

A COMPARATIVE STUDY OF SALES FORCE TURN OVER(SFTO): A CASE STUDY APPROACH IN WEAVING INDUSTRY OF MARUTHAMUNAI

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1. Introduction:

The term 'turnover' refers to employee movements that create vacancies within an organizational unit (Beach, Brereton, And Cliff, 2003). Organization is surrounded by external and internal environment. One of the important elements in the external environment is the competitors (Griffin, 2000). When competitors enter into an industry market share of the industry will be shared among the existing firms in the industry. Weaving industry is a perfectly competitive market which has a number of sellers and number of buyers. There is a heavy competition in the weaving industry. Products are homogeneous. Output of one weaving factory would be similar or same to other weaving factory. Buyers can easily shift from one to another's products. Weaving factories have to try hard to sell their finished products such as sarongs. Sales force turnover would be high when there are low entry and exit barriers in the industry. Human Resources are one of the important resource to achieve organizational goals efficiently and effectively (Griffin, 2000). Abbassi and Hollman (2000) tried to determine the impact of employee turnover on an organization and found that excessive employee turnover often endangers far reaching consequences and organizational objectives. So, Organizations have to develop and retain their sales force to survive in the business scenario. Bowen and Shuster (1986) stated that organizations should have an enhanced ability to attract and retain the best quality talents for its success.

2. Weaving Industry in Maruthamunai at a glance:

Maruthamunai is a village which is situated in the Divisional Secretariat of Kalmunai, Ampara, Eastern Province of Sri Lanka. People in this village have been running weaving factories long ago from their ancestors. This industry has a long history in Maruthamunai. Weaving industry is a manufacturing and a marketing industry. Technological skills are applied in a micro level to this industry. There are power looms in some other countries like India. Handlooms are only available in weaving factories of Maruthamunai. Outputs are sarees, sarongs, handkerchiefs, etc. Outputs are sold in their manufactories or outside the District. Manufacturing process is going on Input, Process & Output. Input refers to 5Ms such as manpower, machinery, material & money. Manpower includes weavers and assistants to weavers. Machinery includes handloom, shuttle, beam, bobbin, etc. Material incorporates yarn. Money embraces money needed for manpower such as weavers and assistants to weavers purchase of machineries such as handloom, shuttle, beam, bobbin, etc., material such as yarn. Process refers to the production process. It converts raw material into output. Yarn is converted into sarongs, sarees and handkerchiefs using necessary inputs. Output refers to the final product such as sarongs, sarees and handkerchiefs. Royal Hand Loom (RHL) is a weaving factory which covers a niche market. It is having 10 handlooms. It is a manufacturing and distribution centre. Owner of RHL acts as top level executive, functional manager and lower level manager. AAA Hand Loom (AAAHL) is a head weaving factory. It has seven small factories (seven subsidiaries) which are owned by boss of AAAHL. The succeeding sections of the research outlines statement of the problem (SOP), research question (RQ), research objectives (RO), significances, literature review, research design, research methodology, data collection, results & discussion of findings, limitations & further research avenues and Implications for owners of weaving centres.

3. Statement of the problem (SOP):

Informal interview was conducted with owner of RHL with regard to distribution. RHL manufactures and distributes its products such as sarongs. Its vital products are sarongs called "Padayappaa brand" in the Eastern Parts of the Island. It has a limited number of final customers, retailers and wholesalers buy sarongs daily (Padayappa brand). *It has few distributors outside Eastern Province. Sales force turnover is lower among other weaving factories owing to controllable causes. RHL is the cost leader.* Informal interview was conducted with boss of AAAHL with regard to distribution. 7 subsidiary factory owners entrust their output with boss of AAAHL. These 7 subsidiary factory owners did not distribute their finished items to anybody. Boss only distributes them all over the island. Boss has a number of wholesalers who buy sarongs daily (Padayappa brand) for reselling at a margin to retailers who in turn distribute to customers. 7 subsidiary factory owners also manufacture and distribute their products such as sarongs to boss of AAAHL who in turn distributes sarongs called "Padayappaa brand" in almost all part of the country through wholesalers. *It has a number of wholesale outlets outside Eastern Province. Sales force turnover is lower among other weaving factories owing to uncontrollable causes.*

3.1 Research question (RQ)

Researcher interviewed both owners of RHL and the boss of AAAHL with regard to distribution of sarongs manufactured by them. In addition to those, researcher studied recent past sales force data of RHL and AAAHL. Research question arises from sales force turn over (SFTO). *Researcher raises the research question as "is there cost- effective and lower sales force turn over weaving factory?"*

3.2 Research Objectives (RO)

1. To compare sales force turnover rate (SFTOR) of RHL and AAAHL
2. To suggest solutions for causes for sales force turn over (SFTO) of RHL and AAAHL
3. To determine cost- effective weaving factory

4. Significances:

Weaving industry faces the problem of marketing. Special focus is on selling their output manufactured throughout year. Industry faces seasonal sales. There would be the peak sales and off –peak sales in some period. This research helps to generate a stable sales force which would be vital for stable sales and marketing the output manufactured by industry. There are the highest SFTO. Owners of weaving industry are unaware of the mechanisms of retaining sales force. This research gives alternative solutions for their SFTO. Findings of this research can help RHL & AAAHL to optimize their replacement cost. Weaving industry is one of the main clusters in Eastern region. This industry contributes to number of self-employment long ago. This weaving industry falls into the category of Small and Medium Entrepreneurship -SME-. It has generated a number of Small and Medium Entrepreneurs - SMERs- in past. It is presently creating a number of SMERs. There are a very few literatures in this aspect. Although it contributes a lot to the economy in terms of self- employment, income generation, business activity, and many more. Researcher believes that this research can contribute to the addition of the new knowledge.

5. Literature review:

Researcher referred one journal article in different research field during the year 2011 in Maruthamunai. Nufile (2011) carried out a research on contribution of Shakath on poverty reduction: an empirical study of role Shakath foundation in Maruthamunai. There are two working papers by Ismail (2011). Ismail (2011) is working on a research paper on association between brand preferences of market leader and niche market: a case study of weaving industries of Maruthamunai. Ismail (2011) is also working on a research paper on Human Resource Planning -HRP-: A Case Study of Weaving Industry of Maruthamunai.

Other than these three, there are no journal articles up to the reference of the researcher. Lucas, Parasuraman, Davis and Enis (1987) studied empirically about salesforce turnover. Employee turnover is a subject of great importance to practitioners and researchers alike. Though the research on employee turnover in general is extensive, a search of the literature uncovered few truly longitudinal studies of salesperson turnover. On the basis of the general turnover findings, the authors develop seven hypotheses relating salesperson demographic characteristics and job attitudes to turnover and test them by analyzing data gathered over a decade by a large national sales organization. Futrell and Parasuraman (1984) studied about the relationship of satisfaction and performance to salesforce turnover. They reviewed pertinent research related to the antecedents of turnover and discussed a research study involving a national industrial firm's salesforce. The study examined the moderating effect of salespeople's performance on the relationship between their job satisfaction and propensity to leave their firm. Johnston (1989) studied the functional salesforce turnover in relation to an empirical investigation into the positive effects of turnover. He stated that salesforce research has traditionally viewed turnover as intrinsically bad for the organization. However, recent research on turnover suggests that this approach is overly pessimistic in its treatment of the turnover problem. He presented a conceptual framework (turnover functionality) that considers both the positive as well as negative effects of salesforce turnover on the organization and then tested using a sample of 103 individuals from the salesforce of a national consumer goods manufacturer. The results suggested that the problem of turnover may have been overstated in previous salesforce research. The empirical findings indicated the antecedents of turnover frequency (the traditional measure) and turnover functionality may not be the same. Fern, Avila and Grewal (1989) studied about salesforce turnover. They undertook this research to determine what factors explained the differences between salespeople who left a large computer manufacturer and those who stayed. The analysis suggested that the two groups differed in meaningful ways.

6. Research design:

Research problem is identified via exploratory (qualitative) research design. Researcher interviewed both owner of RHL and boss of AAAHL with regard to distribution of outputs manufactured by them. In addition to those, researcher studied recent past sales force data of RHL and AAAHL. These are applied to define research problem. Qualitative research problem is quantified using conclusive research design.

7. Research Methodology:

Primary Sampling Units (PSU) are all the research sites. i.e. weaving factories located in Maruthamunai. Sample size of the PSU is selected by two stage cluster sampling i.e. PPS – cumulative total method. PSU is shown in table 7.1.

Table 7.1: Primary sampling units

Weaving factories in Maruthamunai (Divisional Census Blocks)	Serial number	Number of weaving factories
Division 1	01	25
Division 2	02	28
Division 3	03	30
Division 4	04	34
Division 5	05	48
Division 6	06	45
Total	n = 06	210*
*subject to change		

Source: past sales force data

Necessary descriptive statistics are calculated for counting sample size. Descriptive statistics are shown in table 7.2.

Table 7.2 Descriptive statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
Number of Weaving Factories	6	25	48	210	35	9.423	88.8
Valid N (list wise)	6						

Source: Survey data

$$n = \frac{88.8 - 1.96 \cdot 1.96}{6 \cdot 6} = 9.47 = 9.9 \text{ weaving factories have to be selected as primary sampling unit.}$$

Method for selecting PSUs is shown in table 7.3.

Table 7.3 Cumulative Total Technique -CTT-

Weaving factories in Maruthamunai (Divisional Census Blocks)	Serial number	# of weaving factories	Cumulative total # of weaving factories	Selected random number
Division 1	01	25	25	NA
Division 2	02	28	53	NA
Division 3	03	30	83	NA
Division 4	04	34	117	NA
Division 5	05	48	165	NA
Division 6	06	45	210	171
Total	n = 06	210		NA

*Subject to change during season to season
NA- not applicable

Source: survey data

Cumulative total number of household units has been counted. Last cumulative total is 210 which is a 3 digit figure. Researcher decided to use a three digit random table to select household units. Researcher started at random. Selected random numbers were at first 171. This random number exists within the range of the cumulative total. There are 45 weaving factories in the census block of "Division 6". Of the 45 weaving centres, 9 weaving centres have been selected.

Secondary Sampling Units -SSUs- are respondents. Researcher selected owners of RHL and AAAHL as respondents to collect data. Systematic sampling method is used to select sample since the weaving factories are in alignment. K^{th} weaving centre is calculated using the following formulae. $K = N/n$ ($210/9 = 23$). Every twenty third weaving centre is selected as PSU. Owners of every twenty third weaving factory are selected as SSU.

7.1 Data collection

Data are obtained using secondary data collection method via historical sales force data. Researcher used trained enumerators to contact and visit owner, wholesaler and retailer for acquiring sales force data. Trained enumerators are A/L school leavers of KM/ Shams

Central College. 9 School leavers collected data for sales people. After collecting sales force data, they have been cross checked by the chief researcher.

Researcher collected secondary data of sales force by contacting owner of RHL and by contacting wholesales and retails outlets in Oluvil and Akkaraipattu. Researcher contacted owner of Royal Hand Loom -RHL-. He had the records of salespeople for maruthamunai, Kalmunai, Sainthamaruthu, Nintavur, Addalaichenai and Pottuvil. He did not have the records of sales people. But, he had the records for wholesales outlets in Oluvil and Akkaraipattu. Researcher contacted wholesales outlets in Oluvil and Akkaraipattu. Wholesalers had the records for retail outlets in Oluvil and Akkaraipattu. Then, researcher further contacted retail outlets in Oluvil and Akkaraipattu. Retailers in Oluvil and Akkaraipattu had the records for salespeople in Oluvil and Akkaraipattu.

Researcher collected secondary data of sales force by contacting owner of AAAHL. He did not have the records of sales people in Colombo, Kandy, Galle, Matara, Kurunegala, Ampara, Moneragala and Badulla. He had the records for wholesales outlets in those Districts. Then, researcher contacted wholesales outlets in those Districts. Wholesalers had the records for retail outlets in those Districts. Thereafter, researcher further contacted retail outlets in those Districts. Retailers in those Districts had the records for salespeople in those Districts.

8. Results and discussion of findings:

First objective [to compare sales force turnover rate (SFTOR) of RHL and AAAHL] is proved in table 8.1.

Table 8.1 Sales Force Turnover Rate -SFTOR- and Sales Force Existence Rate -SFER- of both RHL and AAAHL

Formula	Description	RHL	AAAHL
Sales Force Turn Over Rate - SFTOR-	(Number of quit of sales people during the year/ Number of sales people @ the start of the year) * 100	27 %	50 %
Sales Force Existence Rate - SFER-	(Number of existing sales people during the year/ Number of sales people @ the start of the year) * 100	73 %	50 %

Source: Survey data

SFTOR of RHL is 27 %. SFER is 73 %. RHL has lower SFTOR and higher SFER. SFTOR of AAAHL is 50 %. SFER is 50 %. AAAHL has higher SFTOR and lower SFER. SFTOR of AAAHL is 50 %. SFER is 50 %. AAAHL has higher SFTOR and lower SFER than RHL.

Second objective [to suggest solutions for causes for sales force turn over (SFTO) of RHL and AAAHL] is ensured in table 8.2 & 8.3.

Table 8.2 Causes for quit of sales people during the year & suggestions for sales force quit for RHL

Name of sales territory	Number of quit of sales people during the year	Causes for quit of sales people during the year	Suggestions for sales force quit
Maruthamunai	1	Salesperson is older	Attract young sales person
Kalmunai	1	Continuous illness	Fire and recruit new sales man
Sainthamaruthu	1	Senility	-do-
Nintavur	1	Laziness in travelling	Introduce attractive travelling claims
Oluvil	1	Dislike to visit territories	Hire comfortable quarters @ each territory
Addalaichenai	1	Shift to other jobs	Job enrichment
Akkaraipattu	1	Physical unfitness	Fire and recruit new sales man
Pottuvil	1	Went for abroad	Fire and recruit new sales man
Total	8		

Source: survey data

Table 8.3 Causes for quit of sales people during the year & suggestions for sales force quit for AAAHL

Name of sales territory	Number of quit of sales people during the year	Causes for quit of sales people during the year	Suggestions for sales force quit
Colombo	10	Longest distant sales territory	Arrange nearest sales territory to related sale people
Kandy	12	Quick induction programme	3 day on the job training under a senior sales person
Galle	09	Lack of supervision	Appoint senior salespeople as part time field supervisors
Matara	15	Lack of motivation	Introduce fringe benefits
Kurunegala	09	Lack of communication	Introduce downward communication from sales person
Ampara	09	Customer complaints	Training on customer relationship marketing - CRM-
Moneragala	15	Use of alcohol	Give medical advice
Badulla	12	Dishonesty	Credit check during selection of sales person
Total	91		

Source: survey data

Third objective [to determine cost- effective weaving factory] is proved in table 8.4, 8.5, 8.6, & 8.7.

RHL has 1 : 1 Instant Recruitment Policy -IRP-. 50 %, 30 % and 20 % of the replacement costs would be undertaken by owner, wholesaler and retailer.

Table 8.4 Replacement cost (Rs.) of RHL

Type of replacement cost	Description of costs	Minutes spent for	Cost (Rs.) per minute per salesperson	Cost (Rs.) per salesperson	Number of quits of sales people during the year	Replacement cost (Rs.)
Preliminary interview	Asking about previous sales experience	05		
Oral communication	Checking about fluency in Tamil & Singhala languages	10	.....	.....
References check	Call for non- related referees	15	3	45		
Physical exam	Asking about illness	05	.....	.....
Refreshment	Providing refreshment	.....	.....	100
Partial transport	Fixed amount	.....	.....	500
				645	8	5160

Source: survey data

Table 8.5 Replacement cost (Rs.) of owner – RHL, wholesalers and retailers

Description	Owner –RHL-	Wholesalers	Retailers
Percentage	50 %	30 %	20 %
Cost incurred	2580	1548	1032
Number	1	2	4
Incurred cost shared	2580	774	258

Source: survey data

Replacement cost of RHL is 5160 rupees. Owner incurs 2580 rupees. Wholesaler incurs 774 rupees. Retailer incurs 258 rupees.

RHL has 1 : 2 Instant Recruitment Policy -AAAHL-. 50 %, 30 % & 20 % of the replacement costs would be undertaken by owner of AAAHL, wholesalers and retailers.

Table 8.6 Replacement cost (Rs.) of AAAHL

Type of replacement cost	Description of costs	Minutes spent for	Cost (Rs.) per minute per salesperson	Cost (Rs.) per salesperson	Number of quits of sales people during the year	Replacement cost (Rs.)
Preliminary interview	Asking about previous sales experience	05		
Oral communication	Checking about fluency in Tamil & Singhala languages	05	.....	.....
References check	Call for non-related referees	15	3	45		
Physical exam	Asking about illness	05	.....	.....
Refreshment	Providing refreshment	.....	.....	150
Partial transport	Fixed amount	.....	.....	650
				845			91 * 2 (182)	153790

Source: survey data

Table 8.7 Replacement cost (Rs.) of owner – AAAHL, wholesalers and retailers

Description	Owner –AAAHL-	Wholesalers	Retailers
Percentage	50 %	30 %	20 %
Cost incurred	76895	46137	30758
Number	1	35	82
Incurred cost shared	76895	1318	375

Source: survey data

Replacement cost of RHL is 5160 rupees. Owner incurs 2580 rupees. Wholesaler incurs 774 rupees. Retailer incurs 258 rupees. Replacement cost of AAAHL is 153790 rupees. Owner incurs 76895 rupees. Wholesaler incurs 1318 rupees. Retailer incurs 375 rupees. Replacement cost of RHL's owner, wholesaler and retailer is lower than that of AAAHL. RHL is the cost- effective weaving factory.

9. Conclusions:

SFTOR of RHL is 27 %. SFER is 73 %. RHL has lower SFTOR and higher SFER. SFTOR of AAAHL is 50 %. SFER is 50 %. AAAHL has higher SFTOR and lower SFER. SFTOR of AAAHL is 50 %. SFER is 50 %. AAAHL has higher SFTOR and lower SFER than RHL. Causes for quit of sales people during the year of RHL are older sales person, continuous illness, senility, laziness in travelling, dislike to visit sales territories, shift to other jobs, physical unfitness and going for abroad. These can be solved by attracting young sales person, firing and recruiting new sales man, introducing attractive travelling claims, hiring comfortable quarters, job enrichment etc. Causes for quit of sales people during the year of AAAHL are the longest distant sales territory, quick induction programme, lack of supervision, lack of motivation, lack of communication, customer complaints, use of alcohol and dishonesty. These can be solved by arranging nearest sales territory to related sale

people, 3 day on the job training under a senior sales person, appointing senior salespeople as part time field supervisors, introducing fringe benefits, introducing downward communication from sales people, training on customer relationship marketing -CRM-, giving medical advice and credit check during selection of sales person. Replacement cost of RHL is 5160 rupees. Owner incurs 2580 rupees. Wholesaler incurs 774 rupees. Retailer incurs 258 rupees. Replacement cost of AAAHL is 153790 rupees. Owner incurs 76895 rupees. Wholesaler incurs 1318 rupees. Retailer incurs 375 rupees. Replacement cost of RHL's owner, wholesaler and retailer is lower than that of AAAHL. RHL is the cost-effective weaving factory.

Limitations & further research avenues

This research is geographically limited to Maruthamunai, Kalmunai Divisional Secretariat, Ampara, Eastern Province of Sri Lanka. There are chances for varying number of territories, number of wholesalers in each territory, number of retailers in each territory and number of sale people in each territory. This study is based upon a number of cases which has the problem of generalization of findings. Therefore, researcher permits other researchers to carry out research removing these deficiencies in future.

Implications for owners of weaving centres

SFTOR of RHL is 27 %. SFER is 73 %. RHL has lower SFTOR and higher SFER. SFTOR is more than 25 %. This is not good for RHL. It can face difficulties in future unless it tries to minimize SFTOR by suggested ways in research. SFTOR of AAAHL is 50 %. SFER is 50 %. AAAHL has higher SFTOR and lower SFER. It is presently facing difficulties of SFTOR. There would be worse conditions in SFTOR in future unless it tries to minimize SFTOR by suggested ways in research.

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