Recruiting, hiring, and retaining the right team members have always been top challenges for small and midsize businesses (SMBs). They face stiff competition from larger companies targeting the same pool of talent and bringing greater resources to the fight. The worldwide COVID-19 pandemic has only compounded the situation. To succeed in this environment, SMBs must leverage all the tools at their disposal. Fortunately, they have many options.

“Pre-pandemic conditions saw the tightest labor market in history, making it very challenging for employers to find the talent needed to support their growth plans,” says Claudine Zachara, president and COO of ThinkWhy, a firm that forecasts employment trends and talent supply and demand. “Interestingly, post-COVID conditions are no different, depending on the industry you serve. Industries like professional services, technology, and finance are still experiencing a talent shortage for skilled roles. It’s a very competitive model.”

While the industries hit hardest by the pandemic, such as hospitality and restaurants, may benefit from a temporary talent surplus in the short term, SMBs face challenges even in those sectors, says Deborah Cain Good, a faculty member at the University of Pittsburgh’s Joseph M. Katz Graduate School of Business. Extended unemployment benefits and stimulus checks make staying home viable for some parents of children not yet able to return to school. “Child care is expensive,” she notes, which means some may be slow to return to the workforce.

**Brand and culture are important**

In other sectors, navigating the fluidity of talent supply and attracting the kind of talent that aligns with higher-performance expectations remains a big challenge for SMBs, Zachara says. Meeting it requires SMBs to cultivate a high-performing culture and atmosphere. “High-performing talent seeks this type of environment, so your company’s brand and how you display your culture and performance expectations play a big role in overcoming the competition for talent.”

One way SMBs can boost their brand with job seekers is by providing the right technology for employees. The results of a recent OnePoll survey commissioned by Paycom make it clear that technology is more important than ever to employees, regardless of whether they work on-site or remotely. SMBs that
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want to attract top candidates and retain existing talent must provide employees with technology that is easy to use, empowering, which streamlines outdated processes.

Seventy-seven percent of respondents in the Paycom survey indicated they are frustrated with outdated technology at work. In fact, 67 percent said they would be willing to take a pay cut in exchange for gaining access to software and technology that is twice as good as what they use now.

The benefits to employers of providing better technology are significant. Almost 80 percent of workers agreed they could get more work done faster with up-to-date software and technology. That translates to improved allocation of time and money, higher degrees of employee engagement, and increased efficiencies across the board. The end result is mutually reinforcing cycles of improvement.

**Employees know what they want in tech**

Participants in the Paycom survey were clear about what they are looking for in HR technology. The top three capabilities they'd find most useful are the ability to track and manage PTO and accruals, faster and easier ways for supervisors to manage employee-facing issues (timecard approval, PTO requests, training assignments, etc.), and the ability to see the details of their paychecks.

The survey also exposed a yawning gap between what employees want in HR technology and what they have now. About half of employees signed up for benefits using digital forms or email, while only 18 percent used HR software. Just over half said their company already has an online HR platform, but they expressed high levels of dissatisfaction with it. The number one reason cited for not using their company’s HR platform was that it requires too many logins. Overall, 67 percent of respondents felt their company does not sufficiently prioritize updating its technology.

**Hiring impacts everything**

Since a single hire can be a make-or-break proposition for a smaller business, it’s essential that SMBs have a hiring process in place to avoid potentially crippling mistakes. “Yet so many SMBs fail to prioritize hiring and fail to understand that hiring great talent takes careful planning,” says Jill Silman Chapman, a senior performance consultant with Insperity Traditional Employment Solutions. “Hiring changes the company DNA and impacts everything from product development to culture, morale to productivity. It is that important.”

The nature of the talent pool itself can be a stumbling block for SMBs on the hunt for top-performing employees. Most talent is passive, i.e., already employed and not actively looking for a new job, Chapman notes. “When you’re an unknown, attracting top talent is difficult,” she says. “You must work hard to sell your company, your vision, your brand. It is a competition for talent, with the spoils going to those who can create an unforgettable candidate experience.”

On a practical level, the pandemic has accelerated technology’s already growing role in recruitment and hiring.
“Virtual recruiting will be an important part of the future in every business segment,” Good says. “Regardless of firm size, virtual screening interviews are cost-effective, as are virtual recruiting events. Post-pandemic, these techniques will remain an integral part of the overall recruiting effort.”

“As the economy strengthens, the sheer volume of hiring, followed by training, resourcing, replacing, and onboarding new talent will be the biggest challenges for SMBs,” Zachara predicts. ThinkWhy forecasts approximately 73 million jobs will be added to the economy in 2021, significantly more than the roughly 60 million a year that were being added pre-COVID.

More job changers likely soon
Zachara also expects the labor market to loosen up in the second half of this year. People who stayed in their jobs during the pandemic will begin seeking new opportunities. “This means retention rates will change, and movement between companies will start to increase,” she says. “For all companies, but especially for SMBs, the time it takes to hire, onboard, and train new employees will be a genuine resource challenge.” The right technology will be crucial in meeting it.

Along with virtual interviewing, the array of recruitment and retention tools and resources available to SMBs today includes digital job board advertising, career website posting, mobile recruiting, social recruiting, and utilizing online assessments. “The tools existed well before the pandemic; they just weren’t used to such an extent, especially virtual interviews,” Chapman says. “It will be important to sustain the strategies we adopted in the pandemic and hone them.”

A growing body of research now documents the efficacy of digital recruiting and hiring practices and suggests an accelerating trend in this direction. A recent Sage report found that 24 percent of businesses have started using artificial intelligence (AI) for their talent acquisition needs, and 56 percent of managers plan to adopt automated technology by the end of 2021.

Remote work brings new opportunities
One pandemic-driven trend that could turn out to be a boon for SMBs when it comes to hiring and staffing is the big increase in remote work. “White-collar employees have grown accustomed to having flexible work-from-home options, and many would like to continue some version of remote work on an ongoing basis,” Zachara says. The work-from-home option is a valuable perk that draws in highly skilled employees, she adds.

“From a recruiting perspective, remote work means you can hire in labor markets that previously were geographically off limits,” Chapman says. Rather than being constrained to hiring the “C” player in Atlanta, a business can now hire the “A” player in Altoona. It also opens up consideration for workers who might not have had easy accessibility to the office in the past, due to transportation or accommodation issues.

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Claudine Zachara, president and COO, ThinkWhy