

Motivating the Stakeholders, a Feature of SMEs

Nicoleta Raluca ROBU¹
Ludovica Ioana SAVLOVSCHI²

ABSTRACT

Motivation, in a narrow meaning, based on a classical vision on the organisation and management, aims only at the employees or staff of the organization. This optics still predominates both in theory and in the worldwide managerial practice. Motivation, in a broad meaning, contoured in recent years, based on a modern vision on the organization and management is centred on the stakeholders, namely on those people, categories of staff and organisms who have major interests in developing the activity and performances of the organisation.

In order to understand motivation, the managers must first understand the reasons why the individuals behave in a certain way and for which they have certain reactions under threatening situations or by which influencing is attempted. Motivation is an internal process, not an imperative one which can be compelled from the outside. Managers must understand the motivation strategies, the way in which they succeed or fail on the grounds of the way in which they succeed in influencing the inner motivations of the employees.

KEYWORDS: *motivation, stakeholders in SMEs, behaviour, entrepreneur*

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Introduction

There is a clean relationship between definitions of what are stakeholders and identification of who are the stakeholders. The most common way of classifying stakeholders is to consider groups of people with a distinguishable relationship with corporation. The most common groups of stakeholders to be considered are:

- Shareholders
- Customers
- Suppliers and distributors
- Employees
- Local communities

A key issue is whether stakeholders are confined to those that are crucial for the achievement of corporate objectives or if they are merely any entity affected by corporate actions, especially if the latter includes alternative actions corporations could have taken in

¹ Nicoleta Raluca ROBU, PhD Candidate, The Bucharest Academy of Economic Studies, Romania, robu_raluca@yahoo.com

² Ludovica Ioana SAVLOVSCHI, PhD Candidate, The Bucharest Academy of Economic Studies, Romania, ioanasavlovschi@yahoo.com

order to achieve their objectives, but were not chosen. That latter can lead to a very wide definition of stakeholders. Freeman and Reed (1983) and Freeman (2004) actually label these definitions separately: narrow and wide. The stakeholder enabling principle, based on the narrow definition, was stated to apply only to "stakeholders defined as employees, financiers, customers, and communities". (Friedman & Miles, 2006)

The Idea of stakeholders, or stakeholder management, or a stakeholder approach to strategic management, suggests that managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business. The central task in this process is to manage and integrate the relationship and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that ensures the long term success of the firm. A stakeholder approach emphasizes active management of the business environment, relationship and the promotion of shared interests. (Freeman, 2004)

Business leaders need to know what motivates active stakeholders if they are to craft their most effective outreach programs. As we all know, most people who conduct routine business with a company (passive stakeholders) do not take the time to participate in community affairs. All of the customers of an electric utility, for example, will not go out of their way to contact a community affairs office to learn more about the service or comment on regulatory issues.

Active stakeholders, on the other hand, are the ones who visit information centers, attend public meetings, make phone calls, write letters speak with news media and otherwise participate in business affairs that were once considered off-limits to the public at large. Coordinating a full community relations campaign involves planning how to interact with stakeholders who have different ideas, different personal interests, and different incentives.

At one time, business stakeholders simply included persons who had immediate standing in local projects. Today, individual empowerment rights embrace almost anyone who shows interest in a project. Some of the staunchest resistance for a waste disposal project, for instance, may come from an environmental group based in another locale that might not even have a local chapter. (www.allbusiness.com)

1. The need to cultivate stakeholders by the entrepreneur

As the entrepreneur is the owner of the company and he/she is often his unique manager, he/she has a decisive role in the relations with the stakeholders. So that this type of relations should be effective to the company, it is essential that the entrepreneur should be aware of the need and potential advantages of some permanent and balanced relations to the stakeholders.

Part of the company's stakeholders possess and/or supply resources to the company. This category includes the suppliers of equipment, raw materials, the bank, the training and consultancy companies, the SMEs associations, the chambers of commerce, the local administration, the risk investors etc. The more the entrepreneur establishes tighter relations with the managers and the representatives of those organisations, the more financial, informational, material and human resources he/she will get, easier, more and under higher cost terms.

The managers and the employees, in the first place, but also the distributors, the bank, the risk investors, the local administration and the family have an appreciable impact of the

degree and efficiency of using the entrepreneur's own resources and the resources borrowed or attracted.

The company's distributors and clients, the managers and the employees, the service suppliers, condition, by their decisions and actions the level of the sales. Cultivating the relations with them and from that perspective can lead to the amplification of the sales and the consolidation of the company's market position. Any company, all the more one of small dimensions, assumes as of its establishments numerous risks. Tighter and more effective relations, especially with the bank, clients, suppliers, managers, consultancy and training companies, the local administration and community, the SMEs organisations and the chambers of commerce and industry, can diminish dramatically the risks corresponding to the course of business. The access to the information and the other categories of resources owned by the stakeholders, the encouragement of less tough decisions and actions with respect to the company, in case some difficulties and/or negative events occur in its activity, are meant to diminish substantially the risks hovering over the company. (Donckels, 2000)

In any economic context, there are various pressures manifested against the companies and numerous obstacles, such as the commercial, fiscal, legal, administrative ones. The good relationships with the clients, suppliers, distributors, local administration, the bank, the local community, can lead concomitantly to the diminishing of contextual pressures and the obstacles that the company faces.

The cultivation of good relationships with the stakeholders contributes to the amplification of the entrepreneur's capacity to successfully solve the ensemble of problems of the company. All the stakeholders are important from this point of view, with a greater intensity and frequency, regularly contributing on this domain, the managers and employees of the company, the clients and service providers.

One of the most important intangible assets of the company is represented by its prestige and credibility. They depend first of all on the perception, opinion, decisions and actions of all the stakeholders with respect to the company. Of course, a plus of influence on this level is given by the local community, the SMEs organizations, the chambers of commerce and the local administration. The permanent relations with these stakeholders contribute to the formation and media coverage of a good and attractive image of the company, indirectly generating great advantages for it, in all the plans of its activity. (Haahti, 2000)

2. Means of getting the stakeholders involved in the company's activities

The previous paragraph offered arguments to the question "why the entrepreneur must cultivate the stakeholders", which presents a greater motivations importance. From the operational point of view, it is essential that the procedure should be indicated. This paragraph aims at pointing the main elements involved in the entrepreneur's approach in order to convince the stakeholders to stand by his/her company.

The compulsory premises that must be met in the stakeholders' approach are the following:

- The entrepreneur must be convinced himself that he/she will accomplish in the company what he/she has embarked on;
- The entrepreneur must always keep his/her promises, irrespective of the personal or organization involved;

▪ The entrepreneur must “share“ the results of the company with the stakeholders, in various ways, corresponding to the role and contribution of each of them.

Starting from these circumstances, the entrepreneurs are recommended to use a wide range of means of getting the stakeholders involved in the company, of which the most important and frequently used are inserted in table no. 1. (Fayxell, 1996)

Table 1. The main means of getting the stakeholders involved in the company's activities

No.	Means of involvement
1	The continuous information of stakeholders on the special events in the company's and the entrepreneur's life
2	Inviting stakeholders to visit the company
3	The stakeholders' participation in the celebration of major events of the company
4	The periodical visiting of the stakeholders by the entrepreneur
5	Congratulating and sending gifts to stakeholders on main holidays and special events in their personal lives
6	The initiation by the entrepreneur of common, recreational and/or entertaining actions (meals, watching shows, trips etc.)
7	Co-opting certain stakeholders in various organisms within the company (the censor commission, the managerial committee etc.)
8	The direct involvement of the entrepreneur in the accomplishment of important actions by the stakeholders (exhibitions, fairs, business visits etc.)
9	The company offering financial incentives to stakeholders (commissions, bonuses, premiums, discounts etc.) for major contributions in obtaining the economic performances of the company
10	The sponsorship of the stakeholders by the company
11	The participation of important stakeholders in the company's capital increases

Source: Fayxell, (1996)

Conclusions

It is important to note that the means mentioned must be used in a differentiated way, considering the influence and contributions of each stakeholder in the functionality and performances of the company. Each action must be well thought, considering the actual contributions of the stakeholders and/or what one expects from them. Each action for the cultivation of good relations with the stakeholders must be carried out decently, with distinction, considering the susceptibility and preferences of stakeholders.

Failing to recognize what motivates key community players means missing a key facet of community relations. Understanding what is important to these customers - and satisfying

their individual concerns - streamlines community relations campaigns, improves company image and achieves outreach objectives.

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