

Small Businesses Face Hiring Challenges

By Lin Gensing-Pophal

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Many companies have been challenged during the pandemic to attract and retain talent. Not surprisingly, smaller companies have had the most difficulty. They simply don't have the resources and, in many cases, the bench strength or business experience that larger organizations have.

Many small businesses are struggling not only with finding great candidates, but also with thinking strategically about their overall talent strategy and how to address important topics like diversity and inclusion, which are very much top of mind these days.

Recruiting and hiring is HR professionals' top concern, according to XpertHR's Survey of HR Challenges for 2021. Of the 563 U.S. employers responding to the survey, 66 percent said recruiting and hiring would be either "somewhat" or "very" challenging for them this year. The next greatest challenge was workforce planning, cited by 59 percent of respondents. Despite the anticipated challenge, though, 48 percent indicated that they expected to increase their workforce over the year; only 10 percent indicated they would need to eliminate positions.

[Want to learn more about hiring post-pandemic? Join us at the SHRM Annual Conference & Expo 2021 (<https://annual.shrm.org/>), taking place Sept. 9-12 in Las Vegas and virtually.]

Small Businesses Face Unique Challenges

Small businesses, many hard-hit during the pandemic, face unique challenges as they attempt to reopen and, in some cases, respond to renewed or increased demand.

Kia Roberts is founder and principal of Triangle Investigations, a group of lawyers and expert investigators performing misconduct investigations. Roberts points to three key challenges facing small businesses as they emerge from the pandemic:

- Expectations about diversity, equity and inclusion (DE&I), and overall fairness within the workplace are changing. "Most small businesses do not have the internal bandwidth to have a designated person working on equity efforts within their organization," she said. Still, there are things they can do. "Small businesses can hire a DE&I consultant to work on an hourly basis, or can dig into books containing actionable tips on creating equitable and fair workplaces."
- Demographics and desires are also changing. "An increasingly activist and diverse workforce has a very low tolerance for issues related to misconduct such as sexual harassment, discrimination and retaliation," she said.
- Safety and health are top of mind (www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/job-candidates-ask-recruiters-workplace-safety-flexibility.aspx?_ga=2.163284220.112327734.1626098283-195884254.1618848074). "Employers must be intentional about respecting employees' comfort levels with respect to health and working

conditions," Roberts said. "The last year has left many employees shell-shocked and sensitive about crowded or cramped working conditions, or about being in person at the office daily."

"Today's talent market is hard," said Jonathan Heiliger, a partner with Vertex Ventures who helped create VC Open Door, offering counsel and support to underrepresented founders and entrepreneurs of emerging companies. "As hiring bounces back post-pandemic, competition is fierce," he said. "Early-stage companies are struggling to find and hire the next level of leader in functions like sales, marketing and product."

Tackling a Tough Talent Market

There is one interesting impact on small companies that has taken many employers by surprise, said Steven Rothberg, founder of job search site College Recruiter. Employees are taking into consideration "how well prospective employers protected their employees over the past year," he said. "Did the employer immediately lay them off last March without doing everything possible to avoid that? Did the employer insist that customers coming into their premises be masked? When employees got sick from COVID-19, did the employers ensure they suffered no financial hardship from lost wages? Did the employers provide paid time off for employees to get vaccinated?"

Employers' actions during the pandemic send a strong message to potential candidates about the type of employers they might be.

Fortunately, Rothberg said, "many small businesses can and should be proud of how well they took care of their employees, even if that was detrimental in the short term to the owners." But, he said, many have not been vocal enough in telling their stories. They have an opportunity to do that and to leverage the goodwill they may have generated now that they're ramping back up. "It is these employers who are poised to capture the best talent as the economy continues to reopen," Rothberg said.

Another obvious challenge that small companies face when it comes to the war for talent is the ability to compete with organizations that have better budgets and the ability to offer far more attractive wage and benefits packages. "Emerging companies are competing with the open wallets of well-funded startups and public companies," Heiliger said. But there are ways they can compete. "They can combat this by offering appropriate equity, sharing a compelling vision and creating an inspiring role for the candidate."

Small companies must also consider both the talent and skills they need now, and what they will need in the future.

Understanding What Good Candidates Look Like

Heiliger said seed-stage companies need to hire more "cooks" than "chefs." They're at a stage in their life cycles where they need people to actually do the work. Ideally, of course, they would want these people to be able to "flex into leadership roles over time." Startups, he said, "can struggle with how to manage the person who has been a great employee so far but won't take the company five times further, especially first-time founders who haven't managed many people."

While the adage "hire slow, fire fast," may be easy to say, Heiliger said, it's "nearly impossible to implement." It can be hard to see when a job outpaces a person in a high-growth company, he added.

To solve for this, he recommended setting "measurable, objective targets and monitoring the employee's output, ability to handle stress, and to delegate to new peers or build their own team."

Career ladders also can help, Heiliger said. Career ladders are important and something for small firms to consider. They can be used "not only to show skill progression from individual contributor to manager, director and VP, but also as an overall indicator of ability," he said.

There can be a tendency for smaller organizations to focus more on what might make them less appealing than larger organizations. However, especially in this shifting workforce landscape, they can also take advantage of some unique opportunities they may be perfectly poised to offer.

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