

Parallel between motivational factors in SMEs and the motivation to become an entrepreneur

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Abstract: This theoretical study aims to highlight the factors in terms of motivation of employees in SMEs, as well as the motivation of employees to become entrepreneurs in different countries. The study also presents an attempt to correlate the motivating factors in SMEs with the motivating factors to become entrepreneurs.

Key words: motivation, motivational factors in SMEs, motivating factors to become an entrepreneur.

I. MOTIVATION

Motivation is and will be a topic of research many years from now because both business managers and those who want to start a business (entrepreneurs) must know the factors that underlie the achievement of business objectives, namely: increasing business performance, increase turnover, increase profit, increase product quality, etc. At the same time, those who want to become entrepreneurs also have factors that motivate them to take this direction, namely: the desire to be their own boss, the desire to have a flexible schedule, the desire to add value.

Motivation is the totality of motives (conscious or not) that determine someone to perform a certain action or to aim for certain goals (DEX, 2009). If we look at it from the perspective of work psychology, the definition can be *as a sum of internal and external energies that initiate, direct and sustain an effort oriented towards an objective of the organization, which at the same time will satisfy individual needs* (Robbins, 1998).

Over time, the factors that motivate employees were studied and according to research conducted employees were asked to put 10 tools considered as "a reward for service" and the results were as shown in the figure below (see figure1):



Figure 1: Source adapted from Wiley, 1997

Today, SMEs motivate their employees with money and financial benefits, despite the fact that there is more and more research indicating that this type of motivation is not enough to motivate employees. In addition to financial motivation, managers can choose from a number of motivational tools, such as: recognition for a job well done, involvement in decision making, sharing responsibilities and tasks with employees, career advancement opportunities, etc. (Falcone & Tan, 2013; Scheiner, 2015). Every employee is an individual with very different needs. What motivates a person will not necessarily motivate others.

Therefore, managers who want to motivate all their employees, must know them and recognize what motivating factors influence them. Money is often the first factor that comes to mind, but if the business is to succeed, leaders must use other motivational tools (Thibodeaux, 2015). Some employees are motivated by the equipment provided by the company to perform their tasks, for example a laptop, a mobile phone or even a company car can positively affect employees.

Financial benefits can include cash prizes, gift cards or restaurant gift certificates.

Non-financial benefits may include additional vacation days, tablet work weeks or parking spaces. Working conditions, such as the building where the business takes place or the office and its equipment are also motivating.

Managers play a key role in maintaining a good work environment (Krumrie, 2016; Borowski & Daya, 2014). Managers can motivate employees by giving them responsibilities and authority to make basic decisions.

Managers can motivate employees, encouraging them to be innovative and creative by enabling employees to feel like active participants in the enterprise (Borowski & Daya, 2014; Thibodeaux, 2016). Self-improvement allows employees to receive the training they need to be better at work. They must help their employees to motivate themselves and set professional goals, ensuring that the goals are reasonable and achievable so that their employees are not discouraged. Employees will believe that they are able to gain additional skills and information (Thibodeaux, 2015). Feedback from managers helps keep employees on a path to continuous improvement. A simple "thank you" or public praise will increase employee

confidence.

Identifying employees for accomplishments - such as achieving sales goals or providing excellent customer service, a completed project - can be an important motivating factor. For example, lack of information has a negative impact on performance, because employees do not have a good starting point to do their job as well as possible. Regarding the availability of relevant information, it can motivate employees and increase their efficiency. Managers by providing relevant information can reduce stress for employees and therefore achieve better results at work.

MOTIVATION TO BECOME AN ENTREPRENEUR

According to several studies, various entrepreneurs from several countries were interviewed and the following links were found between motivation and business success. For example, Kuratko et al. (1997) and Robichaud et al. (2001) surveyed North American entrepreneurs to determine how motivation relates to business success.

According to their studies, the motivating elements could be grouped into four factors:

- Extrinsic rewards;
- Independence / autonomy;
- Intrinsic rewards;
- Family security.

Researchers believe that if performance studies models want to provide a more global and representative portrait of entrepreneurship, they must take into account not only the reasons that push the entrepreneur to start his business but also the motivations that encourages the entrepreneur to sustain his existence (Kuratko, et. al., 1997). Indeed, it appears from the literature that people who start their business are motivated by goals that can be achieved through their business, we could apply the same reasoning to entrepreneurs who are already in business, because they also have goals that have to be fulfilled (Allala Ben Hadj Youssef, Mariem Dziri, 2012).

Therefore, the objectives pursued by entrepreneurs starting their business may change once the business operates (Orser, et. Al., 1997): “Studies tend to focus on young business owners, or provide only descriptive, unstructured explanations. The factors that motivate an entrepreneur in the initial stage of his activity can be inefficient in other stages”.

Regarding the motivation to become an entrepreneur, many authors interviewed various entrepreneurs from several countries and found the following motivating factors to become entrepreneurs:

Some authors have conducted a factor analysis on the motivations of small business owners in Western Australia (Wang, et al., 2006). The 17 motivational elements were grouped into four factors: *personal development motivations, financial motivations, “push” motivations and flexible lifestyle motivations*. In general, they found that pull motivations are more important motivations than push motivations (Wang, et. Al., 2006).

According to several studies, it was found that motivations differ in developed countries. For example, entrepreneurs in the US and Australia are highly motivated by the need for independence (Scheinberg, MacMillan, 1988). Italian and Chinese entrepreneurs are also strongly motivated by communitarianism.

As for Portuguese and Chinese entrepreneurs, they set up businesses to meet a need for approval (consent, indulgence). Some authors have provided a comparison between entrepreneurs in the UK, Norway and New Zealand (Shane, et. Al., 1991). According to their results, they found 14 motivational elements divided into four categories of factors: *recognition, independence, learning* and something they call “*roles*” (function, contribution, purpose). They found that the desire *for recognition* is stronger in New Zealand and the United Kingdom than in Norway (Shane, et. Al., 1991). In addition, Norwegian business people are more likely to start a business by "developing an idea for a product" and "continuing to learn". Currently, there are few studies that compare the motivations of men

and women in establishing their own businesses. The authors found that **gender** interacts with country differences and, consequently, there were no consistent gender differences in motives in New Zealand, Norway and the United Kingdom (Shane, et. Al., 1991).

Other authors have found that the desire **to be one's own boss** is a significant motivator for both male and female entrepreneurs in the UK (Burke, et al., 2002).

For Vietnamese entrepreneurs, **challenge and achievement** are significantly more important motivators than **necessity and security** (Swierczek, Ha, 2003).

For Ugandan entrepreneurs, Africa's most important motivator for owning a business is "making a living" or "making money" (Bewayo, 1995).

In terms of **revenue growth**, this is the most important motivation for entrepreneurs in Ghana and Kenya (Chu, et. Al., 2007). According to a study, Ghanaian entrepreneurs often invest in a business because they have few savings or investment options (Chamlee-Wright, 1997).

Cultural factors and gender play an important role in the motivations of entrepreneurs.

Studies conducted in Turkey and Morocco have found that activity in Muslim countries is strongly dominated by men (Chu, et. Al., 2007). Thus, the fact that Turkish entrepreneurs were most motivated by **the desire to increase revenues** may be the result of the male-dominated sample, the fact that most respondents were Muslims or the existence of poor economic conditions in Turkey.

Entrepreneurs in another Muslim country, Morocco, were most motivated by the **desire to exploit** a new business opportunity and gain personal freedom (Gray, et al., 2006).

A study conducted in Northern Ireland found that while both sexes indicate **autonomy, achievement and job dissatisfaction** as reasons for starting a business, women are less likely to indicate income as a motivator (Cromie, 1987).

The literature indicates that there are differences in the motivations of entrepreneurs depending on the **country, gender** and possibly **religion**. These differences point the way to a new strategy to motivate entrepreneurs. Strategies used in developed countries may not work in developing countries.

Developing countries need to examine their citizens priorities and wishes to determine which incentives are most effective (Cynthia Benzing, Hung M. Chu, 2009).

In table no.2 below you can see a perfect reflection on the factors that motivate employees in SMEs and the motivating factors to become entrepreneurs according to the literature:

Motivational factors in SMEs	Motivating factors to become an entrepreneur
Appreciation for a good job Important (useful) person for the enterprise Positive approach to personal issues Job security Salary Interesting job (attractive) Possibility of promotion Personal or organizational commitment (loyalty to employees) Good working conditions (safety at work) Discipline at work	North America: - Extrinsic rewards - Independence / autonomy - Intrinsic rewards - Family safety Australia: - motivations for personal development - financial motivations - "push" motivations (stimulate, push) - flexible lifestyle motivations USA and Australia: - motivated by the need for independence Italy and China: - motivated by communitarianism Portugal and China: - need for approval (consent) United Kingdom, Norway and New Zealand: - recognition - independence - learning - function (contribution, purpose). Vietnam: - the challenge - realization Uganda: - "to earn money", "to earn a living" Ghana and Kenya: - increase income Turkey: - increase income Morocco: - the desire to exploit UK: - the desire to be one's own boss Nothern Ireland: - autonomy - realization - job dissatisfaction

Table 2 - Own processing according to the specialized literature

As can be seen in the table below, for each of the motivational factors present in SMEs I tried to find a correspondent in the motivating factors to become an entrepreneur, as follows (see table 3):

Motivational factors in SMEs	Motivating factors to become an entrepreneur
Appreciation for a good job	Intrinsic rewards. recognition realization function (contribution, purpose)
Important (useful) person for the enterprise	Intrinsic rewards. recognition realization Independence / autonomy. the need for independence the desire to be one's own boss
Positive approach to personal issues	Family security. push motivations (stimulate, push)
Job security	Family security. motivated by communitarianism need approval (consent) job dissatisfaction
Salary	Extrinsic rewards Financial motivations "earn money", increase income
Interesting job (attractive)	motivations for personal development
Possibility of promotion	motivations for personal development challenge
Personal or organizational commitment (loyalty to employees)	Intrinsic rewards. recognition realization
Good working conditions (safety at work)	Family security. learning, desire to exploit
Discipline at work	push motivations (stimulate, push) need approval (consent)

Table 3 - Own processing according to the specialized literature

According to the table you can find some correspondent for each motivational factor in SMEs in terms of motivating factors to become an entrepreneur, but these data need to be studied more closely and seen how it influences the way and lifestyle, performance and satisfaction of people.

In terms of the motivation of employees in SMEs, they always seek to find a balance between work and personal life, as well as finding a job that is interesting, to offer them favorable working conditions, to be seen as being part of that enterprise and that they make an important contribution to increasing the performance of the enterprise. It is true that the salary also plays an important role in the lives of employees, giving them the opportunity to meet certain physical needs. Increasingly, employees seek to meet their higher needs, so it is important for the company to know its employees and provide them with the conditions and favorable environment to meet all their needs. The more satisfied employees are at work, the more value they will bring to the company.

Regarding the entrepreneurial motivation presented above, it is observed that people choose this path precisely in order to have independence and autonomy, to have more time, to

earn better, for the need to achieve and the desire to exploit.

In conclusion, both the motivation of employees in SMEs and the motivation to become an entrepreneur play an important role in the life of every employee. If for one employee the salary is the most important motivating factor for another employee, this hypothesis is not valid. In terms of both the factors that motivate an employee in the company and the motivating factors to become entrepreneurs are somewhat different and differ from person to person.

Motivation is and will remain one of the problems faced by both today's companies and entrepreneurs, because it must be researched and really seen what motivates employees in a company.

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