

China's Small and Medium-Sized Enterprise Grass-Roots Staff Liquidity Study

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Abstract

China's small and medium-sized enterprises have become an important force of social employment with a rapid growth in recent years, which made an important contribution to China's economic and social development. At the same time, small and medium-sized enterprises have exposed the limits of growth in the process of their development. In view of human resources management, most business owners see employees as the tools of the accumulation of wealth, and they usually pay little attention to enterprise staff especially the grass-roots staff the wealth directly the implementer, which caused a large number of grass-roots staff turnover to enterprise every year. Under the time background of "human-oriented" concept regression, the management idea of "the capital for this" is questioned and criticized by more and more people especially the workers after 80, 90, a new era of employees. Using the right idea of human resource management, adjusting the enterprise management system, and establishing a "people-oriented" enterprise culture are becoming the important ways for enterprises to improve their market competition in the 21st century.

Key words: Small and medium sized enterprises; The grass-roots staff; Mobility; People oriented

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Since the industrial revolution started in the 18th century, the question of the staff's turnover is always the important problem of enterprise and society. From the Angle of enterprises, business owners usually reduce staff turnover and the flow of enterprise employees by improving the staff's working environment and treatment in order to maintain the market competitiveness of the enterprises. From the perspective of the state and society, in order to maintain the country's industrial advantage, countries always adopted strict immigration policies to limit its transnational flow of technical workers. It also verifies that the human resources are the important resources of enterprises and even the whole countries. In this view, enterprise staff's high flow will cause the loss of competitiveness.

Employees of the grass-roots level is the main part of the enterprise staff, which refers to the workers don't have any position in the enterprise organization system. They are usually under the government of managers. They may be technical worker working in the production line or other kinds of service persons. The flow of the staff is defined that the transformation of enterprise employees from one state to another state. In general, the flow of the enterprise staff can be divided into two categories, namely the inflow and outflow.

Master Peter Ferdinand Drucker clearly pointed out in "management challenges of twenty-first century", whether a profit or non-profit organization, the most valuable assets is the knowledge workers and their productivity. The continuous mining in human resources is the important way to obtain competitiveness and an important means to achieve business growth for enterprise. In the condition of market economy, the aggravated competition in the talent market makes turnover and job-hopping phenomenon becoming increasingly prominent. Compared with state-owned enterprise and foreign-funded enterprises, small and

medium-sized enterprises lack the effective competition in the salary and work environment. As a result, the performance in turnover is always the loss of staff in the grass-roots staff mobility. And the loss of personnel directly means reduce of human capital and the training cost sunk. So the problem of the employee flow has become an important topic for managers of small and medium-sized enterprises which can't be ignored and avoided.

1. THE DANGERS OF SMALL AND MEDIUM-SIZED ENTERPRISE STAFF TURNOVER AT THE GRASS-ROOTS LEVEL

According to a survey data of Chinese human resources network provided, for the ideal loss rate, 45% surveyed enterprises choose by 5% - 10%, 33% enterprises choose by 5%, 22% enterprises have chosen by 10% to 15%, but no enterprises choose below 5% and more than 15% of the turnover rate. Data shows that the high flow of enterprise employee rate obviously can't be accepted by businesses. Generally speaking, staffs loss for enterprise business's operational cost mainly includes the following two aspects.

1.1 The Direct Costs of the Grass-Roots Staff Turnover

Since the employees coming into the enterprise, employees constantly begin to accept enterprise's professional training, recruitment costs, and training costs in the process of staff's growth. In this view, the grass-roots staff in the organization of enterprise is not only as a form of enterprise resource, but bearing the weight of the huge cost of enterprise investment. So the loss of employees also means the enterprises costs sunk.

From the Angle of enterprise endogenous growth theory, grass-roots staff of enterprise is the important resources in the process of enterprise's growth, and they accumulated a lot of knowledge and experience of the enterprises in the process of growth. In this meaning, they undertake the important productive service in the endogenous growth of enterprise. So the loss of grass-roots staff is also means the loss of enterprise productive service, and this loss will also become the important obstacle of enterprise internal expansion.

1.2 The Indirect Costs of Grass-Roots Staff Turnover

The cost of personnel loss makes teams flagging morale. The employee turnover may cause domino type of other employees leaving, and before the employee turnover, there will be a time for them to consider. During this period, the employee will inevitably find colleagues to consult, which will affect the minds of other employees. Provided data has shown that if there is an employee to turnover in the organization, there will be more than three employees with the idea for departure. If the enterprises

have 10% of the turnover rate every years, which means that 30% of the employees will have the idea of leaving, and the enterprise organization will be at the condition of turbulent atmosphere, let alone make employees working in the incentive environment, and the employee's work efficiency will be discounted.

At the same time, If the enterprise employees especially the enterprise backbone employees at the grass-roots level move to other companies in the same industry, it will cut down the rivals' cost such as staff training, and reduce the enterprise for new recruits conversion cost. At the same time, enterprise production technology may be found and understood through the turnover of employees, which will cause a great loss to the company and a huge damage to enterprise product market competitiveness.

2. ANALYSIS OF GRASS-ROOTS STAFF MOBILITY OF SMALL AND MEDIUM SIZED ENTERPRISES

The grass-roots staff under the age of 35 employees in the enterprise often occupies a considerable proportion. According to Maslow's hierarchy of needs, people in different age groups and different classes will have different needs. So aiming at the different age structure of the grassroots employees and special needs to analyze the liquidity for enterprises is the best way to control the liquidity of grassroots employee.

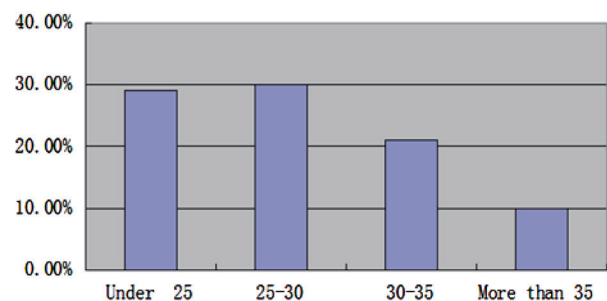


Figure 1
Different Age Turnover Rate Analysis¹

According to the survey data of PUXIN turnover rate, worker, turnover rate more than 30% in the first half of 2012, is concentrated in the worker below the 30 years old, the so-called after 90 and 80 employees. One year later only 30% of these people can stay in the company to develop. at the same time, this part of the employees are often faced with secondary career choice, and the turnover rate can reached 32.5%. 30-35 aged population basic belongs to the career orientation period, and they have higher requirement to settle down and start a family, which makes them tend to seek a better salary, benefits

¹ Data from the "2012 semi- annual report turnover rate" PUXIN Consulting, Beijing.

and stable career development space. This part of the population owns strong knowledge and experience, their departure bring adverse effect than the former two. And over the age of 35 employees basically in the career plateau, turnover rate will decrease accordingly.

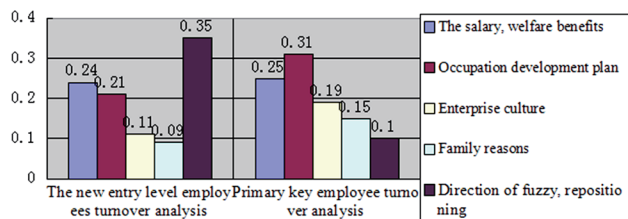


Figure 2
Analysis of the Basic Factors of Employee Turnover²

According to the Figure 1: The turnover rate of different age levels of employees roughly, survey data combining with the new employees and backbone employees leaving reasons at the grass-roots level, By using Grey relational analysis of Deng's³, we can find that: X1: The salary, welfare benefits; X2: Career development plan; X3: The enterprise culture; X4: Family reasons; X5: Direction of fuzzy, repositioning. The correlation between five factors and X0 turnover rate is that 0.8320, 0.7038, 0.6667, 0.6743, 0.7335.

Through the correlation analysis as we can see that the compensation factor becomes the most of the major causes of employee turnover at the grass-roots level and there also has dissatisfaction with the current salary system of the enterprise among employees. Direction of fuzzy, repositioning factors become the second factor of the grass-roots level correlation, because of the new recruits is affected by the initial orientation, career planning is unclear, and inadequate by induction estimates for the first time, which makes the grass-roots staff dissatisfied with the current work, or not interested due to the estimation

² Data from the "2012 semi -annual report turnover rate" PUXIN Consulting, Beijing

³ In control theory, it is often used to describe the depth of color information. Ashby will be the object of internal information unknown and known as "black box". With the "black" said information is unknown, "white" said information completely clear. "Grey" says some clear information, some information is not clear. With the color depth to describe the degree of information theory has been generally accepted, so the system with incomplete information is known as the "gray system". Grey correlation analysis is the foundation of the Grey System Theory, is a system analysis method. Grey relation analysis is a quantitative method to describe the development situation of system change and comparison. Mathematical basis is mainly based on the theory of space, according to the specification, even symmetry, the integrity and the proximity of the four axioms of Grey Correlation Principle, determine the reference sequence and comparative sequence between the plurality of correlation coefficient and correlation degree. Grey relational analysis is to find the relationship between the main factors of the system, find out the important factors affecting the target value, so as to grasp the main characteristics of things, to promote and guide the development of the system quickly and effectively.

error. Compared with the new hired employees at the grassroots level and backbone employees at the grass-roots level is in the rising of their career, and their career direction is basic determined. for career development and compensation benefits, they also have very high demand, at the same time at the grass-roots level backbone layer is also a family settled in the concentration of population, family reasons is often one of the main factors of choosing a career. Meeting their physiological and safety needs become an important means to reduce this part of the group turnover.

3. ANALYSIS OF THE SMALL AND MEDIUM-SIZED ENTERPRISE PERSONNEL SYSTEM

(1) The managers of the enterprise can't establish the system of the modern concept of human resource management, and lack the awareness of the importance of human resource management. The establishing of modern enterprise management system requires the administrators to have "people-oriented" management philosophy, and pay more attention to humanistic factors in management, rather than the machinery management. But most of the enterprise management and management departments are still stick to the traditional concept of management, and do not attach importance to the construction of human resources management department.

(2) Lacking a scientific and reasonable human resource management planning. Because the quality of the enterprise human resources department manager is not high enough, there will always be a lack of forward-looking, predictive and planning. Phenomenon of personnel backlog and scarce of talent often occurs within the enterprise, which causes a serious shortage of power to promote enterprise development. What's more, a lot of work will be difficult to continue to develop.

(3) Enterprise employment system, compensation system, and unreasonable incentive mechanisms that caused a huge loss of talents. First of all, a lot of small and medium-sized enterprises "nepotism" phenomenon exists. Generally, a lot of people are relying on relationships, rather than power into the company and occupied the management position, which makes the excellent employees difficult to use their talents, and cause a lot of excellent staff loss. Secondly, the enterprise salary distribution and incentive mechanism is not reasonable. Single salary system and lacking corresponding welfare system make the staff especially the technical worker feeling unsafe. Management personnel's personality is hard to meet the demand that will result in the loss of talent. On the incentive of human resources, quite a number of small and medium-sized enterprise incentive system is not perfect, and don't combine material incentive and spiritual incentive.

Because of lacking the awareness of “people-oriented”, and they also did not establish long-term career planning of employees that lead to staff enthusiasm, initiative and creativity not high, which does not favor the staff to make full use of their potential. To some extent, it caused the loss of qualified teachers in enterprises.

(4) Human capital investment and training mechanism is not perfect. Because of the size and strength limitations among the small and medium-sized enterprise, especially relatively weak of the financial strength, they can't be compared with the large enterprises preferential treatment to attract talented people, which result in a much slower development than large enterprises. In personnel training, because of funding constraints and lacking of the awareness, small and medium-sized enterprises put little investment on that.

(5) Lacking excellent enterprise culture to support human resources management. The enterprise culture is the core values of all the employees, and admired by all the workers. It is also an important link between the staff and leadership. The excellent culture can enhance the cohesion of the enterprise and enhance the collective consciousness of employees. To some extent, it is conducive to human resources management. But many enterprises tend to pay more attention to material culture construction of enterprise culture, and ignore the construction of enterprise culture.

4. UNDER THE ORIENTAL MANAGEMENT IDEAS TO THE PROBLEM OF SMALL AND MEDIUM-SIZED ENTERPRISE EMPLOYEE TURNOVER AT THE GRASS-ROOTS LEVEL

Oriental management is created by Professor SU Dongshui in the 80's of last century, rooted in the oriental management culture, and absorbs the essence of western management science from the perspective of Oriental society and management culture creatively. It collects the wisdom of eastern management culture. The thoughts of “people first”, “morality-oriented”, “people-oriented” are the main line and purpose of Oriental management. In today's context society of pursuing the regression, Oriental management provides us a new perspective of the way to solve the liquidity problem and to establish incentive mechanism.

(1) Transformation of consciousness of human resource management. The “people-oriented” ideology of oriental management theory emphasizes that management is not only a kind of incentive, but also a service. As a manager, he should establish a sense of service awareness and pay attention to the needs of employees. He should also set goals for the needs of employees and then combine the

needs of employees with the needs of enterprise. It will help the staff be in stimulating working environment. At the same time, in order to strengthen moral cultivation and professional ability of the team, the managers should also constantly strengthen their own moral cultivation and professional ability in the practical work.

(2) Strengthen career planning education of employees. Because of undefined career planning, career planning education is very important and career planning education can help employees explicit the basic business of companies and their own career development orbit. Besides, it can also improve employees' expectations of the future and realize the combination of individual efforts and personal goal which leads to the realization of retain and developing employees.

(3) Improving allocation proportion of grassroots employees in corporate earnings, that is, “employees-oriented”. Employees are enterprise's main body and the direct implementers of realizing the enterprise value. In an era of “capital-oriented”, the operators always pay attention to the interests of the shareholders and ignore the interests of the grassroots employees which occupy the vast majority of enterprises. This unequal profit distribution often causes the decline of overall task motivation of employees and goes against the promotion of the overall efficiency of the organization.

(4) Change the idea of “position qualification” for “functional qualification system”⁴. In traditional enterprise organization model, the organization form of pyramid generally become the bottleneck of employee career development and management co., LTD has also increased the competition between employees, which often cause disharmony within the organization. While qualification system functions get the kinds of positions and duties transversely, which could according to the staff's practical ability, and evaluate the level of qualification of according to the regulations. All the employees have the qualification will have the chance of promotion. In a nutshell, the promotion is the qualification of promotion, and ultimately reflecting by the salary adjustment. Functional qualification system can avoid the bad competition between employees, which will make the knowledge and experience in benign communication between employees and reduce the system cost of the organization.

(5) Simplifying the organization level, the grassroots organizations should be fully authorized. Most small

⁴ Functional wages system is also a kind of competency based pay system. The ideological basis of payment method for employees, and staff competence is the foundation of organizational capacity, which is only composed of employee with high ability in the organization that have the competitive power in the market, and to organize the whole way competitiveness is internalized to each employee, other enterprises difficult to imitate and get. In order to enhance the competitiveness of the objective, enterprises must encourage employees to continuously improve their ability, should be paid according to the difference of basic ability of staff.

and medium-sized enterprises generally have a lot of hierarchy and this kind of organization form often causes information transfer the shrinkage and distortion in the organization, which is not conducive to communication and feedback of information between higher and lower in the organization. Fully authorized for grassroots organizations is not only beneficial to self-management of the grassroots organizations and employees, self-discipline, but also can cultivate more management personnel for the enterprise.

(6) Pay equal attention to material incentive and spiritual incentive. Enterprises should not only saw as a profitable organization, but also give employees in mental care, listen to staff needs, and respect employees' values. Motivating employees by the way of spiritual encouragement, companies always tend to receive better effect than material incentive.

Facing up to the economic crisis in twenty-first Century, the event of "occupation of Wall Street" was raging like a storm, and the idea of "capital oriented" was widely questioned and criticized, but the view of "people-oriented" is gaining wide recognition from the state and society. As the old saying said in "Guan Zi Ba Yan", "If the king wants to create the country, he must be people-oriented". As the main body of the enterprise, employees should be paid more attention. So on the premise of

maintain and enhance the competitiveness of enterprises, the operator of the enterprise establish a "people-oriented" incentive system and employment system from the Angle of the employees , which can make the value of enterprises widely recognized by the staff and reduce employee especially the grassroots the employee turnover rate. The most important is that employees will be accompanied with the growing of enterprise commonly, and continue to carry out the accumulation of knowledge and experience, which could provided the power for the further growth of the enterprise.

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