

An Analysis of the Causes of Brain Drain in G Company and Corresponding Countermeasures

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Abstract: Over the 40 years of reform and opening up, China's private enterprises have developed rapidly with greatly improved operation and management capabilities. However, the human resource management of private enterprises is plagued by irregularities, lack of systematization and professionalism, which has led to a high rate of brain drain and restricted the development of these enterprises. Therefore, addressing brain drain has become a top priority for private enterprises at present. This paper conducts research on the brain drain phenomenon of private enterprise G, analyzes the problems causing its brain drain, and puts forward corresponding solutions to effectively resolve this critical issue for the enterprise. It is intended to provide a reference for the human resource management of China's private enterprises in general.

Keywords: Private enterprises; Brain drain; Causes and countermeasures

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1. Overview of relevant theories

1.1. The meaning of human resource management

Human resource management refers to the effective utilization of an organization's human resources through recruitment, training, compensation design, performance management, career development planning and other forms by applying specialized management knowledge, skills and tools, in order to achieve organizational goals and strategic plans, meet the needs of organizational development, and ensure the joint realization of organizational and individual goals^[1].

1.2. The meaning of talents and brain drain

A talent generally refers to a person who possesses certain professional knowledge or specialized skills, engages in creative work and makes contributions to society, and is a worker with high abilities and qualities in human resources^[2]. Brain drain refers to the situation where talents who play an important even decisive role in an organization's operation, management or technological research and development leave the organization involuntarily, or work passively and lose their functional value^[3].

2. Current situation and causes of brain drain in Sichuan G Company

2.1. Current situation of brain drain in Sichuan G Company

First and foremost, G Company is a small and medium-sized private enterprise in the food industry with a typical family-managed structure: the boss serves as both general manager and chairman, his wife is the chief financial officer, his elder brother is the deputy general manager in charge of production and procurement, and his younger brother is the deputy general manager in charge of sales and human resource management. Investigation shows that the boss controls about 90% of the company's financial management power; all senior managers are family members, about 50% of middle managers are friends or family members, and the remaining middle managers are professionally recruited external talents. The company has long suffered from a persistently high turnover rate: the annual turnover rate of middle managers exceeds 40% and that of frontline employees exceeds 25%, while the average turnover rate of peer enterprises is generally within 15%.

Serious conflicts often arise between the business and management concepts of external professional talents and the company's senior management, which hinders the exertion of their abilities and talents. This results in a high mobility of recruited department managers and technical backbones, and frequent vacancies for such positions. According to the four-year statistics of the human resources department, 5 marketing managers, 4 production managers, 4 technical managers, 4 human resource managers and 3 procurement managers have resigned, along with 16 production engineers. Due to brain drain, the human resources department is occupied with year-round recruitment but achieves poor results, which has also led to the boss's dissatisfaction with the department.

Moreover, G Company lacks a scientific and reasonable incentive mechanism, with unreasonable and unfair distribution, which is mainly reflected in two aspects. On the one hand, there is internal unfairness: employees' income fails to reflect their work attitude, abilities and performance, and the income gap within the enterprise does not correspond to the differences in labor efficiency and achievements. For example, the salary of technical personnel in the production department is less than 20% higher than that of administrative specialists, despite their work being far more demanding in content and requirements. On the other hand, there is external unfairness. Compared with employees of other enterprises in the same industry, G Company's employees receive lower material benefits for the same amount of effort. For instance, the salary of middle managers is at the lower-middle level in the industry. Consequently, the turnover rate of middle and frontline employees remains high; external recruitment by the human resources department is ineffective, and the measure of encouraging existing employees to recommend new hires with material rewards has also yielded insignificant results.

Finally, the current employees of Sichuan G Company are dissatisfied with their salaries and believe that the company lacks an effective performance management system. Many employees feel that they receive lower salaries despite working as hard as others, and that those with good relations with management get higher pay, which violates the principles of openness, transparency and fairness and leads to widespread employee dissatisfaction, another important cause of brain drain.

2.2. Causes of brain drain in Sichuan G Company

2.2.1. Lack of people-oriented corporate culture

Corporate culture refers to the moral standards, values, and ideological concepts recognized and practiced by the internal group of an enterprise, as well as the shared cultural norms implemented in actual work, which exerts a prominent, profound and long-term impact on work processes^[4]. The goal of corporate culture is to

achieve employees' identification with and obedience to the organization, establish an interactive, influential and interdependent relationship between employees and the organization, and ultimately make employees loyal to and love the enterprise, willing to serve and strive for it for a long time, and resistant to external temptations, thus maintaining sufficient personnel stability for the organization^[5]. A sound corporate culture can enhance the cohesion and centripetal force of the entire team.

The boss of G Company has an inadequate understanding of corporate culture, resulting in a lack of consistency in employees' behavior and values in daily management. Internally, this reduces the enterprise's attractiveness and cohesion, depriving employees of a sense of identification and satisfaction; externally, it damages the enterprise's image, leading to customers' distrust and disapproval. As a result, employees from senior management to frontline staff have a poor work attitude and low professional dedication. Work is carried out from top to bottom through authority and pressure, which restricts the full exertion of employees' subjective initiative, deprives them of a platform to display their talents, and reduces their sense of centripetal force and belonging, ultimately causing employee turnover^[6].

2.2.2. Absence of an effective incentive mechanism

G Company has not established a sound incentive mechanism and lacks effective incentive measures. Managers reward and punish employees arbitrarily based on personal likes and dislikes, often imposing heavy penalties but giving light rewards, making more promises than fulfilling them, and without clear standards. Due to the family-managed structure, there are obvious disparities between family members and non-family members in the implementation of the same system, with strong human intervention. Non-family members often feel like "outsiders", and employees generally have a sense of "working temporarily" without identifying with the enterprise.

Managers lack emotional communication with employees, simply motivating them through material benefits while neglecting spiritual incentives. G Company only holds an annual summary meeting where a small number of managers are commended, and the awardees are basically family members. The company also lacks respect for employees. For example, a family senior executive insulted a department manager over a work issue, leading to the manager's angry resignation^[7].

2.2.3. Imperfect performance management mechanism

G Company conducts an annual performance appraisal, the results of which serve as the main basis for employee promotion and salary adjustment. However, in some departments such as functional departments, where there is limited promotion space and vague, highly subjective evaluation criteria, employees with close relations with leaders have more opportunities for promotion and salary increases. Talents with outstanding work performance who are ignored will experience a strong sense of frustration and thus switch to companies with higher salaries and better career development prospects.

In addition, the company fails to conduct in-depth analysis of appraisal results. It only publishes the results directly, and performance appraisal results are mostly reflected in salary payment and bonus distribution, playing a limited role in management functions such as incentive orientation and skill training. The feedback of performance appraisal results is delayed and incomplete. After the results are reviewed and approved, there is no timely performance feedback, and the content requiring rectification cannot be communicated to the responsible persons in a timely manner. This reduces employees' attention and sense of fairness, and also dampens their work enthusiasm.

3. Effective countermeasures for brain drain in Sichuan G Company

3.1. Build a people-oriented corporate culture

Corporate culture, with its distinctive characteristics, is one of the most important components of an enterprise's core competitiveness and an important driving force for its development. An enterprise without a sound culture cannot succeed in competition^[8]. Therefore, G Company must carry out a wide range of corporate culture construction activities. For example, establishing advanced models through activities such as technical expert selection, excellent manager evaluation, and sales champion selection sets up a tangible behavioral benchmark for employees to learn from, enabling them to clearly understand the connotation of "proactive work", "dedication to work", and "efficiency and competence", thereby improving their work performance.

G Company should continuously create conditions for cultural communication and exchange among employees by holding regular and irregular meetings of different levels and types, such as monthly, quarterly and annual meetings, with the participation of members from different departments and levels. These meetings can gather wisdom, encourage free expression of opinions, identify deficiencies, find solutions to problems, summarize and promote successful experiences. Such meetings should be institutionalized and become an integral part of the company's corporate culture.

Internal publicity is also crucial, which can timely report the company's latest development dynamics, deeds of advanced figures, and typical successful cases. As pointed out by the CEO of Mili Culture, a corporate website construction expert, entrusting a professional website construction company specialized in corporate culture can better align the website with the company's cultural values^[9].

The company can adopt new media such as WeChat groups, DingTalk, and Tencent Meeting as communication platforms, and also retain traditional media such as blackboards and internal publications, combining the two to serve communication among employees.

Holding sports competitions, New Year's galas, and company annual parties, and integrating the corporate culture values into these activities is also an effective approach. In addition, the company should improve the care system for employees in difficulty and celebrate employees' birthdays. In short, building a people-oriented corporate culture should always be a top priority for the company.

3.2. Construct an effective incentive mechanism

To retain talents, G Company needs to establish an effective incentive mechanism. It should build a competitive and attractive salary and welfare system. Low salary levels are an important factor leading to employee turnover, and the attractiveness of salary and welfare is the top concern of employees. Therefore, the company must design a reasonable, fair and impartial salary and welfare plan. A scientific and effective salary and welfare system can enable employees to exert their maximum potential and create greater value for the enterprise. In particular, the design of performance bonus systems for employees at different levels is of special importance, which can become an important tool to motivate employees to improve work efficiency and achieve high performance.

Additionally, the company should accurately grasp the principle of timely incentives based on employees' characteristics. For example, carry out monthly competitions for frontline employees such as sales champion, production skill model, and department outstanding employee, and award extra bonuses to the first place each month. In addition, the company should master the scale of incentives: reward small achievements with small rewards and great achievements with great rewards, and avoid rewarding those who have no achievements or punishing those who have no faults. It is necessary to formulate and improve the employee reward and punishment regulations, so that employees clearly know what to do and what not to do, and the corresponding rewards for

good performance and penalties for poor performance.

Equal emphasis should be placed on material and spiritual incentives. Employees have diverse needs; in addition to material needs, they also need spiritual recognition and encouragement. Therefore, the company should offer spiritual honors such as certificates of merit and listing on the honor roll of the company website. For the core management and technical talents of the company, equity incentives can be considered. Finally, the implementation of stock options can maximize the alignment of corporate interests with employees' interests, which is conducive to attracting outstanding external talents and motivating core backbones to participate more actively in the company's development. This is also a commonly used important incentive and talent retention method^[10].

3.3. Establish an open, effective and transparent performance management mechanism

G Company needs to establish an open, effective and transparent performance appraisal system. Performance management is a management system including performance planning, performance implementation and management, performance appraisal, and performance feedback interviews^[11].

Performance planning is the process of setting performance goals, where managers and employees jointly determine performance goals, development goals and action plans; performance implementation and management refers to observing, recording, summarizing and providing feedback during the implementation process; performance appraisal is the evaluation of employees' completion of each performance goal, where appraisers must adhere to the three principles of "fairness, openness and impartiality", conduct a serious and responsible assessment of the appraised, help them recognize their strengths and weaknesses, and improve their deficiencies, efficiency and self-development^[12].

The designed appraisal forms should be simple, practical and effective, generally one appraisal form per month, with 8–10 assessment indicators whose weight conforms to job requirements and ability quality standards, and can truly reflect employees' performance. Performance feedback interviews should "summarize the past, grasp the present and look forward to the future": timely summarize problems found in past work, help employees develop strengths and avoid weaknesses, improve their capabilities; accurately grasp employees' current work attitude and state; and set specific goals for future work performance and results, thus achieving performance improvement^[13].

The application of performance results should take them as the basis for salary increases, promotions, employee training and career development planning. The establishment of this mechanism will effectively solve the problems of poor employee performance and negative work mentality^[14].

Talents are the foundation for an enterprise to maintain its core competitiveness^[15]. This paper puts forward practical improvement measures for the brain drain problem of G Company to solve the current challenges faced by the enterprise, which can help the enterprise effectively attract and retain talents. Talent retention is the source of an enterprise's vitality and plays a pivotal role in its long-term development. Enterprises must attach great importance to it to promote and ensure their rapid and efficient development, remain invincible in fierce competition, and achieve satisfactory economic benefits.

4. Conclusion

In conclusion, the brain drain problem in Sichuan G Company is primarily caused by the lack of a people-oriented corporate culture, an ineffective incentive system, and an imperfect performance management mechanism. These issues weaken employee satisfaction, organizational cohesion, and talent retention. To address these challenges,

the company must adopt targeted measures, including building a supportive corporate culture, establishing fair and competitive incentive mechanisms, and improving transparent and effective performance management systems. By implementing these strategies, G Company can enhance its ability to attract and retain talents, strengthen its core competitiveness, and achieve sustainable and stable development.

Disclosure statement

The author declares no conflict of interest.

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