

3 ways small businesses can compete for the best skills in a competitive labour market

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Like several of its global counterparts, South Africa is experiencing a critical skills shortage, particularly in finance, health and IT sectors. The current skills deficit can be attributed to a number of factors, including the migration of young talent to opportunities overseas as well as remote work prospects. The impact of this attrition of the skills base has upped the ante for local businesses competing for the best talent. Within this highly competitive environment, small businesses need to be very strategic about how they attract and retain their workforces.



Kgomotso Ramoenyane

Commenting on this is Kgomotso Ramoenyane, executive general manager of human resources at Business Partners Limited, who explains that: “Small businesses are not only competing with other enterprises of the same size. They’re dipping into the same talent pool as large corporates.

“The answer lies in establishing an attractive value proposition for employees by leveraging the advantages of working for a small business. Along with attracting the right kind of talent, small businesses also need to focus on retaining that talent and continuing to invest in their people and helping them grow.”

The state of South Africa’s labour market

According to the most recent report by South Africa’s Labour Market Intelligence research programme, there is a structural imbalance between labour demand and supply.

Currently, highly skilled individuals with the potential to fulfil managerial roles are in huge demand. But, given that the majority of the South African workforce consists of low- to medium- skilled workers, there simply is not enough talent to occupy these roles. In contrast, lower skilled level positions are in short supply.

This is compounded by the fact that South Africa’s labour force is relatively young, with over 63% of the population consisting of individuals between the ages of 15-34. With the median age of managers and professionals sitting at between 40 and 45 years old, there is a clear disconnect between the kinds of jobs that are in dire need and the capabilities of the local labour force.

This situation is exacerbated by what is being referred to as the notable migration of young talent to foreign countries. According to research conducted by Rand Merchant Bank, qualified and experienced individuals in their 30s and 40s are increasingly looking at roles overseas instead of pursuing career growth on local shores. South African employers of all sizes are faced with a significant challenge when it comes to finding the right people for the right jobs.

Focus on flexibility

Unpacking how small businesses can get ahead within this competitive arena, Ramoenyane encourages small business owners to consider the value they can offer employees that larger companies cannot. For example, small businesses may be in a better position to offer a greater degree of flexibility, which has proven to be of paramount importance in a post-pandemic landscape.

“The pandemic changed the way South Africans think about work. More and more, employees are valuing flexibility, fulfilling their roles remotely and having the ability to control their own schedules. In the post-pandemic working world, greater freedom to have a good work/life balance remains a huge plus. And in the case of small businesses, being more flexible could also contribute towards reducing costs such as office rentals and may also provide them with more scope for negotiating compensation packages,” says Ramoenyane.

Matters of the mind: building a healthy, happy team

The past few years has also seen a deterioration in the mental health of employees. More workers are under immense pressure to perform in their jobs, while balancing their personal responsibilities within the context of a very turbulent economic environment. The unfortunate cost of this includes loss of productivity, a decrease in the quality of outputs and rising absenteeism.

As Ramoenyane suggests: “Working in larger companies can in some areas reduce employees to ‘numbers’ rather than individual members of the workforce. In small businesses, employees can be recruited on the basis that their needs as individuals will be catered for.

“Small businesses who may not have the financial muscle to implement elaborate mental health policies and benefits could look at small but meaningful measures. These could include offering extra days off for rest and relaxation, regular one-on-one check-ins with management, open forums for honest conversations amongst teams, motivational speaker events and small incentives and rewards.”

Invest in the tools people need to perform better

According to the Small Business, Big Opportunity report conducted by Sage, tech-driven tools that aid efficiency and productivity can be hugely beneficial and are important contributing factors to business confidence. Investing in tools that can provide this kind of support is not only key to maintaining healthy levels of productivity but is also a way to decrease the administrative burden placed on certain roles.

As Ramoenyane concludes: “By investing in tools that are relatively inexpensive, small businesses can help employees become more productive and manage their time more efficiently. When tasks that are time- and resource-intensive are automated, this could free up time for employees to be proactive about contributing to the success of the business and to engage in activities that make them feel more fulfilled.

“If people are given more opportunity to do work that they enjoy, they can be shown, in a very tangible way, that what they do adds real value to the business and that they are an important part of the business’ ecosystem. More valued employees will be happier employees. And happier employees are more productive and easier to develop and retain as the business grows.”

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