How SMEs can retain talent

MATTHEW PHAN finds out how owners of prominent SMEs stop the brain drain in their companies and what HR agencies recommend

W hile competition among multinationals (MNCs) is fierce in many fields, from software development to finance and accounting to engineering, and feeds down to smaller firms, it comes as no surprise that SMEs find it difficult to keep their staff from leaving for larger organisations. The question is, how can they slow or even reverse the brain drain?

At a recent forum at Singapore Management University, owners of prominent SMEs from different industries shared their views. HR also got in touch with human resource agencies and other companies to hear them out.

Chiefly, it seems, SMEs that cannot offer massive wages must offer employees a chance to develop their career, wide options to take charge of different tasks and a sense of teamwork in a tightly knit social environment.

Joseph Foo, founder and director of Jason Electronics, which provides communication devices for marine vessels:

“We need to make graduates realise that SMEs can also provide opportunities and chart out a career for them. We can provide abundant opportunities because there is a whole range of responsibilities from HR to sales and even on the technical side. The question is how to convince them that they have prospect with you, and let them continue to learn. When they can learn, they can put some of their discoveries to use. MNCs can buy advice from McKinsey; we send people to learn for themselves — they know our environment and can apply the expertise more appropriately.”

Eddie Chau, founder and CEO of e-Cop, which manages network security for its clients:

“We sponsor an annual e-Cop Best Student Award for the Information Security and Trust course at Singapore Management University. We also have about 17 interns this year from Nanyang Polytechnic and SMU. Collectively, if SMEs do that, then students won’t always look for jobs at MNCs.”

“We also need to empower younger employees, and not be like big organisations that are very hierarchical. Engage them and let them make decisions — if they make mistakes, hopefully it’s not so big and it’s fine. After that, they become very independent.”

Michael Ma, founder and CEO of the Indochine Group of bars and restaurants:

“My staff are at the front end and easily poached — for an extra $20 a month, they jump. We are always up against other hotels, bars and clubs. There are virtually no barriers to entry.

“We hire waiters and bartenders from all around the world. To challenge the pool to stay with me I have to show I am boss but also have fun with them. I am 38, I have to project a youthful, enthusiastic image, so it feeds to them.

“Sometimes customers don’t understand the fact that these guys are 18 and on their first job. A lot of equals get unreasonable. I grew up especially in the audit environment where people come and go. It’s probably a question of how long you can extend your cycle. If it is four to five years, that’s very good, if it’s two years, you need to work harder. If you can’t offer abnormal package, no more personal or allow employees more flexible time.”

Tony Tan, director of business advisory at First Trust Partnership, a private accounting firm:

“Fresh grads are attracted to larger institutions. And after three to four years, once people have learnt the ropes and become quite senior, they are very marketable. Like any other SME, we don’t have the luxury of paying abnormal salary and cannot counter an offer from a bank. We have begun to hire from neighbouring countries, given the similarity in culture and working environment.

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Kenny Yap, founder and CEO of ornamental fish company Qian Hu Corporation:

“Even in a family business, after you deplete all the capable members you must rely on outsiders. You have to build a company culture and pull people in from outside. How you define talent is important — everyone can be poached but may not be suitable for your company.

“You don’t have to behave like an MNC, where everyone is determined by data. There are thin layers of communication in an SME and you can get to know each other better.”

Mark Sparrow, Singapore country manager for Hudson, a global recruitment firm:

“The SME market is reasonably developed in Singapore, with a blend of industries. As MNCs scale up operations here, they will start looking for staff from SMEs to bolster their ranks or to manage specific projects.

“Where we scout for talent varies — our job is to fill a position irrespective of whether the person has an SME or MNC background. If we are looking for specific depth or knowledge, then someone from an SME with relevant boutique knowledge can be attractive.

“When scouting from SMEs, technical knowledge is the premium. For example, if an IT professional has specific knowledge of a programming language, or a bank analyst focused on a particular market. It is a knowledge-based economy. Still, some SMEs feel that only people from other MNCs would fit into their culture.”

Phillip Phan, professor of entrepreneurship and management at Rensselaer Polytechnic Institute, New York:

“There is no longer any loyalty in larger corporations. They are buying talent from the world economy — the moment they cannot pay, they lose that talent. It is a very commodity-based transaction.

“As the economy grows, the importance of SMEs grows, but they run into human resources issues of how to attract and retain talent. Precisely because SMEs are resource constrained and flexible, they are in the best positions to allow young executives to do many things that they cannot in larger companies.

“The level of education of people coming to the workplace has increased, now many are university graduates at the point of entry. Take comfort that you can bring people in who are eager, energetic and still in a learning mode.”

Joshua Yim, founder and CEO of Achieve Career Consultancy:

“Only 30 per cent of SME candidates who want to go to MNCs are successful. If the MNC has a small offer of less than 20 people in Singapore, it’s unlikely they would consider someone from an SME. If it is larger, with over 100 people, they are willing to consider an SME candidate. It’s not just a question of skills set but also of culture fit.”