Root Cause Analysis of Talent Turnover and Retention Mechanism Construction for Small and Medium-Sized Accounting Firms in the Context of New Quality Productive Forces

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Abstract: *With the addition of new quality productive forces, the operating models and talent requirements of small and medium-sized accounting firms are changing, but these types of organisations are generally facing the problem of talent turnover. The three main reasons for talent turnover at the company can be divided into a mismatch between the supply and demand of talent's abilities, narrow promotion channels and old incentive signals, and the intersection of technology substitution anxiety and the need for knowledge iteration. Therefore, the three retention anchors put forward in this paper are as follows: building dynamic capabilities cultivation paths driven by the appreciation of human capital; establishing synergistic arrangements for flexible compensation and long-term interest alignment; and redefining the logic of work autonomy and collaboration in the era of digital empowerment. Based on the above, a general system has been constructed in line with the characteristics of new quality productive forces to cover the positioning of roles and reciprocity rules in the talent value co-creation ecosystem, a dual-track mechanism for knowledge audit and tacit experience retention, and dynamically adjustable construction of organisational resilience and risk buffer plans. The aim of this paper is to provide some theoretical support for the retention of talent in small and medium-sized accounting firms and to reduce the business-continuity risk resulting from frequent staff turnover.*

Keywords: *New quality productive forces, Small and medium-sized accounting firms, Talent turnover, Talent retention mechanism, Human capital development*

Introduction

With the new quality-driving forces, the technological tools and business processes of small and medium-sized accounting firms have been changing significantly, and gradually, automation, data analysis and intelligent auditing have been introduced into traditional auditing and assurance work. Although it is more efficient, changes in labour skills and career aspirations have altered the psychological contract of employees. As the basic type of asset for small and medium-sized accounting firms, the problem of talent turnover has been worsening in recent years, and this has directly affected the stability of organisational services and the ability to accumulate knowledge. Most research on talent retention has focused on large enterprises or general companies, and there are still no systematic studies of the reasons for turnover and specific retention measures at small and medium-sized accounting firms in light of the technological changes brought about by the new quality productive forces. The purpose of this paper is to explore the reasons for the departure of talented employees from small and medium-sized accounting firms in the new normal from the perspective of internal organisational logic, and based on the findings above, put forward an effective retention system to help such firms keep their outstanding staff and reduce related costs.

1. Root Cause Analysis of Talent Turnover in Small and Medium-Sized Accounting Firms

1.1 Structural Mismatch in the Supply of Talent Capabilities Driven by New Quality Productive Forces

With the changes in the operating model of small and medium-sized accounting firms due to the

new quality productive forces, the old system of manual review and voucher sampling has been replaced by automated processes and data analysis tools. Therefore, the necessary skills for auditors have moved away from those of operational management and now include parameter tuning of intelligent audit systems, traceability of abnormal data and interpretation of unstructured information. Most of the current practitioners' stock of ability is still limited to memorising accounting standards and preparing standardised working papers; they have not systematically learned the logic of algorithm-based risk identification. The structure of capabilities at the supply end does not match the demand for tasks in the market, so there is a negative gap in skill spillover; that is to say, employees who have learned new skills are likely to seek external organisations that value their human resources, and those with outdated skills will face pressure due to declining work performance[1].

The other is that the supply of talent does not meet the demand; that is to say, the talent selection standards for small and medium-sized accounting firms are outdated compared with what has been produced by external education and certification systems. The new quality productive forces require practitioners to have cross-domain integration abilities; for instance, one should be able to learn the basic logic of information systems, address data ethics issues, design dynamic sampling plans, etc. However, the recruitment screening in small and medium-sized enterprises is still based on the old model, so it is difficult to find people with the necessary combination of attributes through the current method. At the same time, the companies do not have a fast map for new capability modules internally, so talented people with excellent skills cannot be given special task permissions after joining the company. Talents believe that there are obstacles in the value chain between their own abilities and the actual application of these abilities in the company, so they are motivated to seek larger or more technologically advanced consulting firms that can provide a wider range of scenarios for applying their abilities.

1.2 Narrowing of Internal Career Promotion Channels and Lagging Incentive Signals

Most of the small and medium-sized accounting firms have a relatively flat hierarchy, and the number of positions above partners and senior managers is very small. In the era of new quality productive forces, some employees have acquired some technical application skills through self-study of digital tools and participated in non-standardised projects that have surpassed those of employees at their current positions in a short time. However, there is no "expert" track or "project-based float" position in the current promotion path, so these high-performing staff still have to wait in line according to seniority for a management opening. Crowding in a narrow channel will not only lower the aspirations of top talent but also cause moderately promising employees to feel that there is a rank ceiling in the next five years and proactively seek and compare external opportunities.

There has been an extended response in the form of delayed salary raises, rank promotions and other changes in abilities. Most of the performance evaluations at small and medium-sized accounting firms are based on working hours and the amount of project fees, and at this time, there is little explicit recognition for their contributions to the skill development of new quality productive forces, such as the development of automated verification templates, optimisation of data collection scripts and identification of potential anomaly clusters. After finishing the knowledge-integration tasks with a high cognitive load, employees have to wait until the end of the year for a small salary increase. If there is a delay in sending out this signal, people will be less satisfied with their achievements and will have reduced motivation to stay at small and medium-sized enterprises compared to large enterprises that have introduced project-based bonuses or skill allowances[2].

1.3 The Transmission Effect of Technology Substitution Anxiety and Knowledge Iteration Pressure

With the new quality drivers, substitute technology forms such as process automation, intelligent review and continuous auditing have started to appear in the field of auditing and finance. Front-line staff in small and medium-sized accounting firms are more likely to believe that their own jobs will be eliminated, especially those who have been involved in account-based auditing or repetitive data entry for a long time. Technology substitution anxiety is not caused by the technology itself but by a lack of clarity in the division of labour between people and machines at the organisation. When employees do not know how they will be organised after the change in technology, for example, which tasks will be carried out by machines and which require human judgment, they believe that technological upgrades will lead to layoffs or reduced staff. Therefore, some employees have been motivated to join professional platforms that are less technologically advanced and have a more traditional division of labour between people and machines due to this anxiety.

There are many sources of demand for knowledge iteration, such as updating professional qualifications, running software and obtaining certificates, learning about new standards, and so on. Small and medium-sized accounting firms usually reduce the time for internal training during busy periods and have their staff independently update their knowledge in their free time; as a result, the amount of work, learning and rest exceeds a person's capacity. The team is under pressure; members who have learned new skills are emotionally exhausted because they need to ask colleagues for help frequently, and those who cannot keep up with the speed of iteration have lost confidence and may wish to leave. When the accumulated stress exceeds the limits of one's psychology and body, resignation is a way to adjust and regain the balance of physical and mental resources, as well as a sense of control over one's career; it is no longer an emotion.

2. Anchoring Elements for Constructing Talent Retention Mechanisms

2.1 Design of Dynamic Capability Cultivation Paths Based on Human Capital Appreciation

Small and medium-sized accounting firms need to increase plans for keeping good employees and change the type of training from a one-time pre-employment course to continuous value addition during their time at the firm. Given the new quality of the productive forces in society, the technological half-life of practitioners is relatively short, and the old model of annual centralised lectures can no longer meet the demand for timely updating of skills. The development path of the human resources training system should be modular and task-oriented; that is to say, abilities such as the logic for data cleaning, recognition of abnormal transaction patterns and debugging of audit scripts should be organised into stackable micro-modules, and employees can gain experience by participating in actual projects to accumulate and certify competency items. The basis of this Design is to create an obvious path for the development of ability so that employees know how much their own market value has risen and are thus less likely to leave due to the expectation of a decline in skills[3].

The foundation for the good operation of cultivation paths is that small and medium-sized accounting firms should build a closed-loop system connecting capability audits and demand forecasts. Periodically determine the differences between the job task map and the current skills of the staff, and then adjust the learning materials and assessment standards at all levels accordingly. Different from the standardised curriculum system of large institutions, small and medium-sized enterprises can introduce a cross-training model to help employees acquire all-round skills in various areas of the company or in different departments. For example, the staff of the annual audit can be periodically selected to participate in tax consultation and financial due diligence projects and gain all sorts of skills through cross-domain work. A varied path for advancement is less likely to cause fatigue in one's current role, and at the same time, it can show employees that the company values their long-term development and thus boost their sense of responsibility.

2.2 Synergistic Arrangement of Flexible Compensation Structure and Long-Term Interest Alignment

The new flexible remuneration system should move away from the old system of fixed salary plus a year-end bonus and introduce various indicators such as project contributions, skill-level allowances, quality assessment factors, etc. With the development of talent competition in the era of new quality productive forces, many small and medium-sized accounting firms have begun to divide compensation into three parts: a basic security unit, an immediate performance unit and a deferred-payment unit. Among them, the deferred payment unit will be tied to the completion of high-complexity tasks by employees (such as the development of information system audit modules and the design of continuous monitoring rules), and it will be released in batches according to project cycles or quarterly milestones. The Design creates a time window for the will to remain and reduces the immediate demand for funds, as employees will not leave right away to claim all the benefits.

Long-term interest alignment should not be directly derived from the equity distribution model in a partnership; rather, the equity capacity of small and medium-sized accounting firms is relatively small, and their liquidity is also relatively low. One is to set up a virtual profit-sharing unit or a project co-investment model and distribute some of the excess income from a particular area of business or a single client among the team and key personnel. Employees will share the new profits above the baseline proportionally in the medium and long run, and some risk-based betting conditions will also be introduced; for example, if they leave, the undistributed profit share will automatically be returned to the company. Thus, the attention of the employees will be diverted from maximizing short-term income

to creating long-term value, and good choices in technology investment, client service quality and team cooperation will be made. Add the flexible structure and interest alignment, then extend the inhibitory effect of the compensation system on turnover from external competitiveness to internal deferral to form a two-way pull[4].

2.3 Logic of Reshaping Work Autonomy and Collaboration Models in the Digital Age

Digital tools can be employed to solve the problem of a small physical space and fixed working hours in small and medium-sized accounting firms, and a technological foundation for promoting work autonomy will be laid. With the new quality-productive forces, remote audit platforms, cloud-based working paper systems and online review processes have appeared, and given the condition of clear division of labour, employees can arrange their work time and place freely. One of the reasons people wish to stay with a company is that it offers more work autonomy; fewer rules need to be followed, and there is more freedom in daily work. When employees are given the option of when to collect data, how to organise the analysis of various projects, and which visualisation methods to use for presenting results, their internal motivation to work professionally will be higher than in the old command-and-control model.

The new form of cooperation is a bottom-up network of nodes, not the old top-down command mode. Given that small and medium-sized accounting firms have a flat organisational structure, it is natural to build agile teams based on task-oriented contracts, and digital tools can be employed to change the mode of information dissemination from top-down to real-time point-to-point synchronization. In the new collaborative mode, employees can independently form temporary special-task teams according to the needs of a project, and resource allocation will be under the direction of the team leader rather than the company's hierarchy. Senior employees do not need to be promoted to management positions to take the lead in projects based on their technical expertise, and thus will avoid the frustration caused by the narrowing of the promotion path mentioned above. At the same time, the informal trust networks among employees in different departments also promote their sense of organisation identification. Employees create relational capital by working together to solve problems; this capital is difficult to replicate elsewhere, and thus they are more motivated to stay at the company.

3. An Integrated Framework for Talent Retention Systems in Light of the New Quality Productive Forces

3.1 Position of Roles and Reciprocity Rules in the Talent Value Co-creation Ecosystem

When the small and medium-sized accounting firm establishes a talent retention system, it can be seen as a micro-ecosystem for co-creating talent value, and the role of all its members will be that of multi-node contributors rather than fixed-position executors. In the new era of high-quality productive forces, due to the increased complexity of projects, employees need to move among various departments frequently to collect data, verify models, find abnormal situations and communicate with clients. With ability tags, we can place people according to their skills rather than job titles; for example, auditors who are also good at programming can be appointed as automation script maintainers, and staff skilled in coordinating with clients can be given the role of front-end interaction for some projects. The above way can reduce the problem of occupational burnout caused by a lack of responsibility and promote new energy and growth through cross-functional cooperation[5].

Reciprocity rules should be changed from a single contribution to a quantitative expression of joint commitment. Small and medium-sized accounting firms can establish a contribution point system, and employees will be entitled to various rewards according to how much they participate in extracurricular activities at the firm, such as extra days off, preferential use of training materials, higher weight in project selection, etc. Therefore, the organisation should be prepared to issue capability certifications or external recommendation letters for career endorsement upon the successful completion of difficult tasks by employees. Set clear rules for reciprocity so that employees know what kind of input-output relationship is desired and avoid the problem of free-riding; that is to say, doing more will lead to more errors, and doing less may result in fewer errors. When employees believe that their contributions to the ecosystem will be fairly compensated and acknowledged, they will be more willing to stay with the company and engage in some level of work.

3.2 The Dual-track Mechanism of Knowledge Audit and Tacit Experience Retention

A knowledge audit is an organised activity to list, classify and find deficiencies in the current knowledge resources of small and medium-sized accounting firms. Audit objects are explicit knowledge, such as working paper templates, quality control manuals and industry analysis reports; tacit knowledge refers to the implicit knowledge in the minds of senior staff, including judgment rules, risk warning signs and communication strategies. Identify the main knowledge nodes of positions with high turnover in the audit process and determine which experiences will be lost and have an impact on the business. The results of the knowledge audit form a knowledge asset map to help the organisation keep and share its knowledge.

Retention of tacit knowledge should no longer be based on the old way of writing it down; it is mainly in the form of intuition and context. The first track of the dual-track mechanism is the way of dialogue extraction; that is to say, knowledge engineers or experts in this field will conduct structured interviews with high-performing employees to break down their thinking process in the face of abnormal transactions, find fraud signals, and organise client disagreements into branching decision trees. The other track is used to record the informal rules of behaviour among employees in their daily work, and in the audit software, this behaviour is logged along with screen-recording playback, undo/redo, annotation and navigation, version comparison, process log analysis, etc. Desensitisation has been carried out, and the accumulated experience is now in the form of team-shared deduction cases or simulated test sets for new members to learn the judgment logic of senior staff indirectly. The operation of a dual-track system can reduce the risk of collective capability collapse due to the departure of talented individuals, and at the same time, current staff will be informed that the organisation values knowledge inheritance and will have more security in their long-term career plans.

3.3 Dynamic Adjustment of Organisational Resilience and Risk Buffer Schemes

The capacity threshold of small and medium-sized accounting firms to maintain their main business output and service quality in the face of talent fluctuation is called organisational resilience. We will not reduce the number of staff; instead, we will build a system of modular task decomposition and rapid adaptation. The two kinds of projects are standardised units and customised units. The reserve workforce or outsourced collaborators can run the standardised unit, and after some brief training, high-commitment employees will be assigned to the customised unit. When a talented person leaves the company, the system will know which area has been affected and promptly put forward some alternative plans to mitigate the damage to business operations[6].

Risk buffer schemes cover the two periods before and after a person leaves the company. Small and medium-sized accounting firms can set up a talent health dashboard before the turnover period and collect all kinds of indicators, such as the amount of overtime work, employee satisfaction with compensation (based on sampling), participation in training courses, and behavioural signs of job-seeking behaviour (e.g., frequent access to recruitment websites or abnormal increases in leave applications). The three levels of the dashboard are yellow, orange and red, and accordingly, countermeasures will be taken to redistribute the workload, offer short-term special incentives, or contact successor candidates for the key positions. The Risk Buffer for Turnover should cover the hand-off period and cross-departmental replacement plans. Set up a place for employees to record the operation explanations of important tasks before completing the formal handover, and at the same time, assign suitable people from departments with similar capabilities to take over their unfinished work. The aim of a risk-buffer plan is not to prevent all kinds of staff turnover in small and medium-sized accounting firms; rather, it aims to limit the extent of disruption caused by such changes to a reasonable degree so that the good working environment for staff can be maintained without external intervention.

Conclusion

Based on the analysis of the three reasons for talent turnover in small and medium-sized accounting firms under the new quality productive forces, that is to say, structural mismatch in the supply and demand for talent; delay in promotion and incentive signals; and superimposed transmission of technology substitution and knowledge iteration, this paper proposes that the construction of retention mechanisms should be based on the three pillars of valuing human capital, flexible compensation and interest alignment, and reshaping work autonomy and collaboration. It will also build an inventory of employees in line with the concept of value co-creation ecosystems, carry out knowledge audits, save

tacit knowledge, increase organisational resilience and risk buffers. The above framework will change our attitude towards employee turnover from reactive to proactive, and we will consider employee departures as one of the general risks to the organisation.

The research directions mentioned above will continue to be investigated in the following ways in the future. First, we will add comparisons of small and medium-sized accounting firms with different specialisations (e.g., audit, tax and consulting) to determine the extent of application of retention mechanisms. Second, a long-term observation will be conducted to monitor the actual effects of all kinds of cultivation paths on dynamic capabilities and the long-term alignment of interests at different times in one's life. Third, we need to study whether there is a non-linear relationship between the extent of use of digital tools and work autonomy, determine the best time for empowerment, and avoid collaborative disorder caused by excessive autonomy.

Fund Projects

Henan Province 2025 College Student Innovation Training Program: Accounting Firm Entrepreneurship and Operations Training, Project No.: S202514333018X

Horizontal Project: Construction of a Low-Cost Integrated Quality Control System for Small Accounting Firms, Project No.: H20260017

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