# Measuring the efficiency of commission and target system on diverse employees retention: a case study of dental health tourism in turkey

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Abstract - Competition within the market has become excessive and very demanding. Therefore, finding employees with skills and high experiences is a difficult task for companies and it is costly in terms of training and employment. Moreover, and since it is a process that needs time into finding the right employee to hire, retaining these employees, and preventing them from leaving the company for other competitors has become necessary. Companies had to find ways to encourage employees to stay and one of these methods is the commission system and the sales target system. This study measures the influence commission and sales target system have on diverse employee retention. The case company of this study is Dentakay which specializes in health tourism in Istanbul, Turkey. Through a quantitative method, the sample was composed of 100 employees who took commissions and had sales targets. The questionnaire was answered by 87 employees from different backgrounds and cultures. Thirty-two employees abstained from the answer. An analysis of data was performed using a program SPSS. The results of the study indicated that there is a positive relationship between the commission system and the target sales system in preserving employees. This study recommends the development of the commission system and the sales target system in a manner that is appropriate for experiences and skills, and that it is fair that meets the needs of employees and their efforts.

**Key Words:** commission, sales target, employees' retention

#### I. INTRODUCTION

Globalization and technological advancement in the modern corporate world have for the past decade led to undoubtedly huge competition between companies working in the same or even similar fields. Parallelly, the need for employees of high expertise and competitive skills increased as companies see these employees as a necessity for their success. Human capital is one of the success factors that most of these companies pay great attention to and consider as primary for their profit due to the high competition. Therefore, retaining qualified and skilled employees has become one of the most important issues that companies are trying to find ways to achieve. There have been several suggested mechanisms and strategies to reduce employee turnover and decrease their departure from the job such as motivating them to stay, raising their performance, and making them satisfied with their work within the company. That in return is thought and proved to affect the increase in the company's profits and success and one of these strategies is the commission strategy. (Akhtara, S, et al,2015)

A lot of companies also sometimes employ foreigners and employees from different cultures and backgrounds to try to expand the market of their services and client base. Choosing employees from different cultures that speak and use different languages has the advantages also on increasing share and profits as these employees open the way for the company into international diverse markets and attract new customers through introducing the products or the services in diverse languages and ways. Companies that want to maintain their competitive capabilities realize that keeping these employees is very important, and they must find the necessary methods and plans to motivate them to produce and stay within the company and prevent them from leaving. (Panoch, A, 2001)

However, rewards such as money and commission are still the principal encouragement that causes employees to make good efforts. The theory is that money impacts employee performance by shaping their opinions. Therefore, the income impacts the attraction and retention of employees.

Companies encourage workers to work and increase productivity by providing them with incentives and rewards and involving them in the resulting profits (Odeh, G,2013)

That is why employers and managers in companies must distinguish themselves from others by using their own compensation and rewards strategy to attract and retain distinguished and talented employees. (Dorothee,u et al, 2018) and companies should develop plans to compensate and reward employees and find appropriate commission packages and sales targets that make employees satisfied

with their work. (Adom, A,2015) As a result, employees who are happy with their careers are more committed, which means they will work for a company's best achievements. According to Htun, if employees are satisfied with their careers, they will stick and work for the company. (Htun, W.T,2022)

The commission system is also one of the reasons for attracting new employees and thus increasing productivity and the company's share within the competitive market. (Micheal, A and Mark, J 2020)

This research studies the impact of commissions and sales target systems on retaining employees of diverse backgrounds with DentaKay company as a chosen study example. Moreover, it aims to investigate whether the commissions and target sales differ as the years of service in the company increase.

#### II. LITERATURE SURVEY

EMPLOYEES RETENTION Employees retention is very important to the successful operation of any company. According to Sarmad et al. (2016)'s definition, employee retention is the ability of an organization to persuade its workforce to continue working for the same employer over an extended length of time. (Sarmad et al., 2016).

Leaders have a hard challenge on their hands when it comes to keeping hold of their employees, who are the company's most valuable assets (Singh, 2019). Because of the large expense of replacing key staff, an all-covering retention strategy is essential for meeting these types of difficulties directly as they happen.

**JOB SATISFACTION:** Employees are said to have a high level of job satisfaction when they feel more involved and motivated in their work. Job satisfaction refers to the degree to which workers are content with the work that they do (Judge et al., 2020). Employees have a higher rate of job satisfaction when they believe their position is secure and risk-free.

**COMMIDDION ON TOP OF BASIC SALARY:** Commission on top of a basic salary refers to a compensation structure in which an employee receives both a set base salary and a commission calculated as a percentage of sales (Leonard, 2019). In sales positions, it is common practice to compensate employees based on the volume of business they bring in. The commission has the potential to motivate the worker to do a good job so that they can earn more money. Commission structures and payment schedules are highly context dependent. (Leonard, 2019)

If a company wants to be successful, it needs to develop a rewards system that is not only equitable but also motivating for its employees if it is going to attract and retain talented personnel by (Zafar et al, 2021)

**SALES TARGET SYSTEM:** According to Cuevas et al., (2016), a sales goal system is "an instrument for measuring, tracking, and achieving sales objectives." According to the authors, it is composed of aims and objectives that are often broken down into categories such as product, geographical area, or individual salesperson.

contends that in order for sales goals to be effective, they must first be formulated analytically, and then they must be made possible for the sales team by taking into account the present conditions of the market. These should be driven by the organization's bigger strategic goals in order to be effective. The author also demonstrates how sales quotas are divided up among various kinds of sales organizations, including independent salespeople, franchisees, and agents. (Bhasin, 2018).

SALES TARGET AND EMPLOYEES SATISFACTION: While some workers may feel more fulfilled on the job when given sales goals to work toward, others may experience more stress and dissatisfaction as a result of such a system. Whether or not an individual finds a sales quota system inspiring depends on the person (Cooper, 2017). When the sales quota system is well thought out and implemented, it can boost employee morale. To motivate workers and give them something to strive for, it's important to set goals that they can actually achieve. Another benefit of setting sales goals is that employees can be rewarded for their efforts, which boosts morale and loyalty to the company. Research by Judge et al., (2020) indicates that having a target system in place can help to provide clarification on aspirations and a greater understanding of how performance is being evaluated, both of which can contribute to a sense of job stability and satisfaction. (Judge et al., 2020)

SALES TARGET SYSTEM AND EMPLOYEES RETENTION: The sales target system does, in fact, have an effect on the choices that employees from a variety of backgrounds make in their continued employment with the company. A competitive environment can be created among employees through the use of performance-based incentive systems, such as the sales target system (Lamin, 2022). This environment pushes employees to work toward achieving their goals and objectives. On the other hand, if the system is not correctly applied, employees from certain backgrounds may experience feelings of weakness owing to their color, gender, or other variables. This can give those employees the impression that they are being treated unfairly, which may prompt them to resign from their positions (Lamin, 2022). In addition, if the system is very disciplinary, it may discourage individuals from making an effort to achieve their goals, which will in the end result in a worse overall performance.

**INCREASE AND DECREASEVIN COMMISSION AND SALES TARGET:** According to the findings of research conducted by Hassan. (2022), an increase in commission can either have a favorable or negative impact on the decision of employees from a variety of backgrounds to remain with the company, depending on the specifics of each employee's situation.

## RESEARCH PROBLEM

This study is looking at the impact of the commission system and sales target systems on the retention and job satisfaction of employees of diverse backgrounds.

Relatively there is little published research discussing and measuring the effects of a commission system in companies in the medical tourism sector and the relationship between it and the retention of employees.

#### RESEARCH OBJECTIVE

The research aims to investigate the relationship between the commission and sales target system and their effect on retaining diverse employees through the case studied establishment in Turkey.

#### RESEARCH HYPOTHESIS

- H1- There is a relationship between commissions and employees retention.
- H2- There is a relationship between the sales target system and employees retention.
- H3- There is a relationship between job satisfaction and employees retention.

#### RESEARCH QUESTIONS

- Does the commission system impact the decision of employees of diverse backgrounds to stay in the company?
- Does the sales target system impact the decision of employees of diverse backgrounds to stay in the company?
- Does the commission and sales target system lead to job satisfaction?

#### **METHODOLOGY**

## RESEARCH DATA COLLECTED

The method in which data is collected in this research is based upon two methods:

- 1- Primary data collection through a survey questionnaire to employees of a chosen company in order to find new results.
- 2-Secondary data was taken from the literature review, books, journals, and previous studies. The secondary data aims to give background information in order to build the study background and help the reader to realize more delicately the survey outcome.

# RESEARCH DESIGN

In this study, we used a quantitative method with the variables: commission, sales target, job satisfaction, and employee retention, also the research has a dependent and an independent variable.

#### RESEARCH TARGET POPULATION AND SAMPLE SIZE

The sample involves males and females who are full-time employees on-site and remotely.

The sample is calculated based on (non – the probability sampling method) of more than 100 employees who take a commission and have a sales target system and are from different nationalities.

## .DATA ANALYSIS TECHNIQUE

To analyse the data that was collected for the research statistical for social science we used (SPSS) program. These data were arranged with the help of the software system in schedules to describe and talk about the results of the research.

#### RESULTS

#### **Response Rate**

The survey was conducted with more than 100 people but the responses were received from 87 respondents. The response rate was considered to be more than 80% that fulfills the acceptance criteria given by Richard (2005), i.e., the response rate must be greater than 60% of the approached respondents.

## Commission is good.

Eighty-Seven (87) respondents gave their responses regarding their opinion about the commission that is good or not. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the commission-related information of the respondents who filled out the questions of the survey.

Table 4.9: Commission is Good for Employees

	Frequency	Percent	Valid Percent	Cumulative Percent
No	18	20.7	20.7	20.7
Yes	69	79.3	79.3	100.0
Total	87	100.0	100.0	

The majority of the respondents, i.e., 69 (79.3%) of the people responded that the commission was good. 18 (20.7%) of the people responded that the commission is not as good as the salary.

#### **Salary or Commission**

Eighty-Seven (87) respondents gave their responses regarding their opinions about the salary of commission. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the responses of the respondents who filled in the questions of the provided survey.

**Table 4.1: Salary or Commission** 

	Frequency	Percent	Valid Percent	<b>Cumulative Percent</b>
Commission	70	80.5	80.5	80.5
Salary	17	19.5	19.5	100.0
Total	87	100.0	100.0	

Above table depicts that the majority of 70(80.5%) of the employees responded Yes to the question "Is one of the reasons you work for the company the amount of commission you get?". The least number of the people responded in that the amount of the commission is not the only reason for which they are working in their company, i.e., 17 (19.5%) of the people responded to the option salary.

#### **Percentage of Commission**

Respondents were asked about their percentage of commission. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the information related to the percentage of commission of the respondents who filled the questions of the provided survey.

**Table 4.2: Percentage of Commission** 

	Frequency	Percent	Valid Percent	<b>Cumulative Percent</b>
1% - 2%	39	44.8	44.8	44.8
3% - 4%	28	32.2	32.2	77.0
5% and above	4	4.6	4.6	81.6
less than 1%	16	18.4	18.4	100.0
Total	87	100.0	100.0	

Respondents were asked about the percentage of commission they receive. The majority of the respondents, i.e., 39 (44.8%), that they receive 1-2 percent commission on their job. The least number of respondents (i.e., 4.6%) responded that they receive a commission of 5% or above. A significant number of respondents (28) have responded that they receive 3% to 4% commission on their job.

#### **Status If No Commission**

Respondents were asked about their interest in doing the same job if a company stops the commission system. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the information related to the stay of the respondents who filled out the questions of the provided survey.

Table 4.3: Status If No Commission

	Frequency	Percent	Valid Percent	<b>Cumulative Percent</b>
I don't know	19	21.8	21.8	21.8
leave	53	60.9	60.9	82.8
Stay	15	17.2	17.2	100.0
Total	87	100.0	100.0	

The majority of the respondents (60.9%) responded that they will leave their organization if they stop giving commissions. Only 15 (7.2%) people responded that they would stay in their organization if a company stops the commission system

#### Status If Salary Increases and Commission Stopped

Respondents were asked about their employment status if salary increases, and commission is stopped. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the information related to the status of employment if the commission stops.

Table 4.4: Status If Salary Increases and Commission Stopped

	Frequency	Percent	Valid Percent	<b>Cumulative Percent</b>
I don't know	34	39.1	39.1	39.1
leave	41	47.1	47.1	86.2
Stay	12	13.8	13.8	100.0
Total	87	100.0	100.0	

The majority of the respondents (41%) said that they will leave the organization of their commission is stopped even if the salary increases. 12% of people responded that they would choose to continue in this situation and others (34%) selected that they can't answer it right now

#### Commission-Based Pay is Better or Not

Respondents were asked about whether the commission-based pay is better or not. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the information related to commission-based pay.

Table 4.5: Commission-Based Pay is Better or Not

	Frequency	Percent	Valid Percent	<b>Cumulative Percent</b>
No, it's not better	43	49.4	49.4	49.4
Yes, it's better	44	50.6	50.6	100.0
Total	87	100.0	100.0	

The majority of the respondents (50.6%) said that commission-based pay is better. 43 (49.4%) people responded that commission-based pay is not better.

#### **Changing Sales Target**

Respondents were asked about their monthly sales targets, that are these targets change corresponding to the monthly revenue. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the information related to the changing monthly sales target.

**Table 4.6: Changing Sales Target** 

	Frequency	Percent	Valid Percent	Cumulative Percent
No	11	12.6	12.6	12.6
Yes	76	87.4	87.4	100.0
Total	87	100.0	100.0	

The majority of the respondents, i.e., 76 (87.4%), said that there was a changing sales target set by the company corresponding to the revenue. 11 (12.6%) people responded that changing the monthly sales target was not set by the company.

# **Extra Commission If Company Reaches Annual Target**

Eighty-Seven (87) respondents gave their response regarding the extra commission if a company reaches the annual sales target. Demographics were analyzed using frequency analysis by conducting the descriptive analysis test in SPSS software. The table given below depicts the responses of the respondents who filled in the questions of the provided survey.

Table 4.7: Extra Commission If Company Reaches Annual Target

	Frequency	Percent	Valid Percent	Cumulative Percent
No	53	60.9	60.9	60.9
Yes	34	39.1	39.1	100.0
Total	87	100.0	100.0	

Respondents were asked about the extra commission received if a company reaches the annual sales target. The majority of the respondents, i.e., 53 (60.9%) replied No, and 34 (39.1%) people responded that extra commission is not awarded by the company even if it achieves the annual sales target.

# **Correlation Analysis and Hypotheses Testing**

**Table 4.8: Correlation Analysis** 

	Commission	Sales	JS	RFW
Commission	1			
Sales	.51**	1		
Job Satisfaction (JS)	.70**	.50**	1	
Retention (RFW)	.56**	.38**	.68**	1

The above table indicates that there exists a significant relationship between all the variables. The strongest relationship (r = .70, p < .05) exist between the variables Job Satisfaction (M = 2.33, SD = .63) and Commission (M = 2.52, SD = .56). The weakest relationship (r = .38, p < .05) exists between the variables Retention (M = 2.45, SD = .65) and sales target system (M = 2.33, SD = .63).

# Hypothesis #1

Hypothesis No. 1 set in this study was "There is a relationship between commissions and employees retention". Correlation analysis was conducted in this study to test the significance of the hypothesis. Correlation results depict that there is a strong positive relationship (r = .56, p < .05) between the Commission (M = 2.52, SD = .56) and Employee Retention (M = 2.45, SD = .65). The result indicates that increasing the commission will be more helpful in retaining the employees, particularly the people who are working in sales.

#### Hypothesis # 2

Hypothesis No. 2 set in this study was "There is a relationship between the sales target system and employees retention". Correlation analysis was conducted in this study to test the hypothesis. Correlation results depict that there is a weak positive relationship (r = .38, p < .05) between Sales (M = 2.81, SD = .59) and Employee Retention (M = 2.45, SD = .65). The result indicates that improvements in the sales target system will further help the company in retaining loyal and committed employees.

#### Hypothesis #3

Hypothesis No. 3 set in this study was "There is a relationship between job satisfaction and employees retention". Correlation analysis was conducted in this study to test the hypothesis. Correlation results depict that there is a strong positive relationship (r = .68, p < .05) between Job Satisfaction (M = 2.33, SD = .63) and Employee Retention (M = 2.45, SD = .65). The result indicates that the more satisfied employees will prefer to work in the company and the retention rate remains higher.

# **Regression Analysis and Research Questions**

Regression analysis was conducted in this study to address the research questions formulated. The sections given below discuss the research questions and the relevant analysis conducted on SPSS.

#### Research Question # 1

The first research question set in the study was "Does the commission system impact the decision of employees of diverse backgrounds to stay in the company?". To address this research question, regression analysis was conducted in SPSS. Given below table depicts the result of the regression analysis.

Table 4.9: Summary of Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients				
Model		В	Std. Error	Beta	t	Sig.		
1	(Constant)	.825	.271		3.044	.003		
	Commission	.646	.105	.555	6.159	.000		
a. Depend	a. Dependent Variable: Retention							

The above table shows that Commission causes a variance of 31% to Employee Retention, R2 = .31; Adjusted R2 = .30, F(1, 85) = 37.92, P < .05. The effect of Commission on Employee Retention is  $\beta = .65$ , p < .05 that indicates a good effect as beta is greater than .2 (Cohen, 1998). Therefore, research question no 1 is addressed through the significant effect of commission systems on employee retention by conducting the regression analysis.

#### **Research Ouestion #2**

The second research question set in the study was "Does the sales target system impact the decision of employees of diverse backgrounds to stay in the company?". To address this research question, regression analysis was conducted in SPSS. Given below table depicts the result of the regression analysis.

Table 4.10: Summary of Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients					
Model		В	Std. Error	Beta	t	Sig.			
1	(Constant)	1.274	.319		4.001	.000			
	Sales	.419	.111	.379	3.780	.000			
a. Depend	a. Dependent Variable: Retention								

The above table shows that the sales target system causes a variance of 15% to Job Retention, R2 = .15; Adjusted R2 = .14, F(1, 85) = 14.29, P < .05. The effect of the Sales Target System on Employee Retention is  $\beta = .42$ , p < .05 that indicates a good effect as beta is greater than .2 (Cohen, 1998). Therefore, research question no 2 is addressed through the significant effect of sales target systems on employee retention by conducting the regression analysis.

#### **Research Question #3**

The third research question set in the study was "Does the commission and sales target system lead to job satisfaction?". To address this research question, regression analysis was conducted in SPSS. Given below table depicts the result of the regression analysis.

Table 4.11: Summary of Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	.058	.258		.226	.822
	Commission	.675	.098	.604	6.890	.000
	Sales	.203	.093	.191	2.181	.032
a. Depend	lent Variable: JS	•		•		

The above table shows that Commission and sales target system cause a variance of 51% to Job Satisfaction, R2 = .52; Adjusted R2= .51, F (2, 84) = 45.17, P < .05. The effect of Commission on Job Satisfaction is  $\beta$  = .675, p < .05 that indicates a good effect as beta is greater than .2 (Cohen, 1998). Similarly, the effect of the Sales target System on Job Satisfaction is  $\beta$  = .20, p < .05 that indicates a good effect as the beta is greater than .2 (Cohen, 1998). Therefore, research question no 3 is addressed through the significant effect of commission and sales target systems by conducting the regression analysis.

#### CONCLUSION

The study found that most of the employees' ages were between 26 to 30 years old due to the nature of the sales being more suitable for young employees more than older ones. That would be because they have new skills and ways of sales and them being more active. Also, the result was that most of the employees were single. Thus, we can conclude that leaving the company might be easier for them than married employees due to fewer financial responsibilities which can make such a decision harder.

The study illustrates a high rate of employees who are taking commission that is equal to or more than their salary. Moreover, most of them have a high educational qualification which concludes that they should be commensurately based on both their education level and sales experience.

Furthermore, the study illustrated that most employees achieve their monthly target. However, most of them thought that the sales target system needs to change and that it is not easy to reach targets. Most employees stated they did not take any extra commission or bonus if they achieved more than their target so that led to them not making any extra effort into reaching a higher target. As a result, employees' opinion was that the sales target system needs updating to be more motivating for them.

As a result, the employee's responses indicated that commission system updating was more important than an increase in fixed salary as it will make them more active and motivated towards increasing their effort to achieve their target and get paid a higher commission.

Along with the commission system's positive effect on retention of employees that was found in the study, job satisfaction was also important to keep the employees in a company.

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