

**ASSESSING THE EFFECT OF INCENTIVE SCHEME ON PERFORMANCE
OF THE SALESFORCE OF TANZANIA CIGARETTE COMPANY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: *“Assessing the Effect of Incentive Scheme on the Performance of Salesforce of Tanzania Cigarette Company”* in partial fulfillment of the requirements for the degree of Masters of Business Administration of the Open University of Tanzania.

.....

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.....

Date

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DECLARATION

I, **Lucas Mwamanenge**, do here by declare that this study titled “Assessing the effect of incentive scheme on the performance of salesforce of Tanzania Cigarette Company” is my own work. I have undertaken the research work independently with the guidance and support of my research advisor. This study has not been submitted for any program in this or any other institutions and that all sources of materials used for this dissertation have been duly acknowledged.

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Date

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I greatly acknowledge the financial assistance from my employer, the patience during study of my master's program and also completion of this dissertation could not have been accomplished without support of respondents in the study, for their great support during the data collection process through sparing their busy time in filling in the questionnaires and to all my classmates and friends.

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ABSTRACT

Businesses are always undergoing changes and in order to remain competitive the pressure to effectively motivate salesforce is of concern in fast moving consumer goods industry as salesforce is key. The general objective of the study was to assess the effect of incentive scheme on performance of the salesforce of Tanzania Cigarette Company. To undertake this general objective, four specific objectives with their underling null hypothesis were designed and assessed by quantitative and qualitative research design. The questionnaires were distributed to the entire selected sample of 80 salesforce and then they were analyzed using statistical package for social scientist (SPSS version 16) and MS-excel. In this analysis, descriptive statistics and Chi-square test analysis were performed. The descriptive finding of the study showed that salesforce have experienced high level of positive perception towards the existing incentive scheme leading to a high level of salesforce performance. The study findings showed that the factors like trainings scored 79% of respondents who agreed to have effect on their performance and 78% of respondents believe to receive higher rewards on higher performance. Also the findings further shows that recognitions and flexible approaches to sales incentive increases salesforce performance. Lastly, factors such as salary increase, target setting involvement scored less in agreement to have greater effect on performance compared to training and rewards. Therefore, it is recommended that, the company has to continue implementing incentive schemes to salesforce and give more emphasis on the magnitude of incentives so that the level of salesforce performance can be advanced.

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LIST OF ABBREVIATIONS

BA	Branch Associate
BM	Branch Manager
BS	Branch Supervisor
FMCG's	Fast-moving consumer goods
KPI	Key Performance Indicator
P4P	Pay for Performance
RA	Retail Associate
RSM	Regional Sales Manager
SPSS	Statistical Package for Social Scientist
SR	Sales Representatives
TCC	Tanzania Cigarette Company Limited

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Salesforce is one of the most important asset that a company can possess, thus ensuring its effectiveness is one of the key differentiators between superior and average performing companies. Over the past few years businesses have experienced significant changes and this has been a trend in order to continue being competitive. Nowadays, the pressure to increase sales seems to be rising due to competition and the change in market dynamics. Although efficiency helps to boost profits for many organizations yet sales growth can still be quite uncertain. The key question is how companies can effectively motivate its salesforce in this competitive environment.

Tanzania Cigarette Company introduced an incentive scheme which targeted the salesforce only among all the company employees. Over a past decade the sales incentive scheme have evolved, and is a combination sales compensation plan which offers both a base salary plus an incentive based on sales volume performance. The commission is a variable pay calculated a result of over performance in sales volume capped at certain percentage.

The aim of this incentive schemes to salesforce is not limited to continuously recognize salesforce efforts, increase salesforce motivation, increase productivity and increase overall company's performance as an individual and as a group. The company's sale incentive scheme rewards branch performance in terms of sales volume and incremental achievement in sales volume beyond 100% target achievement. The incentive pay

followed a star ranking through sales volume achievement: First star at 101%, second star at 102.5%, third star at 105%, fourth star at 107.5% and fifth star at 110% and above. This initial sales incentive scheme was purely based on team performance.

In 2012, the company improved sales incentive scheme to salesforce and the rewards to comprise of: Individual quota/volume achievement, branch sales volume achievement and brand mix. This enhanced a pay for performance (P4P) culture while maintaining aspect of team work. The key performance indicator (KPI) measured a ratio of 80/20 rule, where by 80% individual effort (assigned quota sales volume performance) and 20% on branch sales volume performance with respect to brand mix contribution matrix to enhance the team work aspect.

This study will be able to establish the effects of incentive scheme to the performance of salesforce from a strategic, financial and tactical point of view in the existing company's sales compensation plan. The study is particularly interesting due to special properties of the firm's incentive pay scheme that allows to estimate effort's effect on output since, the scheme is designed so that employees are only eligible for incentive pay if their monthly productivity is above a stated threshold level.

1.2 Statement of the problem

Since various means of compensation schemes and plans are very important to be considered for every fast moving consumer goods companies (FMCG's) in Tanzania in order to realize and keep growth in sales volume, share of market and ultimately profit. The attention is always generalized to all the company's employees which lead to most companies putting little effort in designing a comprehensive sales incentive scheme to

cater for this unique group of employees (salesforce) and differentiate it from others (supporting functions staffs) in order to be able to utilize and realize their fully potentials thus reaching its desired goals and objectives following the unique nature of sales activities.

Zoltners, et al. (2006) suggests that to have an effective incentive scheme plan should successfully balances the competing objectives that is to meet the needs of salesforce and the need of the company. From salesforce perspective they want good pay, recognition and job satisfaction whereas the company wants to produce desired results.

Mihaela (2013) suggests that the amount of effort a salesperson is willing to expend in the selling job is a result of sales force motivation. While some salespersons are self-motivated (internally), others need to be motivated to perform (externally). The effectiveness of the salesforce plays a crucial role in the success and growth of an organization and in order to attain the goals of the organization, it is essential that the salesforce is highly motivated.

Although employers tie at least some portion of their workers' pay to the workers' performance and or / company's performance, at times the targeted salesforce do not see a connection between incentive pay versus performance and salesforce performance do not particularly being influenced by the company's sales incentive scheme according to Umar (2010). This study specifically identified the link between incentive scheme and individual salesforce performance.

1.3 Research Objectives

The study is guided by following research objectives:

1.3.1 General Research Objective

The general objective is assessing the effect of incentive scheme on performance of the salesforce of Tanzania Cigarette Company.

1.3.2 Specific Research Objectives

- (i) Assess if sales incentives have effect on performance.
- (ii) To examine if sales reward have effect on performance.
- (iii) To identify how recognition can influence salesforce performance.
- (iv) Evaluate the effect of salesforce training on performance.

1.4 Research Questions

The study intended to address the following questions:

1.4.1 General Research Question

Does the incentive scheme have effect on performance of salesforce of Tanzania Cigarette Company?

1.4.2 Specific Research Questions

- (i) Does incentive scheme improves individual performance?
- (ii) How do rewards affect performance of salesforce?
- (iii) Can salesforce recognition influence performance?
- (iv) Can sales training influence performance?

1.5 Significance of the Study

The findings of this study will help the company management to understand how the sales incentive scheme contribute to salesforce performance and if it is in line with company goals and culture which ultimately attracts, reward and retain successful salesforce talents.

The findings of this study also will assist management to avoid the common trap of overusing incentives to solve too many sales management problems as it will assist sales managers to set territory goals that are fair and realistic and avoid overpaying the salesforce because the goals are too easy or demoralizing the sales force because the objectives are too difficult or unrealistic.

It may also lead to better understanding of the whole process of effective sales incentive schemes to various fast moving consumer goods companies (FMCG's) to be implemented for salesforce. Finally, the findings of this study will produce a useful reference to other students who may be interested to further broaden the subject and it is anticipated that the findings of this study will add value to the existing literature in the field of marketing and specifically in sales management aspect.

1.6 Scope of the Study

The study assessed the effect of incentive scheme on the performance of salesforce and this was limited to the marketing and sales staffs of Tanzania Cigarette Company which is referred to the salesforce. The nature precludes other company employees who are not directly involved in sales activities. This study covered the aspects of sales

incentives, rewards systems for salesforce, influence of recognition on performance and effect of training the company salesforce receives on their day to day work performance.

1.7 Organization of the Study

The study is presented into five chapters. Chapter one has an introduction which covers the background of the problem, statement of the research problem, research objectives and research questions that guided the study, significance of the study and the scope into which the study was conducted. In chapter two various conceptual definitions have been defined to guide the reader, theoretical and empirical literature have been reviewed and acknowledged, research gap, conceptual and theoretical framework discussed. Chapter three focused on research methodology which includes research design, area and population of the study, sampling design and sample size, data collection methods and tools used, reliability and validity of data and tools used have been considered. Chapter four presented the results of the analyzed data and discussion of the findings and Chapter five covers summary of the main findings, implications of the findings, conclusions, recommendations, limitations of the study and suggested area for further study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into three parts, the theoretical literature review, and empirical literature review and research gap. The theoretical literature review explains various literature related to the topic while empirical part which shows how other part researchers talked about the same or related topic, research gap shows the part that have not been revealed yet on the study and necessitates for further study.

2.2 Conceptual Definitions

In this section key terms have been defined and explained. The terms such as incentive schemes, Salesforce, performance, rewards, and recognition. These have been referenced from various scholars.

2.2.1 Incentive Scheme

Incentive scheme is any compensation that has been designed to recognize some specific accomplishments on the part of an employee. It is expected that the prospect of the incentive payment will ‘trigger’ the desired performance behavior according to Hartman (1994)

Gupta (1994) incentives means an inducement which stimulates a person to act in a desired direction. An incentive has motivational power because it helps to satisfy a need and in modern organizations, a large number of incentives are used to motivate the employees.

Incentive schemes as defined by Griffin and Moorhead (2013), are special programs designed to motivate high performance. Incentive schemes attempts to link at least a portion of pay to job performance to encourage higher productivity. Incentives as often called, should be aligned with the behaviors that help the organization to achieve its goals. Incentives are either for individual or group. In this study, sales incentive scheme “Sales incentive” scheme is designed with a primary purpose to encourage/motivate salesforce to improve their performance as individuals and work groups. Incentive schemes which includes commissions based on sales, individual sales goals and the like.

Delaney and Huselid as cited by Greer (2003, p.560) have addressed the question of the performance impact of incentive-based compensation. Their study concluded that incentive-based compensation was significantly related to organizational performance. Mejia (2015) defined incentives as benefits that are promised to employees to motivate them to achieve their best and to improve their behavior, productivity, and output continuously. Incentives are granted to workers that perform below par, and to encourage them to achieve the desired level of performance or set goal. The aim of incentive is to motivate and encourage employees to achieve desired performance, efficiency, and levels of output.

2.2.2 Salesforce

According to Cambridge dictionary, salesforce are all employees of a company whose job is persuading customers to buy their company’s products or services. Enright, et al. (2014). Salesforce is one of the most important asset that any company can possess, as they understand both the product and the sales process of a particular company.

2.2.3 Performance

According to Cambridge dictionary, performance is how well a person, machine, etc. does a piece of work or an activity. Thus, performances can be categorized into two categories: Organizational performance and employee performance. A good employee performance is also known as job performance which is necessary for the organization since organization success is dependent upon the employee's creativity, innovation and commitment according to Ramlall (2008) as cited by Keijzers (2010).

According to Vroom (1964) an employee's performance is based on individual factors namely: personality, skills, knowledge, experience and abilities. According to Otley (1999) the performance of organization is dependent upon the performance of employees and other factors such as the environment of the organization. Wogari (2016) the performance of an employee depends on the strength of employee incentive schemes used in an institution.

The employee's reactions to the different type of incentive schemes can also be an important condition to improve the employee's performance. Recently, scholars have begun to urge that employee emotions and perceptions are important in determining the efficacy of employee productivity. However, it is prominent that many of the employers do not pay enough attention to their employees, which may be due to the struggling for cost reduction and great desire for sustainability.

2.2.4 Rewards

According to Mejia (2015) a reward is a benefit that is provided in recognition of achievement, service and commendable behavior. It is given to an employee only after he/she has provided evidence of his/her positive behavior and achievements. The aim of a reward is to show the employees that their work and effort are valued, is given as an appreciation for the work already completed, as well as motivation to keep improving their quality of work.

Rewards can be in the form of money (salary increments, bonuses) or can even be non-monetary in nature (promotions, paid time off, flexible work hours). Griffin and Moorhead (2013) rewards consistute many of the inducements that organizations provide to employees as part of the psychological contract and also rewards satisfy some of the needs employees attempt to meet through their choice of work-related behaviours.

2.2.5 Recognition

Mejia (2015) recognition is a discretionary act, and within context of a recognition program, the recognition will ideally align with a company core values. There are of two types: Those linked to a reward called monetary recognition and those with no reward are called non-monetary. According to Cambridge dictionary employee recognition is defined as communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace. Recognizing or honoring employees for this level of service is meant to encourage repeat actions, through reinforcing the behavior you would like to see repeated.

2.3 Theoretical Literature Review

This part presents theories that are related to motivation as well as performance of salesforce in which for a researcher's point of view contribute to the performance of salesforce. Salesforce motivation is however a wider terminology. There are many competing theories which attempts to explain the nature of motivation, these theories discussed below tries to explain the behaviours of certain people at certain times.

2.3.1 Types of Motivation

Motivation is the strength and direction of behavior and the factors that influence people to behave in certain way by Armstrong (2016). People are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward-on that satisfies their needs and wants.

Motivation can be intrinsic or extrinsic. Intrinsic motivation takes place when individuals feel that their work is important, interesting and challenging and it provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities. Extrinsic motivation occurs when things are done to or for people in order to motivate them. These include rewards such as incentives, increased pay, praise, or promotion; and punishments.

Mihaela (2013) motivation is the process that produce goal-directed behaviour in an individual. It helps to initiate desired behaviour in an individual and direct it towards attainment of organizational goals.

According to Armstrong (2006) Motivation at work can take two ways. First, people can be motivated themselves by seeking, finding and carrying out work (or being given work) that satisfies their needs or at least leads them to expect that their goals will be achieved termed as intrinsic motivation. Secondly, people can be motivated by management through such methods as incentive pay, promotion and praise termed as extrinsic motivation. The approach as for the purpose of this study is underpinned by the following theories.

2.3.2 Reinforcement Theory

This theory states that if people believe that something has worked well for them previously, they will do it again. The assumption is that positive reinforcement of desired behaviour elicits more of the same; punishment of undesired behaviour (negative reinforcement) elicits less of the same. With reinforcement theory, individual's behaviour is a function of its consequences. It is based on "law of effect", i.e. individual's behaviour with positive consequences tends to be repeated, but individual's behaviour with negative consequences tends not to be repeated.

This theory focuses totally on what happens to an individual when he takes some action. Thus, according to Skinner (1969), the external environment of the organization must be designed effectively and positively so as to motivate the employee. This theory is a strong tool for analysing controlling mechanism for individual's behaviour. This provides feedback that positively reinforces effective behaviour and implies that rewarding an employee by removing negative or undesirable consequences. Both positive and negative reinforcement can be used for increasing desirable or required

behavior. Reinforcement can be divided into positive reinforcement and negative reinforcement.

Positive reinforcement occurs when the consequences resulting in the behavior you are attempting to produce increases the probability that the desired behavior will continue. Thus, if a salesperson performs well, that salesperson may receive an incentive, which reinforces the desire to make sales because of consequences of doing so.

Negative reinforcement occurs when a negative consequence is withheld if the behavior you desire is demonstrated, which will increase the probability that the behavior you are seeking will continue. Thus, if a salesperson did not achieve a given quota no incentives to be given, thus his desire for more pay (incentive) will push him or her for extra effort next time.

According to Reinforcement theory focuses on the relationship between the target behavior/performance and a motivational tool/pay for performance according to Skinner (1969), and it is premised on the principles and techniques of organizational behavior modification according to Stajkovic and Luthans (1997).

2.3.3 Expectancy Theory by Vroom (1964)

Basically this theory assumes that a person's motivation to exert effort is dependent upon his expectations for success. Vroom based his theory on three concepts – expectancy, instrumentality and valence.

Expectancy refers to a person's perceived relationship between effort and performance whereas Instrumentality reflects the person's perception of the relationship between performance and reward. If one instrumentalities is weak or the net preference is weak, then the level of motivation will be low. In other words, two concerns of sales people are:

- (i) Does the alternative offer a chance of satisfying some perceived need and,
- (ii) What is the probability that need satisfaction will actually occur once the behavioral is exhibited?

The former leads to either immediate rejection or further consideration of the alternative; the later allows for the choice between alternatives, each of each offer a probability of success Oliver (1974) as cited by Mugasa (2013). Valence represents the value placed upon a particular reward by a person. Thus, according to the theory, if a sales person believes that by working harder he or she will achieve increased sales (high expectancy), and that higher sales will lead to greater commission (high instrumentality) and higher commission is very important (high valence), a high level of motivation should result. Motivation is only likely when a clearly perceived and usable relationship exists between performance and outcome. The outcome is seen as a means of satisfying needs, this explains why extrinsic financial motivation – for example, an incentive or bonus scheme works only if the link between effort and reward is clear and the value of the reward is worth the effort. The theory explains that where an individual chooses between alternatives which involve certain outcomes, it seems clear that his behavior is affected not only by his preferences among these outcomes but also by the degree to which he believes these outcomes to be possible. Thus it is expected salesforce

performance to be affected by incentives. In Vroom's expectancy model, people make conscious decision in anticipation of reward in operant conditioning; people react in stimulus response model. Managers using the expectancy model must become personally involved with their employees to understand better employees' values, training in sales skills, reward systems, strengths and willingness to take risks.

2.4 Empirical Literature Review

Various researchers have undertaken studies regarding the aspect of motivation and employee performance. The use of monetary or other financial incentives in the classical performance paradigm is based primarily on the theoretical propositions of reinforcement theory. The review classified into three aspect as per below.

2.4.1 Empirical Literature Review Worldwide

According to King, et al.(1980) whose studies were if goals mediate the effects of incentive on performance, and the findings were assigned and participative goals setting to be significantly better than "do your best" conditions and concluded that there is probable less solid research in the area of (monetary incentive) than in any field related to worker performance.

According to Copeland and Monnet (2009) on the studies about the welfare effect on the incentive scheme found that compared to an environment without incentives, the firm's bonus scheme lowers the time taken to sort the checks by 11.9%. A little less than half of this gain, however, is needed to compensate workers for their higher effort levels. Thus introduction of the firm's incentive schemes increases the welfare of the

firm and workers by 6.9%. Hence introduction of firm's incentives increased the welfare of firms and workers.

There is evidence regarding the effect of incentive contracts on learning and performance by Sprinkle (2000) and the study provided experimental evidence that participants receiving the incentive-based contract spend more time on the task and performed better on the task than participants receiving the flat wage contract. This was done by Indiana University in America.

Hannan, et al. (2008) on the study about the effects of disseminating relative performance in tournament and individual compensation plans. The paper examined the effect of providing relative performance feedback when the participants are compensated under one of these types of compensation schemes. Thus, the study found that providing relative performance feedback increases the performance of participants who are compensated based on an individual incentive scheme. Moreover, the specific content of feedback has no impact on performance. Providing relative performance feedback has the opposite effect for participants compensated under a tournament incentive scheme.

Basu (1985) on the study titled salesforce compensation plans in USA: An agency theoretic perspective. The results are as follows: there is a positive relationship between compensation plans and effectiveness of salesforce. Thus, increases in the effectiveness of the sales response function allow the salesperson to generate more expected sales for a given level of effort. The theory provides an explanation for many of the types of compensation plans that are in use.

2.4.2 Empirical Literature Review in Africa

AMREF (2012) conducted a study on factor affecting motivation and retention of primary level health care workers in Kenya. The study came with the findings that salary and terminal benefits were mentioned as an important compensation factors closely linked to motivation in retention of employees. Thus, the findings demonstrates a distinct motivational and retention factor affecting health workers in job satisfaction and conducive working environment.

According to Ntura cited by Dallu (2015) in his study survey of the relationship between job satisfaction and organizational performance of companies listed in Nairobi stock exchange, Kenya. He found little evidence of any appreciable relationship between job satisfaction and organizational performance. The study however showed that team work, employee involvement and pay significantly affect productivity.

Mwiti (2012) studied on the perceived relationship between job satisfaction and employee performance among teachers service commission secretariat at the headquarters in Nairobi. He found that satisfaction on employees is linked to supervision, working environment, colleagues, team work, training and development, participation in decision making and financial rewards. He found that the level of employee performance in the organization is dependent on the job satisfaction.

Wogari (2016) on his study on employee's perception of performance based incentive schemes and its influence on employee productivity: The case of Africa village financial services in Ethiopia. The study concluded that there is a positive relationship between

employee productivity and employee's perception of performance based bonus pay incentive scheme.

According to Chima (2014) study on motivation and job satisfaction in the Nigerian public service: Issues, problems and challenges. The findings that there is effort needed to positively redesign works and work environment in Nigeria. Good policy formulation and its clarity and implementation may prove helpful. Considerations on the stock options for employees came as a life wire for sustenance of servants even after retirement. Periodic salary package reviews to reflect economic realities. Finally the government should embark in providing cafeteria services to servants.

Babalola, et al. (2017) on their study on incentive package, employee's productivity and performance of real estate firms in Nigeria. There is a strong relationship between incentive and organizational performance. However, the result indicated that not all incentive options are offered or used in the estate firms and that the choice of incentive packages differs significantly among the firms. The study also outlined some other determinants of the firm financial performance and shows that incentive package among the first five important determinants of the performance of real estate firms, the other variables that came out such as periodic training/workshops, competent manpower, logistics and resources and base salary. The study concluded that, there is need for estate firms to improve on incentives in order to maximize the potentials of their employees.

2.4.3 Empirical Literature Review in Tanzania

Mugasa (2013) conducted a study to investigate the impact of motivation on salesforce performance as a key factor towards improving organizational functions. The case of Mwananchi Communications Company. The study revealed that motivation has an

impact on the work force performance in the positive way such that motivations increases work performance, unity among the workers and employers, production of quality products, retain employees. Motivations also promotes confidentiality and punctuality.

The study found that job satisfaction to be the foremost important motivational factor and that the motivational value placed to this varies from one person to another. Generally, the study shows that the work force can be improved if the workers are motivated and where there is motivation and incentives workers feels part and parcel of the company which result into employees hard work and diligent which ultimately increases production and sales at large.

Kyaruzi (2017) in his study about assessing the effects of motivation on organizational performance a case of Massana hospital in Dar es Salaam. He found that, there is a clear relationship between motivational packages and job commitment thus motivation increases organizational productivity and retain talents at work place.

The motivating factors like salary, pay levels and promotion improved workers morale and satisfaction on their job. The study also found that there were no any kind of incentives given to them that they can count on.

Tirweshobwa (2013) the study investigated the impact of motivation on employee's performance revealed that majority of workers valued good pay as the financial motivator for them to work along with factors like challenging job assignments, good supervision, work environment and promotion encouraged employees to stay at current job and motivated employees to go to job.

Muze (2014) in her study of assessment of motivation and its impact on employees' performance in goal attainment: A case study of Vodacom Tanzania Limited. The study found that several motivational criteria were assessed such as working environment, recognition and rewards reinforces the right behavior, employee relationship. All these had a positive relationship with performance. However, the study also found that employee turnover is a key dissatisfying aspect to employee motivation.

Mponezya (2007) as cited by George (2015) insisted on the importance of understanding the needs of each worker before formulating any incentive scheme to motivate employees, that each individual worker perceives the value of organizational incentive program from the point of view of the extent to which his or her needs can be satisfied.

2.5 Research Gap

Although there are many studies conducted in respect of influence of motivation in different aspects in relation to employee's performance but most of the researchers did not concentrate or address the impact of incentive scheme to salesforce on manufacturing company especially Tanzania Cigarette Company and other companies of the same kind specifically in Tanzania. Such as Tirweshobwa (2013) on her study in WFP on the impact of motivation on employee's performance; Wogari (2016) on his study on employee's perception of performance based incentive schemes and its influence on employee productivity in Ethiopia and Babalola, et al. (2017) on their study on incentive package, employee's productivity and performance of real estate firms in Nigeria

Thus, through this study there is need to assess the effects of incentive scheme on the sales force performance so as to find out if they boost the morale of sales force, in order to work efficiently and effectively towards the fulfilment of the organization objectives and ultimately, increase in sales and overall profit of the company.

2.6 Conceptual Framework

The conceptual framework for understanding on the effects of incentive scheme on performance of salesforce.

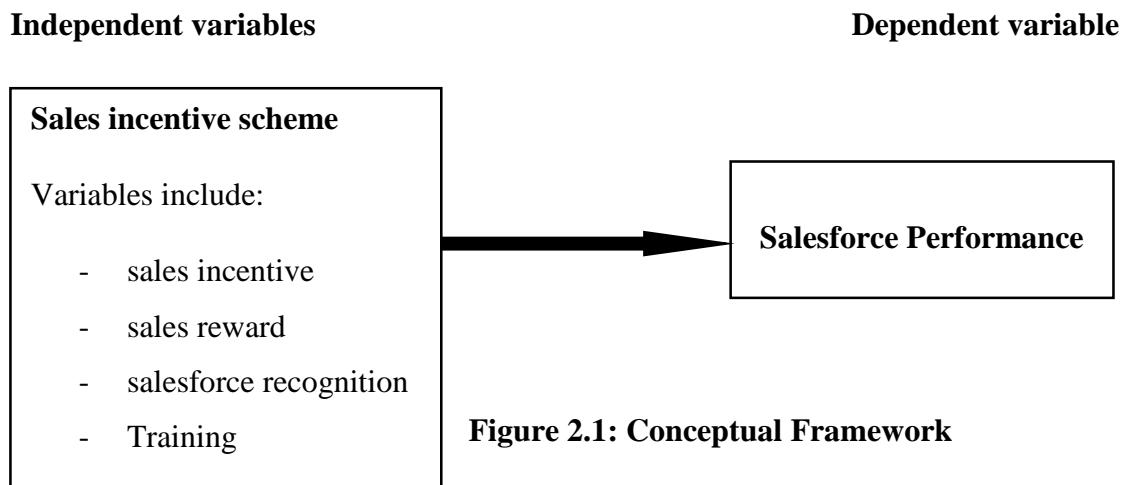


Figure 2.1: Conceptual Framework

Source: Field Data 2016

2.7 Theoretical Framework

The model explains the relation between incentives and salesforce performance given certain variable that acts like indications to establish standards of performance. The variables are: Sales incentives, sales rewards, salesforce recognition and training. The sales incentives aims to motivate and encourage employees to achieve desired performance, efficiency, and levels of output. The sales reward aims to show the

employees that their work and effort are valued, is given as an appreciation for the work already completed, as well as motivation to keep improving their quality of work.

The salesforce recognition is a discretionary act of praise where by salespeople enjoy being recognized and they are extremely competitive and love to see their names up on a ladder or earn a badge and words of congratulations for colleagues. Trainings involves learning and teaching employees due to a need for development of skills and knowledge increases salesforce engagement and sense of belongingness Anthony cited by Ngowi (2014). Arthur as cited by Ngowi (2014) state that training an employee to get along well with authority and people who entertain diverse point of view is one of the best guarantee of long term success.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section present research methodology that have been deployed during the research study. It consists detail descriptions of research design, area of study, population of the study, sampling design and sample size, data collection methods and tools, reliability and validity, and data analysis.

3.2 Research Design

In this study data have been collected in exploratory manner. The research design is the scheme outline or plan that is used to generate answers to research problems Kothari (2004). Thus, the data collection in this study have been conducted in exploratory manner.

3.3 Area of the Study

The study has been conducted at Tanzania Cigarette Company and it included its operational 16 sales branches across Tanzania (Iringa, Morogoro, Arusha, Moshi, Mwanza, Bukoba, Songea, Mbeya, Shinyanga, Kigoma, Dodoma, Tanga, Zanzibar, Mtwara, Musoma and Dar es Salaam). This is because of the uniform nature of work they perform and the ease of access to samples, information and permissions. The nature of the study topic caters for fast moving consumer goods where salesforce plays a key a role.

3.4 Population of the Study

It has been claimed by Khan (1998) that the population of the study is the group of individuals who have one common characteristics that are of the interest of the

researcher thus forming the population of interest. The population of interest is usually defined by the purpose of the research and the research questions itself this is according to Marczyk, et al. (2005). The total population of this study considered is 159 salesforce employees.

3.5 Sampling Design and Sample Size

3.5.1 Sampling Design

The sampling technique that were used for this study is probability sampling. With Probability samples the chance of each case being selected from the population is known and is usually equal for all cases according to Saunders, et al. (2009). This means that it is possible to answer research questions and to achieve objectives that require statistical estimates. The technique used under probability sampling was simple random sampling.

Simple random sampling is selected because all individuals have an equal chance of being selected, hence the procedure ensured that each case in the population had equal chance of being included in the sample. This study used a random assignments when assigning participants to groups within the study. This is because a random assignment is a reliable procedure for producing equivalent groups because it evenly distributes characteristics of the sample among all the groups within the study by Marczyk, et al. (2005).

3.5.2 Sample Size

A representative sample of 80 salesforce team have been randomly selected as respondents among all salesforce employees of the company to represent for the

purpose of this study due to convenience. A sample of convenience is simply a potential source of participants that is easily accessible to the researcher by Marczyk, et al. (2005). Random selection is a control technique that increases external validity, and it refers to the process of selecting participants at random from a defined population of interest according to Christensen (2004) and Cochran (1977) as cited by Marczyk, et al. (2005).

According to Stutely (2003) advice of minimum number of 30 for statistical analyses provides a useful rule of thumb for smallest number in each category within the overall sample. Where the population in the category is less than 30, and you wish to undertake your analysis at this level of detail, you should normally collect data from all cases in that category. The Table 3.1 summarizes the sample size, data collection tools and sampling design that were used in this study.

Table 3.1: Sample Size

s/n	Respondents	Frequency (N)	Percent age (%)	Actual returned questionnaires	Data collection tools	Sampling design
1	Operational Sales Representatives (field force)	53	66%	53	Questionnaire	Simple random sampling
2	Operation sales Managers	20	25%	19	Questionnaire	Simple random sampling
3	Senior level Managers	7	9%	7	Questionnaire	Simple random sampling
	TOTAL	80	100%	79		

Source: Field Data 2026

3.6 Data Collection Methods

Both secondary and primary data were collected. The Secondary data for the study that were collected are mostly qualitative and some secondary quantitative data collected from the company's intranet and human resource department regarding the historical data on Sales incentive payments. Primary data collected directly from the sales force through administered questionnaires.

3.7 Data Collection Tools

Primary data collected directly from the sales force and the data collection tool that were used was questionnaires.

3.7.1 Questionnaires

Questionnaires is defined as the techniques of data collection in which each person is asked to respond to the same set of questions according to De Vaus (2002) as cited by Saunders, et al. (2009). The questionnaires designed in such a way that it captured the demographic characteristics and consisted the variables in the research objective through a global rating on a scale 1 to 5.

Marczyk, et al. (2005) defined global rating scales is a self-report that is commonly used a data collection technique in research. This approach to measurement attempts to quantify a construct or variable of interest by asking the participant to rate his or her responses to summary statement on a numerical continuum. In this study the pre-coded structured questionnaires were prepared and distributed to 80 salesforce staffs in two ways: Firstly, for distant salesforce across the country (upcountry salesforce staffs), a self-administered questionnaires were sent electronically through internet via e-mail.

Secondly, Dar es Salaam salesforce staffs, the printed copies were handed/distributed in person due to the easy of reach and availability. Only 79 questionnaires out of 80 distributed were returned which represents a success rate of 98.7%.

3.8 Reliability and Validity of Data

3.8.1 Reliability of Data

Reliability has been ensured by careful design of the questionnaire questions based on statement of the problem, research questions and research objectives. Saunders, et al. (2009). In this study, the reliability were achieved through administering questionnaires to few samples to test if it portrays the intended meaning in the set questions designed, the sample questionnaires were distributed, filled and reviewed. After review the rectifications were made then tested again and finally the questionnaires were distributed to the entire selected sample of 80 salesforce. The strategy deployed to increase reliability were through the designed standard questionnaires that were the same for all participants in this study.

3.8.2 Validity of Data

The validity of this study were ensured through random selection of the sample. A random selection 80 salesforce as sample size composed of randomly selected salesforce employees who represented a population of interest. Random sample helps control for extraneous influences because minimizes the impact of selection biases and increases the external validity of the study. In other words, validity is concerned with whether the findings are really about what they appear to be about Saunders, et al. (2009). The relationship between two variables a causal relationship will be analyzed by the appropriate measure. Validity was measured through proper identification of

research problem and building a theoretical perspective on various motivational theories and programs in place to address the relationship variables within the topic.

3.9 Data Analysis

Primary data that were collected through distributed questionnaires have undergone three steps:

Firstly, data screening were done by editing to ensure legibility, accuracy and to remove inconsistencies. Secondly, coding where by the numerical codes have been assigned to distinguish categories and reflect value of different states of a variable and a code book developed. The data code book were developed through a well-structured database. Marczyk, et al. (2005) defines a data code book or computerized list that provides a clear and comprehensive description of the variable that will be included in the database.

Thirdly, after the data have been screened for completeness and accuracy, and development of well-structured database and a detailed code book, then tabulation involved summarizing the data into tabular form with the help of computer statistical packages (SPSS) ready for analysis. The missing values were identified and coded with -100000 due to participants failing to respond to certain questions. The descriptive analysis method was performed to assess the perception of respondents with regard to the performance based on incentive schemes. Frequency distribution is simply defined as a complete list of all possible values or scores for a particular variable, along with the number of times (frequency) that each value or score appears in the data set according to Marczyk, et al. (2005). The study and results were drawn from a representative samples and in attempt to draw inferences about the population from

which the samples were drawn, required the analysis to use to examine these inferences because inferential statistics helps to draw conclusion beyond immediate samples and data.

Inferences began with the formulation of specific hypotheses about what is expected to be true in the population. Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variable according to Marczyk, et al. (2005). Following the nature of the study and conceptual framework drawn there was to perform statistical regression so as to examine the associations or relationship between variables. This study called for both simple regression and multiple regression.

CHAPTER FOUR

ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter contains presentation and discussion of the research findings. It discusses respondent's characteristics, outlines the criteria used to assess effect of salesforce performance of Tanzania Cigarette Company limited, also it gives the effect of incentive scheme on salesforce performance.

4.2 Response Rate

A sample size of 80 respondents was expected to participate in this study, but 79 respondents actually participated and their questionnaires were returned which gives a response rate of 99%, which is quite satisfactory and warrants further analysis. Saunders, et al. (2009).

4.3 Demographic Characteristics of the Respondents

The section presents background information concerning the respondents, it presents respondents variability in their profiles based on the questions asked. This intends to explore composition of respondents in terms of age, marital status, years in service with the company.

4.3.1 Respondent Distribution by Age

The study results in Fable 4.1 above indicates that out of 79 respondents, 21.5% are aged between 20-30 years (17 respondents), 45.6% had the age range between 30-40 years (36 respondents) and 32.9% of the responding sample above 40 years. (26 respondents).

Table 4.1: Age, Marital Status and Years of Service of Respondents

Grouping	Scale items	Frequency (N)	Percentage (%)
Age	20 – 30 Years	17	21.5
	30 – 40 Years	36	45.6
	40 and above	26	32.9
	Total	79	100.0
Marital Status	Single	18	22.8
	Married	60	75.9
	Divorced	1	1.3
	Total	79	100.0
Years of Service	Less than 1 year	2	2.5
	1– 3 years	9	11.4
	3 – 5 years	29	36.7
	5and above	39	49.4
	Total	79	100.0

Source: Field Data

The age analysis finding indicated that almost 67.1% of salesforce were aged less than 40 years and the remaining 32.9% aged greater than 40 years. This implies that more than half of the existing salesforce employees were young people and hence may have high chance to shift to other companies if not properly handled and if they feel that there are not recognized. On the other hand, if well rewarded and recognized, this existing potential human resources have a high possibility to contribute to increased performance.

4.3.2 Marital Status

The study results in table 4.1 above indicates that 75.9% of the sample population were married (60 respondents). This is the largest part of the sample followed by those who are single who recorded 18 respondents' equals to 22.8% and the least group was of

those who are divorced. Only one respondent reported to be divorced, equal to 1.3% of the population. The marital status analysis shows the higher percentage of marriage salesforce 75.9%, this is good sign for commitment and less turnover as it is believed that married employees' exhibits much commitments than single ones. Thus, small adjustments to enhance their productivity will highly be valued.

4.3.3 Respondents Years of Service

The results in table 4.1 above indicates that most respondents had worked more than 5 years with the company which is 49.4% of the sample (39 respondents), 36.7% of the sample (29 respondents) have worked between 3-5 years, 11.4% of the sample (9 respondents) have worked between 1-3 years and 2.5% of the sample (2 respondents) have worked less than 1 year. From the analysis, majority of the respondents 86.1% have stayed with the company for more than 3 years. This implies that the employees have been assimilated to the company culture and becomes easily satisfied thus sales incentive scheme enhances their performance.

4.3.4 Category of Respondents

Respondents' categories were grouped into the main three categories namely: Operational sales representatives; operational sales managers and senior level managers. Table 4.2 indicates that majority of the respondents were under operational sales representatives which accounts for 68.4% of the entire sampled population, while 22.8% represents operational sales managers and 8.9% represents senior level managers. The analysis provides a clear insight that the majority respondents operational salesforce which are the primary target of the sales incentives scheme as they are the driving force for the company's productivity and profit. Thus, motivating

them through the use of incentives increases their performance ultimately company's productivity and profit.

Table 4.2: Category of Respondents

Position in the company		Frequency (N)	Percentage (%)
Valid	Operational sales representatives	54	68.4%
	Operational sales managers	18	22.8%
	Senior level Managers	7	8.9%
Total		79	100.0%

Source: Field Data 2016

4.3.5 Frequency of Receiving Sales Incentive

Table 4.3 shows that 60.8% of respondents received sales incentive in the past 6 months more than 4 times and 32.9% of respondents received between 2 and 4 times, and 2.5% of respondents received once and 2.6% of respondents did not receive at all.

Table 4.3: Frequency of Receiving Sales Incentive

Incentive Receiving		Frequency (N)	Percent (%)
Valid	Once	2	2.5
	Two - Four times	26	32.9
	More than 4 times	48	60.8
	Not at all	2	2.5
	Total	78	98.7
Missing	-100000	1	1.3
Total		79	100.0

Source: Field Data 2016

The findings analysis above shows that majority of respondents received sales incentives more than 4 times which represents 60.8% of respondents, followed by 32.9% of respondents who received between two to four times and 2.5% of respondents received incentives once. The analysis shows that the incentive program implemented by the company is working effectively as majority of salesforce which is 93.7% of the respondents received sales incentives more than once in the past six months, which implies that they are benefiting from the incentive scheme.

4.3.6 Training Attendance in the Past 2 Years

The Table 4.4 shows that 69.6% of respondents said that they received training in relation to their work in the past two years and 21.5% of respondents did not receive any training in the past two years and only 6.3% of respondents don't remember getting any training and 2.5% of respondents missed answering to this question. This finding implies that the company is also investing in training of its sales force so as to sharpen their skills in execution of their day to day work. This also have contribution in the performance of the sales force.

Table 4.4: Training Attendance

	Training attendance	Frequency (N)	Percent (%)
Valid	No	17	21.5
	Yes	55	69.6
	I don't remember	5	6.3
	Total	77	97.5
Missing	-100000	2	2.5
Total		79	100.0

Source: Field Data 2016

4.4 Results for Research Hypothesis

According to Marczyk, et al (2005), hypothesis is an attempt by the researcher to explain the phenomenon of interest. In order to address the objectives of this study and deal with the research questions, the following four null hypotheses were formulated and then tested in due course of the research study:

- (i) There is no significant positive relationship between sales incentives and salesforce performance.
- (ii) There is no significant positive relationship between employees' sales reward and their performance.
- (iii) There is no positive relationship between recognition of sales force and their performance.
- (iv) There is no positive relationship between trainings to salesforce and their performance.

Table 4.5: Summary of Tested Hypothesis

No.	Tested Hypothesis	Test Result
1	There is no significant positive relationship between sales incentives and salesforce performance.	Rejected
2	There is no significant positive relationship between employee's sales reward and their performance.	Rejected
3	There is no positive relationship between recognition of salesforce and their performance.	Rejected
4	There is no positive relationship between trainings to salesforce and their performance.	Rejected

Source: Field Data 2016

According to Marczyk, et al. (2005), the primary index of statistical significance is the p-value. The p-value represents the probability of chance error in determining whether a finding is valid and thus representative of population and the significance levels informs us about the degree of confidence that we can have in our findings. The p-value for each term tests the null hypothesis that the coefficient is equal to zero (no effect). A low p-value (< 0.05) indicates that you can reject the null hypothesis. In other words, a predictor that has a low p-value is likely to be a meaningful addition to your model because changes in the predictor's value are related to changes in the response variable.

Flexible “Fisher” interpretation: p-value \rightarrow smaller-and-smaller P-value \rightarrow stronger-and-stronger evidence against null hypothesis. Chi-squared test was also performed to check association of the two variables that comprised the formulated hypothesis and below were the results: Specifically, the approach is appropriate because the sampling method used was a simple random sampling, the variables under study were categorical, and the expected frequency count was at least 5 in each cell of the contingency table as per below:

The first objective was to assess if sales incentive have effect on performance. This objective was answered through the formulation of the below null hypothesis and tested by using Chi-square tests.

Hypothesis 1: There is no significant positive relationship between sales incentives and sales force performance.

For this analysis, the significance level is 0.05. Using sample data, chi-square test for independence were conducted and found that the two variables are related since P-value is $<.05$ ($p<=.01 \rightarrow$ highly significant evidence), therefore it is statistically significant and reject the null hypothesis.

Table 4.6: Chi-Square Distribution Table Ho1

Chi-Square Tests			
Sales incentive versus performance	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.880 ^a	12	.029
Likelihood Ratio	26.743	12	.008
Linear-by-Linear Association	7.440	1	.006
N of Valid Cases	75		
a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .09.			

Source: Field Data 2016

Since the test statistic is a chi-square, the probability associated with the test statistic uses the degrees of freedom computed above which is the P-value (0.029) is less than the significance level (0.05) it indicates that the null hypothesis is rejected, therefore the results indicates that there is a positive relationship between sales incentive and salesforce performance. Thus incentive have influence on performance of salesforce.

The second objective was to examine if sales reward have effect on performance.

Hypothesis 2: There is no significant positive relationship between employees' sales reward and their performance.

For this analysis, the significance level is 0.05. Using sample data, chi-square test for independence were conducted and found that the two variables are related since P-value is $<.05$ ($p \leq .01 \rightarrow$ highly significant evidence), therefore it is statistically significant and reject the null hypothesis.

Table 4.7: Chi-square Distribution Table Ho2

Chi-Square Tests			
Reward versus Performance	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	63.502 ^a	16	.000
Likelihood Ratio	41.757	16	.000
Linear-by-Linear Association	20.293	1	.000
N of Valid Cases	77		
a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .05.			

Source: Field Data 2016

Since the test statistic is a chi-square, the probability associated with the test statistic uses the degrees of freedom computed above, as the P-value (0.000) which indicate strong evidence that rewards relates to performance, thus reject the null hypothesis. Hence, it is conclude that there is a positive relationship between employee sales rewards given and their performance. Third objective was to identify how recognition can influence sales performance. Its respective null hypothesis is as below.

Hypothesis 3: There is no positive relationship between recognition of sales force and their performance.

For this analysis, the significance level is 0.05. Using sample data, chi-square test for independence were conducted and found that the two variables are related since P-value is $<.05$ ($p \leq .01 \rightarrow$ highly significant evidence), therefore it is statistically significant and reject the null hypothesis.

Table 4.8: Chi-square Distribution Table Ho3

Chi-Square Tests			
Recognition versus performance	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	64.622 ^a	12	.000
Likelihood Ratio	44.844	12	.000
Linear-by-Linear Association	21.348	1	.000
N of Valid Cases	77		
a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .23.			

Source: Field Data 2016

Since the test statistic is a chi-square, the probability associated with the test statistic uses the degrees of freedom computed above, as the P-value (0.000) is less than the significance level (0.05), we cannot accept the null hypothesis. Thus, we conclude that there is a positive relationship between recognition and sales performance.

Fourth objective was to evaluate the effect of salesforce training on performance. Its respective null hypothesis is as below.

Hypothesis 4: There is no positive relationship between trainings to salesforce and their performance.

For this analysis, the significance level is 0.05. Using sample data, chi-square test for independence were conducted and found that the two variables are related since P-value is $<.05$ ($p \leq .01 \rightarrow$ highly significant evidence), therefore it is statistically significant and reject the null hypothesis.

Table 4.9: Chi-square Distribution Table Ho4

Chi-Square Tests			
Training versus performance	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.534 ^a	8	.018
Likelihood Ratio	18.117	8	.020
Linear-by-Linear Association	8.473	1	.004
N of Valid Cases	75		
a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .05.			

Source: Field Data 2016

Since the test statistic is a chi-square, the probability associated with the test statistic uses the degrees of freedom computed above, as the P-value (0.018) is less than the significance level (0.05), we cannot accept the null hypothesis. Thus, we conclude that there is a positive relationship between sales training and performance.

Table 4. 10: Likert's Scale Items Discussion

Item Description	Strongly Agree	Agree	Neither Agree Nor disagree	disagree	Strongly disagree	Missing	Total
7. Flexible Approach	37%	39%	16%	3%	3%	3%	100%
8.Striving_to_mee t_target	42%	29%	20%	4%	1%	4%	100%
9. Higher Performance Higher Reward	43%	35%	13%	4%	3%	3%	100%
10. Only Salary increase	22%	23%	30%	14%	5%	6%	100%
11. Fairly Paid	27%	44%	18%	9%	0%	3%	100%
12. Trainings Increase Performance	51%	28%	15%	3%	1%	3%	100%
13. Appreciated	47%	27%	16%	8%	0%	3%	100%
14. Criteria Complicated	10%	23%	25%	25%	13%	4%	100%
15. Constantly Involved	24%	18%	27%	19%	10%	3%	100%
16. Recognized	42%	27%	18%	4%	8%	3%	100%

Source: Field data

4.5 Discussion of the findings

Results of this study show that differing opinions from the respondents who answered questionnaires. The number of returned questionnaires were 79 which indicates 98.7% of the returned questionnaires. The results of the frequency distribution analysis on the demographic characteristics of respondents in Table 4.1 shows that majority of respondents 45.6% were within the age bracket of 30 – 40 years, which implies that majority of the salesforce comprises of younger people who can easily move from one company to the other if not properly handled.

From the Table 4.1, the results shows that 75.9% of the respondents are married and 49.4% of respondents have stayed with the company for more than 5 years. This indicates that the majority of the salesforce are matured and responsible thus their motives varies and need to be considered and a clear incentive structure should be in place.

From the table 4.10, the study indicates that the respondents are in line with the statement that the organization has a flexible approach to reward, where by 37% of respondents strongly agree and 39% of respondents agree to the statement. This implies that rewards have positive relationship to performance, evidenced by Kyaruzi (2017) indicated that motivating factors like salary, pay levels and promotion improved workers morale and satisfaction on their job.

The results also indicates that salesforce strive to meet targets because of incentives, where by 42% of respondents strongly agree and 29% of respondents agree to the statement. Thus, the incentive scheme in place have positive relationship to salesforce

performance. This is also supported by empirical evidence on the study done by Wagori (2016) on employee's perception of performance based incentive schemes, he also found that there is a positive relationship between employee productivity and employee's perception to performance based bonus pay incentive scheme. Same findings by Mugasa (2013) who concluded that the work force can be improved if workers are motivated and where there is motivation and incentive, workers feels part and parcel of the company which results into employee hard work and diligent which ultimately increases production and sales at large.

The results indicates that salesforce receives higher level of reward for higher level of performance where by 43% of respondents strongly agree to the statement and 35% of respondents agree to the statement, therefore the results indicates that there is a positive relationship between higher reward and the performance to the sales team. Likewise, the results indicates that appreciation have positive relationship to work performance where by 47% of respondents strongly agreed to the statement and 27% of respondents agreed to the statement, and 42% of respondents strongly agree and 27% of respondents agree with the statement that they are constantly recognised when monthly expectations are exceeded. This indicates the importance on non-monetary incentives to work performance. This is evidenced by Muze (2014) the study found that motivational criteria such as working environment, recognition and rewards reinforces the right behaviour and all these had a positive relationship with performance.

Also the results indicates that 27% of respondents strongly agree and 44% of respondents agree that they are fairly paid with incentives for the work they do. This implies that the company should enhance the best practices to the existing incentive

scheme in place. According to Tirweshobwa (2013) the study revealed that majority of workers valued good pay as the financial motivator for them to work.

The study showed that trainings increases salesforce performance as they rank higher with 51% of respondents strongly agree and 28% of respondents agree that there is a positive relationship between training provided and contribution to performance. This indicates that the company should continue providing the work related trainings on regular basis to enhance salesforce performance as it increases their effectiveness. This is also evidenced by Basu (1985) that, increases in effectiveness of the sales response function allow the salesperson to generate more expected sales for a given level of effort and Babalola, et al. (2017) variables such as periodic trainings, workshops, competent manpower increases employee's productivity.

The study also showed that criteria for sales incentive is not complicated 77% of respondents disagreed to the statement that the criteria for incentive scheme is complicated, this means that the company should continue enforcement of the same incentive scheme in place. This is also supported by Dallu (2015) where the study showed that team work, employee involvement and pay significantly affects productivity.

However, the findings shows only 45% of the respondents (22% of respondents strongly agree and 23% respondents agree to the statement) they prefer increased salary alone and the rest of respondents prefers combination of base pay and commission. This is in line with the study conducted by AMREF (2012) which found that salary and terminal benefits were mentioned as an important compensation factors closely linked to

motivation in retention of employees. This indicates that the company should look closely at its salary structure to the salesforce so as to keep on enhancing the perception of salesforce along with the implemented incentive schemes in place.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives out the detailed explanations of the results findings and conclusions involved in the study while the recommendations are ways proposed as a means of effects of incentive schemes on salesforce performance. It also presents areas for further study.

5.2 Summary of the Main Findings

Focusing on the findings obtained from the analysis of the 80 salesforce of Tanzania Cigarette Company, the following summaries of findings were made: The study was guided by four specific objectives and the results are summarized as per below:

The study shows that the sales incentives are related to salesforce performance, since 42% of respondents strongly agree and 29% of respondents agree, indicates that salesforce see a relationship between sales incentive and performance thus proves that the objective is met.

The study showed that there is positive relation between rewards and performance of the salesforce as 43% of respondents strongly agree and 35% of respondents agree to the statements. This is also supported by the Vroom (1964) on expectancy theory. In which instrumentality reflects the person's perception of the relationship between performance and rewards. The study showed that salesforce performance is positively influenced by recognition. The study findings show that recognition of salesforce is related to their performance. The majority of respondents which represents of 69% agrees (42% of the respondents strongly agree and 27% of the respondents agree).

This study wanted to establish if there is a relationship between salesforce training and performance. The results showed that there is a positive relationship between them as the study found that majority of respondents 51% of respondents strongly agree and 28% of respondents agree, also supported by 69.6% of respondents who claimed to have received training in the past 2 years and the training had positive relationship to their performance.

5.3 Implications of the Findings

The findings of this study have drawn the following implications;

Management must discover what salesforce value and must ensure promise of reward are fulfilled and salesforce are aware of that. Vroom theory, realized that an employee's performance is based on individuals' factors such as personality, skills, knowledge, experience and abilities. The theory suggests that although individuals may have different sets of goals, they can be motivated if they believe that: There is a positive correlation between efforts and performance; Favourable performance will result in a desirable reward; the reward will satisfy an important need; the desire to satisfy the need is strong enough to make the effort worthwhile.

Salesforce recognition is also a key motivational factor towards enhancing salesforce performance, thus managers should keep this in mind and apply to everyone (top to bottom in the organization), no one gets too much of it as it is available to everyone to use, and it doesn't cost anything.

Through the use of incentive scheme, management gets the advantage of having more ability to direct and reward their salespeople to perform tasks and activities not directly related to short term revenue. The incentive portion of the plan motivates a salesperson

to increase sales revenue and profitability as all revenues a salesperson brings in above their quota, is very profitable, but fixed expenses for the wage and benefits for the salesperson does not increase.

5.4 Conclusion

This study was undertaken to assess the effect of incentive schemes on performance of the salesforce of Tanzania Cigarette Company. It can therefore be concluded that the objectives were positively met. At first, the study found that recognition and rewards stands out to be the key influences to the performance of the salesforce followed by training and sales incentives as most of the respondents in this study agreed with the variables. Salesforce should be constantly recognized and rewarded based on their performance as this triggers them to perform beyond expectations. Salesforce should be trained to equip them with necessary sales skills.

Secondly, these study findings are in-line with motivational theories. In Vroom (1964) theory which assumes that a person's motivation to exert effort is dependent upon his expectations for success and the three concepts of the theory namely: Expectancy, which refers to a person's perceived relationship between effort and performance; Instrumentality which reflects the person's perception of the relationship between performance and reward. This was proved by the result in the findings through the question in the questionnaire that asked "I receive higher level of reward for higher levels of performance" which turned to 69.0% of respondents agreeing to the statement. Last concept is valence, which represents the value placed upon a particular reward by a person. At last, it can be urged that the length of service of a salesforce with the company increases the chances of agreeing to the positive statements more than the

little stay. This calls for more innovative schemes that increases employees holding and reduce turnover.

5.5 Recommendations

This study have come up with the following recommendations and categorized into three aspects. Management should continue implementing the incentive schemes to this unique group of employees (salesforce) as the study have found that it has positive relationship with their performance, thus it should continue placing it in-line with company goals and culture. The management should ensure that the schemes in place are motivational enough to reduce turnover, and increase length of stay with the company.

Managers should involve salesforce in setting territory targets as these is a stand-alone motivational towards their performance achievement, hence this will guarantee perception of higher level of rewards to higher level of performance. Managers should be careful when measuring salesforce performances. Designing an objective way to measure salesforce performance is also an option for future research, since it could be very helpful for organizations.

Manager should entrench the culture of involving salesforce in target setting so as to have a complete visibility to the process and buy in of the salesforce to the implemented incentive schemes. The organization should continue setting out the budget for salesforce training as these have proved to have a positive effects on their performance. The work related training are helpful in increasing their productivity, hence company goals will be reached at large. It is also encouraged to have flexible approaches to

salesforce compensation so as to bring in the aspect of pay for performance and constant motivation to salesforce.

5.6 Limitations of the Study

First and foremost, this study is limited in scope. The case (Tanzania Cigarette Company Limited) selected as the sample for the study comprised only the salesforce group. However, the researcher selected a sample which is more than half of the population of interest so as to assist the straightforwardness of analyzing and identifying common characteristics. Encountered challenge in relation to time in filling and returning the questionnaires, the research ensured close timely follow-up with the respondents through phone calls as most of the respondents spend most of their time in the field.

The contents of the research questions and the designation of the research in the company also posed a challenge as most of the respondent's hesitance in filling it as they thought to be a company initiated questionnaires. This were solved through phone calls explanations and assurance of confidentiality of data and showing that thus why the questionnaires designed had no names in it, thus it is a guaranteed confidentiality.

It has been found that providing relative performance feedback increases the performance of salesforce who are compensated based on an individual incentive scheme. However, the content/kind of the feedback has not been explored yet to what extent a person when receiving this feedback will increase in performance. However, a much larger group of fast moving consumer goods companies would help to widen the scope and perhaps reveal interesting comparable findings that can broaden and validate

a set of defining characteristics. Moreover this study intentionally excludes other Company employees which also indirectly contributes individually to company productivity and efficiency.

5.7 Suggested area for Further Study

The research recommends extending the drawn sample to cover two to three fast moving consumer goods (FMCG's) companies that implements more or less same incentive schemes to salesforce, in such a way that the empirical evidence would be capable of being generalized to the FMCG's sector in Tanzania.

The study recommends to future researchers to focus on, not only factor leading salesforce performance but also to look at the solutions on how to come up with team participatory sales incentive schemes rather than a top down approach. The study recommends the future research also should look at the best ways to manipulate other motivation factors among the salesforce so as to increase performance and productivity which ultimately will reduce company's cost of operations, and improving overall efficiency. The study, being of an exploratory and interpretive nature, raises a number of opportunities for future research, both in terms of theory development and concept validation. More research will in fact be necessary to refine and further elaborate our novel findings.

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APPENDICES

Appendix I: Questionnaire

Introduction

My name is Lucas Mwamanenge, MBA student at Open University of Tanzania. I am currently carrying out a survey with a purpose in fulfillment of my academic Programme. The instructions are given, and the data you provide will be used for the academic purpose and will be treated with the confidentiality it deserve.

It is my hope that it will take no more than 5 minutes of your time.

Section A

In this section please tick one (v) against the answer that best fits you

1. Position/Title:

2. Age:

a. 20 – 30 years ☐

b. 30 – 40 years ☐

c. 40 and above ☐

3. Marital status:

a. Single ☐

b. Marriage ☐

c. Divorced ☐

d. Widowed ☐

4. How long have you been working with the company (TCC)?

- a. Less than 1 year
- b. 1 - 3 years
- c. 3–5 years
- d. More than 5 years

5. In the past 6 monthes how often can you recall you received your Sales incentive

- a. Once
- b. Two – Four times
- c. More than 4 times
- d. Not at all

6. Have you attended any training in relation to your work for the past 2 years

- a. Yes
- b. No
- c. I don't remember

Section B

Please give the ratings based on your opinions using scale **1 to 5** by putting a tick (v) to the ones that mostly corresponds to you. Where by the scales are (**5 = strongly agree, 4 = Agree, 3 = neither agree nor disagree, 2 = Disagree, 1= strongly disagree**)

	1	2	3	4	5
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7. My organization has a flexible approach to reward.					
8. I strive to meet targets because of the sales incentives scheme.					
9. I receive higher level of reward for higher levels of performance.					
10. I am motivated if given increased salary alone and not commission based pay.					
11. I feel fairly paid with the sales incentive scheme for the work I do.					
12. Trainings provided by the company contribute to my performance.					
13. I feel appreciated for the work I do.					
14. The criteria for sales incentive scheme in my company is complicated.					
15. I am constantly involved in the target setting for my cluster/territory.					
16. I am consistently recognized when monthly expectations is exceeded.					

Thanking you for your valuable time!

Section A

1. Position = Position/Title
2. Age =Age
 - (a) 1 = 20 – 30 years
 - (b) 2 = 30 – 40 years
 - (c) 3 = 40+ years
3. MS = Marital status
 - (a) 1 = Single
 - (b) 2 = Marriage
 - (c) 3 = Divorced
 - (d) 4 = Widowed
4. Work Time = How long have you been working for the company (TCC)
 - (a) 1 ==Less than 1 year
 - (b) 2 = 1 – 3 years
 - (c) 3 = 3 – 5 years
 - (d) 4 = 5+ years
5. Sales incentive receiving = in the past 6 months how often can you recall you received your sales incentives
 - (a) 1 = once
 - (b) 2 = two – four times
 - (c) 3 = mother than 4 times
 - (d) 4 = not at all

6. Training attendance = Have you attended any training in relation to your work for the past 2 years.

(a) 1 = Yes

(b) 2 = No

(c) 3 = I don't remember

Section B

The scale ratings are 5 = strongly agree, 4 = Agree, 3 = neither agree nor disagree, 2 = Disagree and 1 = strongly disagree.

7. Flexible approach = my organization has a flexible approach to reward
8. Striving to meet target = I strive to meet targets because of the sales incentives scheme
9. Higher performance higher rewards = I receive higher level of rewards for higher levels of performance.
10. Only salary increase = I am motivated if given increased salary alone and not commission based pay.
11. Fairly paid = I feel fairly paid with the sales incentive scheme for the work I do.
12. Trainings increase performance = Trainings provided by the company contribute to my performance
13. Appreciated = I feel appreciated for the work I do.
14. Criteria complicated = The criteria for sales incentive scheme in my company is complicated
15. Constantly involved = I am constantly involved in the target setting for my cluster/territory.

16. Recognized = I am consistently recognized when monthly expectations is exceeded.

NB: The missing value is represented by -100000