

Addressing Brain Drain: Retaining Skilled Professionals in Nepal in Manufacturing Sector from the Perspective of Human Resource Management

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ABSTRACT

Retaining skilled professionals in Nepal's manufacturing sector is crucial for organizational success and sustainable economic development. However, the phenomenon of brain drain poses significant challenges in this regard. This article, from the perspective of human resource management (HRM), explores the factors contributing to brain drain in Nepal and offers insights on addressing this issue. From an HRM perspective, this article examines the reasons behind employee dissatisfaction and the challenges faced by manufacturers in retaining skilled professionals. To improve employee retention, this article highlights key areas for consideration. It emphasizes the importance of workplace happiness, factors such as the weight of job responsibilities and safe working conditions, and the critical role of competitive salaries in satisfying employee needs. Furthermore, it introduces six elements— inclusion, appreciation, support, trust, purpose, and achievement— that, when incorporated into organizations, can contribute to positive workplace well-being and employee satisfaction.

In conclusion, this article calls for collective efforts in fostering an environment of trust, communication, and inclusivity within manufacturing organizations. Recognizing and appreciating employee contributions, providing clear responsibilities and focusing on employee satisfaction are vital for retaining skilled professionals and addressing the challenges posed by brain drain in Nepal's manufacturing sector.

KEYWORDS

Brain drain, Employee retention, Human resource management, Manufacturing sector, Skilled professionals.

INTRODUCTION

Human resources are widely recognized as the most valuable and intangible assets in the manufacturing world, prioritized even above financial resources (Shethna, 2023). In the context of industrialization and global competitiveness, skilled professionals play a vital role in driving

organizational success and economic growth. Thus, employee retention becomes a fundamental requirement for organizations, demanding focused attention from the field of human resource management (Holliday, 2021)

Brain drain, the emigration of skilled professionals, has become a significant concern for Nepal's manufacturing sector. As human resources are crucial assets in any industry, (Kenton, 2023) including manufacturing, retaining skilled professionals is essential for the growth and sustainability of organizations. However, Nepal faces challenges in retaining its skilled workforce due to various factors. This article explores the issue of brain drain in Nepal's manufacturing sector from the perspective of human resource management.

Two primary factors contribute to brain drain in Nepal. Firstly, the government engages in bilateral labour agreements with wealthier countries (Centre for the Study of Labour and Mobility, 2023) seeking brain exchange in exchange for remittances. This policy, while fulfilling immediate economic objectives, leads to the outflow of skilled professionals from Nepal's manufacturing sector. Secondly, attractive opportunities for career growth, technological advancements, and improved financial prospects globally serve as magnets for skilled individuals, tempting them to leave their home country.

This article calls for collective efforts from manufacturers to develop disciplined employees, foster an environment of trust and faith, openly communicate requirements and needs, promote inclusivity in the workplace, and recognize employee contributions through appreciation and recognition. A clear vision of responsibilities and tasks, coupled with employee satisfaction, can make a significant difference in addressing the challenges of brain drain and retaining skilled professionals in Nepal's manufacturing sector

One major mistake made by many small and medium-scale manufacturers is assuming that local employees are satisfied with nominal salaries due to sentimental judgments. However, this perception no longer holds true, as efforts invested in developing unskilled workers into skilled manpower can go to waste over time. Dealing with employees in a professional manner becomes more significant, and offering competitive salaries poses the biggest challenge for manufacturers.

Significance of study

The significance of studying and addressing brain drain while focusing on retaining skilled professionals in Nepal's manufacturing sector from the perspective of human resource management (HRM) can be highlighted in the following ways:

Economic Impact and Human Capital Development: The manufacturing sector plays a crucial role in Nepal's economic development. Retaining skilled professionals can contribute to increased productivity, innovation, and competitiveness, leading to sustainable economic growth and job creation. Skilled professionals are valuable assets for organizations (Amabile and Kramer, 2011). Studying brain drain and implementing strategies to retain them can help develop a robust pool of skilled human capital within the manufacturing sector, enhancing overall industry capabilities.

Reduction in Recruitment Costs: High employee turnover and brain drain lead to increased recruitment and training costs for organizations (Shoobridge, 2021). By understanding the factors

contributing to brain drain and implementing retention strategies, organizations can reduce recruitment expenses and focus on talent development.

Knowledge Transfer and Innovation: Retaining skilled professionals fosters knowledge sharing within organizations. By creating an environment conducive to employee retention, organizations can ensure the continuity of knowledge transfer, innovation, and industry-specific expertise.

Sustainable Organizational Growth: Employee retention positively affects organizational stability and continuity. By addressing brain drain, organizations can establish a stable workforce, maintain institutional memory, and promote long-term growth and success.

Social Impact: Brain drain can have negative societal consequences, including a loss of skilled professionals, brain circulation, and a decrease in local talent availability. By focusing on retention strategies, organizations can contribute to social development, employment opportunities, and talent retention within Nepal.

HRM Best Practices: Studying brain drain and retention in the manufacturing sector allows for the identification and implementation of effective HRM practices and policies. This knowledge can benefit not only the manufacturing sector but also other industries facing similar challenges. In some industries, chronic shortage of qualified employees has driven up the costs of turnover. Therefore, the acquisition, development and retention of talent form the basis for developing competitive advantage in many industries and countries (Pfeffer, 2018).

Statement of Problem

In Nepal, however, the manufacturing sector faces a persistent challenge in retaining skilled professionals due to the phenomenon known as brain drain.

Brain drain refers to the emigration of highly educated and skilled individuals to other countries in search of better opportunities and lifestyles, or Brain drain can also refer to the movement of professionals between corporations and/or industries for better pay or opportunities. (Young, 2023) Brain drain causes countries, industries, and organizations to lose a core portion of valuable individuals. This article explores the issue of brain drain in Nepal's manufacturing sector from an HRM perspective and aims to identify strategies to address this challenge.

Objectives of Study

These objectives serve as a roadmap for the study, guiding the research process and providing a framework for investigating the factors influencing employee satisfaction, retention, and the overall challenge of brain drain in Nepal's manufacturing sector.

1. To examine the extent and impact of brain drain on Nepal manufacturing sector.
2. To identify the key factors contributing to employee dissatisfaction and brain drain in the manufacturing industry.
3. To understand the challenges faced by Nepalese manufacturers in retaining skilled professionals
4. To identify strategies and best practices for improving employee satisfaction and mitigating brain drain in the manufacturing sector.
5. To contribute to the existing body of knowledge on HRM practices in addressing brain drain and employee retention in the manufacturing sector, particularly in the context of Nepal.

6. To provide recommendations and guidelines for manufacturers to enhance employee satisfaction and retention in the face of brain drain.

METHODOLOGY

Research Design

For this topic, a mixed-methods approach could be suitable, combining both qualitative and quantitative data collection and analysis methods.

Data collection

We can employ various data collection methods to gather relevant information. This may include:

1. Surveys: we can Develop and administer surveys to gather quantitative data on employee satisfaction, reasons for leaving, and perceptions of HR practices.
2. Interviews: we can conduct structured or semi-structured interviews with key stakeholders, such as HR managers, employees, and industry experts, to gain in-depth qualitative insights into the challenges and potential solutions.
3. Sample Selection: We need to determine the target population for the study, such as employees in the manufacturing sector, and employ appropriate sampling techniques to select representative participants for surveys and interviews. We need to identify the specific group within the manufacturing sector in Nepal that you want to study. This could include skilled professionals working in manufacturing companies across different industries or specific job roles such as engineers, technicians, or managers.
4. Sampling Technique: Considering the resources and accessibility, a combination of convenience sampling and stratified sampling could be a practical approach. Convenience sampling allows you to select participants who are readily available and willing to participate. Stratified sampling ensures representation from different manufacturing industries or job roles within the target population.
5. Stratification Criteria: we can divide the target population into strata based on relevant characteristics such as industry type, job role, experience level, or geographical location. This will help ensure diversity and representation within the sample.
6. Sample Size: Considering the resources available and the level of precision required for your research objectives. A reasonable sample size that allows for meaningful analysis and insights can be determined through sample size calculations or consulting with a statistician.
7. Data Analysis: The collected data can be analysed by using appropriate statistical techniques for quantitative data and thematic analysis for qualitative data. Identify patterns, themes, and trends in the data that shed light on employee dissatisfaction, retention challenges, and potential solutions.
8. Ethical Considerations: We need to ensure ethical guidelines are followed throughout the research process, including obtaining informed consent from participants, protecting their confidentiality, and addressing any potential conflicts of interest.

FINDINGS AND CONCLUSION

Based on the analysis of the data, we can present the findings in a clear and concise manner. Interpret the results, discuss their implications, and draw conclusions regarding the factors contributing to brain drain, the challenges faced by manufacturers, and potential strategies for improving employee satisfaction and retention.

THEORETICAL ANALYSIS WITH LITERATURE REVIEW

Trends and patterns of skilled/Unskilled professionals leaving Nepal for better opportunities abroad.

Drawing on emigration data from the Department of Immigration, it is evident that a substantial number of Nepalese individuals leave the country daily, either as students or skilled workers. Government policies, such as bilateral labour agreements and the allure of better opportunities abroad, play a significant role in this brain drain. Moreover, the financial crisis triggered by the COVID-19 pandemic has further exacerbated the situation.

There is not our concern where they goes, the big concern is, the numbers, the below numbers are taken from the recent census report 2079/80 BS of Nepal (Figure 1).

1. The current net migration rate for Nepal in 2023 is 5.070 per 1000 population, a 16.47% increase from 2022.
2. The net migration rate for Nepal in 2022 was 4.353 per 1000 population, a 19.72% increase from 2021.
3. The net migration rate for Nepal in 2021 was 3.636 per 1000 population, a 24.52% increase from 2020.

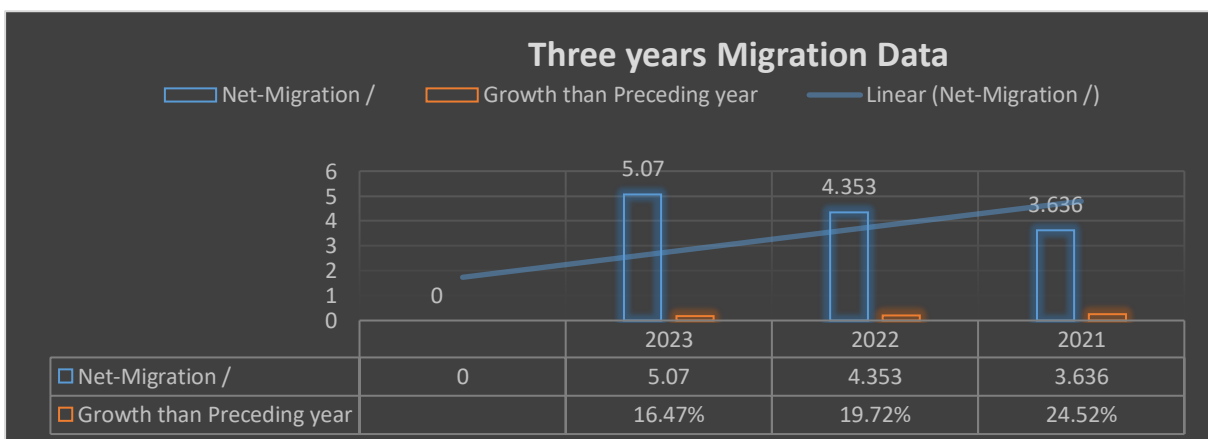


Figure 1: Three years migration data

Here we need to analyse the consequences of brain drain from an HRM perspective, focusing on the challenges of retaining students and skilled professionals.

To improve employee comfort and retention, this article introduces six key elements that manufacturers should incorporate into their organizations: inclusion, appreciation, support, trust, purpose, and achievement. By genuinely focusing on these areas, positive workplace well-being can be cultivated. It emphasizes the need for a shift in recruitment and hiring practices, moving away from relying solely on recommendations or salary as the criteria. Merit-based selection processes and reducing unconscious bias are crucial steps towards retaining skilled professionals.

Challenges Faced by Nepalese Manufacturers.

a. Competitions with two big giants?

It is true that overall business volume of our nation is very tiny in compare to our two big giants' - neighbouring countries. In such conditions it is very hard for Nepalese Manufacturers to compete them in-terms of quality and price, the labour cost can be the supportive element for the price minimization and it is only possible if natural available of local workers or labours either skilled or unskilled. Huge Challenges comes to small and medium sized enterprises because of limited financial resources.

b. Skill gaps and quality concerns: If skilled workers are in short supply, it may be challenging to find qualified individuals to fill specialized roles. This can result in a lack of expertise, compromised quality standards, and potential errors or inefficiencies in production processes.

c. Recruitment and retention difficulties: Finding and attracting skilled workers in a competitive labour market can be a significant challenge. Manufacturers may need to invest additional resources in recruitment strategies, such as offering competitive salaries, benefits, and opportunities for career growth, to attract and retain qualified employees. This is not possible in the abnormal business conditions.

Factors Affecting Employee Satisfaction:

Many time the manufacturer think bigger than the requirement. *These big HRM approaches focused primarily on skill development often overshadow the broader aspects of employee needs and satisfaction. Is it sufficient to consider only wages as the primary factor affecting employee satisfaction and leading them to seek opportunities abroad?*

Examining and addressing these factors is crucial for manufacturers to understand why employees may be leaving and to implement measures to improve employee satisfaction. By addressing issues such as providing opportunities for skill development, promoting job security, fostering effective communication, nurturing positive relationships, offering work-life balance initiatives, and considering employee input in workload management, manufacturers can create a more supportive and satisfying work environment.

Let us check out these elements.

1. Monotonous work
2. Job insecurity,
3. Demanding workload,
4. Poor communication,
5. Bad relationships with colleagues,
6. Lack of control over workload and schedules,

7. Long hours, and tight deadlines

1. Monotonous work: Frederick Herzberg - In his work on motivation and job satisfaction, *Herzberg introduced the Two-Factor Theory*. He argued that monotonous and repetitive work could lead to dissatisfaction among employees and identified factors such as job enrichment and autonomy as key to increasing satisfaction. In which book

Frederick Herzberg's Two-Factor Theory and his views on monotonous work are primarily discussed in his influential work "The Motivation to Work" published in 1959. This book explores Herzberg's research on motivation and job satisfaction, including the concept of hygiene factors (such as working conditions, company policies, and job security) and motivators (such as achievement, recognition, and growth opportunities). Within this context, Herzberg discusses how monotonous work, lacking meaningful challenges and opportunities for growth, can contribute to employee dissatisfaction (Baah and Amoako, 2011).

2. Job insecurity: When employees feel uncertain about the stability and longevity of their positions, it can create anxiety and dissatisfaction. Factors such as frequent layoffs, restructuring, or lack of clear career advancement opportunities can contribute to job insecurity.

Hans De Witte examines the relationship between job insecurity and various outcomes, including employee dissatisfaction (Hans, 1999).

3. Demanding workload: Bakker and Evangelia presents the Job Demands-Resources (JD-R) model, which examines the impact of job demands, including workload, on employee well-being and engagement. Excessive workloads that exceed an employee's capacity can lead to stress, fatigue, and a poor work-life balance. When employees feel overwhelmed by their workload and unable to maintain a healthy work-life integration, job satisfaction can significantly decrease (Baker and Evangelia, 2017).

4. Poor communication: Jablin and Putnam discuss the importance of effective communication in organizations and how poor communication can lead to negative outcomes such as decreased productivity and employee dissatisfaction.

Ineffective communication within the workplace can cause misunderstandings, confusion, and frustration among employees. When important information is not properly communicated, it can hinder collaboration, productivity, and job satisfaction (Jablin and Putnam, 2000).

5. Bad relationships with colleagues: Negative relationships with colleagues, such as conflicts, lack of teamwork, or disrespectful behaviour, can create a hostile work environment. Poor interpersonal dynamics can lead to decreased job satisfaction and employee morale. Lencioni (2002) explores the dysfunctions that can occur within a team, including poor relationships among team members, and offers insights on how to build trust and improve collaboration.

6. Lack of control over workload and schedules: When employees have limited autonomy and control over their work schedules or decision-making processes, it can lead to a sense of disempowerment and dissatisfaction. Having control and flexibility over one's workload and schedules is crucial for job satisfaction.

Pfeffer (2018) explores the detrimental effects of workplace stressors, including the lack of control over workload and schedules, on employee well-being and job satisfaction

7. Long hours and tight deadlines: Excessive working hours, tight deadlines, and a constant pressure to meet targets can lead to burnout and work-related stress. When employees feel constantly overwhelmed by long hours and tight deadlines, it can negatively impact their well-being and job satisfaction.

Additional Areas to Consider

To mitigate these challenges, manufacturers may need to explore various strategies, such as implementing workforce planning and forecasting, investing in automation and technology to increase efficiency, improving employee engagement and retention programs, collaborating with educational institutions to develop skilled talent pipelines, and considering outsourcing or subcontracting certain tasks to alleviate the immediate labour shortage.

Manufacturer's Major Mistake

One key aspect is that most Small and Medium scale manufacturers take local employees for granted and assume that they are satisfied with a nominal salary simply because they have a job in their hometown and can be with their families. However, this sentimental judgment no longer holds true. It is the manufacturer's biggest mistake, as all efforts invested in developing unskilled workers into skilled manpower can go to waste over time. Therefore, dealing with employees in a professional manner becomes more significant, leading to greater satisfaction. Offering competitive salaries plays a vital role in employee satisfaction and presents the biggest challenge for manufacturers.

Elements to Improve Employee Wellbeing

The most significant challenges and opportunities for Nepalese manufacturers lie in incorporating the following six elements into our organizations to improve employee comfort: I believe these have equal values in terms of importance in employee satisfactions as shown in figure

1. Inclusion
2. Appreciation
3. Support
4. Trust
5. Purpose
6. Achievement

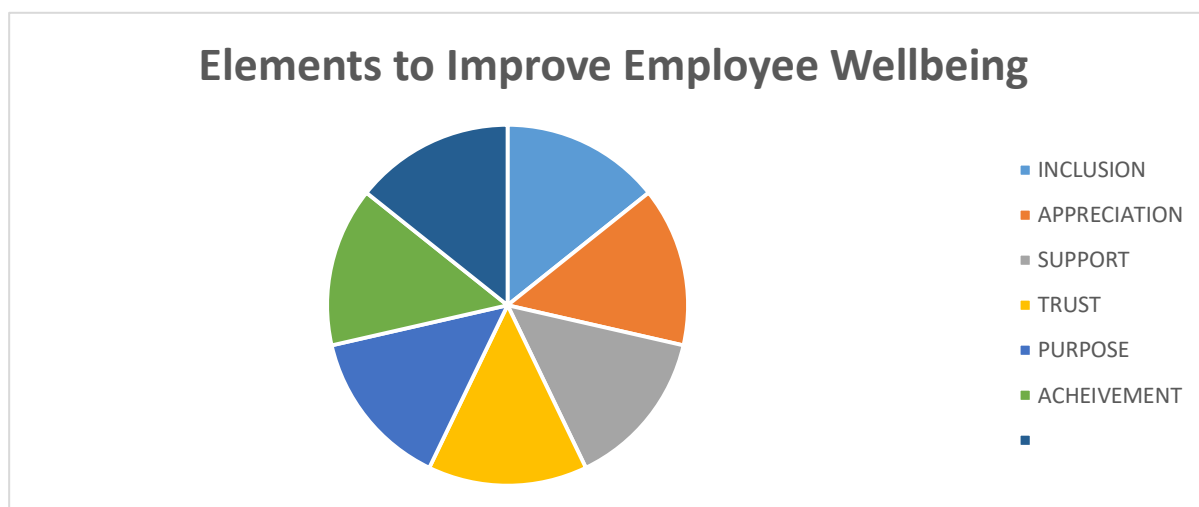


Figure 2: For employee satisfaction, all parameters have equal values

In the above context (Figure 2) of these points can be describe as:

1. Inclusion refers to creating a workplace environment that embraces diversity, fosters belongingness, and provides equal opportunities for all employees.
2. Appreciation denotes acknowledging and recognizing employees' contributions, skills, and efforts, reinforcing their value and boosting morale
3. Support entails providing assistance, resources, and guidance to employees, ensuring they have the necessary tools and assistance to perform their job effectively
4. Trust involves establishing a foundation of reliability, open communication, and confidence between employees and management, creating a sense of psychological safety.
5. Purpose signifies a clear understanding of how an employee's work aligns with the organization's goals and mission, instilling a sense of meaning and significance.
6. Achievement represents the sense of accomplishment and personal growth that employees experience when they reach goals, meet targets, or excel in their work.

If we Nepalese Manufacturer genuinely focuses on these areas, positive workplace well-being will be reflected. In the present context, recruitment and preparation, unconscious bias in hiring and relying solely on recommendations or salary as the hiring criteria will not yield desired results in Nepal.

Recruitment and Hiring Practices

Addressing brain drain in Nepal's manufacturing sector requires a shift in recruitment and hiring practices. Merit-based selection processes, reducing unconscious bias, and considering factors beyond recommendations and salary alone are crucial steps towards retaining skilled professionals.

CONCLUSION

In conclusion, it is important for Nepalese manufacturers to understand and address the factors that contribute to employee dissatisfaction and the brain drain issue. By improving communication, showing appreciation, providing support, fostering trust, giving employees a sense of purpose, and recognizing their achievements, manufacturers can create a happier and more satisfying work environment. This, in turn, will help retain skilled professionals and contribute to the growth and success of the manufacturing sector in Nepal.

Manufacturers must avoid taking local employees for granted and assuming that a nominal salary and proximity to family are sufficient for employee satisfaction. Investing in competitive salaries and incorporating six elements such as inclusion, appreciation, support, trust, purpose, and achievement can enhance workplace happiness and improve employee retention.

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