



# Small Business Bulletin

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## How Small Businesses Can Address Talent Shortages

As talent shortages persist across industries, an increasing number of small businesses are grappling with the need to adapt to this “new normal” to address this challenge effectively. Small businesses are encountering a significant shift in which they find themselves dealing with an inadequate number of applicants or insufficient resources (e.g., budget and staffing) to meet the high demand for candidates. In certain scenarios, some organizations are facing both issues at the same time. This article explores the reality of ongoing talent shortages and how small businesses can address them.

### Understanding the New Normal

Many organizations are starting to accept that talent shortages are the new normal. A 2023 global trends report from talent experience platform HireVue found the following about the current hiring landscape:

- A lack of qualified candidates was the top hiring barrier for employers for the third consecutive year.
- Many organizations faced reduced hiring budgets due to economic uncertainty, despite their hiring needs.
- One in 3 hiring leaders turned to technology to meet hiring demands with fewer resources.
- Continued resignations have resulted in employers increasing compensation, investing in learning and development allowances, and doubling down on internal mobility.
- Employers emphasized internal mobility to address hiring challenges and added contractor roles.

## Addressing Ongoing Talent Shortages

Talent shortages aren't going away any time soon, so small businesses will have to continue pursuing creative ways to do more with the resources they have. Strategies small businesses can implement to address and combat talent shortages include:

- **Prioritizing skills-based hiring**—While specific qualifications may be valuable for some roles or industries, small businesses can consider candidates based on desired skills rather than experience or education.
- **Supporting internal mobility**—Small businesses shouldn't forget about their current workforce. Many employees are willing to transition to job roles within the organization for higher compensation, better work-life balance and new learning opportunities.
- **Focusing on retention**—A renewed focus on retention can help small businesses avoid having additional open positions to source or recruit for.
- **Leveraging technology**—With limited time and resources, small businesses can use technology to streamline tedious and time-consuming processes and workflows and expand recruiting efforts with online platforms.

## Employer Takeaways

It's critical that small businesses explore alternative hiring approaches relentlessly to maximize their existing resources. The most successful organizations are those that can be agile amid uncertainty and focus on workers' skills instead of only experience or education.

## Strategies to Help Employees Feel Heard

Employees who feel disregarded by their employers are more likely to get frustrated, feel burnt out and quit. Forbes listed being unheard by supervisors and feeling “overlooked or ignored” as two of the top 10 reasons employees leave their jobs. This can devastate small businesses’ retention rates, raising hiring costs and making it challenging for organizations to keep talented workers. Conversely, a study by workforce management organization Ultimate Kronos Group (UKG) found that organizations are more likely to perform well financially when employees feel heard and engaged and feel a sense of belonging.

Therefore, it’s essential for small businesses to implement strategies to make employees feel seen and heard in order to ultimately boost retention and attraction rates, increase employee engagement and positively contribute to company culture.

### What It Means to Be Heard

Being heard may have a different meaning for individuals. Employees generally feel heard when they’re included in decision-making processes, such as how to proceed on a project or what aspects of their benefits plan could be improved. Allowing employees to have a say in how things are done makes them feel like their opinions are valued and instills a sense of control over their work life. This can improve employee well-being and loyalty.

### Why It Matters

Small businesses that effectively engage and listen to employees often see vastly different responses regarding employee engagement and productivity. Most (74%) employees report being more engaged and effective when they feel heard at work, according to research from UKG. Nearly all (92%) of highly engaged workers feel listened to in the workplace, compared to 30% of highly disengaged workers. Thus, it’s evident that actively listening and responding to workers is crucial for a productive and loyal workforce. Small businesses should be proactive to ensure employees feel engaged and valued.

## Strategies for Helping Employees Feel Heard

Small businesses should consider the following strategies to help workers feel heard and valued:

- **Encourage communication.** If employees aren’t willing to provide feedback, employers will remain unaware of potential workplace problems. So, it’s crucial that small businesses proactively ask for employee feedback. For best results, this should be done through multiple channels, such as internal surveys and one-on-one meetings.
- **Respond to employee concerns.** Employees are unlikely to provide feedback if they believe their opinions will be ignored. Small businesses should embrace constructive criticism by actively listening to employees, addressing concerns and being transparent about workplace decisions.
- **Focus on employees as people.** Showing employees that they’re valued goes a long way toward making them feel that their opinions matter. Small businesses can show employees they’re valued by allowing them autonomy in certain areas, such as flexible scheduling, and providing employee growth opportunities.
- **Educate supervisors.** Leadership plays a crucial role in making workers feel valued. Supervisors should be encouraged to view feedback as constructive criticism, not a personal attack. Ensuring leaders understand critical aspects of emotional intelligence can ensure employees don’t feel dismissed or ignored when voicing concerns.

### Employer Takeaways

When employees feel chronically overlooked and unheard, employers may experience high rates of turnover, poor attraction rates, low employee morale and worsened productivity. Asking for and responding to feedback shows employees that their voices are heard. This can significantly impact employees’ feelings about an organization, ultimately improving a small business’s bottom line.

Reach out to TWFG - Jimmy Goodwin for more workplace resources.