

Perusahaan otomobil nasionaI berhad proton



The company that is discussed in this essay is Perusahaan Otomobil Nasional Berhad (Proton) which is an automotive company that was founded in Malaysia on 1983. The company experienced increase in revenue from the year 2007 to 2011 and the sales of its cars is a major factor affecting revenue. Motivation level can affect sales performance, but it would not be the only factor. The goal of this essay is to explore the motivation level of Proton's sales department in comparison with other factors affecting sales. Hence, the research question that arises is " To what extent does the motivation level of Proton Berhad's sales department affects its sales revenue?"

The methodology revolves around the use of survey among the Proton's sales department staff and followed with an interview with one of the head of the sales department. Using the data obtained, motivation level of the staff is assessed using Herzberg Two-Factor Theory while the other factors affecting sales are assessed using PEST analysis. The conclusion was that Proton had implemented measures that help to motivate its employees, but there is a limit to how effective can motivation level affects sales as there are other factors involved such as quality and brand perception. The unresolved issue would be regarding the need of Proton to improve its quality and increase its employees motivation at the same time.

1. 0 Introduction

Issues regarding employees motivation had been one of the main focus of an organization as motivation can affect a certain company in many ways. Based on the book *An Integrated Approach to Business Studies* by Bruce R. Jewell, motivation can be defined as a factor or an influence that can drive

people to behave in a certain way[1]. For a company, they would need a motivated workforce if they want their employees to sell well.

The company in question here is Perusahaan Otomobil Nasional Berhad(Proton) which is an automotive company that was founded on the year 1983[2]. Its product mix includes various categories of cars ranging from sedan, compact cars, hatchback, multi-purpose vehicle, and microvan[3]. Along its years of operations, Proton had been the target of scrutiny from the general public especially regarding its sales as there are criticisms to its sales[4]and after sales service[5]. One factor that can affect quality of sales service is motivation.

Thus, the intention of this essay is to explore whether the motivation level of the Proton's sales department had been a crucial factor affecting the company's sales revenue? Besides that, this essay would also discuss on how other factors could also affect sales revenue for Proton and how other factors could compare with motivation level in terms of its effects to sales revenue.

From the questions that arise, the research question was formulated as follow:-

To what extent does the motivation level of Proton Berhad's sales department affects its sales revenue?

2. 0 Methodology

2. 1Data collection

The main purpose of data collection for this particular essay is to measure the motivation level of Proton's sales department. Thus, primary research <https://assignbuster.com/perusahaan-otomobil-nasional-berhad-proton/>

had been carried for the sole purpose of measuring the motivation level of the employees. The two chosen methods were surveys and interviews. As stated before, with the data obtained, a qualitative deductive will be made to see how high or low the motivation of Proton's employee. To deduce, the content theories regarding motivation used is Herzberg's Two-factor theory.

2. 1. 1*Details of Survey*

A survey was designed in order to uncover information regarding the motivation of Proton's sales department and the number of respondents was 15 people from the Enterprise Sales Team and R3 Sales Team which are a part of the sales department of Proton. The survey's question and its respective data are shown in Appendix 1.

2. 1. 2*Details of Interview*

The interview was done with Mr. Hj. Roslan Hj. Mohamed which is currently the head of Enterprise Sales Department of Proton. The interview question and its answers are shown in Appendix 2.

2. 2 Analysis

The analysis in this essay mainly revolves around the correlation between the motivations levels of Proton's employees with its sales revenue. The findings will be discussed so that the extent to which the motivation level affects the sales revenue can be seen clearly. The next step is to see other factors that may be involved which can affect sales. To do this, Political Economy Social Technology (PEST) analysis will be carried out so that we can see the external factors that surround Proton. Further discussion will be carried out in order to see how big do the factors affect Proton's sales

revenue, and compare it with the internal factor which is the motivation level of employees. The end result would be a conclusion that will include suggestions and an unresolved issue.

A simple 4 step flow can be seen below:-

3. 0Main findings and analysis

Determining the motivation level:-

3. 1 Application of Herzberg Two-Factor Theory

Based on Herzberg Two-Factor Theory, there are two aspects that define motivation which are the hygiene needs and motivators[6]. Fulfilling hygiene needs prevents employees from being dissatisfied while having motivators will ensure satisfaction of employees. This theory is chosen to determine the motivation level of Proton's employees because of the two aspects mentioned that is evident in their working environment.

Above is a table outlining the hygiene needs and motivators as outlined by Herzberg[7]. To determine the motivation level of the employees in Proton's sales department, most of the points in the table will be discussed based on the findings.

3. 1. 1 HYGIENE NEEDS

Relationship with supervisor

Proton's sales department employees feel that their supervisor listen to them and most felt that they are involved in the decision making process. They also feel that their supervisor give moderate attention to their work and most feel that their supervisor expectation of them is good in which it

corresponds to their actual potential. Yet, some felt that their supervisors are bias in their work with some claiming that there is presence of so-called boss's pets and also gender biasness.

Working conditions

The employees of Proton's sales department felt that the working condition is normal at best rather than good. Most felt that it is normal in their working condition to get positive feedback and constructive criticism. Still, some felt that office politics is present thus it could be a source of unhappiness regarding the working conditions.

Salary

It was found that the salary is high. This is due to the presence of many types of commission that helps to increase the payments received by employees such as finance commission, model-based commission, accessory commission, and insurance commission.

3. 1. 2MOTIVATORS

Achievement

Proton promotes the desire to achieve for their sales department by having seasonal monthly campaign. Employees will be given an incentive for achieving the target for a specific sales campaign.

Recognition

In Proton, the form of recognition comes in the form of a club membership that celebrates sales personnel who had sold 100 cars.

Advancement

Opportunities for advancement exist for Proton since it was found that an employee can advance into a sales manager in just 5 years.

Growth

Most of the employees agree that growing their knowledge and having opportunities for self-development is highly important for them but it can be seen that most of them thinks that the opportunities for self-development is not high but still present in the company. The presence of growth opportunities will lead to higher satisfaction for the employee.

ANALYSIS OF MOTIVATION LEVEL

Based on Herzberg Two-Factor Theory, to ensure employees are motivated, it is better to address the hygiene needs and then focus on the motivators.

For Proton, the company had in a way provided a moderate working condition and the supervisors are having good relationship with their subordinates. These two factors fulfill the hygiene needs and reduce dissatisfaction in the sales department. Aside from that, the salary structure which is high also contributes to lower dissatisfaction for the employees.

Although we can't say for sure that the dissatisfaction is completely addressed by Proton, but we can deduce that Proton had fulfilled some of the hygiene needs thus lowering the dissatisfaction among employees. For the motivators, Proton had also provided ample motivators for the sales department. We can see that Proton had provided its employees with adequate opportunities for them to receive proper achievement, recognition, advancement and growth. The presence of the motivators mentioned helps to promote satisfaction for the employees in the sales department.

As a result, Proton had fulfilled the hygiene needs and provided motivators for its employees. It is hard to see whether the employees are highly motivated or not but from the discussion, it would be better if we deduce that the employees in Proton's sales department is coined as motivated due to the low dissatisfaction and adequate satisfaction.

3. 2 Establishing the relationship between motivation level and sales revenue

Graph of growth of Proton's revenue from 2007 until 2011 (Appendix 3)

Judging from the graph, Proton's revenue had improved for 5 years straight. As company that make cars, most of Proton's revenue would come from the sales of their cars thus that is why the sales department plays a crucial role to ensure better sales. We had found before that the employees in the sales department are motivated because of the way Proton had addressed the hygiene needs and motivators.

Due to the fact that the employees are motivated, it can be seen that their motivation level correlates with the increase in revenue. A motivated employee would definitely perform better when at work thus there would be higher sales compared to an unmotivated employee. As a conclusion, we could see that the motivation level had contributed to the increase to revenue. Yet, the underlying question here would be the need to establish the limit in which motivation level plays a role to the increase in revenue. Thus, the following questions could come into play:-

1. Are there any other significant factors that contribute to sales?

2. How about the state of the country Proton is in? Does it affect the sales?
3. Are there any outside factors, which are out of Proton's control that contributes to greater motivation among employees?

Thus, in order to uncover the extent to which motivation level plays a role, the next step would be to find the factors that affect Proton sales and determine its significance in comparison to the motivation level of Proton's sales department.

Determining the extent to which motivation level affects the revenue of Proton

3.3 Application PEST Analysis

The use of PEST analysis is crucial in order to see the environment Proton is situated in. The findings would be analyzed regarding their significance to Proton's revenue.

Political

Government discards protectionist policy[8]

High excise duty for imported cars[9]

Economy

Low loan approval rate by Bank Negara Malaysia[10]

Social

Low average wage per individual[11]

Technology

Appearance of hybrid cars in Malaysia[12]

POLITICAL

Government discards protectionism with Proton thus removing Proton's exclusivity in the automotive industry

If a company is backed by the government, the cost of operation can be considerably lessened as there would be injection of funds by the government. This would ensure that the company can sell its products cheaper, thus garnering an increase in revenue. But what would happen if a company was stripped off from being protected by the government?

For Proton, when there is no more protectionism by the government, the company would need to stand by its own thus it needs to channel its cost to their products. This will make the price of its cars higher. Still, if we look at the revenue, Proton's revenue still increases despite the hike in prices. This shows that the removal of protectionism doesn't really affect Proton's sales and the possible reason for this is either Proton had improved its quality or there are other factors that promote sales.

High excise duty for imported cars

Excise duty is one of the major factors that affect a car's price. In Malaysia, the excise duty for imported cars is imported as high thus increasing the prices of imported cars. National carmakers such as Proton and Perodua are at an advantage in terms of pricing because they can provide lower priced cars as compared to their foreign competitors. For Proton, its cars which are considered cheaper than imported cars would prompt price-sensitive consumer to buy their cars thus increasing their cars considerably.

ECONOMY

Low hire-purchase approval rate by Bank Negara Malaysia

Bank Negara Malaysia is the national bank of Malaysia and it regulates the hire-purchase approval rate in Malaysia. Recently, the approval rate for hire-purchase differs from a carmaker to another, and for Proton it is rated as low. Not every customer can pay the full price of cars in the early stage of buying thus they would resort to hire-purchase. When the hire-purchase approval rate is low for Proton, customers cannot buy Proton cars thus they would proceed to other carmakers which has higher hire-purchase approval rate. Thus, this would reduce Proton' sales.

SOCIAL

Low average wage per individual

The world's average wage is approximately RM 4440 (\$1480) which is a stark difference compared to Malaysia's average wage which is RM 1500 (\$500). Due to the low wages, Malaysians wouldn't have enough purchasing power thus they would gravitate towards buying low priced products in order to save cost and sustain their living. Proton's cars which are cheaper than imported cars would be a fine choice for most Malaysians thus this would contribute to more sales for Proton hence contributing to an increase in revenue. Yet, with the Economic Transformation Initiative carried out by the government, Proton would be threatened because the program was intended to increase the national's average wage from RM 1500 (\$500) to RM 4000 (\$1333) which is closer to the world's average wage. If the government initiative reached its goals, the purchasing powers of Malaysian would

increase thus they would have a wide range of cars that is feasible for them to purchase.

TECHNOLOGY

Appearance of hybrid cars

As the world is moving towards less use of fossil fuels in everyday lives due to pollution, hybrid cars is invented to cater for the environmentally conscious consumers. Aside from that, hybrid cars would save consumers a hefty sum of money because consumers would need to depend less and less on petroleum which is infamous for its constant rise of price. The appearance of hybrid cars in Malaysia and the government's incentive for Malaysians to buy hybrid cars is a probable factor that can affect Proton's sales. Still, hybrid cars is still not many in Malaysia thus it would not be a major factor affecting Proton's car sales yet.

Other factors that affects Proton's sales but outside the scope of PEST analysis

PEST analysis is limited in the way it restricts the analysis of environment surrounding Proton towards political, economy, social, and technology. In reality, there are other factors affecting sales for Proton that should be considered. The factors could be internal or external and some of them have an effect to employees' motivation. Before we discuss even further, look at the list of the factors below:-

Quality of Proton's cars

Banks' interest rate*[13]

Pricing of used car market*

Marketing methods

Relationship between sales and after-sales

Discussing the factors

Quality of Proton cars

Quality of products is undeniably one of the greatest factors affecting the sales of a product. With high quality, some product can even exist without the need of extensive marketing because there will be word of mouth, which is a great marketing method. Regarding Proton, the quality of its cars is questionable.. Aside from that, Proton's car is also perceived as inferior and low quality as compared to its competitors especially carmakers from Europe, Japan and Korea. Thus, the quality of Proton's cars is a huge factor affecting sales and it should be taken into great consideration when discussing about Proton's sales.

In term of employees' motivation, the quality of Proton's cars can affect its employee's motivation level. It is a common knowledge that if you want to sell something, it would be best to sell the best to consumers. Why? This is because when we sell something that is high in quality; we would feel confident selling it because we know that our customers would love it once they use it. This is also true for the case of Proton. If the employees in the sales department of Proton know that the car they are selling is perceived as inferior and low quality, they would feel less motivated because they aren't confident that their customer is receiving a good car. This is a good example of Expectancy Theory in which if sales personnel of Proton perceive that no

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matter how much effort they put into selling, they would know that the rewards will be far from their grasp. This is because even if their selling effort is great, they would not be rewarded with a successful sale of a car because they would feel that customers would probably not buy a low quality car no matter how good they are in trying to sell it. This shows how employees' performance is also affected by the quality of products they are selling.

Banks interest rate

Banks interest rate for each car brand is different and will continuously change. If the interest rate for Proton is high, car prices will be high and customers will be more reluctant to buy, thus causing low sales. The opposite would happen if interest rate is low.

The changes to interest will also affect the sales department employees. For example, a high interest rate would make car prices high and they would feel less motivated or confident selling the car.

Pricing of used car market

Pricing of used car market for a particular car brand also changes over time. If a particular car has high price in the used car market, the user of that car would be inclined to sell his car especially if the car is outdated. The opposite would happen if the price of a car is low in the used car market.

For Proton's employees, it was reported that they would feel more motivated selling a car to a customer who is seeking to replace their car which had been sold off as used car. This group of customers is called as the replacement buyers. Employees would feel motivated because it is easier for them to make the sale because cars are essential in everyday life and

replacement buyers would feel greater need to buy a car as compared to buyers who already own a car. Motivation will convert to performance thus there would be higher sales.

Marketing methods

Proton marketing method revolves mostly on having direct contact with the public which is their prospect such as having activities in the showroom and shopping complex that involves the participation of the public. It is reported that the sales department employees like the direct marketing method because they like the contact with the public. Direct method of marketing is unquestionably a good way for marketing and can boost sales but for the case of Proton, the most evident benefits would be the increase to the sales department employees' morale, thus there would be an increase in sales due to increased performance.

Relationship between the sales team and the after-sales team

The after-sales team of Proton is reported of providing low quality service to its customers and it could affect customers' perception towards the brand. Still, the most important aspect about the after sales team is the relationship between the after-sales team and the sales team which is really crucial especially with regards to the sales team motivation. Sales personnel would be motivated especially during the act of selling if they know that whenever there is a problem after the customers bought the product; they can be confident that the after-sales team can handle it. For the case of Proton which has low quality after-sales service, we can probably deduce that the sales team motivation level will be affected because of low confidence towards the competency of the after-sales team.

Conclusion

We had started by acknowledging that the sales department of Proton is motivated based on the use of Herzberg Two-Factor Theory and the fact that the revenue increases from 2007 - 2011 shows that motivation did indeed prove to be a contributor to the revenue of Proton. The question that we need to really discuss is the extent to which motivation really plays a role to contribute to revenue, thus other factors that affect sales must be discovered.

It was finally found that there are many factors that affected the sales of Proton and some such as the high excise duties and quality of Proton cars seemed to be a really major factor that affects sales. Thus, it can be concluded that motivation level of Proton's sales department is a factor that affects sales but it is not the greatest factor. If Proton were to employ measures that can continuously improve its employees' motivation, sales would increase but until a certain point when an increase of motivation won't increase the sales. This is because of the mentioned major factors such as Proton's car qualities that hinder sales growth significantly. To really improve its sales revenue, there are some issues that Proton must address.

External Factors

Internal Factors

4. 1 Issues and suggestion on how to handle it

From the above diagram, we can see how the factors affecting Proton's sales are sorted into internal factors and external factors. Proton should consider focusing on the internal factors because it is the factors that Proton can

really control and directly improve. Thus, there are three issues that is internal for Proton and suggestions are given on how Proton can address the issues below:-

1. Product quality

The quality of Proton's cars is an issue that Proton should focus on addressing because customers decision to buy are mostly affected by quality. In order to improve its quality, one of the measures Proton could employ is improving its quality control method so that no inferior cars are produced. Aside from that, Proton should also maximise the benefits of owning Lotus by ensuring better technology transfer with Lotus and also devise more training that is catered to help Proton's engineers to learn more from Lotus.

2. After-sales team quality

The quality of after-sales is important in order to retain customers' loyalty. If Proton doesn't improve its after-sales quality, customers will think lowly of the brand thus it would affect sales. It was found that Proton had made a fine decision by giving out proper training to its after-sales team recently but another factor that might affect the after-sales team quality is the salary of the after-sales team which is below industry's average. To counter the issue, Proton should either negotiate with its after-sales team or consider giving better wages or perks.

3. Employees' motivation

Although it was found that the employees of the sales department are motivated, yet there is still so much more Proton could do to really increase

employees' motivation. In Proton, there are issues that Proton should tackle such as biasness and lack of guidance in order to make the working environment a better place. Proton should also consider reviewing the Herzberg Two-Factor Theory so that the company can how it can reduce dissatisfaction even further aside from increasing satisfaction in the long run.

A final note

Although suggestions are given, only Proton knows best how it can improve itself because its internal issues can be tackled best from within their company. The unresolved issue here would be the issue regarding how Proton can really improve its product's quality and at the same time increase its employees' motivation so that more sales can be gained. If Proton were to devise a way to tackle the issue, then sales would definitely increase as a result.

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Appendix 2

Hj Roslan Hj Mohamed

Head, direct and government sales operation

Enterprise Sales Department

(roslanm@proton. com)Interview

What is the reward package provided by Proton for its sales department employees?

Generally, our reward package is similar with most companies. But, the main focus of employees when joining Proton would be the salary and commission structure of the company.

Can you give a more detailed explanation about the salary and commission that you previously mentioned?

I will be glad to. There are two basic positions the sales department - non-executive (sales advisor) and executive (management). The non-executive or the sales advisor starts with a basic salary of RM300++. Sales advisor is <https://assignbuster.com/perusahaan-otomobil-nasional-berhad-proton/>

similar to sales personnel and their remuneration lies within their commission is plentiful. There are 5 types of commission which are model-based commission, used car commission, financing commission, accessory commission, and insurance commission. There are also monthly and quarterly volume commissions. The executive or the management also has their own commission but the commission depends on the group they are managing. Essentially if his group succeeds, the executive will succeed too.

What is the average payment that the sales advisor would receive each month?

The amount is quite hefty. The average payment for sales advisors is usually RM7000 which is quite high.

Is there any form of recognition sales advisors would receive after selling many cars?

Yes, there is. It is called Club 100, which is an achievement club for sales advisor who achieved 100 sales. There are many benefits for the sales advisor who is a member of Club 100 such as having their own parking space.

Is there any sales campaign held by Proton?

Yes, there is and you could say that the sales campaign is one of the events that really motivate a sales advisor. A typical seasonal sales campaign would involve selling unpopular models. Any sales advisor who sold an unpopular model would be given a monthly incentive and that is the reason why they are eager to achieve success when a seasonal sales campaign comes.

What do you think are some factors affecting motivation of a sales advisor?

Well, there is a lot. One of them would be having many model ranges because sales advisor enjoy their work when they have many selection of cars that they can advise their customer to buy. Other than that, sales advisors love to sell zero problem cars which are top-notch and high quality. This is because they will feel excited selling it aside from not having to deal with customers' complaints afterwards. They feel that it is hard to manage complaints about qualities because it is not they who design it. Lastly, sales advisor love selling new models too.

How about the economy? Does it affect sales?

Banks' interest rate plays a big role here. When interest for car is high, people would definitely exercise caution before buying thus sales would be low and vice versa. You can see that when interest is low, sales advisors would be motivated because more people are inclined to buy thus increasing their chances of increasing their income.

Talking about car prices, aside from interest, the pricing in the used car market also affects sales. For the public, when the price for used cars is high for their model, they would be inclined to sell it at that time so that they can buy new models. This group of people is called the replacement buyers which are the customers who buy a product in order to replace their previous items which had been sold off. You could say that when a specific model has high trade-in value in the used car market, people would be inclined to sell their cars and buy a new one to replace their own. A sales advisor would be

motivated to sell cars when they know that the customers they are serving are replacement buyers.

How about the leadership in the sales department of Proton?

We apply autocratic way of leading as a way to manage employees in the staff department. This is what we call as the best practice approach because other leadership style is not suitable. Being autocratic doesn't mean that we need to compromise relationship between manager and the sales advisor.

In Proton, sales advisors' performance is closely monitored and they must sell a minimum of 6 units or they will be deemed as under perf