

# Impact of Competencies on Sales Performance: Empirical Evidence on Salesmen at a Furniture Mart in Central India

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## **Abstract**

Salesman's competencies intended to improve sales performance has received little attention in the research in comparison to customer oriented consequences. Numerous specialized researchers in their study put forward the point that the competencies (skills & abilities) play the vital role in the execution of job responsibilities by an individual in specific professional area which leads to job performance. The present study attempts to recognize the competencies prerequisite for the salesman engaged in retailing (here, furniture and build mart) business. Further, it examines the significant impact of the competencies on sales performance and expands our ability to explain salesman's sales performance on the basis of the competencies acquired by him. The clever and competent salesman can be advantageous for the business as he acts as a significant linkage amid the consumer and business. Various analyses based on the data collected from 250 respondents from one of the urban markets of Central Chhattisgarh (India), six key competencies of salesman are pointed out and their impact is examined on the salesman's sales performance. The results attained suggested that product knowledge, listening ability, convincing skill, objection handling and interpersonal ability are the major competencies affecting salesman's performance.

## **Keywords:**

Competencies, Sales Performance, Salesman.

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## **Introduction**

One of the central issues in personal selling and sales management is the measurement of sales performance and it is of great interest to both managers and researchers. A skilled salesman can prove beneficial for the business in many ways. As mentioned by Ahmed S.Z. et al. (2010), Churchill et al. (1985) and Ford et al. (1988) found that along with aptitude, role perception, motivation, personality, and organization factors, sales competencies (skills) are also responsible for salesman's performance.

Recent decade witnessed a huge uplift in the organised retailing business across the country. With rigorous escalation in the retail outlets and shopping malls, not only the consumers have experienced a pleasurable way for shopping but also arisen as a new sovereign of the market. With countless alternatives handy now, the customers have become more demanding in their buying activities. Because of this, the marketers are at tight spot, to nurture and retain customer base, so as to cope-up with cut-throat competition and maintain profitability. So, for marketers, it is of utmost important that these customers should be treated with care and sophistication, as a fact that well-

treated or fairly say well-approached customer can become a potential and loyal consumer.

With this reason, players in the retail business are now more inclined in recruiting competitive sales force. As mentioned by Abdolvand et al. (2013), salespeople are one of the major contributors to a firm's survival because of their role as nexus between the firm and its customers. Clever and well-trained individuals proficient in various soft skills and competencies are the need of hour.

From a salesman's perspective, being loaded with the requisite competencies, not only ensures the well-rewarded performance but also safeguards the career growth. With all the skills and proficiencies, salesman will succeed in building better relationship with the consumers, which will ultimately lead to the promising growth of both, the individual and the business. The study conducted focuses on such key competencies which are majorly required by the salesman in absence of which he may fail to perform.

### Competencies & Performance

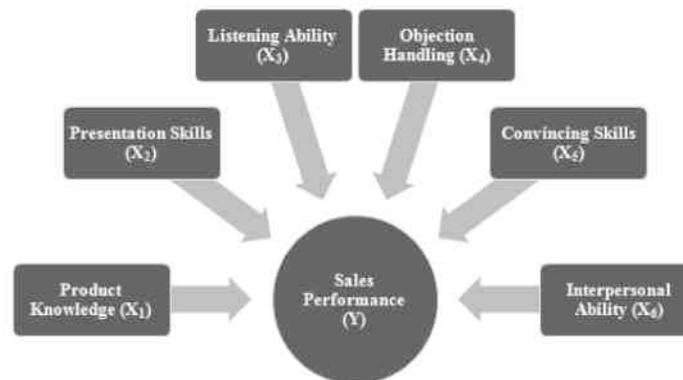
Sales performance can be regarded as the salesman's sales performance (*excellence in making effective sales*). Skills and abilities of an individual hugely contribute in the sales

performance and assist in carrying out various sales responsibilities. Johlke (2006) suggested that the skills and efforts of salesman power their individual outcomes as well as the effectiveness of their organizations. As acknowledged by Bashir et al. (2010), competencies (sales skills) essentially contribute to performance. Although, competencies have been accepted as the predictors of performance, very few empirical researches have been done to establish that these distinct skills actually have considerable impact on performance.

Selling is a complete process in itself and is comprised of many phases. To perform well and to deal with customers at different phases, salesman should be equipped with proficient skills and abilities. The primary research question for this study is: *do competencies influence the sales performance???*

The report of National Skills Development Cooperation (NSDC, 2014) suggests various skills and competencies required by the salesman engaged in the selling process. According to the report and prior opinion from the HR Executives, six competencies are pointed out and considered for the study. The conceptual model (Figure 1), proposed in the study, illustrates the hypothesized relativeness among various competencies and the sales performance of a salesman.

Figure 1: Conceptual Model



### “Must Have” Competencies for Salesman:

#### A. Product Knowledge (X<sub>1</sub>)

Product knowledge can mean more sales. As defined by Business Dictionary (2014), Product Knowledge is an understanding of a good or service that might include having acquired information about its application, function, features, uses and support requirements. Waters S. (2014) shares in his article that it becomes challenging to effectually sell to a consumer if a salesman fails to show how a specific product will address a consumer's needs. Sound product knowledge not only enhances enthusiasm and raises confidence of the salesman but also it supports him to exhibit accurately and overcome the arising objections or doubts of the customers. Product knowledge can lead to more profitable sales through up selling, cross selling and multiple sales. To check the relationship between product knowledge and sales performance of salesman, a hypothesis is framed as follows.

**H<sub>1</sub>: Salesman's Product Knowledge has Significant Impact on Sales Performance.**

#### B. Presentation Skills (X<sub>2</sub>)

Abdolvand et al. (2013) in their study mentioned that using sales presentation skills is great significance in the sales situations. With proper presentation, a salesman can demonstrate the features, benefits and usability of the product/service to a customer. Salesman and sales managers, both, agree to the fact that sales presentation skills are necessary for sales success. Efforts are being made by the marketers and trainers towards improving sales presentation skills because they anticipate that increased skill will lead to improve sales performance.

Salesman who are more competent at giving effective sales presentations are likely to perform at a higher level. Effort towards improving sales presentation skills might prove to be fruitful because it is anticipated that increased skill will lead to improve sales performance.

**H<sub>2</sub>: Salesman's Presentation Skills have Significant Impact on Sales Performance.**

### C. Listening Ability (X<sub>3</sub>)

Salesperson listening ability has been defined as "the cognitive process of actively sensing, interpreting, evaluating and responding to the verbal and nonverbal messages of present or potential customers". Ramsey R.P. et al. (1997) mentioned in his research article that listening is presumed to be a critical skill for successful salespeople to build trusting, open relationships with customers.

Listening aids salesman to gather information and understand their customers' needs better. With proper listening ability salesman can make positive closing of sale and thus, the performance level will increase. When customers observe that a salesman is listening to them and working hard to satisfy their needs, they feel that the salesperson is honestly interested in them and is more trustworthy. To understand the association between listening ability and sales performance a hypothesis can be framed and tested for significance.

**H<sub>3</sub>: Salesman's Listening Ability has Significant Impact on Sales Performance.**

### D. Objection Handling Skills (X<sub>4</sub>)

The ability to know how to handle objections is essential for success as a sales person. When a salesman demonstrates a product/service, customer may respond in negative sense, give excuse or otherwise, move away from sale point, this is called 'objection' and the counter response made by salesman is called 'objection handling'. Salesman needs to be adequately skilful to overcome such objections raised by the customer to escape or suspend the sales persuasion. Active handling of customer's objections essentially eradicates the obstacles to sales success.

The consequence of these well-managed objections reflects in the improved sales and thus, increased level of sales performance of salesman. With lively and appropriate objection handling, a salesman can convert anticipated sale in to definite sale. The following hypothesis can be framed to test the assumption.

**H<sub>4</sub>: Salesman's Objection Handling Skills has Significant Impact on Sales Performance.**

### E. Convincing Skill (X<sub>5</sub>)

The last stage of the selling game is to convince the customer to buy. Convincing is done to a customer with the idea that they will keep on buying the product. Convincing actually takes the customer to the next level of buying process. Salesmen who are able to sale convincingly or persuasively to customers are likely to illustrate higher level of sales performance. For being convincing he must have a proper product knowledge and appropriate confidence level.

**H<sub>5</sub>: Salesman's Convincing Skills has Significant Impact on Sales Performance.**

### F. Inter-Personal Relational Ability (X<sub>6</sub>)

Interpersonal skills reflect the salesman's ability to form and develop relationship with their customers to create gainful and productive relation among both the parties. Ahmed S. Z. et al. (2010), quoted the point made by Rentz et al., (2002) that interpersonal skills of a salesman was found to be useful predictors of salesperson performance. Researchers suggest that salesman having good interpersonal flexibility had higher overall performance.

Handfield L. (2014) in his article mentions that for a salesman, interpersonal skills are essential for the reason that you want the customer to feel comfortable enough to purchase what you are selling. Further, it was observed that it is possible to sell a product which a customer doesn't needs because of the interpersonal skill of a salesman. Interpersonal sales skills build long lasting relationships with customers which ultimately lead to better performance of salesman and thus, bigger profitability for the company.

**H<sub>6</sub>: Salesman's Interpersonal Ability has Significant Impact on Sales Performance.**

## 2. Research Methodology

### A. Sample Selection & Measures

The study was conducted at Raipur, the capital city of the Chhattisgarh State in Central India. The sample population consists of the existing and walk-in-consumers of the furniture and build mart (*Rathi Build Mart*), supervisors and executives who can vouch for the salesman engaged in the store. A pre-tested structured questionnaire was distributed among 250 respondents, chosen on the basis of judgement, out of which 241 comebacks were completed in all facets and consequently, considered for the study (Table 1). The questionnaire covered various sections seeking demographic info and opinion of the respondents concerning the competencies and its impact on sales performance. The responses were measured on 5-Point Likert Scale, where, 1 = *Strongly Disagree*, 2 = *Disagree*, 3 = *Neutral*, 4 = *Agree* and 5 = *Strongly Agree*.

### B. Research Design

In order to fulfil the research objective, the *Descriptive Research* has been directed. The major predictor variables (causes) well-thought-out for this study were the competencies essential for execution of a given sales role in retailing business viz. *Product Knowledge, Presentation Skills, Objection Handling Skills, Listening Ability, Interpersonal Skills and Convincing Skills*. The effect of these factors was measured on the criterion variable (effect) *Sales Performance* of the salesman.

### C. Data Analysis

For testing reliability, *Chronbach's Alpha coefficient* is used as the measurement value to check whether the data is near to normal distribution or not. *Correlation Analysis* was conducted to measure the strength and linear relationship among the variables. *Factor Analysis* through Principal Component Method has been applied to identify the loading and reloading of components. Finally, the *Linear Regression Analysis* is used to determine how well the entire bundle of predictor predicts the outcome.

### 3. Result Interpretations & Findings

The SPSS Statistical Tool (Ver. 20) was utilized for data analysis. Various techniques were applied such as scale reliability analysis, descriptive statistics, factor analysis, regression analysis, etc. and the results obtained are discussed below.

#### A. Demographic Profile of Respondents

As presented in the demographic profile of respondents (Table 1), the bulk of the respondents belong to the age group 26 to 40 years (55.2%). 86.3 % of the participants were the male and they majorly belongs to the service class (49.4%). The respondents were having the income level between 1.5 lakhs to 3.0 lakhs (49.8%).

Item	Description	Frequency	Per Cent (%)
Age (in years)	Below 25	14	5.8
	26 to 40	133	55.2
	41 to 55	79	32.8
	55 and above	15	6.2
	<b>Total</b>	<b>241</b>	<b>100.0</b>
Gender	Male	208	86.3
	Female	33	13.7
	<b>Total</b>	<b>241</b>	<b>100.0</b>
Occupation	Business Man	79	32.8
	Service Class	119	49.4
	Professional	32	13.3
	Household	11	4.6
	<b>Total</b>	<b>241</b>	<b>100.0</b>
Annual Income (in lakhs)	below 1.5	0	0.0
	1.5 to 3.0	120	49.8
	3.0 to 4.5	98	40.7
	4.5 and above	23	9.5
	<b>Total</b>	<b>241</b>	<b>100.0</b>

### B. Tests for Reliability

Hair et al. (2010) considered and sustained the fact given by Flynn et al. (1994) that the Chronbach's Alpha value of 0.6 and above

shows effective reliability for judging the scale. For the instrument employed in present study, Chronbach's Alpha Coefficient was found to be 0.929 (Table 2), which demonstrates that the constructs of the research instrument are highly reliable.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.928	.929	21

### C. Correlation Analysis

The correlation analysis was conducted to check the association between the sales performance and the competencies of the

salesman and the results obtained shows the positive significant relationship among each other.

	Y	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	X <sub>5</sub>	X <sub>6</sub>
Pearson Correlation	Y	1					
	X <sub>1</sub>	.400**	1				
	X <sub>2</sub>	.381**	.348**	1			
	X <sub>3</sub>	.467**	.272**	.388**	1		
	X <sub>4</sub>	.354**	.261**	.390**	.320**	1	
	X <sub>5</sub>	.440**	.389**	.362**	.340**	.247**	1
	X <sub>6</sub>	.396**	.430**	.338**	.258**	.292**	.350**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**D. Factor Analysis**

The Factor Analysis (through principal component analysis) outcomes on the rotated component matrix show that all the

components are valid, as they have been properly loaded on identified factors and thus, reflect that all the factors and their components are valid and can be tested further.

**Table 4: Factor Analysis**

<b>Rotated Component Matrix</b>							
	<b>Component</b>						
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Y<sub>1</sub></b>	.144	.159	.152	.240	.163	.160	<b>.797</b>
<b>Y<sub>2</sub></b>	.108	.160	.193	.217	.137	.152	<b>.825</b>
<b>Y<sub>3</sub></b>	.214	.152	.248	.163	.162	.104	<b>.778</b>
<b>X<sub>11</sub></b>	<b>.872</b>	.208	.107	.159	.102	.167	.138
<b>X<sub>12</sub></b>	<b>.878</b>	.163	.092	.188	.148	.077	.156
<b>X<sub>13</sub></b>	<b>.852</b>	.200	.126	.097	.184	.119	.132
<b>X<sub>21</sub></b>	.253	.125	.127	.130	<b>.811</b>	.193	.159
<b>X<sub>22</sub></b>	.131	.143	.168	.111	<b>.856</b>	.149	.109
<b>X<sub>23</sub></b>	.073	.129	.154	.156	<b>.864</b>	.163	.165
<b>X<sub>31</sub></b>	.114	.156	<b>.827</b>	.126	.104	.111	.148
<b>X<sub>32</sub></b>	.068	.116	<b>.863</b>	.164	.195	.149	.164
<b>X<sub>33</sub></b>	.132	.058	<b>.874</b>	.156	.143	.124	.215
<b>X<sub>41</sub></b>	.068	.074	.148	.148	.173	<b>.812</b>	.096
<b>X<sub>42</sub></b>	.176	.142	.083	.061	.130	<b>.872</b>	.135
<b>X<sub>43</sub></b>	.088	.108	.126	.071	.148	<b>.868</b>	.122
<b>X<sub>51</sub></b>	.171	.115	.228	<b>.828</b>	.177	.103	.143
<b>X<sub>52</sub></b>	.119	.108	.103	<b>.857</b>	.127	.113	.233
<b>X<sub>53</sub></b>	.155	.193	.138	<b>.835</b>	.094	.088	.194
<b>X<sub>61</sub></b>	.164	<b>.864</b>	.111	.157	.139	.147	.120
<b>X<sub>62</sub></b>	.166	<b>.869</b>	.133	.124	.147	.096	.197

**E. Regression Analysis**

This analysis was conducted stepwise to study the most contributory explanatory factor among the competencies that best predict salesman's sales performance. All the obtained models are statistically significant at 5% level of significance, out of which the model containing the factors  $X_1$ (*Product Knowledge*),  $X_3$ (*Listening Ability*),  $X_4$ (*Objection Handling*),  $X_5$

(*Convincing/Persuasive Skill*) &  $X_6$ (*Interpersonal Ability*) found to be the best fit (Table 6) in the study. All the factors successfully established statistical relationship with salesman's performance.

The model summary (Table 4) explains the coefficient of determination value ( $R^2 = 0.384$ ) shows that the factors were a good fit for this statistical model and around 39% of variance can be explained by this relationship.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.619	.384	.371	.729	2.020
Predictors: (Constant), X <sub>3</sub> , X <sub>5</sub> , X <sub>6</sub> , X <sub>1</sub> , X <sub>2</sub>					
Dependent Variable: Y					

Durbin-Watson test (Table 4) was performed to check the model autocorrelation. The value obtained ( $d = 2.020$ ) suggests that there is no autocorrelation problem in the study model as the obtained

value is nearly equal to the ideal value of 2 (Panda S., 2014). The ANOVA for significance test (Table 5) displays the constructive implication of the model with the F-Stats of **29.26**.

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	77.692	5	15.538	29.257	.000
Residual	124.806	235	.531		
Total	202.498	240			
Dependent Variable: Y					
Predictors: (Constant), X <sub>3</sub> , X <sub>5</sub> , X <sub>6</sub> , X <sub>1</sub> , X <sub>4</sub>					

The Coefficients from linear regression analysis (Table 6) shows that the competencies like *product knowledge*, *listening ability*, *objection handling*, *convincing skills* and *interpersonal ability* are showing positive relationship and thus, have significant association and impact on the sales performance. Furthermore, the

unstandardized and standardized coefficients show the direct relationship with dependent performance. Other competencies viz. *presentation skill* considered in the conceptual model for the current study was found to be unfit and reveal negative association with sales performance of salesman.

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1					
(Constant)	.975	.263		3.708	.000
Listening Ability (X <sub>3</sub> )	.216	.044	.276	4.852	.000
Convincing Skill (X <sub>5</sub> )	.185	.054	.203	3.448	.001
Interpersonal Ability (X <sub>6</sub> )	.119	.046	.152	2.571	.011
Product Knowledge (X <sub>1</sub> )	.116	.048	.146	2.439	.015
Objection Handling (X <sub>4</sub> )	.127	.053	.133	2.373	.018
Dependent Variable: Sales Performance (Y)					

#### F. Hypothesis Testing:

Based on the outcomes from the statistical analysis conducted of predictor and criterion variables, the following hypothesis were

accepted or rejected. Thus, the significant associations are established between the variables.

Hypothesis	Statements	Outcome
H <sub>1</sub>	Salesman's Product Knowledge has Significant Impact on Sales Performance.	Accepted
H <sub>2</sub>	Salesman's Presentation Skills has Significant Impact on Sales Performance.	Rejected
H <sub>3</sub>	Salesman's Listening Ability has Significant Impact on Sales Performance.	Accepted
H <sub>4</sub>	Salesman's Objection Handling has Significant Impact on Sales Performance.	Accepted
H <sub>5</sub>	Salesman's Convincing Skills as Significant Impact on Sales Performance.	Accepted
H <sub>6</sub>	Salesman's Inter-Personal Ability has Significant Impact on Sales Performance.	Accepted

**Conclusion**

The foremost motivation behind this study was to examine the significant association and impact of salesman's competencies and his sales performance. The outcomes attained from empirical analysis made on various competency variables in the study reveals that majority of them signifies a positive relationship on sales performance, suggesting that the competencies do have direct and dominant impact on the sales performance. It can be concluded that the higher level of sales performance can be achieved by developing and upholding the higher level of selling competencies. It can also be concluded that identification and enhancement of one's key competencies may lead salesman to grow into a superior performer, who will in turn lead to higher profitability for the business. The findings obtained from the study provide several conceptual implications to the business companies and their employees. Efforts should be made to impart these competencies in the salesman through frequent training, to make salesman competent enough to tackle the consumers effectively.

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