

Exploring the Influencing Factors of Innovative Incentive Mechanisms for Employees in Small and Medium-Sized Technology Enterprises

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Abstract. With the development of the economy and the increasing demand for technology, technology-based enterprises have gradually become the main force driving world progress. The small and medium-sized technology enterprises play a crucial role and have an irreplaceable role in the economy. Employee motivation is an essential part of human resource management, which may boost productivity, rise the caliber of output, and encourage businesses to develop rapidly. However, due to the rapid development of these companies, there have been many issues with employee motivation. This article analyzes the problems of employee motivation in these enterprises and explores future development directions. Through research, it has been found that small and medium-sized technology enterprises still have shortcomings in employee motivation. This sort of enterprises should pay attention to the diversification of talent cultivation and incentive methods, as well as the demand for talent in the future, and take more actions to motivate employees.

Keywords: Small and medium-sized technology enterprises; Employee motivation; excitation mechanism.

1. Introduction

In the context of the rapid development of small and medium-sized technology enterprises, improving the scale of enterprise development and economic benefits cannot be achieved without good management models, corporate culture, and the joint efforts of all employees. As China's economic structural reform keeps on moving forward, a new normal for economic development has emerged. Technology oriented small and medium-sized enterprises have gradually become an important component of the national economy and play a significant role. China's small and medium-sized businesses have expanded dramatically in recent years, particularly those that emphasize on technology, and they are now contributing meaningfully to the country's social and economic growth, effectively promoting technological innovation, optimizing economic structure, and increasing employment opportunities [1]. Due to the limited scale and incomplete management methods of small and medium-sized technology enterprises, they have not given sufficient attention to human resource management, resulting in some problems in employee motivation when implementing employee incentives. This type of enterprise relies on technological innovation and talent cultivation, actively seeking development and positioning in professional fields, and seeking opportunities to expand production after expanding the market. Therefore, technology-based enterprises need to attach great importance to talent cultivation and retention, in addition to focusing on their own high-tech research and development. This undoubtedly requires the establishment of a sound incentive mechanism within the enterprise. Motivating employees by enterprises will have both positive and negative effects on the company. That is, based on understanding the true needs of employees, organizations can control and influence their behavior through motivational behavior, so that the goals of both parties remain consistent. There has been a comprehensive exploration of employee motivation in these enterprises in China, but the research results are relatively scattered. Therefore, this article proposes some suggestions by analyzing the current situation of employee motivation in small and medium-sized technology enterprises and analyzing relevant literature. The author conducted a

literature search and identified the important factors that affect employee motivation, hoping to provide some reference for the development of theory and practice.

2. Definition of Related Concepts

Compared to micro firms, small and medium-sized businesses have bigger production scales, meaning they have a higher concentration of labor force, labor approaches, labor objects, and product output. Tiny and medium-sized businesses having a restricted business scope, fewer employees, and a lower manufacturing scale. This covers small and micro businesses as well as medium-sized businesses.

Businesses that are technology-oriented have a high level of technological substance in their goods, core competitiveness and the capacity to consistently introduce new market-appropriate products and expand into new areas.

The term "small and medium-sized technology enterprises" mostly refers to businesses that integrate the creation, manufacture, and distribution of high-technology products and have scientific and technological professionals as their core competencies. Their principal business activities are the commercialization of scientific and technological discoveries, the creation of technologies, technical services, technical consulting, and high-tech product manufacturing. They belong to knowledge intensive economic entities [2].

Employee motivation is the process of stimulating employees' wants, motivations, and desires by using a variety of efficient techniques to either partially or fully satisfy their unique demands. Permit staff members to remain upbeat and in a good frame of mind while they work toward accomplishing this objective. This is beneficial for maximizing one's potential and striving to achieve one's goals.

3. A Review of Research on Employee Motivation in Small and Medium-sized Technology Enterprises at Home and Abroad

3.1. A Review of Research by Foreign Scholars

In recent years, foreign scholars have put forward new perspectives on employee motivation in small and medium-sized technology enterprises. In terms of the mutual influence between entrepreneurial passion and performance, Campos M H proposed that there is a significant positive correlation between passion and performance, which plays a mediating role in various dimensions of alertness [3]. In order to give researchers incentives that are multifaceted, comprehensive, and multilevel, Wang H and Shi S suggest using growth incentives, environmental incentives, honor rewards, and economic incentives. Perform well in "combination boxing" and consistently raise scientific researchers' zeal and contentment [4]. Yigitcanlar T, Sabatini Marques J, Da Costa M E suggested that direct incentives are considered to be the key means of improving an organization's capacity for innovation; the most commonly used incentive programs for businesses are tax breaks and infrastructure development plans [5]. Liyan Z and Yuting W's driving mechanism aims to promote mutual cooperation between internal and external incentives. Academics stress that every aspect have an impact and that internal incentives and external systems should coordinate [6]. From the perspective of individual employees, Xiaonan Z and Honglei L indicate that when all team members have a clear understanding of each other's level of effort and contributions, team members tend to focus on fairness and justice. If everyone in the team can see the efforts of others, they will be more willing to maintain a good reputation and social image. In the absence of complete information on the level of effort and contribution of team members towards each other, the pursuit of fairness is weakened to some extent because team members cannot accurately judge the efforts of other members. Even if a member works hard, they may not receive the deserved reputation due to a lack of transparency. Due to information asymmetry, it may lead to negative emotions, thereby reducing the overall level of effort. Therefore, it can be seen that it is important to have a sense of fairness and information disclosure when evaluating and motivating work [7]. In recent years, foreign countries

have sorted out incentive issues for technology-based enterprises in different aspects, but there are few specific measures available for small and medium-sized technology-based enterprises, and there is a lack of specific analysis of the current situation.

3.2. A Review of Domestic Scholars' Research

In terms of exploring employee loyalty, Chen Hong and Bi Tiantian proposed that managers of small and medium-sized high-tech enterprises should attach importance to cultivating employee loyalty, strengthen communication with employees, and encourage emotional communication and understanding between coworkers in a variety of ways [8]. The stability of employees in small and medium-sized technology enterprises can also have a certain impact on the company. The value of knowledge workers to technology-based businesses is also determined by what they offer. If the turnover rate of knowledge workers cannot be controlled, it will greatly affect the loyalty of other employees within the enterprise [8]. In terms of diversified incentive methods, Ma Yujie and Bi Tiantian proposed that enterprises should establish diversified incentive methods [8]. When employees are given incentive opportunities, companies should consider their interests, hobbies, and willingness to engage them in the work they love, which can also meet the realization of their self-worth and improve work efficiency. Corporate culture can also motivate knowledge workers. Employees who cannot be immersed in a positive and comfortable work environment cannot effectively play their role, and correspondingly cannot bring benefits to the enterprise [2]. Starting from the employees themselves, Zhang Yi and Cao Kunpeng proposed that technology-based small and medium-sized enterprises should strengthen their emphasis on core employees, based on their actual needs and intrinsic motivation, improve incentive mechanisms, and fully stimulate their enthusiasm and creativity. By improving the salary system and increasing salary comparisons, people can optimize the work environment and strengthen spiritual motivation [9]. When exploring the relationship between salary and performance, Wang Mu proposed that salary and performance management play a key role in motivating employees, improving employee and organizational performance, attracting and retaining employees. Enterprises should continuously optimize their salary and performance management systems, improve their human resource management level, enhance employees' sense of identification and belonging to the company, and encourage the enterprise's steady and long-term growth [10]. Chinese scholars have attached great importance to employee motivation in small and medium-sized technology enterprises, and have also analyzed the needs of employees themselves, but there is a lack of summary on the current status of motivation.

4. Factors Influencing Employee Motivation in Small and Medium-sized Technology Enterprises

4.1. Incentive Factors

In small and medium-sized technology enterprises, the proportion of technical talents is relatively large, and the workload is heavy. Enterprises face certain challenges in the process of employee motivation. Due to their limited scale, each employee carries their own or excessive work tasks. The enterprise may provide material incentives, but it is difficult to truly produce corresponding effects. Material incentives are the most direct form of motivation in salary and performance management, mainly manifested in the form of material returns such as wages and bonuses. Payment is a critical assurance of workers' survival and advancement as well as a significant indicator of their comprehension of their own value [10]. It is undeniable that material incentives are the most common form of employee motivation for small and medium-sized technology enterprises. However, due to the fact that most of the company's funds are invested in project research, the amount of material incentives that can be provided to employees is limited. This situation does have a certain effect on providing material incentives to employees. However, it is not helpful for the business's long-term growth. This approach is relatively simple and crude, lacking the necessary flexibility and innovation, which has led to the monetization of incentive methods and ultimately resulted in the deviation of

incentive effects from the original intention, and the enormous potential of employees has not been fully realized [11]. Employees have multi-level and high complexity, and a single incentive method is difficult to mobilize the enthusiasm of all employees, reducing their dependence on the organization and leading to strong employee turnover and low loyalty or work efficiency within the enterprise. The spiritual motivation of employees is also very important, but companies often overlook this aspect for many reasons. If relying solely on material rewards, it is difficult to ensure that employees continue to accompany the development of the enterprise. The single incentive method may have many impacts on the subsequent development of the enterprise.

4.2. Personal Development Factors of Employees

In today's diverse work environment, employees' expectations for work have far exceeded basic salary and benefits, and they are seeking a job that can meet their needs and promote personal growth. For employees at different levels, their needs are different. Employees at different levels have different requirements for personal development. In technology-based enterprises, the improvement of employees' personal abilities is also crucial. When an employee cannot keep up with the times and improve their abilities, strong substitutability will arise. More and more employees are aware of this issue and have purposefully improved their skills. But often companies lack the ability to help employees plan their careers and improve their skills, which leads to conflicts between companies and employees. In addition, when the thinking and level of employees within the enterprise lag behind the mainstream market, the development of the enterprise itself will also be seriously affected. However, small and medium-sized technology enterprises may sacrifice the process of providing planned training for employees in order to save costs and other reasons. If employees' abilities cannot be improved and their career development goals cannot be seen, negative and lazy situations will arise, which is not conducive to the development of the enterprise.

4.3. Stability Factors for Talent Development

Enterprises with stable talent development have high employee loyalty, sustained talent cultivation, and a high level of understanding of the overall structure of the enterprise. In some small and medium-sized technology enterprises, there are some problems with the performance evaluation system for employees, such as unscientific evaluation methods and evaluation processes. This sort of issue will have a significant impact on the company's work environment and employees' motivation. Furthermore, small and medium-sized businesses pay very less and adopt more conventional management techniques. Employees often switch jobs to increase their salary or promote their positions, making it difficult for employees in the enterprise to maintain the same goals and standards. In the long run, there has been an increase in talent turnover and rapid updates in enterprises, resulting in low employee participation in achieving corporate goals and reduced stability in talent development. It is important to remember that the caliber of personnel in technology-based businesses is critical and significantly impacts the company's success. As an outcome, many this sort of technology businesses today lack the consistency of talent development.

4.4. Employee Demand

In small and medium-sized technology enterprises, some employees only need to meet their own living security and safety needs, and do not care about other needs. But there are also some employees who need a sense of belonging, respect, and self actualization in addition to basic security. For employees at different levels, their needs are different. Life security is the most basic requirement, requiring a fixed income to support daily activities. The security requirements include stable job positions and various welfare benefits. Sense of belonging is the acceptance and good interpersonal relationships that come with joining a group. Respect requires recognition of individual rights, responsibilities, and self affirmation. Self actualization refers to achieving various development goals, having the value of one's own work, and being able to fully develop personal strengths. But on the stage that small and medium-sized enterprises can provide, it is difficult to meet all five needs, and

there is not enough attention paid to the needs of employees. Since emotions are a function of interpersonal relationships, they are vital to the interactive process of employee motivation [12]. Only by truly understanding the spiritual world of employees can manager know what they really need, and then efficiently motivate them. These technology enterprises lack understanding of employee needs, resulting in low motivation among employees to achieve the company's goals.

5. Suggestions for Incentive System

Small and medium-sized technology enterprises need to pay more attention to talent cultivation. Due to the limited scale of small and medium-sized technology enterprises, the company's main focus and funds are on various projects, making it difficult to allocate more resources to focus on employee development. Although it is possible to achieve maximum resource allocation and utilization in the short term, it is difficult to avoid the difficulty of talent level keeping up with the development speed of the enterprise as it gradually develops. To change this situation, people can start from two aspects. The first is to accurately position the talents within the current enterprise, and then provide training for talents in different fields, such as registering them for professional courses or helping them master methods to complete work efficiency faster. The second option is to attract retired talents from large technology companies to join the company, providing partial assistance to the existing talents of the enterprise. Talents, as an important component of small and medium-sized technology-based enterprises, largely determine the direction and quality of their long-term development. Focusing on talent cultivation is not only a reserve force for the development of enterprises, but also can to some extent cultivate employee loyalty. Enterprises should actively intervene and improve employee motivation based on identified influencing factors to avoid future problems that are difficult to solve.

Businesses must be mindful of the diversity of their incentive strategies. The incentive system for employees is relatively backward, without changing methods and specific policies. Enterprises should actively develop incentive methods other than material incentives and simple communication. Employees may face excessive work pressure, and there may also be situations where one person holds multiple positions. More attention should be paid to these employees. The choice of incentive methods should not be singular, and different incentive methods should be adopted for different situations. Such as conducting team building, providing subsidies, improving promotion and reward systems, and addressing employees' family life needs to solve their problems. Diversifying the implementation of incentive methods can better achieve the effect of motivation.

Small and medium-sized technology enterprises also have to give their employees' needs more consideration. Enterprises should abandon subjective inferences about employee needs and instead adopt ways to listen and communicate that can help understand their true needs. Employees may pay more attention to job stability and aspire to steadily improve or work long-term within the company. For this type of employee motivation, it is necessary to have a long-term vision and specific career plans tailored to their individual needs. Only after truly understanding the needs of employees can changes be made to the current environment of the enterprise, ultimately enhancing employee loyalty and stability.

Numerous studies have been carried out by academics both domestically and elsewhere on employee motivation in small and medium-sized technology enterprises, but with the progress of the times, people still need to update their motivation goals and methods in order to achieve better results. It should also be noted that employee incentives cannot be arbitrarily borrowed or applied, and should be reasonably selected depend on the company's own circumstance.

6. Conclusion

Although small and medium-sized technology enterprises have paid attention to employee motivation, there are still some areas where there is a lack of close connection between theory and practice. At present, most enterprises are able to provide material incentives to their employees and have achieved certain results. However, it can be found that in recent years, there have been problems with employee

motivation in enterprises, such as a single incentive method, a lack of talent cultivation and planning, and difficulty in meeting the actual needs of employees. To solve such problems, enterprises need to actively improve and organize in order to achieve sustainable development. Among them, the normalization of talent nurturing, the emphasis on talent demand, and the diversity of employee incentive schemes all deserve more attention. To achieve these points, it is imperative that the management team and regular employees of the company work together, actively interact, and implement their ideas.

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