

**NON-MONETARY INCENTIVES THAT MOTIVATE
EMPLOYEES TO STAY LOYAL TO SME COMPANIES IN
THAILAND**



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**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2023**

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Thematic paper
Entitled

**NON-MONETARY INCENTIVES THAT MOTIVATE EMPLOYEES TO
STAY LOYAL TO SME COMPANIES IN THAILAND**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

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ACKNOWLEDGEMENTS

Firstly, I would like to express my heartfelt gratitude to Professor Simon Zaby, my thematic advisor, for his guidance and support throughout the drafting process. I also would like to express my appreciation to the faculty staff and friends at Mahidol University's College of Management for providing me with knowledge and inspiring me to perform an in-depth study on the topic of non-monetary incentives for SME companies

Besides, this research cannot be completed without the contribution of participants of a qualitative section. These people truly give me an insightful perspective and come up with different points of view regarding managing their human resources capability. This study would not be finished without them.

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ABSTRACT

The purpose of this thematic paper is to investigate the non-monetary incentives that motivate employees to stay loyal to SME companies in Thailand. In Thailand, SME businesses and start-ups are the main fuel to drive Thai's economy forward. Therefore, the author perceives that there is a significant benefit that this topic should be explored.

The data collection approaches of this study consist of two techniques which are quantitative method and qualitative method. 200 respondents participated in an online questionnaire and 10 participants joined a semi-structured interview in the qualitative section. The target group of this study refers to those who work for SME companies that they expose to SME cultures. The author believes that those who experience the SMEs environment will be the most suitable people to provide insightful information for this study. The findings reveal that employees seek 'comfort' in working conditions and are willing to give up higher salaries given that they can access factors that can generate desirable environments such as being supervised under good leaders and surrounding themselves with good colleagues. In addition, the companies should not be perceived to have undesirable conditions such as having a job that destroys both physical and mental health of employees in order to secure employees to the firm.

However, this research still possesses some limitations. The author perceives that the gap between workers' generations can shape their attitudes when it comes to organizational loyalty. Thus, further research can be conducted on the extent to compare between workers in different age groups.

KEY WORDS: SMEs/ Incentives/ Employee Satisfaction/ and Organizational Loyalty

43 pages

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CHAPTER I

INTRODUCTION

Human resource is one of the most important assets for small and medium-sized enterprises (SMEs) to operate at full capabilities. (Arief et al., 2021). Talented employees become a valuable resource and are essential to secure them with the company in the long term. The consequences of Covid-19 have caused SME entrepreneurs to confront a series of challenges. For instance, operational interruption, supply chain disruption, a lack of internal financial capital to handle recurrent operating expenditure, the possibility of insolvency, and a scarcity of government stimulus packages during the lengthy lockdown and movement restriction period (Hossain et al., 2022). For SMEs, a plentiful amount of financial capital allows a competitive rate of salaries and a prosperous incentive program. However, it is skeptical whether money is a sustainable factor that helps retain employees in the long run. This paper aims to examine the non-monetary incentives that can help managers to drive higher organizational loyalty among employees. This chapter will present topics respectively which include the overall perspective of SME companies in Thailand (1.1), macro background (1.2), micro background (1.3), Thai industry background (1.4), research questions (1.5), and research questions (1.6).

1.1 The overall perspective of SME companies in Thailand

According to the Organisation for Economic Co-operation and Development (2009), there are a couple of stress factors related to SMEs which are 1) increased payment delays which result in added receivables – lead to an increase in inventories which will create a shortage of working capital and a decrease in liquidity and 2) increased in insolvencies and bankruptcies. Low liquidity obstructs SMEs to execute impactful human resource strategies, and one of them is to develop an incentive

program that can secure talented employees. Employees often switch around firms for a higher raise to achieve a better quality of life (Mehta. et al., 2010). The purpose of this study is to investigate what, apart from monetary incentives, can attract and secure talented employees for small and medium-sized enterprise businesses. Besides, this study aims to illustrate how SMEs can create an appropriate environment that can lead to higher organizational loyalty for their employees.

1.2 Macro Background (Global)

There are many ways to determine the economic growth of a country. Economic growth is determined by the ability to produce outputs, goods, and services. According to Memili (2015), SME businesses can be considered as fuel to drive the country's economic growth as SMEs initiate new career opportunities, spark competitive business environments, and promote innovations and knowledge overflows. In addition, SMEs are accounting for 90 percent of firms, and 63 percent of the world's labor was hired under this kind of firm (Berisha & Pula, 2015). Memili (2015) also states that the economies where there are more SMEs are shown to be more competitive and present a higher economic growth rate than those with fewer SMEs. Figure 1.1 indicates the rising number of SMEs business from 2000 to 2021 (Statista, 2023).

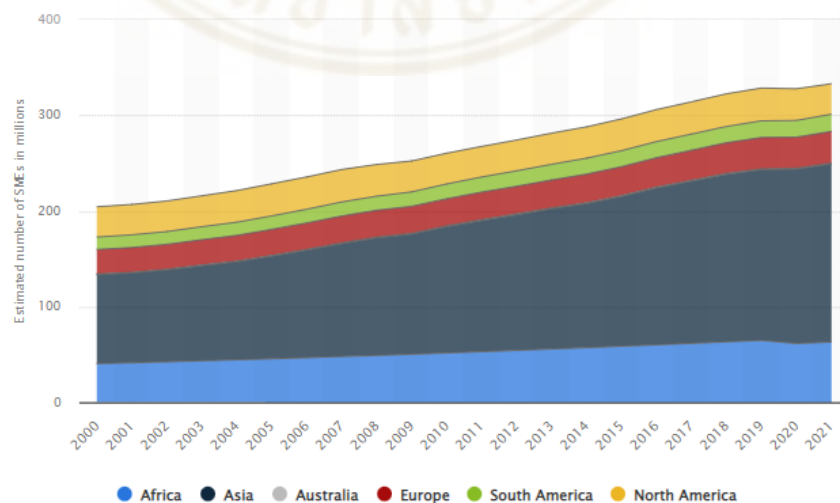


Figure 1.1 Estimated number of small and medium-sized enterprises (SMEs) worldwide from 2000 to 2021, by region (in millions) (Statista, 2023).

It conveys that Asia is the continent with the largest amount of small and medium-sized enterprises. In 2000, there were approximately 92 million SME businesses, however, it drastically increased to more than 186 million in 2021. In contrast, Australia is the continent with the least number of SMEs which did not reach 1 million in 2000. In 2021, the SMEs in Australia reached approximately 1 million. Europe and North America convey no significant difference in the number of SMEs during these two decades. For Africa, although there are some numbers of SME businesses located there, it shows steady growth, unlike the others that have a steeper rate.

1.3 Micro Background (Asia Pacific)

According to The Organization for Economic Co-operation and Development (2018), the economic condition in Southeast Asia, China, and India is estimated to reveal significant growth in 2017. The growth in many ASEAN countries and China was derived from a strong trade rebound and secured local consumption. In contrast, India's growth comes from taxation and monetary reforms. Southeast Asia's growth is projected to remain affluent from 2018 to 2022 by governments' private consumption and infrastructure initiatives. Growth in China is likely to remain steady and energetic in India. Overall, the region's growth will remain solid in the medium term. Moreover, the paper suggests that SMEs play a significant role in fostering an economy in ASEAN.

1.4 Thai Industry Background

A developing country like Thailand has been driven by SME businesses. It cannot be denied that SME businesses can be compared as an engine that contributes to the country's economic growth. In 1997, the government attempted to promote SME

companies as a strategy to help revitalize the country from the economic crisis. Thai SME characteristics can be defined as per the below chart.

Table 1.1 Thai SME characteristics (The revenue department, 2023)

Types	Number of employees		Fixed assets (in millions)	
	Small	Medium	Small	Medium
Producing products	Not more than 50	51-200	Not more than 50	51-200
Wholesale business	Not more than 25	26-50	Not more than 50	51-100
Retail business	Not more than 15	16-30	Not more than 30	31-60
Service	Not more than 50	51-200	Not more than 50	51-20

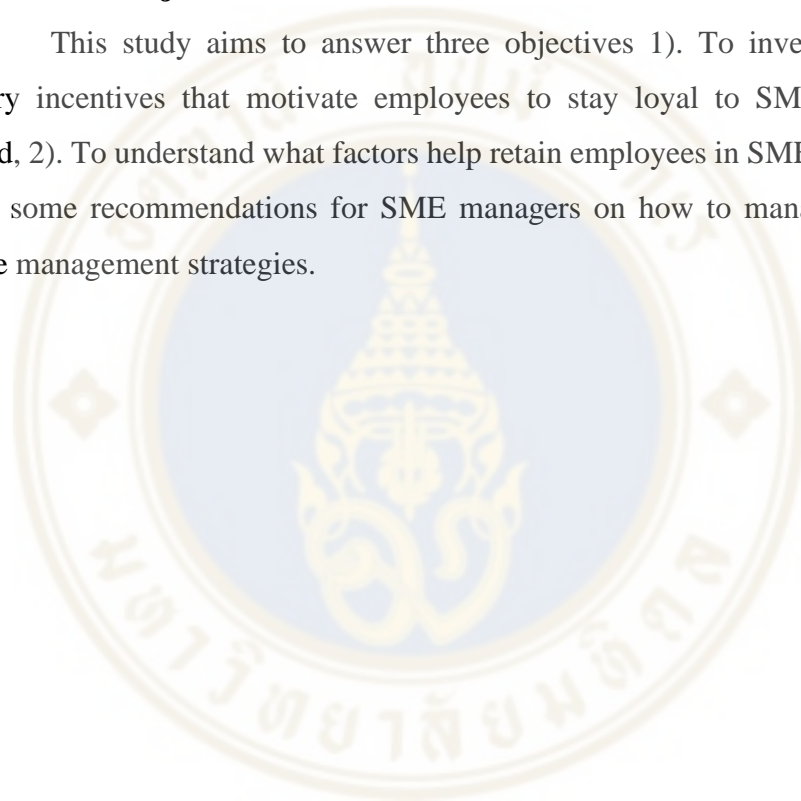
The Office of SMEs Promotion (OSMEP) claims that the GDP value of Thai SMEs in 2015 was 41.1% compared to large enterprises and others which contributed to 49.8% of the total GDP in the country. Apparently, 80.44% of overall employment is accompanied by SME job creation (OSMEP, 2016). Osathanunkul (2010) describes six unique characteristics of Thai SMEs that differentiate them totally from typical conglomerates. The first characteristic is that SMEs cultures are more adaptive toward consumers' demand as well as the product lines can be adjusted as per customers' requirements. Next, it requires small investments to find SME businesses. The third characteristic is that the manual skills of laborers are critical to SME production. The fourth characteristic is that SMEs lean towards customization rather than mass production. Next, products from SMEs are distinctive and of decent quality. Another characteristic is that SMEs utilize domestic resources such as funds, materials, skills, and know-how of local people in the country.

1.5 Research Questions

In this study, research questions include two areas: 1). What are some non-monetary incentives can managers provide for their employees to secure them for the company? And 2). What can be the best practice to retain the existing employees?

1.6 Research Objectives

This study aims to answer three objectives 1). To investigate the non-monetary incentives that motivate employees to stay loyal to SME companies in Thailand, 2). To understand what factors help retain employees in SME cultures, 3). To provide some recommendations for SME managers on how to manage their human resource management strategies.



CHAPTER II

LITERATURE REVIEW

This chapter will illustrate the relevant terms that are significant to the study. First, the definition of SMEs will be provided to understand how Thais identify SMEs and what criteria should the Thai company possess to be considered as an SME in Thailand (2.1). Next, the definition of incentives will be provided in multiple dimensions, not only monetary definitions (2.2). Also, employee satisfaction will be explained (2.3) as it is one factor that the author expects to influence higher employee loyalty. In addition, organizational loyalties (2.4) are explained to explore what could be the factors that impact a different level of loyalty and how it can be classified academically.

2.1 Definition of SMEs

SMEs or “small and medium enterprises” basically have no consensus definition of the term and can be defined by different approaches whether identified regionally or organizationally. However, SMEs generally refer to businesses whose headcounts fall below certain numbers (Al-Herwi, 2019). In Thailand, SMEs are determined by ‘size’ which includes the number of employees and assets that do not cover land and properties (Ahmad et al., 2017). The Ministry of the Industry of Thailand highlights that SMEs can be classified either by employment or the value of the total fixed assets (Korwatanasakul & Paweenawat, 2020). SMEs can be determined from the headcounts in the company that was hired, and the financial fixed assets as specified in the official legal documents. The total fixed assets that are used for identifying SMEs exclude land and consider the one that is lower. Besides, the total fixed assets should have been evaluated by financial institutions or credible consulting companies (Chaiprasit & Santidhirakul, 2011). Soomro and Aziz (2015) highlight that SMEs are

the greatest derivation of economic development. This is due to the smaller workforce and the nature of the business that requires less capital-intensive technology, allowing the firm to have quicker growth and creation of jobs. Another definition defines SMEs as vital players to stimulate the well-being of the communities as SMEs create employment (Sceulovs & Gaile-Sarkane, 2012).

2.2 Definition of Incentives

Mansaray-Pearce et al. (2019) explains the definition of incentives as financial and non-financial rewards offered to employees in exchange for higher amounts of effort they execute in any given task. A similar definition came from Alfandi and Alkawsawneh (2014), who refer to incentives as external influencing factors which the employees desire to motivate them to positively contribute to the company, such as working harder and aligning with the required performance of the organization. Incentives can also be perceived as methods that companies use to convince employees to work with their maximum spirit. This study also separates incentives into concrete methods and moral methods to satisfy employees' ethics and superficial desires. According to the study by Liu & Liu (2021), the research has provided several definitions for incentives. One of the definitions refers to the objective criteria where an individual simply wants to establish quantifiable standards for performance. Incentives can be categorized into two types which are concrete incentives and moral incentives. Concrete incentives or compensations are the incentives that come in a monetary format that is given to employees. Next, moral incentives refer to "the indirect compensation through certification", such as employee appraisal. Next, Al-Qudah (2016) defines incentives as a combination of external factors that influence human behavior under specific social systems to satisfy material or moral needs. They also define it as a set of tools provided by managers to satisfy the desires or needs of employees. Bulturbayevich (2022) claims that incentives generally mean a monetary reward employers offer employees when work is done. However, there are more reasons that can motivate people to work such as complacency in activities, the possibility of attractive

relationships, social status, and more. These can be described as spiritual incentives, which are as important as financial incentives.

2.3 Definition of Employee Satisfaction

Speaking of satisfaction, it refers to the scenario when one's needs, wants, and desires are fulfilled. Satisfaction can be varied based on one preference and what one individual wants from the world and what he obtains (Durga et al., 2017). Durga et al. (2017) states that employee satisfaction is the degree of happiness of workers towards their jobs and working environment. It is considered a vital ingredient in formulating an organizational commitment (García-Almeida et al., 2015). Several studies define employee satisfaction as a harmonized function between rewards given by the work environment and the desire for these rewards from the employees (Küskü, 2001). The relationship between employee satisfaction and customer satisfaction is undoubtedly relevant as the higher satisfaction employees have, the better service quality they will produce (Wahyu Ariani, 2015). Wahyu Ariani explains that employee satisfaction represents employees' feelings towards their tasks and is the extent to which an individual employee likes his job. In addition, employee satisfaction can be perceived as a tool to impact a change in the internal environment of the company in terms of employee performance. However, employee satisfaction is hard to fulfill and is difficult to measure, unlike concrete companies' indicators, such as financial performance and manufacturing outputs. As employee satisfaction is difficult to measure, the common approach that researchers and human resource managers take is to measure each dimension of satisfaction separately and use those results to reevaluate general employee satisfaction. The aspects of satisfaction include management satisfaction, colleague satisfaction, group satisfaction, job satisfaction, environment satisfaction, and salary and other material benefits satisfaction.

2.4 Definition of Organizational Loyalty

Loyalty can be defined as a devotion of an individual or a feeling of attachment to a particular object, which can be another human or a group of individuals, an ideal, a duty, or a cause (Murali et al., 2017). When it comes to organizational loyalty, Arai (1995) explains organizational loyalty as an individual's identification with peers, an individual employee's identification with the business. Another description by Mehta et al. (2010) portrays employee loyalty as a process in which attitudes give rise to certain behaviors. Their paper also claims that loyalty, for both organizations and products, nowadays is starting to become a rare quality and more difficult to discover. In the past, employees used to believe that they could work for a single company throughout their career life until they retired. However, the perspective of lifetime employment started to fade in the 1980s due to the downsizing of companies that aim to increase profits, relocations, and undesirable wages (Mehta, et al., 2010). Some scholars claim that loyalty to the firm is determined by the ability of employees to act in line with managerial guidance (Nhat Vuong et al., 2020). Nhat Vuong et al. (2020) states that the firm gains more competitive advantages-, has a higher tendency to survive, and has higher success rates when there are more loyal employees.

Next, loyalty can also be described as a working behavior characterized by law-abidingness and reliability, which is the foundation to create a commitment aligned with the company's values and goals (Syanevets and Sudakova, 2019). Syanevets and Sudakova (2019) classified the organizational loyalty levels into five levels which consist of 1) Satisfaction with work, 2) Trust in management, 3) Involvement in socio-working processes, 4) Self-organization based on consciousness and responsibility, and 5) Commitment to the company.

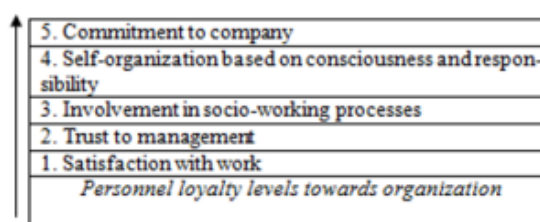


Fig. 1. Organizational loyalty levels.

Figure 2.1 Organizational Loyalty Levels (Syanevets and Sudakova, 2019)

To explain, satisfaction with the work is the state where loyal workers obey certain rules and formally complete tasks. Satisfaction with the work can be evaluated by the correctness of the company's obligations provided to employees. Trust in the management can be measured by the management team's capacity to set goals and successfully achieve them. At this level, employees will feel confident with the professionalism of the management team and feel secure with the company's future which will influence them to listen to instructions and advice. Next, the involvement level is when employees relate personal goals to the company goal and foresee the opportunities for their future development. At this level, employees become self-motivated and establish working discipline due to mutual interests they share with the firm. The self-organization level is when employees begin to realize that their own interest is not only the current work but also their strategic aims which will in consequence be ready to take responsibility for their achievements. At the commitment to the company level, workers recognize their aims and values with the purposes and values of the firm. Loyalty at this level means workers will be willing to alter working behavior for mutual aims. Moreover, they will feel both emotional and rational commitment to the circumstances of the company.

It is important for a manager to understand the reasons that cause employees' loyalty to the company as loyal employees; emotionally connected employees have a higher tendency to become more engaged and productive with their work as they feel more appreciated (Murali et al., 2017). There are countless factors that potentially cause employees to become emotionally engaged with the business; however, the scope of this study covers moral incentives rather than monetary incentives. In this study, the selected moral incentives include **1) employee recognition programs, 2) professional development opportunities, 3) remote working, 4) wellness programs, 5) recreational activities, and 6) fewer working days**. The author would like to examine whether receiving these incentives can raise employee satisfaction.

CHAPTER III

RESEARCH METHODOLOGY

This chapter will explain the data collection methods that the author adopted and the target group chosen (3.1). This study uses mix-methodology which consists of quantitative (3.2) and qualitative data (3.3). The target group refers to people who work for SME companies from any level, however, the managerial level employees are preferred in the qualitative part which will be explained in-detailed in the following paragraph.

3.1 Sampling Plan

In this research, most of the questions are designed to analyze the non-monetary value that can drive organizational loyalty among employees who work for SME companies. The author perceives that to obtain optimal results, this study should be equipped with both quantitative and qualitative methods. Therefore, the data collection approach in this research paper is a mixed methodology. This is because the objective of this research paper is to gain both insights from employees who work for SME companies and viewpoints from a managerial level. The target group of this research refers to workers or employees who work for SME businesses in Thailand and people who experienced working for SME companies in Thailand at least once in their life. For a person who works legally in Thailand, the respondents should be at least 15 years old to work for a general job, 16 years old for marine logistics jobs, and 18 years old for the fisheries industry. Therefore, the author decided to set the minimum age of target respondents at 18 years old as they would give more sound results with their accumulated experiences. In this case, online questionnaires will be generated through Google Forms and will be distributed online.

Although there are some redundant industries among the participants in the interview, the findings reveal different perspectives and unidentical non-monetary incentives that each company uses, which the author believes can be beneficial to SME entrepreneurs in Thailand. Moreover, the findings present that each company comes up with different ways of making employees feel appreciated and valued. The table below conveys the sample of questions that will convert into an online questionnaire (excludes the demographic part).

Part I: Screening questions

- Are you 18 years old and older?
- Do you live in Thailand currently?
- Do you work for an SME company?
- Have you ever worked for an SME company before?

Part II: General questions

- How long have you worked/ been working for this company?

Part III: Main Section

In this section, the questionnaire presents 6 incentives which are employee recognition programs, professional development opportunities, remote working, wellness programs, recreational activities, and fewer working days. The respondents will need to answer the following questions based on these incentives.

- What are some incentives that the company that you are working for provides?
- Please rank from the most desirable incentives to the least desirable incentives.
- Please indicate the level of agreement on each of the following statements (ranged from strongly disagree to strongly agree)
 - I feel more valuable to the firm if I could receive these incentives.
 - I would feel more satisfied if I could receive these incentives.
 - I feel that these incentives make me want to continue working for this company.

- I want to work for a company that allows me to balance my work life and my personal life.
- For me, having a good supervisor/boss/leader is more important than a high salary.
- For me, surrounding myself with good colleagues is more important than a high salary.
- Although the company pays a high salary, I will quit if a job destroys me physically (e.g., too tired from traveling, cannot have a proper lunch, stomach stress).
- Although the company pays a high salary, I will quit if a job destroys me mentally.
- I am happy with my job right now

3.2 Quantitative Method

Since this research project is committed to mixed methods, the authors have divided the data collection process into two main phases which are the quantitative part and the qualitative part. For the quantitative part, a questionnaire will initially start with a screening section. In this case, the author would filter out the SME workers who have not reached 18 years old yet and those who live outside Thailand. After completing the screening section, we allow respondents to review the main quantitative questionnaire. Although this is not mandatory, the author requires the respondents to provide the name of the company they are working for or used to work for in the demographic section to ensure that the answers provided are valid. At the end of the survey, the respondents are allowed to drop their contact information to receive some gift for their time and contribution. Online quantitative questionnaires will be separated into English and Thai versions and will be handed to the respondents based on their preferences. After collecting the results, the author received 202 responses. There are two invalid results that need to be cut out which makes the total valid questionnaire equal to 200.

Most of the questions in the main questionnaire were designed to understand the non-monetary incentives that can influence higher organizational loyalty for the

respondents. The expected outcomes of this research should help SME managers identify which incentives, apart from money, can be the most impactful factor to secure their talented employees so that they can develop their human resource strategy to manage their workforce better. The main section of the questionnaire will reflect each variable; non-monetary incentives of this research include **1) employee recognition programs, 2) fewer working days, 3) professional development opportunities, 4) recreational activities, 5) remote working, and 6) wellness programs.**

3.3 Qualitative Method

The qualitative part is a semi-structured interview of both online and offline sessions through line calls and offline channels at CMMU. The interview session will be more casual rather than a formal meeting and will take no more than 30 minutes. The characteristics of qualified participants who align with the research objective refer to managers or someone who works for SME companies at a managerial level under any period. In this section, the author requires ten participants to provide enough insight and information. For the interview, participants will answer ten open-ended questions regarding their experiences in working for an SME. Although the scope of this research is slightly relevant to the human resources context, the author decides not to limit the interview session to only HR managers but managers from any department. This is because, generally, SME managers often execute more than one role at a time. The author strongly believes that qualitative answers gathered from this study will construct more meaningful results when combined with the quantitative part. To clarify, the quantitative part collects insight from employees' perspectives, while the qualitative part comes from managers. In addition, the author hopes that the result will benefit SME managers who attempt to revamp their human resources strategies to secure talented people.

After the interview session, nine interviews were conducted via online channels, and 1 interview was conducted offline. Those interviews that were conducted in Thai will be translated into English for reporting, and all interviews were recorded and

transcribed later. The range of interviews lasted from 10 minutes to 30 minutes. The details of the participants are shown in Table 3.1.

Table 3.1: Semi-structured interview participants' information

No.	Job title	The industry of the company	Participants work experience	No. of Employees	Founded in
1	Co-founder	Food and Beverage	3 years	70	2020
2	Assistant Manager	Modern trade (Copy machines)	2.5 years	30	2001
3	Assistant Manager (Marketing)	Real estate	4 years	50	2004
4	Co-founder	Food and beverage	14 years	4	2019
5	Co-founder	Beauty Clinic	3 years	9	2022
6	Founder	Agricultural and plantation	10 years	18	2018
7	Assistant Manager	Real estate	2.5 years	20	2010
8	Founder	Restaurant	1 year	9	2022
9	Owner	Agriculture (Animal Farm)	30 years	48	1992
10	Owner	Special machine tools	27 years	38	1996

In the semi-structured interview section, there are two main parts which consist of 14 questions in total: the demographic information of the participants, which consists

of four questions, and ten more questions asking about the insight information regarding non-monetary incentives that the companies provided. The interview questions are presented below.

Part I: Demographic Survey of Participants.

- What is the name of the company?
- How long have you been working for this company?
- Are you the company founder/ What is your relationship with the founder?
- What is your position/ job title?

Part II: Questions regarding non-monetary incentives that companies provided.

- Please explain your company in general
- Why do you decide to pursue your career goal by working for an SME instead of a big firm?
- Which department(s)/position has the highest turnover rate?
- Did you ask why they leave? If yes, what are the main reasons employees decide to leave the company?
- What is the longest period that an employee has ever worked for your company?
- What could be the reason that he/she/ they stay(s)?
- What incentives that the company provides for employees
- Apart from those incentives, what actions did you take to make each employee feel that they are valuable to a company and appreciated?
- Do you have any measurement or tools to measure the satisfaction of employees?
- Are there any employees who have reapplied to the company?

CHAPTER IV

FINDINGS

In this chapter, the author will present findings from both quantitative methods (4.1) and qualitative methods (4.2). The obtained data will be reported and analyzed in a separate discussion section (4.3).

4.1 Quantitative Findings

In terms of the demographic information of respondents, there are 116 female participants (58%), 79 male participants (39.5%), and 5 participants (2.5%) that prefer not to mention their gender. The data are shown in Table 4.1.

Table 4.1 Frequency Test of Gender

		What is your gender?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	79	39.5	39.5	39.5
	Female	116	58.0	58.0	97.5
	Prefer not to say	5	2.5	2.5	100.0
Total		200	100.0	100.0	

For the educational level, 115 respondents hold bachelor's degrees (57.5%), 62 respondents hold master's degrees (31%), followed by 21 respondents who studied vocational college (10.5%), and 2 respondents who studied high school (1%). The educational data are shown in Table 4.2.

Table 4.2 Frequency Test of Educational Level

What is your educational level?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High school	2	1.0	1.0	1.0
	Vocational college/ Technical college/ Diploma	21	10.5	10.5	11.5
	Bachelor's degree	115	57.5	57.5	69.0
	Master's degree	62	31.0	31.0	100.0
	Total	200	100.0	100.0	

Regarding their job level, 62 participants are managers (31%), 60 participants are junior executives (30%), 50 participants are team leaders (25%), 20 respondents are senior executives (10%), 2 senior managers (1%), and 6 founders (3%). The data were summarized in Table 4.3.

Table 4.3 Frequency Test of Job Level

What is your job level?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Junior executives	60	30.0	30.0	30.0
	Senior executives	20	10.0	10.0	40.0
	Team leader	50	25.0	25.0	65.0
	Manager	62	31.0	31.0	96.0
	Senior manager	2	1.0	1.0	97.0
	CEO/ Founder	6	3.0	3.0	100.0
	Total	200	100.0	100.0	

The author investigates respondents on their age and found out that 82 respondents are from the age range of 26-35 years old (41%), 76 participants are from the 36-45 years old segment (38%), 27 respondents are from 46-55 years section (13.5%), 11 respondents are from 18-25 years old section (5.5%), and 4 respondents are over 55 years old (2%). From this information, it can be concluded that there is a balanced proportion of working adults between Generation X and Generation Y. The data were summarized in Table 4.4.

Table 4.4 Frequency Test of Participants' Age

		How old are you?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25 years old	11	5.5	5.5	5.5
	26-35 years old	82	41.0	41.0	46.5
	36-45 years old	76	38.0	38.0	84.5
	46-55 years old	27	13.5	13.5	98.0
	Over 55 years old	4	2.0	2.0	100.0
Total		200	100.0	100.0	

In terms of income, the findings reveal that most participants (73) earn a monthly income of 30,000-49,999 Thai baht (36.7%). Followed by 50 participants who earn 15,000-29,999 Thai baht per month (25%). The third group (35) earn a monthly income of 45,000-59,999 Thai baht (17.5%) while 18 respondents earn a monthly income of 60,000-74,999 Thai baht (9%). Another 18 participants earn more than 75,000 Thai baht (9%) monthly, and the last group of 6 respondents earn lower than 15,000 Thai baht (3%). The data were summarized in Table 4.5.

Table 4.5 Frequency Test of Monthly Income

		What is your monthly income?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lower than 15,000 THB	6	3.0	3.0	3.0
	15,000 THB - 29,999 THB	50	25.0	25.0	28.0
	30,000 THB - 44,999 THB	73	36.5	36.5	64.5
	45,000 THB - 59,999 THB	35	17.5	17.5	82.0
	60,000 THB - 74,999 THB	18	9.0	9.0	91.0
	Above 75,000 THB	18	9.0	9.0	100.0
Total		200	100.0	100.0	

4.1.1 General question regarding years of experiences

The online questionnaire collects respondents' information regarding their work experiences and the results can be illustrated in the below table. There are 62 participants who have been working for more than 5 years (31%), followed by 58 participants who have been working for around 1-2 years (29%). Next, 55 respondents have been working for 3-4 years (27.5%), while 20 have worked for more than 6 months but not more than a year (10%). Lastly, 5 participants have just started working for SME companies below 6 months (2.5%). The data was summarized in Table 4.6.

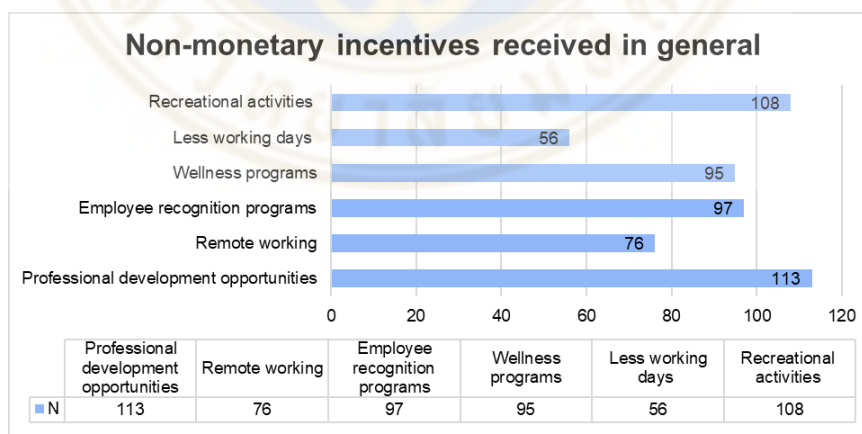
Table 4.6 respondents' years of experiences

How long have you been working for this company?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 6 months	5	2.5	2.5	2.5
	More than 6 months but not more than a year	20	10.0	10.0	12.5
	Around 1-2 years	58	29.0	29.0	41.5
	Around 3-4 years	55	27.5	27.5	69.0
	More than 5 years	62	31.0	31.0	100.0
Total		200	100.0	100.0	

4.1.2 Non-monetary incentives SME employees received in general

Initially, the respondents are assessed on what are some of the non-monetary incentives they receive. The questionnaire has provided terms and definitions for the six chosen non-monetary incentives, employee recognition programs, professional development opportunities, remote working, wellness programs, recreational activities, and fewer working days. The findings reveal that the most received non-monetary incentive referred to 'Professional development opportunities' while the least received incentive was regarded as 'fewer working days'. The results are as per Figure 4.1.

**Figure 4.1: Non-monetary incentives received in general**

4.1.3 Ranking of favorable incentives

Next, the respondents were asked to rank their most desirable incentives

to the least desirable incentives. The finding reveals that the most favorable incentive is ‘Less working days’ while the least desirable incentive is ‘Recreational activities’. In contrast, there are 53 people who voted ‘recreational activities’ to be ‘slightly desirable’ as well. Thus, it might imply that some employees have varied perspectives toward this incentive. The results are as per Figure 4.2.

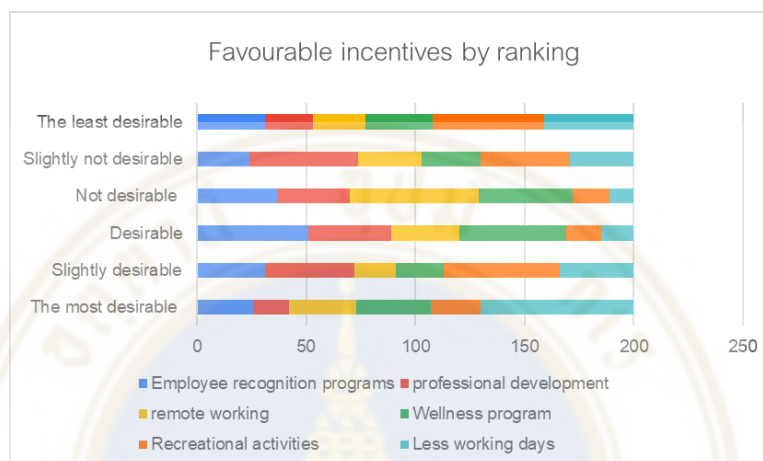


Figure 4.2: Favorable incentives ranked by respondents.

4.1.4 Incentives that influence participants to feel valuable to the firm

Among the six incentives mentioned above, the respondents are asked whether receiving them will influence them to feel valuable to the firm. **The results show that 78 respondents strongly agree they will feel more valued if they receive ‘fewer working days’.**

4.1.5 Incentives that influence participants to feel more satisfied

This question assesses respondents regarding which of the six incentives will satisfy them the most. The result conveys that the incentive that receives the highest frequency of ‘strongly agree’ is ‘fewer working days’, of which 93 respondents agree on it.

4.1.6 Incentives that influence higher loyalty

This question assesses respondents regarding which of the six incentives

will make them want to continue working for the firm. The result conveys that the incentive that receives the highest frequency of ‘strongly agree’ is ‘fewer working days’, of which voted by 80 respondents

4.1.7 Employees’ attitudes towards desirable working environment

In this section, the questionnaire assesses respondents regarding desirable factors not associated with money, such as work-life balance, supervisors, colleagues, physical health, and mental health. Most participants agree that they will give up on higher salaries given that they are supervised by a good leader and surround themselves with good colleagues. 103 respondents strongly agree that they want to work for a company that allows them to balance career and personal life (51.5%), as shown in Table 4.7.

Table 4.7 Work-life balance

I want to work for a company that allows me to balance my work life and my personal life

	N	%
Strongly disagree	1	0.5%
Neutral	16	8.0%
Agree	80	40.0%
Strongly Agree	103	51.5%

Besides, Table 4.8 illustrates that 92 respondents strongly agree that they value supervision from a good leader than a higher salary (46%).

Table 4.8 Supervisor

For me, having a good supervisor/boss/leader is more important than a high salary

	N	%
Disagree	2	1.0%
Neutral	14	7.0%
Agree	92	46.0%
Strongly Agree	92	46.0%

As shown in Table 4.9, 101 participants strongly agree that they value good colleagues more than a higher salary (50.5%).

Table 4.9 Colleagues

For me, surrounding myself with good colleagues is more important than a high salary

	N	%
Strongly disagree	2	1.0%
Disagree	2	1.0%
Neutral	14	7.0%
Agree	81	40.5%
Strongly Agree	101	50.5%

In addition, they choose their physical health and mental health over higher salaries. Table 4.10 illustrates that 103 respondents strongly agree that they will leave their job if it destroys them physically (51.5%).

Table 4.10 Physical health

Although the company pays a high salary, I will quit if a job destroys me physically

	N	%
Strongly disagree	1	0.5%
Disagree	2	1.0%
Neutral	13	6.5%
Agree	81	40.5%
Strongly Agree	103	51.5%

Moreover, table 4.11 illustrates that 119 respondents strongly agree that they will quit if the job destroys them mentally (59.5%).

Table 4.11 Mental health

Although the company pays a high salary, I will quit if a job destroys me mentally

	N	%
Strongly disagree	1	0.5%
Neutral	10	5.0%
Agree	70	35.0%
Strongly Agree	119	59.5%

4.1.8 Regression Analysis

Regression analysis is running to test whether there are any associated relationships among factors. According to the first research objective, this study aims to investigate non-monetary incentives that motivate employees to stay loyal to SME companies in Thailand. Therefore, the author will run a regression between feeling valuable, feeling satisfied, and feeling want to continue working with the firm.

- **Feeling valuable after receiving each incentive and overall satisfaction**

Table 4.12 Model Summary of Feeling Valuable after receiving each incentive and overall satisfaction.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.178 ^a	.032	.002	.664

a. Predictors: (Constant), I feel more valuable to the firm if I could receive these incentives_less_working_days, I feel more valuable to the firm if I could receive these incentives_professional_development_opportunities, I feel more valuable to the firm if I could receive these incentives_wellness_program, I feel more valuable to the firm if I could receive these incentives_remote_working, I feel more valuable to the firm if I could receive these incentives_recreational_activities, I feel more valuable to the firm if I could receive these incentives_employee_recognition_program

R-square = 0.032 means 3.2%. The independent variables can explain the changes (variation) in the overall satisfaction of 3.2%

Table 4.13 ANOVA table - feeling valuable after receiving each incentive and overall satisfaction.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.799	6	.466	1.058	.389 ^b
	Residual	85.076	193	.441		
	Total	87.875	199			

a. Dependent Variable: I am happy with my job right now

b. Predictors: (Constant), I feel more valuable to the firm if I could receive these incentives_less_working_days, I feel more valuable to the firm if I could receive these incentives_professional_development_opportunities, I feel more valuable to the firm if I could receive these incentives_wellness_program, I feel more valuable to the firm if I could receive these incentives_remote_working, I feel more valuable to the firm if I could receive these incentives_recreational_activities, I feel more valuable to the firm if I could receive these incentives_employee_recognition_program

For ANOVA table, if sig. < .05, the regression model is acceptable. In this case, sig. = .389^b means there is no significant relationship between overall satisfaction and feeling valuable after receiving six incentives.

Table 4.14 Coefficient table - feeling valuable after receiving each incentive and overall satisfaction.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.701	.385		9.611	<.001
	I feel that these incentives make me want to continue working for this company_employee_recognition_program	.003	.060	.004	.042	.966
	I feel that these incentives make me want to continue working for this company_professional_development_opportunities	-.036	.076	-.040	-.466	.642
	I feel that these incentives make me want to continue working for this company_remote_working	-.039	.056	-.053	-.690	.491
	I feel that these incentives make me want to continue working for this company_wellness_program	.046	.063	.057	.726	.469
	I feel that these incentives make me want to continue working for this company_recreational_activities	.038	.058	.048	.643	.521
	I feel that these incentives make me want to continue working for this company_less_working_days	.170	.061	.210	2.772	.006

a. Dependent Variable: I am happy with my job right now

According to the Coefficients table, none of the factors has sig. < .05. Therefore, it can be interpreted that feeling valuable is not associated with job satisfaction.

- **Feeling satisfied with each incentive and overall satisfaction**

Table 4.15 Model Summary of feeling satisfied with each incentive and overall satisfaction.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.156 ^a	.024	-.006	.666

a. Predictors: (Constant), I feel more satisfied if I could receive these incentives_less_working_days, I feel more satisfied if I could receive these incentives_wellness_program, I feel more satisfied if I could receive these incentives_remote_working, I feel more satisfied if I could receive these incentives_recreational_activities, I feel more satisfied if I could receive these incentives_professional_development_opportunities, I feel more satisfied if I could receive these incentives_employee_recognition_program

R-square = 0.024 means 2.4%. The independent variables can explain the changes (variation) in the overall satisfaction of 2.4%

Table 4.16 ANOVA - feeling satisfied with each incentive and overall satisfaction.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.146	6	.358	.805	.567 ^b
	Residual	85.729	193	.444		
	Total	87.875	199			

a. Dependent Variable: I am happy with my job right now

b. Predictors: (Constant), I feel more satisfied if I could receive these incentives_less_working_days, I feel more satisfied if I could receive these incentives_wellness_program, I feel more satisfied if I could receive these incentives_remote_working, I feel more satisfied if I could receive these incentives_recreational_activities, I feel more satisfied if I could receive these incentives_professional_development_opportunities, I feel more satisfied if I could receive these incentives_employee_recognition_program

For an ANOVA table, if sig. < .05, the regression model is acceptable. In this case, sig. = .567^b, which means there is no significant relationship between feeling more satisfied and overall satisfaction, given that employees receive six incentives.

Table 4.16 Coefficient table - feeling satisfied with each incentive and overall satisfaction.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.307	.346		12.453	<.001
	I feel more satisfied if I could receive these incentives_employee_recognition_program	.063	.064	.095	.981	.328
	I feel more satisfied if I could receive these incentives_professional_development_opportunities	.024	.073	.031	.335	.738
	I feel more satisfied if I could receive these incentives_remote_working	-.013	.057	-.019	-.235	.814
	I feel more satisfied if I could receive these incentives_wellness_program	.029	.064	.037	.447	.655
	I feel more satisfied if I could receive these incentives_recreational_activities	-.104	.059	-.142	-1.757	.081
	I feel more satisfied if I could receive these incentives_less_working_days	.040	.058	.054	.689	.492

a. Dependent Variable: I am happy with my job right now

According to the Coefficients table, none of the factors has sig. < .05. Therefore, it can be interpreted that feeling satisfied given that receiving each incentive is not associated with overall satisfaction. However, the factor with the highest impact is the feeling satisfied after receiving recreational activities.

- **Feeling want to continue to work for the company and overall satisfaction**

Table 4.17 Model Summary of Feeling to continue to work for the company and overall satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.228 ^a	.052	.023	.657

a. Predictors: (Constant), I feel that these incentives make me want to continue working for this company_less_working_days, I feel that these incentives make me want to continue working for this company_wellness_program, I feel that these incentives make me want to continue working for this company_professional_development_opportunities, I feel that these incentives make me want to continue working for this company_recreational_activities, I feel that these incentives make me want to continue working for this company_remote_working, I feel that these incentives make me want to continue working for this company_employee_recognition_program

R-square = 0.052 means 5.2%. The independent variables can explain the changes (variation) in the overall satisfaction of 5.2%

Table 4.18 ANOVA - feeling want to continue working for the company and overall satisfaction

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.572	6	.762	1.765	.108 ^b
	Residual	83.303	193	.432		
	Total	87.875	199			

a. Dependent Variable: I am happy with my job right now

b. Predictors: (Constant), I feel that these incentives make me want to continue working for this company_less_working_days, I feel that these incentives make me want to continue working for this company_wellness_program, I feel that these incentives make me want to continue working for this company_professional_development_opportunities, I feel that these incentives make me want to continue working for this company_recreational_activities, I feel that these incentives make me want to continue working for this company_remote_working, I feel that these incentives make me want to continue working for this company_employee_recognition_program

For ANOVA table, if sig. < .05, the regression model is acceptable. Sig. = .108^b means there is no significant relationship between feeling want to continue working for the company and overall satisfaction (Table 4.18) From this, it could imply that employees may not feel satisfied even if they can work for the firm for a long period.

Table 4.19 Feeling want to continue working for the company and overall satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.701	.385		9.611	<.001
	I feel that these incentives make me want to continue working for this company_employee_recognition_program	.003	.060	.004	.042	.966
	I feel that these incentives make me want to continue working for this company_professional_development_opportunities	-.036	.076	-.040	-.466	.642
	I feel that these incentives make me want to continue working for this company_remote_working	-.039	.056	-.053	-.690	.491
	I feel that these incentives make me want to continue working for this company_wellness_program	.046	.063	.057	.726	.469
	I feel that these incentives make me want to continue working for this company_recreational_activities	.038	.058	.048	.643	.521
	I feel that these incentives make me want to continue working for this company_less_working_days	.170	.061	.210	2.772	.006

a. Dependent Variable: I am happy with my job right now

According to the Coefficients table, none of the factors has sig. < .05. Therefore, it can be interpreted that the feeling to continue working for the company of employees is not associated with overall satisfaction. However, the factor that has the highest impact is the feeling of wanting to continue working for the company, given that they receive fewer working days.

4.2 Qualitative Findings

Based on the participants' profiles, there are two positions that can be distinguished; either the participants are founders/ co-founders or assistant managers, all of whom are in managerial positions.

4.2.1 Reasons to join SME

After the interview session, the reason for joining SME businesses of the candidates can be categorized into two reasons. **Most participants stated that they used to work in big conglomerates before deciding to pursue their career goal in SME businesses. Only 3 participants mentioned that they inherit their**

family business. The reasons for the first group vary depending on personal experiences and attitudes, such as having a passion for food, seeing opportunities in chosen business, and desire for more flexible hours. The next group of participants, who work for family businesses, want to utilize their skills to improve their current business and feel less pressure.

4.2.2 Positions with the highest turnover rate

All participants mentioned that operation staff or positions requiring fewer skills have the highest turnover rate.

4.2.3 Reasons to leave

Although reasons to leave are different, they can be classified into two groups: reasons involving incentives and personal reasons of employees. For the first group, participants claimed that because they can pay employees at the average market rate while workers feel like it is not worth their effort and time, they decide to leave. The second group of reasons is varied such as workers deciding to study higher degrees, having family issues to cope with, encountering an accident, or some workers disappearing without explanation.

4.2.4 Loyal employees and reasons to stay

9 out of 10 participants mentioned that they have employees that worked for them from the day businesses started and have been working for them until the present day. The common reasons mentioned by participants are 'comfortableness'. Other reasons include 'enjoyment of working cultures', 'appreciation', 'bonding between colleagues', and 'room to grow with the firm'.

Table 4.20: Instances of non-monetary incentives**Instances of non-monetary incentives**

No.	The industry of the company	Instances of incentives (non-monetary)
1	Food and Beverage (Hot rice bun)	<ul style="list-style-type: none"> ● Recreational activities such as New Year party and Company trip ● Free meal
2	Modern trade (Copy machines)	<ul style="list-style-type: none"> ● Recreational activities
3	Real estate	<ul style="list-style-type: none"> ● Recreational activities ● Financial planning
4	Food and beverage (Cafe)	<ul style="list-style-type: none"> ● Free meal
5	Beauty Clinic	<ul style="list-style-type: none"> ● Recreational activities such as New Year Parties, birthday gift
6	Agricultural and plantation	<ul style="list-style-type: none"> ● Recreational activities
7	Real estate	<ul style="list-style-type: none"> ● Recreational activities such as monthly parties, new year parties, and company trip
8	Food and beverage (Restaurant)	<ul style="list-style-type: none"> ● Free accommodation ● Free meal
9	Agriculture (Animal farm)	<ul style="list-style-type: none"> ● Recreational activities
10	Special machine tools	<ul style="list-style-type: none"> ● Recreational activities such as New Year party and Company trip

4.2.5 Best practices to make employees feel valued and appreciated

Most participants mentioned that they constantly have check-in sessions with their employees. Some participants do it casually every morning, and some participants do it quarterly. Every participant agrees that having some casual talk and check-in sessions are the most suitable method to measure employee satisfaction. None of the participants have developed a proper KPI or any measurement tool to measure satisfaction.

4.2.6 Reapplying employees

When employees reapply to a firm, it indicates some implications for its human resources system and environment. From conducting a semi-structured interview with all 10 participants, the results reveal that there are two companies that have no reapplied employees. The first participant is operating a beauty clinic and another comes from the food and beverage segment. For the first participant, the clinic has been operating for not more than 2 years and the restaurant has been operating for not more than 1 year. It can be interpreted that those businesses require more time until some employees return, and there is nothing to do with the incentives provided.

4.3 Discussion

From the chosen incentives, 1) employee recognition programs, 2) professional development opportunities, 3) remote working, 4) wellness programs, 5) recreational activities, and 6) fewer working days. The author found out that **the most influential incentive that can lead to higher employee satisfaction is to have fewer working days**. When considering the definition of employee satisfaction provided by Durga et al. (2017) said satisfaction is the degree of happiness of workers towards their jobs and working environment; having fewer working days might lead to more happiness which makes employees stay loyal in the long run; thus, it lifts the satisfaction regards the working environment but not the satisfaction regards the job. In contrast, having fewer

working days is not aligned with the definition of employee satisfaction provided by Wahyu Ariani (2015) as employee satisfaction represents the feelings toward tasks and is the extent to which an individual employee likes his job. Next, respondents tend to stay longer if the job does not hurt them physically and mentally as they mentioned they can trade those factors with higher salaries. This also aligns with the definition provided by Durga that a favorable environment leads to loyalty in the long run. Another outcome that supports this point is that respondents prefer to be supervised by a good boss and surround themselves with a good colleague. However, based on the result from regression analysis, although receiving each incentive can make them feel more valued, more satisfied, and of wanting to continue working for the company, **it does not mean that they achieve overall satisfaction**. This is also making sense since only non-monetary incentives are not enough to secure employees. Other elements such as the extent to which employees like their jobs, salaries, time, family issues, and some other life conditions can also influence loyalty as well. Further research can be conducted on factors that exclude incentives.

For the qualitative part, many participants agree that SME businesses possess family-like and more casual relationships between parties; thus, it makes factors such as ‘comfortableness’ and ‘bonding’ become the main reasons that can retain workers. In this case, it aligns with the quantitative result that ‘fewer working days’ is the most favorable incentive. It can be implied that with ‘fewer working days’, employees can balance effectively between career life and personal life; thus, they become more comfortable working with the firm.

CHAPTER V

CONCLUSION

The main objectives of this study are to identify the possible non-monetary incentives that SME managers could provide for their employees, to understand what factors help retain employees in SME cultures, and to discuss suitable practices to retain employees. This chapter provides a summary (5.1) and recommendations (5.2) from the data and insight obtained from the targeted group. Chapter 5.3 presents the limitations of the research.

5.1 Summary

The first conclusion that can be drawn from this study is that respondents who work for SMEs receive ‘professional development opportunities. However, they desire ‘fewer working days’ as this incentive shows the highest frequency to be ‘the most desirable’ incentive agreed by participants. Significantly, it reveals that ‘fewer working days’ is the most impactful non-monetary incentive as respondents strongly agree to feel more valuable, more satisfied, and want to continue working for the company given that this incentive is provided for them. Furthermore, participants in the study apparently agree that they prefer work-life balance and a healthy environment over higher salaries.

5.2 Recommendations

Most participants who answered the online questionnaire agreed that they would not trade their physical and mental health for a higher income. Besides, they prefer to follow and be supervised by a good leader and surround themselves with good colleagues instead of receiving a high salary but lack factors that can make them comfortable. In this case, the author would recommend SME managers attempt to create

a comfortable environment for employees. Given that there are factors including supervisors and colleagues, managers should describe the information regarding these factors to candidates during the recruitment period or hiring process.

Next, most of the participants in the qualitative section mentioned that employees stay loyal to them because of the sense of being family, human bonding, and trust. They agree that these are the factors that make people willing to work with them in the long term. As mentioned in the finding part, birthday celebration, company trip, and festival celebration such as new year party are activities that can spur those feelings as it allows human interaction among colleagues.

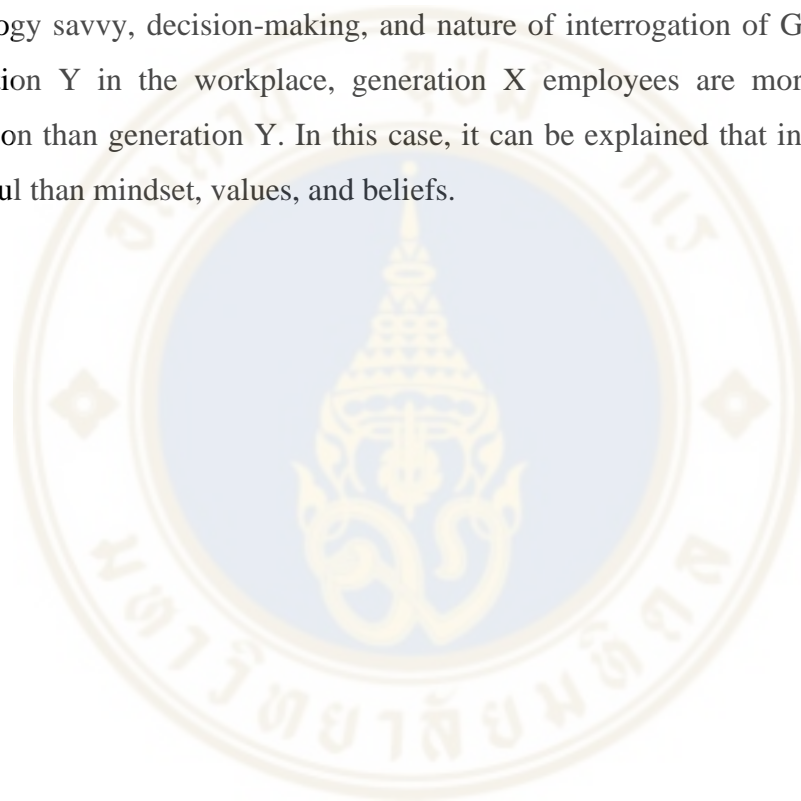
5.3 Limitations

During the study, there are a few inevitable limitations that can be spotted which will be discussed as follows.

Firstly, there is a certain gap between SMEs that possess higher financial assets and companies that have been starting for not longer than five years. Those companies that have been operating for more than decades usually have more budget to spend with incentive programs for their employees. In consequence, it automatically causes employees to stay loyal to them as those companies offer more attractive non-monetary incentives.

Secondly, from interviewing participants in the qualitative section, 9 out of 10 companies have employees who have resigned and reapplied to the company. Although companies can create a satisfactory environment and favorable incentives, sometimes it involves external factors that companies cannot control, and those factors are not associated with any kind of incentives. For instance, 1) the condition of the economy has pressured them to reapply to the company even though they are not likely to prefer it, 2) the preference of employees themselves that sometimes want to pursue their own passion at some other companies and turn out they feel like they have made a wrong decision, and 3) they do not want to resign in the first place, but have their personal matters to deal with (e.g., family) first and reapply to the company later.

Another limitation that the author can perceive is that there are some differences between the mindsets of people working for long-established companies and those operating for a few years. For companies that were established more than a decade, loyal employees generally come from Generation X; people who were born between 1960 - 1975 or 1960 - 1982 (Weerathne et al., 2022). Generation X employees tend to be more loyal to the firm and would be less likely to resign. According to Weerathne et al. (2022), among six characteristics; loyalty, orientation, preference, discipline, technology savvy, decision-making, and nature of interrogation of Generation X and Generation Y in the workplace, generation X employees are more loyal to their profession than generation Y. In this case, it can be explained that incentives are less impactful than mindset, values, and beliefs.



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