

Empirical Analysis of Factors Impacting of Brain Drain and Turnover Intention Among SME Employees in Sichuan, China

Yucheng Dan

North Bangkok University, Bangkok 10220, Sai Mai

Abstract: The purpose of this study was to explore the reasons for the SME employee resignation and the cause issue, to analyze the mechanism of increasing employee retention rate through SME human resource strategy for the satisfaction of employee retention. The investigation of how dependent variable of turnover intention relates to independent variables of employee background, personal feeling, organizational commitment, job satisfaction, work embeddedness, and social influence among SMEs in Sichuan of China.

Keywords: Brain Drain; Turnover Intention; SME Employees

1. Introduction

According to the current development situation in China, the continuous and comprehensive development of SMEs is an inevitable trend. The reform of the economic system is also creating a good market environment for the development and growth of SMEs. Under such a background, SMEs should seize the opportunity and get the result it deserves. However, some small and medium-sized enterprises have gradually grown in the complex market competition, and some have steadily disappeared. The factors that cause this situation are many, not only in the society and the enterprise itself but more importantly in the management of talent strategy. The loss of talents and frequent personnel turnover significantly impact small and medium-sized enterprises and are sometimes even fatal. Along with the loss of talents, the company's intellectual property rights and labor training costs are also lost. Due to their limitations, the innate deficiencies in allocating and managing human resources have led to frequent brain drain in small and medium-sized enterprises due to their regulations.

2. Theoretical Basis

(1)The Price-Mueller model. The model is based on the theory of overall turnover. The core of the approach consists of three hypotheses. First, assume that employees enter the organization with certain expectations; second, believe that there is an exchange of interests between employees and the enterprise organization, that is, employees serve the enterprise and obtain returns from the enterprise; third, assume that employees pursue maximization of net income (Price 2001).^[1]

(2)Employee turnover decision process model. The model is verified and expects employees serving cognitive operating characteristics, the relationship between the leadership and the age of four variables considered satisfactory for mediating variable work and commitment which ultimately affect the organization so that employees generate turnover intention eventually lead to the loss of behavior, which turnover tendency is a predictor of quitting intention behavior (Kang and Sung 2019).^[2]

(3)Employee turnover decision process model. The model expects employees serving cognitive operating characteristics, the relationship between the leadership and the age of four variables considered satisfactory for mediating variable work and commitment which ultimately affect the organization so that employees generate turnover intention eventually lead to the loss of behavior, which turnover tendency is a predictor of quitting intention behavior (Kang and Sung. 2019).^[3]

3. Understanding the Influencing Factors of the SME Employee in Brain Drain and Turnover Intention

3.1 Explore the reasons for the employee resignation of SMEs in Sichuan:

Regarding employee backgrounds with employee qualifications and capability, if they do not get anything from the job that can satisfy their goals, it will affect their turnover intention at SME in Sichuan.

3.2 Analyze the theoretical mechanism of increasing employee retention rate in the operation of Sichuan SMEs

In terms of organizational commitment with employee performance and approved leadership, it will lead to employees' concept in turnover intention. In terms of job satisfaction with employee career and comfortability will increase their turnover intention if they do not associate with where they work.

3.3 To summarize the influencing factors for improving both SME human resource strategy and

satisfaction of employee retention

In terms of work embeddedness of employee attachment and sharing with organizational behavior, if they do not feel such a sense of being and work ethics, it will cause the concern of their leaving intention. Regarding the social influence of employee conformity, socialization, and peer pressure, if some of those elements are not met with employees' needs, it will increase their turnover intention of leaving their workplace.

4. The Conceptual Framework for the Research Study

First Relationship between influencing factors of employee background, personal feeling, organizational commitment, job satisfaction. Work embeddedness, social influence, and turnover intention.

second Using the correlation analysis test, all influencing factors are significantly correlated with SME employees' turnover intention in Sichuan of China.

5. The Countermeasures for the Improvement of the SME Employees' Brain Drain and Turnover Intention

5.1 Increase job satisfaction

There are six elements of job satisfaction: career length, salary, promotion opportunities, job participation, positive/negative emotions, and job autonomy. According to the analysis results, it is concluded that the professional growth of SME practitioners has a significant impact on job satisfaction.

5.2 Dealing with brain drain

Talent management practices must be executed perfectly to attract and retain highly skilled talent who may leave the company. If a company wants to compete and retain top local talent, it is essential to execute a talent management strategy to deal with the loss of talent. Work distribution and employee care will be significant (Anees 2021)^[4].

5.3 Reducing turnover intention

(1) Hire the right people. Retaining employees starts with hiring the right employees. You may hire employees with vital skills that match your vacant position. (2) Offer competitive remuneration and benefits. People want to be well compensated. They need to pay standard expenses such as housing, utilities, and food. Most people also want enough money to do extra things. If you don't pay your employees well, they will find a company that is willing. (3) Give encouragement and recognition. Employees need encouragement and praise. Express gratitude when employees do the right thing. When they finish a big and challenging project or submit a project before the deadline, congratulate them. Let them know that you have seen their hard work. (4) Express the career path. If employees are stuck in one job for too long, they may look for another job that can be promoted. Most employees want to improve their skills and knowledge and move up the career ladder. Showing the expected career path to employees will allow them to understand the direction and goals. (5) Allow Flexi-Work schedules. Flexible work schedules allow employees to adjust their working hours and locations. Employees can create a work-life balance for themselves. Employees can pursue things outside of work, attend appointments, and take care of their families.

5.4 Need more understanding of employee turnover impact in SME operation

(1) Organization performance. The high turnover affects organizational performance due to the loss of corporate and human knowledge, skills, and abilities that employees have developed through experience and period (Hilma 2020).^[5] (2) Organization culture. The high turnover disrupts employees' social ties and trust without a stable working environment (Lee and Kim 2011).^[6] (3) Human capital. The high turnover increases human capital in paying the compensation for new and leaving employees. (4) Organizational operation. High turnover creates difficulties in cooperation between different units and departments, potentially breaking group performance patterns.

6. Conclusion

This research aims to gain a deeper understanding of the turnover intentions of SME practitioners under different demographic variables. It examines the turnover and turnover intentions of SME practitioners, turnover intention and job satisfaction, job embedding, turnover intention and individual psychological factors, social factors, job satisfaction and career length, salary, promotion opportunities, job participation, positive/negative emotions, job autonomy, job embedding and organizational connection, corporate matching, organizational sacrifice, social connection, social matching, social sacrifice.

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