

**SALES MANAGEMENT PRACTICES AND PERFORMANCE OF SMALL AND  
MEDIUM-SIZED ENTERPRISES IN NAIROBI COUNTY, KENYA**

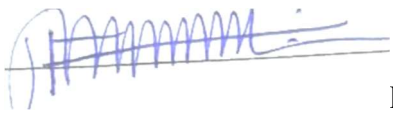
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE  
IN MARKETING, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES,  
UNIVERSITY OF NAIROBI**

**2021**

## DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other institution.

**Signature:**  **Date:** 28/10/2021

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D65/11735/2018

This research project has been submitted for examination with my approval as the University supervisor.

**Signature:**  **Date:** 11<sup>th</sup>/October/2021

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## **DEDICATION**

This research project is dedicated to everyone who supported in the various stages of the research work.

## **ACKNOWLEDGEMENT**

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# TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>DEDICATION.....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>iv</b>
<b>LIST OF TABLES.....</b>	<b>viii</b>
<b>ABBREVIATIONS AND ACRONYMS.....</b>	<b>ix</b>
<b>ABSTRACT.....</b>	<b>x</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Sales Management Practices.....	2
1.1.2 Firm Performance .....	3
1.1.3 Small and Medium-Sized Enterprises in Nairobi, Kenya.....	5
1.2 Research Problem .....	6
1.3 Research Objective .....	8
1.4 Value of the Study .....	8
<b>CHAPTER TWO:LITERATURE REVIEW.....</b>	<b>10</b>
2.1 Introduction.....	10
2.2 Theoretical Foundation.....	10
2.2.1 Push and Pull theory .....	10

2.2.2 Resource-Based Theory .....	11
2.3 Sales Management Practices and Performance.....	12
<b>CHAPTER THREE:RESEARCH METHODOLOGY .....</b>	<b>15</b>
3.1 Introduction.....	15
3.2 Research Design.....	15
3.3 Population of study .....	15
3.4 Sample and sampling procedures.....	16
3.5 Data collection .....	17
3.6 Data Analysis .....	17
<b>CHAPTER FOUR:DATA ANALYSIS, PRESENTATION AND DISCUSSION .....</b>	<b>19</b>
4.1 Introduction.....	19
4.2 Response Rate.....	19
4.3 Information of the Firm .....	19
4.3.1 Number of Employees .....	19
4.3.2 Period of operation.....	20
4.4 Sales Management Practices.....	21
4.4.1 Sales Planning.....	22
4.4.2 Sales Implementation.....	23
4.4.3 Sales Evaluation.....	25

4.5 Performance .....	27
4.6 Correlation Analysis .....	29
4.7 Regression Analysis.....	30
4.7.1 Model Summary.....	30
4.7.2 Goodness of Fit of the Model .....	31
4.7.3 Model Regression Coefficients.....	32
4.8 Discussion of Findings.....	33
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>35</b>
5.1 Introduction.....	35
5.2 Summary of the Findings.....	35
5.3 Conclusion of the study .....	36
5.4 Recommendations.....	37
5.5 Limitations of the study .....	37
5.6 Implications of the study.....	38
5.7 Suggestions for Further Studies .....	39
<b>REFERENCES.....</b>	<b>40</b>
<b>APPENDIX.....</b>	<b>44</b>
Appendix I: Questionnaire.....	44

## LIST OF TABLES

<b>Table 4.1:</b> Number of Employees .....	20
<b>Table 4.2:</b> Period of Operation.....	21
<b>Table 4.3:</b> Sales Planning.....	22
<b>Table 4.4:</b> Sales Implementation.....	24
<b>Table 4.5:</b> Sales Evaluation.....	26
<b>Table 4.6:</b> Performance .....	28
<b>Table 4.7:</b> Pearson Product-Moment Correlations.....	29
<b>Table 4. 8:</b> Model Summary .....	30
<b>Table 4.9:</b> ANOVA .....	31
<b>Table 4.10:</b> Regression Coefficients .....	32



## **ABBREVIATIONS AND ACRONYMS**

<b>GDP</b>		Gross Domestic Product
<b>KIPPRA</b>		Kenya Institute for Public Policy Research and Analysis
<b>RBV</b>	-	Resource Based Theory
<b>SME</b>		Small-Medium Sized Enterprises
<b>SPSS</b>	-	Statistical Package for Social Sciences
<b>U.S. A</b>	-	United States of America

## **ABSTRACT**

The sales environment continues to change owing to various behavioural, technological and managerial forces. These changes are changing the way sales people connect with prospects, differentiate themselves from the competition, and position their products and services. Despite the acknowledgment of SMEs in the economy, SMEs have been facing many demurs, for instance, the aforementioned aspects have inhibited the companies' operational and financial success, namely insufficient financing, political instability, and economic calamity. The general objective of the study was to establish the relationship between sales management practices and performance of Small and Medium-Sized Enterprises in Nairobi City County, Kenya. This study was based on two theories, push and pull theory and resource-based theory. The target population for this study comprised of the four hundred (450) SMEs registered by Registrar of Companies at Sheria House. The sample size was 90 SMEs doing business within Nairobi City County. Stratified sampling method was employed to guarantee that the data obtained is genuinely representative of the whole population. An analysis was done using descriptive analysis, linear regression and correlation analyses. It was established that sales planning and sales implementation influence sales management practices to a moderate extent while many SMEs in Nairobi embraced sales evaluation at great extent. The study established a positive relationship between performance and sales management practices. It was concluded that sales planning, sales implementation and sales evaluation were positively related to performance. The study recommends that the industry maps out specifically what aspects of sales management strategies are relevant to their industry and invest heavily into those aspects so as to see tangible improvement in their performance.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

The desire to perform better than competitors has led to the application of sales management practices among firms. Organizations that practice sale management have a competitive advantage over their competitors in the same industry. Sales management practices is shifting from selling products and services to meeting customer need and demand (Jones, 2021). There is a beneficial association between management techniques and performance, according to studies (Friedli, Lembke & Bellm, 2020, Nagy & Eriksson,2021 ). Ingram, LaForge, Avila, Schwepker and Williams (2019) argued that sales management strategies have a beneficial effect on business performance. Marketing and organizational scholars have long identified sales as an important mechanism linking to performance outcomes. Proactive sales management impacts on attitudes and performance of sales persons (Ooi, 2021). Bearing in mind that sales persons are the main drivers and sources of business revenue in any organization, its effective management becomes a fundamental requirement.

The resource-based theory and the push-pull marketing theory drove the research. The push and pull marketing theory describes ways for moving information and products between a company and its customers. Werner pushed resource-based theory forward (1984). It posits that the origin of an organization's advantage originates more from internal resources than external environment

positioning. It is important to keep in mind that the organizational sales management strategies must be supported by both people and financial resources.

Small and Medium Enterprises (SMEs) are viewed as great contributors to economic development in Kenya. This segment of businesses creates trade openings and steers business rivalry and economic development (KIPPRA, 2018). SMEs consists of around 75 % of businesses, contributing to 18.4 % of GDP, are owned by 4.6 million individuals (30%) and represent 87% of employers in Kenya (GOK, 2019). SMEs are considered a focal point of modern economic progression making the government of Kenya to pivot a few improvement methods in their favour (Maingi, Kinanga, & Odimba, 2019). Sales management strategies are seen to have a favorable impact on company success, according to Ingram, LaForge, Avila, Schwepker, and Williams (2019). Marketing and organizational scholars have long identified sales as an important mechanism linking to performance outcomes.

### **1.1.1 Sales Management Practices**

Sales management is a process of planning all activities around sales, staffing, in order to effectively and efficiently achieve sales goals (Weitz & Bradford 2016) define sales management as the commercial subject that emphasizes on enlightening the realistic application of sales practices, procedures, structures and functions to raise organization income. A company's ability to consistently achieve or even surpass its sales targets is defined by the practices of sales management. These activities include building a sales force, aligning sales processes, and using sales methods. These definitions agree in that there has to be planning, implementing, evaluation & control in order to achieve set goals or objectives.

Sales and marketing have merged in order to be of a superior strategic significance to organizations (Chen & Hung, 2015). In the pre-production and production era, the main focus of management was increased volumes as well as plant efficiency. It was an era marked by great technical competence for mass production and extended markets to take in the same. Profits was not an ignored factor, however, sales volume data was easier to obtain and more accurate. This marketing era saw the day to day role of sales manager's shift from planning for the salesmen to more of strategy development. The management role therefore changed in that the managers had to redesign operations and procedures to incorporate the computer (Dawson,1970). While sales management today is characterized by strategy development and profit responsibility, it also revolves around the overall development of human resources.

Goal setting, planning, budgeting and establishing programs to meet those goals; executing the program; evaluating and controlling the results; these are the primary functions of sales managers (Cuevas, Donaldson & Lemmens, 2015). Goal setting depends on the overall sales goals of the organization and depends on product mix. Setting goals requires that there is balance in regions. Sales may be difficult to some regions but still important to maintain volumes. There are various fundamental issues that are involved in the planning and budgeting process such as the sales force to be deployed, the distribution channel and the sales program (Terho, Eggert & Ulaga, 2015).

### **1.1.2 Firm Performance**

The ability of an organization to discover its distinctive place is referred to as organizational performance (Porter, 2004). Organizational performance, according to Baker and Sinkula (2015), is a process that entails analyzing a company's achievement versus its specified objectives and

goals. Cascio(2018) described organizational performance as the process of comparing actual outcomes or results of an organization to its expected outcomes, aims, and objectives. Organizational performance, according to Ayala et al., (2016) is the process of analyzing a company's performance versus its established objectives and goals. The real performance in finances, market, and shareholder value is determined by comparing the organization's results to its specified objectives and goals. Financial returns, whether in the form of profits, return on investment (ROI), or stakeholder returns, are all part of organizational performance. It is the responsibility of company executives to give the best possible returns to shareholders (Barney, 2016). Performance is significant since measuring it aids in understanding, managing, and enhancing an organization's overall functioning status.

According to Tholons(2017), performance can be monitored using service level agreements and operational data, resulting in increased profitability. Access to global and specialized best practice standards, as well as enhanced value-added services and customer focus, are among the internal business process performance measures. According to experts, employee motivation, contentment, and performance are influenced by managerial techniques more than personal attributes (Cascio, 2018). Management performance measurement is still an important instrument for any company's success. Making informed decisions requires knowledge of the results. Ireland, Cantens, and Yasui examine numerous models for measuring performance (2016). Balanced scorecard, shareholder-based financial performance, and triple bottom line are three of these concepts (Harrison & Wicks, 2015).

With a balanced scorecard, the company's objective, vision, and strategy serve as the foundation for measuring and reporting on success. It's a way to gauge how well the company is doing overall.

Additionally, it has a financial aspect to it, which has an effect on the financial repercussions of different actions made by the business. Another important consideration is how satisfied customers are. Focusing on the customer and the market, it evaluates critical success factors unique to these demographics. Another critical statistic is the existence of internal processes. It finds high-performing business processes in the enterprise. Last but not least, a balanced scorecard stresses a company's ability to adapt and expand in the future (Kaplan & Norton, 1996). As a well-known performance metric, the balance scorecard will be used in this investigation.

### **1.1.3 Small and Medium-Sized Enterprises in Nairobi City County, Kenya**

Employees working full-time for small and medium-sized firms are those with no more than 100 people or yearly revenues of no more than Kshs. 150 million (Maingi, Kinanga, & Odimba, 2019). Under the Public Procurement and Disposal (County Governments) Regulations, 2013, companies with maximum annual sales of Kshs 500,000.00 (also known as SMEs) fall into this category, making them less powerful economically and scientifically compared to companies with annual sales of Kshs 2,000,000.00. Over 7.5 million small and medium-sized enterprises (SMEs) operate in Kenya's low- and middle-income communities, according to government estimates (KNBS, 2016). The GDP of the country rose from 13.8% to 40% from 1993 to 2008 due to this section. SMEs generate 14% of the country's GDP (Mullei & Bokea, 2009). Kenya's small and medium-sized enterprises (SMEs) are becoming important economic and national contributors, creating jobs that generate revenue and enhance the standard of living for Kenyans.

The majority of businesses in Nairobi, Kenya are SMEs who purchase goods from one primary source and resale it to the final consumers. A retailer is a person (or a group of people) who primarily sells products and services to the final end-users or customers (Mugo, Kahuthia &

Kinyua, 2019). This classification includes supermarkets, hypermarkets, full-service stores, and small businesses that only sell their own products. The majority of businesses in Nairobi fall into one of two categories: either small or medium-sized firms (SMEs) with a low turnover and a small number of employees, which are usually controlled by the proprietor. In the majority of cases, enterprises in this province are registered under the Company Names Registration Act, which allows them to be sole proprietors or partnerships. However, others are not registered, which prevents them from using business names. Under the Companies Act, Cap 486 of the Laws of Kenya, a small number of SMEs are registered as private companies.

## **1.2 Research Problem**

The sales environment continues to change owing to various behavioral, technological and managerial forces (Johnstone & Marshall, 2013). These changes are changing the way sales people connect with prospects, differentiate themselves from the competition, and position their products and services. As a result, businesses should concentrate on the aspects that influence salespeople's performance. Many factors have been shown to influence salesperson performance, including sales skills, customer orientation, and among other things, one's own particular characteristics (Churchil et al., 2013). Sales management guarantees the long-term viability of revenue by selecting and implementing sales models that promote growth and market share retention, and, as a consequence, increase profitability (Churchil et al., 2013).

Despite the acknowledgment of SMEs in the economy, SMEs have been facing many demurs, for instance, the aforementioned aspects have inhibited the companies' operational and financial success, namely insufficient financing, political instability, and economic calamity. (Rotich, Lagat & Kogei, 2015). There is emphasizes on SMEs to adopt practices in their operation in order to



ensure that they restrain these complaints and create an opportunity for improvement in operation that eventually hinders the firm's activities. SMEs in Nairobi county act as distributors for merchandise, purchasing the goods from one wholesaler or manufacturer and reselling to end-users, who, through their trade activity, serve as the hub of trade in the country.

Various studies have examined sales management and performance on a national and international scale. SMEs in Canada were surveyed using a cross-sectional survey by the researchers conducted by Globally, Piercy, Cravens, and Morgan (2017) to examine the correlation between sales management methods and SME success. The study results explained a significant statistical relationship between sales management practices on performance. In Dubai, Abubakar and Muhammad (2015) examined the effect of sales people on performance. The study was based on regression analysis. Salespeople are said to have a favorable impact on a business's performance. To figure out the influence of price discounting and sales promotion on customer buy intention, Pakistani author Bhatti (2018) performed a study where he considered how social media influenced both price discounting and customer intent. The study was based on cross sectional survey. It was found out that sales promotion influence consumer purchase behaviour.

Locally, Mbugua (2017) examined the effect of personal selling strategies on performance. A descriptive survey was adopted. Personal selling tactics utilized by pharmaceutical corporations have been suggested to contribute to better results. Gachanja Analysis of Sales Representatives and Serviced Delivery," found that sales agents and serviced delivery are linked. The survey had been done using a cross-sectional design. It was said that the sales representatives felt the terms and conditions of their service were subpar. There was a study done on small and medium-sized businesses in Mombasa County, Kenya, by Irungu (2011) which assessed how formal strategic

management approaches were adopted. Regression analysis was employed in the investigation. strategic management approaches have been proven to influence small and medium-sized businesses.

Although there have been earlier studies in this field, there are considerable research gaps in the conceptual, contextual, and methodological arenas, which this study aims to fill. In terms of setting, the empirical research evaluated focused on sales management methods and performance in contexts other than Nairobi county, Kenya's SMEs. As a result, the goal of this research is to fill up these knowledge gaps by determining the link between sales management methods and performance. The study will answer the following research question: What is the effect of sales management practices on performance in Nairobi county, Kenya's Small and Medium-Sized Enterprises?

### **1.3 Research Objective**

The objective of the study was to establish the relationship between sales management practices and performance of Small and Medium-Sized Enterprises in Nairobi County, Kenya.

### **1.4 Value of the Study**

The study introduces a novel idea of sales management methods and their impact on organizational performance. The goal of the study is to uncover difficulties that have not been adequately addressed by prior studies, so that sales management researchers can learn from them and use new and improved techniques to handle them. Researchers will profit from the study since they will have a better understanding of the principles used in sales management research.

Secondly, the study established how best SMEs can be innovative and stays competitive in the industry. The study recommended the best sales management practices that helped SMEs increase performance. The business Owners of these SMEs relied on the findings of this study to make relevant and informed decisions with regard to sales management practices.

A better knowledge of how policies affect important sales management tactics and sales performance will be gained by policy makers in governing bodies and regulatory agencies

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Key theoretical concepts and empirical studies in sales management practices and organizational performance will be covered in the literature. The chapter will examine the gaps in the body of knowledge that exist with regard to organizational performance and sales process.

#### 2.2 Theoretical Foundation

The study was guided by the following theories: push and pull theory and resource-based theory.

##### 2.2.1 Push and Pull theory

This is a motivation theory which is based on the argument that there is a big relationship between efforts that people employ in their work, performance achieved from that particular work, rewards the people draw from the efforts and lastly performance they are able to get from those efforts. Motivation comes where people strongly believe that great efforts result in good performance, while good performance results to achievement of expected rewards. Victor Vroom (1964) developed the first theory of push and pull theory which had applications directly to the work settings. This theory was continued and made clear by Porter and Lawler (1968) and many more (Pinder, 1987). It is largely built on some 4 assumptions (Vroom, 1964). Assumption one argues that individuals join various firms and possess motivations, needs expectations, experiences of the past and these determine their adaptability. For the second one

state that a conscious choice is the determinant of the behavior of a certain individual and people are allowed to select their behaviors out of their calculations. Assumption number three is that different people do not want the same thing from a firm. There are those that want good pay, others security of their jobs, challenge and advancement. Assumption number four is that there are several alternatives from which people choose in order to optimize all the outcomes personally.

Basing this push and pull theory on the four assumptions, it has three very important elements; valence, instrumentality and expectancy. Here an individual will be motivated up to a point where they get to believe that efforts gives them performance which is acceptable (expectancy), performance has got a reward(instrumentality) and that rewards have got highly positive values(valence). This push and pull theory again describes motivation to be a result of continuous interaction between a certain individual and their situations. To managers performance is the main goal and to workers it remains a means of personal goals attainment. In order for one to understand the motivation of workers to perform, it is clear that one ought to identify how this performance exactly fits into their “equation” of personal expectancy. More generally, the theory of expectancy tells us that one must understand causal beliefs of a particular situation if they are to know the levels of people’s efforts on a task. Again, one must clearly know more about what remains important for them

### **2.2.2 Resource-Based Theory**

It was Birge who first proposed this idea back in 1984. Essentially, this hypothesis is predicated on the premise that firms analyze their competitive advantage through processes of evaluating their strategic advantages. According to the RBVs, each and every firm has unique, tangible and intangible resources and firm abilities to utilize those assets. This is an attributing factor to the differences between them. Resources owned by each firm form a basis of competitive

advantage for each firm when developed well (Alvarez & Busenitz, 2001). Resources owned by a firm play a crucial part in the strategic practice and organizational performance.

Barney (1996) proposes that organizations succeed by improving resources that offer rare sources of competitive edge. Resources based on their rareness, value and uniqueness give a competitive edge that is embedded in the firm structure. Every firm has certain and likely powers and gaps; it's crucial to learn what they are and separate them. Therefore, what the organization can do is not just to excise the time it faces but what funds the firm can master. Learned et al. (1969) suggest that the secret to a company's victory or its long term growth lies in its potential to develop talent that is truly unique. According to RBV, organizations with better organization design are viewed as being successful. This is due to the fact that they have distinctly lower costs, provide superior product and performance (Das & Teng2000).

The resource-based view theory is critical in informing this study and helps understand how the combination of resources over time allows for the evolution of specific capabilities, which leads to performance and competitive advantage. Resources of a firm facilitate adequate implementation of the various sales management practices by firms leading to improved performance.

### **2.3 Sales Management Practices and Performance**

Piercy, Cravens, & Morgan (2017) did a cross sectional survey on the effects of sales management practices on performance among SMEs in Canada. The study results explained a significant statistical relationship between sales management practices on performance. The study concluded that firms should invest in sales management practices to increase the firm performance. On the other hand, a research paper was published by Bhatti in Pakistan in 2018, and her findings revealed that price discount and sales promotion impact on the purchasing intention of the customer, but only when presented via social media. The study was based on

cross sectional survey. It was found out that sales promotion influence consumer purchase behaviour. The studies suffered from a limitation of context which was only based in developed counties.

A study was conducted by Regina Mbogo (2013) on sales management practices adopted by General Motors East Africa Ltd. Primary data was collected via interview guides. The research found that, strategy implementation was greatly affected by top management commitment. The study recommended that management should employ and position competent and qualified personnel as well as employ monitoring mechanisms for efficient strategy implementation. The study however focused on manufacturing industry and collection of data was through interview guide and not questionnaires.

As per a study by Njeri (2013) on large pharmaceutical businesses strategic management strategies and performance in Kenya. She used a cross-sectional survey research design and collected data using questionnaires. According to the study, strategic management practices had an impact across various operational areas such as customer service, marketing, finances, human resource management as well as customer service and business coordination processes. Although strategic management practices were implemented, there was need to improve on how to identify rare resources and how to deploy them. Because the study focused on strategic management practices rather than sales management methods, there was a conceptual mismatch.

In Dzisi and Ofsuo (2014), the authors evaluated the connection between sales process and the performance of SMEs in Ghana. Resource-based theory led the investigation while agency theory served as a framework. The study was descriptive and researched 12,600 SMEs. Questionnaires were used to collect primary data. In this work, we have employed a cross-sectional survey design. More attention should be directed towards customer service and

relationship building, especially for businesses who can prove that they are interested in their customers beyond just selling them things. The current study environment is different from the one used in the research and the results are not what were predicted.

A study by Fathali (2016) examined sales strategies and their effect on firm performance among Iranian automobile companies. Data collection was through questionnaires administered to 286 executives of automobile firms where correlation techniques was used for analysis. The findings showed that the Porters' competitive strategies positively and significantly affected corporate innovation. However, the study used quantitative tools for analysis and context was automobile companies making impossible to generalize the finding to SMEs.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter details the way the findings of this investigation will be presented. Additionally, a step-by-step explanation of the data collection and analysis methods is provided. Further information about the research design and the study population was presented in depth.

#### **3.2 Research Design**

The influence of sales management practices on performance was investigated using a cross sectional descriptive research design. The design is appropriate as not only is it accurate, but also highly precise as it entails the careful description of events in a detailed and well planned manner. Descriptive research designs help in the identification of the where, what, who, when and how of phenomena. When applied to this study, the descriptive research method will be helpful since it enabled researchers to discover how the many independent variables relate to the primary dependent variable in the study.

#### **3.3 Population of study**

According to Zikmund et al. (2010) define population as a collection of individuals that includes families, for example, that live in a city or states, and that you choose a smaller subset of people such as families, students, or electors, to interview in order to answer your inquiry question. The population studied was four hundred (450) SMEs registered by Registrar of Companies at Sheria House, located in the Nairobi county and operating from 2012 to 2020.

**Table 3.1: Population**

<b>Stratum of SMEs</b>	<b>Population Frequency</b>
Trade sector	400
Service sector	300
Manufacturing sector	120
Construction sector	80
<b>Total</b>	<b>900</b>

**Source Author :( 2021)**

### **3.4 Sample and sampling procedures**

The process of choosing samples from a population and verifying a hypothesis about that population are often referred to as sampling (Chandran, 2004). Stratified sampling method was employed to guarantee that the data obtained is genuinely representative of the whole population. This was accomplished by creating stratas that are entirely reflective of the county's small businesses. After defining of the target population of 450 SMEs stratum from Registrar of Companies (See Table 3.1), A sample size of 20% was applied sufficiently resulting to 90 SMEs doing business within Nairobi county. Formulae applied:

$$S = (N)/X$$

Where;

S=required sample size

N=given population size

X=given degree value of chosen population

$$S = 900*20\%$$

= Sample size will be 90 SME's

**Table 3.2: Sample Size**

<b>Stratum of SMEs</b>	<b>Population Frequency</b>	<b>Sample Size</b>	<b>Sample Size Percentage (%)</b>
Trade sector	400	44	49
Service sector	300	30	33
Manufacturing sector	120	14	16
Construction sector	80	2	2
<b>Total</b>	900	90	100

**Source Author :( 2021)**

### **3.5 Data collection**

The 5-Likert Scale was used to gather primary data quantitatively using a closed-ended questionnaire. There were three sections to the questionnaire: background information in section A, important sales management methods in section B, and sales results in section C. Information was collected from one business manager of each platform. The questionnaire was administered by electronic mailing and drop-collect techniques of the 90 correspondent firms. The target respondents were business owners or managers.

### **3.6 Data Analysis**

The section focused on data validation, data editing and data coding (Bhatia, 2018). Descriptive analysis was used to sum up individual station, record frequencies patterns and trends. The results of this study were utilized to calculate the average, median, range, and standard deviation. The Statistical Package for Social Sciences was used to examine the data (SPSS).

The software assisted the researcher to interpret, summarize and analyze the information gathered consequently giving a deduction on the SMEs demographics. In Kenya, regression analysis was utilized to prove the connection between sales management and firm performance.  $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

Where:

Y = Performance

$\beta_0$  = Model's constant

$\beta_1$  to  $\beta_4$  = Regression coefficients;

$\beta_1$  to  $\beta_3$  are the regression coefficients

$\beta_0$  = Constant Term

$X_1$  = Sales Planning

$X_2$  = Sales Implementation

$X_3$  = Sales Evaluation & Control

e = Error term.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND DISCUSSION

#### 4.1 Introduction

The chapter includes statistical analyses and discussions of research findings on sales management practices and performance.

#### 4.2 Response Rate

Out of 90 questionnaires that were administered, 80 were returned for data processing representing 88.8% response rate. The findings support Mugenda and Mugenda's (2013) assertion that rates higher than 50% are acceptable in analyses. Babbie (2010) likewise considers a return rate of 60% to be good, and a return rate of seventy to be outstanding. The findings were sufficient for data analysis. As a result of the adequate response rate, the researcher proceeded with analyses of data.

#### 4.3 Information of the Firms

This section is dedicated to firm's basic details. The data aided in comprehending the firms background details under consideration. It requested information on the number of employees and years of operation.

##### 4.3.1 Number of Employees

The study sought to establish the number of employees in the business. Table 4.1 depicts responses as gathered from respondents.

**Table 4.1: Number of Employees**

<b>Employees</b>	<b>Frequency</b>	<b>Percentage</b>
1-20	12	15
20-30	18	22.5
30-40	30	37.5
Over 50	20	25
<b>Total</b>	<b>80</b>	<b>100.0</b>

**Source: Field Data (2021)**

Table 4.1 depicts that most of SMEs have employees between 30-40 at 37.5%, over 50 employees were 25%, followed by employees between 20-30 at 22.5%, and lastly 1-20 at 15%. This implies that most SMEs are able to operate on a small scale of staff and source of employment.

#### **4.3.2 Period of operation**

The duration of business of the was given by respondents as specified in Table 4.2.

**Table 4.2: Period of Operation**

<b>Years</b>	<b>Frequency</b>	<b>Percent</b>
Up to 5 years	25	31.25
6-10 years	12	15
11-15 years	10	12.5
16-20 years	17	21.25
Over 20 years	16	20
<b>Total</b>	<b>80</b>	<b>100.0</b>

**Source: Field Data (2021)**

Table 4.2 depicts that most of SMEs have been working for up to 5 years at 31.25%, 21.25% between 16-20 years, 0% over 20 years, 15% between 6-10 years and lastly between 11-15 years at 12.5%. The result implies that majority of the SMEs under review have a solid experience in sales management practices.

#### **4.4 Sales Management Practices**

The independent variables of this research were sales management practices. It was essential to determine the opinions of respondents on their organization's sales management practices. The sales management practices have been assessed at a 5-point scale of Likert and the responses are required to either agree on "Not at all," "little extent" and "moderate extent" or "large extent", "very large extent". For each question, the most favorable answer was given 5 points, followed by 4, 3, 2, and 1 for the least positive. This research utilized a mean value of 4.0-5.0 for great extent, 3.0-4.0 for moderate, 2.0-3.0 small, and 1.0-2.0 for did not agree.

#### 4.4.1 Sales Planning

The participants were given five statements on sales planning and they were asked to indicate their level of agreement. Table 4.3 depicts the outcome.

**Table 4.3: Sales Planning**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. dev</b>
The company's corporate and divisional objectives are explained to the sales force when setting performance criteria.	80	4.18	0.95
Demand estimation analysis is carried out in your organization.	80	3.73	1.06
Demand estimation analysis is considered an important function of sales management	80	3.57	0.99
Sales forecasting is considered to be an important function of sales management in your organization	80	3.00	1.02
Your organization uses qualitative techniques in sales forecasting	80	3.40	1.05
Budget setting is an integral part of the planning process in your organization	80	3.45	1.03
Sales potential is a factor that is considered while designing territories	80	3.56	1.09
<b>Composite mean</b>	<b>80</b>	<b>3.56</b>	<b>1.03</b>

**Source: Field Data (2021)**

The company's corporate and divisional objectives are explained to the sales force when setting performance criteria 4.18 as mean and a 0.95 as standard deviations as depicted in Table 4.4.



Having a 3.73 as mean and a 1.06 as standard deviations, Demand estimation analysis is carried out in your organization. Demand estimation analysis is considered an important function of sales management a 3.57 as mean and a 0.99 as standard deviations as espoused by survey data. Sales potential is a factor that is considered while designing territories as a mean of 3.56 and S.D 1.09. Budget setting is an integral part of the planning process in your organization as mean of 3.45 and S.D 1.03. Your organization uses qualitative techniques in sales forecasting. Using this data, the mean was 3.40, and the standard deviation was 1.05. In addition, sales forecasting is considered to be an important function of sales management in your organization having a 3.00 as mean and a 1.02 as standard deviations. Overall, the mean was 3.57 which implies that many small medium enterprises embraced sales planning to moderate extent

#### **4.4.2 Sales Implementation**

The participants were given five statements on sales implementation and they were asked to indicate their level of agreement. Table 4.4 depicts the outcome.

**Table 4.4: Sales Implementation**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std.dev</b>
Adequate training is offered for product knowledge.	80	4.20	0.89
Your organization has an elaborate compensation plan for its employees in the sales department.	80	3.70	1.08
The compensation plan s commission based	80	4.30.	0.92
The compensation plan is both salary and commission based	80	4.11	1.10
The day to day efforts of the sales force are monitored as distinct from sales results.	80	3.80	0.99
The sales force is given the authority to act on behalf of its customers and prospects.	80	3.50	1.04
Your internal communication is very successful and helps coordinate all of your sales-related operations.	80	3.70	1.07
<b>Composite Statistics</b>	<b>80</b>	<b>3.90</b>	<b>1.01</b>

**Source: Field Data (2021)**

Table 4.4 the compensation plan s commission based as shown by a mean of 4.30 and a std deviation of 0.92, Adequate training is offered for product knowledge having a 4.20 as mean

and a 0.89 as standard deviations while the compensation plan is both salary and commission based having a 4.11 as mean and a 1.10 as standard deviations. The day to day efforts of the sales force are monitored as distinct from sales results a mean 3.80 and a std deviation of 0.99. Your internal communication is very successful and helps coordinate all of your sales-related operations with a a 3.70 as mean and a 1.08 as standard deviations. Your organization has an elaborate compensation plan for its employees in the sales department with a mean of 3.70 and S.D 1.07. The sales force is given the authority to act on behalf of its customers and prospects with a mean of 3.50 and S.D 1.04. Overall, the mean was 3.90 which implies that sales implementation influence sales management practices to a moderate extent.

#### **4.4.3 Sales Evaluation**

The participants were given five statements on sales evaluation and they were asked to indicate their level of agreement. Table 4.5 depicts the outcome.

**Table 4.5: Sales Evaluation**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>
The sales force day to day efforts are monitored as distinct from sales results	80	4.11	.504
Management reviews sales force performance.	80	4.54	.505
Useful feedback about sales activities is provided	80	4.23	.798
Useful feedback about sales results is provided	80	4.63	.547
Financial rewards and compensation are provided to the sales force based on their accomplishments	80	4.26	.611
Non-financial incentives are offered to the sales staff as an adequate and suitable compensation for their success.	80	4.45	.456
Management takes corrective action when performance standards are not met or influences other parts of the company to do so	80	4.24	.567
<b>Composite Statistics</b>	<b>80</b>	<b>4.35</b>	<b>.570</b>

**Source: Field Data (2021)**

In regards to Table 4.5, useful feedback about sales results is provided with a mean 4.63 and std deviation 0.547. Management reviews sales force performance having a 4.54 as mean and a 0.505 as standard deviations. Non-financial incentives are offered to the sales staff as an adequate and suitable compensation for their success with a mean of 4.45 and S.D .456. Non-financial incentives are offered to the sales staff as an adequate and suitable compensation for their success, with a mean of 4.26 and a variation from 611. In addition to this, management takes corrective action when performance standards are not met or influences other parts of the company to do so with a mean of 4.24 and S.D of .567. Useful feedback about sales activities is provided having a 4.23 as mean and a 0.798 as standard deviations. Finally, The sales force day to day efforts are monitored as distinct from sales results with a mean difference of 4.11 and 0.504. The overall mean was 4.35 which imply that many SMEs embrace administrative sales evaluation to a great extent.

#### **4.5 Performance**

Under this research, a firm performance was a dependent variable. The respondents' opinions on the performance of their firm had to be established. The following analysis has been adopted to distinguish the extent: mean value of 4.0<50.0 to a large, a moderate extent of 3.0<4.0, a small extent of 2.0<3.0 and an average score of 1.0<2.0 to a small degree. 5 statements were used to evaluate performance of small medium enterprises.

**Table 4.6: Performance**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev</b>
Your organization has an elaborate compensation plan for its employees in the sales department	80	4.11	1.17
Demand estimation analysis is carried out in your organization	80	3.73	0.98
The sales volume of our firm have gone up	80	3.34	1.19
The firm has increased its profit	80	3.90	0.89
The firm's market share has increased	80	3.23	1.07
Customer growth, retention and satisfaction have gone up	80	3.45	1.01
<b>Composite Statistics</b>	<b>80</b>	<b>3.62</b>	<b>1.05</b>

**Source: Field Data (2021)**

Your organization has an elaborate compensation plan for its employees in the sales department services provided by Mean 4.11 and std deviation 1.17. The firm has increased its profit 3.90 and 0.89. In addition, demand estimation analysis is carried out in your organization having a 3.73 as mean and a 0.98 as standard deviations. Customer growth, retention and satisfaction have gone up with a mean of 3.45 and S.D 1.01. The sales volume of our firm have gone up had a mean of 3.34 and std deviation 1.19. Finally, the firm's market share has increased having a 3.23 as mean and a 1.07 as standard deviations. The overall mean was 3.62 which implies that many SMEs perform moderately.

#### 4.6 Correlation Analysis

Analyses of correlation were used to evaluate the relationship among study variables. It helped in establishing the association between performance and sales management practices. In this case, Table 4.7 demonstrates the outcomes of the analyses.

**Table 4.7: Pearson Product-Moment Correlations**

		SP	SI	SE	P
	Pearson Correlation	1			
<b>SP-</b> Sales Planning	Sig. (2-tailed)				
	N	80			
<b>SI-</b> Sales Implementati	Pearson Correlation	.523*	1		
on	Sig. (2-tailed)	.05			
	N	80	80		
<b>SE-</b> Sales Evaluation	Pearson Correlation	.583**	.141*	1	
	Sig. (2-tailed)	.01	.05		
	N	80	80	80	
<b>P-</b> Performance	Pearson Correlation	.783**	.638**	.466*	1
	Sig. (2-tailed)	.01	.01	.03	
	N	80	80	80	80

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

\* . Correlation is significant at the 0.05 level (2-tailed)

**Source: Field Data (2021)**

Performance and sales planning have a positive connection, as seen in the preceding Table 4.7, with a Pearson correlation value of 0.783 indicating a direct link. Performance and sales implementation have a positive connection, as seen in the preceding Table 4.11, with a Pearson correlation value of 0.638, P=0.00 indicating a direct link. Finally, performance and sales evaluation have a positive moderately significant connection, as seen in the preceding Table 4.11, with a Pearson correlation value of 0.466, P=0.000 indicating a direct link.

#### **4.7 Regression Analysis**

Regression analyses were used to ascertain how SMEs performance is supported by sales management practices by utilizing the determination coefficient ( $r^2$ ) and also to forecast the connection among variables by use of  $\beta$  coefficient. In order to determine the percentage of the dependent variable (performance) being predicted by three predictor factors, analyses of multiple regression was performed (Sales planning, sales implementation and sales evaluation).

##### **4.7.1 Model Summary**

It was decided to examine the impact of predictor factors on dependent variables using multiple regression analysis. The model summary is shown in Table 4.8

**Table 4. 8: Model Summary**



Model	R	R <sup>2</sup>	Adjusted R Squar e	Std. Error of the Estima te
1	.876 <sup>a</sup>	.767	.684	.419

Predictors: (Constant), Sales planning, sales implementation and sales evaluation

**Source: Field Data (2021)**

In Table 4.8 at significance level of 0.005, the outcomes show that R and R<sup>2</sup> were 0.876 and 0.767 respectively. There is a robust association of sales management and performance as evident by R=0.876. A total of 76.7percent of sales performance variance was found to be explained by predictors in the model, while 23.3percent of the variation remained a mystery.

#### 4.7.2 Goodness of Fit of the Model

The regression model that was applied suited the data collection perfectly, and the researcher ran an ANOVA on the results (ANOVA). Table 4.8 demonstrates this.

**Table 4.9: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	8.090	3	1.618	9.193	0.000 <sup>b</sup>
1	Residual	2.460	76	.176		
	<b>Total</b>	<b>10.550</b>	<b>79</b>			

**Source: Field Data (2021)**

The results of the ANOVA are shown in Table 4.9. This table demonstrates that the f statistic is 1.696 when calculating the significance of the coefficient of determination at  $\alpha = 5$  percent. The p value is 0.018 0.05, which indicates that the results are significant. In other words, important sales management strategy factors matter a lot when trying to forecast performance results.

#### 4.7.3 Model Regression Coefficients

The presentation in Table 4.10 shows significant values, t-statistics, standardized and unstandardized coefficients.

**Table 4. 10: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B ( $\beta$ )	Std. Error	Beta ( $\beta$ )		
(Constant)	.179	.756		.236	.817
1 Sales Planning	.149	.239	.165	.623	.543
Sales Evaluation	.239	.125	.305	1.912	.037
Sales Implementation	.200	.273	.126	.733	.476

a. Dependent Variable: Performance

**Source: Field Data (2021)**

The regression coefficients illustrated in Table 4.10 show that a relationship exists between sales management and performance. Sales Planning posted  $p=0.543 < 0.05$ , Sales Evaluation posted  $p=0.543 < 0.05$ , Sales Implementation posted  $p=0.37 < 0.05$ . This Significance test was conducted at  $\alpha=0.05$  in which the significance exists when  $p$  records a value  $< 0.05$ . The results show that the parameters of sales management strategies possess a significant with performance .

The linear model then stands to be;

$$Y=0.179+0.149X_1+0.239X_2+0.200X_3$$

As per the findings, the constant 0.179 indicated that there is some level of performance even in the absence of the driver variables, when all other independent factors are held constant, increasing the sales planning parameter in relation to sales management by a single unit will result to a 0.067 change in performance, increasing sales evaluation parameter in relation to sales management strategies by a single unit will result to a 0.239 change in performance of, increasing sales implementation parameter in relation to sales management.

#### **4.8 Discussion of Findings**

It was found out that many SMEs embraced sales planning to a moderate extent. This was backed by the following statements the company's corporate and divisional objectives are explained to the sales force when setting performance criteria. These results confirm those of Schilling (2010) is related to organization success as it enables organizations to acquire dominant position in a competitive market. Consistent to this finding, is the observation by Shejeroo (2016) who found that Regina Mbogo (2013) management should employ and position competent and qualified personnel as well as employ monitoring mechanisms for efficient strategy implementation.

The study established that sales management practices to a moderate extent is influenced by sales implementation. This was backed by the following statements the compensation plans commission based and adequate training is offered for product knowledge. The findings agree with Njeri (2013) sales management practices were implemented, there was need to improve on how to identify rare resources and how to deploy them. Because the study focused on strategic management practices rather than sales management methods, there was a conceptual mismatch. Sales and marketing have merged in order to be of a superior strategic significance to organizations (Chen & Hung, 2015).

The study established that many SMEs embraced sales evaluation to a great extent. This was backed by the following statements that management reviews sales force performance and non-financial incentives are offered to the sales staff as an adequate and suitable compensation for their success. These results corroborate with (Terho, Eggert & Ulaga, (2015) goal setting depends on the overall sales goals of the organization and depends on product mix. Setting goals requires that there is balance in regions. Sales may be difficult to some regions but still important to maintain volumes. There are various fundamental issues that are involved in the planning and budgeting process such as the sales force to be deployed, the distribution channel and the sales program.

According to the findings, sales management and performance have a positive correlation relationship. According to the findings, important sales management procedures and sales success were influenced by regression analysis results. Data match the coefficient of determination well;  $R^2=0.767$  indicates that the predictor is adequate. The overall p-value of 0.018(0.05) of the regression model indicates that it is statistically significant.. These results back with a research by Noor (2013) that found that managing important accounts had a beneficial impact on sales results.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents an overview of the results, as well as the conclusions and suggestions made by the researchers. This is done in accordance with the study's objective.

#### 5.2 Summary

The aim of this research was to establish the relationship between sales management practices and performance of Small and Medium-

Sized Enterprises in Nairobi county, Kenya. It was found out that most of the SMEs have over 40 employees which imply that they are able to operate on a small scale of staff and source of employment. Most of the SMEs have been in operation for more than fifteen years and this implies that majority under review have a solid experience in sales management practices.

Sales planning and sales implementation were shown to have a significant impact on sales management practices at moderate extent. demand estimation analysis and sales forecasting are considered important functions of sales management in your organization. Sales implementation result into adequate training and is offered for product knowledge and the sales force is given the authority to act on behalf of its customers and prospects.

Sales evaluation were shown to have a significant impact on sales management practices at great extent. This was backed by the following statements that management reviews sales force performance and non-financial incentives are offered to the sales staff as an adequate and suitable compensation

for their success and financial rewards and compensation are provided to the sales force based on their accomplishments.

A connection exists between performance and sales management strategies, according to the research results. In this study's regression analysis, the regression model was determined to be an effective predictor. The model's p-value was less than 0.05, indicating that it was statistically significant. Sales planning and sales implementation were statistically significant in performance.

### **5.3 Conclusion**

Majority of the SMEs have over 40 employees which imply that they are able to operate on a small scale of staff and source of employment. Most of the SMEs have been in operation for more than fifteen years this implies that majority under review have a solid experience in sales management practices.

Sales planning and sales implementation have beneficial significant effects on performance. In line with sales management practices, demand estimation analysis is considered an important function of sales management as well as sales forecasting. Sales implementation gives adequate training and is offered for product knowledge.

Sales evaluation has beneficial but insignificant effects on performance. SMEs management reviews sales force performance and non-financial incentives are offered to the sales staff as an adequate and suitable compensation for their success. Financial rewards and compensation are provided to the sales force based on their accomplishments.

The study also suggests that the link between performance and sales management practices is positive. The adopted regression equation was significant for sales implementation as w

ell as sales evaluation. This postulated that improvement in sales implementation as well as sales evaluation during sales management practices would result in significant improvements in performance. The model was shown to be a reliable predictor and suitable for the data, as demonstrated by the determination coefficient.

#### **5.4 Recommendations**

Since sales management practices were discovered to have a beneficial effect on industry company performance, the research proposes that SMEs implement them in order to improve their performance.

The investigation also recommends the industry maps out specifically what aspects of sales management strategies are relevant to their industry and invest heavily into those aspects so as to see tangible improvement in their performance.

According to the findings, the firm should implement policies and processes that encourage high employee involvement, understanding, and dedication to the company's vision, purpose, and goals. This is because workers play a critical role in putting a plan into action.

#### **5.5 Limitations of the Study**

One of the difficulties was that mid-level management personnel were the target respondents for the research. Many were extremely busy and strained due to the pressure at work, therefore there was not enough time to answer the surveys when the researcher provided them with the questionnaire. To guarantee that the questionnaire was properly completed, the instrument validity was checked to make sure the aims of investigation are clear, brief and addressed before distributing them by email.

The onset of covid 19 necessitating people working from home and maintaining social distance limited the interactions the researcher could have with the respondents. Follow up questions had to be done remotely via a phone call or zoom meetings. These limitations further made it harder to adequately validate some of the responses as would have been the case in face to face meetings.

The research also has a further disadvantage because it focuses solely on sales management practices tactics. However, other variables are extremely important in obtaining a company's performance edge.

### **5.6 Implications of the Study**

In this study, we sought to establish the sales management practices adopted by SMEs and how they impact organization's performance. The study's results are essential to SMEs as they can use the conclusions and recommendations to enhance their sales management practices and ensure better performance.

This information will allow policy-makers, trainers, consultants and institutions to design strategic initiatives, tools and actions which will encourage sales management by SMEs in Kenya. The outcomes of study point out the practices used by a SMEs thus other firms can adopt these or develop practices which is in line with our findings.

Finally, the findings of the study further add on the empirical evidence on sales management practices, performance and the small medium enterprises sector and presents an avenue for additional studies on the concept of sales management practices.



### **5.7 Suggestions for Further Studies**

This research is a cross-sectional study using a quantitative method. It simply recorded the views and impressions of participants. The cross-sectional research was chosen utilizing the quantitative technique since it was the most suitable way available to deal with problems due to restricted time and budget limitation. Therefore, comparable research on the basis of qualitative methods such as interviews is necessary.

Further, this study only focused on SMEs sector. This leaves gaps in the effect of sales management practices on other firms such as airline companies, large-scale farms, manufacturing firms, motor firms amongst others. Future research should be undertaken to identify the effect of sales management practices on competitive advantage in other sectors.

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## APPENDIX

### Appendix I: Questionnaire

#### SECTION A: INFORMATION ON THE FIRM

1. Name of the firm (Optimal).....

2. Indicate the number of employees in your organization

3. 1-20 [ ] 20-30 [ ] 30-40 [ ] Over 50 [ ]

4. How many years has your business been in operation in Kenya?

Up to 5 years [ ] 6-10 years [ ] 11-15 years [ ] 16-  
20 years [ ] Over 20 years [ ]

#### Section B: Sales Planning

Which of the following assertions about planning as a sales management technique do you agree with the most?

Statements	1	2	3	4	5
The company's corporate and divisional objectives are explained to the sales force when setting performance criteria.					
Demand estimation analysis is carried out in your organization.					
Demand estimation analysis is considered an important function of sales management.					

Sales forecasting is considered to be an important function of sales management in your organization					
Your organization uses qualitative techniques in sales forecasting					
Budget setting is an integral part of the planning process in your organization					
Sales potential is a factor that is considered while designing territories					

**Section C: Sales Implementation**

Which of the following assertions about implementation as a sales management technique do you agree with the most?

Statements	1	2	3	4	5
Adequate training is offered for product knowledge.					
Your organization has an elaborate compensation plan for its employees in the sales department.					
The compensation plan is commission based					
The compensation plan is both salary and commission based					
The day to day efforts of the sales force are monitored as distinct from sales results.					
The sales force is given the authority to act on behalf of its customers and prospects.					
Your internal communication is very successful and helps coordinate all of your sales-related operations.					



**Section D: Sales Evaluation & Control**

Which of the following assertions about evaluation and control as a sales management technique do you agree with the most?

Statement	1	2	3	4	5
The sales force day to day efforts are monitored as distinct from sales results					
Management reviews sales force performance.					
Useful feedback about sales activities is provided					
Useful feedback about sales results is provided					
Financial rewards and compensation are provided to the sales force based on their accomplishments.					
Non-financial incentives are offered to the sales staff as an adequate and suitable compensation for their success.					
Management takes corrective action when performance standards are not met or influences other parts of the company to do so					

**SECTION E. PERFORMANCE**

Kindly tick where appropriate the extent to which sales management practices has impacted performance in your organization. Using a scale of 1 -

5, tick the appropriate answer from the alternatives provided. 1 = strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = strongly agree

<b>Component</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The sales volume of our firm have gone up					
The firm has increased its profit					
The firm's market share has increased					
Customer growth, retention and satisfaction have gone up					

**Thank you for your time and cooperation.**