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“Empirical study on factors impacting motivation of employees in the social enterprises”

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Abstract

Social enterprises generally, struggle with human resource issues like finding the right employees who can work at low compensation, creation of growth and development opportunities for employees in the organization, retaining the workforce at middle and lower level management levels and high attrition rates leading higher cost of acquiring and training new employees. It has become a matter of survival for social enterprises to think of alternate ways of recruiting and attracting value based talent pool that drives social changes.

This study uses empirical tools to assess various variables that highlight the factors impacting motivation of Employees from Employers and Employee perspective. It identifies the robust connection of factors that enhance the employee's motivations in the social enterprises. The main purpose of this research paper is to highlight the motivational tools used by social enterprises. This research paper is based on primary data collected from thirty-five social enterprises and more than five hundred employees of surveyed social enterprises.

Keywords: Employees Motivation, Social Enterprises, employee's performance.

1. Introduction:

As per Social Enterprise Alliance, a national organization having membership of Social Enterprises in USA, a social enterprise is an organization that addresses basic unmet needs or solves a social or environmental problem through a market driven approach¹. Social enterprises lie somewhere between the spectrum of not for profit organizations and profit making organizations.

Deloitte defines a social enterprise as an “organization whose mission is to combine revenue growth and profit making with the need to respect and support its environment and stakeholder network”. Social enterprise is an organization that shoulders the responsibility to be a good citizen (both inside and outside the organization)”²

A social enterprise is a cause driven business whose primary reason for being is to improve social objectives and serve the common goal. Social enterprises put their efforts for the development of community by using the commercial tactics and means. These organizations prefer not to depend on grants, donations or charity for the functioning of the organization rather their products do the work. With millions of people facing diverse issues and challenges, India has become a nurturing ground for the social entrepreneurs.

Differentiating between Social Enterprise and regular Business Enterprise:

A Social Enterprise	A Regular Business entity
They make money from selling products and services for covering their cost of operations in the long term. They reinvest the profit in the organization for social cause. Pay reasonable salaries to staff.	Sole purpose is to make profit for shareholders, also to make the owner of the organization wealthy.

¹<https://socialenterprise.us/about/social-enterprise/> ²https://www2.deloitte.com/content/dam/insights/us/articles/HCTrends2018/2018-HCTrends_Rise-of-the-social-enterprise.pdf?zd_source=hrt&zd_campaign=2895&zd_term=sushmanbiswas

The social enterprises, which are a mix between for profit and not for profit organizations, face number of problem with regard to managing human resource within their organization. Social enterprises struggle with various human resource issues such as getting employees at low rate of compensation, providing growth opportunities to employees within organization, retaining talent, providing clearly defined roles to employees, high attrition, retaining the workforce at middle and lower level management levels and high attrition rates leading higher cost of acquiring and training new employees. It has become a matter of survival for social enterprises to think of alternate ways of recruiting and attracting value based talent pool that drives social changes, etc.³

Employees are the assets of any business whereas they put their efforts to transforms the social enterprises decision into action and make an attempt to achieve the targeted goal of the organization. The motivational factors are used as a part of strategy by social enterprises, which influenced the candidates to join the social sector organization who are working towards social and financial sustainability. Moreover motivation plays a crucial role in selecting individual to select the job in the social enterprises.

2. Literature Review

Knight (1921), Entrepreneurship is the procedure which is worldwide connected from founding the business ventures, acquiring and expanding the existing business. It can also be defined as a person who bears the risks of different uncertainties while making business choices. As per Schumpeter (1934), an entrepreneur is a person who receives a profit which is entirely created by him. He also explains that an entrepreneur does not have any guarantee that he would be an entrepreneur in the future. Entrepreneurs are those who constantly do innovation for new products, finding out new methods of production, markets, along with the new industrial organization.

According to Dees (1998), the concept of social entrepreneurship ranges from narrow to relatively general concept. It is refers to innovative activity with social objectives in private/public or non-profit organization or a hybrid structural form. Thus the social

³Bhati, Abhishek and Manimala, Mathew J., Talent Acquisition and Retention in Social Enterprises: Innovations in HR Strategies (February 13, 2011). IIMB Working Paper No. 328, Available at SSRN: <https://ssrn.com/abstract=1820643> or <http://dx.doi.org/10.2139/ssrn.1820643>

entrepreneurship is societal, novel value generating that can occur in private, government or in both sectors. Oster (2004), states that the societies worldwide are pursuing innovative thinking to solve the social problem of the communities which are not satisfactorily addressed by the government or any other market forces. These challenges are mainly identified by the non-governmental or in civil society organization (CSO) which work on range of problems in education, health care, environmental conservation to arts and culture. To overcome the complex social issue which the societies is facing today, the social entrepreneurs and the social entrepreneurship sector has increased vastly and also continues to grow worldwide.

According to Bugg-Levine, Kogut, Kulatilaka (2012), the biggest challenge if any social enterprise faces is the lack of funding opportunities. A standard organization uses its balance sheet or business plan which can offer a combination of different kind of risks and returns to the different investor to attract the investment, i.e. Equity, banks, bonds etc. As time changes many social entrepreneurs and investor are realizing that such kind of ventures can generate a good amount of revenue for survival. Seema Devi (2016), has stated that identifying and solving social issues carries the cost. Mostly social entrepreneurs raise money by taking loans facilities from money lenders or they have used money from their air pocket as such social ventures are not a money-making organization they have a specific social mission formed for the betterment of society. The social and cultural perception also creates challenges

to run business activities in India. If we take the case of Water Health International the main focus of this venture was to create awareness about the various water diseases and how we can cure this, despite the clear purpose of the organization people were more suspicious of the process.

According to Barbeito and Bowman (1998) the Services provided by social enterprises cannot be replaced by physical facilities and equipment. In many cases, service providers are the employees who are the most important assets of social enterprises. Employees of social enterprise are attracted and motivated by essential factors such as believing in the organization mission and vision statement and reaching towards the social goals. As human resource are the primary assets of the organization they need to adopt the change as per market situation and to bear the pressure as it creates more exertions in the human resource management in the organization. Brandel, (2001), studied that basic expectations of social enterprise from employees are to work for the social cause rather than salary/compensation benefits. Social enterprises are uniquely non-profit unable to compete with the profit-oriented organization with providing a good amount of pay and incentives to their employees. According to Ban Drahnak Faller and Tower (2003), Social enterprises especially non- profit organization face major problems in recruitment, retention and workforce diversity by the human resource managers also they found it more difficult to recruit and retain qualified employees in the information technology and business management as the salary in this field has more demand and cannot be afford by social enterprise. The non-profit organization trying hard to convince their donors for providing freedom in spending money on employees to retain an efficient and effective person in bringing the change in society. Many of the donors are not ready for providing the salary, incentives or perks to their employees.

3. Formats of motivation used in social enterprises.

A survey exercise was conducted to understand the monetary and non- monetary motivation tools that are popularly used by the social enterprises from the employer perspective. An employee survey was also conducted to understand the factors motivating employees of the social enterprises. A total of thirty-five (35) social enterprises and five hundred and thirty-two employees of social enterprises were surveyed to understand the Employer and Employee perspective on the tools / factors of motivation in social enterprises.

A. Employer Perspective:

A survey of thirty five-five (35) social enterprises was conducted to understand the most preferred tools for motivation used by the Social Enterprises. Following is the analysis of survey result:

Table 1: Most preferred tools of motivation used by Social Enterprises

Sr. No.	Motivation Tool Used	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
i.	Salary / compensation	8	16	8	3	0
ii.	Involving and engaging in decision making	7	13	9	6	0
iii.	Enhancement of Job profile and responsibility	7	20	4	4	0
iv.	Providing opportunity to work on projects that create major social impact and recognizing the same	9	20	4	2	0
v.	Leadership role	6	21	8	0	0
vi.	Opportunity for pursuing higher education	4	5	10	9	7

Salary / compensation

Above table indicates that there are 8 respondents who strongly agree that salary / compensation is an important motivational factor to join social enterprises, 16 respondents agree with the same. From the remaining respondents, 8 respondents have neutral opinion about the statement and 3 respondents has disagree that salary / compensation is an important motivational factor to join social enterprises. Out of all 35 respondents, majority of them agree with the same.

Involving and engaging in decision making

Above table indicates that out of total 35 respondents, 7 respondents strongly agree that involving in decision making is an motivational factor to join social enterprises, 13 respondents agree with the same. From the rest of the respondents, 9 respondents have neutral opinion about the same and 6 respondents disagree with the same. In all, majority of the respondents agree that involving and engaging in decision making is an important motivational factor to join social enterprise.

Enhancement of Job profile and responsibility

The above statement table indicates that there are total 35 respondents out of which 7 respondents strongly agree that enhancement of job profile and responsibility is motivational factor to join social enterprise, 20 respondents agree with the same. There are 4 respondents who have neutral opinion about it and rest 4 respondents disagree with the statement. In all, majority of the respondents agree that enhancement of job profile and responsibility is important

motivational factor to join social enterprise. Providing opportunity to work on projects that create major social impact and recognizing the same

Above table indicates that out of total 35 respondents, 9 respondents strongly agree that opportunity to work on projects create major social impact, 20 respondents agree with the same. There are 4 respondents who are neutral opinion about the same, 2 respondents disagree with the same. In all, majority of the respondents disagree that providing opportunity to work on projects that create major social impact and recognizing the same is important motivational factor to join social enterprise.

Leadership role

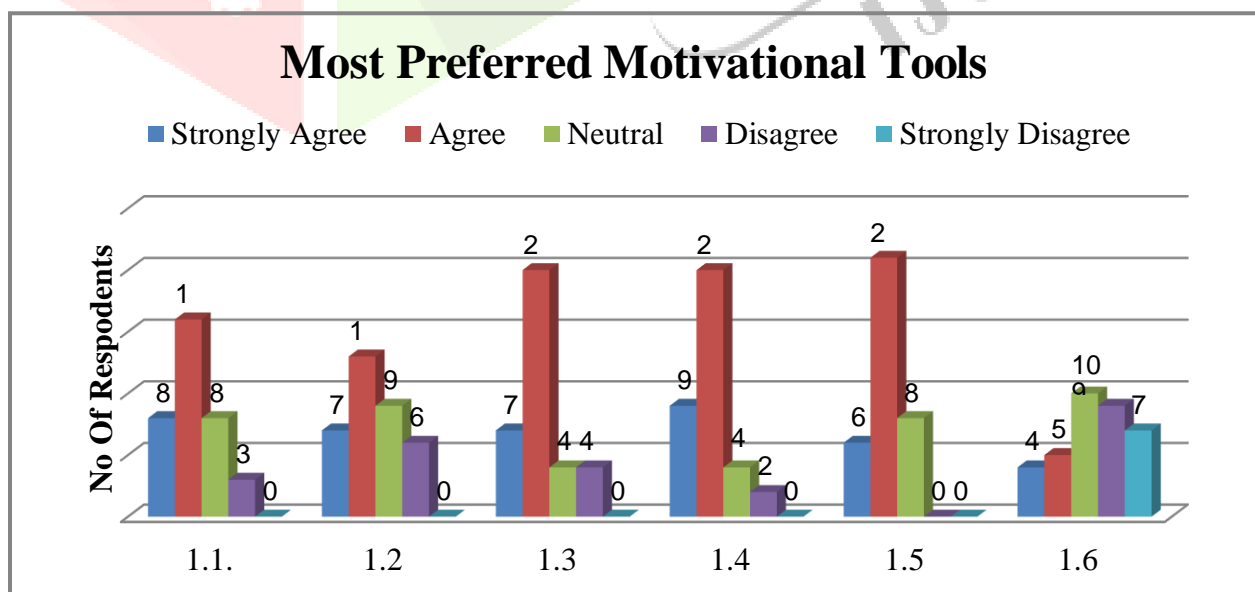
Above table indicates that out of total 35 respondents, 6 respondents strongly agree that leadership role is important motivational factor to join social enterprise, 21 respondents agree with the same. The remaining 8 respondents have neutral opinion about the above statement. Thus, the data shows that the respondents have majority respondents who agree that leadership role is a motivational factor to join social enterprise.

Opportunity for pursuing higher education

Above table indicates that out of total 35 respondents, 4 respondents strongly agree that opportunity for pursuing higher education is important motivational factor to join social enterprise, 5 respondents agree with the same. From the remaining 10 respondents have neutral opinion about the above statement, 9 respondents disagree with the same and the rest 7 respondents strongly disagree with the same.

Above information is represented using multiple bar diagram as shown below:

Figure 1: Most preferred motivational tools - Employer Perspective



B. Employee Perspective

Through survey exercise factors that motivate employees to stay with social enterprise were assessed. Following is the analysis of responses:

Table 2: Preferred motivation factors/tools of motivation for employees of social enterprises

Sr.No.		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
i.	Job satisfaction	11	14	30	210	267
ii.	Salary	9	10	43	201	269
iii.	Employer support in tough time	13	29	53	177	260
iv.	Workplace convenience	15	19	52	188	258
v.	Growth and development	16	28	61	172	255
vi.	Opportunity to be involved in decision making	37	44	49	177	225

Job satisfaction

Out of total 532 respondents only 11 respondents are in opinion of strongly disagree for Job satisfaction which motivates them to stay with the organization, 14 respondent are in opinion of disagree for Job satisfaction, 30 respondents are neutral for Job satisfaction. There are 210 respondents are in opinion of agree and 267 respondents are in opinion of strongly agree Job satisfaction which motivates them to stay with the organization.

Salary

Out of total 532 respondents only 9 respondents are in opinion strongly disagree for Salary, 10 are of opinion of disagree for Salary, 43 respondents are neutral for Salary. There are 201 respondents are in opinion of agree and majority of 269 are in opinion of strongly agree Salary component which motivates them to stay with the organization.

Employer support in tough time

Out of total 532 respondents only 13 respondents are in opinion of strongly disagree for employer support in tough time, 29 are in opinion of disagree for employer support in tough time, 53 respondents are neutral for employer support in tough time. There are 177 respondents are in opinion of agree and 260 are in opinion of strongly agree employer support in tough time which motivates them to stay with the organization.

Workplace convenience

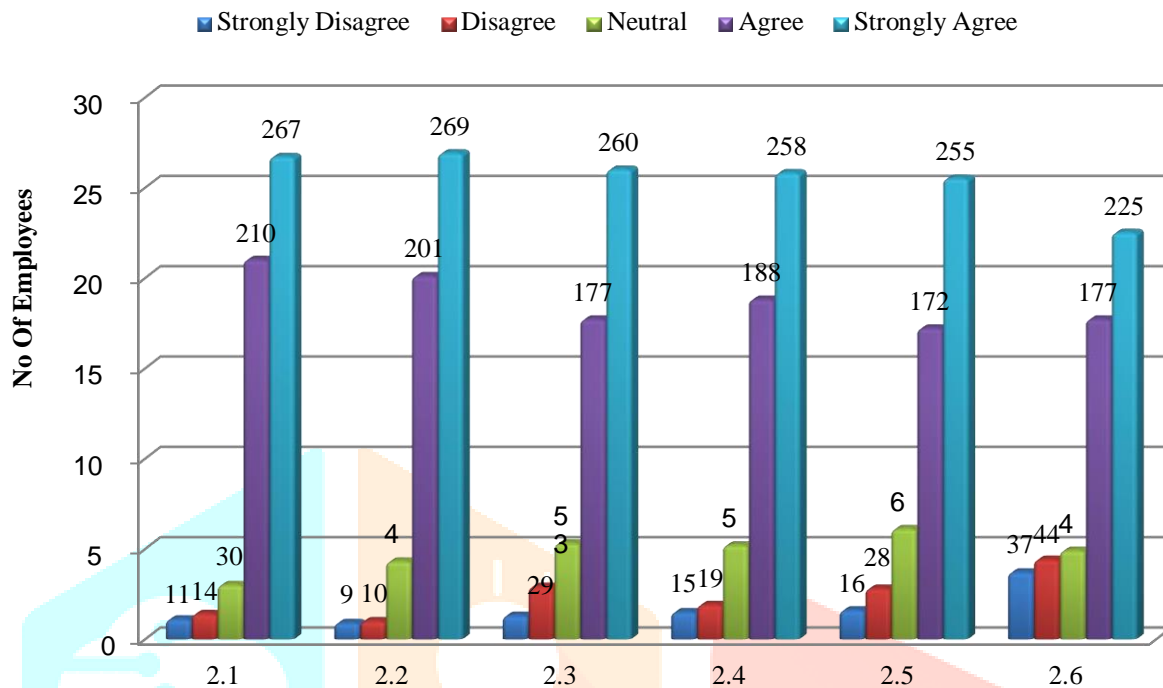
Out of total 532 respondents only 15 respondents are in opinion of strongly disagree for workplace convenience, 19 are in opinion of disagree for workplace convenience, 52 respondents are neutral for workplace convenience. There are 188 respondents are of opinion agree and 258 are of opinion strongly agree workplace convenience which motivates them to stay with the organization. Growth and Development

Out of total 532 respondents only 16 respondents are in favour of strongly disagree for growth and development, 28 are of opinion of disagree for growth and development, 61 respondents are neutral for growth and development. There are 172 respondents are in opinion of agree and 225 respondent are in opinion of strongly agree Growth and development which motivates them to stay with the organization.

Opportunity to be involved in decision making

Out of total 532 respondents only 37 respondents are in opinion of strongly disagree for opportunity to be involved in decision making, 44 are in favour of disagree for opportunity to be involved in decision making, 49 respondents are neutral for opportunity to be involved in decision making. There are 177 respondents are in opinion of agree and 225 respondent are in opinion of strongly agree Opportunity to be involved in decision making which motivates them to stay with the organization. Figure 2: Most preferred motivational tools - Employee Perspective

Response of Employee on Preferred Motivation Factor



4. Analysis and Observations:

A comparison of the ranking of formats of motivation used by social enterprises is made with the preference ranking accorded by employees to the tools of motivation.

The preferred motivation tools used by social enterprises (Employers) in terms of ranking is as follows:

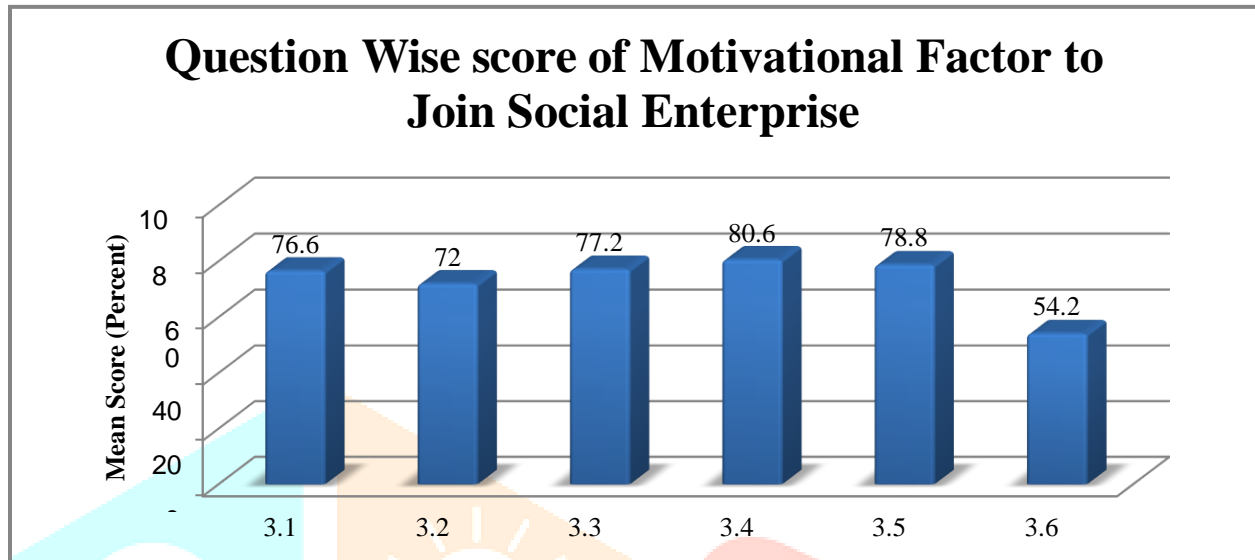
Table 3: Preferred tools for motivation used by the Social Enterprises (Descriptive statistics)

Sr.No	Statement	Mean (out of 5)	Mean (per cent)	Rank
i.	Salary/Compensation	3.83	76.6	4
ii.	Involving and engaging in decision making	3.6	72	5
iii.	Assignment of Job Profile and Responsibility	3.86	77.2	3
iv.	Providing opportunity to work on projects that create major Social Impact and Recognizing the same	4.03	80.6	1
v.	Leadership Role	3.94	78.8	2
vi.	Opportunity for pursuing higher education	2.71	54.2	6

Above table indicates that rank -1st is given to 'Providing opportunity to work on projects that create major Social Impact and recognizing the same', rank-6th is given to 'Opportunity for pursuing higher education'.

This information is represented using bar diagram as shown below.

Figure 3: Ranking of tools for motivation used by the Social Enterprises



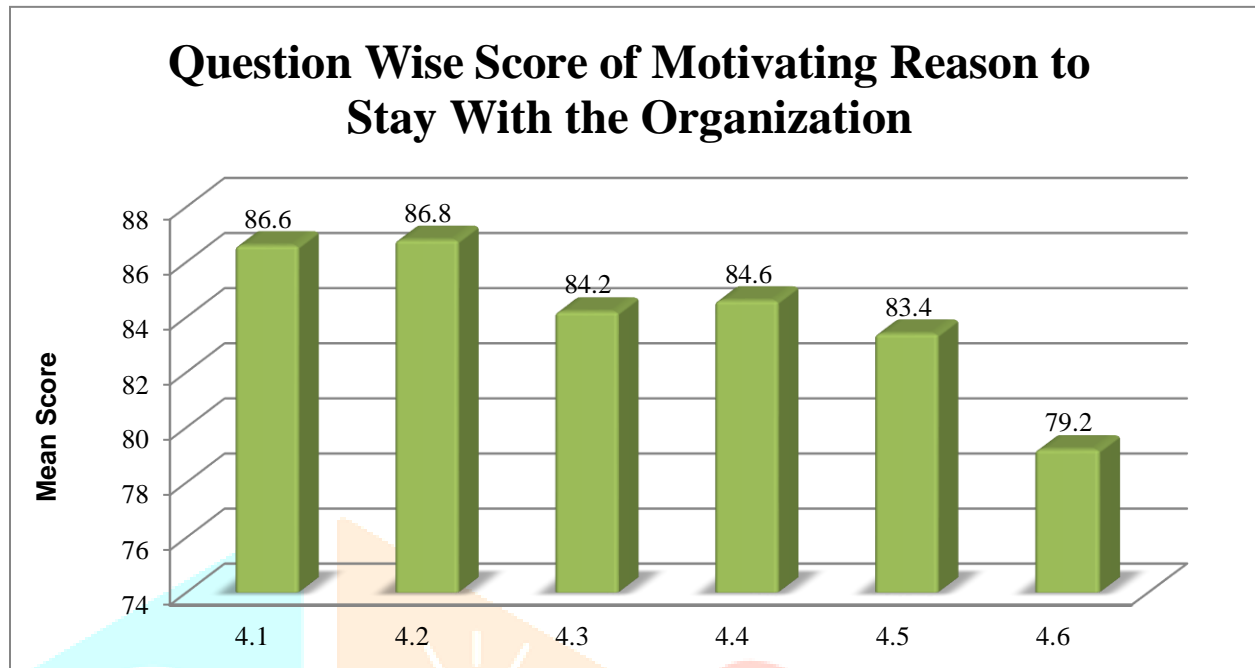
In comparison to the above, the employees ranking of their workplace motivators are as follows:

Table 4: Ranking order of Preferred tools of motivation for the employees of Social Enterprises (Descriptive statistics)

Sr.No.	Statement	Mean (Out of 5)	Mean (Percent)	Rank
i.	Job satisfaction	4.33	86.6	2
ii.	Salary	4.34	86.8	1
iii.	Employer support in tough time	4.21	84.2	4
iv.	Workplace conveniences	4.23	84.6	3
v.	Growth and Development opportunities	4.17	83.4	5
vi.	Opportunity to be involved in decision making	3.96	79.2	6

Above table indicate that rank -1st is given to 'Salary', rank-6th is given to 'Opportunity to be involved in decision making'.

This information is represented using bar diagram as shown below.

Figure 4: Ranking order of preferred tools of motivation for the employees of Social Enterprises: Observations:

1. Employers perceive that providing opportunity to work on projects that create major social impact and recognizing the same will be major motivator for their employees as it is their preferred tool for motivating employees. On the other hand the results indicate that for employees of social enterprises Salary is the biggest motivator closely followed by Job Satisfaction.
2. The preference of employees of social enterprises for salary as motivation tool is contrary to popular belief that employees of social enterprises are motivated by the exalted cause of the social enterprise rather than salary (money) they receive.
3. Employers feel that opportunity to be involved in decision making and leadership role for employees can be a major motivator for employees at the work place. However, for employees it is not a preferred motivator.
4. On the other hand, for employees, the workplace conveniences offered by Social Enterprises and the employer's support during tough times are preferred motivators but both are not perceived to be motivators by employers.

Table 5: Comparative of Employer & Employee Perspective on Motivation

Motivation Tool preferred by Employers	Comparative Tool for Employees	Ranking Employer	Ranking Employees
Salary/Compensation	Salary	4	1
Living and engaging in decision making	Opportunity to be involved in decision making	5	6
Enhancement of Job Profile and Responsibility	Job Satisfaction	2	2
Providing opportunity to work on projects that create major Social Impact and Recognizing the same	Job Satisfaction	1	2
Leadership Role	Opportunity to be involved in decision making	3	6
Opportunity for pursuing higher education	Growth and Development opportunities	6	5
-	Workplace conveniences	0	3
-	Employer support in tough time	0	4

5. Conclusion:

Above analysis clearly indicates that for employees the salary and compensation, workplace conveniences and support of employer during tough times are critical/important motivators and that there is mismatch between employee expectation and employer understands of factors that motivate the employees.

It is recommended that benefits offered to the employees in pursuing higher studies providing opportunities for doing part-time consulting jobs for other organization, which can generate their source of income, etc., can help social enterprise in boosting their performance for achieving the targeted vision as well as better employee retention.

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