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A STUDY ON SALES FORCE INCENTIVES IN ACHIEVING SALES TARGET WITH REFERENCE TO ARA TRADERS

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***Abstract**: In the study on sales force incentives in achieving sales target with reference to ARA Traders, it was found that there is a critical relationship between sales force incentive structures and the attainment of sales targets within the organizations. Through a multi-dimensional analysis, encompassing factors such as motivation, engagement, and target setting, the research aims to uncover the nuanced effects of different incentive structures on sales team behaviour and outcomes. Drawing upon internal data and industry benchmarks, the study offers a comparative analysis to identify best practices and areas for improvement in incentive design.*

***Key words**: sales force incentives, sales target, sales objectives and market dynamics.*

I.INTRODUCTION

Introducing a sales incentive program is an opportunity to invigorate and align your sales team towards achieving collective success. By highlighting the purpose behind the program, emphasizing its benefits to individual team members, and illustrating its direct alignment with the broader goals of the company, you can foster a sense of purpose and motivation among your sales force. Transparently explaining the incentive structure, including criteria for earning rewards and how performance will be measured, reinforces fairness and encourages active participation. Setting clear expectations, providing a timeline for the program and soliciting feedback demonstrates a commitment to collaboration and continual improvement. Ultimately, by offering support and resources to facilitate success within the program, you can empower your sales team to exceed targets, drive growth, and reap the rewards of their hard work and dedication. Sales force incentives are crucial levers in a company's strategy to motivate its sales team and drive organizational success. These incentives, ranging from monetary rewards to recognition and career development opportunities, aim to align the sales team's efforts with the company's goals, particularly in meeting or exceeding sales targets. The effectiveness of such incentives in motivating sales personnel and influencing their performance has been the subject of considerable interest within both academic research and practical management discussions. Understanding how different incentives impact sales outcomes is vital for designing strategies that not only boost sales performance but also enhance job satisfaction and retain top talent within the sales force. Given the diverse nature of sales roles and the varying

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motivations of sales personnel, identifying the most effective incentive structures poses a significant challenge for organizations. This study seeks to explore the dynamics between sales force incentives and the achievement of sales targets. By examining various types of incentives, their implementation, and their perceived value among sales professionals, the research aims to shed light on the mechanisms through which incentives can lead to improved sales performance. Moreover, it will investigate how the design and communication of incentive programs influence their effectiveness, with the goal of offering actionable insights for businesses striving to optimize their sales force motivation strategies.

II.REVIEW OF LITERATURE

N Ketsirisophon, (2003) has conducted research on, **The impact of non-financial incentives on sales-force performance: a case of MSMS Company.** Money receives the most attention as reinforcer or motivator and is even equated with reward systems by practicing managers, somehow, there is increasing evidence that contingently administered non-financial incentive can be a powerful reinforcer to increase employee's performance as well. The purpose of this research is to study the impact of non-financial incentive on salesforce performances. Also to identify the preferred non-financial incentive factor that has the greatest impact on salesforce performance in order to help the management level emphasizing on the compensation program and identifying which aspect of non-financial incentive can improve salesforce performances. Salesforce performance is link to the organization performance, which all the factors are the dependent variables. While the non-financial incentive factors have been emphasized as the motivation factors based on the idea of Hygiene Theory. The researcher selected the total number of 121 salespeople working m MSMS Company. The population of this research is the sales representatives, sales supervisors, and sales managers who work in the sales function of all product lines. Data collected in this research were gathered through distributing questionnaires with salespeople while asking question as a face-to-face was used for sales managers following the topic in the questionnaire.

António MJ Ribeiro has conducted research on, **Sales incentives the role of culture.** Globalization had become a common word in our daily lives. As the world becomes “smaller”, new challenges are constantly presented to companies. Suppliers are nowadays, global. This fact, per SI, generates new global buying models from customers, which inevitably demand new selling models, which in turn require new sales incentives models. Why do companies pay incentives to salespeople? The answer to this question may be obvious. The most common answer is to keep the sales force motivated in pursuing the company objectives. However, what may not be that obvious is the deployment of “Sales Incentive Plans” (SIP) considering the national culture of the salespeople. Several studies have been conducted about the different methods of compensate an employee for the work that he/she provides to an organization.

Arif Iqbal Rana, **Mohammad Kamran Mumtaz,** (2017) has conducted research on,

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Sales force incentives at service sales corporation. The case is about restructuring of the sales force compensation system at Service Sales Corporation (SSC), a large shoe retailer in Pakistan. The organization went through many changes in its supply chain management starting in 2001, when a new COO, Omer Saeed, took over. There was a major increase in sales and the number of shops, and a decrease in the number of salesmen per shop with the net effect that some salesmen were drawing a compensation of ₹25,000–30,000 per month (standard salesmen salary in smaller shops was ₹8,000 per month). When the new COO Amer Mohsin joined in 2009, he was faced with the challenge of designing a salesmen compensation system that was in line with the growth of the organization. The case provides an opportunity to understand how different compensation systems are required as company dynamics change.

Asad Ali (2024) has conducted research on **Enhancing Sales Performance: the Impact of Personal Selling Techniques, Incentives, and Motivational Strategies.** This study explores the influence of personal selling techniques, incentives, and motivational strategies on sales performance within the context of contemporary business environments. Personal selling remains a pivotal aspect of marketing strategies, particularly in industries where complex or high-value products/services are involved. By employing various personal selling techniques, such as consultative selling and relationship building, sales professionals aim to engage customers effectively and secure sales. Additionally, incentives and motivational strategies play crucial roles in driving sales performance by encouraging sales representatives to achieve targets and exceed expectations. Through a comprehensive review of existing literature and empirical analysis, this paper aims to provide insights into the interplay between personal selling techniques, incentives, and motivational strategies in enhancing sales performance.

George John, Barton Weitz (1989) has conducted research on **Salesforce compensation: An empirical investigation of factors related to use of salary versus incentive compensation.** The transaction cost analysis framework is integrated with prescriptions from the sales management literature to develop a model that indicates the role of salary in a sales compensation plan for industrial firms. The descriptive power of the model is examined by surveying compensation practices in 161 firms. The results indicate that the transaction cost framework is somewhat useful in describing the use of salary, but the framework does not consider some important aspects guiding salary versus incentive compensation decisions.

Pankaj M Madhani (2012) has conducted research on **Managing sales force compensation: A life cycle perspective.** Sales force compensation is influenced by various factors of development and change occurring at the individual, product, organizational and environmental levels. Companies that adapt to changing circumstances are likely to be more successful. The sales compensation strategy should be realigned according to changes in those factors. When they are viewed from the life cycle perspective, it gives rise to career life cycle of sales employees, product life cycle, organizational life cycle and

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business life cycle. Compensation practices are being increasingly planned and managed in response to changing circumstances. Whereas in the past researchers focused almost exclusively on how changes in compensation practices affect employee performance or satisfaction, researchers are now beginnings to ask how organizational as well as environmental conditions shape compensation practices. This article discusses several factors affecting the design of sales compensation systems and proposes a life cycle and a business value– added framework for strategic compensation planning.

Erik Jan Hultink, Kwaku Atuahene-Gima (2003) has conducted research on **The Effect of Sales Force Adoption on New Product Selling Performance.** Although several studies have suggested that the sales force is a major contributing factor to new product success, few studies have focused on new product adoption by the sales force, particularly with respect to its relationship with selling performance. The present article presents empirical evidence on the impact of sales force adoption on selling performance. We defined sales force adoption as the combination of the degree to which salespeople accept and internalize the goals of the new product (i.e., commitment) and the extent to which they work hard to achieve those goals (i.e., effort). It was hypothesized that the impact of sales force adoption on selling performance will be contingent on supervisory factors (sales controls, internal marketing of the new product, training, trust, and supervisor's field attention), and market volatility. Therefore, this article also provides evidence of the conditions under which sales force adoption of a new product is more or less effective in engendering successful selling performance. The hypothesized relationships were tested with data provided by 97 high technology firms from The Netherlands.

III.NEED OF THE STUDY

To understand how the sales force incentives motivate the employee to achieve sales targets.

Identify the most effective type of incentive program that is most motivational and cost-effective. Analysing the relationship between incentives and sales targets in ensuring that sales goals are aligned with the overall objectives of the company. Providing insights for designing incentive structures that align with sales goals and drive performance. Explore the dynamics between incentives, competition, and sales outcomes. To identify trends, best practices, and areas for improvement, thus helping organizations optimize their incentive strategies. Additionally, to analyse opportunities for interdisciplinary collaboration, drawing on theories and methodologies from fields such as economics, psychology, and sociology.

IV.OBJECTIVES OF THE STUDY

1. To identify the impact of different sales force incentive structures on achieving sales targets in ARA Traders.
2. To examine the relationship between competition among sales teams and the attainment of sales objectives in ARA Traders.

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3. To identify the most effective types of sales force incentives in driving sales performance in ARA Traders.
4. To identify the influence of market dynamics and consumer behaviour on the effectiveness of sales force incentives in ARA Traders.
5. To find out the optimisation of sales strategies and incentive structures to improve sales performance and competitive advantage in ARA Traders.

V.RESEARCH METHODOLOGY

RESEARCH DESIGN

Research design refers to the overall strategy utilized to carry out research. The research design used for this study is descriptive study. Descriptive study is a fact-finding investigation with an adequate interpretation. It is a scientific research method used to describe and analyse the characteristics, behaviours, and attributes of a particular phenomenon. Descriptive research, also known as statistical research, is the simplest type of research and is more specific. Mainly designed to gather descriptive information and provides information for formulating more sophisticated studies.

SAMPLING TECHNIQUE

Simple random sampling is used for this study. The population size is 100. The responses are collected by circulating the questionnaire through email and WhatsApp.

SOFTWARE USED:

- **SPSS 16.0**

  SPSS (Statistical Package for Social Sciences) 16.0 is a comprehensive system for analysing data.

STATISTICAL TOOLS USED:

The research employed a variety of statistical tools, including **Mann Whitney U-test, Kruskal Wallis H-test, Spearman's rank correlation, run test and chi - square** to analyze and draw meaningful conclusions from the collected data among employees.

TEST OF NORMALITY

Null Hypothesis H0: The data follows normal distribution.

Alternative Hypothesis H1: The data significantly deviates from normal distribution.

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Sales Incentive Evaluation	.248	170	<.001	.871	170	<.001

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Sales Team Competition Impact	.218	170	<.001	.858	170	<.001
Performance Driven Incentive Evaluation	.157	170	<.001	.879	170	<.001
Market Influence On Sales Incentives	.211	170	<.001	.846	170	<.001
Sales Strategy Enhancement	.202	170	<.001	.870	170	<.001
a. Lilliefors Significance Correctio n						

INTERPRETATION:

From the above table P (sig.) value (0.001) and (0.001) is less than 0.05 .Hence, Null Hypothesis is rejected. Hence the data deviates from normal distribution. So, non-parametric tools are applied. (U-Test, H-Test, Correlation, Chi-Square, Run Test.

MANN WHITNEY U - TEST

Null hypothesis Ho: There is no significant difference between the mean rank of male and female with respect to sales incentive evaluation, sales team competition impact, performance driven incentive evaluation, market influence on sales incentives, and sales strategy enhancement.

Alternative Hypothesis H1: There is significant difference between the mean rank of male and female with respect to sales incentive evaluation, sales team competition impact, performance driven incentive evaluation, market influence on on sales incentives, and sales strategy enhancement.

Ranks				
	Gender	N	Mean Rank	Sum of Ranks
Sales Incentive Evaluation	1	120	87.83	10540.00
	2	50	79.90	3995.00
Sales Team Competition Impact	1	120	86.46	10375.00
	2	50	83.20	4160.00
Performance Driven Incentive Evaluation	1	120	85.17	10220.00
	2	50	86.30	4315.00
Market Influence on SalesIncentives	1	120	83.17	9980.00
	2	50	91.10	4555.00
Sales Strategy Enhancement	1	120	84.83	10180.00
	2	50	87.10	4355.00

Test Statistics					
	Sales Incentive Evaluation	Sales Team Competition Impact	Performance Driven Incentive	Market Influence On Sales Incentives	Sales Strategy Enhancement

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			Evaluation		
Mann-Whitney U	2720.000	2885.000	2960.000	2720.000	2920.000
Wilcoxon W	3995.000	4160.000	10220.000	9980.000	10180.000
Z	-.990	-.401	-.139	-.980	-.280
Asymp. Sig. (2-tailed)	.322	.688	.890	.327	.780
a. Grouping Variable: Gender					

INTERPRETATION: From the results of Mann-Whitney U-Test, since all the p-value is greater than 0.05, hence accept Null Hypothesis H0. There is no significant difference between the mean rank of male and female with respect to sales incentive evaluation, sales team competition impact, performance driven incentive evaluation, market influence on sales incentives, and sales strategy enhancement.

Alternative Hypothesis H1: There is significant difference between the mean rank of age with respect to sales incentive evaluation, sales team competition impact, performance driven incentive evaluation, market influence on sales incentives, and sales strategy enhancement.

KRUSKAL WALLIS (H-TEST):

Null Hypothesis H0: There is no significant difference between the mean rank of age with respect to sales incentive evaluation, sales team competition impact, performance driven incentive evaluation, market influence on sales incentives, and sales strategy enhancement.

Ranks

	Age	N	Mean Rank

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Sales Incentive Evaluation	1	31	86.47
	2	47	91.16
	3	63	82.42
	4	15	88.43
	5	14	75.07
Sales Team Competition Impact	1	31	87.73
	2	47	87.90
	3	63	82.82
	4	15	89.83
	5	14	79.93
Performance Driven Incentive Evaluation	1	31	87.56
	2	47	87.12
	3	63	83.33
	4	15	96.97
	5	14	73.00
Market Influence On Sales Incentives	1	31	88.85
	2	47	87.33
	3	63	82.79
	4	15	99.30
	5	14	69.36
Sales Strategy Enhancement	1	31	87.21
	2	47	90.54
	3	63	81.21
	4	15	97.17
	5	14	71.57

Test Statistics

	Sales Incentive Evaluation	Sales Team Competition Impact	Performance Driven Incentive Evaluation	Market Influence On Sales Incentives	Sales Strategy Enhancement
Chi-Square	1.669	.684	2.004	3.235	3.111
df	4	4	4	4	4
Asymp.Sig.	.796	.953	.735	.519	.539
a. Kruskal Wallis Test					
b. GroupingVariable:age					

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INFERENCE: From the results of Kruskal Wallis H-Test, since the p value is greater than 0.05. Hence accept Null Hypothesis H0. There is no significant difference between the mean rank of age with respect to sales incentive evaluation, sales team competition impact, performance driven incentive evaluation, market influence on sales incentives, and sales strategy enhancement.

RUN TEST:

Null Hypothesis H0: The run occurs in randomness.

Alternative Hypothesis H1: The run does not occur in randomness.

Descriptive Statistics					
	N	Mean	Std. Dev	Min	Max
Designation	170	3.58	1.291	1	8

Runs Test	
	Designation
Test Value	4
Cases < Test Value	56
Cases >= Test Value	114
Total Cases	170
Number of Runs	21
Z	-9.602
Asymp. Sig. (2-tailed)	.000
a.median	

RUN TEST 2	Designation
Test Value	3.58
Cases < Test Value	56
Cases >= Test Value	114
Total Cases	170
Number of Runs	21
Z	-9.602
Asymp. Sig. (2-tailed)	.000
a. Mean	

RUN TEST 3	Designation
Test Value	4
Cases < Test Value	56
Cases >= Test Value	114
Total Cases	170
Number of Runs	21
Z	-9.602
Asymp. Sig. (2-tailed)	.000
a. Mode	

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INTERPRETATON:

- The negative Z-value indicates that there are fewer runs observed than expected under randomness.
- The very small p-value (close to zero) suggests strong evidence against the null hypothesis of randomness.

Therefore, based on the run tests results, it can be concluded that the sequence of data points (possibly related to designation in the case) does not appear to be random and may exhibit some systematic pattern. The run doesn't occur in randomness.

VI. SUGGESTIONS

- Since there is a significant difference between gender and designation, it's important to further investigate this relationship.
- Consider conducting additional analyses or qualitative research to understand why this dependency exists. This could involve exploring factors such as job roles, responsibilities, and career progression opportunities within the organization.
- The results of the run tests suggest that there may be a systematic pattern in the sequence of data points, possibly related to designation.
- Consider examining the data for any trends or patterns that could explain the nonrandomness. This could involve conducting time-series analysis or looking for patterns in performance metrics over time.
- The positive correlations observed between various variables indicate potential relationships that could be leveraged to optimize sales force incentives and strategies.
- Focus on leveraging the strong positive correlation between Performance Driven Incentive Evaluation and Market Influence On Sales Incentives (0.887). This suggests that market dynamics significantly influence performance-driven incentives. Consider adjusting incentive structures based on market conditions to enhance sales performance.
- Explore the moderate positive correlations between other variables (e.g., Sales Incentive Evaluation and Sales Team Competition Impact, Sales Strategy Enhancement and Performance Driven Incentive Evaluation).
- These correlations suggest potential synergies between different aspects of the sales incentive program. Consider integrating these factors into a comprehensive incentive strategy to maximize effectiveness.
- Analyse the weaker correlations to identify areas where improvements can be made.
- Sales force incentives and strategies should be continuously monitored and evaluated to ensure they remain aligned with organizational goals and market dynamics.
- Consider implementing regular reviews and feedback mechanisms to gather insights from sales team members and stakeholders, allowing for timely adjustments and optimizations as needed.
- Recognize that different segments of the sales force may respond differently to incentive programs.
- Consider tailoring incentive structures and strategies based on factors such as gender, age, and designation to address the unique needs and motivations of individual sales team members.
- Consider surveying ARA Traders' customers to understand how sales force incentives might impact their buying decisions and satisfaction levels. This could provide valuable feedback on the effectiveness of the current incentive system.

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VII.CONCLUSION

In conclusion, the study indicates that the current incentive structures at ARA Traders do not exhibit significant differences in their effectiveness based on gender, age, or designation. However, the presence of significant dependencies between gender and designation suggests the need for further exploration into the underlying factors contributing to these differences. Moreover, the identification of non-random patterns in the data sequence, particularly related to designation, highlights the existence of systematic trends or influences that may impact sales performance and incentive effectiveness. Additionally, the positive correlations observed between various aspects of sales force incentives offer opportunities for optimization and synergy within incentive programs. Moving forward, it is recommended to tailor incentive structures to account for demographic and role-based differences, address systematic trends, leverage correlations between performance-driven incentives and market influences, and implement continuous monitoring and evaluation mechanisms.

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