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Determinants of Sales Force Performance: The Role of Business Motivation, Communication Skills, and Compensation at PT ABCD in Medan, Indonesia

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Abstract: This study investigates how business motivation, communication skills, and compensation shape the performance of the sales force at PT ABCD, a spare-parts distribution company operating in Medan, Indonesia. The research was prompted by the firm's ongoing difficulty in reaching its sales targets during a period of contraction in the regional automotive market. Against a monthly target of IDR 380 million, the team realized only about IDR 200 million on average. A quantitative associative design was adopted. Data were gathered from all thirty members of the sales team through a saturated (census) sampling technique using a Likert- scale questionnaire, and were processed with Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4. The analysis shows that business motivation has a positive but statistically insignificant effect on sales performance, whereas communication skills and compensation each have a positive and significant effect. Communication skills proved to be the strongest predictor. Taken together, the three factors account for 84.9 percent of the variation in sales performance. The results indicate that, in a field-based distribution business, a salesperson's ability to communicate clearly with customers and the presence of a fair compensation scheme weigh more heavily on measurable outcomes than internal drive alone. Future studies are encouraged to add external variables, such as consumer purchasing power, inflation, or market competition, in order to obtain a fuller account of the forces that influence sales performance.

Keyword: Business Motivation, Communication Skills, Compensation, Sales Performance.

INTRODUCTION

In a business climate that grows more competitive each year, companies are under constant pressure to raise the quality of their human resources so that they can hold their ground in the market. Within a trading company, the sales force occupies a central position, because it is largely through this team that a firm earns its revenue. A company supported by capable salespeople tends to record stronger sales results. This is particularly true for spare-parts distributors, where the salesperson is the party who deals directly with customers seeking the firm's products. The performance of these individuals therefore carries weight far beyond their own numbers: it touches the company's competitive standing, its total sales, and the satisfaction of its customers.

Because the sales force interacts so directly with buyers, firms have good reason to pay close attention to the factors that drive its productivity. Three of these factors stand out in practice and in the literature: business motivation, communication skills, and compensation. Compensation, in particular, is widely viewed as an internal force that encourages an individual to behave in ways that serve both personal satisfaction and company goals. A salesperson may possess considerable ability, yet that ability yields little for the organization if the person is not motivated to apply it, and the willingness to give one's best effort is generally proportional to how well the company meets the individual's needs (Ali & Hidayatullah, 2025). When motivation and compensation are high, strong results can reasonably be expected; when they are low, performance rarely reaches its potential, since the drive to work at full capacity is hard to sustain without adequate reward (Cahya et al., 2021).

The setting of this study is shaped by a clear downturn in the regional automotive market. According to figures released by the ASEAN Automotive Federation (AAF), Indonesia recorded the highest car sales in Southeast Asia in 2023, with 1,005,802 units, ahead of Malaysia (799,770 units) and Thailand (775,780 units); the remaining markets each sold fewer than 450,000 units. In 2024, Indonesia retained its position as the region's largest market with

865,720 units, but this represented a decline of 13.9 percent from the previous year. Thailand fell more sharply, by 27.4 percent to 562,954 units, while Malaysia, the Philippines, Vietnam, Singapore, and Myanmar all posted modest gains. The contraction in the leading market is therefore the backdrop against which this research is set.

A slowdown of this kind does not stay confined to finished vehicles. According to the Indonesian Ministry of Industry, the country experienced inflation in 2024, which eroded household purchasing power not only in everyday consumption but also across the automotive sector, including the purchase of spare parts. When purchasing power weakens, consumers tend to postpone vehicle maintenance that is not urgent, and inflation also raises distribution costs, which in turn pushes up the price of parts. The pressure thus passes from car dealers down to the firms that supply replacement components.

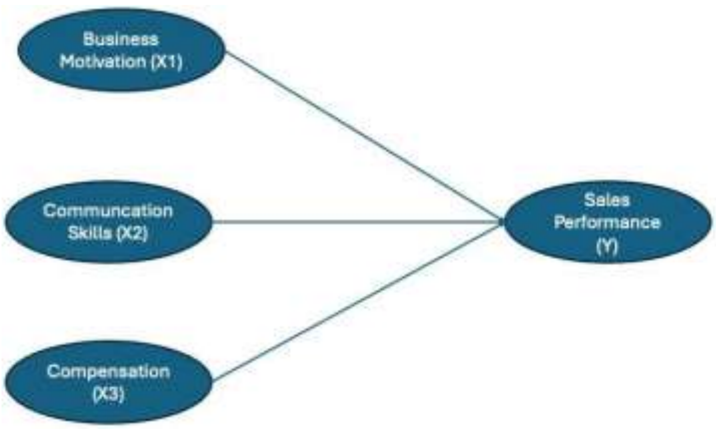
PT ABCD, a spare-parts distributor in Medan, illustrates the problem at the company level. Weak economic conditions have made it harder for the firm's salespeople to reach their targets. The company currently employs a sales team of thirty people, most of whom report the same field-level difficulty: an inability to meet the monthly target that has been set for them. On average, the team is assigned a monthly target of IDR 380 million but realizes only about IDR 200 million. A gap of this size suggests that the obstacle does not lie solely in market conditions; it also points to aspects of sales-force performance that may be falling short, whether through weak motivation, limited communication ability, or a compensation scheme that is not well matched to the work.

Although Indonesia remains the largest automotive market in Southeast Asia, the 13.9 percent decline recorded in 2024 signals a real challenge for parts distributors, since softer consumer demand feeds directly into lower parts consumption. Conditions of this kind push companies to sharpen their sales strategy in order to compete. Because the sales force is so decisive to a distributor's success, a fall in its output may indicate that the team's capabilities have not reached their optimum, which is precisely why the determinants of that capability deserve closer study.

Several prior studies have examined related questions. Compensation has been shown to improve employee performance and to build the morale of sales staff (Sudiantini et al., 2023; Ali & Hidayatullah, 2025), and one study even found that salespeople on lower pay sometimes work harder to protect their earnings (Dustin & Belasen, 2013). Selling ability and customer orientation have been linked to stronger sales performance (Graciafernandy & Nufuz, 2024; Via Zuraida, 2022), while communication skill has been identified as an important influence on how customers perceive a product and, ultimately, on sales (Adzkia et al., 2025; Wijanarko & Lestari, 2024). Motivation, in turn, has been associated with business success (Ndruru, 2023). What remains less settled is how these three determinants behave together within a single field- based distribution firm under market stress — the gap this study addresses.

Against this background, the present research sets out to examine the influence of business motivation, communication skills, and compensation on the performance of the sales force at PT ABCD. The study is guided by four questions: whether business motivation affects sales- force performance; whether communication skills affect it; whether compensation affects it; and whether the three factors jointly affect it. Accordingly, three hypotheses are proposed. H1: business motivation has a positive and significant effect on sales-force performance. H2: communication skills have a positive and significant effect on sales-force performance. H3: compensation has a positive and significant effect on sales-force performance.

Drawing these three relationships together, Figure 1 presents the research model that guides the analysis. The model places business motivation, communication skills, and compensation as the independent variables that are expected to shape sales performance, with each path corresponding to one of the hypotheses stated above.



Source: Developed by the authors (2026)
Figure 1. Research Model

METHOD

This research uses a quantitative approach with an associative design, which seeks to establish whether and how the variables under study are related. The unit of analysis is the individual salesperson, and the data were collected at a single point in time, making the design cross-sectional. The aim throughout is descriptive and explanatory: to describe the condition of the sales team and to explain the links between business motivation, communication skills, compensation, and sales performance.

The population consists of the entire sales team of PT ABCD in Medan, totaling thirty people. Because the population is small, the study applies a saturated sampling technique, also known as a census, in which every member of the population serves as a respondent (Sugiyono, 2013). All thirty salespeople were therefore included. Data were gathered through a survey, with a structured questionnaire distributed to the whole team. Each item was measured on a Likert scale, allowing respondents to indicate the degree to which they agreed with statements describing their motivation, communication, compensation, and performance.

The study works with three independent variables — business motivation (X1), communication skills (X2), and compensation (X3) — and one dependent variable, sales performance (Y). Business motivation refers to the internal and external drives that push a salesperson toward the firm's targets, captured through indicators such as the need for achievement, the will to excel, and a sense of responsibility for one's work. Communication skills refer to the ability to convey product information clearly and to build effective.

relationships with customers, measured through clarity, accuracy, and the ability to handle questions and problems. Compensation refers to the rewards a salesperson receives in return for their contribution, covering items such as salary adequacy, timeliness of payment, performance-based bonuses, and benefits. Sales performance refers to the work results achieved in pursuing company targets, expressed through goal attainment, quality of service, and the initiative to seek new customers. The operational structure of these variables is summarized in Table 1.

Table 1. Operationalization of the Research Variables

Variable	Concept	Indicators
Business Motivation (X1)	Internal and external drives that influence the sales force in reaching sales targets.	Desire to reach targets; work enthusiasm; drive to excel; development of potential; responsibility for the job; willingness to work without being told; desire for greater responsibility and influence.
Communication Skills (X2)	The salesperson's ability to deliver product information and build communication effectively.	Clear delivery of information; ability to answer questions; ability to explain the product; accuracy of information; speed of response; problem handling; professional attitude; maintaining customer trust.
Compensation (X3)	Rewards received by the sales force in return for the work contributed to the company.	Salary adequacy and fairness; timeliness of payment; performance-based bonuses; fairness of incentives; motivational effect of incentives; availability and suitability of benefits.
Sales Performance (Y)	Results achieved by the sales force in meeting company targets and goals.	Target attainment; growth in sales results; maximum work output; quality of customer service; accuracy and completion of work; initiative in finding new customers; creativity in offering products.

Source: Processed by the authors (2026)

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of SmartPLS 4. This technique was chosen because it copes well with a small sample (n = 30) and does not require the data to follow a normal distribution, which makes it suitable for the present case. The analysis proceeds in stages. First, descriptive statistics summarize the characteristics of the respondents and the pattern of their answers. Next, the measurement model (outer model) is evaluated to confirm that the questionnaire is valid and reliable, using convergent validity (outer loadings above 0.6–0.7 and average variance extracted, or AVE, above 0.5), discriminant validity (each indicator loading most strongly on its own construct), and construct reliability (Cronbach's alpha and composite reliability of at least 0.70). The coefficient of determination (R-square) is then read to gauge how much of the variation in the dependent variable is explained by the independent variables, with a value above 0.5 regarded as adequate. Finally, the structural model (inner model) is assessed through the path coefficients, where a t-statistic above 1.98 indicates an effect and a p-value below 0.05 indicates statistical significance.

RESULTS AND DISCUSSION

Company Profile and Respondent Characteristics

PT ABCD is a subsidiary of PT Capella Medan and operates as a distributor of spare parts and accessories for both motorcycles and cars. It also serves as an official distributor for several brands within the domestic division of PT ASTR O , with a marketing area covering Sumatra. The firm has its head office in Medan and branches across the island, which makes its field- based sales team central to day-to-day operations.

The thirty respondents were profiled by gender, age, place of residence, and length of service. The team is predominantly male: 23 respondents (76.7 percent) are men and 7 (23.3 percent) are women, a balance consistent with the field-oriented nature of distribution work. By age, the largest single group is 21–23 years (9 people, 30 percent), placing much of the team within a productive age range. In terms of residence, the team is heavily concentrated in Medan, where 28 respondents (93.3 percent) live, indicating that recruitment draws mainly on the local population. By length of service, 17 respondents (56.7 percent) have worked more than three years and 13 (43.3 percent) between one and three years, giving the team a healthy mix of experienced staff and younger members who have already passed the adjustment phase. These characteristics are summarized in Table 2.

Table 2. Profile of Respondents (n = 30)

Characteristic	Category	Frequency	Percentage
Gender	Male	23	76.7
	Female	7	23.3
Age (years)	21–23 (dominant)	9	30.0
	27–29	6	20.0
	Other ranges	15	50.0
Domicile	Medan	28	93.3
	Outside Medan	2	6.7
Length of service	1–3 years	13	43.3
	More than 3 years	17	56.7

Source: Processed by the authors (2026)

Evaluation of the Measurement Model (Outer Model)

The first step in the analysis is to confirm that the questionnaire measures what it is intended to measure. Convergent validity was assessed through the outer loading of each indicator — a number that shows how strongly an item reflects the concept it belongs to. Indicators with a loading above 0.7 are considered strong, and those above 0.6 are still acceptable. The results in Table 3 show that the retained indicators all clear this threshold. A small number of items that fell short were removed before the final estimation: one compensation item (loading 0.642) and one motivation item (loading 0.508) were dropped because they did not meet the standard, leaving a set of indicators that measure their constructs cleanly.

Table 3. Summary of Outer Loadings by Construct

Construct	Valid items	Lowest loading	Highest loading
Communication Skills (X2)	9	0.843 (KK9)	0.922 (KK2)
Compensation (X3)	8	0.719 (KOMP7)	0.895 (KOMP3)
Business Motivation (X1)	8	0.738 (MB7)	0.916 (MB1)
Sales Performance (Y)	9	0.733 (KP2)	0.932 (KP4)

Source: SmartPLS 4 output (2026)

Discriminant validity was then examined through cross-loadings to make sure each construct is genuinely distinct from the others. For almost every indicator, the strongest correlation falls on its own construct, as expected. One compensation item (KOMP9) showed a relatively high correlation with sales performance as well, narrowing the gap between the two constructs; this is understandable, given that respondents appear to associate that particular statement closely with on-the-job results. Overall, however, the indicators concentrate firmly on their intended constructs, and the requirement for discriminant validity is met.

Reliability and validity at the construct level were assessed next. As shown in Table 4, every construct returns an AVE above 0.5, meaning each construct accounts for more than half of the variance in its own indicators, and every construct returns Cronbach's alpha and composite reliability values comfortably above 0.70. The questionnaire is therefore both valid and internally consistent, and the model is sound enough to move on to the structural stage.

Table 4. Construct Reliability and Validity

Construct	Cronbach's alpha	Composite reliability (rho_c)	AVE
Communication Skills	0.	0.967	0.763
Sales Performance	0.	0.959	0.721
Compensation	0.	0.954	0.723
Business Motivation	0.	0.947	0.693

Source: SmartPLS 4 output (2026)

Coefficient of Determination (R-Square)

The R-square value indicates how much of the variation in sales performance is explained by the three independent variables together. As reported in Table 5, the R-square for sales performance is 0.849, with an adjusted value of 0.832. In plain terms, business motivation, communication skills, and compensation jointly account for about 84.9 percent of the differences in sales performance among the team, while the remaining 15.1 percent is attributable to factors outside the model. A figure of this magnitude points to a strong explanatory model and suggests that the three variables were well chosen.

Table 5. R-Square

Dependent variable	R-square	R-square adjusted
Sales Performance	0.849	0.832

Source: SmartPLS 4 output (2026)

Hypothesis Testing (Path Coefficients)

The structural model was examined to determine the strength and significance of each direct effect. Table 6 presents the path coefficients together with their t-statistics and p-values. An effect is regarded as present when the t-statistic exceeds 1.98 and as significant when the p-value is below 0.05.

Table 6. Path Coefficients and Hypothesis Testing

Path	Original sample (O)	T-statistics	P-values	Result
Communication Skills → Sales Performance	0.568	3.496	0.000	H2 supported
Compensation → Sales Performance	0.328	2.845	0.004	H3 supported
Business Motivation → Sales Performance	0.119	0.955	0.340	H1 not supported

Source: SmartPLS 4 output (2026)

Discussion

The effect of business motivation on sales-force performance (H1). The data show a positive but statistically insignificant link between business motivation and sales performance (O = 0.119; t = 0.955; p = 0.340), so H1 is not supported. This result suggests that enthusiasm, commitment, and inner drive do not automatically translate into stronger sales. A salesperson may be eager to hit targets, yet that eagerness yields little if it is not paired with the right selling skills. High motivation, in other words, is not sufficient on its own; without the ability to apply a sound approach in front of the customer, the drive does not convert into measurable results.

The effect of communication skills on sales-force performance (H2). Communication skills have a positive and significant effect on sales performance (O = 0.568; t = 3.496; p = 0.000), and they emerge as the dominant factor in the model, since their influence is the largest of the three. This underscores how central the ability to communicate is to selling. A salesperson who explains a product clearly, builds rapport, and listens well is better placed to understand what a customer actually needs and to offer a suitable product, which raises the likelihood of a purchase and, in aggregate, lifts sales. For a field-based distribution business, this skill is the most direct lever on results.

The effect of compensation on sales-force performance (H3). Compensation also has a positive and significant effect on sales performance (O = 0.328; t = 2.845; p = 0.004), so H3 is supported. Reward remains a meaningful driver of effort: when pay, performance-based incentives, and benefits are felt to be fair, salespeople sense that their contribution is recognized, and their commitment to the work strengthens. A well-designed compensation scheme thus supports performance, though its effect here is smaller than that of communication skills.

Read together, the three findings carry a clear practical message for a distributor operating under market pressure. The most reliable gains are likely to come from strengthening how the team communicates with customers and from keeping the compensation system fair and motivating, rather than from appeals to motivation alone. This pattern fits the field-based reality of the business, where the quality of each customer interaction does much to determine whether a sale is closed.

CONCLUSION

This study set out to explain the performance of the sales force at PT ABCD against the background of a contracting automotive market, in which Indonesia's vehicle sales fell by 13.9 percent in 2024 and weaker purchasing power, driven by inflation, spread into the spare-parts trade. The company's difficulty was visible in the gap between a monthly target of IDR 380 million and average realized sales of about IDR 200 million. Using PLS-SEM on a census of thirty salespeople, the research examined the influence of business motivation, communication skills, and compensation on sales performance.

Three conclusions follow. First, business motivation does not have a significant effect on sales performance, indicating that inner drive alone does not move the numbers for this team.

Second, communication skills have a positive and significant effect and are the strongest determinant: the ability to deliver clear, accurate product information and to build good customer relationships translates directly into better results. Third, compensation has a positive and significant effect, so a fair reward system that matches achievement strengthens the team's drive to meet its targets. Together, the three factors explain 84.9 percent of the variation in sales performance.

Two recommendations arise from these findings. For practice, PT ABCD would benefit most from investing in the communication capability of its sales force — through targeted training — while maintaining a compensation scheme that is felt to be fair and tied to performance. For future research, the model could be widened beyond the three internal factors studied here. External variables such as consumer purchasing power, the rate of inflation, and the intensity of market competition could be added as independent or moderating factors. The study is also limited by its small, single-company sample of thirty respondents drawn through saturated sampling, which describes this firm well but cannot be generalized to others. Extending the work to additional branches or companies, with a larger respondent base, would yield a fuller and more transferable picture of what drives sales-force performance.

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