

# HR Insights

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## Attraction and Retention Tips for Small Businesses

Businesses of all sizes are currently facing attraction and retention challenges. Successful efforts to win over employees can require an investment of time and carry high costs. Unfortunately, small businesses often don't have an excess of resources to invest in attraction and retention efforts in today's worker-friendly labor market.

In what's been labeled as the "great resignation," an increasing number of employees are leaving jobs not only for better compensation and benefits but also to prioritize desires such as flexible work arrangements or career development opportunities. Losing an employee is particularly costly for small businesses, impacting both attraction and retention. Along with costs associated with recruiting, hiring and training a replacement, the employee that left was likely a key contributor in the smaller environment, potentially leading to a significant impact on the operations and culture of a workplace.

Amid these labor obstacles, smaller employers should focus on what's feasible. Often, small employers have the agility to respond to the employment market with new strategies. This article highlights some attraction and retention tips for small businesses.

### Select the Right Benefits

According to a study from the Kaiser Family Foundation, small firms are less likely to offer health insurance versus businesses with more employees. Health insurance is valued highly by workers who often don't have access to this coverage, which often includes part-time employees, those in the service sector—and workers employed by small

businesses. Thus, for small businesses, even simply offering packages that include health care can offer a competitive edge against those that don't.

Health insurance is just one component to consider as part of a benefits package, and small businesses should tailor their offerings to meet the specific demands of current and prospective employees. One way to start this process is by surveying employees on what types of benefits would interest them the most and then using that data to inform benefits decisions. The best benefits to offer will vary in each small business depending on the needs of the workforce—but they can be leveraged to attract and attain the right employees.

### Revamp Recruiting, Hiring and Onboarding Practices

Small businesses often have limited resources when it comes to recruiting, hiring and onboarding, so it's important to be as efficient as possible. These restraints may include insufficient financial resources to put into these practices—but also a lack of time. Often, it's an owner, manager or lone HR professional who also takes on recruiting duties. However, a thorough review of the current status of these practices may uncover ways to create improvements.

Leveraging technology is one way to improve these practices. The good news for smaller employers is that many tools available today are relatively feasible to set up—even for a team of one— and often cost-effective.



Employers can consider using tools such as an applicant tracking system that collects and stores candidate resumes and helps automate common recruiting and onboarding tasks. To further ease the onboarding process, employers could consider leveraging cloud-based and digital tools designed to help manage the process for completing Form I-9 or direct deposit, which can be tedious for both the new hire and the employer.

By improving these processes, employers can reduce costs, and recruiting efforts can focus on finding new employees rather than dealing with tedious tasks. Every employer will be at a different place in terms of their existing processes and their current operational challenges, but a best practice to get started is to focus on what the current pain points are and how they can be improved.

### Expand Recruiting Reaches

If an employer isn't receiving the number of quality job candidates they desire, it's worth strategizing to grow this pool. A good starting point for small businesses looking to grow their recruiting reach is to expand their online presence. This may include creating and maintaining multiple online profiles, posting content regularly and educating prospective workers about job opportunities. If limited by time, it's OK to focus on managing one or two key profiles. It's best to pick a platform where potential employees may likely be and focus on developing an active presence—even if it just means putting in a few minutes per day.

Employers can also focus on managing how potential candidates view their employer brand—or reputation as an employer. While small businesses may not have as developed an employer brand as their larger competitors, they may have more agility to establish—or revamp—their branding. An example of this could be to focus on highlighting the core values and impact of their organization. Surveys find that a majority of employees are more likely to work for an organization with values that align with their own.

These illustrate a few ways small employers today are expanding their reach into the employment market. Ideally, the right strategies can lead to more passive recruiting leads and improved efforts to attract employees.

### 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. In fact, a survey in 2020 from GetApp found that one in five small businesses cited a lack of employee skills as the single biggest challenge they faced in response to COVID-19. For example, an employer's workforce might lack the skills to use technology effectively. These gaps could also exist with soft skills, such as communication abilities or emotional intelligence. While a solution to this may be to recruit for specific skills to close these gaps, existing employees are often overlooked. While recruiting for talent with desirable skills may require significant resources, small businesses should also consider how they can bridge these gaps in-house.

Small businesses generally won't need to develop skills for large groups, so it's a good idea to focus on individualized learning. Some ideas or opportunities include providing career pathing plans, creating mentorship programs, offering microlearning workshops to focus on a specific skill, or paying for employees to attain certifications or further their education outside of the workplace.

Learning and development efforts can not only help employers address skills gaps; they can help employers retain existing employees and even attract new ones. Surveys find that employees are more likely to stay with an employer if they feel the organization is investing in their careers. Putting a plan to action can not only help win over employees but help prepare an employer for its future talent needs.

### Offer a Flexible Work Environment

Throughout the COVID-19 pandemic, many employees have been afforded the opportunity to work remotely or have flexibility with their schedules. Surveys overwhelmingly indicate that many employees prefer to retain flexible work options. These offerings include work-from-home arrangements, hybrid work schedules (working part of the week in the office and part of it remotely) or flexible work schedules. If a business has primarily administrative employees, remote or hybrid work could continue to be an option even as COVID-19-related precautions loosen. For small businesses, offering these types of arrangements can

help maintain a competitive edge over competitors that don't offer such flexibility.

However, not all organizations allow for remote or hybrid work. If a small business is in the service industry, for example, remote work may not be an option. Yet, even working with employees to create flexible scheduling options can go a long way. The feasibility of a small business being able to offer these types of flexible arrangements will vary, but these offerings remain a priority for many workers today.

## Create a Strong Workplace Culture

While topics such as compensation and benefits matter for attracting and retaining employees, so does the culture of a workplace. Even if they have limited resources, small employers should focus on fostering a desirable workplace. A healthy company culture can help retain employees—and, in turn, create an environment that is attractive to prospective job seekers. In fact, company culture is important enough that it often drives employment decisions.

As such, many small businesses are focusing on creating a strong workplace culture. Leaders are pursuing initiatives such as training managers on how to identify employee burnout, designate fair workloads and support the needs of their individual team members. In addition, many small businesses are developing programs to help create an inclusive work environment.

These types of efforts can help foster a healthy workplace culture. Each small business will be at a different place concerning the current and desired state of their work environment—and leaders can consider what types of efforts can help bridge this gap.

## Employer Takeaway

Like most organizations, small businesses face a set of challenges with attracting and retaining the employees they need. Fortunately, smaller businesses have the ability to stay agile and should consider what strategies they can leverage to compete in today's labor market.

Contact us today to learn more about attraction and retention or for additional resources on any of the topics discussed in this article.