

# Thoughts on Brain Drain in Private Enterprises

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**Abstract**—Although private enterprises are more flexible in personnel recruitment than state-owned enterprises, a prominent problem faced by small and medium-sized private enterprises is the massive brain drain. The loss of talents represents the loss of interests and wealth. The loss of highly qualified personnel in private enterprises is often devastating for enterprises. This paper points out many problems existing in human resource management of private enterprises in our country at present, analyses the main causes of brain drain of private enterprises, and puts forward some countermeasures on solving brain drain of private enterprises, such as establishing a "people-oriented" management concept, establishing an institutionalized incentive and restraint mechanism, standardizing internal management, cultivating the cohesion of corporate culture and so on.

**Keywords**—Private enterprise; Human resource management; People oriented; Incentive and restraint mechanism; Corporate culture

## I. INTRODUCTION

Talents are strategic resources for enterprises to win the initiative of competition. Enterprise management personnel, professional and technical personnel, high-skilled personnel are valuable human resources for private enterprises, and are strategic resources to determine the core competitiveness and sustainable development of private enterprises. With the establishment of the market economic system and the enhancement of the consciousness of the main body of talents, the flow of talents is becoming more and more frequent. Normal and reasonable talent flow is conducive to optimizing the allocation of resources and improving efficiency for both society and enterprises themselves; but if frequent and abnormal talent flow, especially for private enterprises, it will bring great negative impact; especially for some small private enterprises, the original risk resistance ability will be compared. Poor, if the key talent drain, the impact on private enterprises will be enormous. Compared with state-owned enterprises, private enterprises have greater flexibility in employing personnel, but a large number of brain drain is also a prominent problem faced by many private enterprises, especially small and medium-sized private enterprises. The loss of talents means the loss of interests and wealth. The high proportion of brain drain in private enterprises may not only take away the technical secrets, but also take away the customers. It may bring a devastating blow to the enterprises, and it will certainly increase the replacement cost of the talents. Some studies have shown that the replacement cost of the talents is about 2.8 times the salary of the original talents. The brain drain will

seriously affect the continuity and quality of work, as well as the stability of employees. Faced with such a fierce talent challenge, private enterprises need to review the situation, speed up the reform and innovation of human resources management, improve the level of human resources management of private enterprises, retain talents, and miss the great development opportunities of private enterprises.

## II. REASONS FOR BRAIN DRAIN IN PRIVATE ENTERPRISES

According to the relevant survey data, at present, the brain drain rate of private enterprises is as high as 30%, and the brain drain rate of high-level and middle-level talents and technicians in some private enterprises is as high as 70%. These middle-level and high-level talents and technicians generally work for a short time in a company, generally in about three years, the longest is five years, so at present, private enterprises are running. Enterprise leaders are lamenting "talent is hard to seek, talent is hard to retain"!

What is the crux of brain drain in private enterprises? The main reasons for the brain drain of private enterprises in China are as follows:

(1) Most private enterprises do not have a special human resources management organization, and their functions are mostly performed by the general manager's office or administrative department concurrently. The employment mechanism of private enterprises exists the phenomena of "appointing people only by relatives" and "appointing people only by proximity", which causes the brain drain to be too large. Many private enterprises have not established a scientific employment principle. In the recruitment process of enterprises, there are complex relationships between human relations and many competent people are rejected. This not only leads to the loss of useful talents, but also easily forms internal differentiation within private enterprises, which is not conducive to the cooperation within private enterprises. Do. In terms of staffing, many private enterprises, especially small and medium-sized private enterprises, do not have corresponding personnel for human resources management, or some personnel are not very professional, and the quality of human resources managers is low, so they can not play their due role. Even some enterprises are still following some traditional practices, so that human resources departments, in a sense, become "resettlement places" for some special personnel. In some small and medium-sized private enterprises, a non-technical person is often arranged casually, or people who are not suitable for a certain position are temporarily transferred to

the Human Resources Department to engage in so-called "human resources management". Even in some enterprises, there are no human resources managers at all, and human resource management such as recruiting, employing, selecting and so on is all the boss has the final say.

(2) Many private entrepreneurs tend to adopt a seemingly smart but speculative view of talent, that is, they like to use foreign high-level talents as "dog skin plaster". Often when there is a problem, enterprises will recruit or recommend some "new talent" as soon as possible to save the emergency [1]. After a period of time, if they find it is not working, they will tear it up and replace it. In other words, the disease has not been cured, but the conclusion is that the external "talent ointment" is not working. These failures will strengthen the closed culture of arrogance within the enterprise, always feel that outsiders are not good, as a result, the most critical positions are often only their own people. Such repeated mistakes not only lead to higher and higher "exchange cost", but also further solidify the talent echelon of enterprises, the popularity of internal high-level is becoming smaller and smaller, and the number of optional generals is becoming fewer and fewer.

(3) Although many leaders of small and medium-sized private enterprises try to formulate a variety of human resources management systems, and strive to implement them. However, from its content, most of the analysis is to restrict the staff on attendance, reward and punishment system, wage distribution, work rules and so on, rather than from "people-oriented", thinking about how to fully mobilize the enthusiasm and creativity of staff to regulate the behavior of enterprises and employees, in order to achieve staff development and organizational objectives. Implementation of the target.

(4) What some private entrepreneurs trust most and use most is the old ministers who fight with him. Of course, to some extent, these loyal old ministers have gone through the test of time and practice, the relationship between more than ten years and the experience of multiple positions, which should be the most dependable "ministers" of private entrepreneurs. Unfortunately, these veteran ministers are often "loyal but not serious", which will disappoint private entrepreneurs to varying degrees [2]. Many ambitious and ambitious private entrepreneurs suffer the most from this. They often overestimate the learning ability and enterprising ambition of these "old ministers". They think that they are hard-working, eager to learn, progressive and love tossing, and these "old ministers" should follow the same example. But in fact, these "old ministers" may not think so. They may be limited in ability, or lack of motivation, or have their own aspirations. They can not form effective joint forces. And those young talents who should have taken on the heavy responsibility of change are eventually distrusted or marginalized, but their enthusiasm and dignity are ravaged, they can't do it, and they all go away in a sad way.

(5) Some private entrepreneurs have a little unreliable literary and artistic feelings. Sometimes it is easy to fantasize and arouse the fantasy of talent selection and decision-making impulse. It's easy to be fooled by some big names or fooled by some big talkers. As a result, some foreign monks and

mysterious high-ranking people are often promoted willfully. In fact, in this era when everything is possible, it is almost normal to take an unusual road. If you are not afraid of the road, you will be afraid of no principle. Especially in personnel, what kind of generals to choose must have basic rules and regulations, not rely on one's own opinions, take it for granted to rely on feelings to promote, not to mention the judgement of key candidates, based on the prejudices or taken-for-granted prejudices of the people around us. Shopping malls are like battlefields [3]. If the generals who lead the army are wrong, unable to obey the crowd and do things unreasonably, failure becomes inevitable.

(6) Private enterprises have unreasonable design of work responsibilities and overburdened problems. Most private enterprises have the problem of overtime or over-intensive labor. Some employees in technical and managerial positions work overtime, often symbolically pay some overtime wages, or not pay overtime wages. Especially the managers of key technology in enterprises often need to be on call. The labor intensity of employees is much greater than that of general state-owned enterprises. In the long run, employees can not bear it, so they must choose to leave.

(7) Private enterprises have the problem of unfair compensation design. Compensation system guarantees the competitive advantage of human resources fundamentally, thus bringing great advantages in market competition. Therefore, how to set up a salary incentive system suitable for the development of enterprises has become the necessary guarantee for private enterprises to win in the competition. Different private enterprises have their own particularities, but some of them completely copy the salary model of other enterprises without considering their own characteristics; some of them have unbalanced proportion of basic salary, bonus, allowance and welfare; some of them have low annual salary standard, or have the tendency of equalitarianism; some of them are private enterprises [4]. The reward allocation scheme of enterprises is not perfect, the execution is not enough, and the arbitrariness of reward determination is too strong. These are easy to frustrate the enthusiasm of employees and aggravate their dissatisfaction.

### III. SUGGESTIONS

In the final analysis, the competition of private enterprises is the competition of talents. Private enterprises in China are mostly labor-intensive enterprises, which absorb a large number of labor resources. Although the number is large, their quality needs to be improved urgently. As Lei Jun said, "Finding people is the most difficult thing in the world", of course, it is also the most energy-consuming thing. Unfortunately, many private entrepreneurs are seriously underinvested in this area, and they pay the least attention to it. In fact, people are the most critical factor in business competition. The most variable is people. If people are not selected or carefully selected, all the systematic failures and structural crises of private enterprises are inevitable to be anticipated. How to attract, retain and make good use of talents has become the first consideration of private enterprises.

In view of the above analysis, the author believes that solving the problem of brain drain in private enterprises can proceed from the following aspects:

#### *A. Establishing a "people-oriented" management concept*

From the previous analysis, we can see that ignoring people themselves is the root cause of employee turnover. For example, the managers of many private enterprises should give higher remuneration to retain talents. Of course, material incentives are necessary and fundamental, but they are not the only ones. We can see that many private enterprises have higher salaries and benefits than similar enterprises, but they still have a higher turnover rate. The main reason is that managers still think that "you work, I pay, fair and reasonable", besides, they have nothing to do with me.

The significance of the idea of "people-oriented" for managers lies in that only when an enterprise has qualified employees can it have good products, good markets and good profits. Employee recruitment, training, job design, salary and welfare system, career management and incentive system should take into account the needs and benefits of employees[5]. In the process of management, we should use less punitive measures and more praise incentives to make employees feel respected. As a result, it is bound to be willing to cultivate employees, but also to develop enterprises, and truly realize the "win-win" between individuals and enterprises.

#### *B. Establishing an Institutional Incentive and Restraint Mechanisms*

On the one hand, private enterprises should create a good environment for staff development and increase their attraction. At the same time, it is necessary to specify relevant systems to manage and control employee turnover. Firstly, the labor contract system can be implemented. Within the contract, the enterprise can not dismiss employees without reason, and employees can not leave the enterprise without authorization, otherwise, the breaching party must pay compensation for breach of contract to the other party. Secondly, training compensation system can be implemented. Enterprises can set up staff files. On the basis of recording the actual situation of staff training, the Investment-Output analysis of staff education and training is carried out to determine the losses caused by staff turnover and claim compensation; training contracts can also be signed beforehand to clarify the service life and compensation for breach of contract after training, so as to avoid private enterprises spending a lot of training fees. If we can't keep the loss of people, we can correct the misunderstanding that small private enterprises are afraid of spending money to train their employees. Thirdly, establish a scientific performance appraisal system. Scientific design, comprehensive balance, clear staff post responsibilities, performance appraisal and reward and punishment standards. The assessment criteria should be scientific, fair, reasonable, transparent and operable, standardized and strictly implemented[6]. No matter inside or outside the family or the level of seniority, we should treat them equally and use them as a basis for reward and promotion. There are also many ways to provide incentives. Such as economic incentives, including cash incentives and salary increases; emotional incentives to

show consideration for employees, create an equal and harmonious cultural atmosphere, enhance the cohesion of employees; also through career-based incentives, including promotion, lifelong honor, honorary titles and so on. In addition, it may also be possible to establish a system of employee equity, so that employees and enterprises share the benefits and risks, which is conducive to stabilizing employees to serve the enterprise. This measure is widely used in developed countries and has the reputation of "golden handcuffs".

#### *C. Internal management standardization*

Some private enterprises are confused in management and staff are at a loss, which is also one of the important reasons for brain drain. Therefore, in order to create a good environment for attracting talents, it is necessary to realize the standardized management of enterprises. It should include two aspects: first, the managers of enterprises have a high level of management, and try to make scientific decisions, rational division of labor and effective control. In private enterprises, entrepreneurs' personal qualities and leadership styles also have a considerable impact on the retention of talents. With the expansion of the scale of private enterprises, the comprehensive qualities of enterprise managers themselves should be constantly improved to establish a good image of themselves. With the expansion of the staff, we should have a good communication and coordination ability. We should continue to learn and improve our professional and ideological qualities. After the expansion of the enterprise scale, we should have a high sense of social responsibility. We should pay more attention to the social characteristics of the enterprise. We should not only start from personal interests, but also from a certain point of view. In a sense, how open-minded a private entrepreneur is determines how big a private enterprise can be. Second, we must pay attention to all aspects of human resources management. Firstly, human resource planning should have both strategic vision and objective reality. Enterprises should restrict the recruitment, training, promotion and other specific plans of human resources according to business development strategy and actual requirements of enterprises, and the planned information should be known to employees as far as possible, so that employees can formulate their own development plans accordingly, so that employees feel that they have opportunities for development in their own enterprises, which is helpful. Increase employee retention rate. Secondly, work analysis should be carried out to clarify the responsibilities, powers and working standards of each post. It not only enables every employee to clearly and orderly take their responsibilities, but also avoids uneven happiness and overburdensome work pressure through scientific practice and comprehensive balance. At the same time, it is also an important basis for other management decisions such as assessment, rewards and punishments. Finally, help employees to specify career plans, that is, help employees develop various knowledge and skills, provide opportunities to achieve personal expertise, lay the ladder of career development. On the basis of understanding their own skills, interests and value orientation, employees should try their best to make their strengths consistent with the needs of the company, so that employees have a clear direction of development. If we can understand the

employee's follow-up plan and strive to achieve its goals, it will inevitably make the employees catch up with their achievements, and no one will want to leave an organization that can continuously make themselves successful.

#### *D. Fostering corporate culture cohesion*

Corporate culture is a common value recognized by all employees. It has a strong cohesive function. Therefore, it plays an important role in stabilizing employees. Corporate culture is embodied through a series of management actions, such as the transparency of corporate strategic objectives, the relative fairness of internal distribution, the rationality of the use of talents, the safety of occupational security and so on, which can reflect the values advocated by a private enterprise. Corporate culture pursues the goal of individual identification with the collective, hoping to establish an interactive and interdependent relationship between employees and enterprises, and ultimately make employees attach to and love their own enterprises. However, corporate culture is not achieved overnight. It needs to be guided, inculcated, demonstrated and integrated into the system, and then integrated into the thinking and action of employees. Although this work is difficult, if we do it consciously, we will surely achieve results. Excellent corporate culture creates a humanistic environment, which is more attractive to employees than other attractions, because it publicizes a kind of unexpected voice, which touches a heart.

There is no doubt that monetary stimulus has only a short-term effect. When the money he earned has long met his basic requirements, he wants the spirit of adventure and innovation hidden in his heart, the enterprise and his solidarity, to advance side by side, and to realize his own ideals and values. A talented person's long-term life and work in a certain enterprise, enterprise value orientation and enterprise spirit continue to influence him, and gradually internalized into his way of life. Talents no longer think that their job is to earn money to live, because work occupies half of his life, he hopes that the work itself is meaningful, hope to realize their value in the work. A good corporate culture can make talents not "work for survival" but "work for happiness". When a person's lifestyle and corporate culture are integrated, when he starts to work for happiness, he will be willing to work for the enterprise.

#### IV. CONCLUSION

At present, the external environment for the development of private enterprises in China is getting better and better, but compared with state-owned enterprises, the political and economic environment in all aspects of society is still more difficult. After all, China has not come out of the planned economy very long. In people's inherent ideas, the acceptance of private enterprises is relatively low, but we must firmly believe that with the reform, it will open up. As long as private enterprises standardize their own business philosophy, organizational structure and management system, they can truly retain talents with emotion, career and salary, and select, employ and retain good people, they will certainly be able to make private enterprises stronger and better. Big and long.

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