

HR Insights

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Addressing Small Business Talent Challenges

Employers of all sizes continue to face attraction and retention challenges. Successful efforts to win over workers can require significant time and carry high costs, but failing to attract talent or losing existing employees is particularly costly for small businesses. Unfortunately, small businesses often don't have the excess resources to invest in attraction and retention efforts in today's labor market, making it difficult to compete with larger organizations. Along with the costs associated with recruiting, hiring and training, attraction and retention struggles can significantly impact workplace operations and culture, especially in a smaller environment. For these reasons, small businesses cannot afford to ignore their attraction and retention efforts.

This article outlines talent challenges faced by small businesses and practical strategies to overcome them.

Attraction and Retention Tips

Economic pressures continue to make it challenging for small businesses to hold on to their best talent and appeal to other top-tier workers. Regardless of size, employers are straining to keep up with workers' compensation expectations and demands. Furthermore, rising health care costs are stressing employees and employers alike. Workers are looking for robust health care coverage and affordable and quality care options from their employers, while employers consider ways to move away from cost-shifting to employees. Aside from expense concerns, employers are also experiencing a growing skill gap as many workers join organizations without all the desired skills.

However, there are ways that small businesses can overcome these hurdles in the race for talent. Consider the following attraction and retention strategies:

- **Select the right benefits.** Health insurance is valued highly by workers. Simply offering health insurance can give small businesses a competitive edge against those that don't. However, health insurance is just one component to consider as part of a benefits package; small businesses should tailor their benefits offerings to meet the specific demands of current and prospective employees. The best benefits vary for each organization, but they can be used to attract and retain employees. In general, some popular benefits include competitive health insurance, leave benefits, performance benefits, retirement planning and professional development opportunities.
- **Embrace technology and generative artificial intelligence (AI) tools.** Small businesses often have limited resources for recruiting, hiring and onboarding practices, so it's important to be as efficient as possible. Leveraging cost-effective technology, such as applicant tracking systems and digital tools, can help small businesses improve these practices. Generative AI can also help workers spend

less time on tedious tasks, such as manual data entry. In turn, employers' costs may be reduced, and they can focus on finding new employees rather than dealing with time-consuming and tiresome recruiting tasks.

- **Expand recruitment reach.** If an employer isn't receiving the number of quality candidates they desire, it's worth strategizing to grow their talent pool. Expanding an organization's online presence is a good start. This may include creating and maintaining multiple online profiles, posting content regularly and informing prospective workers of job opportunities.
- **Focus on developing employees.** Attraction and retention challenges aren't always about bringing enough employees through the doors; today, many small businesses face skills gaps. Recruiting specific skills may close these gaps, but this solution overlooks existing employees. As such, small businesses should consider how they can bridge skills gaps in-house. Some strategies may include providing career pathing plans, creating mentorship programs, offering microlearning workshops to focus on specific skills, or paying for employees to attain certifications or further their education outside the workplace.
- **Offer a flexible work environment.** Many of today's employees worked remotely during the COVID-19 pandemic and would prefer to work from home. Flexible work arrangements, such as work-from-home arrangements and hybrid or flexible schedules (including flex time or days), can help small businesses maintain a competitive edge over employers who don't offer such flexibility.
- **Create a strong workplace culture.** Small businesses should aim to foster a desirable workplace. A healthy company culture can help retain employees and, in turn, create an environment that's attractive to applicants.

Many small businesses are currently focusing on creating a strong workplace culture by training managers to identify employee burnout, designate fair workloads and support workers' needs.

Summary

Like many organizations, small businesses face several challenges with attracting and retaining the employees they need. Fortunately, small businesses can leverage these strategies to help them compete in today's talent market.

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