

## Can SMEs retain talent during the BREXIT process period?

*Professor Alexandros Psychogios, Birmingham City University*

*8<sup>th</sup> August 2018*

Talent Management (TM) shows ways of developing and engaging employees that are able to make a difference within organisations, domestically and internationally. It is associated with the process of attracting, improving, managing and retaining employees. There are two schools of thought in TM approach, namely the exclusive and inclusive one. The former focuses only on the best performers within a company claiming that developing and maintaining practices should focus on them. The latter argues that TM practices should include all employees by focusing on developing their strengths, skills, abilities, capabilities, and knowledge. In the inclusive approach the term ‘talent’ is referred to as anyone who is able to influence achieving the organisation's objectives. This approach seems to be the case in most Small and Medium-sized Enterprises (SMEs).

SMEs are widely known for their informal, emergent and reactive approach to managing employees. By following the ‘small is beautiful’ approach, SMEs prefer to avoid complicated bureaucratic procedures, most of the time linked to formal Human Resource Management (HRM) practices. Instead, they try to invest in informality and emergent HRM, sometimes resulting in developing healthier employee relations than larger organisations and having more committed employees. The informal nature of HRM in SMEs nurtures an informal way to approach TM as well. Most SMEs understand that a large part of their performance is linked to their people creativity, improvisation, innovative thinking and autonomous actions that usually are free from procedures and systems. In other words, TM is most of the time informal, emergent and inclusive in SMEs as they know how critical it is to retain their people and therefore their competitive advantage. However, SMEs most of the time are more vulnerable in turbulent situations, when the whole business system passes through a process of change. A prime example in the UK is the BREXIT process.

The BREXIT process is generating a lot of uncertainty and a sense of anxiety among companies and the workforce in the UK. This process poses a risk that businesses and especially SMEs may find difficult to overcome. The risk, among others, is related to attracting, developing and retaining their employees. The internationalisation of businesses including SMEs created a need for a high quality

skills-set, that companies can fulfil by recruiting and engaging employees from different national contexts. In other words, talent has become more mobile. There is rising mobility of migrants, which a complex network of a diverse workforce that enhances internationalisation and professionalism and therefore competitive advantage. UK SMEs traditional attract and hire a lot of employees from other countries, including those within the EU. Thus, the question that arises is whether a turbulent, uncertain and long process like BREXIT will influence the practice of TM, namely the process of attracting, developing and maintaining international employees.

The truth is that the answer to this question is difficult for two reasons. Firstly, because we do not have (so far at least) enough evidence to be able to quantify the impact of BREXIT as a turbulent process on TM of SMEs in the UK. Secondly, the lack of formal TM practices within SMEs makes the investigation of robust evidence even more difficult. There is some preliminary evidence showing that employees of SMEs are quite sceptical with the impact of BREXIT on their organisations. An aspect of this impact is associated with lower job satisfaction and higher stress levels observed mainly among international employees coming from other EU countries. The uncertainty that the BREXIT process has created makes them feel less secure and puzzled about their future in the UK in general and in their job positions in particular. This insecurity and anxiety seems to be understood from the SMEs' owners and managers, as that they feel equally puzzled and sceptical.

I argue that SMEs that they have developed through an informal process, a clear and fair practice of investing in their people, would have much better chances to remain resilient in the face of BREXIT challenges. In other words, the informal and emergent nature of TM practices where they exist can help managers and SME owners to overcome employees' stress, and commitment to their company. As a recent study of ours argues (find it here: <https://onlinelibrary.wiley.com/doi/10.1111/1467-8551.12245>), the informal nature of SMEs can be proved beneficial for employees, especially during a crisis period. In other words, within the context of SMEs, where tighter relationships exist among employees, they draw even closer to each other during a crisis period. Conceivably, employees become more altruistic in their attempt to manage challenges through solidarity. Therefore, the suggestion lies on the argument that under such turbulent conditions, SME owners/managers need to facilitate employee citizenship behaviors much more rigorously. This is the key for UK SMEs during the BREXIT period. They need to enhance an informal, friendly and committed working environment,



BIRMINGHAM CITY  
University  
Centre for Brexit Studies



# Centre for Brexit Studies

## *Blog Post*

sharing information and reassuring their support towards all employees and especially towards those that seem to be influenced the most from the BREXIT process. Informal and inclusive TM practices can be proved to be extremely helpful in this direction as well. So, the answer to the question whether SMEs can retain talent during the BREXIT process, is yes they can, insofar as to invest in a healthy and mutually supportive working environment that is informal, but enhanced by a clear TM strategy targeting all employees.