

**An investigation into the organizational factors that affect the export sales effectiveness
in Greek exporting SMEs**

Abstract

This research aims to investigate the impact of organizational factors that affect the export sales effectiveness within sales force control systems. A theoretical framework is proposed and tested on a sample of 160 Greek exporting SMEs. Research results provide evidence of the positive contribution of behaviour-; outcome-based sales control, territory design satisfaction and, firm size in export performance. Neither export orientation of sales strategy nor management experience in exports is found to contribute significantly to export sales effectiveness. Research findings indicate further relations among these factors between high and low performing export sales units.

KEYWORDS: export sales effectiveness, export performance, sales force control systems, Greek exporting firms

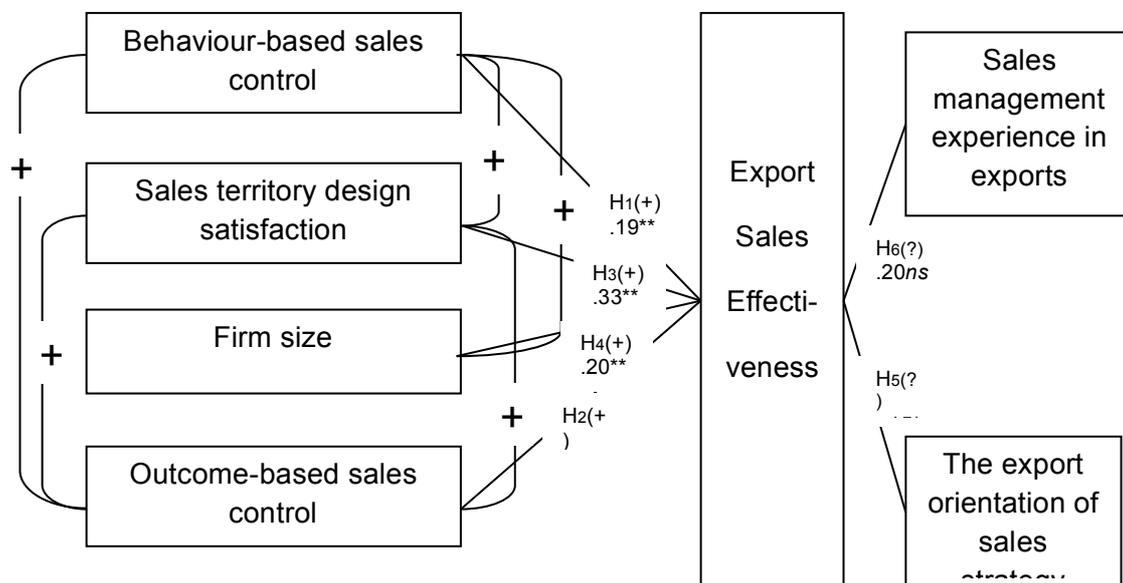
Gradually, companies seek to approach international markets by reforming the structure of their sales units so as to compete more efficiently in the international arena (Panagopoulos et. al, 2011). The author's objective to find the best way to attain better export performance in a Greek SME exporting firm and the need for the Greek economy to overcome the debt crisis and be more extrovert by improving its trade balance, have been the major motivators for conducting formal academic research within a DBA research program. The effects of sales force control systems on sales units have been extensively studied over the last decades under various conceptualizations such as Anderson and Oliver (1987) or Jaworski (1988), either in a national context or cross-cultural context. Though, limited studies have focused so far on the examination of sales force control systems in exporting context. This research tries to investigate the major factors within sales force control systems that could potentially affect sales effectiveness in exporting firms under the Anderson and Oliver conceptualization. The study aims to contribute in the academic field by exploring the organizational sales force effectiveness drivers in an export context which is a new aspect of the existing research field. Similarly, contributions in the management field are attained by proposing managers the organizational drivers that they should focus on so to achieve higher export sales effectiveness (performance). A sales force control system is defined as an organization's set of procedures for monitoring, directing, evaluating and compensating its employees (Anderson and Oliver, 1987:6). Existing empirical frameworks propose a set of main sales force effectiveness driver (SFE) categories: (1) outcome control of sales management, (2) behaviour control of sales management, (3) the sales territory design satisfaction by sales managers, and (4) firm size (Zoltners, Sihha and Lorimer 2008; Piercy, Low and Cravens, 2004; Katsikea, Theodosiou and Morgan, 2007). The pilot study of this research (in-depth interviews with export sales managers) reveals some additional factors: export orientation of sales strategy and sales management experience in exports. Research hypotheses of the proposed conceptual framework are tested against previously published empirical findings related to domestic firms, under the export context in the main study. The pilot study plays a dominant role in the main theory development as it shapes the proposed conceptual framework (Figure 1). Finally, research findings validate the proposed framework partially, indicating four out of the proposed six factors that seem to affect export sales effectiveness.

Research aim and question

The research aim concentrates on the investigation of the organizational factors that affect export sales effectiveness. Literature suggests that particular SFE drivers exist, such as sales team enthusiasm, teamwork, and right-sizing of territory design (Piercy, Cravens and Morgan, 1998). Taking into consideration published sales force effectiveness frameworks (Zoltners, Sihha and Lorimer 2008; Piercy, Low and Cravens, 2004; Katsikea, Theodosiou and Morgan, 2007), the main SFE drivers categories have been defined in an export context: (1) outcome control of sales management, (2) behaviour control of sales management, (3) the sales territory design satisfaction of sales managers, (4) the size of the firm, (5) the export orientation of sales strategy and (6) the sales management experience in exports.

Therefore the research question is formulated as: ‘*In Greek exporting SMEs, is there a relationship between outcome and behaviour control of sales management, sales territory design satisfaction, firm size, export orientation of sales strategy, sales management experience in export sales units and export sales effectiveness?*’ On the grounds of the above basic theoretical acceptances, the conceptual framework below is proposed:

Figure 1 Proposed Conceptual Framework



Note. ** $p < .01$; * $p < .05$; n.s. = non-significant, $p > .10$. Standardized coefficients are shown

Methodology

The research is influenced by the post-positivist approach as the researcher's belief is based on the fact that only observable phenomena can provide credible data and facts. Its approach towards research methodology is objective, which is the most suitable for the chosen paradigm. As the purpose of this research is to identify the relationships between organizational sales force effectiveness factors and export effectiveness, it follows an exploratory approach for research purpose. The research is mainly focused on a pilot study (in-depth interviews with export sales managers and questionnaires distribution to export sales managers and salespeople) and a main study with a sample of 160 Greek exporting SMEs, which has been mainly secured from the Greek Exporting Association, but also from a visit to the Food Expo Exhibition and Greek Sales Institute's support. Measures are based on previously measurement methods in similar studies. In particular, sales force effectiveness is measured by combining the quantitative measurement models of Cravens et al. (1993) and Babakus et al. (1996) and employed by Piercy et al. (2004) and Hultman et al. (2011) with the qualitative measures as suggested by Darmon and Martin's (2011). Babakus' (1996) 25-item measurement scale is used to measure behaviour sales control along with Piercy, Low and

Cravens (2004) salesperson behavioural performance scale. Outcome sales control is measured combining two measurement scales of Piercy *et al.* (2004) and Darmon and Martin (2011). Sales territory design of export sales units is measured on the basis of Babakus *et al.* (1996) 7-item scale. Firm size is measured at firm level on the grounds of EU firm classification. Export orientation of sales strategy is measured through the proportion of exports in overall firms' sales turnover. Finally the measurement for sales management experience over exports relies on a 3-item classification of managerial and export experience in particular. The analysis is based on several statistical methods; concordant analysis and word count of in-depth interviews with sales managers. As the study follows a dyad approach by examining both sales managers and salespeople, comparative statistics are used. Moreover, principal component analysis, Cronbach alpha value, discriminant analysis, correlation, t-tests and multiple regression analysis for questionnaires' data analysis of the main study are implemented. Research findings validate existing literature, and a readjustment of the formal theory is proposed based on research findings.

Research findings

There are a small number of export research studies that examine the organizational effects on exporting, the managerial effects of exporting and the overall export strategy. Current export research focuses on marketing attributes of exporting such as exporting distribution, logistics, advertising, promotion, pricing and, financing. Therefore, the contribution of this research is to decrease the above diminishing trend and provide motivation for further research as research finding are still controversial. The contribution of the undertaken research to the academia stands on two research pillars: the confirmatory findings that support the existing literature and the discovery of new facts – findings that provide new insights into the research area. With regard to confirmatory findings, the research partially validates the proposed framework by indicating four (4) distinctive factors that affect export performance (1) behaviour-based sales control; (2) outcome-based sales control; (3) sales territory design and, (4) firm size. Neither export orientation of sales strategy nor management experience in exports is found to contribute significantly to export sales effectiveness. The important differences of behaviour-based sales control between high- and low-performing export sales units are identified, where high-performing export sales units make higher use of behaviour-based sales control. Furthermore, this research corroborates the significant association between behaviour- and outcome-based sales controls in export sales units, implying that hybrid sales control systems (a combination of elements of outcome and behaviour) are a common phenomenon in Greek SMEs (Onyemah and Anderson, 2009; Madhani, 2015). The positive relationship between outcome-based sales control and sales territory design satisfaction is also identified along with the positive contribution of reward and compensation schemes in export sales effectiveness. The study also validates the positive role of sales territory design satisfaction in export sales effectiveness, and it denotes the important differences of sales territory design satisfaction between high- and low-performing export sales units. In addition to this, the significant relationship that exists between sales territory design satisfaction and behaviour-based sales control is indicated. Finally, the positive effect of firm size on export sales effectiveness and the negative relationship of sales management experience in export sales effectiveness are illustrated.

Concerning the discovery of new facts, it seems that high- performing export sales units make higher use of outcome-based sales control attributes compared to low-performing ones implying that outcome-based sales control systems can result in higher export performance. This research also identified the important positive association between reward and compensation schemes for salespeople and behaviour-based sales control, providing assumptions that behaviour-based management styles rely more on reward and compensation schemes compared to outcome-based management styles. Additionally, study outcomes support that the influence of sales territory design satisfaction on export sales effectiveness is significant ($p < 0.05$) higher when the intensity of export performance is lower, providing

further evidence that sales territory design satisfaction plays a crucial role in low-performing export sales units. Furthermore, research findings indicate the significant positive relationship between sales territory design satisfaction and outcome-based control, arguing the fact that both sales force effectiveness factors are process oriented. Concerning firm size and export sales effectiveness, a moderate difference between high- and low- performing export sales units has been discovered. It seems that the effect of firm size is stronger when the intensity of export performance is higher, implying that large firms benefit more from the export performance. Also, a strong positive correlation between firm size and (1) behaviour-based, (2) outcome-based sales control has been identified. Finally, no significant relationship has been found between the export orientation of sales strategy and export sales effectiveness, despite previous research findings (Lages et al., 2008).

Table 1 Results of Multiple Group Moderation Analysis

Main Effect	Hypothesized Moderating Effect	Low Intensity of Export Performance	High Intensity of Export Performance
H1: Behaviour control of sales management in export sales units → export sales effectiveness.	Effect is stronger when intensity of export performance is higher	$\beta = .10$ $t = .30$	$\beta = .11$ $t = .54$
H2: Outcome control of sales management in export sales units → export sales effectiveness.	Effect is stronger when intensity of export performance is lower	$\beta = .25$ $t = 1.35$	$\beta = .10$ $t = .91$
H3: Sales territory design satisfaction in export units → export sales effectiveness.	Effect is stronger when intensity of export performance is lower	$\beta = .40$ $t = 2.26^{**}$	$\beta = .26$ $t = 2.39^{**}$
H4: Firm size → export sales effectiveness.	Effect is stronger when intensity of export performance is higher	$\beta = .17$ $t = .90$	$\beta = .23$ $t = 2.06^{**}$
H5: Export orientation of sales strategy → export sales effectiveness.	Effect is stronger when intensity of export performance is lower	$\beta = .23$ $t = 1.20$	$\beta = .030$ $t = .26$
H6: Sales management's experience in exports → export sales effectiveness.	Effect is stronger when intensity of export performance is higher	$\beta = .098$ $t = 0.30$	$\beta = .108$ $t = .54$

Notes: ** Significant at $p < 0.05$, * Significant at $p < 0.10$

Concerning the research contribution to the applied business, sales managers that can employ effective both outcome- and behaviour-based sales control systems, create well-structured reward and compensation schemes, and implement well-designed export sales territories can increase their firm's export performance. As firm size plays a crucial role in export sales effectiveness, sales managers working in larger firms may expect the better export performance of the mentioned managerial activities. Moreover, insufficient managerial activities as mentioned above may lead to lower export performance. Concerning low-performing export sales units, sales managers should pay attention to the role of reward and compensation schemes and sales territory design as it seems that their effect on export performance is significantly stronger for low-performing export sales units. It implies that export sales managers working in low-performing sales units should focus first on a well-structured reward and compensation scheme for their salespeople and well-designed export sales territories to obtain better export results. On the contrary, export sales managers of high-performing export sales units should pay attention to the size of the firm and try to elaborate the core business, as it seems that their activities as sophisticated enough to achieve high levels of export performance. But, if firm size is not big enough, it could create several obstacles to the continued involvement of firm's export performance. Findings indicate that the larger a firm is, the greater the behaviour and outcome sales control is implemented within its management system (hybrid system). It signifies the importance of the behaviour and outcome sales control in export performance. Export sales managers should reconsider their sales control efficiency within their sales units in case the sales performance is low. Therefore, sales control of sales units should be frequently re-evaluated by export performance. Finally, export sales management experience in exports seems to be unrelated to export effectiveness, providing room for further discussion whether salespeople and managers with international experience can boost export performance within firms (Ibeh, 2004; Lages *et al.*, 2008).

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Further references are available upon request