

## SMES' CHALLENGE IN THE TALENT WAR

The global phenomenon in talent shortage has led to a 'talent war' amongst organisations large and small, across all industry sectors throughout the world. This talent war is all about attracting, retaining, developing and engaging a quality workforce that plays a critical role in impacting the organisation's bottom-line and growth.

With such a struggle for the best talents, it is no wonder that the SMEs often lose out to the MNCs which typically invest millions of dollars in their recruitment and retention strategies. Given that SMEs may not have such 'muscle' to fight the talent war, nonetheless it is becoming clear to business leaders / entrepreneurs that an effective HR strategy is critical for its long-term survival.

The following are some of the typical challenges faced by SMEs today:

- **Talent Attraction**
  - Not maintaining an active database of potential hires - adverts are placed each time there is a vacancy without harnessing past database effectively
  - Not implementing comprehensive hiring channels such as referral, graduate recruitment, internal transfers etc.
  - Lack of detailed job analysis which leads to ineffective recruitment (i.e. often it is not known what are the key criteria for hiring the personnel and key success factors on the job)
  - Weak or no employer branding - candidates do not have a good knowledge of the overall organization OR do not have a good experience during the recruitment exercise
  - Not able to offer higher than average starting salaries and having 'standard' benefits/rewards
- **Talent Retention**
  - Lack of a comprehensive orientation programme or induction training
  - Lack of clear career path development for individual staff
  - Lack of communication of corporate goals/vision
  - Lack of job-rotation : often SMEs lose talents as they are not able to provide new learning opportunities within the organization by redesigning jobs etc.
  - Minimum investment in training & development

## WHAT SHOULD SMEs Do?

### 1. Outsource

Outsourcing non-core activities is increasingly becoming popular even for SMEs. Instead of incurring huge fixed costs in manpower to manage recruitment / retention issues with sophisticated IT software, SMEs can reap the following benefits by outsourcing such functions to the experts in the field:

- **Cost savings**
  - Technology (a simple HR IT software can cost from to \$50,000 to \$300,000)
  - Experienced HR staff to manage recruitment/retention issues
  - Administrative time (even with the HR software, lots of time goes in updating, maintaining a database etc)
- **Focus on strategic functions**
  - By outsourcing these functions, the HR can focus on vendor management and on making sure that results are achieved.

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- **Access to world-class recruitment/retention strategies**
  - Service providers typically invest millions in the most updated systems and technology as this is their core business. Hence by outsourcing such functions, SMEs can leverage on the service providers' world-class technology.
- **Create employer branding**
  - The service providers function as an extended arm of the SME. Hence by running the entire hiring process (right up to orientation) effectively, a positive brand image is created for the SME.
- **Measurement of hiring effectiveness**
  - The HR can extract useful indices such as 'quality of hire', 'cost per hire', 'days to fill job', 'candidate experience' etc. from the service providers. This will enable the HR to focus more on strategic issues rather than administrative tasks of the hiring process.
- **Quality of Hire**
  - This is of critical importance to any organization - whether is there a good fit between the job and person. By outsourcing the hiring to experts, it has been proven that the quality of hire will improve. This means that the new hire performing better on the job and eventually affecting the organisation's overall operational effectiveness and profitability in a positive way.

## 2. Employer branding

Having mentioned outsourcing as one of the strategies in managing talents, the responsibility on employer branding still remains with the organization. Companies need to brand themselves as choiced employers just like how they brand their products and services.

There are some distinct advantages of being an SME which need to be communicated to job seekers and existing staff. Being small can be an asset in many instances. Having a staff strength of less than 300 makes an organization a lot more nimble, fast and flexible compared to larger MNCs which often wait for global initiatives before implementing changes in their HR policies and practices.

The following are some tips for SMEs:

- **Talent Attraction**
  - Employer branding - focus on key strengths such as "innovative", "fast-growing" "regional exposure"
  - Provide flexible and innovative benefits/rewards that cater to individual needs
  - Measure the current hiring effectiveness - indices such as 'cost per hire', 'days to fill a job', 'effectiveness of hiring channels', 'candidate experience' are critical so that SMEs can track where there are bottlenecks and where the hiring process can be improved.
  - Plan career path for individuals
  - More growth opportunities, regionalization - which is attractive to the younger workforce
- **Talent Retention**
  - Shift from being family-oriented to more performance-based
  - Communicating the corporate goals, vision, direction (for a more engaged workforce)

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- HR can afford to give personalized attention to individual's needs in terms of benefits, rewards, career goals, training & development needs
- Invest in meaningful training & development that leads to job expansion for staff

Once the SME has established themselves as a choice employer with attractive and innovative HR policies, retention strategies and career advancement opportunities, it is only a matter of time that happy employees spread the word. There is nothing more powerful for an organization than happy staff who become their 'ambassadors' wherever they go! This inevitably does wonders for enhanced employer branding and attracting better talents over the years.