

SME

Multi-Year Talent Development Progress Survey 2014



Attracting, Engaging and Retaining Talent in Small and Medium Enterprises (SMEs)

One of the most pressing challenges faced by SMEs is the need to compete for talent against other larger organisations. The competition for recent graduates is particularly acute, as they tend to have relatively more opportunities and choices upon graduation.



To gain such insights, **SPRING Singapore** and the **UOB-SMU Asian Enterprise Institute** commissioned a multi-year research study – conducted by **Hay Group** and **Singapore Management University** – to conduct interviews, focus groups, and surveys of:

- University and polytechnic graduates entering the SME sector, and
- SME leaders and supervisors employing such graduates.



The research aims to track graduates as they enter SME firms and gain experience in these firms over time. The research will also analyze year-on-year trends in talent attraction and engagement in SMEs.

Research Questions



This report summarizes the responses to 4 major areas

1

- What value are graduates currently adding to their SMEs?

2

- What attracts them to join SMEs?
- What do graduates anticipate as they join SMEs?

3

- What are graduates satisfied/not satisfied with?
- How aligned are SME management and graduates' expectations?
- How are SMEs retaining their talents?

4

- What can SMEs do next?

About the Research...



This multi-year research targets university and polytechnic graduates working with SMEs. Surveys were administered to graduates who were about to enter SMEs, graduates who were already working in SMEs, their direct supervisors, and the respective SMEs' CEOs or Human Resource Directors. Follow-up data collection is underway for 2015-2017.



Graduates about to enter SMEs [32]*

Direct Supervisors [106]*

Graduates working with SMEs [94]*

Companies- CEO/HR Director [25]*

ANNUAL SURVEY POPULATION DEMOGRAPHICS

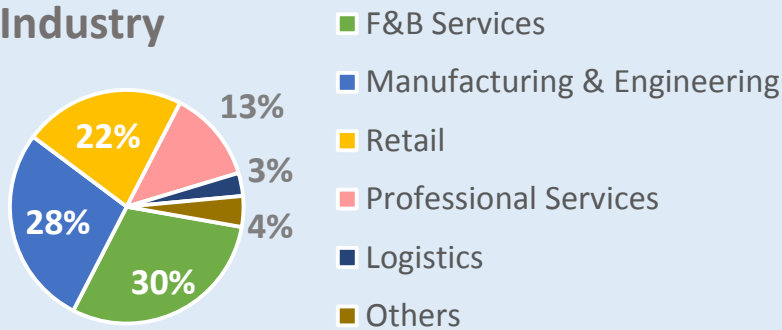


Education Level of Graduates

University (83%) , Polytechnic (13%) and Others# (4%)

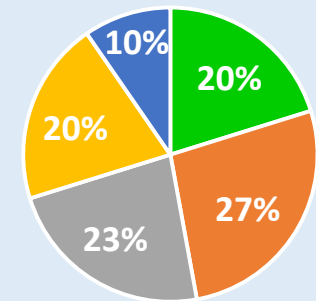


Industry



Company Revenue Size

- <10M
- 10M to <50M
- 50M to <100M
- 100M or more
- Unavailable



* No. of survey respondents

Others consist of 4 graduates holding Master's Degrees or other Diplomas

What value are graduates adding to SMEs?



Graduates are generally earning the trust of their direct supervisors as they are performing and collaborating well. A majority of graduates are delivering well in key business areas such as innovation, productivity, company expansion, and product development.

How are graduates performing in SMEs?

% of supervisors with positive rating for
**GRADUATES' OVERALL
PERFORMANCE**



- ✓ Effectively fulfilling their roles and responsibilities (91%*)
- ✓ Performing their jobs to expectations (89%*)
- ✓ Gaining the trust and confidence of employers (88%*)
- ✓ Helping others within their work groups with their work responsibilities (86%*)
- ✓ Volunteering to do things for their work groups (85%*)

*Note: Statistics above indicate percentage responding positively to survey questions on graduates' performance done by Supervisors

Below are some comments from the SMEs on the types of contributions graduates make to key business areas such as innovation, productivity, company expansion, and product development.

Data from Supervisor and CEO/HR Director Surveys



Innovation

The MAs have come up with suggestions to ask us to incorporate social media concepts and tools (into the company website). The use of tools such as Facebook and Twitter have allowed our website to become more interactive and significantly improved our connection with our staff, our customers and interested parties.



Local and overseas expansion

Our MAs have assisted to manage our team members in other offices (in other countries)

Types of Contributions to SMEs' Businesses

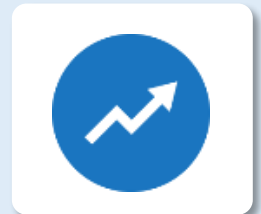
Product Development



As Production Engineer, he has coordinated well with Product Development team in making sure new products are launched timely.

The MAs were heavily involved in our productivity initiative to develop an E-learning system (provide online training programme to new hires to significantly cut down on the training time and costs to make our new staff productive). The MAs were able to come out with interesting design concepts, and provided the content which was uploaded to the system.

Productivity



Young talents collectively look forward to varied experiences to pick up core skills and advance in their first careers. Typically, these graduates who have made the choice to join SMEs, tend to have an entrepreneurial streak and aspire to being an entrepreneur in the long term. These graduates also hope to be part of a socially responsible business and family-oriented atmosphere that goes beyond focusing on profits, and they see SMEs offering these.

What attracts graduates to join SMEs?

Top reasons given*

1. Career development (88%)
2. Family-oriented atmosphere (73%)
3. Corporate Social Responsibility reputation (72%)
4. Learning how to become entrepreneurs (71%)
5. Exposure via rotation to various functions in SME (68%)

* Percentages represent the proportion of graduates that gave positive ratings for the reason provided



What do graduates anticipate as they enter SMEs? (Top 5)

Data from Survey of Graduates about to enter SMEs



Prior to beginning their careers with SMEs, a large percentage of graduates have **high expectations** for their employment experience, including their **confidence in the SME leaders**, their expectations of their **experience in the company**, and the company's **delivery on the EVP** - Employee Value Proposition (i.e., the unique set of benefits which employees receive in return for the value they bring to a company).

What graduates expect from Leaders



1. Management Team's qualifications to lead (81%)
2. Confidence in leaders (77%)
3. Management Team's values and principles (74%)
4. "Walk the talk" (74%)
5. Delivering expectations (73%)

What graduates expect SMEs to Provide



1. Close working relationships with co-workers (84%)
2. Alignment of supervisors' principles and values (84%)
3. Training & development (78%)
4. Recognition (78%) & feedback (77%)
5. Fair compensation (75%)

*Percentages represent the proportion of graduates rating the different aspects of the SME as a positive expectation



Organisational, Job and Trust Factors

SMEs have done well in communicating to graduates about their expectations for high performance, being clear on graduates' job responsibilities and how graduates can have the freedom to do the work and opportunities to adopt their ideas at work. Supervisors in SMEs also create a trusting environment for these graduates, and these graduates are aided by the collaborative and cooperative workplace in SMEs.



Top factors with highest satisfaction ratings (>60%) from graduates:

- Clarity with job role (82%)
- Performance management (75%)
- Authority, autonomy, and empowerment given (71%)
- Felt trust from supervisor (71%)
- Collaboration and cohesion in SME (68%)

SMEs may consider relooking into how the graduates' job scopes can be structured to minimize situations where graduates are being pulled in various directions. Allowing for work-life balance could also prevent graduates from being burnt out and ultimately, leaving the SMEs. Fair compensation, career advancement and training opportunities are areas that SMEs could work on to retain graduates.



Factors with lowest satisfaction ratings (<60%) from graduates:

- Role conflict within job (11%)
- Work-life balance in SME (35%)
- Pay and benefits (39%)
- Advancement opportunities (41%)
- Training and socialization / orientation (49%)

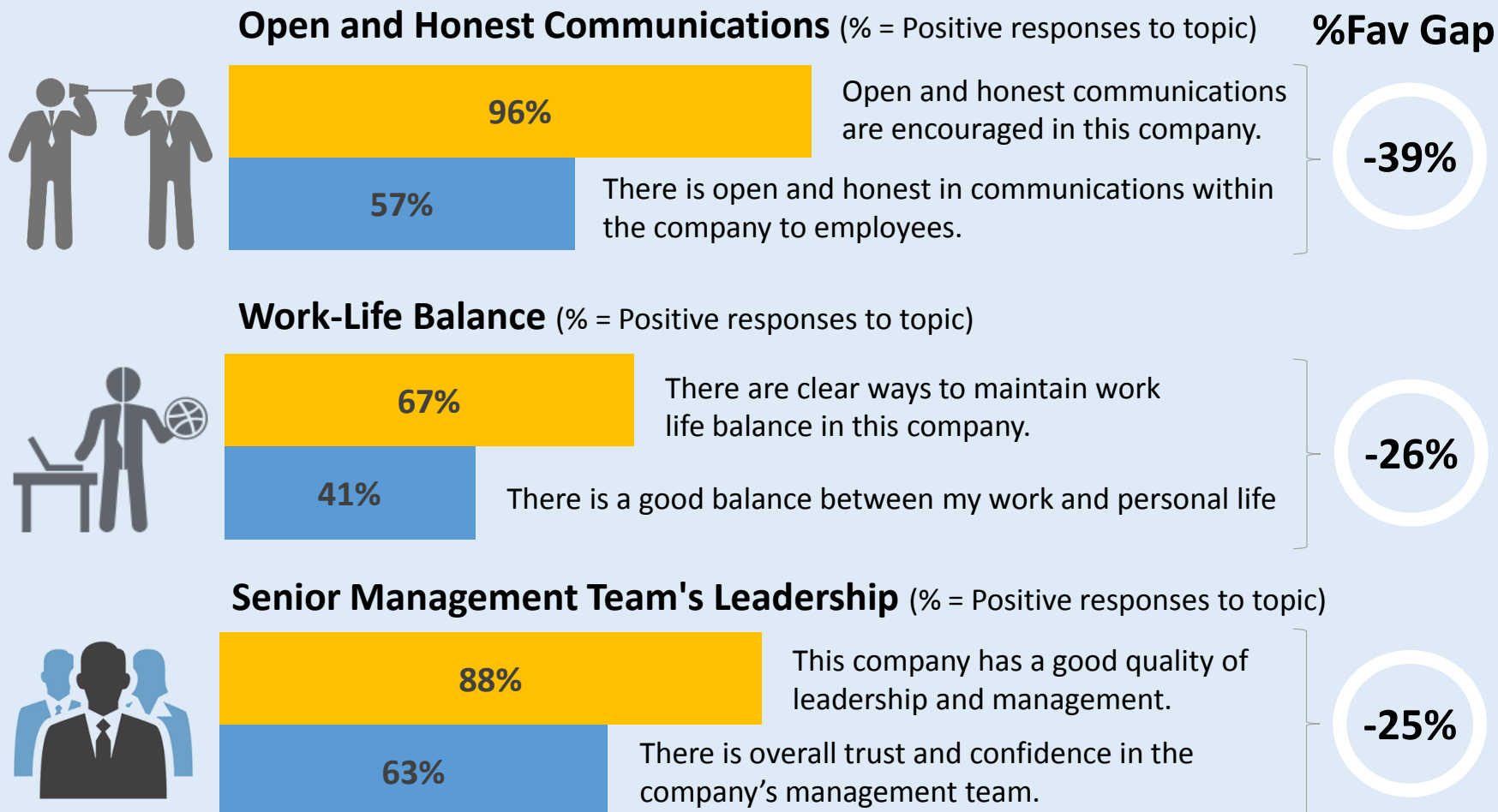
*Note: Statistics above indicate percentage responding positively to survey questions about each factor

How aligned are SME management and graduates' expectations?

Across the sample, there is a significant gap between how CEOs/HR Directors view their companies as employers of choice, and how talents regard their companies.



The biggest gaps are attributable to the following:



How good are SMEs at retaining their talent?

Data from Survey of Graduates in SMEs

Generally, graduates' levels of ownership, engagement, and enablement by SMEs are moderately strong. However, the intention to stay for long-term is relatively low.

Engaged
(54%)*

- Measured by how graduates are committed to their SMEs to succeed & their willingness to “go the extra mile” for their employers.

Enabled
(57%)*

- Measured by the extent graduates' skills are being utilized in their current roles & the level of support they are given by SMEs to succeed.

Ownership
(58%)*

- Measured by graduates' commitment to SMEs' success, identification with SMEs' goals, being part of the family and sense of belonging.

Continue
(13%)*

- Measured by graduates' willingness to stay working at SMEs for more than 2 years.

Nonetheless,

87% of graduates intend to stay with the SMEs for up to 2 years



What else can be done to better attract, develop, engage and retain graduates?


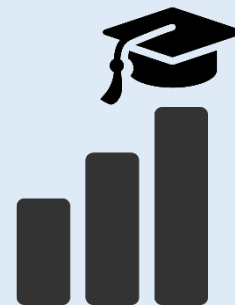


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What can SMEs do next?

Overall, the study findings indicate that graduates have high pre-employment expectations. However, once in the job, most graduates report their expectations were not equally met.



Attracting, retaining, and capturing value from graduates involves delivering on a broad Employee Value Proposition (“EVP”), and making sure organisational, job and trust factors are carefully considered and implemented in unison.

To optimise the experience of attracting and retaining graduates, SMEs should:

- 1. Look at the Tips on “ How can SMEs do better?”** in the next 2 page for preliminary first steps you can consider to better manage the graduates.
- 2. Strengthen their HR capabilities & People** through SPRING Singapore’s and WDA’s assistance schemes. More information can be found in the summary on the last page and in www.spring.gov.sg/hcd
- 3. Return to this page** and look out for future trends and insights from the next generation of graduates.

Research Study for:

SPRING
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Enabling Enterprise

UOB-SMU
Asian Enterprise Institute

Research Partners:

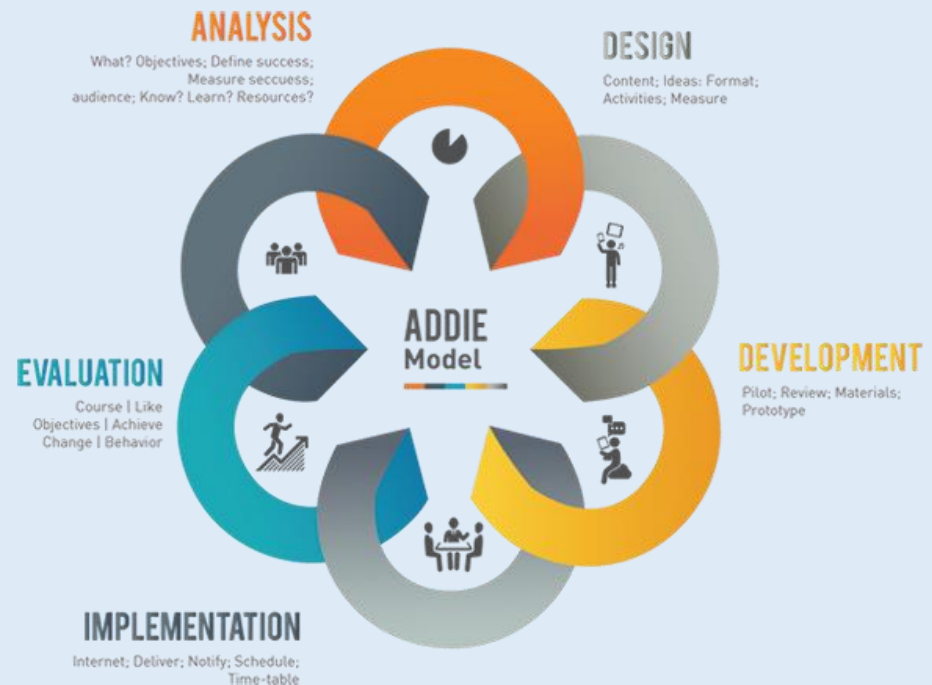
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How can SMEs do better?

- 1. Articulate insights of working in SMEs and job responsibilities during interaction with graduates** to ensure that graduates do not have unrealistic expectations about the job they are entering into. With clear job responsibilities, graduates also will understand their role in the company and their contributions towards the success of company. This will help boost employees' motivation.
- 2. Generate the training and development (T&D) Plan** based on the needs analysis of the graduates as well as the company. This will help them understand and visualize a career with the company.
 - SMEs may consider using the ADDIE model (see diagram) as a guidance for the company's T&D plan.
 - The ADDIE model is a framework that lists generic processes for training use. It represents a descriptive guideline for building effective training and performance support tools in five phases: (1) Analysis, (2) Design, (3) Development, (4) Implementation and (5) Evaluation



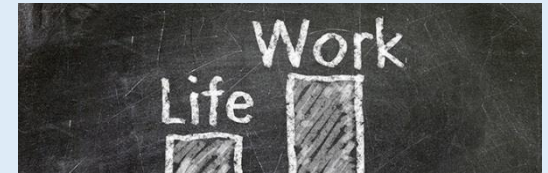


How can SMEs do better?

- 3. Look into total rewards benchmarking** to understand how current pay and benefits compare to market norms, and how this could potentially attract and retain employees.
 - To have compensation systems perceived to recognize employee efforts adequately when compared to other organizations (i.e., external equity), allocate a Human Resources representative review the company's pay scales relative to other companies with similar job types within your industry.

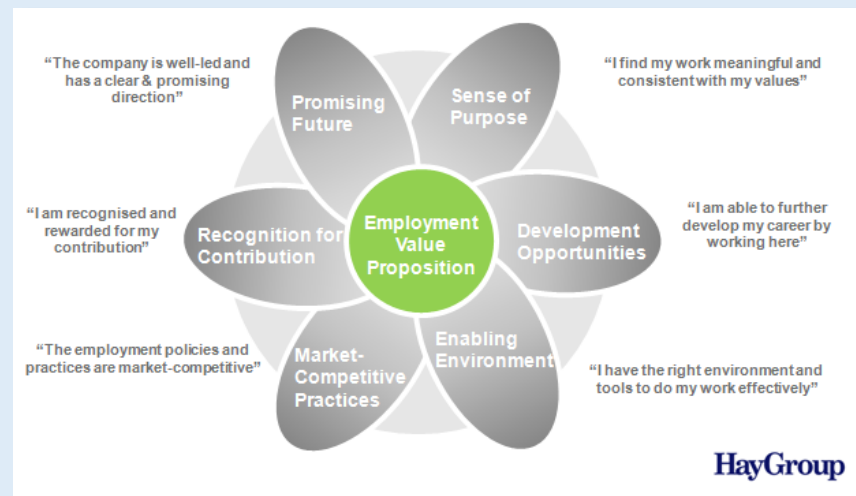
- 4. Review the work-life balance culture in the company**

To sustain levels of discretionary effort over time, it is essential that organizations provide appropriate support to help employees balance work and personal responsibilities. Grant employee requests for time off or create a system so that there is a fair distribution of additional work.



- 5. Deliver on the company's EVP**

as promised to employees. Note that many elements of this delivery are inexpensive or cost-free, such as better communication, on-the-job training, etc.



Build your HR Capabilities and People



SMEs should continue to strengthen their HR capabilities and develop their employer brand to become attractive employers. Effective talent attraction and development strategies should also be put in place to engage and retain talent. SPRING and WDA supports SMEs' efforts in developing human capital through various initiatives listed below. For more information visit www.spring.gov.sg/hcd.

Build HR Capabilities

Find out company's HR capability gaps

- HR Diagnostic Tool

Outsource some HR functions to focus on strategic HR issues

- HR Shared Services

Strengthen HR systems and processes

- Innovation & Capability Voucher
- CDG* (HR Management & Development)

Strengthen company's learning and development capabilities and be employer of choice

- SkillsFuture Mentors Programme

* CDG: Capability Development Grant

* EDS: Executive Development Scholarship

Build My People

Engage students and identify talent

- SME Talent Programme

Build talent pipeline through study sponsorships and scholarships

- SME Talent Programme
- SME-SPRING Joint EDS*

Offer career opportunities to fresh graduates

- SME Talent Programme

Attract mid-career hires

- P-Max (WDA)

Groom the next generation of business leaders and develop senior management

- SkillsFuture Leadership Development Initiative

Upskill employees through continuous education and training

- SkillsFuture Study Awards
- Enhanced Training Support for SMEs (WDA)
- Enterprise Training Support (WDA)