

**METHOD APPROACHED A&B+ GRADE EMPLOYEE  
RETENTION IN THAI SMEs**



**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF MANAGEMENT  
COLLEGE OF MANAGEMENT  
MAHIDOL UNIVERSITY  
2015**

**COPYRIGHT OF MAHIDOL UNIVERSITY**

Thematic paper  
entitled  
**METHOD APPROACHED A&B+ GRADE EMPLOYEE  
RETENTION IN THAI SMEs**

was submitted to the College of Management, Mahidol University  
for the degree of Master of Management

on  
December 13, 2015



.....  
Miss Natradee Vacharapreechanon  
Candidate

.....  
Asst. Prof. Pornkasem Kantamara,  
Ed.D  
Advisor

.....  
Asst. Prof. Parisa RungRuanng,  
Ph.D.  
Chairperson

.....  
Assoc. Prof. Annop Tanlamai,  
Ph.D.  
Dean  
College of Management  
Mahidol University

.....  
Asst. Prof. Kannika Leelapanyalert,  
Ph.D.  
Committee member

## ACKNOWLEDGEMENTS

I would like to take this chance to sincerely thank you my advisor, Asst. Prof. Ed.D. Pornkasem Kantamara, who always enlighten me to the right way of this exploration when the tons of information are floating during the way till the end of this research. She is a key person to help this research success.

I would like to also thank you all 14 respondents including owners, human resource manages, and current employees from 4 SMEs I have interviewed. They have sacrificed their precious time for interview and reveal their valuable information to this research.

In addition, I would like to thank you Dr. Krit Lertsethtakarn and Dr. Pawat Ouppathumchua who introduced me to the interviewed SMEs. This completely facilitated the interview requests with the limited time period for this research.

Last but not least, I would like to thank you my family who always encourage and support me to get through all challenges of the study and graduation

Natradee Vacharapreechanon

## **METHOD APPROACHED A&B+ GRADE EMPLOYEE RETENTION IN THAI SMEs**

NATRADEE VACHARAPREECHANON 5749057

M.M. (ENTREPRENEURSHIP MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASST. PROF. PORNKASEM KANTAMARA, Ed.D., ASST. PROF. PARISA RUNGRUANNG, Ph.D., ASST. PROF. KANNIKA LEELAPANYALERT, Ph.D.

### **ABSTRACT**

Numbers of registered SMEs in Thailand are increased every year and SME is one of the significant part that drives Thailand GDP to grow. One of the serious problems that SMEs have to confront is the human resource management such as the low quality of employees, high turnover rate of employees including talented one which interrupt the advancement of organizational success. The purpose of this research is to investigate the retention strategy of A&B+ grade (talented) employees and turnover rate reduction strategy in Thai SMEs which can practically applied to the organizations as one of the competitive edges for the sustainable company growth.

This research studied human resource structure of 4 SMEs in Bangkok and suburban of Bangkok, Thailand by using in-depth interview, the qualitative approach.

The result has showed that employees choose “Company Location” as the most important factor to stay, followed by “Co-worker” as the second factor, “Compensation” and “Reward& Recognition” as the third factor. Opportunities for Advancement, Leadership Style, Work-life Balance and Performance Appraisal can be applied after in order to strongly enhance the talented employee retention.

**KEY WORDS:** Employee retention / SMEs / Human resource / Talented employee

28 pages

## CONTENTS

	<b>Page</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF FIGURES</b>	<b>vii</b>
<b>LIST OF ABBREVIATIONS</b>	<b>viii</b>
<b>CHAPTER I INTRODUCTION</b>	<b>1</b>
1.1 Problem Statement and Research Objectives	1
1.2 Scope of study	2
<b>CHAPTER II LITERATURE REVIEW</b>	<b>3</b>
2.1 Definition of Thai SMEs	3
2.2 Definition Of A&B+ Grade (Talented) Employees	3
2.3 Determinants of A&B+ Grade Employee Retention	4
2.3.1 Compensation	4
2.3.2 Reward and Recognition	5
2.3.3 Challenging Work	5
2.3.4 Opportunity for Advancement	5
2.3.5 Leadership Style	6
2.3.6 Work-Life Balance	6
2.3.7 Performance Appraisal	7
2.4 Conceptual Framework Model	8
<b>CHAPTER III RESEARCH METHODOLOGY</b>	<b>9</b>
3.1 Research Design	9
3.2 Population and Sampling	9
3.3 Data Collection	10
3.4 Data Analysis	11

## **CONTENTS (cont.)**

	<b>Page</b>
<b>CHAPTER IV FINDINGS AND DISCUSSION</b>	<b>12</b>
4.1 Formation Of Human Resource Management In Thai SMEs	13
4.2 Profile Of Interviewed SMEs	13
4.3 Main Factors Affecting A&B+ Grade Employee Retention	14
4.3.1 Company Location	15
4.3.2 Co-Worker	16
4.3.3 Compensation	17
4.3.4 Reward & Recognition	18
4.3.5 Challenging Work	18
4.3.6 Opportunities for Advancement	19
4.3.7 Leadership Style	19
4.3.8 Work-life Balance	20
4.3.9 Performance Appraisal	20
4.4 Summary of the Findings	21
<b>CHAPTER V RECOMMENDATIONS</b>	<b>22</b>
5.1 Practical Implications	22
5.2 Limitations of the Study	24
5.3 Recommendations for Future Research	24
<b>REFERENCES</b>	<b>25</b>
<b>BIOGRAPHY</b>	<b>28</b>

## LIST OF TABLES

<b>Table</b>	<b>Page</b>
2.1 Classification of SMEs in Thailand	3
4.1 Profile of interviewed Thai SMEs classified by Type of Company, Number of Employee, Location and Year Established	13
4.2 Profile of respondents and the top 3 important retention factors, who currently work in the selected interviewed Thai SMEs classified by Gender, Age, Educational Level, Positions and Working period in current company	14



## LIST OF FIGURES

Figure	Page
2.1 Conceptual Framework Model	8





## LIST OF FIGURES

GDP	Gross Domestic Product
HRM	Human Resource Management
HR	Human Resource
OSMEP	Office of Small and Medium Enterprises Promotion
SMEs	Small and Medium Enterprises
SL	Sustainable leadership
CEO	Chief executive officer
BTS	Bangkok Mass Transit System
MRT	Metropolitan Rapid Transit



## **CHAPTER I**

### **INTRODUCTION**

Numbers of SME registered in Thailand are increased every year (The Global Entrepreneurship Monitor (GEM), 2013) and SME is one of the significant part that drives Thai GDP and economic growth, it played the second role of GDP structure in Thailand, 37.4% out of total GDP after large enterprise 46% in 2013 (OSMEP, 2014). One of the important constrains hindering SME's growth and success is the human resource management (Poblete & Grimsholm, 2010) such as unavoidable recruitment of low quality employees due to shortage of A&B+ grade employees which may lead to the high number of turnover rate which can interrupt the advancement and success of the company. This is the obstacle that entrepreneurs confront but lack of efficient method to handle it or having less awareness on this issue. It seems that most of quality employees (A&B+ grade employees) look forward to work in the large enterprises, multinational enterprises and public sector instead of working with SME, hence there is a severe shortage of quality employees in SME. Sometimes, one quality employees may have better performance than two low quality employees. Most of HRM scholars have mainly focused on the large enterprises rather than SME and some well-known HRM models may not suitable with SME circumstance. Regarding the effect of losing talented employees, it may affect the decreasing of company's output, efficiency, motivation, and productivity (Ramlall, 2003), which will increase company's cost, therefore entrepreneurs should know way to keep these talented employees for long term.

#### **1.1 Problem Statement and Research Objectives**

Most entrepreneurs play the major roles of human resource management (HRM) in Thai SMEs or some SMEs may have human resource department but they may not know the correct approach in HRM or the proper strategy to handle with human resource issues, therefore problem of high turnover rate is always occurred.

One interesting information is that first reason of employee turnover rate in Thailand is “Want to change the job”(88.31%) followed by the second reason is “ Want to take rest”(4.85%) (Department of Employment of Thailand, March 2015). This can imply that there is the rationale behind this turnover reasons that entrepreneurs should know the cause that why these employees want to change the job and why they want to take a rest after finding these causes, it may help to reduce turnover rate in their organizations.

Regarding of the numbers of employees in SMEs are not many especially in administrative part, mostly one department has one employee to response all related jobs. If these employees often keep applying and resignation in any position, it may harm the company progress badly.

The objective of this study is to investigate the retention strategy of A&B+ grade (talented) employees in SMEs that can practically applied to the organizations as one of the competitive edges for Thai entrepreneurs in term of sustainable company growth.

## **1.2 Scope of study**

The researcher will study human resource structure of 4 SMEs in Bangkok and suburban of Bangkok, Thailand. Type of selected companies in this study will be randomly selected. Factors that could affect employee retention and turnover will be studied, consequently entrepreneurs will know the factors which can be used as the talented employee retention strategies in the future.

In-depth interview will be conducted in this study in order to collect all data by interviewing talented employees (focusing on Generation Y-born after 1980) (Eisner, 2005) by assuming the higher percentage of A&B+ grade employees from this group), human resource manager, chief executive officer or businesses ‘owner (depending on each company’s characteristics and structure), who are related in making decision in human resource management strategy.

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Definition of Thai SMEs

Small and Medium Enterprises (SMEs) has played the vital role in the economic development. They have been the primary source of job, employment creation and output growth of both developing and developed countries. In Thailand SMEs has played the second role of GDP structure 37.4% out of total GDP after large enterprise 46% in 2013.

SMEs' definition is different in each country. In Thailand, SMEs can be classified by number of employees and value of total fixed assets (excluding Land) as below table. The GDP value of small and medium enterprises (SMEs) in 2013 was 4,454,939.6 million baht or 37.4% of the country's GDP (The Office of Small and Medium Enterprises Promotion, OSEMP).

**Table 2.1 Classification of SMEs in Thailand**

Type	Number of employee		Fixed Assets (THB Millions)	
	Small	Medium	Small	Medium
Manufacturing	<50	51-200	<50	>50-200
Services	<50	51-200	<50	>50-200
Wholesale	<25	26-50	<50	>50-100
Retail	<15	16-30	<30	>30-60

#### 2.2 Definition Of A&B+ Grade (Talented) Employees

Company can classify employees' grades based on their performance by using the performance management (plan, act, monitor, review) and performance appraisal, which is the part of performance management in order to gain desired human capital advantages and to achieve an organizational target (Prowse & Prowse, 2009). Employees will be informed the indicators of performance measurement. Employees will get the benefits in term of recognitions, as well as receiving feedback about their

performance (Russel Landsbury, 2013), hence they can improve their performance. Talent leads to exceptional performances and talented people are often admired and valued.

## **2.3 Determinants of A&B+ Grade Employee Retention**

Human resources are one of the significant sources of the organizations without employee the organizations cannot operate successfully. Nowadays, the biggest challenge that organizations are facing is not only managing these resources but also retaining them (Das & Baruah, 2013), therefore retention of talented employees has become one of the competitive advantages of the organizations as well as the demographical change, the workers from Baby Boomer generation has gradually retired, hence the demand for talented employees will increase, while supply will decline. As a consequence, it is expected that a “war for talent” will emerge (Govaerts, Kyndt, Dochy, & Baert, 2011). One interesting point of view is that graduates tend to view SMEs as a “second” option preferring instead to join larger organizations (Szamosi, 2006), these graduates will become the essential human resource of the country in the future. We cannot avoid finding the talented employees from this group as well as learning how to retain these graduates in the organization together with current employees.

This literature review studies different factors that influence A&B+ grade (talented) employee retention, which are compensation, reward and recognition, challenging work, opportunities for advancement, leadership style and work-life balance, Performance appraisal

### **2.3.1 Compensation**

Compensation is the benefit that companies offer to employees, which can be both monetary such as base salary and non-monetary benefit such as insurance, paid-vacation. If companies can create fair treatment, fair compensation, fair work hours, these will improve employee job attitudes and can also motivate employees to be hard working. (Gupta, 2014). In the research of retention and motivation of Hong Kong employees also showed that the five most important factors in retaining employees are base salary, merit pay, year-end bonus, annual leaves, and mortgage loan respectively

from (Chiu, Luk, & Tang, 2002). The above research and study from different parts of the world have shown the similarity of motivational effects from compensation and it usually becomes one of the top reasons that employees decides to stay at the same organization. However, it is very interesting to note that although compensation as an individual variable is still important, it is not as important as the respect they will receive from the people they work with (caring and human orientation)(Szamosi, 2006)

### **2.3.2 Reward and Recognition**

Basically, people need to be respected and treated as precious human capital and more essential to an organization's effectiveness than its financial capital. (Ali & Ahmed, 2009). There are main three forms of recognition and reward most frequently mentioned by the respondents, verbal praise from supervisor and other leaders, salary increases, and gift certificates (Ramlall, 2003). We can notice that when employees have done something good, the first thing that come to their mind is the verbal praise from supervisors to please them and giving them a feedback to let them know that this action or result is good, they have done the right things.

### **2.3.3 Challenging Work**

In one research, it revealed that when employees' job were complex and challenging, employees exhibited higher performance and lower intention to quit (Oldham & Cummings, 1996). There is a positive relationship between Challenging Work and Career Advancement, Challenging Work may result in higher inner work standards, ambition for higher-level positions when they strive to pass this challenging and grant the promotability then it will lead to job satisfaction increase (De Pater, Van Vianen, Bechtoldt, & KLEHE, 2009).

### **2.3.4 Opportunity for Advancement**

The study has revealed that individual who were more extroverted, less agreeable experienced higher level of career satisfaction than less extroverted person. In conclusion, there are the effects of personality on career success (Seibert & Kraimer, 2001), hence once of the basic rationale since recruitment we may need to concern in order to precisely satisfy employees is personality which could lead to employee retention

and turnover reduction. People who are highly career-oriented do not mean less committed to their coworkers and people are committed to their personal careers may not be the best criterion for selecting and promoting workers in organizations that rely on the success of collaborative team performances. (Ellemers, de Gilder, & van den Heuvel, 1998), Career-advancement goals had a relatively stronger impact on status than on salary, on the other hand occupational self-efficacy (individual's belief in their performance) had a relatively stronger impact on salary than on status.(Abele & Spurk, 2009).

### **2.3.5 Leadership Style**

Sustainable leadership (SL) practices is significantly related to employee satisfaction with a positive relationship in the interest of the long-term sustainability of their enterprises. The major practices linked to employee satisfaction are valuing employees, ethical behavior, considered organizational change, a strong and shared vision, an enabling culture, high staff engagement (Suriyankietkaew & Avery, 2014). Applying leadership style and strategies with a Buddhist economics approach is also very successful from the 3 case studies of Thai SME, it offers employees with a decent living wage and compensation and satisfaction from working in a trustworthy environment leading to good cognition and behavior(Prayukvong, 2005)

### **2.3.6 Work-Life Balance**

When organization forces employees to choose between having a life and a career, that organization has a toxic culture. Employee is not only the resource. They are human. Organization should be empowering them, not attempting to control them otherwise, employees might end up by leaving organization (Branham, 2005). In the era of fierce competition for scarce labour, these policies can give a competitive edge, giving them a choice, an individual will prefer the employer who respects his or her integrity and family. This is one of the successful contemporary employee retention strategy (Poelmans, Kalliath, & Brough, 2008).

WLB is one of the most impact on employee retention, obtaining a balance between work and life has affected an employee's decision to remain with the organization. The conflict on dimensions of human activity can cause both job dissatisfaction and may lead to an intention to leave the organization as well as causing conflict with family

members and family activities (Deery, 2008). Work-life balance is important for Generation Y employees, they seek out work opportunities that could offer them freedom and autonomy. They might leave the organization if these needs are not met (Macky, Gardner, Forsyth, Cennamo, & Gardner, 2008). This could represent the new trend of Generation Y employee retention strategy since Generation Y will become high percentage of working group and Thai SMEs should pay more attention on it.

“Flexible working hours” is one of work-life balance strategy (family-friendly policy), it helps to increase organizational commitment and job satisfaction for both men and women especially women employees with children (Scandura & Lankau, 1997). This can help the organizations to retain talented and hard-working employees.

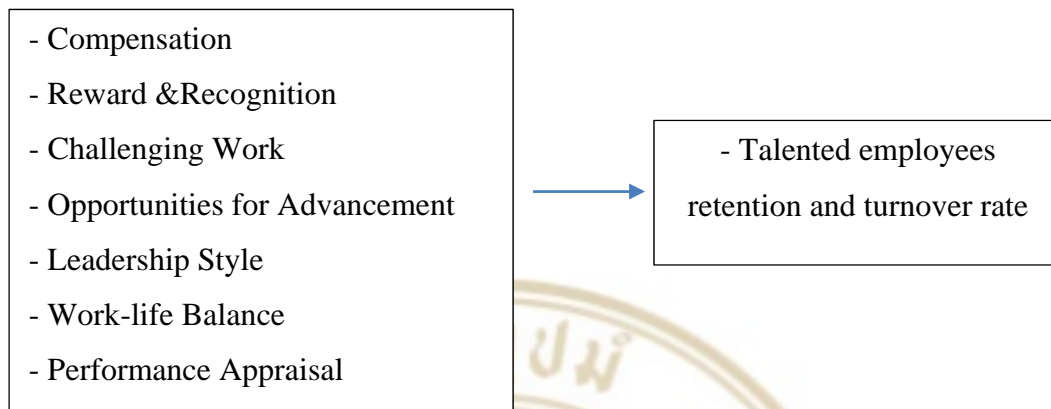
### **2.3.7 Performance Appraisal**

Performance appraisal is a basic need for organization to evaluate their employees' performance in order to find out whether they improve themselves or not. There are many methods of performance appraisal that organizations need to select to make it suitable with their own current situation and characteristic (Jafari, Bourouni, & Amiri, 2009). The organizations should revisit the criteria of their current appraisal system to see the gaps that were identified by employees as well as they should set the effective reward system in order to motivate employees to work with their acknowledged goals (Daoanis & D<sup>1</sup>, 2012).

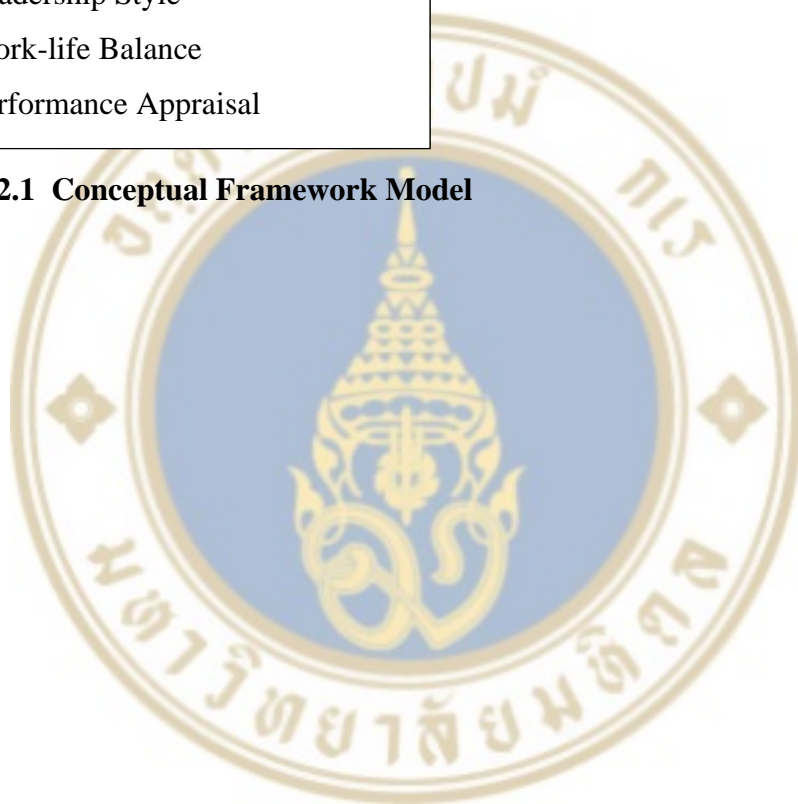


## 2.4 Conceptual Framework Model

Determinants of Employee Retention



**Figure 2.1 Conceptual Framework Model**



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

Research methodology will be described in details of the chosen methodology including research design, rationale for selecting the methodology, population and sampling, the method of data collection as well as data analysis.

#### **3.1 Research Design**

There are 2 types of research method which are qualitative method and quantitative method. In this study, researcher uses the qualitative method, which can be used with the small samples not determined by the numbers of respondents. It doesn't measure but it can pull the insight from respondents and extracted it by finding and analyzing processes to be relevant data (Ruyter & Scholl, 1998).

Regarding the content and characteristics of this study aims to search for the information that cause employees "want to change the jobs" and "want to take rest", which are the first 2 turnover reasons of Thai employees (Department of Employment of Thailand, March 2015), hence qualitative method is suitable to search for the true causes of turnover reasons from employees not the statistical numbers by quantitative method. Researcher needs to find out employees' job satisfaction, intention to leave, CEOs, business's owner and human resource manager' perspectives on HRM, these issues will be effectively find out and described by qualitative method.

#### **3.2 Population and Sampling**

Three groups of participants, who are current employees in each company especially Generation Y, human resource manager and business's owner based on company structure on involved positions in HRM, will be selected as target population. Participant SMEs in Bangkok and suburban of Bangkok are randomly

selected about 4-5 companies through researcher's personal connection, well-known HRM best practice SMEs and general SMEs from manufacturing and trading industry in order to compare the differences among various types of company.

The sample group of current employees that is tended to be selected from Generation Y due to the demographic change effecting workforce, the workers from baby boomer generation are almost entirely retired (Govaerts et al., 2011), some of the beginning of Generation X started to be retired and we can assume that the newest and largest generation who enter the workforce is Generation Y and the method to create and maintain organizational survival and competitive advantages will depend largely on Gen Y employees recruitment and retention (Luscombe, Lewis, & Biggs, 2013), hence we assume that A&B+ grade employees both operational and management level are mainly from Gen Y group or will be from this group in the near future due to the demographic change as mentioned above. The sample group of human resource manager and CEOs or business's owner are selected because human resource manager is the one who mainly participate and create in HRM policy and strategy together with CEOs or business's owner depending on company structure and CEOs or business's owner is the one who make the top decision on HRM strategy, therefore it is important to investigate whether the strategy, application, employees' need and understanding are well aligned within company.

### **3.3 Data Collection**

In-depth interview will be used in this research, due to the provision of insight depth that can be extracted from participants in different sample groups via in-depth interview, this method is appropriate with detail-oriented study of an individual's behavior, attitudes or needs especially when it concerns about confidential or emotional issues as well as when interviewing professional people (Mitchell, 1993). Note taking, voice recorder and observation in some noticeable situation will also be conducted in this research. Regarding note taking, researcher can note down the critical issues during the interview in order to completely review all relevant data and to facilitate the recapturing all details from interview by using issues in the note together with interview sound clip

from voice recorder because this research emphasizes on detail-oriented from interviewees, therefore it is suitable to use the above mentioned collective techniques.

A different list of open-ended questions will be asked to the interviewees. Open-ended questions offer more chances to discover genuine attitudes and views, they also provide more valid responses than constructed closed questions because interviewees can freely reply in their own word without narrowing answers by choices (Vinten, 1988).

### 3.4 Data Analysis

“Conventional content analysis” which is one of the coding method will be used in this research. The beginning of the study is derived from observation, code are defined during data analysis plus codes from relevant research finding, the researcher can gain a richer understanding of a phenomenon with this approach (Hsieh & Shannon, 2005). Due to the start of this research question is from the real situation of human resource management problem that researcher observed, hence this content analysis is well suitable.

There are 3 sets of questions for owners/CEO, human resource manager and employees differently. The examples of questions are as below.

1. What make you apply and decide to work in this company?
2. How long have you worked in this company?
3. Your expectation before and after working here, is it different? How?
4. What do you expect in working place?
5. What compensations (insurance, hospital care, vacation, loan, etc.) do you receive from your company? Is it same as your expectation? Why?
6. Have you ever receive any rewards and recognition? If yes, why you receive it? If no, do you want to get it one day? If yes, what will you do to get it?
7. Do you think your work is challenging? How is it challenging?
8. Do you think you have enough time to take care of your family? If no, what do you want to suggest the company in order to facilitate your time spending with your family?
9. What do you think about “Flexible Working Hour”?
10. In conclusion, what do you like about this work place?

## **CHAPTER IV**

### **FINDINGS AND DISCUSSION**

This research aims to study the retention strategies of A&B+ grade (talented) employees in Thai SMEs, therefore researcher has conducted in-depth interview with 14 interviewees from 4 SMEs in Bangkok and suburban of Bangkok, Thailand. 2 SMEs have human resource department and the others 2 SMEs have no human resource department. There are 3 classification of interviewees from each SME as below.

1. Owner: 1 person
2. Human resource manager: 1 person (for 2 SMEs that have human resource department)
3. Employees: 2 persons focusing on Gen Y, born between year 1980-2000 (Macky et al., 2008)

Classification by owners: 4 persons, human resource managers: 2 persons, employees: 8 person, total 14 persons and all interviewees in the above classification currently work in the interviewed companies. We mainly focus on information from employees including HR manager because the scope of this study is to find retention strategies for A&B+ grades (talented) employees as well the approach to reduce turnover rate.

Due to some company and respondents do not want to reveal their identification, therefore name of companies and respondents will not be mentioned and we will use Company R,I,P,T as alias. Each interviewee will be interviewed about 30-45 minutes with the voice recorder and note taking.

There are 3 sets of open-end questions are conducted during interviews which are for owner, human resource manager and employee. Each set of question is designed to search for the answers from different perspectives of different classification in order to find the needs and understanding of each group which will lead to find practical strategies toward A&B+ grade employee retention

#### 4.1 Formation Of Human Resource Management In Thai SMEs

Normally, there are 2 formats of human resource management in Thai SMEs as below:

1. SMEs who have an official human resource department with HR manager to recruit and monitor all HR affairs.
2. SMEs without a human resource department, the owners or line managers will request administrator staff for the new staff recruitment advertisement then they will interview all new subordinates, select and monitor subordinates by themselves.

#### 4.2 Profile Of Interviewed SMEs

Profile of interviewed SME in Table 4.1 shows the main characteristics of each SME. Three companies are in the manufacturer sector and one company is from trading sector. The numbers of employees between 50-200 employees and the year established between Year 1985-2005. Company R, P and T in below table are family business style handing down from generation to generation.

**Table 4.1 Profile of interviewed Thai SMEs classified by Type of Company, Number of Employee, Location and Year Established**

Company	Type of Company	Number of Employee	Location	Year Established
R	Trading	50	Bangkok	1985
I	Manufacturer	150	Bangkok	2005
P	Manufacturer	176	Samutprakarn	1986
T	Manufacturer	50	Nakhonpathom	1995

### 4.3 Main Factors Affecting A&B+ Grade Employee Retention

Profile of respondents and the top 3 important factors for talented employee retention are shown in Table 4.2 Regarding the interviewed employees, they are merely salary base employees (due to the scope of study) from different departments therefore various perspectives among different departments are presented.

**Table 4.2 Profile of respondents and the top 3 important retention factors, who currently work in the selected interviewed Thai SMEs classified by Gender, Age, Educational Level, Positions and Working period in current company**

Employees	Gender	Educational Level	Age	Working Period in current company	Position	Important factors for retention			Current Satisfaction score(1=least, 5=most)
						1st	2nd	3rd	
E1	Male	Bachelor's degree	35	9 years	Senior Sales Engineer	Compensation	Reward	Opportunity for Advancement	3
E2	Female	Master's degree	34	10.5 years	Senior Sales Coordinator	Location	Co-Worker	Compensation	3
E3	Male	Master's degree	47	8 month	HR Manager	Location	Work-Life Balance	Leadership	3
E4	Female	Bachelor's degree	39	2 years	Accountant	Location	Co-Worker	Compensation	3
E5	Male	Bachelor's degree	38	1.5 month	QC Supervisor	Challenging Work	Compensation	Reward	4
E6	Female	Bachelor's degree	32	8 years	Accounting Manager	Location	Work-Life Balance	Compensation	4
E7	Female	Bachelor's degree	38	10 years	Trade Promotion Manager	Location	Co-Worker	Reward	4
E8	Female	Master's degree	34	1.5 month	HR & Administrative Manager	Compensation	Work-Life Balance	Leadership	4.5
E9	Female	Bachelor's degree	41	2 months	Accountant	Location	Co-Worker	Reward	4
E10	Female	Master's degree	32	5 months	Purchasing Manager	Location	Co-Worker	Opportunity for Advancement	4

Table 4.2 are concluded from in-depth interview of employees from 4 companies including human resource managers.

The researcher has incidentally found two new interesting factor, “Company Location” and “Co-worker”, which are not from determinants of A&B+ grade employee in literature review. Actually, the first factor affecting A&B+ grade employee partially depends on the job characteristics.

If the employees from sales department who do not have to come to office everyday may not consider of “Company Location” as the first factor to stay but for administrative job such as purchasing, accounting, sales supporting, and etc. who have to come to the office everyday they will choose “Company Location” where is not too far from their residence as the first factor to stay which can be indirectly linked to “Work-Life Balance” because they do not have to spend quite long time in travelling to work and back home. From the interviews of all talented employees from 4 SMEs, it has showed that 7 out of 10 respondents (70%) choose “Company Location” as the first reason to continue staying. The second factor that encourage employees’ intention to stay is “Co-worker, there are 5 Out of 10 (50%) respondents choose this factor and followed by “Compensation”, “Reward & Recognition” equally, 3 out of 10 (30%) respondents choose these factors as the 3rd reason to stay.

#### **4.3.1 Company Location**

70% of respondents choose “Company Location” as the first reason to consider company for working as well as their retaining factor in current company. Especially in Bangkok and its suburban where have a heavy traffic, most of talented employees look forward to work in the companies where are not too far from their house or the company where are a little bit far but with the convenience ways of public transportation to the companies. Even if the company offers better compensation, reward, opportunity for advancement and others great benefits to employees but located in the far distance, it can draw talented employees to work initially but may not be able to retain them in the long term. Finally, most employees want to return home and live near their family.

“I have worked for this company for 10.5 years and the first reason that I choose to work in this company because it is not far from my house”

“In the view of owner, I will mainly consider employees who have residence near company in order to facilitate their travelling time to workplace.

One of HR manager informed that “Most of our employees about 80% including talented one, who have worked with company from 2-10 years and over, live near company.”



“Even the big company in the city will offer me a higher salary base but I will not go because I want to work close to my home then I can take care my parent and my family.”

“The first reason I decided to apply and work in this company because it is close to my house. I have worked here for 2 years and I do not think I will move to other workplaces even I got lower salary than I used to get but I pay less expense because it is close to my house.”

“Company location does affect the decision of choosing workplace at the beginning for me but once I have worked for a certain period of time then I decided to move my house further, it does not affect for me.”

“Most of my colleagues are from different residence location but our company is located near the main street in outer Bangkok, so it facilitates employees to reach the company via different ways of transportation. It is more convenience.”

“I have worked here for 10 years. The 1st reason that I chose to work here because it was close to my house. Company location where is close to my house is still the 1st reason to make me want to continue working in this company.”

“If the company is located in an easy to access area, it will help to facilitate travelling time to work. This can also motivate my intention to stay.”

This finding is also aligned with the previous study that employees choose “Company Location” to work and still stay in the current company (Ramlall, 2003). From the study of employee retention in others countries “Company Location” is also one of the concerned factors for employee retention (Hausknecht, Rodda, & Howard, 2009) but for the ranking should be different by countries due to the circumstance differences and company sizes.

#### **4.3.2 Co-Worker**

Beside “Company Location” talented employees also concern about “Co-worker” as the second factor to retain them in current company.

“I am very happy with my co-workers. We do not have to widely compete with one another like the very big enterprise.”

“I can get along well with my co-workers here and we have a lot of fun every working day.”

“When I have problems and need advices, my co-workers will always help me and I really appreciate.”

Employees informed that they have to spend most of their working time with their co-workers, if co-workers have a good attitude, it can help to generate a good working surrounding in the company. Due to Thailand is a collectivism culture, people will rely on group decision and there is the previous study presented that tendency for higher level of collectivism is associated with greater job satisfaction (Kirkman & Shapiro, 2001),hence “Co-worker” is one of the most important factor that employees mainly concern about.

### **4.3.3 Compensation**

Talented employees also concern about “Compensation” after “Co-Worker”. They look forward to gain acceptable salary base and others compensation that can facilitate their living.

“If I have to choose between financial and non-financial compensation, I choose financial compensation as the first importance such as a good base salary more than non-financial compensation but for employees who work for the company quite long time, additional compensation beside base salary will motivate them to stay.”

“Regarding HR policy, we offer employees an advance wage amount of 1,000 THB for general staff and 2,000 THB for supervisor staff. Employees, who need it, will need to inform HR on day 16th of each month and will be paid on day 20th. Daily employees use this right about 70% and salary employees use this right about 20% per month. It partially help to increase employee satisfaction.”

“Advance wage payment really helps me a lot when I do not have enough money and it also motivates me to continue work here as well”

“We have our own cooperative and internal provident fund that employees will receive their saving money with extra money from company when they resign or they can borrow money in a lower interest rate than the market.”

This result is also aligned with the previous study that “Compensation” in different formats is the important factor to motivate and retain employees (Chiu et al., 2002)

#### **4.3.4 Reward & Recognition**

Employees need something in return for encouragement and motivation in works when they perform well. Below are some real feedback from employees to “Reward & Recognition” factor.

“I prefer incentive rather than getting verbal praise or certificate for recognition. For me, certification and praise is not important as incentive.”

“I always gain monthly diligent every month and I will always avoid delay and absence because I am afraid to lose this monthly diligent.”

“In the view of HR and owner, as a result of monthly diligent, employees get this diligent only 20% and we understand that if employees come to work late 1 day, they may not be motivated on this diligent anymore on that month and they may keep coming late because they will not get it anyway. We may abolish this policy in the future.” This represent divergence between employees with HR and owners.

“I reach the office before time every day and I got highest level of diligent of the year with the certificate. I feel appreciated so much.”

Benefit of “Reward & Recognition” is likely to reinforce employees to repeat this behavior in the future and remind employee of a special achievement (Silbert, 2005).

#### **4.3.5 Challenging Work**

“Challenging Work” is also important for talented employee retention, hence employees can often use and improve their competency. Below are some examples to show how employees perceive this factor.

“My job is challenging even I am not familiar with it at the beginning but I proof myself that I can do it now and I have to make it better and better. I like busy works more than a few works, it is too boring.”

“I have to complete my challenging task that I have promised with the president. I will proof my competence. This is my current motivation.”

“If my work has no challenging at all, it will be boring.”

The previous study has found the global trend for employee retention that ‘Challenging Work’ is one of the top retention factors (Budhwar & Bhatnagar, 2007).

### 4.3.6 Opportunities for Advancement

In term of “Opportunity for Advancement” also included personal skill, knowledge and ability (SKA) development which will lead to a better performance and might bring reward, promotion or others performance related benefits to employees. There are some feedback from respondents about this factor as below.

“Actually higher job position is not important for me, I expect higher income than higher status in the company.”

“Due to SME organization structure, we do not have a lot of hierarchy like large enterprise, therefore I do not expect much about higher positions but I look more on a satisfied paid.”

“No. 1 factor that I expect from the company is “career advancement” that could bring me higher salary base.”

“Opportunity for advancement for me is what I have learned all new knowledge and have been trained so many things from this company, it is over my expectation. It really helps me to improve my latency. I am very satisfied.”

### 4.3.7 Leadership Style

Leadership style has affected employee retention in long term. Below are some examples from respondents.

“I impress my boss because she is calm and rational, no brawling which encourage the good feeling of everyone on team.”

“I like my supervisor the way that she tried to change the organization from top-down to open for employee comments.”

“I do not impress my supervisor, he is too kind and not determined but it is not a big deal to make me leave this company.”

“Most SMEs are family business style, the important positions will be taken care by owners’ family members and it seems to be many bosses in one company, so I have to adjust my working style and understand it. It does affect my intention to stay in long term.”

“My boss taught me everything from the 1st day I had no idea what and how to do my own tasks. Now I am expert in my task and I can teach my subordinate.

My boss was not only order what to do but he taught me how to do it well. This part also maintain my intention to stay in long term.”

This finding is related to previous study that “Leadership Style” has a significant positive and direct effect on job satisfaction and organizational commitment that will support employee retention in current organization (Fang, Chang, & Chen, 2009)

#### **4.3.8 Work-life Balance**

“Work-life Balance” also depends on characteristic and previous work experiences of each person. For example, some people do not think working Monday to Saturday affect their personal life in the other hands, some people think working Monday to Saturday negatively affect their personal life but it will be company advantages if this factor is included in the policy. Work-Life balance also includes “flexible working time”, which may not suitable for Thai culture and administrative works.

“For my personal view, I like flexible working hours but I think it’s not suitable with my job because I have to contact with customers who are working during regular working hours from Monday to Friday.”

“I like the standard working hours like others companies, I don’t need any flexible working hours because it will not match with my husband and friends’ working time.

The result of obtaining a balance between work and life has affected employee's decision to remain with the organization. The conflict between these two dimensions can cause job dissatisfaction and intention to leave current organization (Deery, 2008)

#### **4.3.9 Performance Appraisal**

3 out of 4 interviewed companies in this research do not have explicit employee performance appraisal, employees do not know why they receive this grade or this appraisal therefore they will not know the solution to improve their performance. Some interviewed companies will feedback employees only the low performance but no feedback for the good performance which may lead to the hesitancy of proper behavior in employees and it cannot contribute the better performance in employees.

“Some of my subordinates do not accept the percentage of salary raise or evaluated bonus, they think they should get higher and there is no evidence to proof their exact performance. For me, I think some year I should get higher bonus and incentive but some year I admit the result. Even there is no evidence to proof my performance but I think I know myself.”

“I want to know the details of my performance appraisal but my supervisor never told me. This company is afraid of appraisal denial from employees therefore they decided not to mention in details. It is the culture here I can accept it.”

There is the previous study support this finding that “Performance Appraisal” as perceived by the respondents strongly effect on employees’ loyalty to the company (Daoanis & D<sup>1</sup>, 2012).

#### **4.4 Summary of the Findings**

1. Due to the finding, others talented employee retention factors will not happened without “Company Location” at the first stage.
2. “Co-worker” (the second retention factor) can be found in Thai SMEs due to the collectivism of Thai culture.
3. “Compensation” and “Reward& Recognition” are the third factor to retain talented employees in the long term.

The above 3 factors can retain talented employees in long term. Opportunities for Advancement, Leadership Style, Work-life Balance and Performance Appraisal can be applied after in order to strongly enhance the sustainability in talented employee retention.

## **CHAPTER V**

### **RECOMMENDATIONS**

#### **5.1 Practical Implications**

Talented employee retention in Thai SMEs has become the challenges and benefits to support competitive advantages and accelerate company growth. This research focuses on the retention factors derived from talented employees, who are in administrative field (salary employees) not the daily paid workers, who worked in current companies for a constant period of time and employees who just worked in the current company less than year from the recommendation of HR manager and owners in order to see different perspectives and adapted factors. Retention strategies can be adapted from these derived factors. From the findings, we incidentally found 2 additional factors which are not in literature review, Chapter II. They are “Company Location” and “Co-Worker” that become the first and second factor respectively that mainly influence talented employees’ intention to stay followed by the third factors are “Compensation”, “Reward & Recognition” equally then “Challenging Work”, “Opportunity for Advancement”, “Leadership Style”, “Work-Life Balance” and “Performance Appraisal” partially influence talented employees’ intention to stay.

This research’s findings can benefit SMEs entrepreneurs who already have the existing company and the person who plan to become SMEs entrepreneur. They can use these factors for talented employee retention and minimize turnover problem, which is one of the relevant problem for Thai SMEs. A&B+ grade (talented) employees will mainly consider of “Company Location” firstly, hence for the entrepreneurs who plan to open new company, they should focus on the place where is located in easy to access area with different options of public transportation or the company should be located in the area where is assumed to have intensity choices of quality employees. For the existing companies, they should offer company bus or van service to pick up employees from the different main points to company in round-trip to facilitate employee

traveling way to work and back home due to the heavy traffic in Bangkok and suburban as well as the inadequacy of convenience public transportation such as BTS, MRT.

“Co-Worker” is one of the main retention factors for talented employees and Thai culture is also collectivism, therefore the company should have team building and good attitude building activities or meetings in order to create familiarity and harmony in the company which will lead to the pleasant working environment. The company should also focus on “Compensation” beside salary base, it should be something that can obligate between employees and company in a positive way such as internal provident fund and lower interest loan, hence employees will grow with the company by their investment in company provident fund and facilitate their living by gaining lower interest rate in case they urgently need cash as well as others formats of compensation that differentiate company from others SMEs that are useful with employees’ living. It does not have to be high budget compensation such as paid leave for birthday, wedding, graduation and others due to the financial limit of SMEs but it can create employees satisfaction to the company and increase their intention to stay. Regarding “Reward & Recognition”, company should offer basic reward & recognition to employees such as monthly diligent with certificate in order to encourage and appreciate their industriousness as well as to keep their good behavior in the future. If the company can offer something else beyond this monthly diligent it will be company advantages in term of employees but the basic reward and recognition, the company should have, it can be either a fixed monthly diligent or by level depending on company financial situation.

The other minor relevant factors can be implemented as well in order to strongly reinforce talented employees’ intention to stay which are “Challenging Work”, the challenging content of work can be added such as sales supporting, accounting and financing can also be added by introducing updated financial products that can additionally benefit to the company, however employees’ characteristic must be matched with challenging as well. “Opportunity for Advancement” can be offered by sending talented employees to seminars with interesting topics which are useful for the company and develop employees’ knowledge and potential as well. “Leadership Style” can be implemented by creating mutual understanding between leader and employee as well as the rational talk not only ordering and complaining. “Work-Life Balance” by no extra working hours on holiday or day off. “Performance Appraisal” by giving feedback to employees



fairly with evidence, therefore employees will know the reason of their appraisal and solution to improve and maintain their performance.

## **5.2 Limitations of the Study**

1. Geographic constraint – The interviewed SMEs are located in Bangkok and its suburban only. They does not represent the whole SMEs in Thailand.
2. Time constraint – The time of data collection is too short (Less than 2 weeks).
3. Bias of respondents – Respondents might have some serious work issues on that day which can affect their cognition on retention factors.
4. Selected respondents – All talented employee respondents are selected by human resource manager and owners to participate in this in-depth interview. They may select the best one in their company and we may perceive only the positive side.
5. Education of respondents – All talented employee respondents are graduated from Bachelor's degree and Master's degree. There is no talented employee respondents below Bachelor's degree which might not represent the whole level of talented employees.

## **5.3 Recommendations for Future Research**

The future research should study on SMEs in other geographic locations in Thailand in order to discover the retention factors whether they are the same with this research or not. Profile of respondents in term of education should be more various than this research. In order to effectively implement retention strategies for talented employees, it should start with the good recruitment approach, hence the future research should identify the recruitment factors that can be compatible with the retention factors in this research.

## REFERENCES

- Abele, A. E., & Spurk, D. (2009). The longitudinal impact of self-efficacy and career goals on objective and subjective career success. *Journal of vocational behavior, 74*(1), 53-62.
- Ali, R., & Ahmed, M. S. (2009). The impact of reward and recognition programs on employee's motivation and satisfaction: an empirical study. *International review of business research papers, 5*(4), 270-279.
- Branham, L. (2005). The 7 hidden reasons employees leave. *American Management, New York, 172*.
- Budhwar, P. S., & Bhatnagar, J. (2007). Talent management strategy of employee engagement in Indian ITES employees: key to retention. *Employee relations, 29*(6), 640-663.
- Chiu, R. K., Luk, V. W. M., & Tang, T. L. P. (2002). Retaining and motivating employees: Compensation preferences in Hong Kong and China. *Personnel Review, 31*(4), 402-431. doi: doi:10.1108/00483480210430346
- Daoanis, L. E., & D<sup>1</sup>, P. (2012). Performance Appraisal System: It's Implication To Employee Performance. *Management, 2*(3), 55-62.
- Das, B. L., & Baruah, M. (2013). Employee retention: a review of literature. *Journal of Business and Management, 14*, 8-16.
- De Pater, I. E., Van Vianen, A. E., Bechtoldt, M. N., & KLEHE, U. C. (2009). Employees'challenging Job Experiences And Supervisors'evaluations Of Promotability. *Personnel Psychology, 62*(2), 297-325.
- Deery, M. (2008). Talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management, 20*(7), 792-806. doi: doi:10.1108/09596110810897619
- Ellemers, N., de Gilder, D., & van den Heuvel, H. (1998). Career-oriented versus team-oriented commitment and behavior at work. *Journal of applied psychology, 83*(5), 717.

- Fang, C.-H., Chang, S.-T., & Chen, G.-L. (2009). *Applying Structural Equation Model to Study of the Relationship Model among leadership style, satisfaction, Organization commitment and Performance in hospital industry*. Paper presented at the 2009 International Conference on E-Business and Information System Security.
- Govaerts, N., Kyndt, E., Dochy, F., & Baert, H. (2011). Influence of learning and working climate on the retention of talented employees. *Journal of Workplace Learning, 23*(1), 35-55. doi: doi:10.1108/13665621111097245
- Gupta, M. (2014). Employees' Satisfaction Towards Monetary Compensation Practices. *Global Journal of Finance and Management, 6*(8), 757-764.
- Hausknecht, J. P., Rodda, J., & Howard, M. J. (2009). Targeted employee retention: Performance-based and job-related differences in reported reasons for staying. *Human Resource Management, 48*(2), 269-288.
- Hsieh, H.-F., & Shannon, S. E. (2005). Three approaches to qualitative content analysis. *Qualitative health research, 15*(9), 1277-1288.
- Jafari, M., Bourouni, A., & Amiri, R. H. (2009). A new framework for selection of the best performance appraisal method. *European Journal of Social Sciences, 7*(3), 92-100.
- Kirkman, B. L., & Shapiro, D. L. (2001). The impact of cultural values on job satisfaction and organizational commitment in self-managing work teams: The mediating role of employee resistance. *Academy of management journal, 44*(3), 557-569.
- Luscombe, J., Lewis, I., & Biggs, H. C. (2013). Essential elements for recruitment and retention: Generation Y. *Education + Training, 55*(3), 272-290. doi:10.1108/00400911311309323
- Macky, K., Gardner, D., Forsyth, S., Cennamo, L., & Gardner, D. (2008). Generational differences in work values, outcomes and person-organisation values fit. *Journal of Managerial Psychology, 23*(8), 891-906.
- Mitchell, V. W. (1993). Industrial In-depth Interviews: Some Considerations for First-time Users. *Marketing Intelligence & Planning, 11*(4), 25-29. doi:10.1108/02634509310044225

- Oldham, G. R., & Cummings, A. (1996). Employee creativity: Personal and contextual factors at work. *Academy of management journal*, 39(3), 607-634.
- Poelmans, S. A., Kalliath, T., & Brough, P. (2008). Achieving work–life balance: Current theoretical and practice issues. *Journal of Management & Organization*, 14(03), 227-238.
- Prayukvong, W. (2005). A Buddhist economic approach to the development of community enterprises: a case study from Southern Thailand. *Cambridge Journal of Economics*, 29(6), 1171-1185.
- Prowse, P., & Prowse, J. (2009). The dilemma of performance appraisal. *Measuring Business Excellence*, 13(4), 69-77. doi: doi:10.1108/13683040911006800
- Ramlall, S. (2003). Organizational Application Managing Employee Retention as a Strategy for Increasing Organizational Competitiveness. *Applied HRM Research*, 8(2), 63-72.
- Ruyter, K. d., & Scholl, N. (1998). Positioning qualitative market research: reflections from theory and practice. *Qualitative Market Research: An International Journal*, 1(1), 7-14. doi: doi:10.1108/13522759810197550
- Scandura, T. A., & Lankau, M. (1997). Relationships of gender, family responsibility and flexible work hours to organizational commitment and job satisfaction. *Journal of organizational Behavior*, 18(4), 377-391.
- Seibert, S. E., & Kraimer, M. L. (2001). The five-factor model of personality and career success. *Journal of vocational behavior*, 58(1), 1-21.
- Silbert, L. (2005). The Effect of Tangible Rewards on Perceived Organizational Support.
- Suriyankietkaew, S., & Avery, G. C. (2014). Employee satisfaction and sustainable leadership practices in Thai SMEs. *Journal of Global Responsibility*, 5(1), 160-173. doi: doi:10.1108/JGR-02-2014-0003
- Szamosi, L. T. (2006). Just what are tomorrow's SME employees looking for? *Education + Training*, 48(8/9), 654-665. doi: doi:10.1108/00400910610710074
- Vinten, G. (1988). OPEN vs CLOSED QUESTIONS — A CLOSED QUESTION? *Managerial Auditing Journal*, 3(1), 11-13. doi: doi:10.1108/eb002799