Developing Appropriate Strategies to Increase Sales in Pharmaceutical Distribution Companies of Fars Province (Shiraz)

1Sanjar Salajeghe, 2Hassan Soltani, 3Farhad Gheisari

1Department of Management, Kerman Branch, Islamic Azad University, Kerman, Iran.
2Department of Management, Science and Research Branch, Islamic Azad University, Fars, Iran.
3Department of Management, Ramhormoz Branch, Islamic Azad University, Ramhormoz, Iran.

ABSTRACT

In this study, we have tried to identify and examine structural, cultural, managerial and human factors in the development of strategic formulation and implementation of appropriate strategies in the success of food distribution companies. The statistical population of this study is 100 managers and experts of pharmaceutical distribution companies in Fars province (Shiraz City) and 80 samples were selected based on Morgan Table. Standardized questionnaires including Demnison and Bardnz and Metezcas were used to collect data with reliability coefficient of 0.79. Regression and Pearson correlation coefficients were used to analyze data. The research results show that organizational culture with coefficient of 0.379, the organizational structure with coefficient of 0.008 and leadership style with coefficient of 0.174 have positive correlation with sales amount and success of pharmaceutical distribution companies.

INTRODUCTION

In today's world, achieving proper implementation of sales strategies is a major concern in industrial enterprises. This approach is derived from the fact that appropriate strategies in a competitive environment can increase sales of pharmaceutical distribution companies using optimized effective factors and improve organizational performance. Therefore, achieving organizational aims requires knowledge of factors affecting the formulation and implementation of appropriate strategies that play an important role in the success of these companies, since marketing means managing beneficial relationship with customer and the aim of marketing is to create value for customers and absorb value for created value [6].

The speed of technology changes at this time is such that possibility of drawing change curve in the dimension of time is almost impossible, so today's organizations, recognizing environmental factors attempt to develop strategies often by the help of outside consultants or internal senior managers who are familiar with the internal process of organization or a combination of them, the basic problem of some organizations is the failure to develop and implement appropriate strategies. After drafting and finalization of organization strategies, it still does not end the strategic management process; successful strategy formulation does not guarantee successful implementation of it [4]. Thus we can say that implementing the right strategy is important in terms of organization health and survival, due to the above reasons, it seems that formulation and more importantly, the successful implementation of organizational strategies will be very difficult and sometimes impossible. On the other hand, with the increasing importance and position of these strategies in the organizations on the one hand, and the increasing complexity of the environment the question that is arisen is that how we can ensure increase in organization sales and what are the factors affecting these success?

In this research we have tried to identify structural, cultural, managerial and human factors in development and implementation of sales strategies; their impact on increased sales of pharmaceutical distribution companies in Fars province is examined.

Corresponding Author: Hassan Soltani, Department of Management, Science and Research Branch, Islamic Azad University, Fars, Iran.
E-mail: f_shab2007@yahoo.com
Research Literature:

Organizational Structure:  
Organizational Structure reflects the formal relationships between the parties and related persons. Structure with a very short definition is the anatomy (Skeleton) of an organization. In this sense, the agency’s structure means identification of duties and responsibilities and establishing behavioral connections among them. Each strategy will be implemented within the organization, thus there is a strong connection in institutions between structure and strategy [2]. A researcher named Alfred Chandler found that strategy change alters the structure, over time, and then the strategies will change, this sequence is presented in the following figure [1].

Fig. 1: The process of organizational restructuring [1].

Among structural dimensions, the complexity, centralization, and formality can be pointed: formality refers to documents that exist in the organization. In these documents, procedures, duties, rules or policies that agencies must carry are written. Complexity: Complexity refers to the number of tasks or sub-systems that are done within an organization. Centralization: Centralization in the hierarchy of authority is the level of decision-making authority [7].

Organizational culture:  
In order to create strategy and deploy management system, each organization must be aware of that organization’s social culture in general and organization’s own culture in particular [5].  
Davies considers organizational culture a model of shared values and beliefs that gives meaning to the members of an organization [12]. Organizational culture creates a key solution for the implementation of strategy because it creates a powerful force like focused corporate culture, motivation and norms. If a culture is coordinated with structure, systems and people needed to strategy, it is considered as a supportive force for the organization. If there is no harmony, culture can ruin the strategy [10]. The following figure shows the relationship between culture and strategy. (Figure 2)

Fig. 2: The coordination between strategy and culture [10].
Leadership:
Leadership is the process of influencing the activities of an individual or a group that attempts in certain situations in order to achieve that aim. From this definition, it can be inferred that leadership process is a function of leader, follower variables and other situation variables [8]. Likert has offered four level model of management effectiveness in classification of task-oriented and staff-oriented main styles. These four systems are resulted from Michigan group studies:

Style 1 (imperative): In this system, the manager takes all decisions. Because there is no trust to employees, decisions are taken by the aim of adopting, maintaining and providing interests of decision maker.

Style 2 (sympathetic): in this system, command is issued by the administrator, but employees have little authority to comment on their orders. Employees under a subordinate condition, have flexibility in carrying out their duties.

Style 3 (Consultancy): In this system, after discussion and consultation, staff will determine their aims. Employees can make decisions about how to carry out their tasks but major decisions are made by high-level managers.

Style 4 (participatory): The staffs are trusted and interaction is beside honesty, friendship and trust. Identifying aims and decisions related to work are adopted by the group and managers do not make decisions without involvement with team members [9].

Marketing and sales progress:
The successful implementation of the strategies usually depend on organization's ability in selling products and services, purpose of selling is a variety of activities that are performed in marketing, such as advertising, personal selling, sales force management, creating and maintaining relationship with customers and having relationship with intermediaries. Especially if the company intends to implement strategies based on penetration in market, these activities are of great importance. According to consumed and industrial products, the effectiveness of the tools and techniques of sales vary [3]. Marketing is a management task. Marketing insists on achieving to customer aims besides organization aims. Marketing is understanding customer needs, developing products and services to meet these needs, efficient pricing of services and products, giving information to customers about the availability of these products and services, delivering efficiently and ensure satisfaction during and after the exchange process. The marketing should be an essential part of the company. But many companies have bad interpretation from marketing. Some know marketing as fraud, profusion, annoying and nonprofessional [11].Accordingly, the sales manager must determine sales aims and coordinate these aims with marketing aims and general aims of company. In other words, marketing aims of company are converted to sales aims. Sales aims can be determined in terms of the amount of sales or sold units. These aims can be divided in terms of sales areas, customer types and time periods. In addition, the aims must always evaluate, monitored and controlled, and if it is necessary, they can be adjusted so that enough benefit is obtained through sales [6].

Fig. 3: Conceptual model of the study (researcher-made).
Research hypotheses:

The main hypotheses:
First hypothesis: appropriate organizational structures effect on company's success.
Second hypothesis: appropriate organizational culture effect on company's success.
Third hypothesis: leadership and management styles and human capabilities effect on company’s success.

Sub-hypotheses:
First hypothesis: the degree of formality effect on company’s sales success.
Second hypothesis: the rate of centralization effect on company’s sales success.
Third hypothesis: the complexity type effect on company’s sales success.
Fourth hypothesis: the shared basic values effect on company's success.
Fifth hypothesis: organizational culture adaptation with dynamic environment effect on company's success.
Sixth hypothesis: Leadership style of managers is effect on company's success.
Seventh hypothesis: Creating competitive advantage in organization effect on company’s success.
Eighth hypothesis: Participation of staff team in organization effect on company’s success.

Methods:
In general, this research method regarding data collection is descriptive- survey and is case study. Data collected by standardized questionnaires including Dennison and Bardnz and Metzecas and researcher made questionnaire with Cronbach’s alpha coefficient of 0.79. In the present study, confidence coefficient is considered 95%. Before determining the appropriate statistical methods for analyzing, the normality hypothesis of observations was examined inferentially using Kolmogorov- Smirnov statistics and the correlation statistical method is used to examine hypotheses confirmation or rejection.

Statistical population of this research is 100 sale managers and companies’ selling experts related to selling subject in pharmaceutical distribution companies in Fars province. Researcher has distributed questions based on simple random sampling (available) between 80 members of population.

Data analysis:

Studying main hypotheses:

1. Organizational Culture is effective on company’s success

\[
\{ \begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*} \]

As can be seen in Table 1, F-statistic and corresponding P – value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.379, that is, the variable of organizational culture is capable of displaying 0.379 percent of the company's success variation.

2. The appropriate organizational structure is effective on company's success:

\[
\{ \begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*} \]

As can be seen in Table 2, F-statistic and corresponding P – value do not verify regression model significance (P-value is more than 0.05), also, the determination coefficient value equals to 0.008 that is very trivial.

3. The Leadership and management styles, also, human forces abilities effect on company's success.

\[
\{ \begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*} \]
As can be seen in Variance Analysis Table, F-statistic and corresponding P-value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.174, that is, the variable of Leadership Style is capable of displaying 0.174 percent of the company’s success variation.

Research sub-hypotheses:
1. Degrees of formality effect on selling success of distribution companies.
   \[ H_0 : \beta_0 = \beta_1 = 0 \]
   \[ H_1 : \sim H_0 \]

As can be seen in Table (4), F-statistic and corresponding P-value do not verify regression model significance (P-value is more than 0.05), also, the determination coefficient value equals to 0.003 that is very trivial.

2. Centrality rate effect on selling success of distribution companies
   \[ H_0 : \beta_0 = \beta_1 = 0 \]
   \[ H_1 : \sim H_0 \]

As can be seen in Table (5), F-statistic and corresponding P-value do not verify regression model significance (P-value is more than 0.05), also, the determination coefficient value equals to 0.001 that is very trivial.

3. Type of complexity effect on selling success of distribution companies
   \[ H_0 : \beta_0 = \beta_1 = 0 \]
   \[ H_1 : \sim H_0 \]

As can be seen in Table (6), F-statistic and corresponding P-value do not verify regression model significance (P-value is more than 0.05), also, the determination coefficient value equals to 0.047, that is, the variable of Type of complexity is capable of displaying 0.047 percent of the company’s success variation, that is very trivial.

4. Basic shared values among organization members effect on success of companies
   \[ H_0 : \beta_0 = \beta_1 = 0 \]
   \[ H_1 : \sim H_0 \]
Table 7: Regression model fitness for data.

<table>
<thead>
<tr>
<th>The independent variable</th>
<th>Determination Coefficient $R^2$</th>
<th>Statistics F (P-value)</th>
<th>y-intercept (p-value)</th>
<th>Slope (p-value)</th>
<th>Durbin-Watson statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic shared values</td>
<td>0.342</td>
<td>40.51</td>
<td>0.984</td>
<td>0.365</td>
<td>1.68</td>
</tr>
</tbody>
</table>

As can be seen in Table, F-statistic and corresponding P – value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.342, that is, the variable of Basic shared values is capable of displaying 0.342 percent of the company’s success variation.

5. Organization cultural compliance with dynamic environment effect on success of companies.

\[
\begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*}
\]

Table 8: Regression model fitness for data.

<table>
<thead>
<tr>
<th>The independent variable</th>
<th>Determination Coefficient $R^2$</th>
<th>Statistics F (P-value)</th>
<th>y-intercept (p-value)</th>
<th>Slope (p-value)</th>
<th>Durbin-Watson statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization cultural compliance</td>
<td>0.306</td>
<td>34.36</td>
<td>0.555</td>
<td>0.468</td>
<td>1.71</td>
</tr>
</tbody>
</table>

As can be seen in Table, F-statistic and corresponding P – value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.306, that is, the variable of Organization cultural compliance is capable of displaying 0.306 percent of the company’s success variation.

6. Managers’ leadership style effect on success of companies.

\[
\begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*}
\]

Table 9: Regression model fitness for data.

<table>
<thead>
<tr>
<th>The independent variable</th>
<th>Determination Coefficient $R^2$</th>
<th>Statistics F (P-value)</th>
<th>y-intercept (p-value)</th>
<th>Slope (p-value)</th>
<th>Durbin-Watson statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Style</td>
<td>0.151</td>
<td>13.82</td>
<td>2.96</td>
<td>-0.347</td>
<td>1.75</td>
</tr>
</tbody>
</table>

As can be seen in Table, F-statistic and corresponding P – value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.151, that is, the variable of Managers’ leadership style is capable of displaying 0.151 percent of the company’s success variation.

7. Creating a competitive advantage effect on success of companies.

\[
\begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*}
\]

Table 10: Regression model fitness for data.

<table>
<thead>
<tr>
<th>The independent variable</th>
<th>Determination Coefficient $R^2$</th>
<th>Statistics F (P-value)</th>
<th>y-intercept (p-value)</th>
<th>Slope (p-value)</th>
<th>Durbin-Watson statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a competitive advantage</td>
<td>0.125</td>
<td>11.177</td>
<td>2.73</td>
<td>-0.282</td>
<td>1.63</td>
</tr>
</tbody>
</table>

As can be seen in Table, F-statistic and corresponding P – value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.125, that is, the variable of Creating a competitive advantage is capable of displaying 0.125 percent of the company's success variation.

8. Participation of staff team in organization effect on success of companies.

\[
\begin{align*}
H_0 &: \beta_0 = \beta_1 = 0 \\
H_1 &: \sim H_0
\end{align*}
\]
Table 11: Regression model fitness for data.

<table>
<thead>
<tr>
<th>The independent variable</th>
<th>Determination Coefficient R²</th>
<th>Statistics F (P-value)</th>
<th>y-intercept (p-value)</th>
<th>Slope (p-value)</th>
<th>Durbin-Watson statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation of staff team</td>
<td>0.254</td>
<td>26.56</td>
<td>1.015</td>
<td>0.326</td>
<td>1.72</td>
</tr>
</tbody>
</table>

As can be seen in Table, F-statistic and corresponding P-value verify regression model significance (P-value is less than 0.05), also, the determination coefficient value equals to 0.254, that is, the variable of Participation of staff team is capable of displaying 0.254 percent of the company's success variation.

Other results:
On three main variables, the important role and the highest coefficient related to organizational culture factor is 68%, then the leadership style factor is 31% and finally, the organizational structure factor is 1%.

On sub-variables, the shared basic values have the highest impact with a coefficient of 28% and other factors’ effects are organizational cultural compliance with a coefficient of 25%, participation of staff team with a coefficient of 21%, Managers’ leadership style with a coefficient of 12%, creating a competitive advantage with a coefficient of 10%, and complexity with a coefficient of 4% and formality and Centrality have no effect on the success and sales of company.

Suggestions:

Suggestions in line with the organizational culture:

A) Suggestions in line with basic shared values among organization members:

The most important cultural values and attitudes between staff are identified and examined. So that employees consider realization of company values in line with realization of their values and vice versa. People’s views on company's activities are examined and their review and comments should be considered in order to achieve organizational aims. On the other hand, the experiences of the staff can be used to create shared meanings in companies and persist in creating a strong culture in organization, that is, employees are induces amount of their effort.

B) The suggestion in line with organization cultural compliance with dynamic environment:

Promoting and institutionalizing a resilient outlook among employees of these companies may help to achieve success. Hence, stories, rituals, material and language symbols are means by which employees learn who and what are important.

C) Suggestion in line with participation of staff team:

It is suggested that staff become aware of current market and sales, so that they become responsible against the company, it can be developed with training courses and classes. It is recommended that managers provide context and infrastructure of this issue in organization, and consider encouragements for employees to achieve group success. It is proposed for managers to start this subject themselves in order to develop strong relationships within organization, and manage intimate communication with individual employees within the organizational circle so that this issue becomes a pattern for employees against each other.

Suggestion in line with leadership style:

The following recommendations are provided for further success in these companies:

- Poll from personnel on issues and decision making according to their views
- Evaluating personnel performance by comparing it with assigned tasks
- Identifying necessary changes and notifying each person's duties
- Management intervention to resolve the dispute

Suggestions in line with the organizational structure:

It is suggested that all procedures in organization become rule-based and in order to allocate rewards, division of tasks and situations and employment categories and any work related to staff, the relevant rules and procedures to be used. The more focus on organization, strategic programs will be implemented more successfully. On the other hand, the lowest level of complexity can be selected to maximize appropriate control with satisfactory measures for organizational effectiveness.

REFERENCES


