

Tackling big issues in small enterprises

Success of micro and small enterprises is largely defined by how well they handle interpersonal conflicts

Prince Frederick

People management is a steep challenge in micro, small and medium enterprises. In medium enterprises, it is less challenging because there are enough layers that often help take the edge off sharp interpersonal conflicts.

An element of impersonality is built into the structure of medium enterprises and this prevents these conflicts from getting out of hand.

In contrast, when interpersonal conflicts arise in a micro or small enterprise, they have a way of spreading like canker. For, discontent spreads faster in these enterprises as they are small-sized. Given this, people management in micro and small en-

terprises should be accorded the importance of a subject in management studies. But it does not seem to have been given that importance, yet. Much of the available literature on business management is silent on this topic, or hurries through it as if it were of little significance.

C.K. Mohan, vice-president, Tamilnadu Small and Tiny Industries Association (TANSTIA), points to a greater problem— which is a unwillingness among most owners of micro and small enterprises to take the effort to acquire the people skills they need to make a success of their enterprises.

"They are so bogged down in the day-to-day problems of running their businesses that they fail to see the need to acquire skills to manage their teams better," says Mohan. Under the Ministry of Micro, Small and Medium Enterprises (MSME), there is a raft of skill development programmes that remain largely unexploited by these entrepreneurs, those in the industry say.

"Here, TANSTIA-FNF Service Centre, a joint effort by TANSTIA and Friedrish Naumann Stiftung Foundation

(Germany) provides training for owners and staff members of micro and small enterprises, but they don't come forward to take up these training programmes. Focussing on teams of 15 to 20 people, the programmes are structured in such a way that everyone receives personalised attention. But, most owners of such enterprises are reluctant to send their staff members for these programmes as they don't want their immediate work to suffer. In the process, the business owners are taking a myopic view of things," says Mohan.

EQ matters most

"When a micro or small enterprise fails in the area of people management, the failure would have invariably happened at the very beginning— at the time of recruitment," says Dr. P. Srinivasan, co-founder and chairman, Jeevan Blood Bank and Research Centre.

"As these enterprises have few employees, they have to exercise extreme caution while recruiting candidates. They have to make sure that the candidate's values are aligned with the enterprise's. Qualifications don't matter as

much as the emotional quotient and ability to adapt to changing business scenarios."

Unlike big corporations, these enterprises cannot bring on board new employees to meet a demand, necessitated by a technological upgrade in the industry.

They rely on their employees to learn the new skills that have become indispensable for survival in the market.

"In a small enterprise, employees may have to take up multiple roles. For that to take place optimally, they should possess two qualities— a readiness to be re-skilled and two, passion for the job. They have to display an entrepreneurial interest in the business," says Dr. Srinivasan.

Succession plan

Micro and small enterprises invariably don't have a succession plan. There is often an unhealthy reliance on one person, who has been around for a long time and understands the business thoroughly and the owners can't see beyond him for anything, and in the process others have not been trained or empowered to occupy any position of authority and drive change.

If this person has a vice-like

grip over the processes and functions of the enterprise, he may be preventing fresh and innovative ideas from flowing in.

"Often, these enterprises find it difficult to replace 'that one guy'. They realise — often too late — that he has too much control, but they can't do anything about it, as they have not trained any of the others to be able to step into his role. The owner and management should have the courage to consciously groom successors, even if it means causing their long-time employee some heartache," says Mohan.

Lack of delegation

Sometimes, especially in the case of micro enterprises, the owner may be carrying out a variety of functions and fail to delegate work — this attitude will come home to roost when the enterprise faces a crisis, says Mohan.

Partnership works

In micro and small enterprises, success and failure can be easily traced to individual contributions, as the teams are small-sized. When someone has proved to be an invaluable contributor for years



Micro and small enterprises should have employees who can learn new skills, whenever the situation demands it. – FILE PHOTO USED FOR

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and has displayed great integrity and self-sacrificing interest in the business, the owner should go out of his way to reward this star performer. "The best way to reward such

commitment is to increase the person's stakes in the enterprise by making him/her a partner. Big corporations take this route to rewarding performance through employee

stock ownership plan," says Dr. Srinivasan.

After all, two heads are better than one, especially when they are agreed about the path to take.