

Sales Management and Profitability among Selected Small Enterprises Renting Commercial Spaces in Panabo City, Philippines

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ABSTRACT: The study aimed to determine the level of sales management and profitability among small enterprises renting commercial spaces in Panabo City. As supported by the theory of Wandall and Hoffman (2016), sales operations, sales strategy and sales analysis are the indicators of sales management which can affect the profitability of the business. The researchers employed a survey questionnaire for both variables: sales management and profitability. This study utilizes the descriptive-correlation method with the aid of the adapted survey questionnaire used in gathering the necessary data from the respondents along with mean and Pearson-r as statistical tools. The result of the computation of r-value is 0.51 and a P-value of 0.00 which is lower than the alpha of 0.05 indicating that there is a significant relationship between sales management and profitability. This implies that sales management links to profitability.

Keywords: sales management, sales operations, sales strategy, sales analysis and profitability

I. INTRODUCTION

In modern times, the return on investment of small enterprises is generated through the business's profitability. Profitability is the ratio to measure the performance of the business. Small enterprises often face a challenging effort in ensuring that the business remains profitable as they do not share the same financial problems with large companies and often rent commercial spaces. Moreover, one of the most important precondition for long term business survival and success is firm profitability (Margaretha and Supartika, 2016).

In Indonesia, the profitability of the business is affected due to lack of market connectivity on daily operations and inadequate access to financial knowledge, mainly in the fundamentals of sales strategy. For this reason, small enterprises are excluded from regional and global markets. Without profitability, the small enterprise could not attract outside capital and the business will not survive in the long run (Waskito, 2018).

In the national setting, Luis, Jr. (2020) stated in the Employers' Confederation of the Philippines that amidst the pandemic, the profitability of small businesses is affected and may have no choice but to stop business operations due to the implementation of strict health protocols. The level of profitability declines, and the business may face bankruptcy. The profitability or performance of small enterprises is important for the evolution of businesses and contribute to national developments.

In Panabo City, it is noticeable that many small enterprises are closing. Eggers (2020) states that when markets are threatened by an external crisis, small enterprises are particularly affected concerning their profitability. Considering that small enterprises has limited resources, it is a factor that may affect their immunity from external shocks. Small enterprises faced emerging problems related to maintaining adequate level of profitability in their operations.

II. METHODS

This chapter discusses research design, research subject, research instrument, data gathering procedures and statistical treatment of the data.

Research Design

This study utilized the descriptive-correlation method with the adapted survey questionnaire used to gather the necessary data from the respondents. As Quaranta (2017) explained, descriptive correlational method is a method in which a researcher mainly deals with describing relationships among variables. It involves investigating, describing, explaining, and interpreting collected relevant data to identify the relationship between sales management and profitability among selected small enterprises renting commercial spaces in Panabo City.

Research Subject

The respondents of this study were the 174 owners and employees of small enterprises renting commercial spaces in Panabo City. The researchers requested a copy of the list of registered small enterprises from the City Business Processing and Licensing Sector in getting the total population of the respondents. Random sampling technique was used to identify the target respondents. The respondents answered the survey questionnaire in order to determine the relationship between sales management and profitability among selected small enterprises renting commercial spaces in Panabo City. Shown in table 1 are the number of small enterprises.

**Table 1
Distribution of the Respondents**

Number of Small Enterprises	Number of Owners and Employees
174	174

Research Instrument

In determining the response of the randomly selected respondents, the researchers adapt questionnaires of past studies and theories, which underwent a validation procedure. The research questionnaire consists of two parts, namely: part one, which pertains to sales management consisting three indicators that include sales operations, sales strategy and sales analysis; and part two refers to the assessment of the profitability of the business. The respondents were asked to check a single selected choice in the range of 5 to 1.

To determine the sales management of selected small enterprises renting commercial spaces in Panabo City, the following scales were used:

Scale	Descriptive Equivalent	Interpretation
4.21 – 5.00	Very High	The sales management is always practiced.
3.41 – 4.20	High	The sales management is often practiced.
2.61 – 3.40	Moderate	The sales management is sometimes practiced.
1.81 – 2.60	Low	The sales management is less practiced.
1.00 – 1.80	Very Low	The sales management is never practiced.

To determine the profitability of selected small enterprises renting commercial spaces in Panabo City, the following scales were used:

Scale	Descriptive Equivalent	Interpretation
4.21 – 5.00	Very High	The profitability of the small enterprise is very satisfactory.
3.41 – 4.20	High	The profitability of the small enterprise is satisfactory.
2.61 – 3.40	Moderate	The profitability of the small enterprise is fair enough.
1.81 – 2.60	Low	The profitability of the small enterprise is less satisfactory.
1.00 – 1.80	Very Low	The profitability of the small enterprise is not satisfactory.

III. RESULTS AND DISCUSSIONS

Level of Sales Management among Selected Small Enterprises Renting Commercial Spaces in Panabo City

The level of sales management is measured in terms of sales operations, sales strategy, and sales analysis. The evaluation is based on a total of fifteen (15) questions equally divided and related to sales operations, sales strategy, and sales analysis of selected small enterprises renting commercial spaces in Panabo City

Shown in Table 2 is the level of sales management with an overall mean of 4.22 described as very high. It implies that sales management in small enterprises is always practiced by its owners and staffs. As emphasized by Petersen (2017) that excellence in sales management is accomplished through managing distinctive areas, including sales operations, sales strategy and sales analysis.

Also, the first indicator of sales management is *sales operations* with a total mean of 4.25, described as very high. It implies that the small enterprises are always practicing sales management in terms of sales operations. According to Grimson & Pyke (2017), there is a linkage between sales operations and sales management that may present the most exciting possibilities for small enterprises. Increasing the level of sales management is the explicit objective of this linkage wherein it cultivates production and sales targets.

Item number 5 got the highest mean of 4.36, described as very high *in conducting meetings with sales staff regarding the awareness of sales status*. It indicates that the small enterprises constantly engage in discussions among their employees to strengthen their knowledge regarding position in sales. In comparison, the lowest is item number 4 with a mean of 4.11, described as high *in using structured sales process with pre-defined stages*. It indicates that small enterprises often use controlled and pre-regulated stages in their sales operations.

The remaining items 1 and 2, with a mean of 4.33 and 4.26, are both described as very high *in identifying which values are important to each customer and in using loyalty program and/or customer segmentation*. In contrast, item number 3 is described as high with a mean of 4.17, in which *sales sector receive support from another sector to attract new clients that help in the sales process*. It indicates that sales operations in small enterprises have always identified and practiced reward plans for different customer values.

Additionally, the second indicator of sales management is sales strategies with a total mean of 4.17 described as high. That means, the small enterprises renting commercial spaces in Panabo City are often practicing sales management in terms of sales strategies. Also, it indicates that the small enterprises used a sales strategy that is suitable to the demand of their client that leads them to be profitable. According to Abubakar (2020), forming a sales strategy is encouraged across small businesses to achieve appropriate business maximization.

Item 1 got the highest mean of 4.37, described as very high *in adjusting sales strategies to attract some customers who had different values and characteristics of the other customers*. It means that sales strategy is always practiced and willingly adjusted to cope up with each customers' differences. In comparison, the lowest is item number 5, with a mean

of 3.84 described as high for maintaining the same sales strategy over the last five years. It indicates that the small enterprise often practiced following the same sales strategy throughout the business.

Table 2. Level of Sales Management among Selected Small Enterprises Renting Commercial Spaces in Panabo City

	Mean	Descriptive Equivalent
A. Sales Operations		
The small enterprise ...		
1. identifies which values are most important to each customer.	4.33	Very High
2. uses loyalty program and/or customer segmentation.	4.26	Very High
3. sales sector receive support from another sector to attract new clients that helps in the sales process.	4.17	High
4. uses structured sales process with pre-defined stages.	4.11	High
5. conduct meetings with sales staff regarding the awareness of sales status.	4.36	Very High
Total Mean	4.25	Very High

	Mean	Descriptive Equivalent
B. Sales Strategy		
The small enterprise ...		
1. adjust sales strategies to attract some customers who had different values and characteristics of the other customers.	4.37	Very High
2. effectively deal with the insecurity and uncertainty of a customer at the time of executing a sale.	4.23	Very High
3. use tactics to make the customer loyal to the enterprise.	4.29	Very High
4. change tactics according to the values of each client.	4.13	High
5. maintains the same sales strategy over the last five (5) years.	3.84	High
Total Mean	4.17	High

	Mean	Descriptive Equivalent
C. Sales Analysis		
The small enterprise ...		

1. has sufficient average size of clients.	4.29	Very High
2. experienced being contacted by other enterprises expressing interest in acquiring services from the statement of a current customer.	4.13	High
3. use and follow sales target.	4.38	Very High
4. showed steady growth in sales over the past 5 years.	4.06	High
5. has a career plan in the area of sales	4.32	Very High
Total Mean	4.23	Very High
OVERALL MEAN	4.22	Very High

Legend:

Scale	Descriptive Equivalent
4.21 – 5.00	Very High
3.41 – 4.20	High
2.61 – 3.40	Moderate
1.81 – 2.60	Low
1.00 – 1.80	Very Low

The remaining items 2 and 3, with a mean of 4.23 and 4.29, are both described as very high *in effectively dealing with the insecurity and uncertainty of a customer at the time of executing a sale and in using tactics to make the customer loyal to the enterprise*. In contrast, item number 4 is described as high with a mean of 4.13 *in changing tactics according to the values of each client*. It indicates that sales strategies in small enterprises have always efficiently handle different traits of clients and make use of tactics for an opportunity to improve customer loyalty. Moreover, using different tactics to suit each customers' values is often practiced.

Lastly, the third indicator of sales management is *sales analysis* with a total mean of 4.23, described as very high. It means that the small enterprises renting commercial spaces in Panabo City are always practicing sales management in terms of sales analysis. It indicates that the small enterprises conduct an analysis of their sales to check and track if the business remains profitable. According to Adepoju et, al. (2017), improving sales analysis can innovate products or services to produce higher quality results and positively affect business profitability.

Item 3 got the highest mean of 4.38, described as very high *in using and following sales target*. It means that sales analysis is always practiced and make use of the sales target. At the same time, the lowest is item number 4, with a mean of 4.06 described as high *in showing steady growth in sales over the past 5 years*. It indicates that the small enterprise often experienced a stable increase in sales.

The remaining items 1 and 5, with a mean of 4.29 and 4.32, are both described as very high *in having a sufficient average of clients and in having a career plan in the area of sales*. In contrast, item number 2, with a mean of 4.13, is described as high *in having an experience of being contacted by other enterprises expressing interest in acquiring services from the statement of a current customer*. It indicates that sales analysis in small enterprises always resulted to having enough clients with an effective career plan. Moreover, it is often observed that a small enterprise was recommended by their customers to other possible future clients.

Level of Profitability among Selected Small Enterprises Renting Commercial Spaces in Panabo City

The level of profitability is evaluated based upon a ten (10) item questions relating to profitability of selected small enterprises renting commercial spaces in Panabo City.

Shown in Table 3 is the level of profitability among selected small enterprises renting commercial spaces in Panabo City with the overall mean of 4.23 described as very high. This means that the profitability of the business is very satisfactory and generated higher revenue. According to Hofstr and (2009), the ultimate goal of most businesses is to produce a profit. With the absence of profit, a business will no longer survive.

Item 10 got the highest mean with 4.47, described as very satisfactory *in having the ability to make profit from all the business activities*. It implies that the small enterprises are capable of raising income out of all their activities. At the same time, the lowest is item number 5 with the mean of 3.91 described as satisfactory *in improving income without raising the prices*. It indicates that the small enterprise experienced raising their prices to improve their income.

The remaining items are 1 and 8, with almost the same mean of 4.37 and 4.36, both are described as very satisfactory *in having the ability to generate earnings and adequate return on investment capital*. Moreover, it is followed by item 2, with a mean of 4.29 described as very satisfactory *in maintaining higher income and lower expenses*. Items 3 and 9, with a mean of 4.26 and 4.23, also got a very satisfactory result *in making sure that sales exceed cost and expenses and in relating with the interest of other segments of the society*. Additionally, items 4 and 7, with almost the same mean of 4.18 and 4.17, got a satisfactory result *in earning profit in a given period of time and in managing its liability effectively*. Lastly, item 6, with a mean of 4.08 *in managing its debt effectively* got a satisfactory result.

Table 3. Level of Profitability among Small Enterprises Renting Commercial Spaces in Panabo City

Profitability	Mean	Descriptive Equivalent
The small enterprise ...		
1. has the ability to generate earnings.	4.37	Very High
2. maintains higher income and lower expenses.	4.29	Very High
3. sales exceed costs and expenses.	4.26	Very High
4. can earn profit in a given period of time.	4.18	High
5. improves income without raising the prices.	3.91	High
6. manage its debt effectively.	4.08	High
7. manage its liability effectively.	4.17	High
8. generates adequate return on investment capital.	4.36	Very High
9. relates with the interest of other segments of the society.	4.23	Very High
10. has the ability to make profit from all the business activities.	4.47	Very High
Overall Mean	4.23	Very High

Legend:

Scale	Descriptive Equivalent
4.21 – 5.00	Very High
3.41 – 4.20	High
2.61 – 3.40	Moderate
1.81 – 2.60	Low
1.00 – 1.80	Very Low

Significant Relationship between Sales Management and Profitability Among Selected Small Enterprises Renting Commercial Spaces in Panabo City

Shown in Table 4 is the significant relationship between sales management and profitability of selected small enterprises renting commercial spaces in Panabo City. As to the data revealed, the result of the computation of r-value is 0.51. The P-value is 0.00, which is lower than the alpha of 0.05. Thus, the null hypothesis (H₀) is rejected. It means that there is significant relationship between sales management and profitability of selected small enterprises renting commercial spaces in Panabo City. This implies that the level of sales management can affect the profitability of the business. Effective practice of sales management efficiently improves performance under competitive conditions and maximize profit.

The data signifies that profitability changes as a result of the sales management implemented in the small enterprise. This confirms with the study of Wandall & Hoffmann (2016) that sales management is associated to profitability. The overall efficiency of the business through sales management guides small enterprise owners in managing decisions which is a key factor in terms of maintaining profitability for long term success. Sales management translated into attainable business objectives would positively influence profitability.

Table 4. Significant Relationship Between Sales Management and Profitability among Selected Small Enterprises Renting Commercial Spaces in Panabo City

	Sales Management
Profitability	0.51
P-value (0.00) < 0.05	

IV. CONCLUSIONS

Based on the result of the data gathered, the researchers have concluded the following:

1. The level of sales management among selected small enterprises renting commercial spaces in Panabo City is very high.
2. The level of profitability among selected small enterprises renting commercial spaces in Panabo City is very high.
3. There is a significant relationship between sales management and profitability among selected small enterprises renting commercial spaces in Panabo City.

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