

**SMALL
BUSINESSES
WIN BY PUTTING
PEOPLE FIRST.**

homebase

*future
of local
work*



We have survived numerous supply chain disruptions and shortages in the last few years. Still, there's probably at least one asset whose short supply continues to keep business owners up at night: labor. In fact, small business owners in June 2022 told Homebase that hiring new employees and motivating/engaging existing employees are their top business concerns, trumped only by high rental or real estate costs. And as recently as August 2022, less than a third of workers told Homebase they were worried about becoming unemployed at some point in the next two years. When it comes to the job market, that suggests that workers continue to see themselves in the driver's seat.

It's the continuation of a trend that began in 2021, when more than 47 million Americans voluntarily quit their jobs, according to the [U.S. Department of Labor](#). Ever since, U.S. employers have continued to have more job openings available than there are workers to fill them. As recently as July 2022, for example, there were 11.2 million [job openings](#) in the United States and just 6.3 million [new hires](#).

But there's good news on the horizon, suggests new research from Homebase: Despite continued labor shortages across the U.S. economy, there are signs that conditions are improving — and that small businesses might enjoy a unique advantage when they do.



Community over corporations:

Small businesses compete for top talent by putting people first.

PAGE 4



Small is strong

Small employers have unique connections with employees

PAGE 7



What hourly workers want

Wages, but not just wages

PAGE 14



Mentoring matters

The appeal of entrepreneurship

PAGE 17



The upside of down

Smaller economy creates bigger workforce

PAGE 21

How Homebase helps manage and engage hourly teams

PAGE 22

About Jason Greenberg, Head Economist at Homebase

PAGE 23

Learn more about Homebase

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Small is strong



SMALL EMPLOYERS HAVE
UNIQUE CONNECTIONS WITH EMPLOYEES

Employees judge job satisfaction based not only on what their job pays them, but also on how their job makes them feel.

We surveyed 3,300 hourly and gig workers in June 2022, and found that it's small businesses that most excel at making employees feel good.

Can be themselves at work

The majority (53%) of employees at smaller companies strongly agree that they can be themselves at work compared to only 36% of employees at big companies.



COMPANIES WITH **LESS THAN 10** EMPLOYEES



COMPANIES WITH **MORE THAN 500** EMPLOYEES

Feel valued and supported at work

81% percent of employees at smaller businesses say they feel valued and supported at work compared to 71% of workers at big companies.



COMPANIES WITH **LESS THAN 10** EMPLOYEES



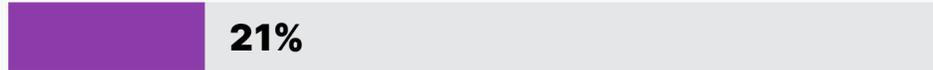
COMPANIES WITH **MORE THAN 500** EMPLOYEES

Feel connected to their employer

35% of employees at smaller businesses feel extremely connected to their employer compared to only 21% of employees at big companies.



COMPANIES WITH **LESS THAN 10** EMPLOYEES



COMPANIES WITH **MORE THAN 500** EMPLOYEES



Therein lies the opportunity for small businesses: The best way to find and keep hourly workers could be leaning into the things they already do well — assets like leadership, learning, respect, and culture. In other words, emphasizing people as much as paychecks.

And our research bears this out: Our June survey finds that in the last 12 months, 59% of workers at small businesses never considered resigning or quitting from their job, compared to 46% of workers at large companies. Or put another way, **more than half of workers at large companies have considered quitting compared to fewer than half of workers at small companies.**

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What hourly workers want



WAGES, BUT NOT
JUST WAGES

Not surprisingly, our survey finds that compensation is king: When asked what one thing their employer could offer to make them more engaged, nearly half of current employees (49%) chose “10% higher salary.” Likewise, prospective employees rank salary as the No. 1 thing they consider when they’re evaluating a potential job opportunity.

However, that also means that for more than half of hourly workers, the No. 1 thing they want from their employer is not money. Let that sink in.



Money isn't everything.

Take it from Brian Willis, general manager of [Persnickety Prints](#) in Orem, Utah. Not long ago, he surveyed his employees to determine what they value most. "Most of them valued culture and workplace environment ... more than monetary value, which was kind of surprising to us," says Willis, who describes his company's culture as one where employees feel empowered and respected.

"Our employees feel safe enough that they can bring a concern to us and know we'll help them fix it ... And we encourage them to bring us suggestions. If they come up with a new process or a new idea, we're happy to look into it."

PERSNICKETY PRINTS, UTAH | HOMEBASE CUSTOMER

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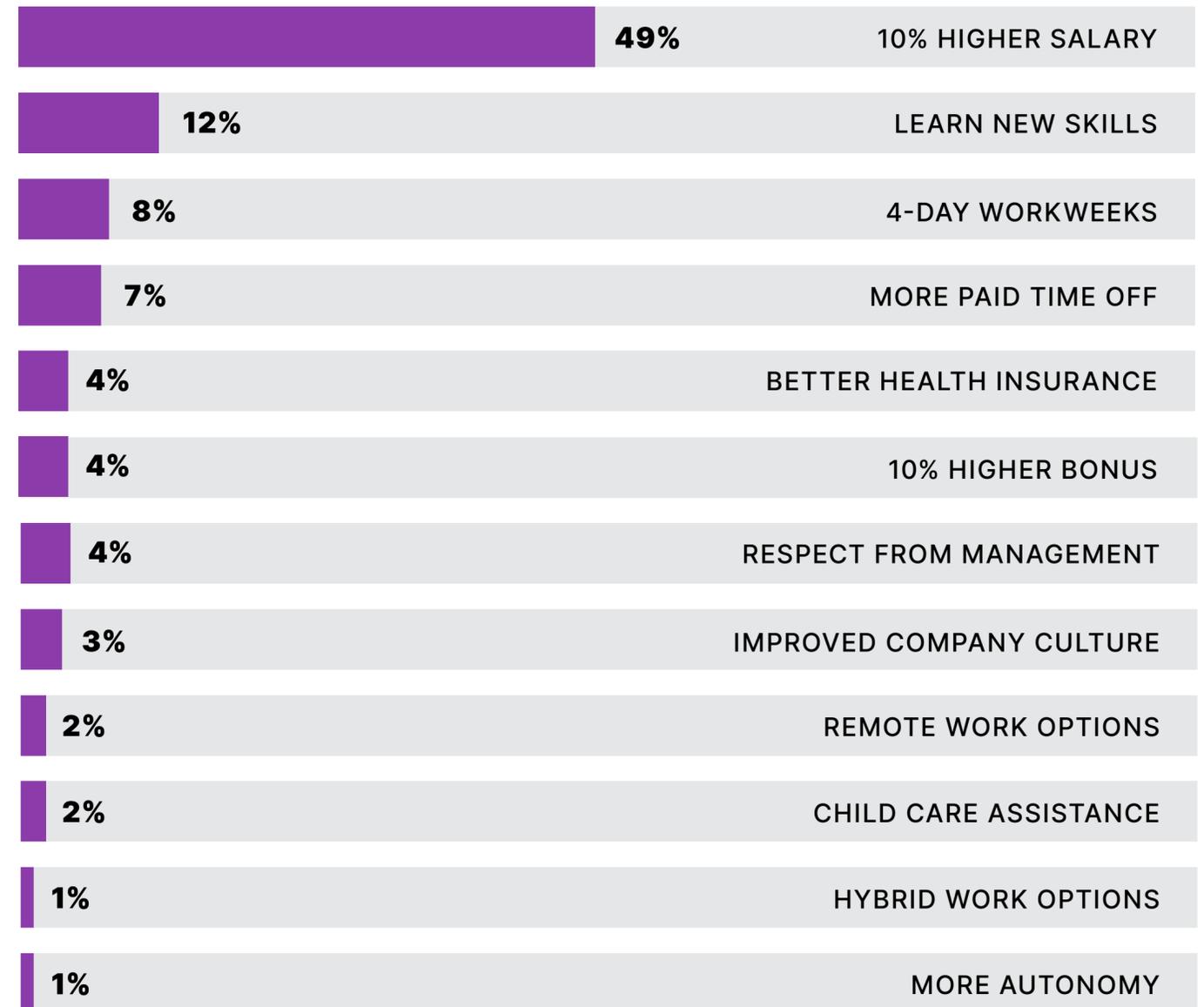
Brian Willis

GENERAL MANAGER

So even if small businesses can't pay more, they can compete by paying differently.

Wages may remain the top driver of increased employee engagement, but workers say their employer could make them feel more engaged by offering (in order of importance):

Top things hourly workers want



“...when we interview them, we focus on those things that in our experience are important to them. And honestly, a lot of them are not money-related.”

A little listening goes a long way.

“We try to think ahead about what’s going to be important to high school students or college students or stay-at-home moms. And when we interview them, we focus on those things that in our experience are important to them. And honestly, a lot of them are not money-related. It’s feeling appreciated. It’s having flexibility. Things like that,” says Rob Brucato, owner of [Scentcerely Yours](#), a custom candle store in Geneva, Ill., where employees enjoy flexible scheduling, quarterly team-building events, and meals for the team when they are busy and short-staffed. “We’re always mindful of other perks that are non-monetary.”



Rob Brucato
OWNER

Just like we see with current employees, prospective employees also value culture in addition to compensation.

These are the top 10 things that prospective employees tell us **attracts them most to a new job:**

1. **Salary**
2. **Respect from management**
3. **Leadership**
4. **Predictable schedule**
5. **Freedom to be themselves**
6. **Company culture**
7. **Learning and development**
8. **Autonomy**
9. **Commitment to diversity and inclusion**
10. **Health insurance**



“People have a connection to our brand, and they want to work for us for that reason.”

All of this resonates with small business owner Andy Sommer, founder and CEO of [Forth & Nomad](#), a Houston-based lifestyle marketplace for clothing, home goods, and wellness products. Although he recently raised base pay for hourly employees in order to compete with surrounding businesses, he also has cultivated a brand with which job applicants want to be associated.

“We’re all about the feel-good lifestyle. We think everything you own should inspire you and make you feel good,” explains Sommer, who says employees are drawn to his company’s values of sustainability, self-expression, and creative release. “People have a connection to our brand, and they want to work for us for that reason.”



Andy Sommer
CEO & FOUNDER



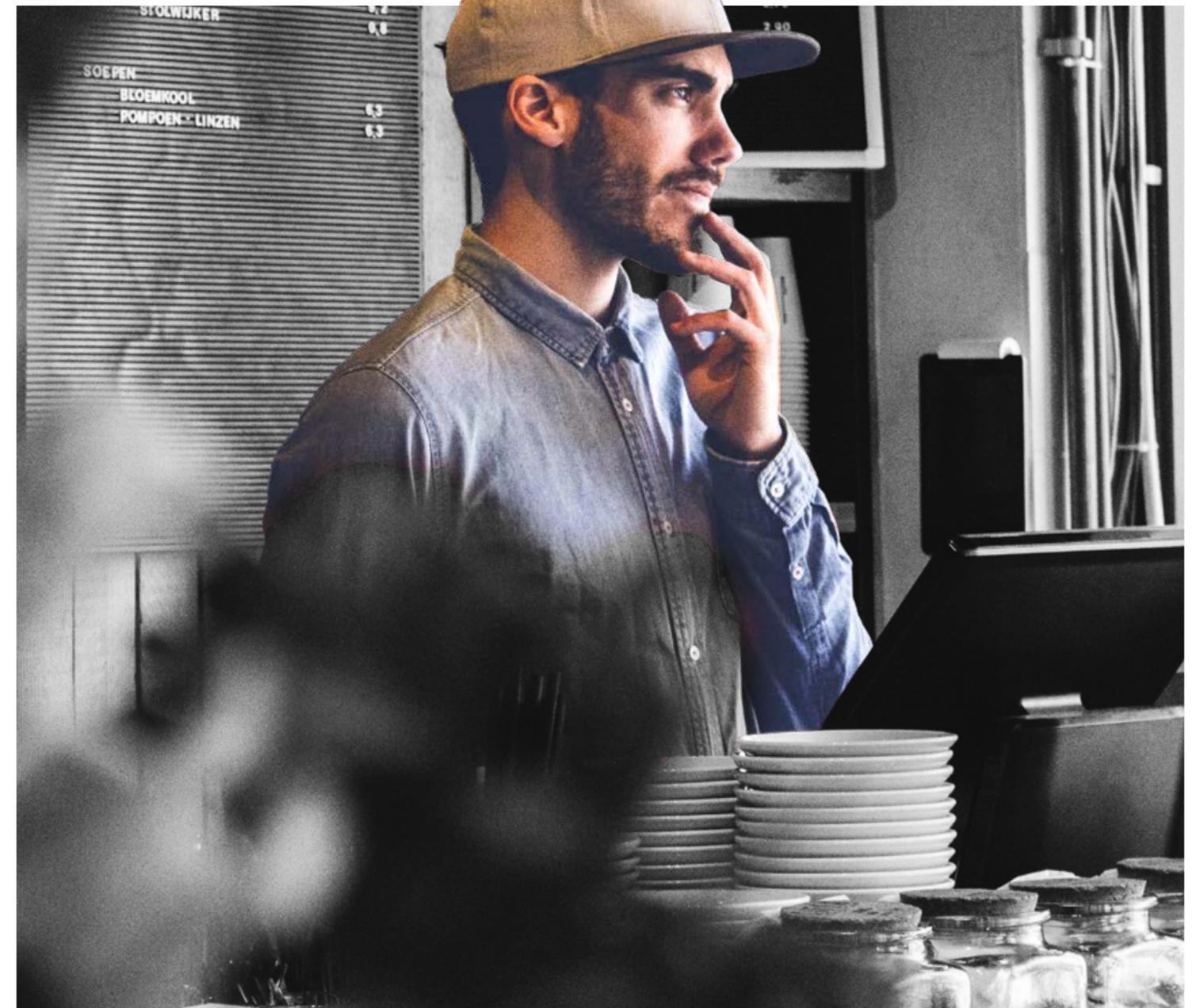
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Mentoring matters



THE APPEAL OF
ENTREPRENEURSHIP

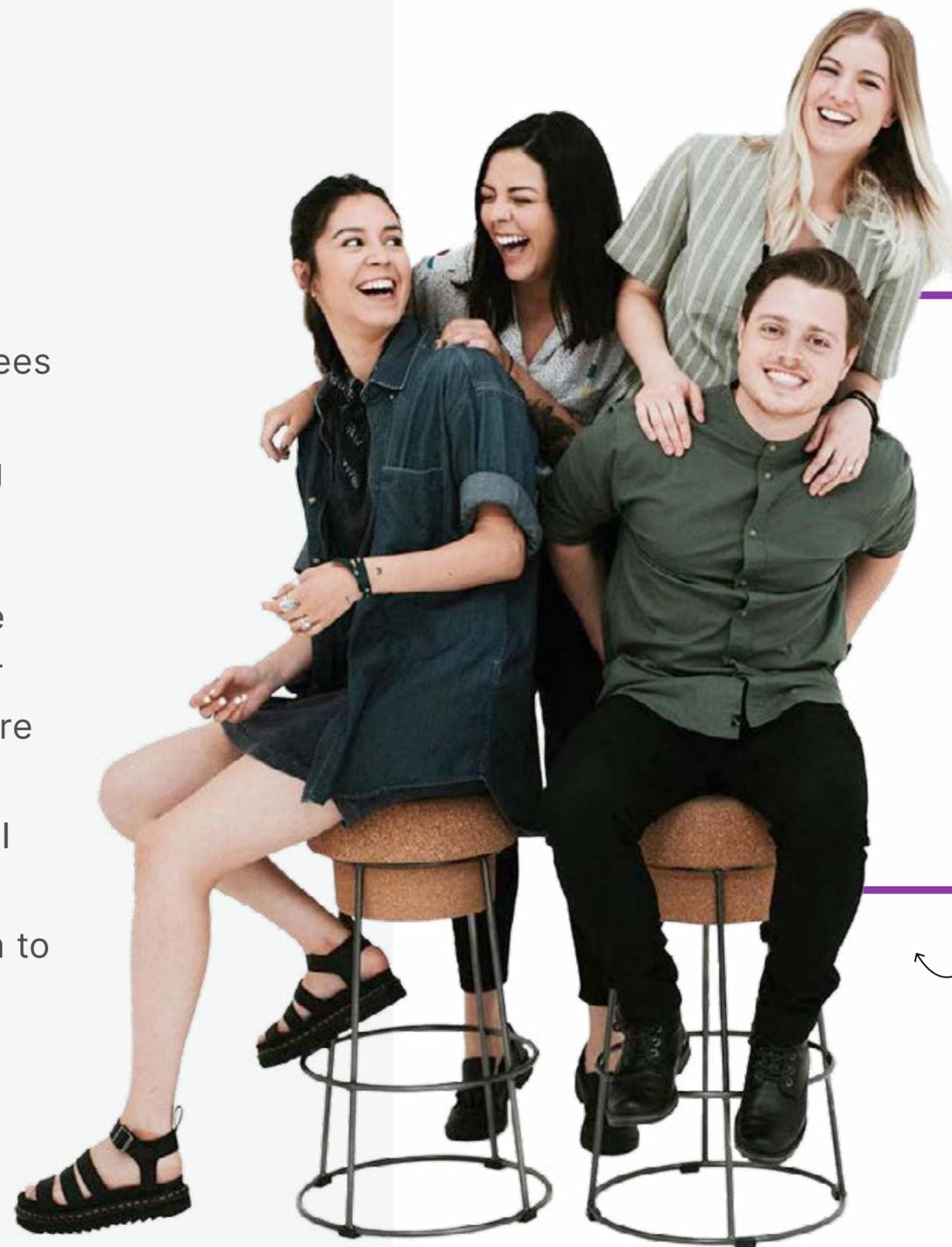
Our survey finds that **employees at small businesses are more likely to aspire to become entrepreneurs** than those at larger companies (39% vs. 26%). And this is particularly true of younger workers.



When you own a small business, entrepreneurship is in your blood.

Leveraging your knowledge and sharing it with employees through mentorship, education and development, or other means could give you a unique advantage among employees who want to follow in your footsteps.

“The manager of our store teaches yoga classes on the side, and we encourage that. In fact, we let her use our space to teach yoga classes,” says Sommer, whose store also has a coffee bar inside it, the manager of which recently conceived a coffee tasting experience for local Airbnb guests with Sommer’s blessing. “We like to give our people autonomy. If they have an idea, we tell them to run with it and make it happen.”



FORTH & NOMAD, TEXAS
HOMEBASE CUSTOMER

“We like to give our people autonomy. If they have an idea, we tell them to run with it and make it happen.”

Andy Sommer
CEO & FOUNDER

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The upside of down



SMALLER ECONOMY CREATES
BIGGER WORKFORCE

Employers of all sizes and in all sectors have struggled to fill open positions. It's not just finding employees that's been challenging, however. Also, it's been negotiating with them. In a November 2021 [survey](#) of more than 500 small business employers and 2,300 employees, Homebase found that both groups perceived an advantage for prospective employees in the hiring process, giving them the ability to negotiate higher pay, more desirable schedules, and better benefits.

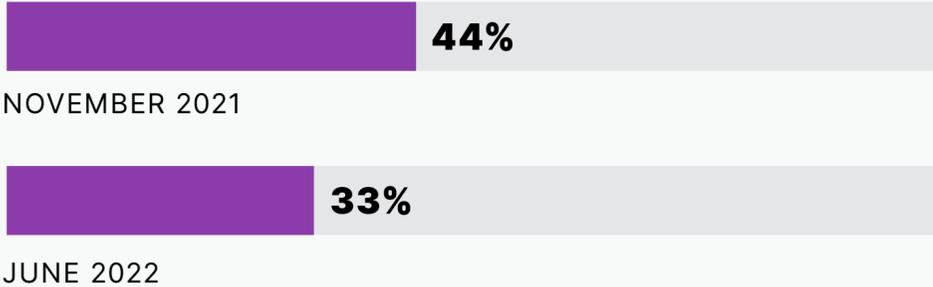
Adding insult to injury is the broader U.S. economy. [GDP](#), for example, continues to [trend downward](#). Meanwhile, growth in [consumer sentiment](#) and [wages](#) is slowing. And then there's [inflation](#), which reached a 40-year high in June and [has stubbornly remained](#). In August, workers told Homebase that inflation was impacting how much they pay for gas, food, rent, and electricity. All this as major corporations — [FedEx](#), [Gap](#), [Tesla](#), [Compass](#), [Netflix](#), [Microsoft](#) and [Target](#), just to name a few — announce either layoffs or earnings slumps. It's no wonder that approximately 80% of small business owners and employees told Homebase in July that they are concerned about a recession (from our survey to 500 small businesses and 700 workers in July 2022).



Whether a recession actually materializes remains to be seen. From a hiring perspective, however, a contracting economy could actually benefit small businesses.

Our research is already bearing this out. In September 2022, small businesses are posting fewer jobs on Homebase than they did in prior months, and the jobs they are posting are attracting more applicants. We are also seeing **sharp declines in employee turnover intentions** compared to last year:

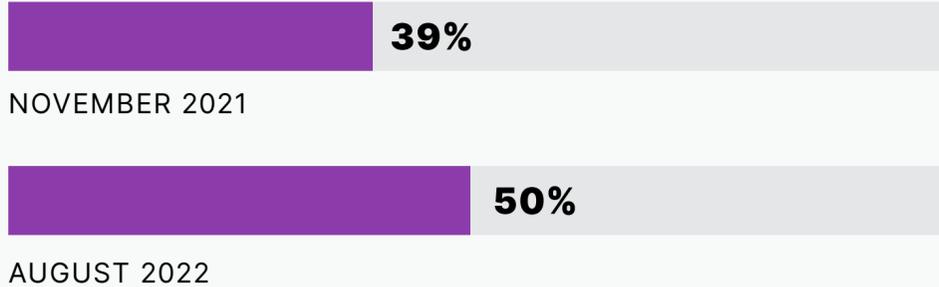
The number of workers believing they'll have better job options 12 months from now fell 11 percentage points, from 44% in November 2021 to 33% in June 2022.



The number of workers believing they'll have worse job options doubled in the same period, from 6% in November 2021 to 12% in June 2022.



The number of hourly workers who say they don't plan to look for a new job in the next 12 to 24 months increased from 39% in November 2021 to 50% in August 2022.



Sample sizes of surveys to hourly employees: 2,300 respondents in November 2021, 1750 respondents in June 2022, and 1,000 respondents in August 2022.

The bottom line

Businesses of all sizes are struggling with hiring and retention. By being in tune with employee sentiment — and by investing time and resources to create the benefits and culture workers want — small businesses can set themselves up for success today, tomorrow, and for years to come.

Homebase can help

The economy and labor market are always changing, but one thing that never changes is the need for small businesses to attract, engage, and retain great employees.

Although this has been especially difficult in the last couple years, small businesses do have opportunities to build and reinforce their teams with quality talent.

LEARN MORE AT [JOINHOMEBASE.COM](https://joinhomebase.com)

Homebase helps by giving small businesses the means to not just manage hourly workers, but to engage them in ways that **build trust, loyalty, and a culture that sets the business apart.**

Our convenient and easy-to-use app includes:

Online [scheduling](#) and [time tracking](#) tools that give employees transparency and tools to manage their shifts, hours, time off, and pay.

Built-in [messaging](#) to improve team communication and collaboration, including shout-outs to recognize a job well done.

[Pay advances](#) that come from Homebase to give employees early access to their earned wages with no cost or liability to the business.

Built-in [shift feedback](#) and performance tracking to keep a pulse on the state of the team.



Jason Greenberg

HEAD ECONOMIST

Prior to joining Homebase, Jason served as an academic at the University of Pennsylvania's Wharton School of Business and New York University's Stern School of Business. Jason's academic research has been acknowledged with several awards and media coverage. Jason earned a PhD from the Massachusetts Institute of Technology, MPP from the University of Chicago, MA from the University of Florida, and BA from SUNY Binghamton.

Please reach out for comment or if you are interested in additional data. jasongreenberg@joinhomebase.com

future
of local
work



small business



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Great businesses are built on great teams.
Great teams are built on Homebase.

Homebase makes work easier for 100,000+ small (but mighty) businesses with everything they need to manage hourly teams: employee scheduling, time clocks, payroll, team communication, hiring, onboarding, and compliance. Just don't call us "Human Capital Management." **We're one easy app built for the busiest businesses**, so owners and employees can spend less time on bullsh*t and more time on what matters.

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