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Learn versus Earn: A case for the small business employers and those fresh graduates who join them

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What happens when you graduate from university? Do you want to be an employee or an entrepreneur? Are you going to join a big multi-national corporation (MNC) or a small-and-medium enterprise (SME)?

For most graduates, the answer is probably to try for a well-established MNC that offers fat pay-cheques and great health and staff benefits. Some graduates end up at SMEs, of course, but the general belief amongst SME employers is that they only have access to those candidates who have been rejected by the MNCs.

Such sentiments found resonance amongst audience members at a recent [UOB-SMU Entrepreneurship Alliance Centre](http://www.smu.edu.sg/centres/usea/events.asp) (<http://www.smu.edu.sg/centres/usea/events.asp>) talk. "We face a lot of competition from the big names, like DHL and Fedex. It was especially difficult when we first started out because most people want to work for the big brand names," an owner of a local logistics company shared. Several others nodded in agreement.

But should SMEs be resigned to this fate; that the crème de la crème will, more often than not, be less interested to join them? Indeed, for small set-ups that boasts neither stature nor wealth, talent attraction and retention is a perennial headache. Moreover, caught up in the day-to-day fire-fighting of operational problems, strategic talent management is hard to find time for.

Most business owners or managers only think about the problem when they have a vacancy to fill. Even then, there is no time to think hard, said Annie Yap, managing director and founder of [AYP Associates](http://www.aypassociates.com/) (<http://www.aypassociates.com/>), a human resources consultancy. "When (companies) are looking for people, they always say they need them *yesterday*."

Prior to setting up AYP Associates, Yap was CEO of The GMP Group – a company she had joined fresh out of school. She was instrumental in the growth of the then-SME that went from a local set-up to being one of Asia's leading staffing and human resource consultancies. The Group received many accolades under her leadership and Yap herself has received recognition for her entrepreneurship skills and leadership qualities. In 2006, she was handed the *Top Entrepreneur of the Year Award* by the *Association of Small Medium Enterprises* and the *Rotary Club of Singapore*.

What defines a better employer?

Yap shared with the SMU audience her personal experience of how, as a business graduate, she had walked a different path from the majority of her classmates who made a beeline for the banking sector with starting monthly salaries of S\$2,800-3,800. Instead, she took the advice of late GMP founder, Giam Cheng Lan, to "not chase after the money; chase after career progress".

She started as a consultant and her then salary of S\$1,400 looked meagre, compared to the rest of her friends. However, within two years, her salary doubled, and ten years later, her salary had increased ten-fold. Even more valuable was the experience she had gained, which she claims, is "much more than what my friends learned in MNCs".

With all that she had learnt, Yap ventured out on her own, incorporating her own company in 2009. By April 2010, her company was booking revenues of some S\$380,000. Even if it is just job security that you want, SMEs may not be such a bad idea, she added. "[Believe] it or not, MNCs come and go. During crunch times, they may move out and go somewhere cheaper; but SMEs have to stay here." Yap is of the view that, for the individual, joining a SME is good for a person's career profile. As the "big fish in a small pond", the contributions of each person becomes very visible.

While some may worry that such a "big fish" may not be able to make it once out of the pond, Yap's personal experience has proven otherwise. When she wanted to leave The GMP Group in 2009, she received two job offers. One was to be the Asia Pacific CEO of a Japanese company that was the world number four in its field. The other was to be a chief operations officer who oversees 14 offices across the Asia Pacific.

A "family friendly" environment

A common misconception of SMEs is that many are family-owned, with flat hierarchies that offer very little, by way of career progression or training and development opportunities, compared to the big MNCs. Yap's answer to that is to go for companies that are growth-oriented because the "growing of talent must be parallel to growing of the business. If the business is not growing, then things will stagnate."

She believes firmly that SME owners and managers must prioritise talent management instead of relegating it to the last item on the to-do list when they are not actually hiring. The motto that guides her is: "If I take care of my people, my people will take care of my customers, and my customers will take care of my business."

Indeed, for SMEs, every single hire counts, because unlike MNCs that may, for example, have hundreds or even thousands of customer service representatives, an SME may only have five. So if one staff is unhappy or demotivated, this would affect his or her performance, and in turn, affect 20% of the company's customer base.

While it is quite natural to often think of "talent" as always being outside of the company and the existing staff as just good old John and Mary, SME managers need to be careful not to fall into this complacency trap and work to actively retain good staff. Every key staff that leaves costs the company in terms of lost relationships with customers, suppliers, ad agencies, and a loss of business expertise and experience.

Yap cited studies which show that the most important factors in attracting and retaining talents are, first and foremost, career prospects, followed by relationship with managers, and then compensation and benefits. So instead of worrying too much about the relatively weaker pay package that they can offer, SMEs can boost their appeal and competitiveness as employers by engaging with their talents and helping them establish their career path within the company.

In this respect, SMEs have an advantage over MNCs. By virtue of its fewer layers and smaller numbers, SMEs know more about each individual staff and can respond to their development and retention needs on a personal, case-by-case basis. Managers should make full-use of this advantage to engage their people and build an inclusive company culture.

The importance of direction

A most common complaint among employees is that they do not know where the company is headed and how they fit into the big picture. Yap's advice for managers is to communicate more frequently with employees and set key performance indicators. While it might be difficult to constantly send staff for structured training programmes, unlike in MNCs, SMEs managers, because of their proximity to staff, can stand to take on greater mentoring and coaching roles.

The traditional 'towkay' mindset – where bosses keep it within the family – runs counter to the ethos of maximising talent potential, Yap said. She recalled how her former boss had told her that her own principle for hiring people is to bring in someone better than her, so that the business may grow even more. Because she held such an attitude towards her hires, Yap was given plenty of opportunities to uncover her own talent and to hone her skills through taking project leads and driving the company's expansion plans.


While her friends in MNCs were subsumed under layers of corporate structure and learned only to be very good at one area of work – that of their department or team – Yap was exposed to the full gamut of what it takes to run a business. "It really opened up my horizons," she said. So by the time she was 28-years-old, Yap had already earned herself the title of managing director of the GMP Group.


Grateful for the trust and training her boss had provided her, Yap worked doubly hard and made significant contributions to the company. Under her stewardship, the company achieved an annual turnover of more than S\$90 million in 2006. So for SME owners who fear losing well-trained or well-exposed staff to competitors or even – that they might set up their own company and become a competitor – Yap's personal experience should offer some assurance. In fact, even after her then-boss and mentor had passed away, Yap stayed on with the company to help its new owner. Such is the power of emotional attachment.

The converse is also true; that, if instead of giving opportunities and developing talent, managers try to block their staff from progressing up their ladders, people will become angry, upset, frustrated, and eventually, leave the company. Yap believes that it can only be good to help employees become successful, because successful people can build the company's brand name in the eyes of clients.

"As a business owner, you must be flexible and focus on growth and expansion," Yap said. "If others are more capable, it is okay for them to take over and help the company grow. This will be good for (the owners) too." Also, happy employees that leave will also think twice before bad-mouthing their former bosses, she concluded.

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