Talent and Productivity in Singaporean SMEs
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Executive Summary

This research report presents the findings of research conducted by Roffey Park Institute into the role that talent management practices play in supporting growth, financial success and productivity in Singapore SMEs.

Singaporean SMEs face a number of challenges, not least of which is ensuring they have the people capability to sustain and support growth. Drawing on survey findings and supporting case study research the report aims to demonstrate the benefits to Singapore SMEs of adopting a talent mindset - a clear belief that talented (high potential) people are the competitive advantage – and a strategic approach to talent management that encompasses sourcing, attracting, selecting, developing and retaining talent.

The report aims to demonstrate that by adopting a talent mindset and a strategic approach to talent management Singapore SMEs will benefit from increased growth and business performance.

Talented people are the competitive advantage, but they are scarce, more mobile and demand much more. Owners and leaders of SMEs need to be prepared to look at their organisations, and see it through the eyes of potential talent. This report helps answer the questions:

- How can SMEs become more attractive to talent?
- Where can they find great candidates?
- How can SMEs be more focused on engaging and developing talent?
- How can SMEs ensure the organisational culture, environment, and HR processes meet the needs and motivations of a broad range of talent?

The report also addresses the business benefits derived by taking steps to source, attract, develop and retain talent and presents case study examples of Singapore SMEs.

Key findings:

1. **Building HR capability and practices are critical to talent management and growth.** Our research found that HR practices were significantly associated with organisational success and growth. HR practices linked to success include:
   - approaches to recruitment, reward & recognition practices, workforce planning and succession planning, regular performance appraisals, performance related reward schemes and providing good working conditions (e.g. flexible working).

2. **Good working conditions help Singapore SMEs attract talent and they are positively related to the financial success of the business.** A win-win strategy.

3. **Our research identified the need for SMEs to invest in building brand awareness and profile in order to compete in the global market with multi-national corporations (MNCs) and attract the best talent.** Having a clear brand makes it easier for SMEs to attract talent and is positively related to the financial success and growth of an organisation.

4. **Investing in talent development bears fruit.** It is widely recognised that staff who have opportunities for development and learning are more engaged and more productive. Our research supported this and found that **SMEs who invest in personal development planning activities with staff and run formal training programmes are more likely to be financially successful.**

5. **Strong links were found between SMEs that utilise performance-related reward and recognition schemes and the retention of talent.** SMEs can use these HR processes to effectively identify talent, plan career progression and development, and to demonstrate value and recognition.
Introduction

Why focus on SMEs in Singapore?
SMEs are the ‘backbone’ of the Singapore economy and a future engine of growth. They:
• Contribute nearly 50 per cent of GDP
• Employ 7 out of 10 workers
• Comprise 99 per cent of enterprises in Singapore

With globalisation, developments in scientific and information technologies, and changing market demand, for Singaporean SMEs to be successful in the future they will need to:
• Be a source of entrepreneurship, future thinking and innovation
• Become manufacturers of high value-added products and global providers of professional services
• Be highly productive providers of domestic services
• Develop professional management

Despite their importance, in SMEs:
• Productivity is often lower than in non-SME establishments
• There is often the use of outmoded, unproductive methods of operation
• There is often a shortage of professional and technical manpower
• There is often insufficient management know-how and a weak entrepreneurial culture

The report argues that the way to equip SMEs to deal with these challenges is to focus on building their people capability and to focus on attracting, recruiting and retaining highly talented people and leaders.

How does talent management support growth and productivity?
For SMEs in Singapore to develop into the businesses of tomorrow, developments in HR capability and management know-how are required. Research conducted by Jackson Leadership found that 100 firms ranked in the top third with regards to talent management, succession planning and executive development show dramatically better fiscal outcomes than those in the middle third. They also found an average increase of 6% in market value. So organisations with talent at the top of their agenda are more likely to have higher productivity, profitability and increase their market value.

McKinsey & Company in their report ‘The War for Talent’ identified that a high performer is 40% more productive than an average performer in operations roles. A high performing general manager produced 49% more profit than an average performer, and a high performing sales person has a 67% increased revenue compared to an average performer. This finding that high performers, or talent, are more productive than average performers is well supported by many other research studies.

Roffey Park’s research with Singapore SMEs supported these findings and highlighted that many talent management practices were significantly associated with organisational success and growth. The research found the following talent management practices to be positively related to growth as well as success in delivering business targets:
• Having a dedicated HR person or function
• Having an employer brand to attract & retain talent

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1 http://www.spring.gov.sg/AboutUs/PI/Pages/Performance-Indicators.aspx accessed on 18th December 2013
• Merit-based recruitment
• Job descriptions
• Workforce planning
• Succession planning
• Personal development planning
• Formal training programmes
• Conducting regular performance appraisals
• Having performance related reward and recognition schemes
• Employee engagement or attitude surveys
• Flexible working opportunities
• Good working conditions
• Regular staff briefings

The above list of management practices demonstrates that it is not enough for SMEs to solely focus on attracting individuals with high potential - central to talent management is the recognition that developing, managing and retaining those individuals need to be part of a planned strategy for talent. In addition, SMEs need to accommodate the changing expectations and preferences of a multi-generational workforce if they want to attract and retain the most talented individuals.

This report is structured as follows:
• Chapter 1 – Strategic talent management
• Chapter 2 – Sourcing, attracting and recruiting talent
• Chapter 3 – Growing and developing talent
• Chapter 4 – Retaining talent
• Chapter 5 – Focusing Talent Management Resources
• Chapter 6 – Practical Support for SMEs

At the end of Chapters 1-4 we have included a number of priority actions for SMEs. These numbered actions have been coded (for example, Workshop 2) to show where further practical support or information can be gained in the form of the Workshops or Roundtables, outlined in Chapter 6.
Chapter 1: Strategic Talent Management

As SMEs grow in size, they must strive to retain some of the benefits of being small whilst developing ways of managing the greater coordination and control needs of increasing size. Challenges faced by growing SMEs in Roffey’s case study research include:

- Balancing the personal, informal culture that the business may have grown up with, with the requirement for greater consistency in approach
- Shifting from a talent management perspective and approach based on the skill and style of a CEO to a core organisational competence

How do HR processes drive success?

Successful talent strategy and practice depends on having a common organisational understanding of what is seen as talent. SMEs need to ensure they are thinking about the talent pipeline – the different elements of the talent management process which includes workforce planning and succession planning. SMEs need to ensure that there is an adequate pipeline of top managers to lead the organisation.

Roffey Park’s research found that SMEs with good working conditions were more likely to be financially successful. Good working conditions typically include HR processes such as flexible working and reward and recognition. In addition, our research found that workforce planning, succession planning and having a dedicated HR person or function are also positively related to the financial success and/or delivery of targets of SME organisations in Singapore.

A number of case study organisations recognise the importance of these factors:

“We realise that now, going forwards, one of the fundamental strengths or competences we have to have is a proper HR function. We come from the background of a family-oriented SME and we need to cross the chasm to being like a multi-national enterprise. And we have to behave like a multi-national enterprise.”

However, many Singapore SMEs have not yet taken this step.

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5 See Case Study example, Telechoice on page 12.
6 See Case Study example, Goodrich on page 12.

7 Data for Figure 1 was gained from conducting a logistic regression analysis of the survey findings. Circle size denotes degree of impact and represents the respective regression coefficient. Regression coefficients are presented in Appendix 1.
What are SMEs currently doing? HR processes
Our survey of 401 SMEs identified that:
• Only one-fifth had a talent management programme or succession planning process in place.
• Roughly half did not have a dedicated HR person or function. However, the research with the case study organisations identified a range of approaches being taken by SMEs, even those without HR functions, to recruit, develop and retain talent. The issue is therefore likely to be, without an HR function, the SME may suffer from a lack of integrated thinking with regards to talent management.
• Between one half and three-fifths did not have job descriptions or use workforce planning.

All the above HR practices were more common in larger and non-family owned organisations. Having said that, for all organisation sizes, the majority of organisations did not have these practices in place.

Figure 2: Less than half of SMEs have a strategic approach to talent

Having a clear belief that the people in the organisation bring about success - ‘Talent Mindset’ - is the first step in developing a strategic approach to talent management. As one case study CEO said, “the company could not have grown so consistently, or so quickly without the dedication, commitment, enthusiasm and competence of all our staff.”

Our case study research identified SMEs which are taking a strategic approach to talent management are:
Recognising talent as a key strategic enabler, driving accountability for talent management throughout the business by introducing ‘talent’ objectives or KPIs into the performance management process and rewarding talent retention.
• Taking steps to identify critical roles and individuals who may fill them in future.
• Formalizing the requirements of job roles and the competencies required, such that there is the capability to know the skills/capabilities required in the organisation and identify gaps and development opportunities.
• Taking steps to ensure consistency in approach to HR practices such as performance management across the business. This was most clearly seen where a business had expanded by merger and acquisition and there was a need to develop a shared culture and practice across the newly formed group.
• Aligning reward, recognition and other HR practices to the needs and motivations of the current and future workforce.

8 See Case Study example, Mencast on page 12
Case Study: Talent management and succession planning supports retention of talent

Telechoice International Limited (TeleChoice) is a regional, diversified provider and enabler of information communications products and services. It operates in both the business and consumer markets, with most of its business based in Singapore although it has two subsidiaries in Malaysia.

Four years ago, TeleChoice established a Talent Management programme, comprising both an in-house mentoring programme and an approach to succession planning. Managers from each business unit nominate two employees from their division to join the mentoring program. Mentees work with someone from Director level or above across the course of one year, focusing on goals and objectives identified through the mentoring process. The relationship sometimes continues informally beyond the year.

TeleChoice has also initiated an approach to succession planning. TeleChoice’s management has identified critical positions within the company and identified individuals that may be able to fill those positions in future. Once an individual is identified, they are developed through a personal development plan over the course of two to three years. Management at TeleChoice have found that the succession planning process works very well. This perhaps, helps explain why TeleChoice has many dedicated employees, many having been with the business for more than ten years.

Case Study – Talent as a key strategic enabler for growth

At Mencast, an engineering company operating in the offshore, marine, oil and gas sectors, ‘talent’ is seen as one of the four key strategic enablers. The company’s success is built on a foundation of superior technical ability and as a result, becoming the ‘employer of choice’ is central to the long-term way of thinking Mencast managers are expected to adopt in their work.

Mencast’s HR capability has been building and is currently engaged in efforts to operationalise the four key strategic enablers into ‘cornerstone behaviours’, and seeking to embed these into the behaviour of managers and staff across the group through its performance management and KPI process. Mencast’s commitment to see talent management as a key business enabler is just one of the many priorities in the business. Mencast’s success is evident in it having grown substantially over the last thirty years, from a small, family-orientated SME to a company with twenty subsidiaries across four locations.

Case Study – A clear people focus from a strategic HR function leads to higher retention of talent

Established in 1983, Goodrich Global is a leading interior furnishing supplier of wall covering, carpet, fabric and flooring. Sales are predominantly business-to-business and export. At Goodrich, they are on an HR journey. With increasing size and complexity of operations (they operate in seven locations across Asia Pacific), there has been a move to increasing professionalisation of HR and, in addition, organisational development. The company has just appointed a Head of Capability Development, and there are both short and long-term HR plans, the latter incorporating leadership development, succession planning and talent management. The latter are still a work in progress, but Goodrich is making the move towards HR as a strategic contributor to business success and looking to align HR practices with corporate objectives. Goodrich’s focus on people has delivered dividends, with turnover lower than the industry average.
Strategic Talent Management:
What do SMEs need to do?

1. Identify or appoint a senior manager responsible for HR policies who is responsible for developing and driving the talent strategy/agenda.
   Roundtable 3*

2. SMEs should engage staff and gather their views on their working conditions and ways in which they can be improved. Workshops 1

3. SMEs should introduce workforce planning and succession planning processes that ensure they have a talent pipeline of leaders ready to take on critical roles in the organisation. As SMEs grow, they should look to identify the critical roles in the business and who, internally, might fill the roles should the current incumbent move on or retire. Workshops 1, Workshop 3 & Roundtable 3

4. Embrace a talent management mindset. SMEs should be asking themselves at all times ‘what are the implications for talent?’ Talent as a mindset means making managers accountable for talent and looking at all situations through a talent lens. Roundtable 3

5. Encourage collective responsibility of talent – all managers take responsibility for the performance management and career development of their teams. Workshop 3 & Roundtable 3

6. As SMEs grow, they should also have an understanding of the skills and competencies they require both now, and in the future. Formalizing job descriptions and competencies can help with this process. Workshop 1

* see Section 6 for further information about workshops and roundtable discussions which support SMEs with the above actions
Chapter 2: Sourcing, Attracting and Recruiting Talent

What can SMEs do to be more attractive to talent?

SMEs are acknowledging that the recruitment game has changed; it is no longer just about selecting the best person for the job, but about ensuring their organisation is attractive to talent. This also means going out and finding great candidates.

Fig. 3: Positive relationships between talent management practices and companies that are viewed as being attractive by talent. 9

Clearly articulating what it is like to work there

Our research identified that there are a number of ways SMEs can increase their odds of winning the war for talent. Much of the focus needs to be on communicating clearly, to potential candidates, what it is like to work in their organisation. Our research found that organisations with good working conditions had the largest impact on making the organisation attractive to talent, followed by good pay and reward schemes, flexible working opportunities and a multi-generational workforce – that is to say that SMEs with these aspects are less likely to report difficulties attracting and recruiting talent. Similar findings were identified when survey respondents were asked why employees joined their organisations. The top five were: good working conditions; opportunities for personal development; flexible working options; good pay and reward; and good company reputation.

Figure 4: Reasons why staff join SMEs: Pay and reward not the only attraction

Data for Figure 3 was gained from conducting a logistic regression analysis of the survey findings. Circle size denotes degree of impact and represents the respective regression coefficient. Regression coefficients are presented in Appendix 1.
As the previous chapter mentioned, SMEs with good working conditions also tend to have higher levels of financial success, success in delivering targets and growth. So an organisation investing in initiatives which make it ‘a great place to work’ are more likely to attract talent and more likely to be financially successful.

How are SMEs doing - Attracting Talent?
Our survey of 401 SMEs identified that four-fifths find it hard to attract suitable employees at least some of the time. Two-fifths reported difficulty attracting suitable employees often.

Figure 5: Four-fifths of SMEs find it hard to attract suitable employees at least some of the time

Our research identified that involving senior managers in the recruitment process attracted candidates. One case study organisation\(^\text{10}\) ensures that potential new recruits have an opportunity to meet with their future manager to discuss their career aspirations and how these can be supported in the organisation. A senior manager said, “People work for people, not just for companies, so good managers with supportive and developmental management styles can be instrumental in attracting talent.”

Our case study organisations highlighted the following as reasons why individuals might be attracted to join them, and which offered something different to the higher paying MNCs.

- Employer brand and a story of past and anticipated growth. The opportunity to be part of that story and experience the challenges inherent in that growth, [77ST STREET]
  ‘Our recent growth phase would be an attractive factor in convincing new recruits to join us. The pace of our expansion, it would make it quite attractive, I think, for those who are looking for challenges in their career.’
  ‘It’s a compelling story of past growth, combined with ambitious plans for future growth which is appealing to talented individuals who were looking to develop their careers.’

- Greater opportunities to be exposed to the business and senior decision-makers, [TONGTEK]
  ‘One of the advantages of working in an SME is that there is more exposure to the business. In a small silo you don’t get to see what others are doing but here it is more collaborative and there is a more holistic knowledge of the business.’

\(^{10}\) See Case Study example, Tong Tek on page 17
• Greater opportunities to be involved in a wide range of projects, have greater autonomy and undertake challenging projects [IFE]

‘[There is a] space to develop and employees are given the freedom to explore. They have exposure to a wide range of projects and experiences, plus things here are not regimented.’

• Greater freedom and opportunities to innovate and learn [Maccine]

‘You are not spoon-fed, you have to use your initiative but you can innovate in how you do things. If you make mistakes you learn from them.’

Although good pay attracts talent, it appears it may not be the only factor; it is also associated with high staff turnover (it is the most common reason reported by SME owners and managers for staff leaving their organisation) – ‘easy come, easy go’.

How are SMEs Sourcing Talent?

Our case study research found that SMEs are:

• Broadening talent pools, by seeking to use the widest range of approaches to identify potential recruits Goodrich Global, and focussing on teachable fit and attitude when recruiting [Telechoice & McCoy Holdings]

• Drawing on networks of Senior Managers and staff to identify potential recruits (for example, Seed Analytics). Potential recruits identified through this route are more of a known quantity and are more likely to be a cultural fit for the organisation. This approach is supported by research; a referral from a top performer who is hired will produce 3 x (300%) more profit impact compared to a referral from a below average performer11. Senior managers can be particularly effective in recruiting talent from multi-national corporations (MNCs). Potential recruits can be attracted by the opportunity to work with a former colleague or boss with a reputation for developing staff or being good to work with.

• Developing partnerships with local Polytechnics and Universities. This could be in the form of internships for students or inputting into the design of courses and modules. Some organisations have also developed relationships talks with schools and given talks to engage students in the sector [Goodrich Global]

• Utilising Government schemes, such as the SME Talent Programme and the Max Talent Programme [Goodrich Global and Mencast]

• Raising awareness of the organisation at careers fairs. Whilst seen as less successful in terms of actual recruitment, attendance at these fairs is seen as a means of raising awareness about the organisation. [Goodrich Global]

Case Study: Senior manager involvement in the recruitment process (demonstrating value) helps attract talent

Tong Teik is a highly successful supply chain management and commodities trader with operations in Vietnam, Thailand and China in addition to Singapore. Tong Teik has invested in five young graduates and are aware of the risks in investing heavily in development when those people may want to move on before the company has fully seen a return, particularly taking into account the aspirations of Gen Y. The standard graduate programme is to spend a year rotating through the departments in order to experience all aspects of the business but there are individual variations according to the trainee’s existing expertise and career aspirations. One, for example, has gone to Europe and the US as part of their development, while another has been given opportunities to travel to meet other traders in Vietnam and Amsterdam.

The graduate trainees said that they were particularly attracted to work in an SME because of the opportunities to get close to senior management as well as Tong Teik’s growth and willingness to invest in young people. One of them appreciated being invited to lunch with the CEO prior to joining and talking through his career aspirations and having the opportunity to gain insight into the business strategy and plans for growth. He felt this personal touch would have been impossible in an MNC. Others also felt that they would have worked in a narrow specialist area in an MNC rather than gaining an understanding of the bigger picture and their contribution to it. Values are also important,

‘When someone hires you they are looking for loyalty and you are looking for the same thing back – a little bit of humility and a mission-driven organisation, that is not just words, working together as a team that is what appeals to me.’

Building a robust recruitment process

Our survey research found a very strong link between organisations that used merit-based recruitment and financial success in terms of delivery of targets/business plan. The case study researched identified that this was an area in which many SMEs were confidently taking steps. For example, the General Manager Kevin Chui of the small case study SME, 77th Street, identified a direct correlation between recruiting the right people and the performance of the business, “so this makes recruitment even more critical” he said.

How are SMEs doing - Recruiting talent?

Our research found that in recruiting talent, the case study SMEs invested a great deal of effort in the recruitment stage and onboarding to increase the chances of a good fit between the organisation and potential recruit, and to minimise the chances of turnover in future. Practices included:

• Realistic job previews [Tong Teik & McCoy Holdings]
• 360 interview process, involving managers, peers and subordinates [Tong Teik]
• Recruiting on the basis of attitude and teachable fit, rather than skills which can be taught [Telechoice & McCoy Holdings]
• Comprehensive induction processes and probation periods [Pet Lovers]

Our case study SMEs also took steps to attract their talent by providing clear recruitment criteria and a clear sense of their organisational values. One case study organisation took a deliberately proactive approach with the headhunter, spending considerable time getting the headhunter to understand the type of staff the company was looking for and its culture and values to ensure only suitable applicants were put forward by the agency. The same case study organisation made a point of engaging potential recruits by providing an opportunity to gain insight into the business strategy and future plans for growth.

12 See Case Study example, Tong Teik on page 18
When sourcing candidates externally, a number of our case study SMEs also focussed on attitude and cultural fit rather than existing skills and experience [77th STREET & CTC TRAVEL]

‘We firmly believe that the environmental fit is far more important than the skills that the person has. It is easy to find 10 people with that particular skill set but to find 10 people who are able to fit into the company culture is not so easy. We believe that there are certain profiles of people that are more suitable to working in an SME environment’

Fig. 6: Positive relationships between talent management practices and financial success. \(^\text{13}\)

Building an employer brand

Our survey of SMEs found only a third of respondent organisations believed that they had an employer brand which attracted and retained employees. This was supported by the case study research which found examples of only a small number of the case study organisations taking steps to build their profile or brand. Given that our research found that having an employer brand to attract and retain employees was strongly positively related to financial success and growth this is clearly an area that SMEs would benefit from focusing their energy and investment on. (See Case Study examples, 77th Street below and Restaurant Group case study on page 19)

\(^{13}\) Data for Figure 6 was gained from conducting a logistic regression analysis of the survey findings. Circle size denotes degree of impact and represents the respective regression coefficient. Regression coefficients are presented in Appendix 1.

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**Case Study: Strong brand attracts target talent and supports growth**

77th Street, a trendsetter for streetwear fashion, has grown from a single outlet into a chain of nine stores across Singapore. In 2004, the company also set up shop in Beijing, China. 77th Street employs 50 people and intends to expand into the fast growing economies of Indonesia and Thailand. The company faces challenges in recruiting staff into what is seen as a less attractive industry (retail) when compared with jobs in other sectors, largely due to the long hours and relatively low pay.

Whilst a relatively small, family-owned business, 77th Street has created a strong brand centred around street fashion but also a wider, social purpose of developing young people. It is this wider social purpose that attracts many staff to work at 77th Street. The company has also successfully expanded its pool of potential employees by recruiting on the basis of motivation as well as experience. Passion for working in retail and the role are crucial criteria against which to test and select applicants.

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**Case study – Working proactively with recruitment agencies builds talent applicant pool**

Despite higher salaries being offered elsewhere, Tong Teik has a ready supply of speculative applications, partly as a result of working proactively with several recruitment agencies to help them understand what the company is looking for and its culture. Potential recruits go through an intensive recruitment process involving three stages and presenting the opportunity to meet with several Directors, future colleagues and to experience the environment in which they will be working. The process gives potential recruits realistic expectations and makes turnover less likely. The final decision to hire is taken collaboratively and takes in the views of subordinates, peers and managers. Once at the company, the new hire undertakes a three month probation period allowing both the employee and manager to assess whether the job is right for them.

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Ministry of Manpower
Case Study: A reputable name in the industry attracts people to the company

This case study company, a restaurant group, was set up in 1994 and has 20 food outlets in Singapore, ranging from fine dining restaurants to more casual eateries. It has opened outlets in Hong Kong, and currently employs 320 staff and is looking to grow and add more eateries.

The company has a good reputation in the industry, and has won a number of awards, which attracts staff. In addition, the company takes great steps to reach out to prospective employees. It uses a wide variety of approaches, including utilising government schemes (Community Development Council, Yellow Ribbon project), career fairs, online advertising and even giving talks at schools to generate interest in the Food and Beverage (F & B) industry. The company is building its involvement with schools offering scholarships and internships in return for a one-year bond with the company.

The restaurant group, when recruiting, looks for passion for the industry, willingness and enthusiasm. More importance is placed on attitude than skills which can be trained. Recruits are both assessed and provided with a realistic job preview by being given a 3-5 day trial period. The company places importance on supporting new staff and allocates all new recruits a buddy who is a more experienced employee.

(The company has asked to remain anonymous)

Sourcing & Attracting Talent

What do SMEs need to do?

1. SMEs should focus their investment on building their brand and profile. Government schemes such as BrandPact can support this.
2. SMEs need to ensure their recruitment materials and partners communicate clearly to potential candidates what it is like to work in their organisation. SMEs should be aware of their values, culture and future strategy and ensure these are communicated to recruitment agencies and to candidates in the recruitment process.
3. SMEs need to also communicate clearly to potential candidates the working conditions they provide which are appealing to their target talent, for example the technology available for GenY and opportunities for flexible working for mid career and older workers.
4. Where possible SMEs should offer good pay, but of equal importance is how reward schemes are linked to performance. Whilst good pay and reward attracts talent, it is also associated with high staff turnover. SMEs should consider what they offer that is distinctive to MNCs, such as opportunities to undertake challenging work in a fast-growing company.
5. SMEs need to establish recruitment processes that have clear criteria against which to assess candidates (merit-based). They should also seek to provide a realistic preview of what a job role might involve, and invest time in the recruitment process to help ensure a good fit between recruit and the organisation.
6. SMEs should seek to use the widest range of possible avenues to source potential talent and access Government schemes to support them with this.
7. With the talent market tight, SMEs should look for ‘teachable fit’. This is where people are hired with the potential to learn and are developed into the role, rather than having the requisite skills when joining the organisation.

See Section 6 for further information about Workshop 1: Attracting Talent which supports SMEs with the above actions.
Chapter 3: Growing and Developing Talent

With talent scarce, successful SMEs need to ensure they are identifying talent that already exists internally. This is important because having a clear picture of who and where your talent is helps SMEs focus their investment on development and training, and identify gaps. This in turn ensures that your most valuable employees feel recognised and developed.

What are SMEs doing to identify talent internally?
Our research found:
• Only one-fifth had a talent management programme or succession planning process in place
• Just under two-fifths had annual or regular performance appraisal processes in place

Fig 7. Less than two-fifths of SMEs have mechanisms to identify internal talent

We found from our case study research that SMEs are identifying talent internally through:
• Effective performance appraisal processes
• Formal succession planning
• Regular reviews of talent

Why invest in training?
Our survey research identified that investing in personal development planning, formal training programmes and providing opportunities for e-learning have a significant impact on the financial success of an organisation.\(^\text{14}\) Therefore SMEs need to focus on making career development a key part of their talent management strategy.

Fig 8: Positive relationships between talent management practices and financial success.\(^\text{15}\)

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\(^{14}\) See Case Study examples, Courts on page 19 and Pestbusters on page 21
\(^{15}\) Data for Figure 8 was gained from conducting a logistic regression analysis of the survey findings. Circle size denotes degree of impact and represents the respective regression coefficient. Regression coefficients are presented in Appendix 1.
Development is more than training, it involves job design (variety, autonomy, stretch projects), mentoring, coaching, cross-training and exposure to business strategy and senior leaders.

**Case Study: Formal training and e-learning contributes to achieving business targets**

With an operating history that spans more than 35 years, Courts is a leading electrical products, IT and furniture retailer. As well as a wide range of over seventy stores in both countries, Courts also sells on the web through its eCourts online sales platform.

Courts invests heavily in training. Recently it has introduced a formal Leadership Programme for its high potential staff that includes soft skills training, delegation and planning. It also encourages talent to take opportunities to work across regions. The organisation has reduced its investment in external training and now focuses on providing 70 per cent on the job training, 20 per cent coaching and mentoring and 10 per cent external courses. In addition, all sales staff are required to complete 4.2 hours of product knowledge training which can be done through e-learning on the company intranet.

All training is linked back to business Key Performance Indicators and feeds directly into performance reviews. For three years running Courts has achieved an employee satisfaction rate of 96 per cent.

**How are SMEs investing in training and development?**

Our survey of 401 SMEs identified that:

- The top three most common approaches to developing people were ‘on the job training’ (57 per cent), ‘formal training programmes’ (56 per cent), and personal development planning’ (54 per cent).

- Less common were coaching (33 per cent), encouraging staff to innovate and try new ideas (31 per cent), postings to other branches (31 per cent) or subsidiaries (in Singapore or overseas) (31 per cent), mentoring (29 per cent) or flexible job roles (27 per cent).

Our research with the case study organisations supported these findings and identified that SMEs are using a variety approaches to provide development opportunities for staff. Whilst opportunities existed for staff to attend formal training programmes or pursue learning opportunities sponsored by the organisation, many of our case study organisations had a real focus on on-the-job development, often supported by mentors or enhanced coaching capability in managers. Where formal learning was provided, our case study organisations sought ways to evaluate its impact and make it available more widely across the workforce.
‘We firmly believe that a developed employee is an enabling asset to help the company grow faster. It is very important to ensure employee development. Regular performance reviews help staff and managers to regularly align themselves to their personal development objectives and better understand whether their outputs are meeting organisational targets.’ General Manager, Retail.

Another case study organisation argued that their lower than industry average turnover was due to the space and freedom they provide employees to develop and explore. ‘They have exposure to a wide range of projects and experiences, plus things here are not regimented.’

Approaches to growing and developing talent within the case study SMEs included:

- Developing varied career pathways, enabling employees to develop either technical or managerial skills or both [PET LOVERS]
- Provision of on-the-job development opportunities, through overseas assignments or the opportunity to work on or lead challenging projects [GOODRICH GLOBAL]
- A focus on quality manager-employee conversations about performance and development needs, supported in some cases by developing the coaching capability of managers in the company [PET LOVERS]
- In-house mentoring programmes [GOODRICH GLOBAL]
- Opportunities to network and share knowledge both internally, and externally at conferences [MACONIE]
- Lateral job moves [TELECHOICE]
- Flexible job roles and cross-training [TELECHOICE & GOODRICH GLOBAL]
- Investing in leadership and management development, sometimes supported by Government schemes such as the Productivity and Innovation Credit (PIC) [MENCAST]
- Embedding learning and making it available to the wider workforce by encouraging staff who have attended training to share their knowledge across the wider organisation [McCoy HOLDINGS]
- Focus on developing strengths rather than on weaknesses [PESTBUSTERS]

The benefits of training - a mindset:

Roffey’s research found that SMEs in Singapore are aware of government sponsored HR schemes (82%). However, awareness has only led to half the respondent organisations accessing them. Given that our research found the use of government schemes to be positively related to growth and financial and business success, this is unfortunate. The issue is likely to be mindset and ambivalence about the general benefits of training employees. Our survey research found that two-thirds of SMEs who have not accessed government schemes did not agree that training improves their employees performance or that giving employees time off work for training was important for their organisations’ success.

Case Study: investing in training builds commitment and supports retention

Established in 1991, Pestbusters is a multi-million dollar company with a 95 per cent market share servicing well-known brands such as Marina Bay Sands and the Shangri-La group. Operating in the less than glamorous Pest Management industry, Pestbusters faces a challenge in attracting and retaining talent. Their CEO has a clear talent mindset, he looks at the organisation as a “people business rather than a pest control company”. They believe in moulding people and helping them grow and the result is that they are “managing to keep younger guys.” They believe that the training and education that employees receive is what really differentiates Pestbusters from the competition.
**Case Study: Job variety and opportunities to work on challenging, stretch assignments attracts talent**

IFE is a small, precision-engineering company with its HQ in Singapore and small offices in both Germany and Malaysia. IFE’s projects are highly complex and require experienced and technically skilled staff. Many of IFE’s engineers join from multinational corporations and are attracted by the greater freedom and opportunity to work on challenging and complex projects. The organisation has a relatively flat structure and an open-space office layout, facilitating open communication and knowledge sharing. The small size of the organisation limits opportunities for vertical promotion, but IFE addresses development through lateral job moves and the opportunity to take on different roles within project teams. Remuneration is also not linked solely to vertical promotion, with pay significantly increased for employees who are perceived to have demonstrated high performance on projects.

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**Developing Talent**

**What do SMEs need to do?**

1. SMEs should begin by identifying their key talent groups and ensuring they have a clear career pathway. Workshop 1*

2. SMEs should ensure that their managers are equipped to conduct regular and effective conversations with staff to review performance and identify career development opportunities. Workshop 2

3. SMEs should ensure that talented staff members have opportunities to attend formal training programmes or have e-learning opportunities. Workshop 2

4. Ensure that managers in the business understand the links between training and organisational success. Ensure managers are knowledgeable about government schemes. Workshop 2

5. Encourage lateral job moves and provide opportunities to work on challenging and complex projects. Both provide opportunities for staff to be ‘stretched’ and developed (provided they are given accompanying support) in the absence of vertical promotion. Workshop 2

6. Identify varied career pathways to provide opportunities for staff to develop and succeed without requiring that they move into management. Workshop 2

7. Developing the coaching capability of managers and providing in-house mentoring programmes are effective approaches to on-the-job learning. Workshop 2

8. Create opportunities for staff to share information and knowledge either internally or externally. Creating opportunities to share knowledge can provide useful learning experiences. Roundtable 2

9. Provide opportunities for greater autonomy and innovation. Roundtable 2

* see Section 6 for further information about workshops and roundtable discussions which support SMEs with the above actions
Chapter 4: Retaining Talent

‘Recruiting [good managers] is easy, but retaining them is not.’

SMEs must look for new ways of raising productivity through developing and upskilling their workforce and finding new ways of working. Retention and employee engagement are critical so that staff feel it is worth making the investment and the organisation can go on to reap the benefits in the longer term.

Fig.10: Positive relationships between talent management practices and lower staff turnover.\(^{17}\)

The importance of performance related reward

Our research identified that SMEs which have systems in place to reward and recognise performance were much more likely to have lower turnover. This indicates that talented staff are more likely to stay with an organisation if they believe their performance is being acknowledged, recognized and appropriately rewarded.\(^{18}\) Our survey found that family-owned SMEs (with no non-family management) were least likely to have such practices in place. This finding was supported by our case study organisations. One senior manager spoke about how their rigorous appraisal process helped engage staff, ‘If an employee is seen as having performed to a high level on one or more projects, they may receive an increase in salary.’

Having a good performance-related pay and reward process is important because, whilst many SMEs cannot compete on salary, having a clear picture of performance across the company allows them to compete more effectively on other aspects, such as their ability to offer benefits, training and fast promotions to high performers.

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\(^{17}\) Data for Figure 10 was gained from conducting a logistic regression analysis of the survey findings. Circle size denotes degree of impact and represents the respective regression coefficient. Regression coefficients are presented in Appendix 1.

\(^{18}\) See Case Study example, Kenyon on page 25.
Ministry of Manpower

Case Study: Performance-related reward and opportunities to learn lead to low turnover

Founded in 1988, Kenyon was initially set up to undertake mechanical and electrical projects for chemical and petrochemical process companies. The company has, over the years, diversified its portfolio of products and services to include fitting out high-end corporate offices and data centres as well as developing its own specialist manufacturing facility. The company has also expanded its geographical reach with 4 wholly-owned subsidiaries in 4 locations, including China. Technical expertise is a vital component in Kenyon’s success and this brings talent challenges. Good engineers are in short supply and younger graduates tend to have a preference for a role in professional or financial services over an engineering career.

Staff turnover rates at Kenyon are low (typically no more than 5% per year) by industry standards. Retention and engagement are supported by the provision of a high quality work environment, a culture focussed on delivering high quality work and opportunities to learn, and the opportunity to share in the success of the company. Employees who are identified as having performed at a high level are given the opportunity to purchase shares in the company (this is unusual given Kenyon is a privately owned company), developing a sense of ownership and loyalty amongst staff.

Our survey of SMEs found:

• That good working relationships (49 per cent), good pay and reward (45 per cent), good leadership and management (43 per cent), and a culture where people are empowered to innovate (36 per cent) are the four most common reasons reported by owners and senior managers in SMEs as to why staff stay with their organisations. Our survey also found a link between good working relationships and lower turnover, and a link between annual or regular performance appraisal and lower turnover.
Good leadership and management
Managers across the business have a critical role in engaging staff with the organisation (direction, vision), providing timely and regular feedback and supporting career development. One case study employee spoke about the importance of her relationship with her manager: ‘The manager relationship is what guides me. She guides me in different ways and lets us know what her direction is in the department. We have annual reviews. This is a useful process as you have a heart to heart talk. I find out if I am doing my job well, my strengths and weaknesses.’

Social activities are the ‘cultural glue’
The importance of good working relationships was also supported by case study organisations. Many organisations gave examples of specific teams with responsibility for arranging social events. One called these activities the ‘cultural glue’ that reinforced the values and behaviours of the organisation. As one case study organisation, which supported the view that the relationships forged at the company served as a big retention factor, put it ‘it is the people you work with, the relationships (formed) at the company that makes you want to stay.’

Organisational culture
Our case study research identified many examples of SMEs placing great importance on maintaining a strong, supportive, open culture with an emphasis on values and good working relationships (see Case Study example, Goodrich, below). One case study respondent attributed their lower than average turnover to ‘good bosses, good colleagues, good environment and little politics.’

Case Study: Strong organisational culture leads to low turnover
Established in 1983, Goodrich Global is a leading interior furnishing supplier of wall covering, carpet, fabric and flooring. Sales are predominantly business-to-business and export. It has over 30 offices and galleries and seven warehouses across Asia Pacific.

The Goodrich culture has a clear focus on staff welfare and offers flexible working opportunities. Alongside the focus on welfare, staff are encouraged to innovate, make suggestions for improving the way things are done, and share their views through staff surveys. The culture is perceived by staff as family-oriented and with minimal detrimental organisational politics. The culture of Goodrich is seen as key in contributing to its low turnover when compared to the industry average.

The global ambitions and vision of the organisation are identified as being factors which attract staff, as are greater job scope and career progression. Goodrich is also able to offer overseas assignments. An applicant’s aspirations and motivations are very important factors in the recruitment process, less so than experience, as the company believes that an individual can be moulded in the Goodrich style and culture.

As well as an open and supportive culture, organisations that create a culture that fosters learning and supports career development are also likely to have higher retention.19

19 See Case Study example, Maccine, on page 27
Communication & collaboration deliver business success
Staff engagement and good communication are essential to business success. One retail organisation gave the example of introducing a more collaborative decision making process (called ‘active horizontal team participation’) which encouraged input to ‘bubble up’ from the junior staff. They noticed, three years into the approach that it had made the business more productive and customer orientated, and led to a direct impact on business performance.

Ideas and innovation from 'the ground' brings business results
The Pet Lovers case study gives examples (page 28) of how encouraging staff to share ideas brings significant business results. Typically, staff are encouraged to share ideas relating to how to improve performance. One SME gave an example of how one idea to improve the display of stock led to a 50 per cent increase in revenue in one part of the business. Another case study organisation encouraged the contribution of ideas as a key part of fostering an open culture of communication and dialogue. As one Senior Manager put it, “Having an environment where my team can improve how they work is fundamental to business performance”. She gave an example of how she had involved staff in her department in streamlining processes to improve performance. This has resulted in a situation where the business has grown yet the staff numbers have been able to remain static. Productivity has increased and processing times are faster.

Case Study: Staff development and a culture of learning support retention of talent
Creating a culture of engagement has certainly paid dividends and played its part in contributing to impressive performance in Maccine. Maccine, based in the life sciences hub in central Singapore, undertakes pre-clinical research for global clients in the drug development industry. It employs 125 people, including lab technicians, administrative staff and senior scientists. The technical nature of Maccine’s core business means that the skills and expertise of its workforce are crucial to the continued success of the business. The company competes for international talent and does this partly through its strong brand, supported by the attendance of its scientists at international seminars and conferences. Maccine provides a variety of career development routes for its scientific staff. They can either develop their area of specialism through higher level degrees or alternatively move into management positions. Staff say that the culture is key:

‘I am happy to keep working here, I am appreciated. It is not the pay, it is enjoying what you are doing, I wouldn’t leave for more pay as I enjoy what I am doing here.’ Research Technician

For another staff member staying at Maccine fulfils his thirst for learning; ‘My thirst for knowledge keeps me here. I just want to learn more. I am a curious person. I can learn more and I can continually grow, that is what keeps me here’.

Maccine’s brand and approach to staff development are clearly having an impact, with staff turnover lower than the industry average (7 per cent compared to 15 per cent in the industry respectively).
Case Study: Good working conditions and a culture of innovation, coaching and empowerment supports staff retention

“Being innovative is the life blood of the organisation”

Pet Lovers is a highly successful retail chain with retail stores across Singapore, Malaysia and Thailand (from 1 shop in 1973 to 65 stores today). A family-run business, the family feel of the organisation is seen as a big retention factor; but even so hiring and retaining staff is still a challenge as is the case more widely for retailers in Singapore. There are many aspects of the culture at Pet Lovers that help to retain staff. The firm’s HR team is encouraging managers to focus on ‘coaching, learning and empowering’ rather than a ‘do as I say’ style. Changing towards a more coaching-orientated culture is seen as something that will take time, but the change is being supported in a variety of ways. Managers attend courses on how to lead and coach, the importance of ‘soft skills’ is continually reinforced, and managers are incentivized for retaining staff.

There is a real focus on innovation and on giving empowerment to staff: “We want to believe that people are free to voice up their ideas and there is empowerment down the line.” Group Director CFO.

Where are the gaps?

Our research found that many SMEs could take further steps to understand, engage and support their staff:

1. Performance management: Only roughly two-fifths of senior managers or owners reported the use of regular feedback to employees on their performance and/or the use of a regular performance appraisal.

2. Employee engagement: Around four-fifths of senior managers or owners in SMEs reported not using methods to gain intelligence on employee morale or to understand reasons why people left the organisation. Only 18 per cent reported that they used employee engagement or attitude surveys. 23 per cent reported using exit interviews. Only 34 per cent provided regular staff briefings.

3. Flexible working opportunities: Over two-thirds reported not providing flexible working opportunities (28 per cent of senior managers or owners reported that these were available).

Therefore, in order to retain talent SMEs need to focus not only on the reward and recognition processes, but also on management and leadership, working relationships across the organisations, communication and culture. This may in many cases mean a change to the way the organisation is run. Owners may need to change the leadership style from an autocratic approach to one that empowers others to make decisions further down and across the organisation. Professional managers often feel frustrated at the lack of interest in introducing newer talent practices and there is evidence that younger family members who are learning best practice find it difficult to build these practices into the existing family model.
Roffey Park’s research found that nearly a quarter (23%) of SMEs reported above average turnover. However, our research did not find a clear relationship between turnover and organisational success. So it is more likely that loss of talent, rather than turnover levels, per se, may have more impact on SMEs success. For example, smaller firms may face more of a continuity problem when they lose a member of staff. They may be the only member of staff that has contact with key clients or partners, and may be the only member of staff that carries the institutional memory about what works.

What are SMEs doing to retain talent?

The case study organisations reported the following practices:

- Fostering supportive working relationships through social events and developing a coaching style of leadership [Goodrich Global]
- Efforts to instil a feedback culture and provide regular career development conversations [Telechoice]
- Seeking to develop and maintain a culture of empowerment whereby staff are given challenging assignments with supportive management [TongTek & Maccine]
- Focus on staff engagement with plenty of opportunities for two-way communication, including engaging staff with business performance and strategy [77th Street]
- Comprehensive onboarding of new recruits to help ensure a good ‘fit’ and reduce the probability of future turnover [PET LOVERS]
- Regular staff briefings and opportunities to learn about activities in other parts of the business, contribute ideas and to share knowledge [Courts & Maccine]
- Performance management and appraisal, as a means to both provide regular feedback and tie reward to performance [Maccine]
- Where possible, focusing not just on base salary but total reward, including opportunities to own shares in the business, generous bonuses etc [Kenton]
- Incentivizing managers for retaining talent, and providing them with the skills to help them achieve this (through developing coaching capability) [PET LOVERS]

- Providing good working conditions, including opportunities to work flexibly [Goodrich Global & CTC Travel]

SMEs need to embrace the multi generational workforce

Singapore’s population continues to age, with predictions of a shrinking workforce by 2020. Singapore’s SMEs must ensure they can compete effectively for GenY talent, whilst also seeking out new talent pools such as older workers and other groups who might only be able to offer seasonal or flexible working.²⁰

Our case study research identified a number of ways in which organisations are looking at their culture and processes to make them attractive to a broad spectrum of talent. The case study organisation, McCoy (on page 30), highlights the investment they put into engaging younger recruits when they come into the organisation. This involves regular performance reviews, feedback, coaching and merit-based financial rewards.

²⁰ See Case Study example, CTC Travel, on page 30.
Case Study: Successful recruitment of Gen Y employees by offering opportunities to innovate

McCoy, initially a business-to-business distributor of electrical components and now a leading pan-Asian consumer brand, is keen to recruit Gen-Y employees given its focus on technological gadgets, products and services. Despite the attraction of multinational corporations, McCoy has been successful in recruiting and retaining Gen-Y employees. It puts this down, partly, to offering an environment where employees are given an opportunity to be entrepreneurs, to grow their own ideas and develop their own projects. It is this greater sense of empowerment and independence that McCoy sees itself as offering in comparison with an MNC.

At McCoy, engagement and retention of Gen Y as well as staff more widely are supported by conversations around career development and the provision of training opportunities tailored to individual needs. Managers of the business units, through conversations with staff, develop personal development plans. This process is aided by the in-depth conversations at the recruitment stage around recruits’ expectations and career values.

Case Study: providing flexible work arrangements to retain a multi-generational workforce

CTC Travel is a full service retail and wholesale travel company with various market segment interests. CTC Travel considers all requests to work flexibly on a case-by-case basis as it is also largely based on the individual’s attitude and level of contributions to the company. Being in the travel industry, it is also easier to implement such procedures at work due to some seasons being more peak than others. Flexible working options include part-time working for parents who want to spend more time with their family, elderly employees working a shorter 4 day week and home working.

“We embrace flexible working hours. We have our high and low seasons, so it is acceptable to have such arrangements. During our peak months in May and June, we have freelance employees and associates to help us out. Our employees know that the priority is with the company during the busy seasons of the year.”

CTC believes that their lower than average turnover for the industry (with the exception of roles involving counter operation), is partly due to this accommodating approach.
### Retaining Talent

**What do SMEs need to do?**

1. First and foremost SMEs need to be conducting regular appraisals of staff performance and ensuring there is a clear link between their contribution and reward. They need to find ways to reward performance other than through base salary. *Workshop 2*

2. SMEs need to have an awareness of the different talent groups within their organisations (GenY, mid-career, older workforce) and work to customise their HR & management practices to support all groups, for example, attractive and supportive working conditions, tailored reward & recognition, flexible working opportunities. *Workshop 1*

3. Change in mindset: SMEs would benefit from explicitly valuing older workers for their knowledge and experience. Involving them in the mentoring of new recruits/apprentices is one approach. *Workshop 3*

4. SMEs need to engage staff and gather their views. This is where SMEs have an advantage over larger MNC firms. SMEs should seek to communicate regularly with staff about business performance, seek their ideas and involvement as much as is practical. *Roundtable 2*

5. SMEs should develop a coaching culture and equip managers with the ability to have challenging and supportive conversations with staff that can help engage staff and support retention. This is particularly important in times of change and growth. Staff tend to leave managers rather than organisations so leaders need to be equipped with the skills to drive change and support others through change. *Workshop 3 & Roundtable 1*

6. SMEs should seek to provide staff with opportunities to learn and develop and provide challenging assignments with support. *Workshop 2*

7. SMEs should focus on retention via promotion and succession planning. *Workshop 2*

* see Section 6 for further information about workshops and roundtable discussions which support SMEs with the above actions
## Chapter 5: Focusing Talent Management Resources

The following table is a summary of the thematic analysis conducted on the Case Study research. Based on the thematic analysis we identified patterns across certain organisation types - size (HR capability) and sector being key variables - and where their investment in talent management approaches would be best placed offered.\(^2\)

<table>
<thead>
<tr>
<th>Organisation Type</th>
<th>Focused investment</th>
</tr>
</thead>
</table>
| SMEs without HR capability | • Ensure all senior managers take ‘collective responsibility’ for talent development  
  • Identify critical talent  
  • Develop a criteria-based recruitment which assesses for attitude and organisational fit  
  • Develop performance management processes that recognise and reward high performers  
  • Foster an innovative spirit and encourage generation of ideas for investment and improved performance. |
| SMEs with HR capability | • Formalise talent management practices – recruitment, performance management, reward  
  • Develop a talent pipeline, workforce planning and succession planning process  
  • Align HR processes to the needs of talent across the generations  
  • Develop recruitment processes that attract and reach out to talent. Invest in induction for new recruits. |
| Customer facing organisations, traditionally high turnover sectors (Travel, Retail) | • Gain staff views on working conditions: flexible working, reward, culture. Identify areas for improvement  
  • Make the organisation ‘a great place to work’  
  • Engage and communicate with staff, encourage innovation  
  • Incorporate an assessment of passion for the industry and attitude-fit into the recruitment  
  • Invest in training to build a strong customer reputation which in turn attracts and retains talent  
  • Use of social media and on-line marketing to attract GenY population |

\(^2\) A more detailed analysis of talent management practices across the Singapore SME case studies is provided in a supporting report, ‘Research Analysis of 15 Singapore SME Case Study Organisations’
<table>
<thead>
<tr>
<th>Organisation Type</th>
<th>Focused Investment</th>
</tr>
</thead>
</table>
| Less attractive sectors or environments (Food & Beverage, Environmental Service, factories) | - Focus on building the brand.  
- Communicate the vision of growth and global ambitions of the organisation to attract talent, market the opportunities  
- Reach out to wide talent pools. Access Government initiatives  
- Develop partnerships with schools and higher education.  
- Introduce internships.  |
| Highly skilled industries (Pharmaceuticals, Engineering, IT) | - Explore opportunities to set-up apprenticeships.  
- Retain through development: focus on intrinsic rewards in addition to pay (extrinsic).  
- Provide a constant learning environment with opportunities for challenge and stretching projects.  
- Embrace mentoring and coaching.  
- Encourage high performers to make referrals of potential recruits.  
- Focus on R&D, translate into training and learning (external conferences) and encourage innovation/ideas from staff. |
Chapter 6: Practical Support for SMEs

At the end of each of the four chapters in the section ‘What do SMEs need to do?’ we have identified areas where SMEs would benefit from focusing their resources and investment. We have combined this information with the knowledge gained from the research survey and Case Studies analysis and developed a set of three workshops for junior and middle managers which aim to provide SMEs with support, guidance and a forum to share learning.

**Workshops**

The workshops are aimed at Junior and Middle managers and focus on operational management of talent. In the one-day workshops, the research findings are presented (case study and survey research) and participants have an opportunity to share experience, reflect on their organisations’ practices and identify approaches to attracting and developing talent in the first two workshops, and building their leadership capacity in the third workshop. In the workshops participants will explore:

<table>
<thead>
<tr>
<th>Workshop 1: Attracting Talent</th>
<th>Workshop 2: Developing Talent</th>
<th>Workshop 3: Leadership Talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant: Junior and Middle Managers</td>
<td>Participant: Junior and Middle Manager</td>
<td>Participant: Junior and Middle Manager</td>
</tr>
<tr>
<td>What are your critical talent groups? How can you reach out to the widest pool of potential recruits to meet any current or future talent gaps? How can you recruit for potential? How does your organisation (culture, processes) support talent? What makes your organisation different from others, what are your unique characteristics? How can you reach out and engage prospective talent?</td>
<td>What are your critical talent groups? What are your talent development pathways? What more can your organisation do to engage talent and support career progression? How effective are your managers at conducting appraisals and conversations to identify career aspirations and development opportunities?</td>
<td>Are leaders your critical talent groups? How important is good leadership and what does it look like? What is the role that personality theory plays in understanding leaders and staff behaviour? How can you develop your leaders? What are your leadership challenges and how can you overcome them? (this part of the workshop will be crafted to the delegates’ needs)</td>
</tr>
</tbody>
</table>
Our research identified a number of strategic talent challenges faced by the owners and CEOs of SMEs and Growth Oriented Enterprises (GOEs) which led to our recommendation to conduct three roundtable discussions. In February 2014, Roffey Park, together with MOM, facilitated three roundtable discussions with senior executives from a variety of Singapore SMEs and GOEs. The panellists at the three roundtables discussed leading change, creating a culture of innovation and strategic talent management.

Below we have highlighted the key points from each discussion.

**Roundtable 1: Leading Change**

*Context for the discussion:* SMEs are currently experiencing a period of profound change. These external forces of change require not only adaptive, flexible organisations and new management approaches but also competent leaders and managers able to adapt to changing times and to manage organisational change.

*Case Study: Tong Teik* has recently been bought by a Western shareholder team and employees have found themselves needing to adapt their working styles and adopting a blend of both Eastern and Western cultures.

*Top tips from the discussion:*
- Giving leaders the authority to adopt initiatives to the local environment make successful change more likely.
- Empowering staff for supporting and implementing change through training or rewards.
- Having staff who believe in the vision and values of the organisation support change.
- Prioritising change initiatives reduces “Change fatigue”.

**Roundtable 2: Creating a Culture of Innovation**

*Context for the discussion:* The Singapore government is encouraging a strategy of productivity-led growth. To meet this challenge, CEOs must learn to inspire their organisations to new levels of inventiveness and being innovative in everything that they do. It starts with learning to tap into the creative potential of all the employees.

*Case Study: Pestbusters* CEO won the Asia Pacific’s Outstanding Entrepreneurship Award in 2011. Their focus on learning and training is core to the brand. Pestbusters is innovative in their approach to pest control and talent management.

*Top tips from the discussion:*
- Creating an innovative culture is about having processes which support constant learning and encourage feedback.
- Part of the process of creating an innovation culture is about exploring an organisation’s capacity to tolerate and learn from failure.
- Hiring for attitude is extremely important in tapping into the creative potential of staff.
- Developing an innovation culture involves investing in providing good working conditions (environment) and staff development.

**Roundtable 3: Strategic Talent Management**

*Context for the discussion:* Talented people are the competitive advantage, but they are scarce, more mobile and demand much more. Central to talent management is the recognition that it is not enough just to attract individuals with high potential. Developing, managing and retaining those individuals need to be part of a planned strategy for talent.

*Case Study: Goodrich Global’s* expansion and continued growth has led to the introduction of sound basic HR practices, formalised HR systems and driven the appointment of a Head of Capability Development, with strategic talent management as a clear priority.

*Top tips from the discussion:*
- A clear drive to promote from within which focuses on identifying career pathways which are supported by training and development.
- The importance of getting recruitment processes right across the business, and being clear about the organisation’s strategy and direction before hiring.
- The importance of informing high potential staff that they are being considered for senior positions.
- Selecting high potential staff for mentoring or coaching schemes, provided by CEOs or senior managers.
Methodology

Roffey Park’s research aims were to:

i. Draw relationships between talent management practices and productivity/business performance in Singapore SMEs

ii. Share Roffey Park’s findings which cover the talent management practices of SMEs of different sizes and from a range of industrial sectors, each facing their own specific talent challenges. It aims to show what organisations are doing, not doing, and need help to do.

iii. Introduce a form of practical support to help SMEs improve their talent management practices to improve business performance

Four inter-linked research activities formed the basis of the approach to the study. These were:

• A review of existing literature, both academic and practitioner-focused, on talent management in Singapore SMEs
• Key stakeholder focus groups
• An online survey of 401 small and medium-sized enterprises (SMEs)
• In-depth case studies of 15 SMEs from a variety of industrial sectors and sizes and of development

The focus of the online survey was on organisations with less than 250 employees and/or turnover of not more than S$300 million. Our case studies included both small and medium-sized SMEs, in addition to some larger organisations that had grown very rapidly from having been an SME.
Survey Sample

401 responses were received. Of the 401 respondents:

- 27% were owners of SMEs
- 45% were senior managers/directors
- 18% were HR managers

96 per cent of the respondents were from private sector organisations.

Organisation size

Financial turnover

Organisation size by financial turnover
Organisation size by domestic/international market

Organisation size by family ownership sector
**Case Study Approach**

Each organisational case study involved in-depth interviews with one or more of the CEO, owner or senior person responsible for HR. The identity of the interviewees depended on the size and nature of the organisation concerned. In addition, where possible, interviews or focus groups were also conducted with staff. Interviews and focus groups followed a semi-structured format, with the researcher covering key themes but having flexibility to explore themes in greater or lesser depth as required.

**Case Study Organisation Profiles**

The profiles of 13 of our 15 case study organisations are presented below. Two of our case study organisations wished to remain anonymous.

**Tong Teik**

Tong Teik was founded in Singapore in 1964. Following several structural changes it is now a member of the Singapore-based RCMA Commodities Group which manages supply chains originating in twenty countries through to over 800 customers globally. It was bought by four shareholders as a well-established global natural rubber trading business in July 2010 with a total of 60 employees in three offices and has grown through global acquisition and establishing new product lines. Today there are 120 people in seven offices with Singapore HQ, Vietnam, China, Thailand, UK, Holland and USA. The Group trades natural rubber, synthetic rubber, robusta coffee, arabica coffee, sugar, cotton and coal.

**IFE**

Founded in 2007, International Facility Engineering (IFE) is a precision-engineering company specializing in various high-tech and complex engineering projects. IFE currently has around 40 people, employed in its Singapore office, which is also its Headquarters. They have smaller offices in Malaysia and Germany which oversee joint venture projects. They aim to set up another office in Shanghai - China in the near future.

**CTC**

CTC Travel is a full service retail and wholesale travel company with various market segment interests. The company offers travel aimed at both general and niche market segments, and both standard and high-end travel packages. CTC Travel puts its staff through the accreditation schemes run by the National Association of Travel Agents Singapore (NATAs). At the same time, CTC Travel is also the only travel agency with ISO 9001 certification. They are also the first travel agency to have obtained a Service Class Excellence under Spring Singapore. CTC Travel currently employs 110 employees.

**Maccine**

Maccine undertakes pre-clinical research for global clients in the drug development industry. Founded in 2004, it now employs 125 people and has a global footprint with 50% of its business coming from North America, 30% from Europe and 20% from Australasia. Between 2007 and 2013, Maccine doubled its staff numbers and increased its revenues by over 250%.

**McCoy**

Established in 2004, McCoy began as an electronics components distributor and has since then successfully ventured into industries such as digital lifestyle, health and wellness as well as education. McCoy has developed its own lifestyle brand, Gavio, which consists of a range of products, such as headphones and speakers. McCoy employs 30 staff across various countries in Asia and has plans of growing and expanding into other related industries and territories. McCoy won the SME One Awards in 2012.
**Pestbusters**

Established in 1991, PestBusters is a leading brand in pest management services. It services organisations in commercial and residential properties including 5 Star hotels, restaurants, serviced apartments, health care facilities and condominiums. Pestbusters employs over 100 people and operates in six countries across Asia including Singapore.

**77th Street**

From humble beginnings in a small outlet in the Far East Plaza, 77th Street, a trendsetter for hip and trendy street wear fashion, has now grown into a chain of nine stores employing 50 people across Singapore. Founded by Elim Chew, Youth Champion, Social Entrepreneur and Street Fashion Guru, the business has a popular and loyal following among the young and trendy.

Originally sourcing fashion items from the UK, 77th Street sells a range of international brands and designs and produces its own variety of streetwear and fashion accessories. Through its GetALife Membership it also offers over 100,000 customers access to the latest ideas in fashion, entertainment and lifestyle, in-store discounts and benefits with other stores that 77th Street has partnerships with. In 2004, 77th Street became the first home grown brand to set up shop in Beijing China, and now champions a 400,000 square foot mall – the 77th Street Plaza – in the City. It also has further expansion plans into the fast growing economies of Indonesia and Thailand. Fifty people currently work in the small family run business, both in Singapore and China.

As well as a fashion retailer, 77th Street has become a vehicle to invest in young people, through initiatives such as The Young Entrepreneur Mastery (TYEM), which helps develop young entrepreneurs. Personally driven by social values and passion for young people, Elim has become a driving force in various community campaigns. It is this bigger purpose, in which 77th Street operates, that employees at the company find compelling, both as a reason to join, and a reason to stay.

**Goodrich Global**

Goodrich Global was established in 1983 in Singapore with 7 staff and is today a leading interior furnishing supplier of wallcovering, carpet, fabric and flooring. With over 30 offices and galleries and 7 warehouses across Asia Pacific, it now employs around 425 staff, of whom 125 are based in Singapore. It has been recognised by many company awards and its Chairman, C B Chan was awarded overall winner of Entrepreneur of the Year 2007, by the Association of Small and Medium Enterprises (ASME).

With its business organised around product lines, Goodrich works with a range of stakeholders from designers and architects to builders and developers. Its sales are mainly business-to-business and export (regional and overseas) but it also does business-to-consumers through its network of galleries and dealers.

**Kenyon**

Kenyon was founded in Singapore in 1988 to undertake mechanical and electrical projects for chemical and petrochemical process companies. Over the past 25 years, Kenyon has successfully grown and developed on multiple fronts. Firstly, the company has expanded its portfolio of products and services; it has diversified its client base to other industrial sectors, notably pharmaceuticals and electronics; and it has extended its geographical reach.

Building on a solid foundation of expertise in mechanical and electrical projects, Kenyon now undertakes turnkey projects to fit out high-end corporate offices and data centres, and has also developed its own specialist manufacturing and fabrication capabilities. As well as successfully undertaking projects across south-east Asia from its headquarters in Singapore, Kenyon has worked hard to establish a presence in China and now has 4 wholly-owned subsidiaries in 3 locations. From its Chinese sites, the company offers a full range of engineering services and provides highly specialised fabrication facilities.

Kenyon has grown substantially in recent years and now has more than 750 staff, around 450 of whom are based in Singapore, with a further 300 in China.
Courts

With an operating history that spans more than 35 years, Courts is a leading electrical products, IT and furniture retailer. As well as a wide range of over seventy stores in both countries, Courts also sells on the web through its eCourts online sales platform.

Court’s vision is to “make aspirational home products easily affordable” and it has done this by focusing on building a strong brand and establishing a large and loyal customer base. With over 1.2 million members in its “Home Club” loyalty programme and nearly 300,000 in its Courts Flexi Schemes, the commitment and energy of its 695 staff in Singapore and over 1,000 in Malaysia is paying off.

Mencast

Founded in Singapore in 1981, Mencast is a maintenance, repair and overhaul (MRO) solutions provider to clients in the offshore, marine, oil and gas sectors. It has 3 business segments: Offshore & Engineering, Marine, and Energy Services. Over the past 30 years, Mencast has grown substantially, often through merger and acquisition (M&A) activity. This has helped Mencast in the process of transforming itself, moving from being primarily a product-based manufacturer, to becoming a service-oriented MRO player. There are now more than 20 subsidiaries within Mencast Holdings. While the majority are in Singapore, Mencast also has subsidiaries in Malaysia, Indonesia, Oman and Hong Kong. Last year (2012) saw the completion of its large new production and office facilities at Penjuru Road.

Five years ago, in 2008, Mencast successfully became a listed company. In the 2012 financial year, Mencast continued to post record results in terms of revenue, profit and cash flow; its 8th successive year of record financial results. Looking ahead, Mencast is keen to continue its impressive trajectory of growth. Mencast now employs around 500 people.

Pet Lovers

Pet Lovers is a retailer with a chain of 65 stores across Singapore, Malaysia and Thailand. It started off as a wholesaling business in 1973 and has grown to employ roughly 400 people, 320 of whom are based in Singapore.

Telechoice

TeleChoice International Limited (TeleChoice), a publicly-listed company on the Mainboard of the Singapore Exchange Securities Trading Limited, is a regional diversified provider and enabler of information communications products and services. It serves both the enterprise and consumer space. Its business consists of three main business units:

The Personal Communications Solutions Services (PCS) division provides a range of services including fulfilment, distribution and supply chain management services relating to mobile communication devices and accessories.

The Info-Communications Technology Services (ICT) division is a regional integrated info-communications solutions provider which offers a comprehensive suite of solutions and services for enterprises and consumers including enterprise IT infrastructure, business solutions and integration services, broadband network, fixed and wireless networking solutions, managed and hosted services, telephony and unified communications solutions and cloud computing applications and services. The Network Engineering Services (Engineering) division designs, builds and manages telecommunication networks and provides a comprehensive suite of specialised products and solutions to address the network infrastructure needs of fixed and mobile operators in Asia. The Group works in partnership with local Telecommunications companies such as StarHub and M1 and with the major phone manufacturers and IT and network equipment vendors. In the last 3 years, the Group has acquired 2 IT companies in the areas of managed services, system integration, IT infrastructure and business applications solutions.

In addition, TeleChoice has two subsidiaries in Malaysia which are involved in retail management, fulfilment and supply chain services and in network engineering projects. Most of the business is still based in Singapore. TeleChoice currently employs close to 400 employees locally.
Appendix 1

7 Having good working conditions positively impacts on financial success: $\beta=0.92, p<0.05, n=385$. Using succession planning positively impacts on financial success: $\beta=0.70, p<0.01, n=385$. Using workforce planning positively impacts on organisational growth ($\beta=0.57, p<0.05, n=385$) and successful delivery of targets ($\beta=0.62, p<0.05, n=385$). The presence of a dedicated HR person or function positively impacts on financial success: $\beta=0.51, p<0.1, n=385$.

9 Organisations with good working conditions experience fewer difficulties attracting suitable employees: $\beta=-0.93, p<0.05, n=389$. Organisations with good pay and reward schemes experience fewer difficulties attracting suitable employees: $\beta=-0.59, p<0.05, n=389$. Organisations with a multi-generational workforce experience fewer difficulties attracting suitable employees: $\beta=-0.50, p<0.05, n=389$. Organisations which offer flexible working opportunities experience fewer difficulties attracting suitable employees: $\beta=-0.50, p<0.05, n=389$.

13 Having an employer brand to attract and retain employees positively impacts on financial success ($\beta=1.03, p<0.01, n=385$), organisational growth ($\beta=0.55, p<0.05, n=384$) and successful delivery of targets ($\beta=0.81, p<0.01, n=383$). Presence of merit-based recruitment processes positively impacts on the successful delivery of targets ($\beta=0.78, p<0.05, n=383$).

15 Providing opportunities for e-learning positively impacts on financial success ($\beta=1.05, p<0.01, n=385$), organisational growth ($\beta=0.97, p<0.01, n=384$) and successful delivery of targets ($\beta=1.2, p<0.01, n=383$). Using personal development planning positively impacts on financial success ($\beta=0.76, p<0.01, n=385$), organisational growth ($\beta=0.66, p<0.01, n=384$) and successful delivery of targets ($\beta=0.87, p<0.01, n=383$). Providing formal training programmes positively impacts on the successful delivery of targets: $\beta=0.62, p<0.05, n=383$.

17 Organisations with recognition and award schemes experience lower staff turnover is: $\beta=-0.66, p<0.05, n=366$. Organisations with performance-related awards experience lower staff turnover: $\beta=-0.65, p<0.05, n=366$. Organisations which report having good working relationships experience lower staff turnover: $\beta=-0.49, p<0.1, n=366$. Organisations with annual or regular performance appraisals experience lower turnover: $\beta=-0.58, p<0.1, n=366$. 