

Research on the Loyalty of Employees in Labor-Intensive Enterprises in China

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Abstract: *Nowadays, with the rapid development of the market economy, and increasing globalization of the world economy, the development of the individual or enterprise is facing a huge challenge, especially the enterprises in developing countries, but also competitive. Is a lot of labor-intensive enterprises in developing countries, however, the contradiction between the employee's job and the enterprise is in increasing, leading to cause a huge loss to labor-intensive enterprises. In the form of fierce competition, the situation is fatal. Therefore, the success of many enterprises to introduce advanced developed countries' way of human resource management, gradually pay attention to employee loyalty, pay attention to the personal development of employees, the psychological and demand level, motivate employees, improve staff loyalty, make enterprise rapid economic development. Therefore, this thesis focuses on Foxconn enterprises as the main research object to study the necessity of increasing employee loyalty and how to improve employee loyalty.*

Keywords: *Labor-intensive enterprises; Human resource management; Employee loyalty*

1. Introduction

China has a large population, and abundant labor resources, and its level of scientific and technological development is lower than that of developed countries. It belongs to a developing country. Therefore, the development of Chinese enterprises tends to be low-tech and labor-intensive industries, which are labor-intensive industries. When the economy develops to a certain level, society has a lot of criticisms against the so-called labor-intensive enterprises with low added value. Factors such as the continuous increase of labor costs make China's labor-intensive enterprises face great challenges, and the financial crisis will make labor-intensive enterprises. Enterprises are walking on thin ice^[1]. In the current financial environment, China's intensive industries are facing huge challenges. If intensive industries want to gain a competitive advantage, they must work hard in human resource management. However, many companies neglect the construction of employees, which leads to serious consequences. . The construction of employees is a huge challenge, which usually includes improving the sense of belonging, happiness, and honor of employees. The construction of employees is to improve the loyalty of employees^[2].

In today's society, job-hopping has become a "common event", which has brought huge losses to labor-intensive enterprises. The responsibility for this lies not only in the individual employees, but also in the human resource planning and management of the enterprise. Enterprises pay attention to the development of their own economic interests, but ignore the creation and training of employees' own value, which leads to employees feeling uncertain about their own development prospects in the enterprise. The development and survival of labor-intensive enterprises have been seriously affected.

According to the characteristics of Foxconn employees, this paper studies the sense of belonging and happiness of Foxconn employees. This paper analyzes the status quo of employee loyalty in labor-intensive enterprises in China and discusses its deficiencies and problems.

2. Theoretical basis and literature review

2.1. Labor-intensive business

Labor-intensive enterprises are also called labor-intensive enterprises. It refers to an enterprise that requires a large amount of labor for production, that is, an enterprise that consumes a large proportion of living labor in the product cost^[3]. In labor-intensive enterprises, the average labor equipment per

worker is not high, such as textiles, service enterprises, food enterprises, assembly line enterprises, and other light industrial enterprises and service enterprises^[4]. Among labor-intensive enterprises, the capital composition is low, the technical requirements are low, and the consumption of living labor accounts for the largest proportion. Developing countries are rich in labor resources and have a low level of technological development. Therefore, the country pays more attention to the development of labor-intensive industries, which is conducive to giving full play to the advantages of abundant labor.

2.2. Employee loyalty

The concept of employee loyalty was first proposed by Becker (1960), who believed that employee loyalty is a psychological phenomenon that employees have to continue to stay in the enterprise with the increase of the organization's unilateral investment (everything of value). Since then, the concept of employee loyalty has attracted more and more attention. Whether employee loyalty is the loyalty of the enterprise, the manager, or the profession has not been unified in the academic circle. Scholars at home and abroad have proposed it according to their own research. From the perspective of employees' cognition of the organization, early scholars believed that employee loyalty is the willingness of employees to stay in the company, and did not emphasize the attitude of employees to stay in the company, but only emphasized behavior, and defined employee loyalty as the performance of employees. A certain behavior towards the enterprise, emphasizes the employee's contribution to the enterprise^[5].

In China, since the reform and opening up in 1979, great progress has been made in economic construction. The practice of reform and opening up has proved the importance of employee loyalty in modern enterprises. With the rapid development of the Internet and the new economic model, the passing of employees and changes in work attitudes have led to different degrees of losses for enterprises. On-the-job employees are perfunctory, lack enthusiasm for work, and just get by, which seriously hinders the development of the enterprise^[6].

3. Analysis of employee loyalty in labor-intensive enterprises

3.1. Existing problems

"We should also make shirts for 20 to 30 years, which is in line with China's national conditions. Since there are still hundreds of millions of farmers in China, this national situation determines that China's export products will be mainly labor-intensive products for a long time. The adjustment of the export structure needs to be carried out step by step." Long Yongtu explained the above points when he participated in the Jiangxi University of Finance and Economics Executive Forum. China is still a developing country, and its exports are mainly labor-intensive.

In 2018, the total number of migrant workers reached 281.71 million, an increase of 4.24 million or 1.5% over the previous year. Among them, there were 112.37 million local migrant workers, an increase of 3.74 million or 3.4% over the previous year, and the growth rate was 0.7 percentage points higher than the previous year; 169.34 million migrant workers went out, an increase of 500,000 over the previous year, an increase of 0.3%. The growth rate dropped by 0.1 percentage points from the previous year. The increase of local migrant workers accounted for 88.2% of the new migrant workers. Among the migrant workers who went out, there were 135.85 million migrant workers in cities, a decrease of 1.57 million or 1.1% over the previous year.

According to statistics from Foxconn, the monthly turnover rate of grassroots employees exceeds 20,000, and media surveys also show that Foxconn loses tens of thousands of employees every month on average. Foxconn's corporate grassroots employees lose more than 20,000 per month, accounting for 5% of the total number of employees. Foxconn's human resources department also has data showing that Foxconn Group recruited more than 540,000 people in 2009 and resigned 300,000 people. , while actual figures may be higher. In 2009, the turnover rate of Foxconn's various operation groups was as high as 80% to 140%. Foxconn specially set up a "young cadre class" to train mainland cadres, and the average annual turnover rate also reached 30%.

In today's society, labor-intensive enterprises can almost be said to be squeezing the labor force due to the workload of their employees, treating employees as machines, and managing employees with almost strict labor standards. In order to reduce production costs, enterprises choose Employee's fault, deducting employees' wages for reasons, leading to a rapid decline in employees' loyalty to the

company, and eventually leaving the company ^[7].

In the current situation of the management of human resources in labor-intensive enterprises, the relative quality of laborers in labor-intensive enterprises in China is relatively low, and there are many problems in management:

(1) The current human resource management system of labor-intensive enterprises in China is not very standardized. Many enterprises do not have a mature human resource management system and more stay in personnel management.

(2) In terms of remuneration and treatment, after nearly 40 years of reform and opening up, the wages and salaries of corporate employees have been significantly improved, but in labor-intensive enterprises, remuneration and treatment are generally at a lower wage level.

(3) The construction of corporate culture is weak. Many companies realize the importance of corporate culture construction and are actively building corporate culture, but the integration of employees' personal values and corporate culture is not very obvious, and employees of labor-intensive companies are not even exposed to corporate culture.

Most labor-intensive firms use material incentives. According to the efficiency of diminishing marginal utility and Maslow's hierarchy of needs theory, people's needs are different at different stages. As their income increases, their needs will develop to a higher level. When a certain level is reached, material incentives are already there. doesn't work anymore.

3.2. Factor Analysis

3.2.1. Enterprise Factors

(1) Corporate culture

Corporate culture embodies the core values of the company and is the blood of the company. Corporate culture is the model standard for employees to work in the company, to maximize and optimize the development of human resources.

Corporate culture has the following advantages:

1) It has a high degree of cohesion. Corporate culture can bring employees together, improve employees' centripetal force and cohesion, and combine employees' personal interests with corporate culture.

2) It has a strong attraction. Not only for employees but also for other external companies are also very attractive.

3) It has a benchmarking role. Corporate culture regulates the behavior standards of employees, and employees take corporate culture as the criterion.

4) Corporate culture has a stimulating effect. It can mobilize the enthusiasm of employees and give full play to their abilities. On the contrary, if the working atmosphere is intriguing, it will greatly reduce the enthusiasm of employees and increase the turnover of employees.

All in all, if an enterprise wants to have good economic benefits and obtain huge economic profits, it must establish a good corporate culture.

(2) Salary and Benefits

Compensation and benefits are one of the top concerns for employees. Employee benefits are labor compensation paid to employees in non-cash form. Employee benefits include: social insurance, pension, medical care, housing, accident insurance, paid vacation, leisure travel, etc. Compensation and benefits are the most critical factor in the study of employee loyalty because the most direct expression of employees' own value is the level of compensation and benefits, which is the most realistic expression. Employees must ensure that their pay is consistent with the wages they receive, and only on the premise of ensuring their material life will they think for the sake of the company and work for the company, and then they will have loyalty.

3.2.2. Personal factors

Personal factors are more complex. According to Maslow's theory of needs, employees have different needs for themselves in different periods. They are divided into five types from low to high,

namely: physiological needs, safety needs, social needs, esteem needs, and self-esteem Fulfill needs.

3.2.3. Social factors

(1) Status Quo of Economic Development

Since China's reform and opening up, the social economy has been developing rapidly, economic construction has made great progress, the per capita GDP is constantly increasing, people have more choices for employment and career choices, and there are many opportunities. In the face of huge temptations, employees' Loyalty will inevitably decline.

(2) National policies

The country is diversified and scientific in the way of employment. Nowadays, the network is particularly developed, employees have more choices, and the competitiveness of enterprises is also very large, which leads to the fact that employees are "in Cao Ying and their hearts are in Han", and their loyalty is greatly reduced.

4. Research on Foxconn's Employee Loyalty

4.1. The Status Quo

According to statistics from Foxconn, the monthly turnover rate of grassroots employees exceeds 20,000, and the employee turnover rate is high. Many of these resigned employees are due to low remuneration levels because they feel that there are not many opportunities for development, or because they cannot adapt to the high pressure of the company so these employees cannot find a sense of belonging and recognition, so their loyalty declines. lead to final resignation.

Foxconn corporate employee loyalty is so low, in fact, there are the following factors:

(1) Social factors: With the rapid development of the social economy and the rapid development of the Internet, people can have more career opportunities. Talent itself is mobile, especially grassroots workers, who will change places with certain laws.

(2) Personal factors: There are no development opportunities in the company; the personality of the employees; the salary level is not satisfactory, and the company wants to seek higher salary packages.

(3) Enterprise factors: Militarized high-pressure management makes employees unable to feel a sense of belonging; the pursuit of interests lacks human care and lacks the development and training of talents.

4.2. Countermeasures

To discuss the serious problem of Foxconn employee turnover, I think Foxconn should do the following:

(1) Incentive

Set up a special department for the development of employees' sense of well-being and belonging. The main tasks of this department are psychological counseling and stress release for employees; planning recreational activities for employees, such as clubs, etc.

Let employees take the group as a unit, and implement material and spiritual incentives for groups with good performance.

Let employees have the opportunity to speak, not just give orders.

(2) Salary

Establish and improve the salary management system, implement strict salary standards, and prevent the deduction of wages. Enterprises are still vague about modern salary management concepts and technologies and lack necessary advanced salary management. And most companies' compensation management can't keep up with the company's business strategy management, and can't make dynamic adjustments in a timely manner.

5. Conclusion

China is still a developing country, and labor-intensive industries are irreplaceable. Through the research on Foxconn employee loyalty, this paper summarizes the following enlightenment:

(1) Every enterprise needs to pay attention to the "people-oriented" corporate culture

Enterprises are run by people, and the "people-oriented" value concept can effectively attract talents, stimulate the enthusiasm of employees, and improve their loyalty. We should take the Foxconn jumping incident as a warning, and strengthen the management of people, not only the management of work but also the management of their psychology. Enterprises should take the construction of corporate culture as the starting point, strengthen the loyalty of employees, and improve their enthusiasm for employees.

(2) Establish and improve the performance appraisal system and salary management system

Excellent performance management emphasizes the combination of organizational and personal goals and joint efforts. Foxconn's performance appraisal violates the "people-oriented" idea. During the appraisal, employees are treated as machines, ignoring their personal initiative and their creativity of employees. Therefore, labor-intensive enterprises in China need to establish and improve performance appraisal, pay attention to the personal initiative of employees, and formulate effective and scientific performance appraisal standards to improve employee loyalty.

Employees are linked to salary, salary is the basis for employees to work in the enterprise, and the level of salary can affect the loyalty of employees. Labor-intensive enterprises in China cannot violate the purpose of salary management by reducing manufacturing costs, damaging the legitimate rights and interests of employees, and reducing employee wages, which will lead to a decline in employee loyalty.

(3) Combining material incentives with spiritual incentives

Motivation is a big question and an important part of human resource management. Humans are complex and thinking animals, that is, they will perform a series of behaviors for their own thoughts to achieve a certain level of needs. Labor-intensive enterprises need to establish effective incentive strategies according to the needs of different levels, and use the combination of material incentives and spiritual incentives to stimulate the loyalty of employees.

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