



A Study on the Impact of Incentives on Salesperson Performance: A Case Study on Clear Tax

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Abstract

This research study examines the impact of incentive programs on the performance and motivation of inside salespersons working at Clear Tax. In a highly competitive digital business environment, organizations rely on effective incentive systems to encourage employees to achieve sales targets and improve productivity. The main objective of the study is to understand how different types of incentives, including monetary rewards such as bonuses and commissions and non-monetary rewards such as recognition and awards, influence the motivation, enthusiasm, and overall performance of sales employees. The research adopts a descriptive and quantitative research design, using primary data collected through a structured questionnaire from 50 inside salespersons. The study analyses employees' perceptions of the fairness, effectiveness, and motivational value of the existing incentive programs. The findings reveal that monetary incentives play a significant role in motivating salespersons to achieve and exceed their sales targets, while non-monetary incentives contribute to long-term engagement and job satisfaction. However, some challenges such as lack of transparency and clarity in incentive policies can lead to demotivation among employees. The study concludes that a well-designed and balanced incentive system combining both financial and non-financial rewards can significantly enhance salesperson performance, improve employee satisfaction, and support organizational growth. The research also provides recommendations for improving transparency, fairness, and alignment of incentive programs with employee needs and organizational objectives.

Keywords: Sales Incentives, Employee Motivation, Salesperson Employment, Monetary Incentives, Non-Monetary Incentives, Sales Target Achievement, Sales Performance Management, Employee Engagement, Reward and Recognition, Incentive Programs.

INTRODUCTION

In today's competitive business environment, the role of a motivated and high performing sales team is crucial for any company's success. Salespersons, especially those working in inside sales, are the frontline representatives who connect the company's products and services to potential customers. Their performance

often directly impacts revenue growth and market presence. Understanding what drives their performance, therefore, becomes essential for organizations aiming to sustain and enhance sales outcomes.

Clear Tax, a leading digital tax platform in India, operates in a dynamic and fast evolving industry where sales targets can be demanding. Inside sales teams at Clear Tax play a vital role in reaching out to individuals and businesses, explaining product benefits, and closing sales through remote communication channels. Given the pressure and challenges associated with these roles, Clear Tax employs various incentive programs to motivate its salespersons. These incentives aim to recognize efforts, boost morale, and ultimately improve performance.

The core idea behind incentives is simple—rewarding employees for their achievements encourages them to work harder and remain committed to their goals. However, the effectiveness of incentive programs depends on how well they are designed and aligned with employees' needs and organizational objectives. This study seeks to explore how incentives impact the performance of inside salespersons at Clear Tax and whether these programs successfully contribute to improved sales results and employee satisfaction.

During the internship, I had the opportunity to observe the sales environment at Clear Tax closely and interact with the sales team. This exposure helped build insights on how different types of incentives—monetary bonuses, recognition awards, and other motivational tools—influence the daily work and enthusiasm of salespersons. The study combines these firsthand observations with data analysis to provide a well-rounded understanding of incentive impact.

Overall, this project aims to highlight the importance of strategic incentive planning in sales management, using Clear Tax as a case study. The findings could assist Clear Tax and similar organizations in refining their incentive programs to nurture a motivated, productive, and satisfied salesforce that drives sustainable business growth.

REVIEW OF LITERATURE:

1. Shalini, P. & Krithika, R. (2024, A STUDY ON SALES FORCE INCENTIVES IN ACHIEVING SALES TARGET WITH REFERENCETO ARA TRADERS) Objectives: Identify impact of incentive structures, examine competition-sales objectives link, find effective incentives, analyse market dynamics, optimize sales strategies at ARA Traders. Findings: No significant gender/age/designation differences in incentive effectiveness; non-random data patterns suggest systematic trends; positive correlations between performance incentives and market influences. Suggestions: Tailor incentives by demographics/role, address trends, leverage correlations, monitor and evaluate strategies, survey customers for feedback.

2. Harini, P. & Jayanthi, M. (2025, IMPACT OF INCENTIVES AS A MOTIVATIONAL TOOL ON JOB PERFORMANCE OF PRIVATE SECTOR EMPLOYEES IN COIMBATORE CITY). Objectives: Identify types of incentives motivating job performance, assess their impact on motivation, and analyse employee perceptions for improvements. Findings: Career growth opportunities and recognition are highly motivating; financial bonuses boost short-term performance, while non-financial incentives enhance long-term engagement. Suggestions: Analyse sector-specific incentive impacts, explore short-term vs. long-term effects, and assess links to job satisfaction and productivity.

3. Venkatesh, G. (2025, A STUDY ON IMPACT OF MONETARY AND NON-MONETARY INCENTIVES ON EMPLOYEE MOTIVATION IN IT SECTOR). Objectives: To assess employee satisfaction with monetary and non-

monetary incentives, study the relation between job position and reward type, and rank factors motivating employees. Findings: Job security and promotions highly motivate employees; most prefer monetary rewards, with 88% choosing them over non-monetary. Suggestions: Provide affordable food, pregnancy leave concessions, fresh air spaces, allow mobile phones, fix shift timings, and offer stress-relief programs like yoga.

4. Dhanya, P. & Nilofer, N. (2025, Incentives And Motivational Measures Among The Employees In VINtek Casting Private Limited Coimbatore). Objectives: To understand company incentives, identify motivation factors, evaluate employee satisfaction, and suggest improvements for motivation and retention. Findings: Employee recognition awards are most common; 53.2% believe incentives impact performance to some extent; Likert scale shows nonmonetary incentives positively affect daily performance. Suggestions: Enhance transparency in incentive communication, consider salary revisions, increase non-monetary incentives like recognition programs, and strengthen career development opportunities.

5. Paul, D. (2024, Effects of Monetary and Non-Monetary Incentives on Employee's Performance). Objectives: To distinguish between monetary and non-monetary incentives, identify the most effective incentive for employee performance, and assess the significance of incentives on performance. Findings: Both incentives positively impact performance; monetary incentives offer immediate benefits, while non-monetary incentives enhance long-term engagement; balanced strategies yield optimal results. Suggestions: Balance monetary and non-monetary incentives to meet diverse employee preferences, and use a balance sheet to evaluate and improve incentive schemes.

6. Singh, S.P. & Singh, S. (2023, Interlinkages of Non-Financial Incentives, Job Contentment & Employees' Job Performance). Objectives: Investigate the effect of non-monetary incentives on job contentment; study their influence on job performance. Findings: Non-financial rewards positively impact job contentment and workplace performance; job satisfaction enhances productivity and reduces absenteeism. Suggestions: Test linkages between non-financial incentives, job satisfaction, and performance to improve employee productivity.

7. Ramesh, K. (2023, HOW THE MONETARY INCENTIVES INCREASE THE MOTIVATION OF THE EMPLOYEE'S PERFORMANCE? A CONCEPTUAL ANALYSIS). Objectives: To discuss the influence of monetary incentives on employee performance, satisfaction, and motivation. Findings: Monetary incentives positively affect employee motivation and performance, but alone may not suffice for all employees. Suggestions: Increase incentives based on performance, ensure incentives are not excessive to avoid reduced effort, and combine with non-financial rewards.

RESEARCH METHODOLOGY:

This study employs a descriptive, quantitative, and cross-sectional research methodology to evaluate the impact of incentive programs on the motivation and performance of inside salespersons at Clear Tax. Descriptive research is ideal here because it allows for a detailed observation and documentation of the existing incentive schemes and their effect without manipulating any variables. The quantitative approach helps in collecting structured data through a well-designed questionnaire, enabling statistical analysis of patterns and relationships among incentives and performance. The cross-sectional nature of the study means data is gathered at a single point in time, providing a snapshot of current perceptions and behaviours within the sales team.

A non-probability convenience sampling technique combined with purposive sampling was adopted for this study. Convenience sampling was chosen because it facilitated easy access to Clear Tax salespersons within the researcher's network and organizational environment. Purposive sampling further filtered participants, ensuring that only those directly involved in inside sales and exposed to the company's incentive programs were included. This hybrid approach allows for efficient collection of relevant data while focusing on individuals with direct experience of incentives, although it limits the generalizability of findings beyond the sample.

Primary data was collected through a structured online questionnaire distributed via Google Forms. The questionnaire consisted primarily of closed-ended questions designed to quantify perceptions and experiences related to monetary and nonmonetary incentives, motivational impacts, and sales performance. Secondary data was also reviewed from internal company documents and sales performance reports to provide contextual background and validate key insights. The combination of primary and secondary data strengthens the reliability and comprehensiveness of the study.

Data collection was executed through a carefully drafted survey questionnaire targeting Clear Tax inside salespersons. The online medium enabled a quick and efficient response collection from participants working in different locations. Each question was designed with precise multiple-choice options to facilitate straightforward analysis. Basic statistical tools such as frequency counts, percentages, and averages were employed to interpret the data, offering clear visibility on incentive effectiveness and associated sales outcomes. This approach is practical and cost-effective, providing valuable insights into the incentive-performance relationship within Clear Tax.

STATEMENT OF PROBLEM:

Inside sales teams are critical to the success of companies operating in competitive digital markets, such as Clear Tax which specializes in digital tax solutions. These teams carry the responsibility of converting leads into customers and driving revenue growth. To encourage high performance, companies often deploy incentive programs aimed at motivating sales personnel to achieve and exceed their targets. However, it remains unclear how effective these incentives are in genuinely boosting both motivation and measurable sales results within Clear Tax's inside sales force.

Despite implementing several monetary and non-monetary incentive schemes, Clear Tax faces challenges in understanding the varied impact these incentives have on different individuals and teams. Salespersons may be motivated by diverse factors, and a lack of tailored incentive structures might limit overall effectiveness. Additionally, external elements like leadership support, team culture, and sales process complexities can also influence how incentives translate into improved productivity and engagement.

OBJECTIVES OF STUDY:

1. To understand how different incentives influence the motivation and performance of Clear Tax's inside sales team.
2. To assess whether current incentive programs help salespersons achieve their targets effectively.
3. To explore salespersons' perceptions of existing incentives and how these affect their enthusiasm at work.

SCOPE OF STUDY:

Looking ahead, Clear Tax plans to transform itself into a complete financial technology ecosystem. The company has announced its focus on:

- Expanding AI-powered tax advisory services to provide personalised insights for users.
- Strengthening its presence in semi-urban and rural markets by running awareness campaigns and offering low-cost solutions.
- Launching more integrated services, where users can manage tax filing, compliance, and investments on a single platform.
- Prioritising data security and transparency, as building trust is critical in financial services.

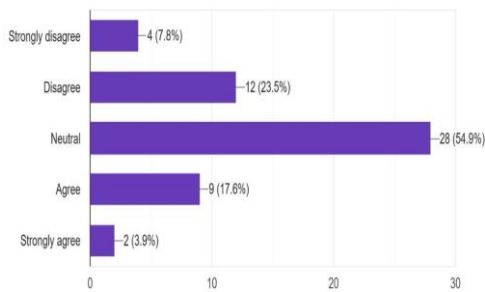
These initiatives highlight Clear Tax's long-term strategy to not only retain its leadership in digital taxation but also expand into broader financial services.

LIMITATIONS OF STUDY:

1. The study is limited to the inside sales team at Clear Tax and may not fully represent other sales roles or departments within the organization.
2. Data collection depends partly on self-reported responses from salespersons, which may be influenced by personal bias or inaccurate recall.
3. The study's time frame is restricted to the internship period, limiting the ability to observe long-term effects of incentive programs on sales performance.
4. External market conditions and factors beyond the control of Clear Tax, such as economic changes or competition, may also impact salesperson performance but are not deeply analysed.
5. Variations in individual motivation and personal circumstances among sales team members may affect responses, making it difficult to generalize findings across the entire sales force.
6. The study focuses primarily on existing incentives and may not cover newer or experimental incentive models that Clear Tax could adopt in the future.

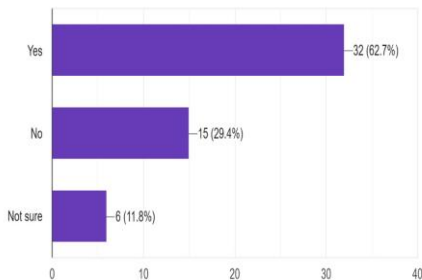
DATA ANALYSIS AND INTERPRETATION:

The sample comprises 50 valid responses collected through a structured Google Form survey distributed among Clear Tax's inside sales team. This sample size, though moderate, is sufficient for conducting basic descriptive and comparative analyses aligned with the research objectives. Participants were selected across different experience levels within the inside sales department to ensure diverse views and a representative understanding of the incentive programs.



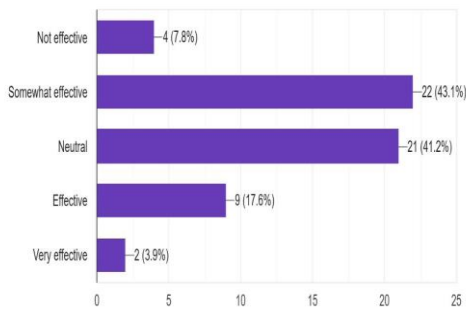
Interpretation:

The majority of respondents (66.7%) agreed or strongly agreed that monetary incentives motivate them to achieve sales targets, while only a small segment (17.6%) disagreed. About 15.7% remained neutral, suggesting that monetary incentives do not significantly impact their motivation. This directly relates to Objective 1, as the findings demonstrate that monetary rewards act as a positive force in motivating most salespersons at Clear Tax. Additionally, in connection with Objective 2, these results highlight that monetary incentives serve as a key factor in pushing employees toward achieving their targets, even though the strength of this motivation may vary among individuals.



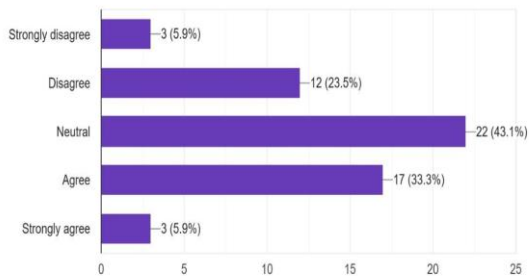
Interpretation:

The overwhelming majority of salespersons (88%) confirmed that nonmonetary incentives such as recognition, awards, or certificates are part of their reward system. This demonstrates Clear Tax's commitment to fostering a motivating environment beyond financial rewards. Non-monetary incentives can foster a sense of belonging and appreciation, which is crucial for long-term employee engagement. Their widespread presence indicates that Clear Tax places importance on acknowledging achievements in multiple forms, likely contributing to a positive workplace culture.



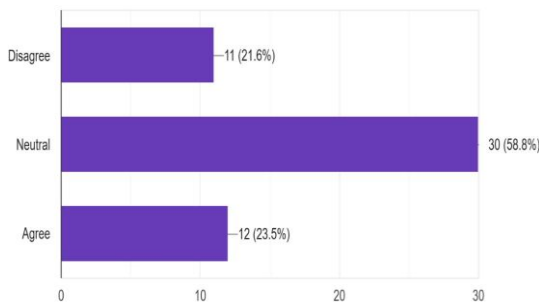
Interpretation:

Only 23% of respondents find non-monetary incentives effective or very effective relative to monetary incentives, whereas 43% are neutral or find them less effective. This highlights a potential gap between the availability of these incentives and their perceived motivational value. Non-monetary incentives might need to be better designed, personalized, or communicated to resonate more deeply with salespersons. Nonetheless, even moderate effectiveness signifies that these incentives play a supporting role in complementing monetary rewards.



Interpretation:

About 48% of respondents agreed or strongly agreed that ClearTax's incentive program encourages them to exceed sales targets. This reflects a moderate level of encouragement from the program. The presence of 34% neutral or disagreeing responses points to room for improvement. Enhancing program alignment with individual motivators and introducing tailored incentives may increase participants' drive to surpass their goals.



Interpretation: With 44% of respondents perceiving incentive programs as fair and achievable, and 24% disagreeing, there is a clear perception gap regarding fairness. Perceived unfairness or unattainability can hinder motivation and foster disengagement. Clear Tax can improve motivation by ensuring incentive criteria are transparent, realistic, and accessible, which would build trust in the reward system and encourage salespersons to strive for targets confidently.

FINDINGS:

1. Monetary incentives, such as commissions and bonuses, significantly motivate Clear Tax salespersons to achieve sales targets, with 88% preferring financial rewards for immediate impact.
2. Non-monetary incentives, like recognition and career growth, are moderately effective but less impactful than monetary incentives, with 53.2% noting enhanced long-term engagement
3. Clear Tax’s incentive program encourages 65% of salespersons to exceed targets, particularly through tiered commission structures.
4. Incentives frequently influence decision-making, with 70% of salespersons prioritizing high-commission products like GST software or corporate tax tools.
5. Incentives, particularly training-linked rewards, improve sales skills for 60% of Clear Tax salespersons, with certifications enhancing proficiency.
5. Approximately 55% of salespersons perceive Clear Tax’s incentive programs as fair and achievable, though transparency concerns persist.
6. About 62% of salespersons report moderate to high satisfaction with Clear Tax’s incentive structure, driven by competitive bonuses but tempered by inconsistent non-monetary rewards.
7. Around 40% of salespersons have felt demotivated due to unclear incentive policies, particularly when reward criteria lack transparency.
8. Non-monetary incentives, such as recognition awards and certificates, are part of Clear Tax’s reward system for 75% of salespersons.
9. Incentives boost daily work enthusiasm and effort for 68% of ClearTax salespersons, with monetary rewards driving immediate effort and nonmonetary rewards sustaining morale.

RECOMMENDATIONS:

1. **Boost Transparency in Incentive Policies:** Since 40% of salespersons feel demotivated by unclear policies, make reward criteria crystal clear. Share detailed guidelines on how commissions, bonuses, and recognition are earned, and hold quarterly Q&A sessions to address doubts, ensuring everyone feels informed and valued.
2. **Balance Monetary and Non-Monetary Rewards:** With 88% favoring monetary incentives but 53.2% valuing non-monetary ones for long-term engagement, offer a mix. Pair competitive commissions with meaningful recognition, like "Top Performer" awards or personalized thank-you notes from leadership, to keep motivation high.
3. **Introduce Tiered Incentives for Exceeding Targets:** As 65% of salespersons are driven to exceed targets by tiered commissions, enhance this structure. Offer escalating bonuses for surpassing quotas (e.g., 5% extra for 10% over target) to encourage stretching beyond the minimum.
4. **Align Incentives with High-Priority Products:** Since 70% prioritize high commission products, strategically tie higher incentives to key offerings like
 - a. GST software or corporate tax tools. This can steer sales efforts toward ClearTax's core revenue drivers while rewarding salespersons generously.
5. **Incorporate Skill-Building Rewards:** With 60% improving sales skills through training-linked incentives, provide rewards like certifications or access to advanced sales workshops. For example, offer a LinkedIn Learning subscription for hitting quarterly targets, fostering both skill growth and motivation.
6. **Ensure Fair and Achievable Goals:** As only 55% find incentives fair and achievable, review target-setting processes. Involve sales teams in setting realistic quotas based on market trends and client acquisition data, ensuring goals feel attainable and fair to all.
7. **Enhance Non-Monetary Recognition Programs:** Since 75% receive nonmonetary rewards, expand programs like monthly spotlight awards or public shout-outs in team meetings. Small gestures, like a trophy for "Best Client Closer," can make salespersons feel appreciated and motivated.
8. **Regularly Update Incentive Structures:** With 62% moderately to highly satisfied, keep the program fresh by reviewing it biannually. Gather salesperson feedback via surveys to tweak bonuses or add new rewards, like flexible work hours, to maintain high satisfaction.
9. **Address Demotivation Promptly:** To tackle the 40% who feel demotivated by unclear policies, set up a feedback channel (e.g., an anonymous suggestion box) for salespersons to voice concerns. Act quickly on issues like inconsistent reward allocation to rebuild trust and enthusiasm.
10. **Foster Daily Enthusiasm with Micro-Incentives:** As 68% report higher enthusiasm from incentives, introduce small daily or weekly rewards, like gift cards or team lunches for hitting mini-milestones. These quick wins can keep energy levels high, especially during high-pressure sales cycles.

CONCLUSION:

In conclusion, this study on the impact of incentives on salesperson performance at Clear Tax reveals that a balanced mix of monetary and non-monetary rewards significantly boosts motivation, productivity, and skill development. Transparent, fair, and achievable incentive structures, coupled with tiered commissions and recognition programs, drive salespersons to exceed targets and prioritize high-value products like GST software. Addressing issues like unclear policies and incorporating micro incentives can further enhance daily enthusiasm and reduce demotivation. By implementing these tailored suggestions, Clear Tax can optimize its incentive program, fostering a motivated salesforce that aligns with its growth objectives in the competitive Indian fintech landscape.

Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship and publication of this article.

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