not been enough research contributed in measuring the performance of sales personnel from the perspective of behavioural factors, considering the role of sale territories, compensation and administrative control factors in emerging markets, particularly in reference to Latin America. This article attempts to contribute to the existing studies. This study was conducted in Mexico, which represents a highly diverse work culture that emerged from regional socio-cultural influence. The samples drawn from the cities in Mexico may not be enough to generalise the study results as the case in the wider industry. Although this research included important salesforce activities and the most frequently suggested antecedents of customer trust, other potentially relevant variables, such as conflict management skills (Weitz and Bradford, 1999), confidential information sharing and sales personnel power within the selling firm (Morgan and Hunt, 1994), were not considered.

FUTURE RESEARCH

There still exists the need for more longitudinal research studies on measuring sales performance with a focus on qualitative variables. Sales processes and control perspectives need to be analysed from the point of view of strategic fit between external (market) and internal (firm) conditions. The research in the area of the buyer–seller relationship in reference to strategies for team sales, target achievement, customer satisfaction and growth in profit seems to be a new initiative in the Latin American business environment. Future research should involve the

functional and cognitive areas of effective sales management. In order to gain higher returns in the long run on customer value, sales firms may need to initiate studies to methodically measure the sales performance in terms of territory management, volume of sales and market share while introducing new products in a competitive market environment. This study may serve as guiding literature in enhancing the performance of sales personnel from a qualitative perspective.

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NOTE

- 1 The goodness-of-fit statistics of the TLI, also known as the Bentler-Bonett non-normed fit index (NNFI), CFI and IFI, tend to range between 0 and 1, with values close to 1 indicating a good fit. The TLI (NNFI) has the advantage of reflecting the model fit very well for all sample sizes. It is observed in past empirical studies that these indices need to have values above 0.9 before the corresponding model can even be considered moderately adequate.

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APPENDIX

See Table A1.

Table A1: Measures used in questionnaire for data collection from the sales

<i>Information cluster</i>	<i>Scale</i>	<i>Measures</i>
BC	I=Not at all; 7=to a large extent	Monitors daily performance of salespeople Active participation in the on-job training of salesforce Guiding salesforce in improving their performance Assess quality of tasks performed by the salespeople Plan and evaluate professional development activities Informally shares time with the salespeople in a routine way
SUE	I=Very weak; 5=Excellent	Productivity in reference to sales volume Trend in reference to market share Growth in contribution towards profitability of the firm Performance in reference to time, target and territory management Contributions towards customer relationship and value
TD	I=Fully dissatisfied; 7=Highly satisfied	Quantum of accounts in the territory Workload distribution among the salespeople in the territory Number of small but significant retail accounts in the region Trend of sales productivity in the territory Number of calls per day in the territory Overall size of the sales territory
BP	I=Very poor; 7=Outstanding	Awareness about the company policies on sales and services Operations and applications in sales and services of products Communications and flow of directives with salespeople Skills in selling solutions and customer relations Functional flexibility with subordinate salesstaff Innovative and adaptive sales approaches Customer-centred sales planning Post-sales customer care Handling customer complaints and objections in the sales territory
OP	I=Very poor; 5=Very good	Scope for improving the market share Developing strategies and skills for high-tech high-value products Swift sales operations among the distributors and retailers Locating new accounts and developing prospect plans Augmenting the profit contribution by territorial sales Managing strategic business units and profit centre approach

Abbreviations: BC=Behavioural control, SUE=Sales unit effectiveness, TD=Territory design, BP=Behavioural performance, OP=Outcome performance.