

A Structural Equation and Prediction Model of Sales Organization Effectiveness and its Antecedents for Consumer Goods Companies in the Philippines

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ABSTRACT

Increasing global competition, and additional problems brought about by low levels of economic growth have increased the need for seeking out for greater effectiveness within the sales organization. A Structural Equation Model for Sales Organization Effectiveness (SEM for SOE) of Philippine consumer goods companies was formulated using Analysis of MOment Structures (AMOS) software. Significant variables, named as indicators are at the same time clustered to four classifications namely: Actions of Sales Manager and Salespeople, Involvement of Sales Managers, Characteristics of Salespeople, and Non-Selling activities of Salespeople. Path analysis was done to determine the significant measures of SOE in the Philippines and the interrelationship of the four antecedents to the identified measure. The significant measures are found to be sales volume and profitability. SEM for SOE was proved to be a better representation of sales organizations of Philippine consumer goods companies since it can predict measures of SOE with a percentage error of not more than 6%. Quadrant analysis provides the SOE Matrix which shows the placement of the respondent companies with respect to their predicted sales volume and profitability. Each quadrant of the SOE Matrix corresponds to specific characteristics of consumer goods companies. An automated SOE program was made as a tool for the companies to predict their sales volume and profitability driven by their current practices without having to wait for one whole period to end. The automated SOE is an integration of all the results and findings of the study to provide companies with something tangible to work on. Details or recommendations on what the company should do are as well provided in the said program.

