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The Influence of Management Mechanisms on Employee Satisfaction and Turnover Intention in Small and Medium Private Enterprises: An Empirical Study in China's Pearl River Delta Region

HU Caishuang

*Doctor of Management*

Supervisors:

PhD Virginia Trigo, Professor Emeritus,  
ISCTE University Institute of Lisbon

PhD Weidong Xia, Professor,  
Florida International University

May, 2020



BUSINESS  
SCHOOL

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Marketing, Operations and General Management Department

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Region**

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## Declaration

I declare that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university and that to the best of my knowledge it does not contain any material previously published or written by another person except where due reference is made in the text.

Signed:



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## Abstract

This thesis examines how small and medium-sized private enterprises (SMPE) can improve employee satisfaction and reduce employee turnover intention by effectively managing their management mechanisms which are in turn determined by such factors as leadership style, culture, and employee value preferences. More specifically, this study answers the following questions: (1) what effects do different management mechanisms exert on employee satisfaction and turnover intention? and (2) what are the determinants of effective management mechanisms?

Based on a literature review of relevant management theories and empirical studies, we develop a research model on the determinants and outcomes of management mechanism in SMPE. An in-depth case study was conducted in a manufacturing company that specializes in medical, industrial and consumer lights. The case study provides qualitative support to the relationships outlined in our research model. A questionnaire was then used to collect survey data from 12 SMPEs in five cities in China's Pearl River Delta region. These companies are a variety of industries including manufacturing, high-tech enterprises, medical device and service companies. A final sample of 588 survey responses were collected and processed to quantitatively test our research model and hypotheses.

The research results show that culture, leadership style and employee value preference have significant and positive effects on management mechanisms. In turn, effective management mechanisms have a positive and significant effect on employee satisfaction which have a significant and negative effect on employee turnover intention. Our findings suggest that, in order for SMPEs to reduce their employee turnover, they need to improve their management mechanisms by effectively managing their culture, leadership style and employee value preferences.

**Keywords:** Small and medium-sized private enterprises; management mechanism; corporate culture; leadership style; employee value preference; employee satisfaction; employee turnover intention;

**JEL:** M10; M50



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## Resumo

Esta tese estuda a forma como pequenas e médias empresas (PMEs) do setor privado na China, objeto de inquérito, podem melhorar a satisfação dos trabalhadores e reduzir a sua intenção de saída utilizando mecanismos de gestão determinados pelo estilo de liderança, cultura e valores dos próprios trabalhadores. Mais concretamente a tese procura responder às seguintes questões: (1) quais os efeitos dos diferentes mecanismos de gestão na satisfação dos trabalhadores e na sua intenção de abandonar a empresa? (2) e quais os determinantes desses mecanismos de gestão?

Para estudar estas questões e com base na revisão da literatura relevante e de outros estudos empíricos desenvolveu-se um modelo de investigação conceptualizando os determinantes dos mecanismos de gestão utilizados em PMEs e os seus efeitos esperados. Foram depois realizadas entrevistas para aperfeiçoamento do questionário e desenvolvido um estudo de caso numa empresa especializada em produtos de iluminação para uso médico, industrial e doméstico. O caso permitiu um melhor enquadramento teórico das relações representadas no modelo de investigação. Foi também administrado um questionário a 12 PMEs em cinco cidades localizadas na região chinesa do Delta do Rio das Pérolas pertencentes a diversas indústrias incluindo a produção de equipamentos médicos, alta tecnologia e serviços. Foi obtido um total de 588 questionários validamente preenchidos que depois foram analisados para testar o modelo de investigação e as hipóteses colocadas.

Os resultados mostram que a cultura, o estilo de liderança e os valores dos trabalhadores têm um impacto positivo nos mecanismos de gestão, que estes influenciam positivamente a satisfação dos trabalhadores e que, por sua vez, esta influencia negativamente a sua intenção de saída. Conclui-se que, a fim de reduzir a rotatividade do pessoal, as PMEs inquiridas necessitam de melhorar os seus mecanismos de gestão cuidando da cultura organizacional, do estilo de liderança e da sua adequação aos valores defendidos pelos trabalhadores.

**Palavras-chave:** Pequenas e Médias Empresas; mecanismos de gestão; cultura organizacional; valores dos trabalhadores; satisfação dos trabalhadores; rotatividade do pessoal.

**JEL:** M10; M50

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## 摘要

本论文研究中小型民营企业（SMPE）如何通过有效地管理其管理机制来提高员工满意度和降低员工离职倾向，而这些管理机制又取决于领导风格，企业文化和员工价值追求等因素。更具体地说，本研究回答以下问题：（1）不同管理机制对员工满意度和离职倾向有何影响？（2）有效管理机制的决定因素是什么？

在对相关管理理论和实证研究文献分析综述的基础上，我们建立关于SMPE管理机制决定因素和结果的研究模型。在一家专门从事医疗、工业和消费照明的制造公司做了深入案例研究。案例研究为我们研究模型中概述的变量之间的关系提供定性支持。我们用收集了来自中国珠江三角洲五个城市的12个SMPE的问卷调查数据。这些公司涉及多个行业，包括制造业、高科技企业、医疗设备和服务公司。我们使用588个调查样本定量检测我们的研究模型和假设。

研究表明，企业文化、领导风格和员工价值追求对管理机制具有显著和正向的影响。有效的管理机制对员工满意度有显著和正向的影响，而对员工离职倾向则有显著和负向影响。我们的研究表明，为了减少员工流失，SMPE需要通过有效地管理其文化、领导风格和员工价值追求来改善其管理机制。

**关键词：**中小民营企业；管理机制；企业文化；领导风格；员工个体价值追求；员工满意度；员工离职倾向。

**JEL：** M10； M50

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I began my professional career from the position of an engineering technician, and with practical experience over the years, gradually transformed into a manager. As I grew up with ups and downs in my life, I have never given up learning and improving myself. After forming my own company, I have felt deeply lacking in management knowledge. Entrepreneurship is difficult and there are many battles. In 2015, I was fortunate to join ISCTE/Southern Medical University Doctor of Management program in Healthcare. Combining reflections of my past work experience with new learnings of management knowledge has enabled me to significantly improve my management theoretical knowledge, practical and thinking skills. I am more confident in leading and managing my own business towards better directions and more success.

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踏入工作以来，从一名工程技术人员起步，逐渐转型为一名具有实操经验的管理人员，一路走来在跌撞中成长，也从未放弃过学习与提高，在创立并经营自己的企业后，在管理实践中深感自己管理知识的匮乏。创业艰难百战多，百战归来再读书。于2015年有幸进入南方医科大学/葡萄牙里斯本大学学院的公共卫生政策与管理博士学位项目学习，通过对过往的工作经验进行总结与梳理，及管理学知识系统的专业学习，让我在管理学理论、实践及思维方式上面有很大的提升，能够更加自信的领导及管理自己的企业，朝着更好的方向去发展。

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## **Chapter 1: Introduction**

The current world economy has entered the digital age. It is also the era of the integration of the real and the virtual economies, and the era of Internet technology applications and comprehensive innovations. In these new economies and eras, people's needs, and technologies are constantly co-evolving. Economic globalization has become an inevitable reality and a general trend which cannot be changed by human will (Long, 1998). Enterprises are the most basic units in the national economic development system. The development of enterprise groups contributes to the progress of the national economy. From a global perspective, the existence of small and medium-sized enterprises (SMEs) is a phenomenon that is universal and independent of countries, regions and development stages. SMEs affect the economic prosperity and social stability of a region and a country (Li & Tian, 2008).

The composition of China's small and medium-sized private enterprises, according to Li (2004), includes the following categories: private industrial and commercial enterprises; individual, family or clan-owned enterprises; joint-stock enterprises formed through the reform of individual, family or clan-owned enterprises; partnership enterprises; enterprises established through public fundraising; and enterprise forums which were formed through the reorganization of state-owned assets, has both state investment and individuals. Xi's (2018) speech at a private enterprise forum highly recognized the development and accomplishment of private enterprises. Overall, private enterprises in China are responsible for more than 50% of the country's tax revenue, more than 60% of GDP, more than 70% of technological innovation achievements, more than 80% of urban labor employment, and more than 90% of the total number of enterprises.

The small and medium-sized private enterprises defined in this study mainly refer to the economic entities through private investments in accordance with the law, where the number of employees is fewer than 300 or the business revenue is less than 200 million yuan (ca. 25 million euro). These enterprises provide product or service that meets the needs of the society as manifested in their autonomous operation, self-financing, self-discipline, self-development, and independent ownership.

China's small and medium-sized private enterprises have developed rapidly since the country started its reform and opening up, and have become an indispensable, most dynamic and fastest-growing force in the national economy. The small and medium-sized private enterprises continue to compete and grow in the fierce market competition with its flexible and varied business methods. Because of the different historical, cultural, political, and economic operating systems of different countries or regions, SMEs themselves experience a variety of problems. Chinese SMEs have experienced such problems as inadequate management mechanisms, difficult credit financing, weak internal control, weak awareness of risk resistance, and lack of high-quality talents, which have affected the development and growth of SMEs (Wang & Cao, 2018). Studies show that most SMEs generally have a predicament of low growth rate and high mortality (Zhang, 2012a). This situation also plagues the development of SMEs in different parts of the world. Statistical studies show that the average life expectancy of American SMEs is less than 7 years, the average life expectancy of European and Japanese companies is 12.5 years, and the average life expectancy of Chinese enterprises is 6-7 years, while the average life expectancy of small and medium-sized private enterprises is even shorter, only 2.9 years (Gong, 2015). As such, the development and growth of small and medium-sized private enterprises are not optimistic, and their pressures for survival are very high.

According to the "2017 Chinese Business Operator Questionnaire Tracking Survey Report " released by the Chinese Entrepreneurs Survey System, the difficulties that the enterprises have encountered in their business development, in descending importance order, are: (1) the increase in labor costs, identified by 71.8% respondents; (2) the high social security and tax burden, identified by 49.7% respondents; (3) rising energy and raw material costs, identified by 40.4% respondents; (4) corporate profit margin is too low, identified by 36.3% respondents; (5) lack of talent, identified by 35.9% respondents; (6) financial constraints, identified by 31.7% respondents; (7) overcapacity in the entire industry, identified by 30.3% respondents; and (8) difficulties in recruitment, identified by 21.9% respondents. These problems fully reflect the main difficulties that Chinese companies have today in development and growth.

As China's reform deepens and the industrialization process accelerates, small and medium-sized private enterprises face new challenges and must reshuffle their cards. Regardless of how the environment outside the enterprise changes, the business owners must pay attention to internal cultivation and internal problem solving. They must use their

internal controllability and stability of the enterprise to respond to external changes and uncertainties and to ensure that the enterprise survives in the turbulent environment.

## **1.1 Small and medium-sized private enterprises operation environment**

### **1.1.1 Backgrounds of small and medium-sized private enterprises**

Small and medium-sized private enterprises have small scale of operation, operate in industries with low barriers to entry, have a relative shortage of people, money and materials. Their products have low added value and profit margins, lack market competitive advantage, possess outdated technology, and have weak innovation ability (Wang, 2014a).

In China, more than 90% of Chinese private companies' set up funds come from self-employed entrepreneurs, entrepreneurial partners and their families (Wang, 2014b). Therefore, the phenomenon of "relatives' faction" and "fellow home towners' sect" is the biggest characteristic of small and medium-sized private enterprises. As a result, there appears nepotism and "internal fighting", which restrict development, refrains people from doing their best and causes serious talent turnover.

In many SMEs, there is no limit to the number of working hours. Some of them not only do not provide regular holidays, but also do not allow regular time off. It is a common practice for people to work overtime at night. One person often has multiple jobs, the scope of work is borderless, and has to be on constant call for company's ad hoc work orders or temporary arrangements. Survey studies show that, in China, the managers often allocate and manage employee working time randomly. Due to temporary work needs or urgent work tasks, 25.2% of respondents indicated that they need to work overtime; more than half of the overtime workers only had half a day or one day off, even 40.9% of people had no leisure time. These results would definitely have a serious impact on the physical and mental health of employees and family happiness (Wang et al., 2017).

The management mechanisms are not well developed. Management policies often become decorations. There is lack of enforcement power. Roles, responsibilities and rights are unclear. Rewards and penalties are not well defined. Ad hoc decision-making, non-institutionalization of management, and irrational implementation of execution are common in small and medium-sized private enterprises. With fast changes in the market

environment and intensified competition, it has gradually become a factor that restricts and hurts the development and growth of these enterprises (Zhan, 2002).

Small and medium-sized private enterprises need government support and policy assistance. But unlike their large enterprise counterparts, it is difficult for these small and medium-sized private enterprises to keep up with the changing pace of government policies, regulations, and industrial structure. Small and medium-sized private enterprises have their own financial systems that are not standardized. Their corporate credit levels are low. Corporate governance structures are weak. Their ability to deal with risks is weak. All these problems have led to difficulties or slow progress in the financing of small and medium-sized private enterprises, and have hindered their development and growth (Wang, 2019).

The 2016 Research Report on Turnover and Salary Adjustment by 51Jobs.com shows that, in recent years, as China's demographic dividend has gradually subsided, the cost of regional living has increased, industrial upgrading and transformation have increased, which have further increased the supply gap for front-line operating employees. "Labor shortage, recruitment difficulty" have become the norm and the new bottlenecks that restrict the development and growth of enterprises.

In most SMEs the business decision-making process is entirely controlled by business owners. For many of the business owners; making money is the only goal. Employees often focus their attentions on the personal enjoyment of the boss, without giving serious thoughts to the true values of the company's existence. Little attention has been given to the long-term development, social responsibility, employee growth, and corporate culture of the enterprise (Li, 2015). After some enterprises pass the startup stage and begin to take shape, the business owners often immerse themselves in past achievements, are satisfied with having achieved their ideals. Or, with the expansion of the organization and the increase of personnel, they feel inept about the management, and feel extremely tired or burned out from struggling, gradually lose the initial inspirations and dreams when they started the business. They no longer strive to develop and grow. They often forget the commitment they made to the employees, which lead to the turnover of excellent employees.

### **1.1.2 Management dilemmas of small and medium-sized private enterprises**

The main conflicts that small and medium-sized private enterprises current face include the conflict between family ties and standardized management and the conflict between enterprise scale increase and low management capability, which have become constraints that restrict the effective development of small and medium-sized private enterprises (Zhang, 2012b). On one hand, these conflicts result from the fact that there are many management layers in the company, which include the relatives and friends of owners, both the husband's and the wife's sides. Because of the family relationship and the trust factors, the personal relationships within the company are complex, and the performance of the whole team is very low. On the other hand, as the company develops and matures, most of the "entrepreneurial veterans" take over the major leadership positions. However, many of them come from the frontlines of marketing or production. Their technological innovation capabilities and leadership are weak, which often cause chaotic management in the company.

China's small and medium-sized private enterprises have four "congenital defects": insufficient funds, outdated technology, poor management, and talent shortage. These defects often manifest by the facts that many private entrepreneurs initially succeeded by relying on the relationship of "blood, kinship, geography" and the spirit of "dare to fight and dare to struggle". But their education level is generally low, management methods are coarse and simple, and the extent of professionalism of the management and technology level is low. At the same time, the costs of cooperation between the upper management and lower management levels and between peer colleagues are getting higher and higher (Wang, 2009). There are still some private SMEs that have not yet formed a good management mechanism and is difficult for external personnel to enter the management circle of the company. Internally, the capabilities of the existing talents are not fully utilized. As a result, many high-quality talents do not share the same vision and identity with the company, and often leave the company (Wang, Li, & Jiang, 2010).

As the costs of domestic labors and the prices of raw material rapid increases, the advantages of Chinese small and medium-sized private enterprises in those two areas have become bleak. The original informal and unstructured management models can no longer support and promote the sustainable development of the enterprises (Luo & Yu, 2013). The market competition is fierce, orders are unstable, quality problems are pervasive, and the

digital economy is booming. These changes in the environment and in business uncertainties affect the survival and growth of many enterprises. As the enterprises face the problem of how to continue to operate, the management reform of the enterprises is therefore inevitable.

According to the data analysis of "SMEs' Survival Status and Development Strategy" issued by Alibaba SMEs Business School in 2017, 46% of SMEs lack confidence in their future development and growth. The main problem stems from the lack of innovation ability, talent strategy, internal management level, business model and development concept. These problems prevent the enterprise from adapting to new economic growth models. Development and transformation requirements bring great pressures on the SMEs. At the same time, many companies' development relies too much on personal experiences and cannot keep pace with the changing time. In most of the companies, business owners must attend to all issues by themselves, are stuck in the internal operation management of the enterprise, and thus have no time to consider the direction, strategy and planning of the enterprise that are necessary for the company's survival and growth.

### **1.1.3 Developmental opportunities for small and medium-sized private enterprises**

China has launched the massive and ambitious "Belt and Road Initiative", promoted supply-side structural reforms, implemented "mass entrepreneurship and innovation", released the reform dividend, provided tremendous support and broad space for the development of small and medium-sized private enterprises (State Council, 2017).

In addition, the Chinese government attaches great importance to the development of the non-public economy and has successively issued a series of preferential policies and measures. These policies and measures include ensuring that SMEs participate in market competition fairly, safeguarding the legitimate rights and interests of SMEs, supporting entrepreneurial innovation of SMEs, promoting the healthy development of SMEs, expanding employment in urban and rural areas, enabling SMEs to play an important role in national economic and social development (Standing Committee of the National People's Congress, 2017).

Small and medium-sized private enterprises do have certain characteristics and advantages, such as clear property rights, flexible management methods, simple decision-making procedures, and high efficiency. With the development environment and service system become increasingly mature and improved, small and medium-sized private



enterprises have the potential and conditions for great development and growth (Zhang, 2013a).

The fast development of the network economy, especially the development of e-commerce which is one of the core contents of the network economy, means that companies face revolutionary changes in strategic thinking, operation methods, organization structure. These changes present both opportunities and challenges for the survival and development of the small and medium-sized private enterprises (Chen, 2001).

## **1.2 Research on the problems faced by small and medium-sized private enterprises**

A high turnover rate plagues the development of enterprises and the recruitment and retention of employees are becoming more and more difficult. The appearance is "labor shortage", but the essence is low satisfaction and high turnover rate of employees (Pu, Yu, & Xue, 2010). In the era of the digital economy, workers prefer to work for companies in industries and in positions with better working conditions such as higher wages and lighter workload. As companies continue to reduce the number of management layers, almost no employee would work in one organization for life. Employees tend to switch from one organization to another (Wong & Xi, 2010). The so-called "slash youth" refers to the situations where one person achieves his/her own value pursuit by working for multiple platforms and by experiencing the balance between work and life. The 2016 Research Report on Turnover and Salary Adjustment by 51Jobs.com shows that, since 2015, China's economic development has begun to slow down, and some enterprises have fallen into a low tide during the transformation process, which has led to a further increase in the turnover rate. In terms of employee turnover rate by industries, the turnover rate in the manufacturing, traditional service and consumer goods industries was 20.9%, 19.8%, and 19.6% respectively, while the turnover rate of operational personnel was the highest among all positions, reaching 25.3%. This has further increased the supply gap for front-line operational personnel of small and medium-sized private enterprises. The high turnover rate in e-commerce companies, which have the fast business growth among all companies, is problematic. According to the "2016 China E-Commerce Talent Status Survey Report" released by the China E-Commerce Research Center in 2017, among the surveyed e-commerce companies, the turnover rate within one year was below 10% for 20% of

companies, 10 to 20% for 28% of companies, 20-30% for 26% of companies, 30-50% for 15% of companies, and 11% for more than 50% of enterprises. The turnover frequency and rate of frontline operational personnel and e-commerce professionals have been on the rise, which has threatened the sustainable development of enterprises.

The focus of this thesis is to examine factors related to the turnover of small and medium-sized private enterprise. The specific questions addressed in the thesis are: in small and medium-sized private enterprises, what management mechanisms may reduce employee turnover intention and improve employee satisfaction? What antecedent factors affect management mechanisms?

### **1.2.1 The influence of management mechanisms on employee satisfaction and employee turnover intention**

As competition become more and more fierce and dynamic in the current business environment, the market structure is constantly changing, and talents are always looking for better employment opportunities. A reasonable employee turnover rate may give the company a vitality, but an overly high turnover rate may bring a series of adverse consequences to the organization, including declined financial performance and employee frustrations (Park & Shaw, 2013). Attracting talents to join the company and retain them over time is the main focus of competition among enterprises. Maintaining a continuously high level of employee satisfaction is the key to retain talents. Management mechanisms affect all departments and employees at all levels in the enterprise. Different industries may require different types of management mechanism. By the same token, different management mechanisms may be needed in the different stages of a company's development and growth. If enterprises do not change mechanisms accordingly, they may benefit from short-term effects, but they will suffer from the adverse long-term impacts.

There are various reasons to show how management mechanisms may have different effects on employee satisfaction and turnovers. First, every enterprise that has survived has its own way of management and operations given that it has a unique development history, characteristics and management methods. The specific organization growth path is a crucial factor that must be considered in understanding how management mechanism in different companies affect their employee satisfaction and turnover. Second, there are people at different levels in the enterprise with different expectations and objectives with regards to implementation process and results of the management mechanism. The effect

of management mechanisms on employee satisfaction and turnover depend on the perspectives of the specific personnel who provide the assessments. Third, the management mechanisms themselves are the results of the interactions and enactments among the various factors within the enterprise. How different management mechanisms affect employee satisfaction and turnover are contingent on the specific factors that are under consideration and the relationships among them. In many companies, managers do not pay attention or have not studied the impacts of management mechanisms on employee satisfaction and turnover. As such, there is critical need to understand how management mechanisms affect employee satisfaction and turnover.

### **1.2.2 Factors affecting management mechanisms**

As is discussed above, with the increasing pressure of international and domestic competition, the success of Chinese enterprises is increasingly dependent on excellent human resources. Improving employee work performance has become an important condition for enterprises to gain competitive advantage (Raymond et al., 2002). Management mechanisms involve a process of constantly breaking down the status quo and restructure a new organization, which would frequently change business processes and management habits. In management practice, management mechanisms need to keep pace with the times, continuously innovate and make improvements, adapt to the development needs of enterprises and individual employees, and promote the improvement of corporate performance. As An (2015) points out, a company cannot continuously develop and growth without a complete set of management measurement and assessment mechanisms. However, in different stages of the organization's growth, enterprise have different focuses and require different management measurement and assessment mechanisms. Therefore, the growth of a company is inseparable from the efforts and performances of its employees. The implementation process of the management mechanisms is influenced by not only environmental factors from outside the enterprise but also many factors from within the enterprise such as corporate culture, departmental culture, leadership and employees' individual value preference. The leadership style and culture of a department, as well as the employee's experiences and value preference with the workplace directly or indirectly affect the implementation process and results of management mechanisms.

### **1.3 Research contributions**

The author of this thesis is a founder and CEO of a small and medium-sized private company in the Delta Region of China. This research stems from the author's own experience and challenge in leading his organization through the different development and growth stages. Combining his experiences and management problems with the extent literature, the author was able to develop a research model and a set of hypotheses that delineate (1) how management mechanisms affect employee satisfaction and turnover; and (2) how organizational factors such as culture and leadership, and employee factors such as individual value preference, affect management mechanisms. The author used both case studies and survey methods in this research. The cases studies include action-based case data and interview-based case data. The survey study includes the development of the survey questionnaire, collection of survey data, and tests of the research model and hypotheses.

This research contributes to the management literature by bridging a gap regarding what small and medium-sized private enterprise in China can do to improve employee satisfaction and turnover. Two sets of relationships are studies. First, the research examines the effects of management mechanisms on employee satisfaction and turnover intention. Second, the research examines the effects of organizational factors such as culture and leadership and employee factors such as individual value preference on management mechanisms. The research proposes a new perspective of management mechanism to conduct employee satisfaction research, which may further contribute to enrich new ideas and methods of enterprise management research.

Leveraging on the relationship between enterprise management and employee experience, this study establishes a model based on the management mechanism intended to match employee dynamic satisfaction and reduce employee turnover intention and to provide some theoretical guidance for employee management.

This research also aims at providing applicable guidelines for management practice of small and medium-sized private enterprises. In the current rapidly changing environment, these enterprises must keep pace with the innovation and improvement of management mechanisms. They should pay attention to employees' work or position to see whether it can help them achieve their value preference, try to provide employees with better experience that aligns with the employees' own growth value. Only through appropriate

alignments between the employees and the enterprise, will the enterprise be able to develop and implement effective management mechanisms which, in turn, will enable the enterprise to maintain the appropriate level of employee satisfaction and turnover.

## **1.4 Structure of this thesis**

This thesis is carried out in a multi-stage research process as shown in Figure 1-1. This thesis firstly studies the background predicament of small and medium-sized private enterprises in the current environment, proposes the problems to be studied, conducts a summary analysis based on the relevant literature involved in the research question, constructs the research model to study the influence of management mechanism on employee satisfaction and employee turnover intention, and then, through case studies and questionnaire surveys, tests the research model of among the various study variables, discusses the theoretical and managerial contributions, discusses research limitations and future research directions.

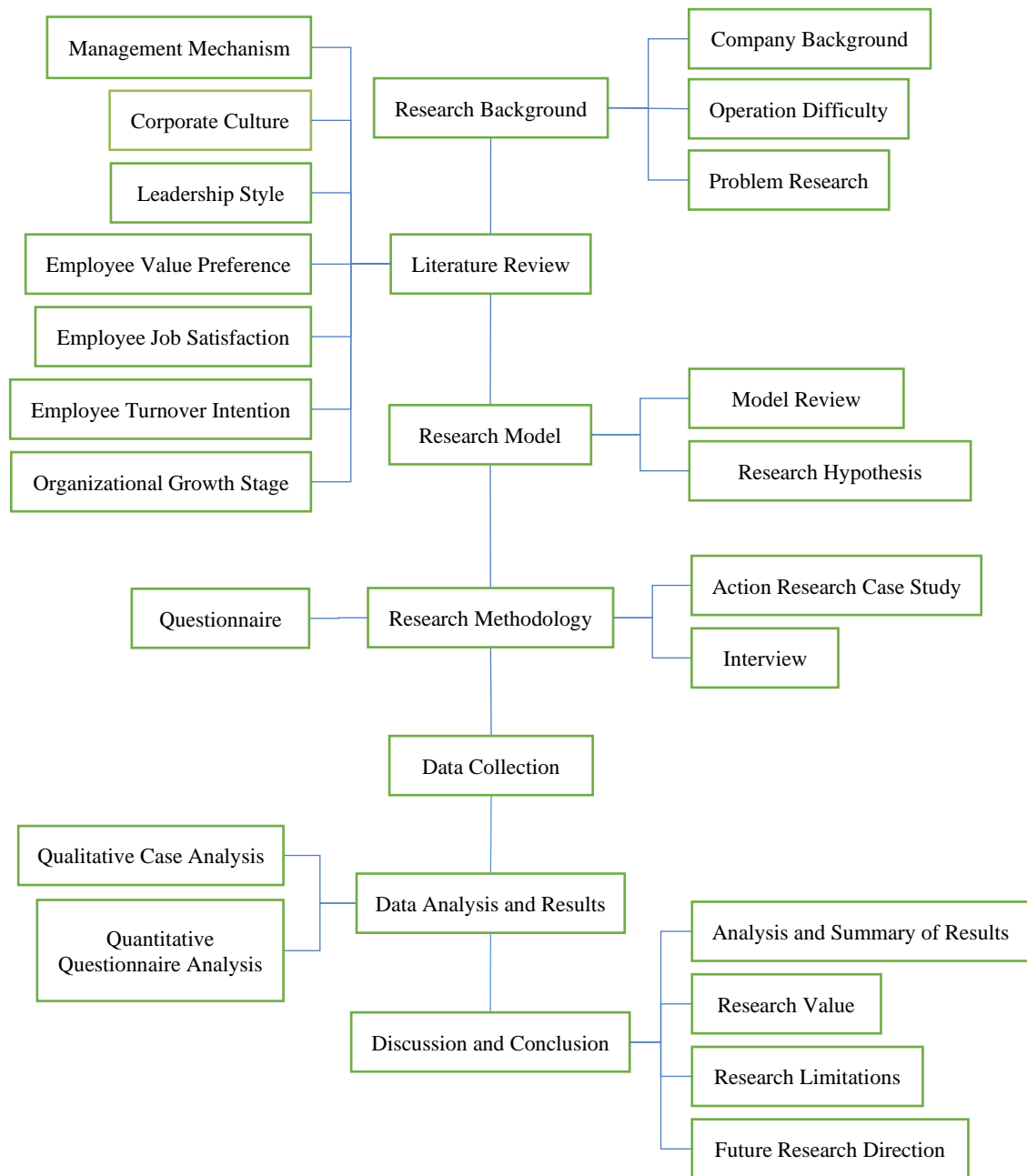


Figure 1-1 Schematic diagram of the research process

## **Chapter 2: Literature Review**

In the literature review process, we search, organize and analyze the current research literatures on management mechanisms, corporate culture, leadership style, employee value preference, job satisfaction and employee turnover intention. At the same time, we search, organize and analyze the organization growth stage and lifecycle models that is used in the action-based and interview-based case studies.

### **2.1 Management mechanism**

#### **2.1.1 Concepts of management mechanisms**

The concept of mechanism begins with the use of physics machine gears and operating principles. Borrowing from the theory of biological evolution, various scholars have studied the interaction between the structure and process of the organizational system. In the social sciences, the mechanism design theory started in the field of economics and was originally initiated by Hurwicz (1972). The concept of mechanism appeared with the emergence of problems, aiming at solving problems in practice. The standard of judging mechanism design concerns information efficiency and incentive compatibility that are needed to achieve the goal of designing with minimum cost (Tian, 2003). The application of mechanism design theory to enterprise management has evolved into the research and application of management mechanisms.

The management mechanism is the organic constraints among various organizational relationships and their operations within the management system. The focus of management mechanism is equal rights and responsibilities, information processing, and equitable incentives. The management mechanisms involved in an enterprise are the organic connections between the four mechanisms of decision-making, information, incentives and constraints (Zhang, Wang, & Xi, 1997). Management mechanisms enable the organization to rationally allocate the power, responsibility, interests and other factors among the members of the organization and make it work towards the overall organizational goals (Hao, 2006). The management mechanisms are the ways and processes of the circulation and change of material flow, information flow and personnel

flow brought by the manager's cognitive trigger, which can improve the effectiveness and efficiency of organizational management (Wang, 2016a). In summary, the management mechanisms are parts of a management system that includes the structure, systems, skills, and habits of the organization. They carry the management processes and actions, so that the structure and relationship within the organization can be continuously reproduced. Management mechanisms also enable the organization to constantly adjust to the external environment to promote the stable development of the organization jointly with the environmental factors.

### **2.1.2 Classification of management mechanisms**

As organizations and the environment change, the classification of management mechanisms is diverse and evolving. From the perspective of management system function, it can be divided into behavioral goal-oriented mechanism, internal coordination mechanism, environmental adaptation and development mechanism (Li, He, & Li, 1999). From the perspective of organizational structure, it can be divided into technical mechanism, institutional mechanism, and cultural mechanism (Feng, 2005). From the perspective of action and evolution, it can be divided into framing mechanism, diffusion mechanism, conversion mechanism, and reorganization mechanism (Campbell, 2005). From the perspective of outcome effects, it can be divided into guiding mechanism, equilibrium mechanism, and dynamic mechanism (Chen & Wu, 2011). These mechanisms involve management methods such as objectives, culture, motivation, coordination and balance, transformation and adaptation, respectively. The classification of the mechanisms is both independent and interconnected. In response to the new situation facing the organization, they are constantly adapting to each other. The ultimate goals pursued by management mechanisms are justice, fairness, order, interest, efficiency and innovation (Chen & Wu, 2011).

Management mechanism is a process of design, adaptation, and reform. Since the environmental variables, human resource-related variables, and internal variables of enterprise management are in constant changing states, it is difficult to define any management mechanisms in a one-size-fit-all fashion (Xin, 2008). Due to the differences in cultural and ideologies between China and foreign countries and the differences in the management fundamentals of enterprises in various countries, Chinese enterprises cannot simply imitate or copy the management methods that were developed in other countries.



They must find management mechanisms that suit their own unique operating conditions and pay attention to the cultivation of internal skills and humanized management (Lin, 2010). In addition, the environment faced by the organization is complex, dynamic and uncertain. Therefore, enterprises must establish appropriate management mechanisms to enhance the adaptability of the organizational system to changes in the external environment so that, even if the environment of the organizational system undergoes tremendous changes, the internal system is always managed in an orderly way (Li, 2012).

### **2.1.3 Management mechanism settings**

With the economic globalization and rapid development of science and technology, Chinese enterprises are facing a wider range of competition. The competition between enterprises has shifted from competition based on traditional market and cost to competition based on talents, and to competition based on talent-based management mechanisms. The management mechanism defined in this study concerns the establishment of a management system by business owners and managers to strengthen the stability and adaptability of the organization. Through appropriate design and control of cultural management, performance evaluation, incentive structure, innovative behaviors, and other aspects, the organization can survive and grow in the changing environment.

#### **2.1.3.1 Culture management**

Culture as a way of life is a product of social development; management as a human practical activity is a product of the social environment. Therefore, culture and management are symbiotic (Chai, 2018). Management is manifested through the development of culture and also evolves as the culture evolves (Hu, 1995). Culture seems illusory, but it affects everyone in the company, very much like the air affects everybody. Only by transplanting the corporate culture into the minds of employees in a right way and applying in practice can it play an invaluable role. As proposed by Hao (2006), culture is like a magnetic field that affects and restricts the organization and the behavior of everyone in the organization. Although culture does not represent all management practices, everyone should abide by the rules, customs, and behavior patterns of their own businesses. Different cultural backgrounds breed different management cultures. The value of culture in management is represented by different functions such as orientation, sense of belonging, coordination, and restraint (Chai, 2018).

The goal of culture management is the grounding of company culture, letting employees recognize and accept the cultural ideas of business owners and enterprises, and work together to build a community of corporate destiny. The process and methods of cultural grounding generally involve three cultural carriers: basic carriers such as leaders, personnel selection, assessment, rewards and punishments; intensive carriers such as training, stories, role models and institutional processes; supporting carriers such as activities, environment or publicity. These three carriers must be used throughout and repeated in order to truly achieve the power of cultural management (Qu, 2016). They provide a more comprehensive interpretation of the content and management processes of cultural management. However, all carriers are inseparable from the persistence and support of leaders. Leaders should have a high degree of emotional intelligence in the process of cultural management, which influences the performance of employees and thus affect the performance of the enterprise (Altındağa & Köseadağı, 2015). Leaders can control the behaviors of employees through cultural management. Leaders can also pursue business innovations through cultural management. But at the same time, employees need to provide an appropriate cultural environment for the development of the organization (Szczepańska-Woszczyna, 2015). Cultural communication and integration are inherently selective. Leaders cannot achieve complete consistency in the process of culture management. They need to choose a beneficial way to complete the evolution of culture (Verdier & Zenou, 2015).

In the process of culture management, leaders need to pay attention to negative culture. SMEs should pay more attention to the consequences of negative culture, only by eliminating negative culture can companies cultivate positive culture (Brooks, 2007). Cultural building of SMEs is very important. However, there are many challenges in the culture building process. Leaders should pay close attention to the cultural disadvantages and loopholes in the organization so that culture can serve the management and improve the performance of the company (Tidora et al., 2012).

SMEs are built from their cultural management model. They focus on the local traditional culture by integrating corporate culture into their daily management, workers' skills training, people-oriented values and craftsman mentality on product quality (Zheng, 2016). By the same token, small and medium-sized private enterprises in China develop and grow based on their cultures which affect the implementation and results of management mechanisms.

### **2.1.3.2 Performance evaluation and incentive mechanisms**

In “Performance Management: Perspectives on Employee Performance”, Williams (1998), listed the evaluation and assessment of employee performance as an important part of small and medium-sized private enterprise management. The concept of performance management has become commonly accepted and practiced in the business world. There are a variety of management theories and methodologies that concern the development of performance management. These management theories and methodologies can be roughly divided into the following three categories:

(1) From the perspective of talent input-conversion-output process, there is a performance evaluation mechanism with results of performance at the core. Job performance refers to the quality and quantity of tasks performed by individuals or groups at work (Gardner, Schermerhorn, & John, 2004). Managers must have a clear definition of performance so that teams or employees can understand the organization's expectations in order to achieve organizational goals (Cascio, 2006).

(2) From the perspective of well-rounded managers, there is a performance evaluation mechanism centered on potential development and capability development. It emphasizes the relationship between employees' potential and performance, attaches importance to the quality training and future development of employees. There are shortcomings and gaps in the employee's performance evaluation of traditional small and medium-sized private enterprises. The companies often ignore the development of employees in employee performance appraisal. Paying attention to the development of employees can not only meet their individual needs for safety and respect, but also enable them to better achieve self-worth (Conyon, Peck, & Read, 2001).

(3) From the perspective of value-creating process, there is a performance evaluation mechanism that strengthens process management with value traction and behavior evaluation at the core. Performance is behavior since it is the actual action of people and can be observed. It should be distinguished from the results because results are affected by system factors (Campbell et al., 1993). Job performance concerns all behaviors related to organizational goals. These behaviors can be measured by the level of individual contribution to the organization's goals (Borman & Motowidlo, 1993).

The performance appraisal mechanism is a complex behavioral outcome system and a management measure to ensure the operation of the company. It serves the growth goals,

encourages and regulates employee behavior. There are many factors that affect its effective implementation. It needs to be continuously adapted and improved in work practice since if the performance evaluation mechanism is not done well, the manager cannot effectively manage the employee's work status and behavior.

With the increasingly fast changes of the corporate environment, the fast development of new management theories, and the continuous inventions of management technologies, it has become a common practice to use multiple indicators to evaluate corporate performance in the contemporary enterprises (Zhao, 2009). Companies use more than one performance-assessment indicator approach to achieve diversity of indicators for performance assessment and incentive appraisals. These indicators include financial and non-financial measures, which are balanced by different weights (Datar, Kulp, & Lambert, 2001). The comprehensive performance evaluation mechanism is a collection system with multiple performance indicators. Its comprehensive characteristics are more intuitively represented as the diversity of performance evaluation indicators (Chenhall, 2005). According to Moers' (2005) definition, the diversity of performance evaluation indicators refers to the use of multiple performance indicators for incentive purposes. Assessing diversity guides the direction of employees' behavior by providing more information about individual expectations (Hall, 2008). Current companies should strive to establish a more comprehensive performance appraisal system to provide more and more integrated information for business managers and employees to support and improve the efficiency and effectiveness of the company's operations management, and to achieve the company's overall performance improvement (Wan & Zhao, 2009).

Enterprises generally use the results of performance evaluation as the basis for motivating employees at different levels of the enterprise. However, the guiding role of performance evaluation in individual behavior within the organization is ultimately achieved through incentive mechanisms (Zhao, 2009). Incentives refer to the systematic design of some norms within an organization. These norms are used to stimulate the motivations that contribute to the achievement of organizational goals, and to constrain the motivations that are not conducive to the achievement of organizational goals, thereby achieving the overall goals of the organization (Gu, 2017).

Among small and medium-sized private enterprises, most of the business managers are also business owners. Due to the overlapping rights between ownership and management, agency costs such as supervision, incentive compensation, and loss of

residual control are reduced (Su & Li, 2004). As a social existence, human beings pursue spiritual needs such as safety, self-esteem, emotion, social status and self-realization in addition to material pursuit. However, in the actual management process, due to the limitations of the business owners themselves, the structure of employee incentives is often designed as a single indicator which lacks pertinence, resulting in insignificant incentive effects. Incentives pursued should match the equivalence and unity between the company's profitability and the employee's rewards through the performance evaluation mechanism (Brockner & Wiesenfeld, 1996). That is, the purpose of implementing incentive mechanisms within the organization is to motivate individuals to act in ways that are conducive to achieving organizational goals.

Human demand is the direct motivation of human pursuit. Improving the incentive method based on demand is the direct path to guide people's pursuit. It is necessary to explore and improve specific incentive methods according to the diversity, hierarchy and development of human needs (Sun, 2017). Small and medium-sized private enterprises must fully understand the needs of their employees with their own unique flexibility. For employees in different departments, and even the same employee at different stages of development, companies should adopt different incentives, and should continue to develop and update incentives to ensure that each stage of the organization growth has the most appropriate incentives. Meeting the expectations of these employees in a targeted manner will ensure the effectiveness of the incentives. The close relationship between the performance appraisal system and the incentive system suggests that the relationship between performance appraisal and individual performance will primarily depend on how the incentive system affects individual behavior (Bonner & Sprinkle, 2002). Managers need to explore and apply a variety of incentives to meet the diverse needs of employees, and interact with them, so that both parties can maximize their respective effectiveness, thus achieving a contract or relationship that shares the fruits of company growth.

Based on the different time periods of incentives, they can be divided into short-term, medium-term and long-term incentives. Short-term incentives are generally for all different time points within one year. Short-term incentives are mainly for employees who have specific task objectives, or for employees who complete their work on time with the right quantity and quality. It is most suitable for the typical employees. Medium-term and long-term incentives are generally for measurement time points beyond one year. Generally, a five-year time limit is set, and the longest period is normally less than 10

years. The purpose of these medium-term and long-term is to continuously encourage employees who contribute to the company. These incentives are mainly for key talents of the enterprise (Ma, 2016a).

Short-term incentives are to encourage employees to seize current opportunities and promote the healthy development of the company. However, the medium-term and long-term incentives are to maintain the stability of the workforce and to inject continuous strength into the sustainable development of the company. Therefore, combining short-term incentives with medium-term and long-term incentives can fully motivate and achieve the potential of an employee, which in turn is more beneficial to the company.

According to different forms, incentives may be divided into extrinsic and intrinsic incentives. Extrinsic incentives are derived from the outcomes of employee behaviors, that is, outcomes beyond work results. They are expressed as compensation, benefits or bonuses. Intrinsic incentives focus on an individual's behavior originating from personal interest, work achievement and self-value realization brought by the work itself or the interest brought by the work process (Ryan & Deci, 2000).

When the enterprise adopts extrinsic or intrinsic incentives, employees will select and display corresponding behaviors and attitudes according to the management mechanism and incentives presented to them. On the other hand, they will further adjust their behaviors and attitudes according to their own personal interests, work achievement and self-value.

### **2.1.3.3 Innovative behaviors**

With the rapid advancement of the knowledge economy, accelerated technological innovation, shortened product life cycle and increasingly fierce competition between domestic and international markets, enterprises are facing the pressure to solve problems quickly and to constantly introduce innovations. Therefore, companies need individual employees who demonstrate more innovative behaviors (Anderson, Potočník, & Zhou, 2014).

Innovation refers to novel and useful ideas put forward by individuals (Amabile, 1996). Innovative behavior should include three processes as generating, promoting, and implementing (Jassen, 2000). The innovation behavior of SMEs specifically includes the innovation capabilities of products and processes. Product innovations help companies create unique new products that are difficult to be replicated or be produced by other

organizations. In contrast, process innovation capabilities include new management methods, production methods and technologies that can be used to improve management and production processes. Both product innovation and process innovation focus on reducing delivery times and operating costs (You, Hou, & Sun, 2017). Improvement is also an innovative behavioral activity, which refers to the employees' active participation and continuous improvement of their working system in order to meet the needs of organizational development and employee self-growth, to achieve the desired results. Innovative behavior includes both new ideas and the formation and development of new products and technologies, as well as improvements in existing management processes to improve work efficiency (Liu & Shi, 2009).

This study defines innovative behavior as a practical, innovative activity that employees use to gain a competitive advantage and maintain their own continuous growth momentum. It also refers to the implementation of innovations at various levels within the organization and the performance improvement brought about by the implementation process. In short, in an ever-changing and uncertain environment, in order to maintain sustainable survival and growth, and to remain sustainable competitiveness, organizations and their employees need to continuously innovate and improve. The organization appropriately manages and develops the behaviors of employees, stimulate their enthusiasm and positive energy, thus promote and enable innovations that benefit both the organization and the employees.

Enterprises should adopt different management mechanisms in different contexts and growth cycles. They must innovate and improve their own management mechanisms in line with social development trends to ensure that improvements can have a positive impact on the overall operation of the enterprise. By doing so, the enterprises can achieve the optimization of human resource allocation, drive the work enthusiasm of employees, improve employee work efficiency, and enhance sustainable competitiveness of the enterprise.

## **2.2 Corporate culture**

### **2.2.1 Concept of corporate culture**

Culture exists ever since the emergence of human beings. Culture penetrates the daily actions of human beings. Cultural exchanges and integrations, regardless of countries or regions, have existed since the ancient times. Cultural studies have long been widely concerned in various fields around the world. Cultural concepts are also diverse. The classic cultural definitions are derived from Tylor's (1958) description: culture is a composite whole in terms of its broad ethnological significance. It outlines that culture encompasses spirit, ideology and traditional customs.

Culture is a social phenomenon with a time dimension. It transforms into a traditional custom under the deposition of time. It creates a new ecological civilization in the passage of time. As Zou (2004) proposes that no matter it is cultural traits or cultural systems and no matter it is material or spiritual culture, only through the change of culture, can we move from the original old form to self-development and renewal to show the unique charm of the new culture. This shows that advancing with the times is the essential way in which culture exists.

Culture is a kind of power, with certain adaptability and strong management attributes. It exists in all fields of the society. It often shows different forms. Culture is formed in corporate organizations after evolution and consolidation. The study of corporate culture has been enriched and become more extensive with the development of the economy and the growth of the enterprise. In the 1950s and 1970s, the rapid development of the Japanese economy is believed to be due to Japanese corporate culture, mainly loyalty, teamwork, and integrity. This has aroused the interest and attention of Western scholars and brought the climax of corporate culture theory research (Zhu, 2005a).

### **2.2.2 Value of corporate culture**

Culture originates from the organization's production management practices, and at the same time, serves the organization's production and operation processes. The formation of the culture in small and medium-sized private enterprises was initially embodied in the obvious individual characteristics of the business owner, namely the "boss culture". Part of the corporate culture is shaped by leaders or founders (Tsui et al., 2006). As the shapers of



the enterprise and culture, the words and deeds of business owners affect the thinking and behavior of employees. In the process of accumulation and consolidation, corporate culture is gradually transformed into a win-win situation for employee progress and enterprise development, realizing the organic unity of benefit sharing, mutual respect, cooperation and development. Corporate culture is the sum of the overall behavior, habits and traditions formed by the long-term advocacy of business leaders and the positive identification, practice and innovation of all employees under the influence of a certain social culture environment (Wang & Zhou, 2002). Corporate culture is a value concept and code of conduct that is formed when an organization engages in economic activities and is recognized by members within the organization (Liu, 2004).

Schein (1985) defines corporate culture as a shared, basic way of perception, thinking, and behavior that a group acquires when solving its external adaptive problems and internal integration problems. Corporate culture is based on the company's own demands and is the result of the integration of various behaviors, training and values in the company's development trajectory. Corporate culture is a shared value system formed by the values, creeds, rituals and practices of all members of the enterprise over time, which determines the attitude of employees and their response to the external environment (Robbins, 1999).

In corporate management, the system is the hardware of management and the culture is the software of management. The place where the system cannot manage is bound by culture. Corporate culture is composed of corporate environment, values, customs, rituals and cultural networks in the enterprise; values are a core part of corporate culture, which enable the maintenance of a balance between corporate competitiveness and employee needs (Deal & Kennedy, 1999).

Organization's memory is the main embodiment of corporate culture. It has been recording the company's words and deeds since the day the company was born, and it has obvious characteristics of the enterprise itself. The culture of an organization should be composed of its tradition and ethos. It also includes organization's values that define activities, opinions, and action patterns (Ouchi, 2007).

Cameron and Quinn (1998) believe that the change of corporate culture should keep pace with the development of the enterprise. They divide corporate culture into four types of culture: temporary institutional, tribal, hierarchical, and market oriented. These four

types of corporate culture exist at all stages of corporate development, but a specific type of culture will emerge as a dominating one at each stage of corporate development.

Based on a four-level perspective, Chen, Cao, and Zeng (2010) divide the corporate culture from the surface to the essence into four aspects: material culture, behavioral culture, institutional culture and spiritual culture. The main behavior of the enterprise guides and supports the corporate culture. Established employee behaviors can shape the material culture, institutional culture and spiritual culture of the enterprise. Through those aspects, corporate culture influences employees and plants corporate culture into employees' consciousness and eventually enables employees to form behavior habits.

Every company needs a corporate culture that promotes company growth and team integration. In building the corporate culture, with the leader as the core, the management team formed by the middle and senior managers of each department plays a key role. The management team is the backbone of the organization. Leaders and managers are distributed in all departments of the enterprise. Each department of the enterprise has its own unique characteristics and history. So, each department possess a departmental culture that meets its functions and characteristics.

Middle and top management play a role of connecting the dots between the different cultures that exist in the organization. As leaders, the middle and top management serve as positive role models, provide guidance, demonstrate results, and shape norms (Chen & Ding, 2011). Departmental culture building is particularly important. However, the building of departmental culture cannot be separated from corporate culture and must be re-constructed based on corporate culture. It is a social phenomenon, a historical accumulation of the company's development process, and a refinement of corporate culture. It directly affects the employee's culture and is the sum of the values, work concepts, work behaviors, work goals and departmental images formed by the department in the company's business activities. The relatively independent values and codes of conduct formed by different departments and groups in the enterprise are consistent with the corporate culture. They also restrict and influence the overall effect of corporate culture (Zhu, 2005b).

### **2.2.3 Corporate culture conflicts**

Because of the difference among an organization's employees in individual characteristics such as age, gender and personal beliefs, and in social backgrounds such as

families, educations or social classes, employees in different functional departments can easily form small sub-culture teams (Jermier et al., 1991). Therefore, various types of subcultures are formed within the organization, which will inevitably lead to cultural and subcultural conflicts within the organization (Bolman & Deal, 1997). These are mainly due to changes in the organization's growth and organizational structure. As Hofstede (1998) argues, the cultural structure within an enterprise becomes more complex as the complexity of the organization increases. Every company has its own corporate culture. In its development and deposition processes, an organization will be affected by the external environments of economy, science and technology. The cultural tradition on which a company is formed would be different. Differences in geography, education, customs, and nature of work among members within the same department or among different departments could also lead to differences in the personalities and patterns of departmental cultures.

Cultural conflicts within an enterprise are derived from cultural differences and diversity that exist among the various departments. These cultural conflicts influence the ways by which people think and behave in different departments. Cultural differences will affect the intrinsic motivation through the following aspects: (1) the employee's self-concept, including personal beliefs, values etc.; (2) norms, work ethics, and understanding of achievements; and (3) demographic factors, including education, socialization, economic conditions, political and legal systems (Steers & Sanchez-Runde, 2002). Cultural conflicts have both positive and negative features. From the positive side, moderate levels of cultural conflicts are conducive to mutual learning and mutual growth among various departments within the enterprise, and to organizational innovation (Huang & Liu, 2009). From the negative side, frequent and significant culture conflicts will weaken the mutual trusts between departments, undermine interpersonal cooperation, and increase the complexity and difficulty of management (Hu, 2002). The role and influence of cultural conflicts on enterprises depend on the nature and magnitude of cultural differences. The key lies in how enterprise managers can use them and effectively control them, and whether they bring benefits to the enterprises. Culture is a coupler that connects the whole organization together. Communication and coordination mechanisms are the basic path to resolve cultural conflicts. As McAleese and Hargie (2004) state, communication connects the various factors within the enterprise, such as people, machines, materials, methods, and environment, to achieve cultural development.

In summary, in this study, we believe that corporate culture is formed through the transmission of ideas stemming from the organization's production practices, especially the accumulation of successful experiences in the organization's development process. Corporate culture depends on the specific characteristics of the industry that the organization operates in. Normally corporate culture consistent with the founder's philosophy and are consensus with most members of the organization. A company must pay full attention to the integration of internal sub-cultures to improve business profitability. If each department transforms from shaping a cultural concept to executing a specific behavior, then the culture promoted by the enterprise can nurture the unique spirit of the employees and accumulate synergies and centripetal forces within the enterprise. In the modern economic environment of information iteration, interpersonal teamwork and employee's personality development should be encouraged. It is necessary to establish a people-oriented management philosophy, so that culture is no longer the foil of business management, but the result of employee innovation and creation, and even become an important means of enterprise management.

## **2.3 Leadership style**

### **2.3.1 Concept of leadership style**

Leadership style theory studies the effectiveness of leaders with subordinates and firms. Different leadership styles have different effects on team members' work efficiency and job satisfaction (Lewin, 1951). Leadership style is a special behavior of individuals used by leaders to motivate followers to achieve a consistent goal (Chen, 1993). Leadership style is considered to be a behavioral pattern and influence path formed by powerful, dynamic individuals. It can have an impact on the organization processes (Bono & Judge, 2003). A good leadership means that the leader has a vision and is full of personality and character (Bolton, Brunnermeier, & Veldkamp, 2013). All the above authors have shown that leadership style is a manifestation of a leader's ability to have personal charisma.

The leadership situational theory holds that leaders should change leadership style and management methods with the organizational environment and individual transformation (Hersey, 2003). Because of the differences in personal traits, personal backgrounds such as age, gender, and growth environment, each leader's leadership style will be different when

they exert influence on others. The most effective leaders are those who can flexibly change leadership styles when necessary, taking such styles as referees, amiable style or guiding style and being able to make corresponding adjustments as business environment changes (Goleman, 2000). As a leader, sometimes he/she may take a different behavior in order to achieve his/her goals like focusing on control and supervision, or on trust and decentralization, or preferring to use interpretation and persuasion, or establishing close relationships and encouragement. In fact, leadership cannot be generalized by a single style of leadership.

### **2.3.2 Characteristics of leadership style**

Leadership style in a company usually refers to the different characteristics of the leadership that affects both the short-term and the long-term operations and success of the enterprise. The leadership style normally is gradually formed by the leader based on personal experience over a long period of time. Leadership style and practices of the management plays a crucial role in stabilizing the organization and coordinating the workflows in the operation of the company. There are substantive differences in leadership styles among managers (Robbins, 2005). A leader's level of education and expertise will also affect the leader's management style. In particular, educational experience of a leader sets up the foundation for the formation and changes of leadership. Professional trainings are often needed to provide the leader with knowledge advantages in her technical field. With a high level of education, a strong professional training background, and an extensive amount of practical experiences, the leader would have strong control over the management of the enterprise and is likely to have an acute appetite for innovation. Leaders at the different levels of the enterprise demonstrate diverse leadership styles at different stages of the corporate development and growth lifecycle. The varied leadership styles have different evolutionary trajectories. A truly effective leader should be a combination of dynamic evolution of multiple leadership styles that match the situational factors at different stages of the organization growth lifecycle (Cao, Xi, & Zhang, 2013).

Leadership style is a behavioral characteristic of the leader that is influenced by his personal characteristics. Leadership style has a significant relationship with the leader's personal experience and long-term leadership practice, and it usually has very distinct personal characteristics (Zhang, Zhao, & Zhang, 2006). If the leader has industry experience or technical experience related to the current business, he/she can help the

company to better understand the industry background and development trends and possess the ability to grasp new opportunities that other leaders may not be able to sense and respond to. If the leader has entrepreneurial or professional management experiences, he/she will help the company to cope with external uncertainties with ease and effectively choose risk prevention measures. As a member of the society, the leader cannot avoid interactions with the society, and he/she would be affected by various social factors during the company's growing lifecycle stages. The leader's unique social experience has more or less influenced the leadership style exhibited in the leadership process (Cao, Xi, & Zhang, 2013).

Compared with the structured and standardized management and organizational processes of large enterprises, the strategic decision-making and management of SMEs are influenced more by the individual entrepreneurs than by the various environmental and internal factors. The founders of SMEs have a greater impact on corporate behaviors (Mullins, 1996). This shows that the influence, words and deeds of business owners in SMEs have received the greatest attention. Takeda (2007) for example, concluded that 99% of the performance of a 1-9 employee business is determined by the personal quality of the business owner; 98% of the performance of a 10-29 employee business is determined by the personal quality of the business owner; and 96% of the performance of a 30-99 employee business is determined by the personal quality of the business owner. These statistics suggest that the overall quality and leadership style of the business owner play significant roles in determining the success or failure of SMEs. As an enterprise goes through the ups and downs in the different stages of the organization's growth lifecycle, its behaviors and performance outcomes are inextricably linked to the leadership of the company (Zhu, 2009).

### **2.3.3 Categories of leadership style**

The business owner is often also the founder and watchman of the enterprise. In order to produce and operate with appropriate levels of effectiveness and efficiency, he/she needs to organize various resource elements and rationally configure, deploy and utilize them in productive ways. In daily operational practice, from the employee's point of view, there are different views and categories of leaders. A leader may be the business owner, that is, the boss of the company. At the same time, the leader may be the direct superior of employees. As an employee, compared to his/her relationship with the leader as the

business owner, he/she may be more concerned about the leader as the direct superior who would affect his/her interests and wellbeing at work, especially when it comes to performance assessment, salary or promotion. In SMEs, the owner builds his/her own social network within the enterprise for the needs of management and spends more time with his/her subordinates, which gives his/her more opportunities to influence their attitudes, behaviors and knowledge (Nguyen, 2001).

Conceptually, leadership style can be viewed as consisting of two levels according to the position of the leader. The first level concerns the enterprise level, often the leadership style of the organization founder, that is, the influence of the organization founder on the departments and employees under her oversight. Leadership style at this level involves the culture, strategy and executive force of the organization. The second level is the leadership style of the department level management, or middle management. For an enterprise, it concerns the leadership style of the middle or lower levels of managers across all departments of the enterprise. Management is at the middle level of the organizational structure and is an important channel and medium for information communication and transmission within the organization. Management has a role specificity compared to business owners and basic employees (Zhao, 2009). Managers at different levels are executors of corporate strategy and direct leaders of employees. In middle level management positions, managers exercise leadership, pay attention to the performance of management at all levels, including corporate performance, departmental performance and employee performance. Managers often need to play many roles in dealing with such issues as how to translate the company's strategic goals into the specific implementation of daily operations and how to deal with the needs of employees in different positions. As stated by Qi and Wang (2003), managers need to encourage teamwork and pursue higher goals, authorize or help team members to achieve better performance, guide and support team decision making, create team spirit and consistency, advocate and influence innovation and change of the company. Only then can they lead their teams to better accomplish the tasks that are crucial to the achievement of the overall enterprise success.

In summary, during the development and growth of small and medium-sized private enterprises, leadership skills and leadership styles of managers cannot be described simply by high and low, or good and bad. Different leaderships styles and approached required to meet different demands stemming from inside and outside the enterprise. It is the right way as long as the direction and goals of the company are achieved. Therefore, as a business

manager, it is necessary for her to possess and adjust leadership styles that are aligned with the specific demands of the organization as it goes through the different development and growth lifecycle stages. Managers must take on the leadership and lead with the appropriate leadership style, serve as good role models, adjust their own leadership styles to adapt to the environment, in order to promote the continuous growth and development of the enterprise.

## **2.4 Employee value preference**

### **2.4.1 Concept of employee value preference**

Chinese traditional culture believes that "Cultivating the self, regulating the family, governing the state, then leading the world to peace" is the highest goal of the pursuit of individual life value. As heaven maintains vigor through movements, a gentleman should constantly strive for self-perfection. As earth's condition is receptive devotion, a gentleman should hold the outer world with a broad mind." These have been traditionally viewed as the embodiment of individual life value pursuits.

The value of individual work is reflected in the importance of certain results obtained by the individual in the work environment (Elizur, 1984). Its essence is the gain that the work can bring to the individual. The pursuit of value stems from the essential needs of human beings. It is a strong motivation brought by the persistent pursuit of a set value goal, thereby stimulating and penetrating the individual's practical purpose (Wang, 2002). Each company has its own unique corporate personality and development characteristics. Different employees have different perceptions and evaluations of the meaning of their jobs in the company. General individual values are reflected through their working life. An employee's perception about the meaning of his/her work is manifested in the personal return or personal goal that he/she receives through his/her work (Schwartz, 1999). That is, individual employees actively create and contribute to achieve self-worth through their own efforts.

Human development and human value pursuit are inseparable. Human development is ultimately realized in the process of value pursuit, value creation and value realization. People's all-round development is the main goal of employee value preference (Wang, 2004a). From the perspective of human development, material pursuit and spiritual pursuit



are two indispensable aspects of human survival and development. They are important parts of realizing the all-round development of human beings and also the true meaning of modern people's happy life (Sun, 2017). The pursuit of individual value of employees dominates the behavior, concepts and attitudes of employees in the enterprise. The pursuit of individual value is a relatively stable process filled with variables. In a certain environment, the individual values of employees are gradually formed in the acquired work and living environment and, once formed, will stay in a relatively stable state and judge the meaning of work and life goals, which has a great impact on work expectations and behaviors (Tan, 1998).

People have both material and spiritual pursuits. Between the two, material pursuit refers to what the individual does to meet the low-level needs that are materialistic in nature. The material pursuit tends to address the individual's basic need for human existence. In contrast, an individual's spiritual pursuit refers to what the individual does to meet the high-level needs that are spiritual in nature. It is the main driving force for people to take active, conscious purposeful decisions and make the corresponding efforts to make meaningful progress (Sun, 2017). Because of people possess different material resources and have different needs, they differ in what and the extent to which they pursuit spiritual and materialistic needs. As people go through in life the transition from poverty to wealth, they tend to weigh in what and how they choose between the spiritual pursuit and the material pursuit (Wang et al., 1996). The pursuits, for both material and spiritual purposes, not only meet people's material and physiological needs, but also represent a certain reputation and status, which can win the respect and admiration of others and produce psychological satisfaction and incentives.

#### **2.4.2 Meaning of employee value preference**

In enterprise management, employee's value preference stemmed from the employee's recognition of corporate goals and values is the main influencing factor of organizational identity (Wang, 2004b). The success of Japanese companies is due to not only company songs and lifelong employment systems, but also the rediscovery of people in the organization (Xue & Zhan, 2011). Respecting and recognizing individual employees are not only the essential requirement of employee management, but also the key to stimulate the vitality and creativity of employees and ultimately condense individual values into collective wisdom.

It has become a major trend that companies are becoming smaller in size and increasingly emphasizing teamwork, which requires managers to engage, empower and activate the employees so as to strengthen the vitality of the organization (Wu, 2000). With the rapid development of the Internet economy and technology, the changes in the individual value orientation of employees have led to a gradual change in the relationship between employees and organizations. Employees have more opportunities and stronger willingness to choose a stage suitable for their own development. As Robehmed (2013) found, in small companies with less than 100 employees in the United States, 47% of the staff are "post-80/90" employees. Small companies do not have a well-defined structure but can cover a wider range of work skills, and can develop a sense of accomplishment that can quickly contribute to value. This shows that the realization of employee value preference is not related to the size of the organization but related to the organization's management mechanism.

Organizations not only need to recognize and respect the independence of individual members, but also need to act to fully stimulate individual creativity and better integrate individuals and organizations (Chen, 2015). Enterprises must pay close attention to and meet the legitimate interest appeals of each individual employee. Companies need to create conditions for each member to achieve all-round and free development. Companies can establish reasonable incentives and interest mechanisms by setting goals, values, and appropriate performance standards to create conditions that would motivate employees to pursue shared values, and reward them for their shared value (Yang, 2015). Promoting self-realization of employee value preference and sustainable development of employee performance are the keys to the overall success of the company.

Under the traditional work mode and management structure, employees are often regarded as replaceable parts and productivity. Companies set up policies to regulate daily working hours and work content and assess employee performance using standard measures. In such traditional work mode and management structure, the value of an individual employee is measurable. However, as the labors have different values in today's work mode and management structure, it is difficult to measure the value of an individual employee. The role of an individual employee has become more important (Ma, 2016b). The change in the individual value of employees, in turn, brings new problems and requirements to enterprise management. It is necessary to accumulate and activate more individual employee's strengths and talents to create sustainable forward momentum for

the development of the enterprise. According to Zohar (2016), leaders should view individual employees as "energy balls" and leverage their innovations and ideas, which can bring creative energy to the enterprise.

The fast changes in the new era have brought great challenges to the enterprise. Many employees from the new generations were born from 1980 to 2000. As these employees enter the working ages, they have become new labor forces for the enterprise (Zemke, Raines, & Filipczak, 1999). Because of differences in their growth environment and educational background, compared with the older generation of post-1960s and post-1970s employees, the new generation of employees has significant differences and uniqueness in values, behaviors, and turnover issues (Lu & Li, 2014). The replacement of the former generations in the employment population is accelerating. The post-1980s and post-1990s generations of employees have basically passed the stages of food and clothing needs in the Maslow's basic hierarchy of human needs. As new knowledge and new technologies are continuously infused into and applied in the workplaces, in order to realize their own value pursuit, these new generations of employees must rely on the platforms and growth space that the organization has established to continuously grow through the accumulation of experience there. When the organization grows, its employees will gradually realize their value preferences.

## **2.5 Employee job satisfaction**

The study of job satisfaction originates from the concern and discussion of corporate employee psychology. As early as in 1918, Edward Lee Thorndike used psychology to analyze and study the relationship between work and employee satisfaction (Bian et al., 2003). Later, Hoppock' (1935) defined job satisfaction as the subjective response of employees to the work situation. It is the psychological and physical feelings that the work itself and the working environment bring to the employees.

Due to the different perspectives or scope of researcher, there is no uniform standard for the definition of job satisfaction. Below are some examples of job satisfaction definitions in the literature. Job satisfaction is a pleasant and positive emotion that stems from job evaluation and work experience (Locke, 1976). Job satisfaction is an emotional response to work that results from the comparison of individual expectations of work obligations with actual results (Cranny, Smith, & Stone, 1992). Job satisfaction is a

person's psychological reaction to his work experience (Berry, 1997). Job satisfaction can be defined as some of the implicit factors that are embedded in the work itself, influenced by the employee's own subjective evaluation of his goals and expectations (Seibert & Kraimer, 2001). Job satisfaction reflects the attitude of an employee in her assessment of her work or work experience (Lu & Shi, 2002). Job satisfaction is the degree to which employees' needs are met, including the psychological and physiological needs, especially the satisfaction of realizing employees' personal value and the positive emotions that employees can feel at work (Li, 2005). Job satisfaction refers to the degree of an employee's reaction to positive emotions at work. This emotional response is driven by whether employees can achieve their inspirations at work, or their values are aligned with the work (Morris & Venkatesh, 2010).

In addition to the classification based on emotions as mentioned in the above literatures, there is a classification based on attitudes. Job satisfaction is an attitude, more specifically, an attitude towards work (Brief, 1998). Satisfaction reflects work attitude and enthusiasm (Robbins, 1997). The satisfaction of an employee is derived from the individual's perception of the pleasant or positive emotional state of work itself or work experience evaluation (Jin & Sun, 2007). Job satisfaction is a collection of an employee's perceptions and beliefs about her current work. This attitude includes both the overall feeling of the job and the specific aspects of an employee's job such as job type, colleagues, superiors and wages (George & Jones, 2008). Job satisfaction is the subjective response of employees to the work situation. The formation of job satisfaction depends on the interaction of individuals with their environment (Cui, Zhang, & Qu, 2012).

People's views and attitudes toward work are also different in different cultural backgrounds. In some regions or countries, work that conforms to people's universal values may not be suitable in other regions or countries.

Employee satisfaction is a dynamic concept. The form of job satisfaction depends on environmental factors and may not be stable over a period of time (Bussing, 1992). Depending on the perspectives that researchers use, job satisfaction has been conceptualized and categorized in a variety of ways. Employee job satisfaction is related to the concept of productivity. Employees are key drivers for productivity. A higher level of employee satisfaction can improve production efficiency which in turn efficiency can promote the development of productivity (Li, 2000). Employee job satisfaction has significant effects on a company's profitability, customer loyalty, productivity, and

ultimately, the success of the enterprise (James et al., 1994). The level of employee job satisfaction directly affects their morale and job performance: when employee job satisfaction increases by 3%, customer satisfaction will increase by 5% correspondingly. For enterprises whose employee satisfaction is over 80%, the average profit rate increase will be about 20% higher compared with other companies in the same industry (Chen, Fan, & Liu, 2002).

The government should use various means and management measures to solve problems, for example, how to transform the social group's dissatisfaction with work into a state of willingness to accept, thus reducing social problems (Anker et al., 2003).

Under the people-oriented management idea, the management focus of the company is to make employees satisfied. To achieve this, it is important to transform the old management philosophy of "employee serves the enterprise profit" to the new management philosophy of "enterprise serves the employees" (Zhao & Yang, 2007).

Both employee career development prospects and work compensations will affect employee job satisfaction, which in turn determines whether an employee would quit her job and leaves the company. In addition, as far as the influences on job satisfaction, employee career development prospects are more important than work compensation in most cases, therefore, managers should pay more attention to the opportunities for employee personal growth than merely attend to only work compensations (Ma & Trigo, 2008).

Job satisfaction is often considered to be directly related to personal productivity and personal subjective well-being, which is one of the main factors affecting business efficiency and organizational effectiveness (Liu & Cao, 2016). Employee satisfaction is a fundamental issue that affects organizational income growth and profitability. It is the basic driver for achieving organizational profitability (Ge, 2011).

As a measure of employee's subjective perception of the specific aspects of the company, employee satisfaction is a true reflection of the employee's heart. Many companies currently use the continuously dynamic job satisfaction of employees as a key indicator for measuring whether or not the company is growing healthily. If the company can reasonably consider the needs of employees and motivate employees with scientific and fair methods, it will improve employee job satisfaction (Zhou, Zhang, & Wang, 2016). Therefore, clarifying the influencing factors of employee satisfaction and improving

employee job satisfaction have become one of the most important tasks of enterprise management.

In summary, appropriately define and measure of job satisfaction that align with the purpose and context of studying job satisfaction-related research models can eliminate unnecessary conceptual misunderstandings. In our research, we combine the case study observations and the literature to define and measure job satisfaction. Based on the appropriate definitions and operationalizations of the job satisfaction variable as a dependent variable in our research model, we can examine empirically how different management mechanisms influence job satisfaction.

## **2.6 Employee turnover intention**

The problem related to employee turnover has always been a serious concern for both the management practitioners and the academic researchers. The decision of employee turnover was influenced by an employee's feelings of work comfort and their desire to change, which in turn, is affected by both the employee's job satisfaction with her current job and the prospective alternative job opportunities that he/she can choose from (March & Simon, 1958).

Price (2001) believes that turnover is "the change in the status of individual employees as members of the organization". In a narrow sense, turnover refers to the termination of material benefits obtained by individual employees from the organization and the process of separation from organizational members (Zhang, 2011). In a broad sense, turnover is a movement of labor, that is, labor transfer, including movement between work areas, movement between occupations, or movement between industries (Song, 2014).

In terms of type of employee turnover, turnover can be divided into voluntary turnover and passive turnover. Voluntary turnover means that the employee herself decides to leave, including various forms of resignation. In contrast, passive turnover means that the company decides to dismiss the employee, including dismissal and removal (Mu, 2012). From the perspective of employee's turnover behavior, turnover can be divided into explicit turnover and implicit turnover. Explicit turnover refers to the actual resignation behavior, and implicit resignation refers to the intention to resign without actual action (Xiao, 2014). For enterprises, passive and explicit turnover are generally controllable, and

have relatively low impact on enterprises. However, voluntary and implicit turnover are mostly unpredictable. And if the number is too large, it will bring unpredictable impact on the organization.

Over the years, the labor supply and demand relationship in China has dramatically changed. Change in the concept of career choice for the new generation workers and the establishment of new labor regulations in China have made employee turnover an increasing trend (Xie, Wang, & Zhang, 1999). The most obvious manifestation of the employee's turnover behavior is whether the turnover intention problem of the employee on active duty has received attention and value from the organization. The turnover intention is the next withdrawal behavior after employee's experience dissatisfaction (Porter & Steers, 1973).

Turnover intention refers to the expectation of leaving a job that an employee has been working on (Dmitry, 2013). The turnover intention reflects an employee's overall attitude and willingness for leaving her employer to seek other job opportunities (Miller, Katerberg, & Hulin, 1979). The turnover intention can also be understood as the attitude, thought or willingness of the employee to leave the organization. It is the possibility that the employee's individual turnover behavior will occur within a certain period of time and can be measured by assessing the degree to which the employee desires to leave the organization (Zhang, 2013b).

The factors affecting the employee's turnover intention are multi-faceted and multi-leveled. In some cases, a certain single factor can become the fuse that triggers a chain of events which ultimately leads to the departure behavior. In most cases, turnover intention is caused by a combination of multiple factors. Job satisfaction and alternative job opportunities play critical roles in an employee's decision-making process of departing her job, as such, they have been viewed as important determinants of employee turnover (Muchinsky & Morrow, 1980). Giving an employee a high level of recognition for her important to the organization would not only enhance her job satisfaction, reduce the turnover intention, but also increase the efficiency of the company (Johnson, Johnson, & Heimberg (1999). Employee job satisfaction and personal growth opportunities jointly play important roles in affecting employee turnover intention (Lee, 2000). The alignment between an employee and the organization has a predictable positive effect on the employee's turnover intention (Lauver & Kristof-Brown, 2001). When analyzing the factors of turnover intention, most of the studies considered only the bilateral relationship

between one variable and another without considering the integrative relationships among the relevant variables together (Ling, Fang, & Fu, 2005). From the psychological perspective, manager should contain the increase of employee turnover intention by effectively managing the determinants of turnover intention, which in turn, would help the company reduce the actual turnover behaviors (Luo, 2009). Turnover intention has been used in the research literature as the best variable to predict turnover behavior (Zhou, 2012).

Employee turnover is often correlated with the employment timeline and time period of the employee. The level of turnover in small and medium-sized private enterprises is distributed over the employment timeline as the followings (Chen, 2010). First, the highest level of turnover occurs right before or after the new employee trial period. The second highest turnover occurs right before or after the promotion time after the employee has worked for the company for about two years. The third highest level of turnover occurs right before or after the timeline when the employee has worked for the company for about five years. Therefore, enterprises should establish an early warning mechanism for employee turnover patterns to avoid and prevent the loss of talents. The adverse effects of employee turnover are mainly reflected in the costs associated with the departure of the employee, such as cost of recruiting and training of newcomers, loss of productivity, low morale, and interruption of workflows (Herman, 2000). Employee turnover has a ripple effect on the various aspects of the organization, causes significant harm to the enterprise, and increases the business risk of the enterprise. Of course, appropriate levels of turnover would have positive effects on the overall health of the organization's workforce. Turnover rate reflects management problems that exist in the organization but yet to be detected and controlled. Managers need to understand and grasp those factors that the organization can control, and then take measures to deal with subsequent turnover problems. At the same time, post-employment vacancies can be replaced by re-recruitment with higher requirements or higher standards, improving the organization's innovation capability and adaptability (Dess & Shaw, 2001). Therefore, turnover is a double-edged sword with both positive and negative effects on the overall health of an organization's workforce.

It is important that managers take into considerations of both the employee's and the company's perspectives. From the perspective of the employees, managers should keep be able sense and respond to changes in employees' attitudes and opinions, rationally allocate resources to match the individualized development of employees, drive employees with the



sense of accomplishment of the work itself and let the employees find the best roles in their work. From the company's perspective, managers should combine the interests of enterprises and employees, enhance employees' sense of identity and belonging to the company, seek long-term development on the basis of improving employee loyalty and cohesion and share the development results of the company together. With the balanced view and management of employee's turnover intention, organizations will be able to best assess and manage employee turnover intention from both the employees' and the company's points of view, to avoid the negative impacts of employee turnovers, and to leverage the positive impacts of employee turnovers.

## **2.7 Organizational growth stage theory**

Understanding the survival and sustainable growth patterns of small and medium-sized private enterprises has been a major concern for both management scholars, business practitioners and government agencies all over the world. Small and medium-sized private enterprises, from start-up and mature companies, would benefit from such understandings. A great deal of research has been devoted to identifying key factors that influence and survival and growth of small and medium-sized private enterprises.

The organizational growth stage theories define the major stages and key success factors across the lifecycle of an organization over time (Kimberly & Miles, 1980). An organization's survival and growth in different stages across its lifecycle constitute different contextual circumstances and are determined by different sets of factors.

Based our literature search and review, we found that, in terms of theories relate to organizational lifecycle of small and medium-sized private enterprises, the following classic theoretical models are of particular relevance. Based on organizational structure and degree of control, Quinn and Cameron (1983) propose a four-stage organizational lifecycle theory that consists of: (1) entrepreneurial stage, (2) collectivization stage, (3) standardization stage, and (4) refinement stage.

Based on the establishment of time and scale of an organization. Greiner (1998) proposes a five-stage lifecycle theory of enterprise growth. The theory emphasizes that corporate growth is driven by internal momentum and external environmental influences. These factors interact with each other and jointly affect the development of the organization. This model has been widely cited.

Nelson and Winter (1982) define four stages in any organization: birth, growth, aging, to death. The trajectory of enterprise growth is similar to the evolutionary theory of the biological evolution process of the survival of the fittest. The survival and development of enterprises show the characteristics of general organisms: life and death, health and illness; showing life cycle characteristics (Li, 2007). Mastering the value of the organization's life cycle lies in identifying the changing characteristics of the organization and the management problems in different stages of the organizational lifecycle (Beverland & Lockshin, 2010).

The vast majority of small and medium-sized private enterprises in China are in the founding stage, and most of them are struggling for survival. There are very few enterprises that can last and get through all the stages of the organizational growth lifecycle. The growth of entrepreneurial enterprises is generally divided into three stages: the seed stage, the survival stage, and the growth stage. At different growth stages, the enterprise will possess inherent characteristics and go through representative events (Xia, 2008).

Whether a private enterprise is in the creation and survival stage, or has already entered the success stage, change and innovation have always been the eternal theme of private enterprises. Enterprises must have a reasonable growth rate to prevent growth from getting out of control, otherwise they will fall into a growth crisis. As Drucker (1954) pointed out, the biggest problem for companies is the problem of growth, that is, preserving the balance between the matching of their own capabilities brought by growth and the satisfaction of customer value.

This study uses an organizational growth model that is a combination of the model proposed by Greiner (1998) and the model proposed by Quinn and Cameron (1983). Figure 2-1 illustrates the evolution and transformation of the enterprise during the growth process and demonstrate how the organization's management mechanisms are adapted to meet the organization's growth needs.

The first stage is the entrepreneurial stage, with an emphasis on technology, research and development, and market development. The organizational structure is informal, simple and flexible, relying more on the personal charm of the entrepreneurs. It does not require complicated management or strategy. The management mechanism at this stage is loose and simple. Through a period of accumulation and development, the number of personnel will increase, and the output and market will gradually expand. Enterprises are

violently oscillating and will enter a dangerous period, that is, leadership crisis. The next stage of change is needed.

The second stage is the collectivization stage, with an emphasis on the efficiency of operations. The organizational structure will be transformed into a formal, centralized functional structure, and the manager's behavior will be the guiding force. This stage of management forms a basic mode of operation, but when the enterprise develops to a certain scale level, the employees' work experience and skills will be continuously improved, and the management level will be increased as well, which leads to a new gap in the development of the enterprise, that is, autonomy crisis. The third phase of change is needed.

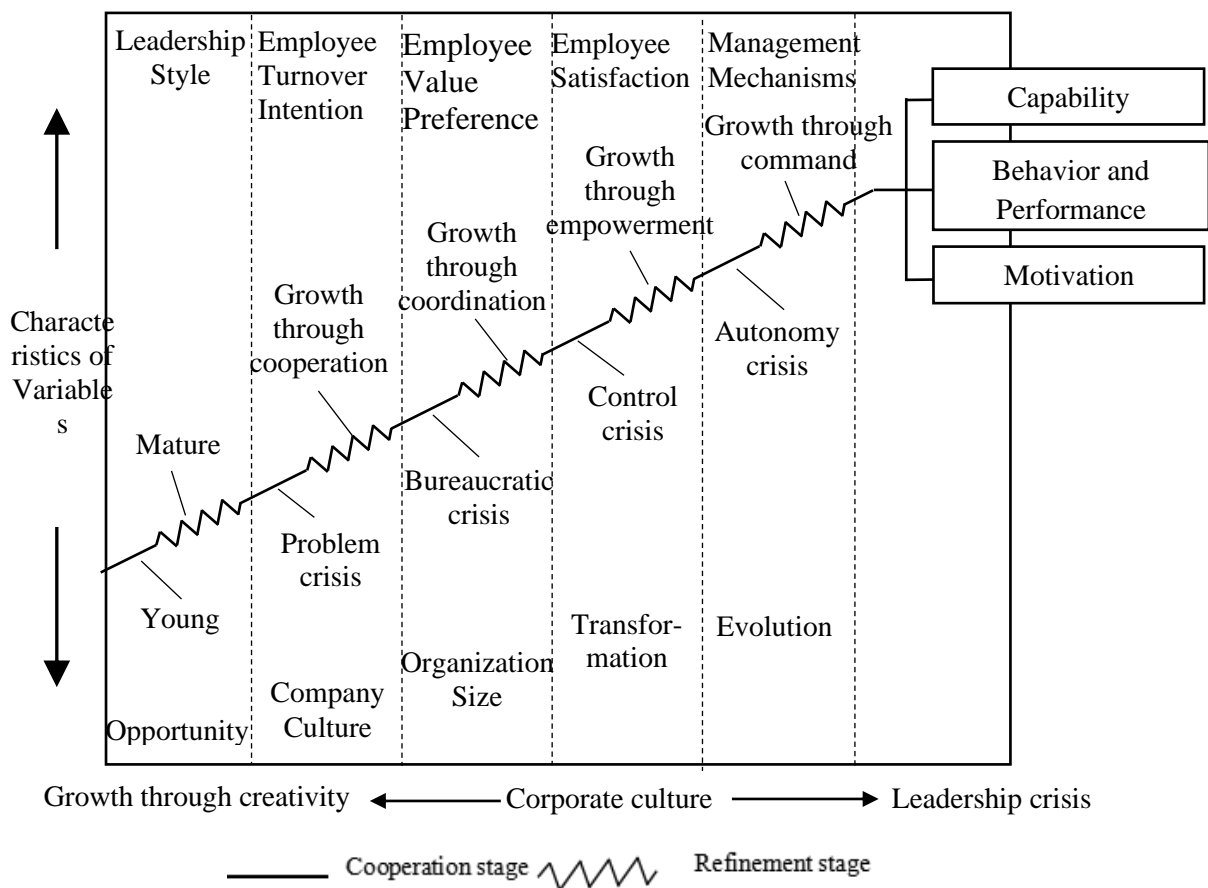


Figure 2-1 Organization growth stage mode

Source: Adapted based on Greiner (1998), Quinn and Cameron (1983).

The third stage is the standardization stage, with an emphasis on continuous management and portraying a management mechanism that is more rigorous and standardized. As the enterprise rapidly develops, it will also encounter new problems. Too much authority leads to silo and self-centered departmentalism and too much control

brings corporate difficulties. Enterprises will generate internal competition, giving way to a control crisis. Deep-level changes need to be carried out.

The fourth stage is the refinement stage, with an emphasis on procedural management and coordination skills. The organizational structure begins to solidify. The management mechanism at this stage faces a larger challenge and needs to be integrated in a diversified manner. Too many management levels, redundant staff and lengthened decision cycle all lead to a new bottleneck of enterprise development, that is, bureaucratic crisis. Enterprises need to break the existing business model and increase employee ownership and execution and move into a more radical revolution.

The fifth stage is the cooperation stage, with an emphasis on resource integration, teamwork and participatory management style. In order to achieve a win-win cooperation, the company needs to form cross-functional team across departments inside the company. The same time, the company needs to open the chain of suppliers and customers to achieve resource sharing and capacity integration outside the company to jointly respond to market changes. At this stage, companies should introduce value drivers to explore employees' creativity and advance teamwork.

Most companies do not strictly develop from one stage to another like the laws of life in the biological world. Sometimes multiple stages may coexist, and sometimes certain stages may be skipped in the process of development (Miller & Friesen, 1984). Therefore, leaders need to carry out management change and innovation in a targeted and continuous manner when enterprises enter different operating cycles or new development stages, in order to effectively promote the development of enterprises.

## **Chapter 3: Research Model**

The global connectivity of the Internet-based economy, the rapid introduction of artificial intelligence technology, the reconstruction of business models, and the comprehensive application of big data, have greatly changed the contemporary business environment. Enterprises can easily operate cross borders, and can quickly and seamlessly integrate with the outside world. The whole industry and world have become an integrated ecological chain. The boundaries of the organizations are increasingly blurred. All these changes have presented new challenges to today's management.

As organizations become more mature by moving up the layers in the organizational growth model, they face not only the fast-changing cultures in the external business environments, but also the ever-increasing forces of sub-cultures embedded in different units within the organization. There are more diverse perspectives and opinions that influence the values, decision-making processes and behaviors of the employees. The stability of the organization has becoming increasingly fragile. The loyalty of the employee has become much more difficult to manage. There are inherent conflicts among the various management systems and process. All these challenges present greater demands on today's management.

With the advent of the digital economy era, the relationships between the individual employees and the organization have become a mutually beneficial. Employees are no longer attached to the organization by loyalty, but rather they are focusing on achieving individual growth and organizational growth through innovation, seizing opportunities, proactively responding to and meeting customer demands. For today's companies, it is important to not only improve employee experiences, but also enhance employee satisfaction in the organization and reduce the loss of employees. The goal of the organization is to retain high-value employees and create value for organizational growth.

Based on the literature review in Chapter 2, we develop a research model regarding the relationships among leadership style, culture, employee value preference, management mechanism, employee satisfaction and employee turnover intention. The research model is presented in Figure 3-1. Although a number of factors have been proposed in the literature that affect the management mechanism construct, based on both our literature review and

our case studies, we propose "corporate culture", "leadership style", and "employee value preference" as the independent variables that affect management mechanism. Management mechanism is in turn proposed to affect employee satisfaction. The ultimate dependent variable of our research is employee turnover intention. In our research model, we propose that employee turnover intention is negatively associated with employee satisfaction. In the sections below, we discuss each of the five hypotheses proposed in our research model and provide supports to each.

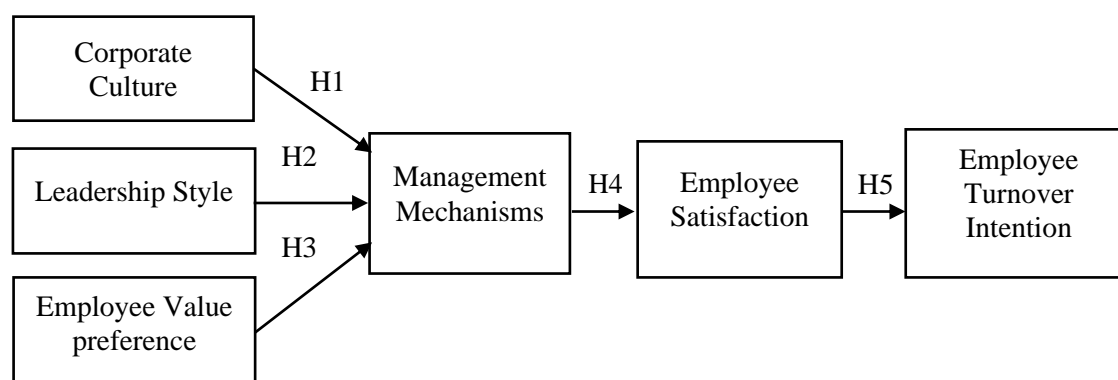


Figure 3-1 Research model

### 3.1 Relationship between corporate culture and management mechanisms

The diversity and difference of cultures that exist in the organization have significant impacts on all aspects of the enterprise. Different corporate structures and development environments will also produce different types of corporate cultures. Hofstede (1980) pointed out that many differences in employee motivation, leadership style, and organizational structure in a company can be attributed to the difference in "people's common psychological code" in different national cultures. Since enterprises are human organizations, in addition to institutions and rationality, only corporate culture can mobilize, motivate, and unite people. Kotter and Heskitt (1992) conducted in-depth analysis and research on a large number of actual cases of enterprises in different industries and concluded that corporate culture has a major long-term impact on the business and its performance. A strong corporate culture is the main reason for achieving good business performance (Robbins, 1993).

Regardless of how long a company has been in existence, how large it is, and what industry it operates in, corporate culture can impact company performance in many ways and affect financial indicators, employee satisfaction, and innovation behavior (Fisher & Alford, 2000). Performance appraisal is the essence of corporate culture, because it is like a lens, reflecting the glory of humanity of the company and the style of action (Strassmann, 2010).

The sustainable development of enterprises depends on core competitiveness, which stems from technological innovation. These technological innovations are in turn derived from management mechanisms which are often embodied in the organization's culture (Sun, 2011). The prevalence of company culture has a significant impact on corporate effectiveness in terms of employee participation, policy consistency, company mission and process adaptability (Jiang, 2010). Corporate culture is the catalyst for the effective design and implementation of management mechanisms. Enterprises must popularize and deepen the construction of corporate culture as they grow to become stronger and stronger (Li, 2012). Liu (2012) proposed the "CCP" (Culture-Conduct-Performance) model whereby corporate culture is transformed into business performance by acting on employee behavior. The relationship between corporate culture and performance is made more concrete and clearer through such theoretical models. The construction of corporate culture can promote the continuous upgrading and innovation of management. The interactive effect of culture and management derives organizational growth. The advantages and disadvantages of corporate culture not only influence the style of the management and the style of the enterprise, but also affect the operation of the management mechanisms of the enterprise in an all-round and continuous manner (Jia, 2016).

Corporate culture can ensure that individual employees of all shapes and sizes in an organization can seek the common ground while reserving differences in the face of contradictions and conflicts in their work. In the company working environment, culture enable employees to maintain consistent values and norms. They can perform the same set of actions in the same direction and in the same language. These are important guarantees for the operation of management mechanisms, and an important condition for ensuring the achievement and operational efficiency of the organization. In small and medium-sized private enterprises, their cultures have evolved over time along the company growth path. The management practices are deeply rooted in the company culture (Song, 2010).

Therefore, this study proposes the following hypothesis:

H1: Corporate culture has a positive impact on management mechanisms.

### **3.2 Relationship between leadership style and management mechanisms**

Leadership styles are varied, and there is no “one-size-fits-all” that applies in all situations. Effective leadership style must be adopted and utilized in a specific work environment or in a specific work situation. As Bass (1990) believes, leaders should assess the conditions and advantages of the organization according to the current state of the enterprise environment and social change trends, adopt the best leadership style, shape the corporate organization and improve organizational performance. In the initial stage of the enterprise, it is necessary to strengthen the management of the company’s potential, establish a prestige for the team, and make the organization and the people awe. Mature or stable enterprises have greater inertia and if change is needed, the top leader is required to be involved more. Through encouragement, praise, help and influence, the leader can effectively manage organization in accepting changes and make necessary adaptations to the company management mechanisms as needed in the different stages of the organizational growth model.

Leadership is an important subject of enterprise human resource management. Leadership behavior affects the overall performance of the company through designing and implementing management mechanisms which significantly influence employees' attitudes and behaviors (Jung & Avolio, 1999). Different organizational sizes and growth stages require different leadership styles which, in turn, influence the management mechanisms that are put in place in the organization (Ma, Yu, & Ma, 2008). The manager's leadership style has a great influence on employee's work performance since the higher the fairness of the organization, the higher the employee's job performance (Miao, Zhou, & Li, 2013). Managers' leadership styles in different growth phases of the company are also a reflection of the ability to resolve crises in the enterprise, which affects the business performance of the company to a large extent.

For the development of small and medium-sized enterprises, only when the enterprise itself recognizes the importance of leadership construction, promotes the development of the enterprise through appropriate leadership style, and represents the leadership and leadership style in the whole process of enterprise management development, can it create appropriate management mechanisms that are conducive long-term, sustainable business



growth and success. In reality, many small and medium-sized private enterprises do not pay adequate attention to leadership development. They often take arbitrary decisions and lack a democratic foundation thus easily dampening the enthusiasm of employees (Zhang, 2018). The lack of appropriate leadership in turn often results in ineffective management mechanisms that are misaligned with what the company needs to appropriately develop and grow

Therefore, this study proposes the following hypothesis:

H2: Leadership style has a positive impact on management mechanisms.

### **3.3 Relationship between employee value preference and management mechanisms**

The three key elements of a good work behavior in an organization are: employees must participate and remain in the organization; employee behavior must meet the specific role criteria required by the organization; employees actively engage in altruistic work beyond the requirements of formal job roles (Katz & Kahn, 1966). In the overall process of the business operation, enterprises must consider the differences among employees, adopt different management mechanisms at different stages of enterprise growth, and provide employees with a suitable growth environment so that they can fully realize their own values and exert individual contributions to the success of the organization.

The general work compensation theories advocated by the Western management practices emphasize that all things employees consider as valuable (both monetary and non-monetary) should be used as the bases for compensation. In addition, optimizing the combination of various reward elements based on the overall needs of employees, and rewarding employees from multiple angles can not only effectively attract, motivate and retain the talents needed for business success, but also achieve the goal of improving employee satisfaction and corporate performance. Wang (2016b) believes that the impact of individual employee attributes on reward perception and job performance is affected by the three aspects of social life cycle, family production cycle and career cycle, which will occur with the variety of such elements as age, marriage or education. By considering these holistic factors in adjusting the structure of employee compensation, companies can enhance the profitability of the company without increasing the compensation budget (American Compensation Association, 2012).

Individual employees join an enterprise with their own preferred values and ideals. In the company work environment, employees realize their ideals and pursue their own values in different ways. First, they may pursue the basic financial and material compensations as an inherent part of the work compensation. Second, employees may use the work environment to enrich their accessible business resources, enhance their individual skills and competence. Third, they may use their work as an intermediary channel to expand their social networks. Finally, employees may realize and ultimately optimize their values and ideals by harmoniously aligning their values, ideals and work with those of the company and others in the company (Li, 2014a). As such, in designing and implementing management mechanisms, it is critical for management to consider employees' value preferences. The focus of enterprise management is on aligning employee individual values with those of the company. The enterprise needs to establish a suitable management mechanism to release the autonomy and potential of employees to match and realize their value preference.

Employee individual value preference, as well as the company's management mechanisms, may evolve over time as the company grows into different stages of the organizational growth model. There are dynamic co-evolutions and mutual adjustments between employee individual value preferences and company management mechanisms. As the company grows into a different stage of the organizational growth model, employee value preference may change. As such, management mechanism must be changed to accommodate the changed employee value preference. Transitions from one growth stage to another is inevitably challenging, however, by effectively recognizing and understanding changes in employee value preference during the transition, the enterprise can make necessary changes to its management mechanisms to ease and enable the transition. In maintaining the necessary alignment between enterprise management mechanisms and employee value preference, the enterprise can build a work environment and dynamic capabilities to continuously understand the values of the employees and improve employee loyalty to the company.

Therefore, this study proposes the following hypothesis:

H3: The employee value preference has a positive impact on the management mechanism.

### **3.4 Relationship between management mechanisms and employee satisfaction**

As the business environment becomes increasingly dynamic, companies rely on the empowerment, flexibility and innovation of their employees to deliver business results. In such business environment and management context, a challenge to the enterprise is how to effectively influence individual employees and strengthen the teams so that they do not deviate from the original intention of the company (Simons, 1995; Lan & Zhang, 2013). Effective influence and control mean that different management mechanisms must be adopted at different growth stages of the enterprise to continuously improve employee satisfaction so that the company can keep stable and capable.

As the enterprise evolves and the work context changes, employee satisfaction does not remain the same, rather, it is always in a process of change. Understanding employee satisfaction, on the one hand, can clarify the problems in enterprise management and solve them in a proactive manner; on the other hand, through the evaluation of satisfaction, management can make necessary ongoing adjustments to their management mechanisms according to what is needed to improve employee satisfaction. Over time, management can maintain an effective continuous improvement process to the enterprise's management mechanism in a move preventive fashion to diagnose the status quo of organizational management and to prevent risks (Ran, Shui, & Hua, 2007).

As small and medium-sized enterprises evolve along different stages of the organizational growth model, both employee satisfaction and management mechanism are evolving at the same time. With the new generations of employees entering the workforce, many companies have found out in the hard ways that the use of the traditional management mechanism without considering the changing nature of the employee satisfaction has led to low employee satisfaction, reduced work enthusiasm, and even resignation (Lan & Zhang, 2013).

Therefore, this study proposes the following hypothesis:

H4: The management mechanism has a positive impact on employee satisfaction.

### **3.5 Relationship between employee satisfaction and employee turnover intention**

Employees with low satisfaction are more likely to leave or have an intention to leave their organizations (Carsten & Spector, 1987; Chen et al., 2011). These unfortunate results are often caused by the facts that employees who are not satisfied with their work often lose interests and motivations to continue working in the same environment. Job satisfaction, which is directly influenced by the management mechanisms that the enterprise has developed, is highly correlated with the willingness to leave (Ling, 2000). If an employee's job satisfaction is improved, he/she is less likely to lose interest in continuing working for the enterprise, which suggests that her turnover intention will decrease (Deshpande, 1996).

There have been a number of empirical studies demonstrated that employee satisfaction is negatively correlated with turnover intention. Demographic characteristics such as gender, age, and marital status may also affect employee satisfaction and turnover intention (Gong, 2004). Turnover intention is influenced by job satisfaction, age, and education. The younger the employee and the higher the education level the employee has, the higher the job satisfaction requirement he/she has, and the easier it is for his/her to show the intention to leave (Delobelle et al., 2011). Work satisfaction and turnover intention were significantly negatively correlated, and job satisfaction has a significant predictive effect on turnover intention (Liu & Peng, 2007). In the Chinese work environment, employee job satisfaction is a good predictor of turnover intention (Liu, Liu, & Hu, 2010).

Therefore, this study proposes the following hypothesis:

H5: Employee satisfaction has a negative impact on employee turnover intention.

## **Chapter 4: Research Methods**

In conducting this thesis research, we collect three sets of data: action-based case study results, interview case study results, and questionnaire survey data results. The action-based case study results and interview case study results are used mainly to provide an understanding of the background and evolution of the small and medium-sized private enterprises studied in this research. In addition, the action-based case study and the interview case study results are used to demonstrate evolution of the enterprise case along the different stages of the organizational growth model. The questionnaire survey data results are used to quantitatively test the research model and hypotheses.

### **4.1 Case study method**

In general, case methods are used for empirical studies that aim to study current phenomena in real-world situations, and their purposes can be divided into exploration, description, and interpretation (Yin, 2010). Through qualitative research on real problems, we focus on describing, interpreting, exploring and analyzing the dynamic activities the enterprises covered in our research, so as to conduct in-depth inquiries and then achieve theoretical construction to guide future work. Case study is suitable for understanding the evolution of events and to support and supplement existing theories by analyzing the complex tasks, events and their relationship structures behind the events (Pan & Cui, 2016). The design quality of the case study can be judged by four indicators of "validity, internal validity, external validity and reliability", mainly through "data collection and evidence analysis" (Yin, 2010, p.46). Case data collection mainly comes from "documents, archive records, interviews, direct observations and physical evidence" (Yin, 2010, p.110). Evidence analysis includes "inspection, categorization, listing, inspection, or consolidation of evidence" to draw conclusions based on empirical evidence (Yin, 2010, p.134). These evidences are interrelated, and different types of evidence sources can complement and confirm each other. The conclusions are obtained through evidence analysis and need to be consistent with the completeness of the evidence chain. The evidence chain is a user-oriented concept and is a two-way process designed to clearly present the process of

obtaining research conclusions and interpret them to the users of the case study report (Chen & Liu, 2010).

#### **4.1.1 Purpose of the case studies**

The research questions and hypotheses examined in this thesis research are identified based on both the literatures and the author's personal experiences in founding and managing a private enterprise. The case studies included in this thesis research include two parts. The first part of the case studies is an action-based case study which draws on the author's personal experiences, company documents and events to demonstrate the stages that the company has gone through in the company's growth. This set of case data is used to illustrate the company growth stages in the organizational growth model. In addition, case data related to the variables studied in the research are summarized along the different stages of the organizational growth model. The second part of the case studies is based on interviews with a number of executives, managers and line workers. These interviews are used to validate qualitatively the key variables and relationships examined in the research model. In addition, the interviews are used to conduct pre-test the survey questionnaire. Below we discuss the two parts of the case studies.

#### **4.1.2 Action-based case research method used in the case study**

As the founder of the case enterprise, the author is also the participant of the whole company growth, and therefore is one of the subjects of the case study. As such, the researcher is also an actor in the actual events. The action-based case research method is thus an appropriate method for conduct the case study.

Action research is a research method that originated in the field of social psychology. It was first proposed by Lewin (1946). Action research is defined as a method that combines the wisdom and ability of scientific researchers and practical workers to analyze a certain set of events or facts. The purpose of action research is to synthesize the actual experiences and knowledge of the researcher as the actor involved in the case itself, in order to generate insights and improve practice. The research process of action research is a spiral cycle of planning, action, observation, and reflection (Kemmis, 1985). It is based on traditional quantitative and qualitative research methods and is not limited to the description and criticism of the status quo, but focuses on changing the status quo,

attaching importance to the practice process, and stressing that the research process is based on equal, open, and unrestricted communications.

Action research has been widely applied in the field of educational research. "Teacher is the researcher" is the basic hypothesis for conducting action research. As Song (2000) stated that action research is an important research method in the field of educational research, emphasizing research and action, and has been widely used in various fields. As described by Hu (2004), action research can promote change in nursing practice as it closes the gap between theory and practice. The main common features of action research are as follows: (1) the research content comes from the problems in the actual work; (2) the unity of the research process is the actual work process; (3) the on-site research is conducted under natural conditions; (4) the action research is a process of continuous adjustment and self-improvement; (5) it allows learning from experience through the cyclical transformation of theory and practice (Sun, 2015).

The use of action research in business management is still relatively new. In this thesis study, we analyze the establishment and evolution of management mechanisms in the different stages of enterprise growth. Our analyses are from the perspective of action research based on the full participation and management practice in the case enterprise. Our objective is to summarize and interpret a set of evolving management mechanisms across the different stages of the case organization's growth model. By conducting this action-based case study, we hope to provide important insights about the different stages involved in small and medium-sized private enterprises growth model, and the main characteristics associated with the different stages.

The data collected in the action-based case studies are based on:

- (1) The author's experiences and summaries of a serial set of planning, action, observation, and reflections over time along the company's growth stages.
- (2) Company personnel files.
- (3) Company financial data.
- (4) The company's various policies and regulations.
- (5) Performance appraisal data of various departments of the company.

The evidence analysis in this case study mainly uses the narrative research approach involving obtaining explanatory understanding, with the researcher himself as a research tool, using a variety of methods to collect data in a natural setting, a comprehensive

exploration of social phenomena, using inductive analysis of data, through the interaction with the research subjects to understand their behaviors and meaning constructions (Wen, 2017). First, the collected data are sorted and summarized. Then, through the narrative research method, the behaviors observed through personal experiences are studied, and displayed in the form of text narratives and graphs. Finally, the causal relationship between the data is found, and the conclusion of the research is drawn.

The research steps and content of this case application action study consist in the following:

(1) Establishment of a research team. Team members include the researcher himself, department heads, and invited employees.

(2) Problem identification. All problems stem from customer complaints, process phenomena affecting production efficiency, and the department's report data; the main causes of the problem have been determined through customer feedback, personal interviews, group discussions, meetings.

(3) Development of a plan. The formulation of the plan has mainly drawn on the opinions of the team research members. When necessary, customer feedback and opinions were also sought.

(4) Action. Action is a practical and necessary process for solving problems. It needs to be carried out in strict accordance with the plan, and at the same time, it must discover the problems in the plan.

(5) Observation and evaluation. Observation is the process of monitoring and recording the key results derived from the action. It is the basis for the next reflection step, whereby the key indicators of each cycle are evaluated item by item. Interviews may be used to find the problem together with the research object.

(6) Reflection and re-planning. Reflection is the process of sorting out, interpreting and evaluating the links among the above steps and variables, and exploring ways to further understand the problem. The content will enter the "plan" of the next spiral development circle, and then cycle through the problem until the problem is understood.

Action research can be the individual behavior of a single researcher or the behavior of a researcher group (Dang, 2003). In the early stage of entrepreneurship, because the management team is not perfect or stable, action research is more about the individual behavior of the researcher. With the development of the company and the expansion of the



workforce, action research is more of a common group of executives, managers and employees.

In this thesis research, the action-based research is driven by the author as the actor involved in the actual evolution of the company. In each stage of the company growth, the author was involved in the cycle of planning, action, observation, and reflection as events actually happen. As such, the case data and analysis results derived from the action-based research is presented as a set of stages, events and key characteristics along the case enterprise's growth model.

#### **4.1.3 Participants of case interviews**

While the action-based case study focuses on the historical evolution of the case enterprise across the different stages of the organizational growth model, the interview case study focuses on gathering inputs from current employees in the case enterprise on their experiences with the key variables and relationships among the key variables. In particular, the interviews focus on the individual employee's perceptions about the leadership, culture, their individual value preference, management mechanism, their job satisfaction, and their turnover intentions. These two sets of case data are complementary to each other. In addition, the case data were used to provide additional explanations and insights to the quantitative analyses results of the survey data. As such, our uses of action-based case study, interview case study, and questionnaire survey, enable us to triangulate our analysis results.

In the interview case study, the interviewees were selected from employees in different departments and different levels in the enterprise. In order to ensure the objectivity of data collection, a third-party professional research institution was invited to conduct the interviews. The group conducted face-to-face interviews with the interviewees using open and in-depth interview questions. The interviewees were provided before the interviews with a set of interview questions (See Appendix 1). The background information of the interviewees is provided in Table 4-1.

Table 4-1 Characteristics of the interviewees

Interviewee Position	Interviewee Code	Gender	Age	Years of Employment	Interview Duration	Employment Date
General Manager	HCS	Male	42	8	90min	2010.8.8-Now
HR/Admin Manager	ZSP	Male	36	8	62min	2010.8.8-Now
R&D Manager	ZZW	Male	44	4	50min	2014.3.3-Now
Production Director	HMS	Male	41	6	53min	2011.8.29-2014.2.30; 2015.8.31-Now; Leaving the company 1 time due to violations during his tenure
Quality Director	HQ	Male	39	4	45min	2014.4.24-Now
PMC Director	ZK	Male	29	7	48min	2011.4.6-Now
Development Engineer	ZXL	Male	43	6.5	44min	2010.10.9-2013.6.30; 2013.10.7-2015.6.30; 2016.7.2-Now; Leaving the company 2 times due to family reasons during his tenure
Foreign Trade Salesman	CKF	Female	34	6	45min	2012.7.1-Now
Foreign Trade Salesman	LXQ	Female	27	1	38min	2018.3.15-Now
Warehouse Employee	CQH	Female	35	7	43min	2011.9.15-Now
Production Employee	HMZ	Female	38	3.5	33min	2015.3.5-Now

#### **4.1.4 Background of the case enterprise**

The action-based case study and the interview case study were conducted in one company, the LY company, which is founded and managed by the researcher himself. Because of the limitations inherent in studying historical events, researchers can examine the nature behind the phenomena only by studying some parts of the phenomena or the individuals involved in the phenomenon (Dang, 2003). Our in-depth analyses of the case enterprise through both the action-based case study and the interview case study provide a rich set of insights about the organizational growth stages of the small and medium-sized private enterprises and the key study variables (leadership, culture, employee individual value preference, job satisfaction, and turnover intention) across the different stages.

To understand the background of the case studies, we provide below a brief description of the case company's profile and the researcher's entrepreneurial experience and results throughout the company's growth stages.

##### **4.1.1.1 Company profile**

Founded in August 2010, LY is located in Xiaolan Town, Zhongshan City, Guangdong Province. It is a high-tech enterprise that integrate LED lighting product design, research and development, production, sales and service.

The company has been committed to promoting the application of LED lighting products. The main products are LED lamps, LED integrated lamps, LED three-proof lamps and LED light lamps. The products have passed UL, TUV, SAA, DLC, PSE, CE, RoHS, IP66, IK10 and many other international product certifications, and are mainly used in public places lighting, indoor office lighting and other workplaces.

The company has always placed importance on technology research and development and product innovation. At present, it has been authorized by the State Intellectual Property Office and registered 4 invention patent products, 32 utility model patent products and 32 design patent products. In addition, 12 of its products have obtained high-tech product certificates from Guangdong Province. The company has been advancing the goal of zero-defect quality management, has obtained ISO9001:2015 quality management system certification, has obtained intellectual property management system certification and BSCI system certification. The company has won the following honors:

In 2015, the company won a reward of 300, 000 RMB for the technical innovation special fund for SMEs at Guangdong provincial level.

In 2016, the company won the second prize of the Science and Technology Progress Award issued by the Zhongshan Municipal People's Government.

In 2016, the company was awarded the High-tech Enterprise Certificate issued by the Guangdong Provincial Department of Science and Technology.

In 2016, the company obtained the German Red Dot Product Design Award Certificate. (The Red Dot Award is recognized as an international recognition mark for creativity and design. Winning the award means that the product 's appearance and texture have obtained the most authoritative "quality assurance"; the Red Dot Product Design Awards given to the products of the year are evaluated strictly in accordance with the criteria of "qualification through screening and display" by the jury.)

In 2017, the company won the German Red Dot Concept Design Award Certificate. (The Red Dot Conceptual Design Award is based on whether the design is a "concept" or a "product to be launched" and evaluates designs that are still under development in accordance with design standards that have almost completed preparations for launch.)

In 2017, the company was awarded the title of Key Enterprise for Intellectual Property Protection in Zhongshan City.

In 2018, the company was awarded the title of Science and Technology SME promulgated by the Science and Technology Department of Guangdong Province.

#### **4.1.4.2 Entrepreneurial motivation**

Since the entrepreneur started to work in 1995, he has been rooted in a manufacturing-oriented company. Starting as an engineer and technical staff, he served many different types of enterprises and continued to learn and improve at work, and gradually transformed into a senior level manager with practical operating experience. With the growth of age and the accumulation of work experience, along with the hope to have a quantum jump in his career, the entrepreneur nourished the impulse and dream of setting up a business. In early 2010, the LED industry was on the rise in China. He recognized and seized the LED business opportunity. Through online search and field visits in the lighting market in the Pearl River Delta region, a feasibility study report for creating LED lighting companies was made, a financial investment partner was quickly found, and the LY company was established in August 2010.

#### 4.1.4.3 History of the company

This case is based on the definition of the enterprise life cycle theory (organizational growth model) in the literature review. According to the development period and actual operation of LY company, as shown in Table 4-2, the company's operations and evolution are analyzed based on sales performance, profit value and number of employees. The company's history is divided into three stages: start-up period, growth period and stable development period, as shown in Figure 4-1.

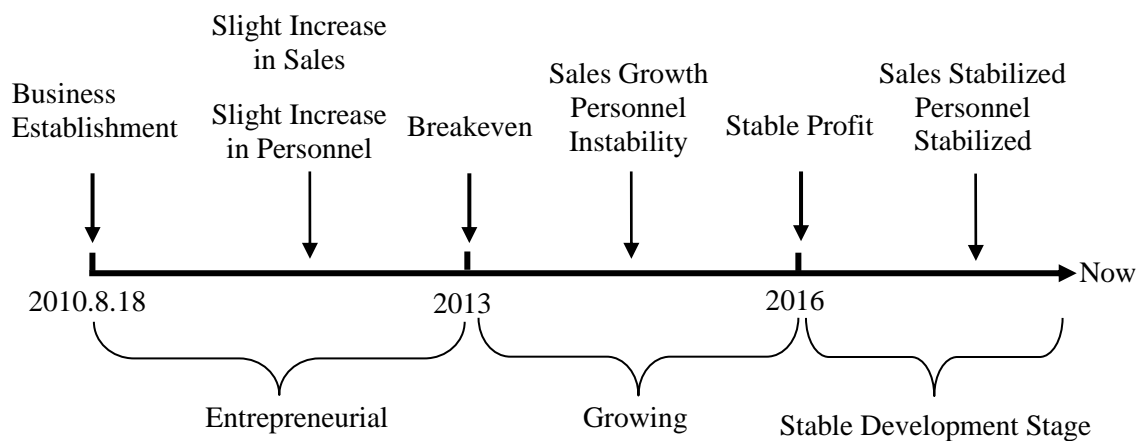


Figure 4-1 Enterprise development history

Table 4-2 Business operating data

Item/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rented									
Factory Area (m <sup>2</sup> )	1568	1568	1568	3136	3136	3668	3668	4152	4152
Sales (Yuan)	209056	1005341	6035191	16176733	31413356	39581625	40648364	36744496	35877703
Total Cost (Yuan)	1220130	4212062	8294537	16384649	28230732	32294403	34556019	31155238	29096441
Profit (Yuan)	(1011074)	(3206721)	(2259346)	(207916)	3182624	7287222	6092345	5589258	6781262
Average									
Number of People (Each)	25	40	43	55	159	76	75	60	65

#### Company development stage I (2010-2013): Entrepreneurship

After three years of hard work, the company finally reached a break-even point in operation at the end of 2013, with steady growth in personnel, and basically passed the difficult period of survival.

#### Company development stage II (2014-2016): Growth

The company's business performance indicators such as sales and profits have increased significantly. The company had overcome issues related to capital pressure and operating risks during the start-up period. But the company had to deal with problems caused by rapid growth of the company, such as personnel variability and instability.

#### Company development stage III (2017-present): Stable development

The company's profit, personnel number and total cost control are more stable and controllable than the previous two stages, but with the drastic changes in the external environment and intensified competition, the company is seeking stable management models and develop sustainable competitiveness.

## **4.2 Questionnaire survey research method**

To test the research model and hypotheses and to ensure the generalizability of the research results, we conducted a questionnaire survey in five cities in the Pearl River Delta region of China: Zhongshan City, Dongguan City, Guangzhou City, Zhuhai City and Shenzhen City. Selected representative samples of employees in 12 small and medium-sized private enterprises in the five cities participated in the questionnaire survey.

To test our research model and hypotheses, our developed the questionnaire based on the variables contained in the research model. Overall, the survey questionnaire includes seven parts: demographic information, management mechanisms, corporate culture, leadership style, employee value preference, employee satisfaction, and employee turnover intention.

### **4.2.1 Measurement development**

#### **4.2.1.1 Demographics**

The basic data statistic table mainly contains the demographic characteristics of the study subjects, including nine items: gender, age, marital status, number of children the

respondent has, highest education, years of work, number of companies the respondent has worked for, department and position in the current company.

#### 4.2.1.2 Corporate culture measurement

The corporate culture survey scale used in this study was adapted from the measures used in the organizational culture scale developed by Cameron and Quinn (1998). Based on the pre-test and pilot test of the survey questionnaire, the description of the items was appropriately modified, and some items were deleted based on the interview results. For example, the following items were deleted from the survey due to ambiguities in meaning and difficulty in responding: (1) Our department is very energetic and innovative, and the department employees are willing to accept and undertake challenging tasks; (2) Our department is result-oriented, attaches importance to the completion of work, and department employees value competition and achievement; (3) In our department, the cohesion that unites everyone is the pursuit of achievement and the constant realization of new goals. Finally, a five-item corporate culture measurement scale was formed, which was scored on the seven-point Likert scale.

The measurement indicators and literature sources of corporate culture dimensions are shown in Table 4-3.

Table 4-3 Corporate culture measurement

Q#	Item Content	Dimension	Source
32a	Our department is like a big family. Everyone does not share each other and share a lot.	Corporate culture	Cameron and Quinn (1998)
32b	Our department attaches importance to standardized management and daily control, and employees work in accordance with the rules and regulations.		
32c	In our department, the foundation of employee unity is to work together to innovate and emphasize the consensus of everything.		
32d	In our department, the basis for employee solidarity is a normative system, coherent policies, and stable subordinate obedience.		
32e	In our department, the foundation of employee unity is mutual trust and teamwork.		

#### 4.2.1.3 Leadership style measurement

The leadership style measures used in this study were adapted based on the departmental leadership style questionnaire developed by Cameron and Quinn (1998), with a total of 6 measurement indicators. According to the pretest and pilot test results, the descriptions of the items were appropriately modified, and some items were deleted based on the interview results. For example, the following items were dropped because of ambiguities in meaning and difficulty in responding: the leadership style of our department emphasizes teamwork, consensus, and encourages employee participation. Finally, a five-item leadership style measurement scale was formed, which was scored on the seven-point Likert scale.

The measurement indicators and literature sources of the leadership style dimension are shown in Table 4-4.

Table 4-4 Leadership style measurement

Q#	Item Content	Dimension	Source
32f	The leadership style of our department is "parental", focusing on ways to guide, develop and encourage employees.	Leadership Style	Cameron and Quinn (1998)
32g	The leadership style of our department is "innovative and transformative", with entrepreneurial spirit, innovation and responsibility.		
32h	The leadership style of our department is "practical maintenance", attaches importance to stable relationships, and has rules and regulations.		
32i	The leadership style of our department is "charming type", with courage, high enthusiasm and great influence.		
32j	The leadership style of our department is to emphasize competition by strength and encourage high standards and high achievements.		

#### 4.2.1.4 Employee value preference measurement

The employee value preference survey scale used in this study was adapted based on the measurement of value preference developed by Hou (2014). The employee value



preference is divided into two dimensions: (1) Material pursuit and (2) spiritual pursuit (Sun, 2017). Based on the pre-test and pilot test results, the descriptions of the item contents were appropriately modified, and some item items were deleted based on the interview results due to ambiguities in meaning and difficulty in responding. For example, the following items were dropped: (1) interesting work; (2) work is not stereotyped; (3) creative work concepts, etc. In the end, the employee value preference measurement scale was formed using 7 items. There are 4 measures of the material pursuit dimension and there are 3 measures of the spiritual pursuit dimension. The employee value preference measures are scored using the seven-point Likert scale.

The specific dimensions, measurement indicators, and literature sources of the employee value preference measurement are shown in Table 4-5.

Table 4-5 Employee value preference measurement

Q#	Item Content	Dimension	Source
2a	I value high fixed salary income.	Material pursuit	Hou (2014)
2b	I value high bonus income.		
2c	I value the high employee benefits of the company.		
2d	I value the company's rest activities.		
2e	I value the security and stability of my work.	Spiritual pursuit	
2f	I value the harmonious relationship between colleagues.		
2g	I value the leadership's integrity and fairness.		

#### 4.2.1.5 Management mechanism measurement

The measurement dimensions of management mechanism consist of three dimensions: (1) cultural management; (2) performance evaluation and incentive mechanism; (3) innovative behavior. According to the results of the pretest and pilot test of the survey questionnaire, the descriptions of the items were appropriately modified, and some items were deleted according to the interview results due to ambiguities in meaning and difficulties in responding. For example, the follow items were dropped: (1) employees can consciously save the organization's resources; (2) employees can participate in the organization's strategic planning; (3) Such meetings are well organized and highly efficient. Finally, a measurement scale for the management mechanism were formed using 16 items:

there were 5 measures of the cultural management dimension; 5 measures of the performance evaluation and incentive mechanism dimension; and 6 measurement indicators of the innovation behavior dimension. The management mechanism measures were scored using the seven-point Likert scale.

The specific dimensions, measurement indicators, and literature sources of the management mechanism measurement are shown in Table 4-6.

Table 4-6 Management mechanism measurement

Q#	Item Content	Dimension	Source
31a	The moral scale of the employee's behavioral error in the company		
31b	The company values the smoothness and timely effectiveness of communication between employees		
31c	Emphasis on mutual respect and trust between employees and management	Cultural management	
31d	The employee's dress, logo, badge, etc. represent the company's cultural image		
31e	Customers can quickly identify our company from products and services		
31f	Under the current long-term incentive mechanism of the company (such as point management), I will continue to work in the company.		
31g	The company's performance evaluation mechanism and long-term incentive mechanism provide me with clear and visible personal development goals	Performance evaluation and incentive	Chen (2008); Silbermann (2002)
31h	The company's regular performance evaluation mechanism motivated my work performance		
31i	The company's incentive policy reflects my performance in a timely manner		
31j	The company rewards me for the results of my work every time.		
31k	The company's incentives encourage me to discover problems from a new perspective.		
31l	The company's incentives encourage me to translate innovative ideas into practical applications.	Innovative behavior	
31m	The company's performance assessment mechanisms and incentives encourage me to explore new technologies, processes, products or skills to improve performance		

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31n	The company will develop different incentives and incentives according to different departments or positions to promote the improvement of employee performance.
31o	The company's performance appraisal mechanism enables employees to work around their customers and improve existing products
31p	The company's performance appraisal mechanism enables employees to quickly identify and resolve impediments

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#### 4.2.1.6 Employee job satisfaction measurement

The job satisfaction scale used in this study was adapted based on the short form of the Minnesota Satisfaction Questionnaire (MSQ) proposed by Weiss et al. (1967).

The measures of employee satisfaction are divided into four dimensions: (1) leadership behavior; (2) management measures; (3) innovation opportunities; (4) career development (Lu, Shi, & Yang, 2001). According to the pretest and pilot test results, the descriptions of the items were appropriately modified, and some items were deleted according to the interview results due to ambiguities in meaning and difficulties in responding. For example, the following items were dropped: (1) can always keep busy; (2) can do things that do not violate my conscience; (3) have opportunity to do something for others; (4) have opportunity to tell others what to do. Finally, an employee satisfaction measurement scale with 18 items was formed: 3 indicators for the leadership behavior dimension; 6 measures for the management measure dimension; 4 indicators for the opportunity dimension of innovation; and 5 measures for the career development dimension. The employee job satisfaction measures were using the seven-point Likert scale.

The specific dimensions, measurement indicators and literature sources of employee satisfaction are shown in Table 4-7.

Table 4-7 Employee satisfaction measurement

Q#	Item Content	Dimension	Source
4a	I am very satisfied with the decision-making ability and competence of the department leaders.	Leadership behavior	Weiss et al. (1967)
4b	I am very satisfied with the attitude and manner of the department leaders' treatment of their subordinates.		
4c	I am very satisfied with the leadership style of the department boss.		
4d	I am very satisfied with the benefits that the company gave me.	Management measures	
4e	I am very satisfied with the company's rest activities.		
4f	I am very satisfied with the fixed salary income that the company gave me.		
4g	I am very satisfied with the bonus income that the company gave me.		
4h	I am very satisfied with the company's innovative atmosphere.	Innovation opportunity	
4i	I am very satisfied with the company's long-term incentive policy.		
4j	I am very satisfied with the working environment of the company.		
4k	I am very satisfied with my new knowledge and skills through training at work.		
4l	I am very satisfied with the company's opportunity to continue to learn new knowledge at work.	Career Development	
4m	I am very satisfied with the company giving me the space for the company's work development and growth.		
4n	I am very satisfied with my full recognition of the team.		
4o	I am very satisfied that I can work closely with my colleagues to achieve the same goal.		
4p	I am very satisfied with my chance to be able to do my job independently.		
4q	I am very satisfied with the freedom to apply professional knowledge and judgment at work.		
4r	I am very satisfied with the opportunity at work to handle things in my own way.		

#### 4.2.1.7 Employee turnover intention measurement

The employee turnover intention survey scale used in this study was adapted based on the turnover intention vector scale developed by Huang (2004) and based on the measures developed by (Farh et al., 1998).

The measurement of employee turnover intention is divided into two dimensions: (1) thought of leaving the company and (2) turnover intention (Huang, 2004). Based on the pretest and pilot test results, the descriptions of the item contents were appropriately modified. One item was dropped because of duplication in meaning with other items: I want to quit my current job. Eventually, an employee turnover intention measurement scale of 8 items was formed. There were 4 measurement indicators of the thought of leaving the company dimension, and there were 4 measurement indicators of the turnover intention dimension. The employee turnover intention measures were scored using the seven-point Likert scale.

The specific dimensions, measurement indicators and literature sources of employee turnover intention are shown in Table 4-8.

Table 4-8 Employee turnover intention measurement

Q#	Item Content	Dimension	Source
4s	I often feel bored and want to change jobs for my current job.	Resignation thoughts	Huang (2004); Farh et al. (1998)
4t	I want to quit my current job.		
4u	I don't plan to stay in this company for a long time.		
4v	If I stay in this company, my prospects will not be too good.		
4w	I will look for other job opportunities.	Turnover intention	
4x	I started looking for other jobs of the same nature.		
4y	If there is a suitable job, I will accept		
4z	I will leave this company in the next year.		

#### 4.2.2 Data collection

As a part of the measurement development process, to ensure content validity of the measurement, the interviewees who participated in the interview case study were also asked to review and comment on the content of the survey items. A pilot study was subsequently conducted to provide preliminary assessments of the construct validity and reliability of the measurement. In addition, the pilot study was used to address the differences in the cultural aspects and knowledge level of employees in different companies. The designed questionnaires are firstly surveyed in small areas to observe the effects and understand whether the subjects have problems such as unclear semantics or difficulty in completing the questions, and to test the feasibility of the questionnaire. In

total, 50 employees of LY Company participated in the pilot survey data collection. Based on the interviews and the pilot survey results, the survey questionnaire was modified to ensure the following qualities:

(1) Use sentences that are as concise as possible or words that can be understood by front line employees so that there are no misunderstandings of the survey questions and there are inconsistent interpretations of the same question.

(2) The content should be easy to understand, simple and clear, and avoid using misleading or ambiguous language.

(3) The length of the questionnaire should be moderate, and at the same time, the difficulty of the question should be controlled, and the response time should be controlled within 30 minutes. Avoid long questionnaire that may cause the respondent lose patience and respond to the survey questions without carefully reading and answer each question.

(4) The respondents fill the questionnaire anonymously and were informed that their responses will be kept strictly confidential.

Based on the interviews, pretest and pilot test, the questionnaire was finalized and used to collect the large sample in 12 small and medium-sized enterprises in the five cities within the Pearl River Delta Region. The final questionnaire content is provided in Appendix 2.

The 12 companies that participated in the questionnaire survey study were selected after the researchers' field visits and comparisons. These companies operate in such industries as manufacturing, high-tech, medical industries, and service industries. While some companies have a relatively short history, all 12 companies are in the stable development stage. The relative similarity in terms of the organizational growth model stages among the 12 companies enable us to test our research model and hypotheses without worrying about the systematic differences between the 12 companies.

In order to increase the fairness and representativeness of the survey results, the researcher commissioned a third-party organization to send a total of 791 questionnaires to these 12 companies. In total, 681 responses were received, with a response rate of 86.1%. In order to ensure the usability of the collected questionnaire responses, responses were excluded from the data analyses if (1) there were unanswered questions, and (2) unusual responses that show the respondents were not careful in reading and answer the survey

questions. In total, 93 questionnaires were deleted. A total of 598 usable questionnaires were obtained, resulting a final response rate of 75.6%.

The background information of the 12 companies that participated in the questionnaire survey study is shown in Table 4-9.

#### **4.2.3 Statistical data analysis methods**

(1) The questionnaire survey data were recorded and analyzed using SPSS 24.0.

(2) For statistical convenience, all the measurement indicators are marked with the corresponding question section and number in the questionnaire. In the data analysis, for simplicity, each item is represented by its corresponding question number in the survey without listing the specific content of the question.

(3) Reliability analysis: the internal consistency coefficient (Cronbach's  $\alpha$ ) was used to test the reliability of the scale. It is generally considered that the value of the total scale  $\alpha$  is preferably greater than 0.75, and the value of the subscale  $\alpha$  is preferably greater than 0.70. A measurement scale is deemed to reliable if the above criteria are met.

(4) Validity analysis: construct validity is assessed based on convergent validity and discriminant validity. Factor analysis was used to analyze the convergent validity and the discriminant validity. KMO statistic fitness test and Barlett spherical test were used to judge whether the scale satisfied the factor analysis condition; generally, when KMO >0.70, Batlett spherical test ( $P < 0.01$ ), it is considered to satisfy the condition.

(5) Testing research model and hypotheses: The relationships specified in the research model and hypotheses were tested using multiple linear regression analysis methods. If the significant level of a regression coefficient  $\beta$  is  $P < 0.05$ , it means that the corresponding relationship is significant; if the regression coefficient  $\beta$  is positive, it indicates that the corresponding relationship is positive. If the regression coefficient  $\beta$  is negative, it indicates that the corresponding relationship is negative.

Table 4-9 Background information of the 12 companies that participated in the survey study

Serial #	Company Name	Main Business	Registration Place	Registration Time	Total #	Back	Valid	Invalid	Take Back Rate	Valid Rate
1	HH Company	Hardware Processing	Zhong shan	1998	111	98	68	30	0.88	0.61
2	SC Company	Electronic Components	Dong guan	2003	150	138	115	23	0.92	0.77
3	XY Company	Gift	Zhong shan	2008	105	99	97	2	0.94	0.92
4	XD Company	Crafts	Zhong shan	2009	50	38	31	7	0.76	0.62
5	LY Company	LED Lighting	Zhong shan	2010	70	62	59	3	0.89	0.84
6	LJ Company	PCB Substrate	Zhu hai	2011	66	64	59	5	0.97	0.89
7	BG Company	Supply Chain Management	Dong guan	2014	29	22	18	4	0.76	0.62
8	LS Company	Medical Device Consultation	Guang zhou	2014	30	21	19	2	0.70	0.63
9	SD Company	Medical Health Management	Guangzhou	2018	28	21	19	2	0.75	0.68
10	AG Company	Drive power	Shen zhen	2009	69	50	42	8	0.72	0.61
11	JX Company	Investment Advisory	Zhong shan	2014	50	38	33	5	0.76	0.66
12	YS Company	Medical Equipment	Guang zhou	2003	33	30	28	2	0.91	0.85



## **Chapter 5: Research Results**

### **5.1 Case study analysis and results**

Based on the two case study methods used in this research, the case study results are reported accordingly in two sections. First, the action-based case study results regarding the case enterprise growth stages in the organizational growth model are reported. In addition, case data related to the variables studied in the research are summarized along the different stages of the organizational growth model. Second, results of interviews with a number of executives, managers and line workers are reported.

#### **5.1.1 Three development stages of the case enterprises**

##### **Phase I: Initial Stage of the Company (2010-2013)**

In the initial stage of LY company, due to the instability of the staff team, product sales were slow, product quality problems occurred frequently, the company finances were at a state of loss, and LY faced the choice of whether to continue to operate or shut down. Because of the dream in the entrepreneur's heart, and the trust of the financial investment partner, LY company must continue to live, and the entrepreneur himself had to be strong; there was no retreat, otherwise the early efforts and investment would be completely wasted. However, as painful as they were, the company's business policies and management measures had to undergo major adjustments and changes. Otherwise the company would not be able survive.

After many meetings and long-term market research, based on the analysis of the company's internal problems, the author and the staff team formed different action measures successively and established a series of management mechanisms, such as product management, sales management, operation management and talent cultivation, all oriented to the company's survival.

##### **Phase II: Growth Stage of the Company (2014-2016)**

After three years of development and hard work, LY Company has stepped through the difficult stage of survival in the initial stage. The product quality is gradually improved,

the customer viscosity is getting better and better, and the sales volume is growing rapidly. However, the market competition is gradually increasing, the external environment is unpredictable, and the internal staff team of the company has a large turnover. The company's institutional conflicts persist, both within the company and with the outside environments. To ensure that all employees and the company develop synchronously and pursue a larger space for development, companies must constantly promote management changes.

The management team of the company, including the author, diagnosed and analyzed the practical problems in different periods of the company's growth. According to the method of action research, various management mechanisms and action measures were introduced one by one, such as long-term incentive mechanism, performance assessment mechanism, internal supply chain collaborative assessment mechanism, points system management mechanism and knowledge base management mechanism, to solve the key problems of the company.

### Phase III: Stable Development Stage of the Company (2017-2018)

After six years of development, LY company started to obtain recognition in the market and receive a number of honors, awards and certificates, such as the government's science and technology award and the German Red Dot Design Award. The company's management team, technology team and sales team became increasingly steady after continuous improvement. However, the global competitive environment is becoming more and more incandescent: the homogenization of products is ever more serious, and the development and innovation of new products became more and more difficult. Customer groups in the sales market have basically been shaped, and market development and new customer development became more difficult. At this stage it is necessary to carry out self-reform that aims at the characteristics of the enterprise itself, find a breakthrough, target the company's own advantages, and then it could be possible to regain the opportunity of a new life. Otherwise the company would face the risk of closing down.

Based on the previous management mechanisms, the company's management team has successively launched some new management mechanisms according to the method of action research, such as rotating manager system, piecework system, love fund system, target incentive mechanism and partner mechanism in order to continuously discover and improve the management problems in the work, improve employees' job satisfaction and

sense of gain in the enterprise, and promote the common development of employees and enterprises.

### **5.1.2 Business operational performance data results of the case enterprise**

The company has been in operation since August 2010. The summary of all financial data and employee data is shown in Table 5-1. Through the active exploration and management practice of the author and the management team, the company is in a relatively stable development state.

Entrepreneurial stage I (2010-2013): the mobility of personnel in each department was relatively high. The overall turnover rate of the company's personnel was from 17.90% to 35.10%, especially in the sales department and manufacturing department. Because the selection and positioning of products were not clear at the initial stage of the company's establishment, it was in a state of exploration. The product quality had been unstable. The company's various management mechanisms and welfare benefits were not defined clearly. All of these had led to the constant turnover of the sales department. The instability of the sales-force directly affected the slow growth of the sales performance. The instability or inadequacy of the sales order directly affected the task arrangement of the production workshop. Sometimes the production workshop would work overtime to catch up with the work. Other times there would be frequent holidays when no orders were received or processed at all. These problems indirectly affected the incomes of the employees, leading to the high turnover of the production employees.

Growth stage II (2014-2016): in addition to the manufacturing department, the turnover rates of the other departments were relatively stable. In 2014, due to the increase of sales orders, the company's production personnel were not enough. The employment system of "temporary workers" was used to relieve production pressure. Since 2015, various management mechanisms of the company have been continuously improved and perfected. The company's reputation and popularity have been gradually established. The recruitment of front-line employees has become much easier. The manufacturing department actively requested to reduce the number of "temporary workers", so the data of front-line production personnel are highly controllable.

Table 5-1 Operational statistics for each year between 2010 and 2018

Item/Year	Phase I			Phase II			Phase III		
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Data Summary	Rented								
	Factory Area (m <sup>2</sup> )	1568	1568	1568	3136	3136	3668	3668	4152
	Sales (Yuan)	2090	1005	6035	1617	3141	3958	4064	3587
		56	341	191	6733	3356	1625	8364	7703
	Total Cost (Yuan)	1220	4212	8294	1638	2823	3229	3455	3115
		130	062	537	4649	0732	4403	6019	5238
Manage-ment Center	Profit (Yuan)	(101 1074 )	(320 6721 )	(225 9346 )	(207 916)	3182 624	7287 222	6092 345	5589 258
		6781 262							
	Average number of people	25	40	51	55	159	68	75	63
	Turnover Rate (%)	17.90 %	27.80 %	34.00 %	35.10 %	23.60 %	41.90 %	40.10 %	37.50 %
	Management Cost (Yuan)	32	20	91	229	024	346	131	053
	Number of employees	4	9	8	6	7	5	5	5
Manu-facturing Center	Resignations	0	3	4	2	2	1	1	1
	Turnover Rate (%)	0.00 %	25.00 %	33.30 %	25.00 %	22.22 %	16.70 %	16.70 %	16.70 %
	Production Cost (Yuan)	5968	2539	5946	1324	2354	2665	2721	2560
	Number of employees	42	065	442	5290	0800	7342	9483	1813
	Resignations	20	36	78	94	194	208	196	128
	Turnover Rate (%)	99							
R&D Center	Resignations	5	18	42	58	62	168	146	90
	Turnover Rate (%)	20.00 %	33.33 %	35.00 %	38.20 %	24.20 %	44.70 %	42.70 %	41.30 %
	Research and development Cost (Yuan)	65	12	18	23	687	949	260	433
	Number of employees	1664	5723	6405	5130	1161	1440	1756	1504
	Resignations	8996							
	Turnover Rate (%)	0	0	1	2	2	2	2	1
Selling Center	Sales Cost (Yuan)	0.00 %	0.00 %	16.67 %	20.00 %	20.00 %	18.20 %	18.20 %	12.50 %
	Number of employees	2489	5187	7978	1324	2010	2314	3068	2485
	Resignations	91	65	85	107	221	766	145	939
	Turnover Rate (%)	5	14	14	12	21	21	17	17
	Resignations	2	4	7	3	5	4	3	2
	Turnover Rate (%)	28.57 %	22.22 %	33.30 %	20.00 %	19.23 %	16.00 %	15.00 %	10.50 %

Stable development stage III (2017-2018): the loss of personnel in all departments has gradually decreased, especially in 2017, after the manufacturing department fully implemented the piecework system. The production efficiency has been greatly improved. At the same time, after the manufacturing department implemented a series of equipment automation transformation, part of the process can effectively reduce the dependence on human resources by replacing manual operation with machines. As a result, there is no need to replace the employees who have left the company. Overall, these management efforts have resulted in a reduction in the number of production personnel.

Among them, Table 5-1 shows that the continuous decrease of R&D cost in the R&D department in the third stage does not mean the decrease of R&D investment, but the decrease of international certification cost of products. This is because in the second stage, the company successively invested a large amount of one-time international certification cost for all the new products developed. The valid period of certification is five years. That is to say, in the following five years, there is no need to re-invest another repeated certification cost, so the cost of this department is deducted in the third stage.

### **5.1.3 Interview case study results**

According to the interview plan and protocols, the results of the interviews with top management regarding the characteristics associated with the different variables across the three stages is summarized in Table 5-2. We provided sample interview quotations to illustrate how the top management interviewees perceive and describe their own experiences with the three different enterprise growth stages. In particular, the interview case study provides qualitative evidence of the evolutionary changes in the key study variables (management mechanisms, leadership, culture, employee individual value preference, job satisfaction, turnover intention) across the three different enterprise growth stages.

According to the organizational growth lifecycle stage model, enterprises are always evolving. Management mechanism suitable for one stage may not be suitable for other stages. Therefore, in the process of enterprise growth, the management mechanism must be constantly improved to meet the development needs of the organization and the growth needs of the employees. When employees regard work as a platform to achieve their own value pursuit, they will burst out an endless driving force from their hearts, so that

everyone can become a productive member of a team, so as to realize the common goal of growth for both the organization and the individuals.

By interviewing the middle management and frontline level employees, we can understand the individual experience of the middle and frontline level employees in various aspects of the enterprise management. According to the interview plan and protocols, the results of the interviews with middle management and frontline level employees regarding the characteristics associated with the different variables across the three stages is summarized in Table 5-3. Through the analysis the interview case data, it can be found that the relationship between enterprise management and different employee experience is quite different in the same period for different levels of employees, and for the same employee in different enterprise growth stages.

With the evolution of the enterprise from the initial stage to more advanced stages, the relationships among the different variables in our study tend to gradually become consistent and more aligned with what the enterprise and the employees expected to be. As business operations become more mature and more streamlined, key factors such as corporate culture, leadership style and the value preference of employees emerged as the main determinants of management mechanism which in turn affects employee job satisfaction and turnover intention. Through the continuous evolution and change of management mechanism in different stages of the enterprise development process, the satisfaction of employees is improved, and the turnover intention of employees is reduced.

Table 5-2 Summary of case study interviews with top management

Variable	Dimensions	2010-2013 Initial Stage of the Company	2014-2016 Growth Stage of the Company	2017-2018 Stable Development Stage of the Company
		Sample sentences of interviewee	Sample sentences of interviewee	Sample sentences of interviewee
Management mechanism	Original intention of setting	(1) In terms of product management, the patent innovation reward system is mainly set up to actively encourage the R&D personnel to develop their own products. For the personnel who obtain the patent products, a certain amount of reward will be given, which greatly encourages the innovation behavior of the R&D personnel; (2) in terms of sales management, a ladder type commission reward system is set up mainly according to the ability level and sales volume of the salesperson, and additional rewards are given to the salesperson who overfulfils the task target; (3) in the aspect of operation management, the operation mechanism	(1) The long-term incentive mechanism is to solve the problem of personnel retention and play a role in stabilizing the morale of employees; (2) the performance 271 assessment mechanism aims at the improvement of the original sales commission reward system of the sales department, mainly to assess the performance and ability of the sales personnel; (3) the internal supply chain collaborative assessment mechanism is aimed at the main departments on the company's internal platform, mainly to assess the attitude, response speed and ability of the R&D department and the factory to serve customers; (4) the points system	(1) The rotating manager system is to expand the career development space of middle-level cadres and reduce the loss of human cost caused by the loss of middle-level cadres; (2) the piecework system is a management measure aimed at the performance of the workshop staff, achieving the performance goal of "3 people do 5 people's work and get 4 people's wages". At present, it basically realizes the win-win situation between the staff and the enterprise; (3) the setting of the love fund is also the upgrading of the points system management, which creates a family atmosphere of unity and mutual assistance; (4) target incentive

	<p>of enterprise project management is put forward, which shortens the time from R&amp;D to customer's hand for new products, and realizes customer's fast response; (4) in the aspect of system management, through the reform of employee cultivation system, it reduced the friction and maladjustment of employees at work, accelerate the rapid integration of new employees into the company's team; (5) adjust the employment system, increase the "on call" temporary workers, and ease the pressure of production orders.</p>	<p>management is mainly to create a positive and active working atmosphere; (5) the knowledge base management mechanism is to establish a channel for experience precipitation and knowledge sharing, and build a learning team.</p>	<p>mechanism is still for the assessment of sales department. It is the refinement and deepening of sales management. It is to promote the optimal match between the ability of salesperson and limited resources, and further improve the assessment of sales performance; (5) partner mechanism is the expansion of long-term incentive mechanism, in order to solve the career development of key personnel, and is also the necessary step for the sustainable development of the company.</p>
Purpose of setting	<p>In order to solve the problem of product and sales market matching, production and personnel matching. All the purpose is to make the enterprise survive.</p>	<p>In order to solve the problems of team stability and enterprise performance. All the purpose is to make the enterprise develop steadily.</p>	<p>In order to solve the problem of common development and growth of the company and team members. The purpose is to let the enterprise continue to operate.</p>



Table 5-3 Summary of case study interviews with middle and line employees

Variables	Dimensions	2010-2013 Initial Stage	2014-2016 Growth Stage	2017-2018 Stable Development Stage
		Sample sentences of interviewee	Sample sentences of interviewee	Sample sentences of interviewee
Corporate culture	Corporate culture	When I started my business with my boss at that time, although I was tired, when we were treated like brothers, we got on well with each other. I like the atmosphere of the company very much (HMS).	Because I was hired outside, the boss wanted me to bring my previous good work experience to work, and during this period, I participated in the construction of many management mechanisms of the company (ZZW).	The major happy events in life are all completed in this company, which is my home (CKF); when other colleagues' families have some difficulties, the company will also call on colleagues to actively donate, although it will not play a great role, but it is also a warmth for employees (CKF).
	Departmental culture	When the head of our department first came to the company, he also started from the warehouse keeper. When I worked with him, I was very happy because he was the person who dare to say, dare to do it and undertake it. He would finish all the overtime work of the day. Since I'm a	The Commission and bonus system he formulated will not be changed basically, which makes us feel relieved that we will not worry about him to reduce the commission ratio if our reward is high (CKF).	After the company really started to implement the piece work system in 2017, a display screen was set up in the workshop. All employees can know the piece work hours and wages in a timely manner. How much they have done is clear at a glance, which saves everyone's mutual suspicion and mobilizes everyone's work momentum (HMZ).

		girl, he was always trying to help me with some heavy things (CQH).		
Leadership style	Senior leadership style	He never gives up when he is defeated. Maybe other people won't do it (ZSP).	It was not until 2014 that the company's operation was stable that he gradually let go and authorized, paid attention to the implementation of the system and process, and all the following people grew up (ZSP); from 2016, he basically didn't take care of the actual operation of our department, but only discussed the details of the problem and precautions with me when we made major mistakes (ZK).	My boss often talks with me about R&D management, introduces his management experience and thinking, and arranges me to take part in some social training of R&D courses (ZZW); for some of the company's old employees and department heads, the boss is more easygoing in private (ZXL); In recent years, the boss basically does not participate in the specific formulation of the management mechanism. Generally, he put forward some ideas, and then let several department heads discuss with each other, and finally submit ideas to the boss for review and decision (HMS).
	Department leadership style	Before, I felt that I was relatively mighty, because I had been engaged in production management for more than 10 years, which was always the case, and I	In terms of management style, I don't criticize and punish at will. I will talk more about positive energy, launch more recreational activities to fit the ideas of employees, so as to attract them and make friends with them. Sometimes I also help to	The current department manager, although not experienced in product R&D, is very down-to-earth, dare to undertake, and willing to take the lead. The working atmosphere is much better, and everyone is willing to help each other (ZXL).

		managed well (HMS); When the department manager first came to the company, he had already been engaged in the industry before, with rich R&D experience, many new ideas, and developed many new products, which really contributed a lot to the company (ZXL).	solve some things beyond work (HMS); The department head is more reasonable. He respects my ideas and does not forcibly transfer (CQH); He doesn't pay much attention to details and is not very principled. He spent a long time in the company and he often make mistakes, which may lead to too much pressure and more negative energy, leading to the lack of coordination of the R&D team, and then he left the company (ZXL).	
Value preference of employees	Material pursuit	In 2011, our company's wages were higher than those of the surrounding factories, and the production staff were easy to recruit and easy to manage. The company's employees came from different provinces and were obedient (HMS).	The workshop also has table tennis table, billiard table and karaoke room, which is convenient for our spare time activities. The company also often organizes PK competitions and enlivens the atmosphere (HMZ); When I went back to the company in 2015, I found that most of the employees came from one place: Guangxi Province, probably because that place was relatively poor, and people came out to work (HMS).	Now I can get about 4500 Yuan a month, 1 / 3 higher than before (HMZ); Every year, I have the opportunity to participate in karaoke competitions and travel activities organized by the company (CQH); Every year at the company's annual meeting, I have won the company's full-time award and the award of excellent employees (CQH).
	Spiritual pursuit	Everyone's stress, worry and conflict were basically solved	He is very concerned about the fairness of management. One of his more valued	I have been working as a warehouse keeper since 2011. I like this job very much (CQH).

in a night snack, and everyone got along well (ZXL). salesmen was fired because of data fraud, which made everyone in the sales department very convinced and more disciplined (CKF); Management is much more standardized than before, and management measures are much more. Now I feel more steadily during work (HMS).

<p>Manageme nt mechanism</p>	<p>Cultural management</p>	<p>As soon as the company was established, he required all employees to wear uniform work clothes and brand names to establish a regular company image (ZSP).</p>	<p>Every time customers come to the company to see our cultural wall; they give a thumbs up. Here we show our product international certification certificate, patent certificate and the company's cultural activities, especially the group photo of VIP customers. Customers will say with me that they hope to work hard and put their photos on it next time (CKF); The company has morning meeting every day, and all tasks will be conveyed in the morning meeting; the workshop also has a notice board, and all systems and information will be shown here, so that we can know exactly what to do and what not to do (HMZ).</p>	<p>All products of our company are original products, with our own molds and product patent rights. It is easy for end customers to find us in the market channel (LXQ).</p>
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Performance evaluation and incentive mechanism	The boss has paid more attention to product development. In the early days of the company's establishment, a patent innovation incentive system was introduced to encourage people to use their brains to develop new products. There are currently more than 60 patent products, which is also a guarantee for the company's continuous development (ZXL).	Since entering the company in 2014, the boss has introduced a series of management mechanisms, which are more in line with the employees' aspirations (ZZW); the company has points system. All good people, mutual help, reasonable suggestions and production pacesetters will have points (HMZ); in 2015, the company issued a long-term incentive mechanism, and rewarded 100 thousand yuan at a time when the employee has worked for the company 10 years, which give me some expectations for this. I will work hard and hope the company will continue to be prosperous (CQH).	In 2017, the director of the production plant was transferred to the R&D department. The boss did not set up a special factory director but implemented the factory director rotating system. The production supervisor, PMC supervisor and quality supervisor were responsible for the rotation every quarter. During the rotation period, the allowance of the factory director was allocated, and the rotating factory directors in different rotation periods were assessed and rewarded, which greatly improved our three supervisors (HQ).
Innovative behavior	In order to quickly respond to customers' needs, he participated in the development of project management operation mechanism, which accelerated the progress of product development and	He has always thought that the sales department is the leading department of the company, and the salesperson represents the customer, and requires other departments to cooperate with us unconditionally. The internal supply chain collaborative assessment mechanism formulated also focuses on the sales	For foreign trade salesmen, product certification certificate and patent products together are the best promotion tools and resources, which can quickly close our communication and transaction with customers (LXQ); since the company improved the internal supply chain collaborative assessment system in 2018, when the department leaders

		transformation. The company's first patented product hit the sales market and has been the company's main product till now (ZXL).	department to assess other departments, which makes us very quick and active when serving customers (CKF); Our workshop has the evaluation of excellent employees every month (HMZ).	receive awards, we will also receive supporting awards as department employees, which makes us feel a great sense of gain of our contribution to the work of the department (CQH).
Employee satisfaction	Leadership behavior	In the past, he worked very carefully. He operated all the systems and management measures by himself, because he had been in factory management before, and had more experience in this field (ZSP).	I put forward a lot of suggestions. The boss basically agreed with me and authorized me to promote and implement them. Sometimes he would give me some suggestions for reference, which is not as much as the previous mandatory orders (HMS).	Since 2017, he is not very good at managing specific affairs, mainly in charge of new product development, customer reception and visit, improvement and improvement of management mechanism (ZSP); since 2017, the boss's leadership style has gradually become self-confident and calm, without previous anxiety, and I felt that he has a way to deal with all things (ZZW).
	Management measures	When I first joined the company to engage in foreign trade sales, the training mechanism and sales system at that time were not so perfect. It all relied on personal learning. However, the boss was good at learning. Combined with everyone's suggestions and	Since the company established the credit system management mechanism in 2015, the working atmosphere of the company has improved a lot, especially when each shipment needs to be handled, the workshop management personnel and production line staff are more active (ZK); at the end of 2014, through my efforts and hard work, I won the title of the company's	Every time I return to my job, the company will make some changes and introduce some systems and management measures, which make me feel the company's atmosphere is getting better and better (ZXL); as old employee, I still have 7 days of paid annual leave every year (CQH); in 2018, at the welcome ceremony when I first joined the company, the department head assigned me

	<p>opinions, he formulated a ladder like Commission reward system and increased the Commission proportion, and increased the ritual sense of commission distribution, which stimulated the motivation of all sales personnel, the sales business gradually stabilized (CKF).</p>	<p>best salesman, and won the company's reward of 20, 000 yuan to subsidize the purchase of sedan, which made me have a great sense of honor (CKF).</p>	<p>two mentors: skill tutor and business tutor to guide my work and study, which surprised me (LXQ); the company has introduced a lot of management measures and incentive mechanisms, especially the long-term incentive system. After working in the company for 10 years, I will reward 100, 000 yuan in one time, which makes me look forward to. I am looking forward to it because I have been here for seven years (ZK).</p>
Innovation opportunities	<p>I haven't worked in this position before. The boss often encourages me to learn and teach me the professional knowledge and operation skills of this position, so I gradually grow up (ZSP).</p>	<p>I haven't been in the factory before. When I first applied to the company in 2014, my boss basically made me familiar with all the positions in the factory. It took me about six months to take the position of deputy production director. This process is very important to me (HQ); I learned from work and grew up gradually (HQ); the workshop environment is good, cleaner than the previous workplace, making people feel very happy (HMZ).</p>	<p>The company has a relatively systematic knowledge base system to avoid the non-circulation of information, which effectively guides my product knowledge and skills (LXQ); the company often organizes product skill training and examination, which forces us to learn. When I communicate with customers, product knowledge makes me score a lot, and customers also agree with my professional degree (LXQ); our department has a "knowledge sharing" meeting every month, which mainly comes from the experience sharing and exchange of sales skills of old</p>

employees or excellent salesmen in the sales department. After each sharing meeting, there will be training scores and points rewards for the speaker. On one hand, it will assess the training ability and skills of the speaker, and on the other hand, it is really an experience learning for new people (LXQ).

Career development	<p>In 2011, I came to the company as soon as I graduated from university. At that time, I took the position of warehouse keeper. The company started to use ERP system in 2013. In a thorough examination, I got the first place in the company. In addition to my usual work performance, my boss put me up as a PMC supervisor in an unusual way. I am very happy to have the opportunity to improve myself (ZK).</p>	<p>As for the work of performance appraisal, he basically assigned to different department heads through the management mechanism. He has always stressed that: the head of each department must first be the human resources manager (ZSP); at the same time, I work part-time in the collaborative assessment of internal supply chain. This assessment method is relatively simple and easy to operate. All work is carried out around customers, pushing back the internal problems of the company from customers' complaints, and solving the main problems (HQ).</p>	<p>After the company implemented the partnership system in 2018, I took the initiative to express to him that I wanted to be responsible for the operation of a branch plant independently, and the company agreed and gave me great support (ZSP); in 2017, after the manager of R&amp;D department resigned, the boss wanted me to try this position (ZZW).</p>
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Turnover	<p>Turnover I admire my boss very much. I</p>	<p>Sometimes I also thought about resigning. I never wanted to leave the company. I give</p>
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intention	intention	would like to work with him because I can see the bright future (ZSP).	Although the boss promoted me, but he also picked up my fault everywhere. But I really thank myself for surviving (ZK).	myself a very clear position and do a good job in the role of engineer team service and organizer, and rush forward with the boss (ZZW).
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#### **5.1.4 Characteristics of the research variables across company's three stages**

In the development process of LY Company, the evolution of management mechanism can be analyzed in parallel with the company's three growth stages. The continuity of enterprise development dictates that the management mechanism is not designed and implemented completely radical, but progressive, in nature. What connects them is the evolution of enterprise culture, leadership style and value preference of employees, which are reflected in the whole process of enterprise development. They work together on the establishment, implementation and evolution of management mechanism.

Entrepreneurial stage I: Since the company was just initially set up, the system was still not perfect, the focus was on product development and sales, and the concentration of power was high. At this point, the company's corporate culture was "Temporary institutional system" culture. The leadership style was "high task - high relationship" type, that is, the author himself paid attention to the company's tasks, while paying attention to the relationship with the employees. The individual value preferences of the employees were primarily "material pursuit".

Growth stage II: At this stage, the company had basically overcome the problem of survival, but due to the rapid development, enterprises still needed to face personnel management and build a reasonable talent echelon, management mechanism construction, and constantly developed new products to meet different customers' demand and other challenges. At this time, the company's culture was a "Tribal" culture. The leadership style was "high task - low relationship" type, that is, the author himself was very concerned about the development of the enterprise, and the employees were more dependent on the standardized system and process management. Individual employees were gradually shifted their value preferences from "material pursuit" to "spiritual pursuit".

Stable development stage III: At this stage, the organizational structure is relatively stable, employees tend to be stable and have greater work experience. Many tasks have a structured nature, the uncertainty is greatly reduced, the leaders are fully authorized, and the participation of employees is gradually increasing. At this time, the corporate culture displayed by the company is a "Hierarchical" culture, and the leadership style is "low task - high relationship", that is, the author and the subordinate employees participate in the decision-making together, and author mainly provides convenient conditions and

environment; individual employees' value preferences "focus on the comprehensive development of material pursuit and spiritual pursuit".

Corporate culture always runs through the whole process of enterprise development, involving all aspects and links of the enterprise. No matter which growth stage the enterprise is in, culture had shown different degrees of influence on the development of the enterprise and continuously affected the value concept, thinking and behavior of the enterprise leader and management. In different stages of enterprise development, the leadership style of the management team was adjusted in time with the different combinations of various contingency factors, in order to adapt to the development stage of the enterprise, in order to promote the sustainable and stable development of the enterprise. The unity of material pursuit and spiritual pursuit of individual employees is reflected in two levels. First, from the perspective of individual employee development, the simultaneous realization of material pursuit and spiritual pursuit is the highest goal of employee value preference. Second, from the perspective of enterprise development, individual employees' practical activities to achieve material pursuit and spiritual pursuit certainly promote the construction of corporate culture and further realize the common progress of enterprises and individuals.

For an enterprise, no matter how long it has been established and how large it is, innovation and improvement must be the key forces for the sustainable development of the enterprise. In the growth path of any enterprise, there will always be challenges. The most important challenge is how to identify and define ongoing problems and how to solve the problems so as to break through the bottleneck which restricted development. If the enterprise system development is not continuous, the staff team is not stable, and the management team is not cohesive, then the enterprise will face critical barriers for growth. If the enterprise cannot further adapt to the new environment changes and cannot keep pace with the times to carry out management changes, it will eventually be eliminated.

## **5.2 Questionnaire survey data analyses results**

### **5.2.1 Descriptive statistics**

The characteristics of the survey responses sample used in testing our research model and hypotheses are summarized in Table 5-4.

Table 5-4 Sample characteristics of survey respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	333	56.63%
	Female	252	42.86%
	Missing value	3	0.51%
Age	Below age 24	138	23.47%
	Between 24-29	137	23.30%
	Between 30-35	128	21.77%
	Between 36-40	82	13.95%
	40 years and older	92	15.65%
	Missing value	11	1.87%
Marital Status	Single	222	37.76%
	Married	361	61.39%
	Missing value	5	0.85%
Married Status	0 kid	60	16.62%
	1 kid	126	34.90%
	2 kids	139	38.50%
	3 kids or more	31	8.59%
	Missing value	5	1.39%
	Primary school	47	7.99%
Highest Education	Middle school	227	38.61%
	High school	97	16.50%
	Vocational school	67	11.39%
	Specialist	73	12.41%
	Bachelor	64	10.88%
	Postgraduate	5	0.85%
	Missing value	8	1.36%
	Less than 3 years	169	28.74%
Years of work	4-9 years	157	26.70%
	10-15 years	142	24.15%
	16-20 years	76	12.93%
	More than 20 years	38	6.46%
	Missing value	6	1.02%
Institution worked	0	62	10.54%
	1	84	14.29%

	2	117	19.90%
	3	140	23.81%
	4	63	10.71%
	5 or more	107	18.20%
	Missing value	15	2.55%
Working period at the current position	Less than 1 year	207	35.20%
	1-3 years	231	39.29%
	4-6 years	80	13.61%
	7-10 years	41	6.97%
	More than 10 years	19	3.23%
	Missing value	10	1.70%
Current position	Manager	123	20.92%
	Technical staff	109	18.54%
	Salesperson	49	8.33%
	General workers	302	51.36%
	Missing value	5	0.85%

## 5.2.2 Reliability and validity analyses of the measurement

### 5.2.2.1 Reliability analyses

Table 5-5 Reliability coefficients of variables and dimensions

Variable	Dimension	$\alpha$ coefficient of each dimension	$\alpha$ coefficient of the scale
Corporate culture			.882
Leadership Style			.918
Employee value preference	Material Pursuit	.896	.885
	Spiritual Pursuit	.745	
	Cultural Management	.859	
Management Mechanism	Performance Evaluation and Incentive Mechanism	.911	.950
	Innovative Behavior	.929	
	Leadership Behavior	.905	
	Management Measures	.947	
Employee Satisfaction	Innovation Opportunity	.909	.962
	Career Development	.914	
Employee Turnover			.957

The reliability analysis of all the items in the measurement scale was carried out using SPSS 24.0. See Appendix 3 Table 3-1 for the results. The summary of reliability statistics is shown in Table 5-5. As show by the reliability statistics of the variables and the

dimensions of the variables, all estimates of the reliability index  $\alpha$  are greater than 0.75, and the estimate of reliability index  $\alpha$  of each dimension of the seven variables was greater than 0.70, indicating that the measures of the study variables and their dimensions demonstrate adequate levels of reliability.

### 5.2.2.2 Validity analyses

#### (1) Validity Analysis of Employee Value Preference Scale

To test the convergent and discriminant validity of the employee value preference measurement scale, a factor analysis was performed on the 7 items. The study used the principal component analysis to extract the factors with the eigenvalue greater than one. The results suggest that  $KMO > 0.70$ , Bartlett spherical test result  $P < 0.01$ , which indicate the factor analysis can be performed on this set of items. As shown in Table 5-6, the factor analysis using the maximum rotation extracted 2 factors which can be interpreted as material pursuit and spiritual pursuit. All items loaded highly, with loadings values greater than 0.65, on the factor that they are intended to measure. All items have low loadings on the other factor that they are not intended to measure. The cumulative variance explained by the two factors is 72.235%. Detailed results are provided in Appendix 3 Table 3-2. The results suggest that the measurement items have adequate convergent and discriminant validity.

Table 5-6 Factor analysis of employee value preference measurement

Question #	Factor	
	Material Pursuit	Spiritual Pursuit
2e		.802
2g		.827
2f		.669
2a	.770	
2c	.850	
2b	.877	
2d	.787	

#### (2) Validity Analysis of Management Mechanism Scale

A factor analysis using the maximum rotation was performed on the 16 items of the management mechanism scale. The results suggest that  $KMO > 0.70$ , Bartlett spherical test result  $P < 0.01$ , indicating that the conditions for factor analysis on these items are met. As

shown in Table 5-7, three factors were extracted. These factors can be interpreted as cultural management, performance evaluation and incentive mechanism, and innovative behavior. All items loaded highly, with loadings values greater than 0.70, on the factor that they are intended to measure. All items have low loadings on the other factor that they are not intended to measure. The cumulative variance explained by the two factors is 71.023%. Detailed results are provided in Appendix 3 Table 3-3. The results suggest that the measurement items have adequate convergent and discriminant validity.

Table 5-7 Factor analysis management mechanism measurement

Question #	Factor		
	Innovative Behavior	Cultural Management	Performance Evaluation and Incentive Mechanism
31a		.710	
31b		.775	
31c		.755	
31d		.859	
31e		.677	
31f			-.878
31g			-.804
31h			-.860
31i			-.742
31j			-.742
31k	.805		
31l	.826		
31m	.813		
31n	.711		
31p	.852		
31o	.936		

### (3) Validity Analysis of Corporate Culture and Leadership Style Scale

A factor analysis using the maximum rotation was performed on the five items of the corporate culture and leadership style scale. The results suggest that KMO>0.70, Bartlett spherical test result  $P<0.01$ , indicating that the conditions for factor analysis on these items are met. As shown in Table 5-8, two factors were extracted. These factors can be interpreted as corporate culture and leadership style. All items loaded highly, with loadings values greater than 0.72, on the factor that they are intended to measure. All items have

low loadings on the other factor that they are not intended to measure. The cumulative variance explained by the two factors is 71.950%. Detailed results are provided in Appendix 3 Table 3-4. The results suggest that the measurement items have adequate convergent and discriminant validity.

Table 5-8 Analysis of corporate culture and leadership style scale factors

Question #	Factor	
	Leadership Style	Corporate culture
32b		.837
32a		.723
32c		.825
32d		.798
32e		.869
32f	.901	
32g	.875	
32h	.857	
32i	.894	
32j	.755	

#### (4) Validity Analysis of Employee Satisfaction Scale

A factor analysis using the maximum rotation was performed on the 18 items of the employee satisfaction scale. The results suggest that  $KMO > 0.70$ , Bartlett spherical test result  $P < 0.01$ , indicating that the conditions for factor analysis on these items are met. As shown in Table 5-9, four factors were extracted. These factors can be interpreted as leadership behavior, management measures, innovation opportunities, and career development. All items loaded highly, with loadings values greater than 0.65, on the factor that they are intended to measure. All items have low loadings on the other factor that they are not intended to measure. The cumulative variance explained by the two factors is 79.010%. Detailed results are provided in Appendix 3 Table 3-5. The results suggest that the measurement items have adequate convergent and discriminant validity.



Table 5-9 Factor analysis of employee satisfaction measurement

Question #	Factor			
	Management Measures	Career Development	Leadership Behavior	Innovation Opportunity
4a			.879	
4b			.912	
4c			.868	
4d	.805			
4e	.819			
4h	.839			
4i	.747			
4f	.955			
4g	.811			
4j				-.667
4k				-.836
4l				-.818
4m				-.759
4n		.766		
4o		.803		
4p		.922		
4q		.884		
4r		.834		

## (5) Validity Analysis of the Employee Turnover Intention Scale

A factor analysis using the maximum rotation was performed on the 8 items of the employee satisfaction scale. The results suggest that  $KMO > 0.70$ , Bartlett spherical test result  $P < 0.01$ , indicating that the conditions for factor analysis on these items are met. As shown in Table 5-10, two factors were extracted. These factors can be interpreted as turnover intention and intention to quit. All items loaded highly, with loadings values greater than 0.80, on the factor that they are intended to measure. All items have low loadings on the other factor that they are not intended to measure. The cumulative variance explained by the two factors is 77.269%. Detailed results are provided in Appendix 3 Table 3-6. The results suggest that the measurement items have adequate convergent and discriminant validity.

Table 5-10 Factor analysis of employee turnover intention measurement

Question #	Factors	
	Turnover Intention	Intention to Quit
4s	.858	
4t	.900	
4u	.899	
4v	.861	
4w		.916
4x		.895
4y		.801
4z		.898

### 5.2.3 Hypothesis testing using regression analyses

In this study, multiple linear regression analysis was used to test the research model and the research hypotheses. In order to control for effects of respondent demographic characteristics on the dependent variables, we included gender, age, marriage status, number of children, length of service, working years, and number of organizations worked for, in the regression analyses as control variables.

The regressions analyses were performed at two levels. First, the relationships among the various variables as proposed by the research model and hypotheses were tested using the corresponding regression equations. Second, to gain further insights into how the different dimensions of the various variables affect each other, regression analyses were performed using the dimensions of the variables in the regression equations.

The research model was tested using the following three regression equations:

$$Y_1 = \beta_{10} + \beta_{11}X_{11} + \beta_{12}X_{12} + \beta_{13}X_{13} \quad (5.1)$$

Where:  $Y_1$  - Management mechanism;

$X_{11}$  - Employee value preference;  $X_{12}$  - Corporate culture;  $X_{13}$  -

Leadership style

$$Y_2 = \beta_{20} + \beta_{21}X_{21} + \beta_{22}X_{22} + \beta_{23}X_{23} + \beta_{24}X_{24} + \beta_{25}X_{25} + \beta_{26}X_{26} \quad (5.2)$$

Where:  $Y_2$  - Employee satisfaction

$X_{21}$  - Employee value preference;  $X_{22}$  - Corporate culture;  $X_{23}$  - Leadership style;  $X_{24}$  - Management mechanism;  $X_{25}$  - Age (Control variable);  $X_{26}$  - Marriage (Control variable)

$$Y_3 = \beta_{30} + \beta_{31}X_{31} + \beta_{32}X_{32} + \beta_{33}X_{33} + \beta_{34}X_{34} + \beta_{35}X_{35} \quad (5.3)$$

Where:  $Y_3$  - Turnover intention

$X_{31}$  - Employee value preference;  $X_{32}$  - Corporate culture;  $X_{33}$  - Leadership style;  $X_{34}$  - Management mechanism;  $X_{35}$  - Employee satisfaction

The regression analysis results are summarized in Table 5-11.

In Regression Equation 5.1, employee value preference, corporate culture, and leadership style were the independent variables, and management mechanism was the dependent variable. The results showed that:  $F=522.239$  ( $P<.001$ ), suggesting that the regression equation, with the three independent variables had significant power in explaining the dependent variable. The Adjusted  $R^2=0.728$ , indicating that the employee value preference, corporate culture, leadership style explained 72.8% of the variances in management mechanism. The regression coefficient of each of the three independent variables was positive and significant ( $P<0.05$ ). Therefore, our results suggest that employee value preference, corporate culture, and leadership style, each had a significant and positive impact on management mechanisms.

In Equation 5.2, employee value preference, corporate culture, leadership style, management mechanism, age and marriage were the independent variables, and employee satisfaction was the dependent variable. The results showed that:  $F=183.821$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.745$ , indicating that leadership style, management mechanism, age and marriage, all together explained 74.5% of the variances in employee satisfaction. The regression coefficients of leadership style, management mechanism, and marriage were significant and positive ( $P<0.05$ ). The regression coefficient of marriage was significant and negative ( $P<0.05$ ).

Table 5-11 Regression analysis results of overall research model testing

Regression equation	Dependent Variable	Independent Variable	Unstandardized		Standardized	t	P	R Square	Adjusted R Square	F
			Coefficients		Coefficients					
			B	Std. Error	β					
5.1	Management Mechanis-m (Y <sub>1</sub> )	Employee value preference (X <sub>11</sub> )	.215	.024	.228	8.935	.000	.729	.728	522.239
		Corporate culture (X <sub>11</sub> )	.409	.033	.392	12.320	.000			
		Leadership style (X <sub>11</sub> )	.353	.029	.376	11.997	.000			
5.2	Employee Satisfaction (Y <sub>2</sub> )	Employee value preference (X <sub>21</sub> )	.008	.027	.008	.289	.773	.749	.745	183.821
		Corporate culture (X <sub>22</sub> )	.073	.039	.066	1.882	.060			
		Leadership style (X <sub>23</sub> )	.271	.034	.274	7.884	.000			
		Management mechanism (X <sub>24</sub> )	.608	.043	.578	14.168	.000			
		Age (X <sub>25</sub> )	.010	.005	.076	2.084	.038			
		Marriage (X <sub>26</sub> )	-.193	.083	-.083	-2.342	.020			
		Employee value preference (X <sub>31</sub> )	-.089	.064	-.062	-1.390	.165			
5.3	Turnover intention (Y <sub>3</sub> )	Corporate culture (X <sub>32</sub> )	-.030	.094	-.019	-.320	.749	.327	.314	26.664
		Leadership style (X <sub>33</sub> )	-.090	.087	-.062	-1.027	.305			
		Management mechanism (X <sub>34</sub> )	-.333	.120	-.217	-2.768	.006			
		Employee satisfaction (X <sub>35</sub> )	-.376	.102	-.257	-3.669	.000			

Therefore, our results suggest that leadership style and management mechanism had significant and positive impacts on employee satisfaction, while marriage had a significant and negative effect on employee satisfaction. In other words, employee who were not married were less satisfied than those employees who were married.

In Equation 5.3, employee value preference, corporate culture, leadership style, management mechanism were the independent variables, and employee turnover intention was the dependent variable. The results show that:  $F=26.664$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.314$ , indicating that employee value preference, corporate culture, leadership style, management mechanism, all together explained 31.4% of the variances in employee turnover intention. Employee satisfaction and management mechanism, each had a significant and negative effect on employee turnover intention. Employee value preference, corporate culture and leadership style, each had a negative effect on employee turnover intention.

#### **5.2.4 Further analyses between specific dimensions of variable**

To gain further insights into the more detailed relationships among the specific dimensions of the various variables, we performed regression analyses using the dimensions of each variable in the corresponding sets of regression equations.

##### **5.2.4.1 The three dimensions of management mechanisms as dependent variables**

The first set of regression analyses used each of the three dimensions of management mechanisms as the dependent variables: cultural management, performance evaluation and incentive mechanism, and innovative behavior. In addition to leadership style and culture, the two dimensions of employee value preference were used as independent variables: material pursuit and spiritual pursuit.

The specific relationships among the independent variables and the three dimensions of management mechanism as dependent variables were modeled in the following three regression equations:

$$Y_4 = \beta_{40} + \beta_{41}X_{41} + \beta_{42}X_{42} + \beta_{43}X_{43} + \beta_{44}X_{44} \quad (5.4)$$

Where:  $Y_4$  - Cultural management;

$X_{41}$  - Corporate culture;  $X_{42}$  - Leadership style;  $X_{43}$  - Material pursuit;  
 $X_{44}$  - Spiritual pursuit

$$Y_5 = \beta_{50} + \beta_{51}X_{51} + \beta_{52}X_{52} + \beta_{53}X_{53} + \beta_{54}X_{54} \quad (5.5)$$

Where:  $Y_5$  - Performance evaluation and incentive mechanism;

$X_{51}$  - Corporate culture;  $X_{52}$  - Leadership style;  $X_{53}$  - Material pursuit;  
 $X_{54}$  - Spiritual pursuit

$$Y_6 = \beta_{60} + \beta_{61}X_{61} + \beta_{62}X_{62} + \beta_{63}X_{63} + \beta_{64}X_{64} \quad (5.6)$$

Where:  $Y_6$  - Innovative behavior;

$X_{61}$  - Corporate culture;  $X_{62}$  - Leadership style;  $X_{63}$  - Material pursuit;  
 $X_{64}$  - Spiritual pursuit

The analysis results of the three regression equations are summarized in Table 5-12, as shown below.

In Equation 5.4, corporate culture, leadership style, material pursuit and spiritual pursuit were the independent variables. One of the management mechanisms, cultural management, was the dependent variable. The results showed that:  $F=240.399$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.622$ , indicating that corporate culture, leadership style, material pursuit and spiritual pursuit, all together explained 62.2% of the variances in one of the management mechanisms, cultural management. The regression coefficients of corporate culture, leadership style, material pursuit and spiritual pursuit were significant and positive ( $P<0.05$ ).

In Equation 5.5, corporate culture, leadership style, material pursuit and spiritual pursuit were the independent variables. One of the management mechanisms, performance evaluation and incentive mechanism, was the dependent variable. The results showed that:  $F=154.419$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable.

Table 5-12 Regression analysis results related to management mechanism dimensions

Regression equation	Dependent variable	Independent variable	Unstandardized Coefficients		Standardized Coefficients	t	P	R Square	Adjusted R Square	F
			B	Std. Error	$\beta$					
5.4	Cultural management (Y <sub>4</sub> )	Corporate culture (X <sub>41</sub> )	.426	.041	.396	10.305	.000	.624	.622	240.399
		Leadership style (X <sub>42</sub> )	.224	.036	.232	6.271	.000			
		Material pursuit (X <sub>43</sub> )	.129	.026	.163	4.904	.000			
		Spiritual pursuit (X <sub>44</sub> )	.176	.038	.168	4.668	.000			
5.5	Performance evaluation and incentive mechanism (Y <sub>5</sub> )	Corporate culture (X <sub>51</sub> )	.325	.053	.266	6.118	.000	.519	.516	156.419
		Leadership style (X <sub>52</sub> )	.384	.046	.349	8.336	.000			
		Material pursuit (X <sub>53</sub> )	.212	.034	.235	6.258	.000			
		Spiritual pursuit (X <sub>54</sub> )	.027	.048	.022	.554	.580			
5.6	Innovative behavior (Y <sub>6</sub> )	Corporate culture (X <sub>61</sub> )	.501	.043	.426	11.659	.000	.658	.656	279.441
		Leadership style (X <sub>62</sub> )	.435	.037	.410	11.653	.000			
		Material pursuit (X <sub>63</sub> )	.135	.027	.155	4.919	.000			
		spiritual pursuit (X <sub>64</sub> )	-.083	.039	-.073	-2.135	.033			

The Adjusted  $R^2=0.516$ , indicating that corporate culture, leadership style, material pursuit and spiritual pursuit, all together explained 51.6% of the variances in one of the management mechanisms, performance evaluation and incentive mechanism. The regression coefficients of corporate culture, leadership style, and material pursuit were significant and positive ( $P<0.05$ ). However, the regression coefficient of spiritual pursuit was not significant, albeit positive.

In Equation 5.6, corporate culture, leadership style, material pursuit and spiritual pursuit were the independent variables. One of the management mechanisms, innovative behavior, was the dependent variable. The results showed that:  $F=279.441$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.656$ , indicating that corporate culture, leadership style, material pursuit and spiritual pursuit, all together explained 65.6% of the variances in one of the management mechanisms, innovative behavior. The regression coefficients of corporate culture, leadership style, and material pursuit were significant and positive ( $P<0.05$ ). However, the regression coefficient of spiritual pursuit was significant but negative.

#### **5.2.4.2 The four dimensions of employee satisfaction as dependent variables**

The second set of regression analyses used each of the four dimensions of management mechanisms as the dependent variables: leadership behavior, management measures, innovation opportunities, and career development. Leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit) were used as independent variables. In addition, the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior) were used as independent variables.

The specific relationships among the independent variables and the four dimensions of employee satisfaction as dependent variables were modeled in the following four regression equations:

$$Y_7=\beta_{70}+ \beta_{71}X_{71}+ \beta_{72}X_{72}+ \beta_{73}X_{73}+ \beta_{74}X_{74}+ \beta_{75}X_{75}+ \beta_{76}X_{76}+ \beta_{77}X_{77} \quad (5.7)$$

Where:  $Y_7$  - Leadership behavior



$X_{71}$  - Corporate culture;  $X_{72}$  - Leadership style;  $X_{73}$  - Material pursuit;  $X_{74}$  - Spiritual pursuit;  $X_{75}$  - Cultural management;  $X_{76}$  - Performance evaluation and incentive mechanism;  $X_{77}$  - Innovative behavior.

$$Y_8 = \beta_{80} + \beta_{81}X_{81} + \beta_{82}X_{82} + \beta_{83}X_{83} + \beta_{84}X_{84} + \beta_{85}X_{85} + \beta_{86}X_{86} + \beta_{87}X_{87} + \beta_{88}X_{88} + \beta_{89}X_{89} \quad (5.8)$$

Where:  $Y_8$  - Management measures

$X_{81}$  - Corporate culture;  $X_{82}$  - Leadership style;  $X_{83}$  - Material pursuit;  $X_{84}$  - Spiritual pursuit;  $X_{85}$  - Cultural management;  $X_{86}$  - Performance evaluation and incentive mechanism;  $X_{87}$  - Innovative behavior;  $X_{88}$  - Age (Control variable);  $X_{89}$  - Marriage (Control variable)

$$Y_9 = \beta_{90} + \beta_{91}X_{91} + \beta_{92}X_{92} + \beta_{93}X_{93} + \beta_{94}X_{94} + \beta_{95}X_{95} + \beta_{96}X_{96} + \beta_{97}X_{97} + \beta_{98} \quad (5.9)$$

Where:  $Y_9$  - Innovation opportunity

$X_{91}$  - Corporate culture;  $X_{92}$  - Leadership style;  $X_{93}$  - Material pursuit;  $X_{94}$  - Spiritual pursuit;  $X_{95}$  - Cultural management;  $X_{96}$  - Performance evaluation and incentive mechanism;  $X_{97}$  - Innovative behavior;  $X_{98}$  - Marriage (Control variable)

$$Y_{10} = \beta_{100} + \beta_{101}X_{101} + \beta_{102}X_{102} + \beta_{103}X_{103} + \beta_{104}X_{104} + \beta_{105}X_{105} + \beta_{106}X_{106} + \beta_{107}X_{107} + \beta_{108}X_{108} \quad (5.10)$$

Where:  $Y_{10}$  - Career development

$X_{101}$  - Corporate culture;  $X_{102}$  - Leadership style;  $X_{103}$  - Material pursuit;  $X_{104}$  - Spiritual pursuit;  $X_{105}$  - Cultural management;  $X_{106}$  - Performance evaluation and incentive mechanism;  $X_{107}$  - Innovative behavior;  $X_{108}$  - Number of employees (Control variable)

The analysis results of the four regression equations are summarized in Table 5-13, as shown below.

Table 5-13 Regression analysis results related to employee satisfaction dimensions

Regression Equation	Dependent Variable	Independent Variable	Unstandardized		Standardized		t	P	R Square	Adjusted R Square	F
			Coefficients		Coefficients						
			B	Std. Error	β						
5.7	Leadership behavior (Y <sub>7</sub> )	Corporate culture (X <sub>71</sub> )	.326	.061	.266	5.368	.000	.582	.572	57.829	
		Leadership style (X <sub>72</sub> )	.372	.051	.337	7.287	.000				
		Material pursuit (X <sub>73</sub> )	-.047	.034	-.053	-1.367	.172				
		Spiritual pursuit (X <sub>74</sub> )	.116	.048	.096	2.422	.016				
		Cultural management (X <sub>75</sub> )	.055	.055	.049	1.012	.312				
		Performance evaluation and incentive mechanism (X <sub>76</sub> )	.192	.045	.195	4.233	.000				
		Innovative behavior (X <sub>77</sub> )	-.021	.057	-.020	-.374	.709				
5.8	Management measures (Y <sub>8</sub> )	Corporate culture (X <sub>81</sub> )	-.014	.065	-.010	-.223	.824	.651	.643	77.355	
		Leadership style (X <sub>82</sub> )	.272	.054	.212	5.024	.000				
		Material pursuit (X <sub>83</sub> )	.141	.036	.138	3.895	.000				
		Spiritual pursuit (X <sub>84</sub> )	-.223	.051	-.159	-4.367	.000				
		Cultural management (X <sub>85</sub> )	.037	.058	.028	.631	.529				
		Performance evaluation and incentive mechanism (X <sub>86</sub> )	.451	.048	.394	9.346	.000				
		Innovative behavior (X <sub>87</sub> )	.323	.061	.264	5.321	.000				
5.9	Innovation	Age (X <sub>88</sub> )	.015	.007	.091	2.096	.037	.628	.619	69.872	
		Marriage (X <sub>89</sub> )	-.396	.126	-.133	-3.135	.002				
		Corporate culture (X <sub>91</sub> )	.126	.059	.100	2.138	.033				

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		opportunity (Y <sub>9</sub> ) Leadership style (X <sub>92</sub> )	.252	.049	.223	5.108	.000			
		Material pursuit (X <sub>93</sub> )	.019	.033	.021	.565	.572			
		Spiritual pursuit (X <sub>94</sub> )	-.097	.046	-.079	-2.096	.037			
		Cultural management (X <sub>95</sub> )	.097	.053	.083	1.835	.067			
		Performance evaluation and incentive mechanism (X <sub>96</sub> )	.281	.044	.279	6.401	.000			
		Innovative behavior (X <sub>97</sub> )	.261	.055	.243	4.731	.000			
		Marriage (X <sub>98</sub> )	-.278	.115	-.106	-2.423	.016			
		Corporate culture (X <sub>101</sub> )	.191	.053	.178	3.612	.000			
		Leadership style (X <sub>102</sub> )	.239	.044	.248	5.404	.000			
		Material pursuit (X <sub>103</sub> )	.037	.030	.048	1.251	.212			
Career		Spiritual pursuit (X <sub>104</sub> )	.076	.042	.072	1.814	.070			
5.10	Development	Cultural management (X <sub>105</sub> )	.041	.047	.042	.871	.384	.587	.577	58.971
	(Y <sub>10</sub> )	Performance evaluation and incentive mechanism (X <sub>106</sub> )	.139	.039	.161	3.522	.000			
		Innovative behavior (X <sub>107</sub> )	.141	.050	.153	2.832	.005			
		Number of employees (X <sub>108</sub> )	-.104	.049	-.093	-2.107	.036			

In Equation 5.7, leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit), the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior) were the independent variables. One of the employee satisfactions dimensions, leadership behavior, was the dependent variable. The results showed that:  $F=57.829$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.572$ , indicating that corporate culture, leadership style, material pursuit and spiritual pursuit, cultural management, performance evaluation and incentive mechanism, and innovative behavior, all together explained 57.2% of the variances in one of the employee satisfactions dimensions, leadership behavior. The regression coefficients of corporate culture, leadership style, and spiritual pursuit, performance evaluation and incentive mechanism were significant and positive ( $P<0.05$ ). However, the regression coefficients of material pursuit, culture management, and innovation behavior, was not significant.

In Equation 5.8, leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit), the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior) were the independent variables. One of the employee satisfactions dimensions, management measures, was the dependent variable. The results showed that:  $F=77.355$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.643$ , indicating that corporate culture, leadership style, material pursuit and spiritual pursuit, cultural management, performance evaluation and incentive mechanism, and innovative behavior, all together explained 57.2% of the variances in one of the employee satisfactions dimensions, management measures. The regression coefficients of leadership style, material pursuit, spiritual pursuit, performance evaluation and incentive mechanism, innovation behavior, were significant and positive ( $P<0.05$ ). However, the regression coefficients of spiritual pursuit, was significant but negative. The coefficients of corporate culture, and culture management, were not significant. In addition, out of the two control variables, age and marital status, age had a significant and positive effect on management measures, but marriage had a significant and negative effect. The results suggest that, older employees tend to be more satisfied with the management measure dimension of employee satisfaction than younger employees. Employees who were marriage tend to be more

satisfied with management measure dimension of employee satisfaction than employees who were not married.

In Equation 5.9, leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit), the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior) were the independent variables. One of the employee satisfactions dimensions, innovation opportunities, was the dependent variable. The results showed that:  $F=69.872$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.619$ , indicating that corporate culture, leadership style, material pursuit and spiritual pursuit, cultural management, performance evaluation and incentive mechanism, and innovative behavior, all together explained 61.9% of the variances in one of the employee satisfactions dimensions, innovation opportunities. The regression coefficients of corporate culture, leadership style, spiritual pursuit, performance evaluation and incentive mechanism, innovation behavior, were significant and positive ( $P<0.05$ ). However, the regression coefficients of spiritual pursuit, was significant but negative. The coefficients of, and culture management, material pursuit, were not significant. In addition, out of the two control variables, age and marital status, age had no significant effect on the innovation opportunities dimension of employee satisfaction, but marriage had a significant and negative effect. The results suggest that, employees who were married tend to be more satisfied with innovation opportunities dimension of employee satisfaction than employees who were not married.

In Equation 5.10, leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit), the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior) were the independent variables. One of the employee satisfactions dimensions, career development, was the dependent variable. The results showed that:  $F=68.971$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.577$ , indicating that corporate culture, leadership style, spiritual pursuit, performance evaluation and incentive mechanism, and innovative behavior, all together explained 57.7% of the variances in one of the employee satisfactions dimensions, career development. The regression coefficients of corporate culture, leadership style, spiritual pursuit, performance

evaluation and incentive mechanism, innovation behavior, were significant and positive ( $P < 0.05$ ). The coefficients of, material pursuit, spiritual pursuit, cultural management, were not significant. The control variable, number of children, had a significant and negative effect. The results suggest that, employees who had more children were less satisfied with the career development dimension of employee satisfaction than employees who had fewer children.

#### **5.2.4.3 Employee turnover intention as dependent variable**

The last regression analysis used employee turnover intention as the dependent variable. Leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit), the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior), and the four dimensions of employee satisfaction (leadership behavior, management measures, innovation opportunities, and career development), were used as independent variables.

The specific relationships among the independent variables and employee turnover intention as the dependent variable were modeled in the following regression equation:

$$Y_{11} = \beta_{110} + \beta_{111}X_{111} + \beta_{112}X_{112} + \beta_{113}X_{113} + \beta_{114}X_{114} + \beta_{115}X_{115} + \beta_{116}X_{116} + \beta_{117}X_{117} + \beta_{118}X_{118} + \beta_{119}X_{119} + \beta_{110}X_{110} + \beta_{111}X_{111} + \beta_{112}X_{112} + \beta_{113}X_{113} \quad (5.11)$$

Where:  $Y_{11}$  - Turnover intention

$X_{111}$  - Corporate culture;  $X_{112}$  - Leadership style;  $X_{113}$  - Material pursuit;  $X_{114}$  - Spiritual pursuit;  $X_{115}$  - Cultural management;  $X_{116}$  - Performance evaluation and incentive mechanism;  $X_{117}$  - Innovative behavior;  $X_{118}$  - Leadership behavior;  $X_{119}$  - Management measures;  $X_{110}$  - Innovation opportunity;  $X_{111}$  - Career development;  $X_{112}$  - Number of employees' children (Control variable);  $X_{113}$  - Number of institutions where the respondents have worked (Control variable)

The analysis results of the regression equation are summarized in Table 5-14, as shown below.

Table 5-14 Regression analysis results related to employee turnover intention

Regression equation	Dependent Variable	Independent Variable	Unstandardized		Standardized	t	P	R Square	Adjusted R Square	F
			Coefficients		Coefficients					
			B	Std. Error	β					
5.11	Turnover intention (Y <sub>11</sub> )	Corporate culture (X <sub>111</sub> )	.027	.104	.016	.256	.798	.371	.351	18.489
		Leadership style (X <sub>112</sub> )	-.076	.090	-.052	-.850	.396			
		Material pursuit (X <sub>113</sub> )	.069	.057	.059	1.209	.227			
		Spiritual pursuit (X <sub>114</sub> )	-.264	.081	-.165	-3.248	.001			
		Cultural management (X <sub>115</sub> )	-.082	.090	-.054	-.910	.363			
		Performance evaluation and incentive mechanism (X <sub>116</sub> )	-.261	.081	-.199	-3.226	.001			
		Innovative behavior (X <sub>117</sub> )	.074	.097	.053	.761	.447			
		Leadership behavior (X <sub>118</sub> )	-.206	.074	-.154	-2.788	.005			
		Management measures (X <sub>119</sub> )	-.002	.080	-.002	-.028	.978			
		Innovation opportunity (X <sub>1110</sub> )	-.299	.091	-.230	-3.286	.001			
		Career development (X <sub>1111</sub> )	.058	.089	.038	.651	.516			
		Number of employees' children (X <sub>1112</sub> )	.300	.094	.176	3.189	.002			
		Number of institutions that have worked (X <sub>1113</sub> )	.066	.023	.105	2.809	.005			

The results showed that:  $F=18.489$  ( $P<.001$ ), suggesting that the regression equation, with all the independent variables, had significant power in explaining the dependent variable. The Adjusted  $R^2=0.351$ , indicating that leadership style and culture, the two dimensions of employee value preference (material pursuit and spiritual pursuit), the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, and innovative behavior), and the four dimensions of employee satisfaction (leadership behavior, management measures, innovation opportunities, and career development) all together explained 35.1% of the variances in employee turnover intention. The regression coefficients of spiritual pursuit, performance evaluation and incentive mechanism, and the innovation opportunities dimension of employee satisfaction, were significant and negative. The results suggest that, when the employees had more spiritual pursuit, perceived a better performance evaluation and incentive mechanism, and saw more innovation opportunities in the current company, they would have lower levels of turnover intentions. The other independent variables, corporate culture, leadership style, material pursuit, cultural management, innovation behavior, management measures, career development, did not have significant effect on employee turnover intention. The two control variables, number of children and number of companies had worked for in the past, have significant and positive effects on employee turnover intention. The results suggest that, employees who had more children and who had worked for more companies in the past, had higher levels of turnover intention than those who had fewer children and those who had worked for fewer companies in the past.

#### **5.2.5 Summary of hypothesis testing results**

The results of the hypothesis testing using the above regression analyses suggest strong supports of our research hypotheses, as shown in Table 5-15 and Figure 5-1 below.

Overall, corporate culture had significant and positive impacts on the three management mechanisms (cultural management, performance evaluation and incentive mechanisms, innovative behaviors), and on three employee satisfaction dimensions (leadership behaviors, innovation opportunities, and career development). Leadership style had significant and positive effects on the three dimensions of management mechanisms (cultural management, performance assessment and incentives, innovative behavior), and on the four dimensions of employee satisfaction (leadership behavior, management



measures, innovation opportunities, and career development). Employee value preference had significant positive impacts on management mechanisms. More specifically, the material pursuit dimension of employee value preference had a significant and positive impact on the three management mechanism dimensions (cultural management, performance evaluation and incentive mechanisms, innovative behaviors) and on the management measures dimension of employee satisfaction. Spiritual pursuit had significant positive impacts on the cultural management dimension of management mechanism and on the leadership behavior dimension of employee satisfaction but had significant and negative impacts on three dimensions of employee satisfaction (innovative behaviors, management measures, innovation opportunities) and on employee turnover intentions.

Management mechanism had a significant and positive impact on employee satisfaction and had a significant and negative impact on turnover intention. Performance evaluation and incentive mechanism had significant and positive impacts on leadership behavior, management measures, innovation opportunities, career development, and had a significant and negative impact on employee turnover intention. Innovative behavior had significant and positive impacts on management measures, innovation opportunities, and career development.

Employee satisfaction had a significant and negative impact on employee turnover intention. Leadership behavior had a significant and negative impact on employee turnover intention while innovation opportunities had a significant and negative impact on employee turnover intention.

With regards to the effects of the demographic information control variables on the various dependent variables in the regression equations, age had significant and positive impacts on employee satisfaction and management mechanisms. The number of organizations where the respondents had worked before had a significant and positive impact on employee turnover intention. Marriage had a significant and negative impact on employee satisfaction, management mechanisms, and innovation opportunities. The number of employees' children had a significant and positive impact on turnover intention and had a significant and negative impact on career development.

Table 5-15 Analysis of structural model and hypothesis verification results

	Path Relationship (Hypothesis)	Standardized Regression Coefficient $\beta$	Significance P	Hypothesis Testing Results
H1	Corporate culture $\rightarrow$ management mechanism	0.392	0.000	Not rejected
H2	Leadership style $\rightarrow$ management mechanism	0.376	0.000	Not rejected
H3	Employee value preference $\rightarrow$ management mechanism	0.228	0.000	Not rejected
H4	Management mechanism $\rightarrow$ employee satisfaction	0.578	0.000	Not rejected
H5	Employee satisfaction $\rightarrow$ employee turnover intention	-0.257	0.000	Not rejected

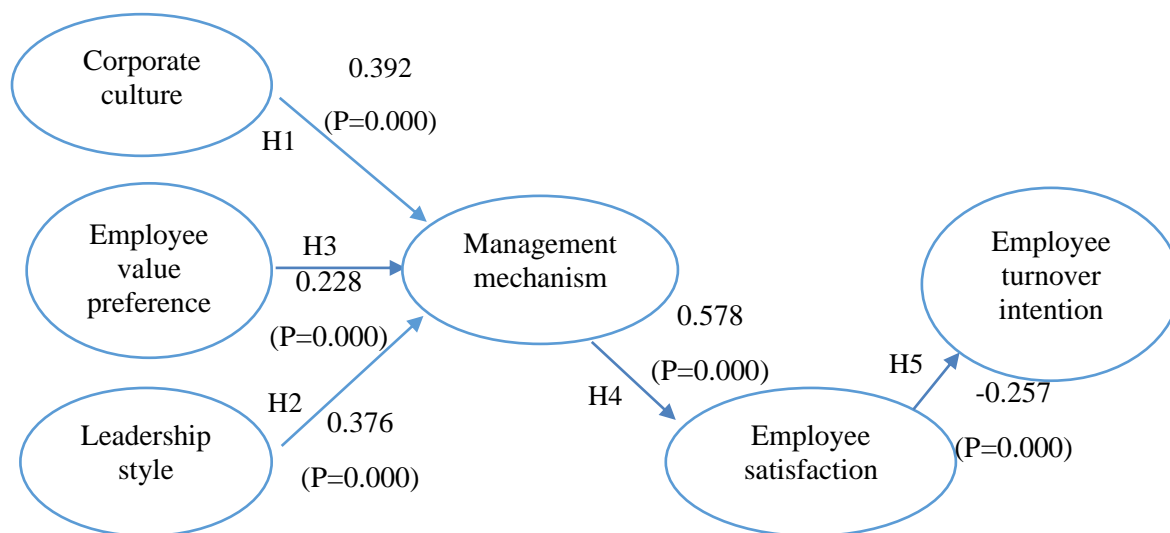


Figure 5-1 Final model and path relationship

## **Chapter 6: Discussion and Conclusion**

### **6.1 Summary on research results**

In this thesis research, first, based on a review of the literature and an inductive analysis of the case company, we developed a research model that proposes a set of hypotheses regarding the relationships among the studied variables. Second, we conducted interviews with top management, middle level management and front-line employees. These case studies provided us with qualitative results concerning the organizational growth stage model, and the key characteristics of the different stages of the growth model. Third, based on literature review and interviews, we developed, pre-tested and pilot-tested a survey questionnaire. Survey data were collected using the questionnaire from 12 SMPES in five cities in China's Pearl River Delta region. These companies are from a variety of industries including manufacturing, high-tech enterprises, medical device and service companies. A final sample of 588 survey response were used to quantitatively test our research model and hypotheses. In the survey data analyses, we first conducted descriptive analyses of the sample. We then conducted reliability and validity tests of the measures of the studied variables. After the reliability and validity of the measures were established, we conducted correlation analyses, and tested our research model and hypotheses using a set of regression analyses. Below, we summarize our results of the qualitative case analyses and the quantitative survey data analyses.

#### **6.1.1 Qualitative case results and discussion**

In order to better understand the changes of the various study variables in the three different growth stages of the case company, and the different management performances derived from these variables, we analyzed and summarized the qualitative research results of the case data, as presented in Table 6-1 below.

The company has gone through three different development stages: The first stage, the initial stage, was between 2010 and 2013. The second stage, the growth stage, was between 2014 and 2016. The third stage, the stable development stage, was between 2017 and 2018. The company had different numbers of employees and encountered different

type of major problems. In the initial stage, the main problem the company faced was the lack of core products and the lack of sales force. In the second stage, the main challenge the company experienced was the lack of creativity and low competitiveness. In the third stage, the company's main challenge is the lack of personnel flexibility and the lack of product strengths. Below we discuss the evolutions of the key study variables studied in this research across the three stages.

Table 6-1 Summary of the organization growth stage model of the case study

	Stage 1 Initial stage (2010-2013)	Stage 2 Growth stage (2014-2016)	Stage 3 Stable-Development stage (2017-present)
Business scale	SME	SME	SME
Number of workers	8-55	159-75	63-65
Main problem	No core products - no sales force	No creativity - low competitiveness	Personnel rigidity - lack of product strength
Corporate culture	Temporary system	Tribal	Strict hierarchy
Leadership style	High task - high relationship style	High task - low relationship style	Low task - high relationship style
Value preference	Material pursuit	Gradual transformation from material pursuit to spiritual pursuit	All-round development of both material pursuit and spiritual pursuit
Management mechanism	None--simple	Formally established - basically sound	Continuous improvement and upgrade
Sales	23.43 million	111.64 million	72.62 million
Turnover rate			
Office	28.57% - 25.00%	22.22% - 18.20%	16.70% - 11.10%
Production line	20.00% - 38.20%	24.20% - 42.70%	41.30% - 37.70%

The corporate culture in the case study company, LY company, has evolved in the three stages of the company's growth. In the initial stage, corporate culture was displayed through the personal characteristics of the founder (i.e., the researcher himself). The

culture was reflected as temporary. In the second stage, a management team culture was gradually formed through interactions and communications among employees who came from different backgrounds. The company's culture was reflected as tribal. In the stable development stage, departmental cultures were established that were consistent with the natures of the different departments. New cultures emerged through the establishment of a series of management mechanisms. The company's culture was reflected as strictly hierarchical. Enabled by the company's organizational structure, rules, regulations and activities, shared values and behavioral norms of the company were formed. Culture and institution are two sides of the same entity. The tangible institution system is the reflection of the intangible culture. Business leaders want to infiltrate the corporate culture they proposed into the whole process of management by generally changing the behavioral habits and methods of employees through institutional carriers (Li, 2001). The influence of corporate culture on business performance can be divided into three dimensions: cultural orientation, cultural penetration and cultural intensity (Kilman, Saxton, & Serpa, 1985). From the initial establishment, to the growth stage, and to the stable development stage, LY company's corporate culture has experienced three progressive processes of direction management, penetration management and intensity management. The coordinated development of the three progressive processes contributes to the management role of corporate culture in business operations and promotes the sustainable development of the company.

In the different stages of the company's development, different leadership styles and behaviors have emerged and have produced different influences on business performance. Paternalistic leadership was most prominent in the initial establishment stage of the company but was the weakest in the second and the third stages. Transformational leadership was most evident during the second growth stage but was the least obvious during the third stable development stage. The impact of transactional leadership on firm performance was not significant in all stages (Zhang, 2009). The challenges and tasks faced by the company in the different stages varied. LY company management team exhibited different types of leadership styles in the different stage of company development. The leadership styles evolved and were adjusted over time. Initially the leadership style focused on both tasks and relationships. In the second stage, the leadership style focused primarily on tasks. In the third stage, the leadership style focused mainly on relationships. This result is consistent with the literature. For example, Wu and Ren (2012)

stated that an organization's leadership style should be adjusted over time with the different combinations of various contingency factors, in order to adapt to fit with the development stages of the organization's development and to promote sustainable and stable growth of the company.

Employee value preference has also evolved throughout the different stages of the company's development cycle. On the one hand, this is due to the individualized material needs and the spiritual pursuit of individual employees. On the other hand, this originates from the company's benign development and continuous improvement of management mechanisms. In the initial stage, employees were most focused on materials pursuits in their value preference. In the second, stage, employees started to pay attention to spiritual pursuits, in particular, the need for recognition of their contributions to the company's growth. In the third stage, employee value preference was more balanced between material pursuit and spiritual pursuit. This result is supported by the literature. For example, Eisenberger and Byron (2011) found that employees not only pay attention to the immediate pleasure brought by incentives, but also pay attention to the value recognition of the organization for the efforts of employees, as well as the self-development, respect and emotional appeal. Individual employees hope that the company can provide better compensations and hope to grow together with the company at the same time. When pursuing corporate profits, the company must simultaneously consider the individual values and demands of employees to achieve the synchronization and unification of value preference and company value pursuit.

Corporate culture, leadership style and employee value preference have play important complementary roles and have jointly affected the establishment and implementation of management mechanisms in the three stages of the company's development. The innovation and evolution of the management mechanism in the three stages of the company's development cycle have promoted the sustainable development of the company. On the one hand, it is reflected in the growth of the company's sales. On the other hand, the turnover rate of the workforce has been declining, especially for office workers. Corporate performance is reflected in sales growth rates and sales profit margins at organizational level, as well as organizational commitments, employee satisfaction, and employee turnover rates at employee level (Zhang, 2009). Therefore, the growth of the company's sales and the decline in employee turnover rate can reflect the improvement of employee satisfaction. However, the turnover rate of production line employees has always

been high. Although there is a decline in rate, the management team still needs to conduct more in-depth management innovation and management research to control the turnover rate of production line employees to be within a reasonable range.

### **6.1.2 Quantitative survey data analysis results**

Through the analysis and discussion of the quantitative research results of the questionnaire survey data, this research tests the relationships among the variables as specified in our research model.

#### **6.1.2.1 Impacts of corporate culture, leadership style and employee value preference on management mechanism**

##### **(1) Impact of corporate culture on management mechanism**

Our quantitative data analysis results suggest that corporate culture has a significant and positive impact on the management mechanism. This result is consistent with Jia (2016) whose research results show that corporate culture continuously promotes innovation and transformation of management mechanisms in cultural construction and cultural management, which in turn enables the company to improve business performance. The significant and positive impacts of corporate culture on the three dimensions of management mechanism, cultural management, performance evaluation and incentive mechanism, innovative behavior, are supported by the relevant literature.

The significant and positive impact of corporate culture on the cultural management dimension of management mechanism found in this study is consistent with Huang (2007) who argues that corporate culture, through the cultural direction, cultural penetration and cultural intensity management process, can enable the organization to clearly plan the vision and strategy, and translate into the vision and strategy into specific action plan to provide timely feedback to internal business processes and external customers in order to continually improve strategic performance and results.

Our study found that corporate culture has a significant and positive impact on performance evaluation and incentive mechanism, which is consistent with Pan (2016) who contends that corporate culture and performance evaluation and incentive mechanism are mutually reinforcing, and the two complement each other and are indispensable. The interactions between the two enable the company to improve business performance.

The significant and positive impact of corporate culture on innovation behavior found in our study is consistent with Cao and Chen (2012) whose results suggest that corporate culture regulates employee behavior through the promotion of value orientation and organizational atmosphere, affecting employee innovation behavior, which in turn may improve the level of innovation and competitiveness of enterprises.

## (2) Impact of leadership style on management mechanism

Our study results suggest that Corporate culture has a significant positive impact on the management mechanism. Leaders should be good at changing leadership style, differentiate management of employees, create harmonious corporate interpersonal relationships, establish a good team spirit as well as a corporate sense of belonging and cohesiveness, and ensure the creativity and potential of each employee through reasonable management mechanisms. Our study found that leadership style has a significant and positive impact on the management mechanism and its three dimensions (cultural management, performance assessment and incentives and innovative behavior). These results are supported by the relevant literature.

The significant and positive impact of leadership style on the cultural management dimension of management mechanism found in our study is consistent with Duan and Zhang (2015) who found that leadership style has a significant impact on the effectiveness of cultural management, that transformative leadership style is conducive to the effectiveness of cultural management while transactional leadership style is not conducive to the effectiveness of cultural management.

Our results suggest that leadership style has a significant and positive impact on performance evaluation and incentive mechanism, which is consistent with Liu and Wang (2009) who suggest that leaders should mobilize the enthusiasm of employees. On the one hand, leaders must constantly improve themselves, improve their leadership qualities and talents, and be good at application. Situational leadership style to effectively lead employees. On the other hand, different incentives should be adopted according to the changes in the psychological processes and needs of different employees to meet the different levels of employees' needs. These require leaders to continuously create good performance evaluation methods and incentive environments.

Our study found that leadership style has a significant and positive impact on innovation behavior, which is consistent with Khan, Rizvi and Hasnain (2012) who point



out that a supportive leadership style could encourage and help employees courageously challenge new things, be creative and fearless.

### (3) Influence of employee value preference on management mechanism

Our study found that employee value preference has a significant and positive impact on management mechanism. This result is consistent with Yang (2015) who concludes that the material pursuit in the employee value preference has a significant and positive impact on cultural management, performance evaluation, incentive mechanism and innovation behavior.

Our study found that the two dimensions (material pursuit, spiritual pursuit) in the employee value preference have significant and different impacts on the three dimensions of management mechanism (cultural management, performance evaluation and incentive mechanism, innovative behavior). We discuss these findings below.

Our results suggest that the material pursuit dimension has significant and positive impacts on cultural management, performance evaluation, incentive mechanism and innovation behavior. The spiritual pursuit dimension has a significant and positive impact on cultural management and has a significant and negative impact on innovation behavior. These results are consistent with Hou, Li and Tu (2014) who contend that the competition-oriented corporate culture management will further strengthen the utilitarian orientation of individual employees to pursue the return of benefits, challenge the traditional model of innovation orientation and seek career development and other value pursuits. When the individual's material pursuit of profit return, innovative behavior and career development path are combined with the company's performance evaluation and incentive mechanism, individual employees will more actively enrich their knowledge structure and skills, stimulate innovative thinking, and seek a more effective behavior path to complete their job and achieve growing performance goals.

Material pursuit and spiritual pursuit have different influences on innovation behavior, which indicates that they may be two opposite sides of employee value preference. Material interests drive the practical activities that can promote innovation behavior so enterprises can appropriately increase the cost of material reward when promoting innovation activities. The amount to stimulate the innovative behavior of employees, and the material reward should match the material pursuit of employees. According to Eisenberger and Byron (2011), the positive feedback provided by material rewards is a

positive reinforcement mechanism. Consistent material rewards will promote active learning and hard work and contribute to creativity.

An example in which the enterprise with the best match between employee value preference and enterprise management mechanism is Huawei Company in China. Huawei has set up a comprehensive incentive policy for employees of different levels. In particular, the proportion of high salary incentive is the largest, accounting for 37% of the total, equity incentive accounts for 28% of the total, and job promotion accounts for 14% of the total (Gu, 2017). Economic benefits are the most direct and obvious way of motivation. High income is an effective inducement for high performance and an important means to motivate employees. Huawei clearly recognizes that to retain talents, they must give shares to employees. By doing so, the company will make the employees think that they are working for themselves. The dual channel promotion mode enables employees to pursue excellence in their own fields and fully mobilize their enthusiasm. Faced with the problem of diminishing marginal utility of material incentives, Huawei also uses non-material incentives, attaches great importance to communication with employees, recognizes employees' work, and draws employees with goals and visions. For example, Huawei has an internal honor department, evaluates employees according to the assessment, and rewards employees for their progress. These make employees have enough sense of belonging and get the affirmation of the organization and society while realizing their self-worth. Huawei's incentive mechanism has fully mobilized the enthusiasm of its employees, inspired a group of talents who are dedicated to their career, and achieved its rapid development and good reputation in the industry. Huawei is also an example for many enterprises to learn and imitate.

#### **6.1.2.2 Impacts of corporate culture, leadership style and value preference on employee satisfaction**

##### **(1) Impact of corporate culture on employee satisfaction**

Our study found that corporate culture has no direct significant impact on employee satisfaction but has significant and positive impacts on the three dimensions of employee satisfaction (leadership behavior, innovation opportunities and career development). The significant positive impact of corporate culture on career development found in our study is consistent with Zhang (2015) whose empirical research shows that the results of cultural orientation negatively affect the career development of employees, and the

employee-oriented culture positively affects the career development of employees. Our research focuses on the employee perspective and on employee-oriented culture, as such our results are consistent with the conclusions drawn by Zhang (2015).

Regarding the significant and positive impact of corporate culture on leadership style, all departments of small and medium-sized private enterprises should establish a people-oriented management philosophy, create a working atmosphere of mutual trust and happy work, and play a leading role in the management of various employees in the management practice of improving employee satisfaction. The role of the leader's overall quality and leadership style directly or indirectly affect the satisfaction of the employees. In the process of improving departmental performance, leaders of various departments must take the lead, act as role models and include employee satisfaction in the long-term assessment indicators of the department leaders.

### (2) Impact of leadership style on employee satisfaction

Our study results suggest that leadership style has a significant and positive impact on employee satisfaction and its four dimensions (leadership behavior, management measures, innovation opportunities and career development). A study conducted by You (2011) with a private enterprise as an example shows that leadership style also reached an identical conclusion.

Our study found that leadership style has significant and positive impacts on the four dimensions of employee satisfaction (leadership behavior, management practices, innovation opportunities, and career development).

The significant positive impact of leadership style on leadership behavior indicates that leaders at all levels of the company should listen to the opinions or suggestions of each employee, strengthen communication, eliminate prejudice and estrangement. Establishing a harmonious corporate environment is beneficial to employees. The leadership work from the heart is conducive to the improvement of employee satisfaction.

### (3) Impact of employee value preference on employee satisfaction

The employee value preference has no significant direct influence on employee satisfaction, but its two dimensions (material pursuit and spiritual pursuit) have significant positive impacts on the four dimensions of employee satisfaction (leadership behavior, management measures, innovation opportunities and career development). More specifically, employee material pursuit has a significant and positive impact on

management measures, spiritual pursuit has a significant and positive impact on leadership behavior, and spiritual pursuit has significant and negative impacts on management measures and innovation opportunities.

Employee's material pursuit was found in our study to have a significant and positive impact on management measures. Enterprises must pursue profits in order to survive and develop but must consider the interests of most employees, and let employees earn money as one of the important goals of enterprise development. Enterprises must provide a growing salary level and benefits, and provide comprehensive medical, pension, unemployment and other protections, so that employees would not have better choices when leaving the company.

Our study results show that employees' spiritual pursuit has a significant and positive impact on employee satisfaction. The leaders of each department should respect the individualized development of employees, tap the potential of employees, help them realize their own values, and achieve a balance between work and family. The value of the individual employee is recognized by the leaders, and the employee has dignity and can motivate the employee's sense of accomplishment and honor.

The spiritual pursuit was found in our study to have a significant and negative impact on management measures. The majority of the employees of small and medium-sized private enterprises have a low level of education, a relatively young average age, and strong autonomy. They are passionate, eager to grow and succeed. As such, companies should help employees improve their work skills, enrich and improve their own knowledge level. When employees are qualified for work, they will have the willingness to choose to stay in the company, and their sense of accomplishment and satisfaction will be greatly improved.

#### **6.1.2.3 Impacts of corporate culture, leadership style and employee value preference on employee turnover intention**

Corporate culture, leadership style and value preference have no significant direct impacts on employee turnover intention, but one dimension of employee value preference (spiritual pursuit) has a significant and negative impact on employee turnover intention. The company should organize a variety of colorful corporate activities, cater to the balance of life and work of young employees, and build deep feelings with employees. The company should give learning opportunities to outstanding employees as an important

form of recognition, select employees from within to maximize their potential, and also train successors for different positions. Building a talent pool is an important for the rapid growth of enterprises.

In this study, corporate culture has no significant direct impact on employee satisfaction and turnover intention. Our explanation is that managers are the promoters of corporate culture and the influencers of corporate culture. The frontline employees are mainly the recipients of corporate culture, so the influence of corporate culture on their satisfaction and turnover intention is different. Biswas (2009) surveyed 357 executives in India and found that organizational culture has a significant positive correlation with the performance of these managers, a significant negative correlation with their turnover intention. In another study, Li, Zhang and Xie (2011) used 311 managers from 59 companies as research sample to examine the role of psychological capital in organizational culture. The results show that there was a significant positive correlation between organizational culture and the self-assessment performance and occupational satisfaction of the surveyed managers, and a significant negative correlation with the turnover intention. Biswas (2009) and Li, Zhang and Xie (2011) conducted survey mainly targeting the managers. The main targets of the two surveys are different. They have different experiences with corporate culture. As such, the impacts of culture on employee turnover intention would be different for different levels and groups of employees.

#### **6.1.2.4 Impact of management mechanisms on employee satisfaction**

In this research, management mechanisms were found to have a significant and positive impact on employee satisfaction. Lan and Zhang (2013) argue that the improper management of traditional management measures will lead to a decline in the satisfaction of the new generation of employees in China, but as long as management mechanisms are timely innovated, employee satisfaction can be effectively improved.

We have found that two of the dimensions of management mechanisms (performance evaluation and incentive mechanism, innovative behavior) have significant effects on the four dimensions of employee satisfaction (leadership behavior, management measures, innovation opportunities, career development) respectively. Performance evaluation and incentive mechanism were found to have significant and positive impacts on leadership behavior, management measures, innovation opportunities, and career development. Innovation behavior has a significant and positive impact on management measures,

innovation opportunities, and career development. Appelbaum, Bailey and Berg (2000) proposed a theoretical framework called AMO (Availability-Motivation-Opportunity) based on the arguments about the influences of "capability – motivation - opportunity" on innovation behavior and innovation performance. If the management practice in the organization can meet the needs of employees' capability, motivation and opportunity, the organization can achieve higher performance and employees can gain better career development. This supports the relationships between the management mechanism dimension and the employee satisfaction dimension that we found in our study. Li and Ding (2015) draw on the AMO theoretical model to study the impact of innovation behavior. Their results show that innovation ability, innovation motivation and innovation opportunities positively affect employee innovation behavior. Innovation opportunities are also transmitted through innovation motivation and innovation ability and affect the employee's innovative behavior.

Hunter, Bedell and Mumford (2005) pointed out that organizational innovation atmosphere is an important factor to promote the innovation behavior of organizational members as it provides an opportunity factor for employees' innovative behavior. The higher the employee's management measures to support the innovation behavior, the more likely they are to perceive more innovative opportunities, and then show more innovative behaviors. New ideas and creative implementation generate innovative performance and promote technological advancement and employee satisfaction. The emergence of employee innovation behavior and innovation performance are influenced by the psychological factors of the perceived innovation ability, the strength of innovation motivation and the number of innovation opportunities. A complex relationship mechanism exists between innovation opportunities, innovation motivation and innovation ability. The implementation and evolution of management mechanisms provide organizations with an innovative environment and innovative atmosphere.

#### **6.1.2.5 Impact of management mechanisms on employee turnover intention**

In this research, management mechanisms were found to have a significant negative impact on the turnover intention. In fact, management mechanisms may be used to promptly address the employee turnover issue through changing the performance evaluation and incentive mechanism, enriching the connotation of the corporate culture, formulating a certain proportion of employee elimination rate to stimulate the enterprise's vitality, and thus creating a united, nervous, serious, and lively work environment.

Specifically, one dimension of the management mechanisms in this research (performance evaluation and incentive mechanism) has a significant and negative impact on the turnover intention. Li (2014b) also found that a similar result on the impact of performance evaluation and incentive mechanism on turnover intention. Performance appraisal and incentives involve employees in all departments and at all levels of the enterprise. Changes occur within different industries, at different stages of enterprise development and with different corporate management mechanisms. It is a process of constantly breaking the balance and restructuring. It is also a process that changes business operation and management habits. In management practice, performance appraisal and incentive mechanisms need to keep pace with the times, continuous innovation and improvement, in order to continue to promote the growth of employees, improve their dynamic satisfaction, and lead the company from its original purposeless development to a more precise and efficient development.

#### **6.1.2.6 Impact of employee satisfaction on employee turnover intention**

Our study found that employee satisfaction has a significant and negative impact on employee turnover intention. This result is consistent with Liu and Peng (2007), Ling (2000), Lan and Zhang (2013), which all demonstrated that employee satisfaction had a significant and negative impact on the turnover intention.

We also found that the two dimensions of employee satisfaction (leadership behavior, innovation opportunities) have significant and negative impacts on the employee turnover intention. Zhao (2008) also demonstrated that leadership behavior had a significant and negative impact on employee turnover intention, which is basically consistent with the view of this study.

Likewise, the opportunity for innovation, which affects the willingness and ability of individual employees to engage in certain behaviors, has a significant and negative impact on the turnover intention. Enterprises try every employee as a specific unique person, set various opportunities, create conditions to motivate employees' motivation, and employ employees. The process of realizing the value of one's own life is combined with the development goals of the enterprise, resulting in a powerful driving force for the company and the employee's developments. Continuously improving the knowledge level and professional skills of the employees to meet the development requirements will reduce employees' intentions to leave the company.

#### **6.1.2.7 Impacts of demographic variables on employee satisfaction and turnover intention**

In this study, age was found to have a significant and positive impact on employee satisfaction and management measures. The older the employee is, the higher the psychological maturity. It is also based on the lack of opportunities for older employees to find new jobs as compared to younger employees. So, the older employees are easier than younger employees to be satisfied with the current work. Older employees are more willing to cooperate and participate in the formulation and implementation of the company's management measures.

The number of organizations where the employees have worked before has a significant and positive impact on employee turnover intention. The more organizations the employees have previously worked for, the more familiar they are with the outside environment, the more people they know, and the more opportunities they will be introduced to. So, once they are slightly dissatisfied with the current working environment, they will have turnover intention.

The number of children the employees have was found to have a significant and positive impact on the turnover intention but has a significant and negative impact on career development. Employees who have more children have higher pressure on their basic living, which pushes them to find job opportunities with higher salary levels. Once they get the appropriate opportunities, they will try and seize them. In addition, employees with more children have a limitation of time because they need to take care of both work and family. However, career development requires continuous learning and hard work, which requires them to spend more time on work. So, they are relatively evasive on it.

Marriage has a significant and negative impact on employee satisfaction, management measures, and innovation opportunities. Married employees are generally older. Based on the pressure of the established family and having a certain social experience, their attitude towards work is relatively negative.



## **6.2 Research contributions**

### **6.2.1 Contributions to management theory**

As discussed in the literature review in the second chapter, there are many studies on the factors that affect employee satisfaction and turnover intention. For example, Johnson, Johnson, & Heimberg (1999) demonstrated that organizational members' recognition of the enterprise will affect employee job satisfaction and turnover intention. Ma & Trigo (2008) demonstrated that career development prospects and pay will affect employee job satisfaction and turnover decision. Liu, Liu, & Hu (2010) demonstrated that the degree of personal and organizational fit can affect employees' job satisfaction and turnover intention. However, there is little literature that discusses and studies the impacts of management mechanism on job satisfaction and turnover intention. From the perspective of management theory, this study makes three important contributions to the management theory.

First, based on the perspective and data analysis results of the qualitative case research, this study is in line with the development stage of small and medium-sized private enterprises. Through the analysis of the management mechanisms that affect the performance of the case company and the employee turnover rate, this study demonstrates the interrelationship between the various independent variables, the different dimensions of the management mechanism, employee satisfaction and employee turnover rate. We constructed a set of evaluation index system including 16 measures for the management mechanism, which is divided into three measurement dimensions: cultural management, performance evaluation and incentive mechanism, innovative behavior. Under the current rapid development of small and medium-sized private enterprises, this study provides theoretical contributions to the previous research literature on small and medium-sized private enterprises through the research results of small and medium-sized private enterprises in an active and fast-growing region of China.

Second, based on the perspective and data analysis results of the quantitative survey research, this study develops and tests a research model that proposes a set of hypotheses regarding how corporate culture, leadership style and employee value preference affect management mechanisms which in turn influence employee satisfaction and turnover intention, in the contexts of small and medium-sized private enterprises. Our results

demonstrate that the measures we used to assess the different variables are valid and reliable. These measures can be used by future research to study relationships involving the variables that we have examined in this research. Our empirical results regarding the relationships among the independent variables and management mechanisms provide insights on how small and medium-sized private enterprises can improve their management mechanisms by effectively plan and control those independent variables. Our empirical results regarding the relationships among the management mechanisms, employee satisfaction and turnover intention provide new theoretical perspectives on how small and medium-sized provide enterprises enhance employee satisfaction and reduce turnover intention by appropriately design and implement effective management mechanisms.

Third, in addition to studying the relationships among the variables, we examined the relationships among the variables at the dimension level. Our empirical findings regarding how specific dimensions of leadership style, culture and employee value preference affect the different dimensions of management mechanisms, and how the different dimensions of management mechanism affect employee satisfaction and turnover intention make important contributions to management theory. These new insights reveal that the relationships among the leader style, culture, employee value preference, management mechanisms, employee satisfaction and turnover intention are much richer and more complex than what the extent management theory literature has reported.

### **6.2.2 Contributions to management practice**

For small and medium-sized private enterprises, during the different stages of their growth cycle, they must face management problems related to low employee satisfaction and high employee turnover. This study provides practical insights and guidelines on how these companies can effectively manage leadership style, culture and employee individual value preference so as to develop appropriate management mechanism that meet the needs of the employees and the company in different stages of the company's growth cycle. If enterprises want to reduce employee turnover intention, they can achieve it through improving employee satisfaction. They must consider and analyze the four dimensions of employee satisfaction from the perspective of leadership behavior, management measures, innovation opportunities, career development. It is necessary to establish appropriate management mechanisms and consider the three dimensions of management mechanism:

cultural management, performance evaluation and incentive mechanism, and innovative behavior. At the same time, companies need to analyze the three independent variables that affect management mechanisms: corporate culture, leadership style, and employee value preference. It is important that companies take into consideration of the specific stages of their organizations' growth cycle.

Regarding the significant and positive impact of corporate culture on innovation opportunities, small and medium-sized private enterprises should actively set up appropriate incentive policies and assessment methods, encourage and promote employees to innovate, upgrade their skills, and improve their work. By recognizing and awarding outstanding performance and achievements of employees, leaders can enhance employees' sense of achievement and sense of fulfillment, which in turn would increase employee satisfaction.

Regarding the significant and positive impact of leadership style on management measures, business leaders should pay attention to employees' sense of achievement and sense of accomplishment at work, give timely evaluation and encouragement based on the results of employees' work. By doing so, the leaders can enable the employees to form positive, trustful and healthy work values and ethical norms. The companies would be able to rely on effective leadership style to provide employees with more opportunities and space growth which in turn will increase employee satisfaction.

Our study results suggest that there is a significant positive impact of leadership style on innovation opportunities. In the practice of enterprise management, the growth of an enterprise relies on the joints results of employee creativity, system reform, technology improvement and product iteration. Corresponding incentive measures should be formulated to encourage those who dare to put forward distinct views and dare to make decisions. The development of an enterprise is the accumulation process of continuous trial and error and continuous growth of its employees. Only the continuous and comprehensive development of its employees can ensure the stable growth of the enterprise.

Regarding the significant and positive impact of leadership style on career development, small and medium-sized enterprises should formulate employee learning and training programs for different management levels and technical requirements, tailor the promotion channels and development space for different employees, and strengthen the concept of joint development of enterprises and employees in order to improve the effectiveness of employee satisfaction. Through career planning, the growth of employees

is linked to the growth of the company. Given appropriate alignment between the employee and the company, the continuous growth of the company will enable the employees to continuously advance their careers.

Regarding the significant and negative impact of spiritual pursuits on innovation opportunities, small and medium-sized private enterprises should create various opportunities to praise and encourage outstanding employees, set honorary titles, let employees participate in the company's innovation activities, and let employees feel the company's great attention and recognition to their work. Companies should also increase employee participation in decision makings and give employees the sense of ownership and recognition to key company achievements.

Organizations constantly face various uncertainties and challenges. Managers should always pay attention to the dynamic changes in their employees, constantly analyze the dynamic trends of human resources outside the company, regularly or irregularly conduct the evaluation of the relationships between business management and employee experience to understand the changes in employee satisfaction and their new needs. With the understanding of employee satisfaction dynamics, managers should adjust and optimize the management mechanisms of the enterprise according to the results and ensure that the employee satisfaction is continuously improved in the path of a virtuous circle, thus reducing the intention for employee turnover.

### **6.3 Research limitations**

This research is conducted based on literature review, the researcher's own practical experiences with the case company, and the questionnaire survey data collected in 12 small and medium-sized companies in one of the most dynamic and fast-growing economic-region in China. Because of the limitations of this research, the results should be interpreted with caution.

First, the case data reported in this thesis regarding the case company's growth stages and the changes of the key variables in the corresponding stages were partially based on the author's personal experiences, observations, company operational data, and interviews. The interpretations of the case data were subjective in nature. As such, these results may not be generalizable to other companies' situations.

Second, the questionnaire survey data were collected in one economic development region in China. Although the study sample size is large, the specific characteristics of the region must be considered when interpreting the survey data results. These results may not be generalizable to other regions of China or to other countries.

Third, although a variety of industries were represented in the sample, the specific characteristics of the industries studied in this research need to be taken into consideration when the study results are interpreted. Our empirical results from the questionnaire survey data analyses may not be generalizable to industries that were not included in our sample.

Fourth, we collected the survey data using one questionnaire that contained all the study variables. Since one respondent answered all the questions, there might be subjective biases caused by a respondent's particular personal and professional backgrounds and experiences. These factors must be taken into consideration when interpreting our empirical results.

## **6.4 Future research directions**

Small and medium-sized private enterprises have become one of the main components of the global economic development. They consistently change. There are great potentials and rooms for future research. To cope with the limitations of this research and building our current study, future research may try to explore in depth the following perspectives:

Regarding to the problem of sample selection, future researches can try to further expand the research scope, such as cross regional data collection, or multi regional sample coverage, select more types of enterprises, increase the sample size, test the measurement validity and reliability of the measures.

Regarding to the issue of data objectivity, future researches can further try to make longitudinal research from the perspective of the enterprise level. Tacking the various variables in each of the different growth stages of the organizational growth cycle.

Future research may use multiple questionnaires to collect the data on the independent variables, the intermediate variables and the dependent variables separately. By collecting the data in different questionnaire at different time points, future research may be able to

more effectively establish causal relationships among the independent variables, mediating variables and the dependent variables.

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## **Appendix 1: Interview Outline**

Research Topics: The Relationship between Corporate Management and Employee Experience

Interview stalker and main content:

### **1. senior management**

(1) As a founder of the company, what difficulties did you have in the entrepreneurial process? How to solve it? Please give an example.

(2) As a company executive, what are your intentions and objectives at different stages of your business development? Please give an example

(3) What is your greatest feeling and experience since the business is operated by the enterprise?

### **2. middle management**

(1) Please describe your time and job responsibilities with the Company.

(2) Please talk about the company's different stages of development, corporate culture for you and your team's work help and impact? Please give an example.

(3) Please talk about the company's different stages of development, the general manager's leadership style to you and your team's work help and impact? Please give an example.

(4) Please talk about the company's different stages of development, your value preference has changed. Please give an example.

(5) Please talk about the company's different stages of development, the management mechanism for you and your team's work help and impact? Please give an example.

(6) Please talk about the company's different stages of development, have you ever thought about leaving? Why do you want to continue working with our company?

3. grass-roots staff

(1) Please describe your time and job responsibilities with the company.

(2) Please talk about the company's different stages of development, department culture to your work of help and impact? Please give an example.

(3) Please talk about the company's different stages of development, the boss's leadership style to your and your team's work help and impact? Please give an example.

(4) Would you please tell me if you understand the management mechanism of our company? If so, how do you understand it?

(5) Please talk about the company's different stages of development, management mechanisms for your work of help and impact? Please give an example.

(6) What rewards have you received at different stages of development in the Company? What's the reason? Please give an example.

(7) Please talk about the company's different stages of development, have you ever thought about leaving? Why do you want to continue working with our company?

## **Appendix 2: Survey Questionnaire**

### **Enterprise Management and Employee Experience Survey Questionnaire**

Dear Madam/Sir:

Hello! Thank you for taking the time to participate in this doctoral thesis study! The data collected in this questionnaire is purely used for the purpose of doctoral thesis research, aiming to understand the relationship between business management and employee experience. This survey is conducted entirely in an anonymous manner and no personal information will be analyzed or disclosed separately in this survey. This questionnaire will be kept strictly confidential. Except for the researcher himself, no one will see the questionnaire after the completion of the questionnaire. Please do not have any concerns. This questionnaire is not a test. There is no standard answer. The answers to any questions are not classified as "good", "bad", "right" or "wrong". What we need to know is your true feelings. You can fill in the truth according to your actual situation. This questionnaire consists of four parts: 1) background information, 2) employee expectations, 3) business management, and 4) employee experience. It takes about 30 minutes to complete the questionnaire.

Thank you for your cooperation and support! Your support is the key to the success of this research! Please put the completed questionnaire into the envelope provided for you, seal it, and send it back to the contact who delivered the questionnaire.

### **Part I: Background Information**

Please fill the answer in the appropriate blank or check "✓" to choose an answer.

- a. Your Gender: ☐ M ☐ F;
- b. Age: \_\_\_\_\_ years old
- c. Marital status: ☐ Single ☐ Married
- d. The number of children you have: \_\_\_\_\_ (If none, fill in 0)

e. Highest degree: \_\_\_\_ Graduate \_\_\_\_ Undergraduate \_\_\_\_ Specialty \_\_\_\_ Vocational  
Technical School \_\_\_\_ High School \_\_\_\_ Junior High School \_\_\_\_ Primary School

f. In which year did you start working (for example, 2008): \_\_\_\_\_

g. How many different companies/institutions have you worked for before coming to the  
company: \_\_\_\_\_

h. Your current work department is (e.g. production, sales, purchasing, etc.):  
\_\_\_\_\_

i. Your current job position (e.g. manager, technician, general worker, etc.):  
\_\_\_\_\_

## **Part II: Employee Expectations**

Please circle "O" or "V" to select a number to indicate your level of agreement with each of  
the following statements.

1 = totally disagree 2 = rather disagree 3 = a little disagree 4 = unclear 5 = a little agree 6 =  
fairly agree 7 = fully agree

There are no objective answers or criteria for scoring. Please make judgments based on  
your experience, feelings and observations. Please answer all questions.

I value ... very much

The job's security and stability	1	2	3	4	5	6	7
Whether the leadership is upright and fair	1	2	3	4	5	6	7
High fixed wage income	1	2	3	4	5	6	7
High company employee benefits and perks	1	2	3	4	5	6	7
High bonus income	1	2	3	4	5	6	7
Harmonious relationship between colleagues	1	2	3	4	5	6	7
Company's leisure activities	1	2	3	4	5	6	7

## **Part III: Enterprise management**

Please circle "O" or "V" to select a number to indicate your level of agreement with each of  
the following statements.

1 = totally disagree 2 = rather disagree 3 = a little disagree 4 = unclear 5 = a little agree 6 = fairly agree 7 = fully agree

### Feelings about the company's management mechanisms

There is moral yardstick for the employee's behavioral error in the company	1	2	3	4	5	6	7
The company values the smoothness and timely effectiveness of communication between employees	1	2	3	4	5	6	7
There is emphasis on mutual respect and trust between employees and management	1	2	3	4	5	6	7
The employee's dress, logo, badge, etc. represent the company's cultural image	1	2	3	4	5	6	7
Customers can quickly identify our company from products and services	1	2	3	4	5	6	7
Under the current long-term incentive mechanism of the company (such as credit management), I will continue to work in the company.	1	2	3	4	5	6	7
The company's performance evaluation mechanism and long-term incentive mechanism provide me with clear and visible personal development goals	1	2	3	4	5	6	7
The company's regular performance evaluation mechanism motivated my work performance	1	2	3	4	5	6	7
The company's incentive policy reflects my performance in a timely manner	1	2	3	4	5	6	7
The company rewards me for the results of my work every time.	1	2	3	4	5	6	7
The company's incentives encourage me to discover problems from a new perspective.	1	2	3	4	5	6	7
The company's incentives encourage me to translate innovative ideas into practical applications.	1	2	3	4	5	6	7
The company's performance assessment mechanisms and incentives encourage me to explore new technologies, processes, products or skills to improve performance	1	2	3	4	5	6	7
The company will develop different incentives and incentives according to different departments or positions to promote the improvement of employee performance.	1	2	3	4	5	6	7

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The company's performance appraisal mechanism enables employees to work around their customers and improve existing products    1   2   3   4   5   6   7

The company's performance appraisal mechanism enables employees to quickly identify and resolve issues that hinder productivity    1   2   3   4   5   6   7

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### Feelings about department management

1 = totally disagree 2 = rather disagree 3 = a little disagree 4 = unclear 5 = a little agree 6 = fairly agree 7 = fully agree

Our department ...

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Emphasis on standardized management and daily control, employees are in accordance with the rules and regulations    1   2   3   4   5   6   7

Like a big family, everyone shares each other and shares a lot    1   2   3   4   5   6   7

The foundation of employee unity is to work hard together to innovate and emphasize the consensus of everything.    1   2   3   4   5   6   7

The basis of employee solidarity is the normative system, coherent policies and stable subordinate obedience relationship    1   2   3   4   5   6   7

The foundation of employee solidarity is mutual trust and teamwork    1   2   3   4   5   6   7

The leadership style is "parental", focusing on ways to guide, develop, and encourage employees.    1   2   3   4   5   6   7

Leadership style is "innovative transformation", entrepreneurial spirit, innovation and responsibility    1   2   3   4   5   6   7

The leadership style is "practical maintenance", attaches importance to stable relations, and has rules and regulations.    1   2   3   4   5   6   7

The leadership style is "charming type", with courage, high enthusiasm and great influence.    1   2   3   4   5   6   7

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### Part IV: Employee Experience

Please circle "O" or "V" to select a number to indicate your level of agreement with each of the following statements.

1 = totally disagree 2 = rather disagree 3 = a little disagree 4 = unclear 5 = a little agree 6 = fairly agree 7 = fully agree

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I am very satisfied with the decision-making ability and competence of the department leaders.	1	2	3	4	5	6	7
I am very satisfied with the attitude and manner of the department leaders' treatment of their subordinates.	1	2	3	4	5	6	7
I am very satisfied with the leadership style of the department boss.	1	2	3	4	5	6	7
I am very satisfied with the benefits that the company gave me.	1	2	3	4	5	6	7
I am very satisfied with the company's rest activities.	1	2	3	4	5	6	7
I am very satisfied with the company's innovative atmosphere.	1	2	3	4	5	6	7
I am very satisfied with the company's long-term incentive policy.	1	2	3	4	5	6	7
I am very satisfied with the fixed salary income that the company gave me.	1	2	3	4	5	6	7
I am very satisfied with the bonus income that the company gave me.	1	2	3	4	5	6	7
I am very satisfied with the working environment of the company.	1	2	3	4	5	6	7
I am very satisfied with my new knowledge and skills through training at work.	1	2	3	4	5	6	7
I am very satisfied with the company's opportunity to continue to learn new knowledge at work.	1	2	3	4	5	6	7
I am very satisfied with the company giving me the space for the company's work development and growth.	1	2	3	4	5	6	7
I am very satisfied with my full recognition of the team.	1	2	3	4	5	6	7
I am very satisfied that I can work closely with my colleagues to achieve the same goal.	1	2	3	4	5	6	7
I am very satisfied with my chance to be able to do my job independently.	1	2	3	4	5	6	7
I am very satisfied with the freedom to apply professional knowledge and judgment at work.	1	2	3	4	5	6	7
I am very satisfied with the opportunity at work to handle	1	2	3	4	5	6	7

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things in my own way.

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It's almost over, thank you for your support! The figures in the following table represent the following meanings:

1 = totally disagree 2 = rather disagree 3 = a little disagree 4 = unclear 5 = a little agree 6 = fairly agree 7 = fully agree

I often feel bored and want to change jobs for my current job.	1	2	3	4	5	6	7
I want to quit my current job.	1	2	3	4	5	6	7
I don't plan to stay in this company for a long time.	1	2	3	4	5	6	7
If I stay in this company, my prospects will not be too good.	1	2	3	4	5	6	7
I will look for other job opportunities.	1	2	3	4	5	6	7
I started looking for other jobs of the same nature.	1	2	3	4	5	6	7
If there is a suitable job, I will accept	1	2	3	4	5	6	7
I will leave this company in the next year.	1	2	3	4	5	6	7

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### Appendix 3: Questionnaire Survey Results Statistics Schedule

Appendix 3 Table 3-1 Item-total statistics

Component	Scale Mean if	Scale Variance if	Corrected	Cronbach's Alpha if
	Item Deleted	Item Deleted	Item-Total Correlation	Item Deleted
2e	33.881	50.713	.583	.879
2g	33.812	50.868	.591	.878
2a	34.238	44.734	.759	.857
2c	34.148	44.658	.777	.855
2b	34.176	45.102	.756	.858
2f	33.586	53.196	.566	.881
2d	34.172	47.024	.696	.866
31a	83.332	260.257	.691	.947
31b	83.326	261.022	.699	.947
31c	83.125	264.106	.643	.948
31d	83.261	266.165	.568	.950
31e	83.302	263.501	.646	.948
31f	83.522	257.487	.702	.947
31g	83.577	256.831	.763	.946
31h	83.499	256.961	.759	.946
31i	83.464	258.974	.744	.946
31j	83.610	252.906	.759	.946
31k	83.374	256.591	.797	.945
31l	83.423	257.290	.759	.946
31m	83.383	257.890	.763	.946
31n	83.406	257.849	.753	.946
31p	83.335	262.170	.703	.947
31o	83.347	259.630	.735	.947
32b	23.071	18.035	.722	.856
32a	23.219	17.408	.696	.863
32c	23.102	17.228	.768	.844
32d	23.109	17.586	.735	.852
32e	22.914	19.157	.670	.868

32f	22.759	21.774	.788	.899
32g	22.707	21.610	.801	.896
32h	22.820	22.029	.778	.901
32i	22.773	21.585	.810	.895
32j	22.686	22.436	.763	.904
4a	93.513	379.006	.696	.961
4b	93.474	379.750	.681	.961
4c	93.535	378.572	.696	.961
4d	93.908	363.059	.818	.959
4e	93.956	365.244	.768	.960
4h	93.796	368.879	.784	.959
4i	93.839	366.497	.816	.959
4f	93.995	366.140	.780	.959
4g	94.078	363.306	.800	.959
4j	93.616	373.407	.753	.960
4k	93.614	370.663	.797	.959
4l	93.570	371.242	.792	.959
4m	93.618	370.995	.807	.959
4n	93.414	381.154	.723	.960
4o	93.381	383.080	.684	.961
4p	93.398	381.985	.691	.961
4q	93.395	382.509	.693	.961
4r	93.398	380.002	.727	.960
4s	22.767	140.660	.811	.953
4t	22.883	138.163	.863	.950
4u	22.763	137.250	.863	.950
4v	22.772	140.422	.816	.953
4w	22.568	135.038	.888	.948
4x	22.891	136.540	.860	.950
4y	22.364	138.187	.746	.958
4z	22.858	137.028	.862	.950

Appendix 3 Table 3-2 Explanation of total variance of employee value preference scale factor analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	% of Variance			% of Variance			% of Variance		
	Total	Sum of Squares	Cumulative %	Total	Sum of Squares	Cumulative %	Total	Sum of Squares	Cumulative %
2e	4.150	59.288	59.288	4.150	59.288	59.288	2.929	41.837	41.837
2g	.906	12.947	72.235	.906	12.947	72.235	2.128	30.398	72.235
2a	.603	8.616	80.851						
2c	.461	6.581	87.431						
2b	.366	5.227	92.659						
2f	.300	4.284	96.943						
2d	.214	3.057	100.000						

Appendix 3 Table 3-3 Interpretation of total variance of management mechanism scale factor analysis

Component	Initial Eigenvalues			Extraction Sums of Squared			Rotation
				Loadings			Sums of
	%	of	Cumulative	% of	Cumulative		Squared
	Total	Variance	e %	Total	Variance	%	Total
31a	9.194	57.464	57.464	9.194	57.464	57.464	7.843
31b	1.166	7.285	64.749	1.166	7.285	64.749	6.706
31c	1.004	6.274	71.023	1.004	6.274	71.023	7.423
31d	.617	3.857	74.880				
31e	.560	3.498	78.378				
31f	.488	3.048	81.426				
31g	.450	2.814	84.240				
31h	.391	2.443	86.684				
31i	.361	2.259	88.943				
31j	.317	1.980	90.922				
31k	.300	1.876	92.799				
31l	.283	1.767	94.565				
31m	.257	1.604	96.170				
31n	.227	1.420	97.590				
15p	.201	1.257	98.847				
16o	.184	1.153	100.000				

Extraction Method: Principal Component Analysis.

- a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Appendix 3 Table 3-4 Interpretation of total variance of enterprise culture and leadership style factor analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	% of Variance		Cumulative %	% of Variance		Cumulative %	Total
	Total			Total			
32b	6.157	61.574	61.574	6.157	61.574	61.574	5.471
32a	1.038	10.376	71.950	1.038	10.376	71.950	5.266
32c	.498	4.985	76.935				
32d	.476	4.757	81.692				
32e	.427	4.273	85.965				
32f	.325	3.248	89.212				
32g	.309	3.094	92.307				
32h	.299	2.992	95.299				
32i	.240	2.400	97.699				
32j	.230	2.301	100.000				

Extraction Method: Principal Component Analysis.

- a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Appendix 3 Table 3-5 Explanation of total variance of factor analysis of employee satisfaction scale

Component	Initial Eigenvalues			Extraction Sums of Squared			Rotation
							Sums of
							Squared
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Loadings <sup>a</sup>
4a	10.996	61.090	61.090	10.996	61.090	61.090	9.115
4b	1.555	8.636	69.726	1.555	8.636	69.726	8.268
4c	1.038	5.764	75.490	1.038	5.764	75.490	7.005
4d	.634	3.520	79.010	.634	3.520	79.010	8.580
4e	.466	2.589	81.599				
4h	.386	2.145	83.745				
4i	.366	2.033	85.778				
4f	.348	1.932	87.709				
4g	.312	1.735	89.444				
4j	.283	1.572	91.016				
4k	.258	1.434	92.450				
4l	.249	1.382	93.832				
4m	.215	1.193	95.025				
4n	.209	1.164	96.189				
4o	.191	1.059	97.248				
4p	.183	1.019	98.266				
4q	.164	.913	99.180				
4r	.148	.820	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Appendix 3 Table 3-6 Interpretation of total variance of employee turnover intention scale factor analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
4s	6.182	77.269	77.269	6.182	77.269	77.269
4t	.492	6.148	83.417			
4u	.326	4.071	87.488			
4v	.265	3.317	90.806			
4w	.231	2.883	93.689			
4x	.194	2.421	96.109			
4y	.165	2.062	98.172			
4z	.146	1.828	100.000			

Extraction Method: Principal Component Analysis.