

The Role of Employee Incentives in Financing from Customers

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Abstract : This study investigates how employee incentives affect employee performance in financing from customers. This study followed a grounded theory approach where data were collected through 29 interviews. Main themes and categories were identified through the coding processes. This study found that casual conditions, including financial barriers, informal finance, business location, customer base and customer relationship, influenced the adoption of customer finance in the case of SMEs. The SMEs build and maintain long-term relationships with customers through personal communications. The SMEs engage and motivate employees in customer communications and business financing strategy through financial incentives programs, including bonuses, salary rises, rewards and non-financial incentives, including training opportunities, extra holiday leave, and flexible working hours. Employee performance was measured through financing contribution and job contribution. As a consequence, customers will be well served by employees and get a better customer experience. SMEs can get benefits such as employee engagement, employee satisfaction and sustainable financing sources. This study gets in sight of employee incentives in improving employee performance in customer finance and makes implications to human capital theories. Suggestions are provided to the decision-makers in businesses as incentive programs improve employee performance that, eventually contributes to overall business performance.

Keywords : SMEs, financing from customers, employee incentives, performance-based measurement

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