

Onboarding Practices in SMEs: Barriers, Skills Gaps, and Implications for Employer Branding

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Abstract

Onboarding is a critical process that influences employee integration, satisfaction, and retention. While extensively explored in large organisations, onboarding in small and medium-sized enterprises (SMEs) remains insufficiently structured and under-researched. This paper examines onboarding practices in SMEs through a mixed-methods approach, combining survey-based quantitative analysis with qualitative thematic insights. The findings indicate that onboarding in SMEs is predominantly informal, constrained by limited resources, and only moderately effective. A significant mismatch between employee expectations and organisational practices contributes to early turnover. The study highlights the importance of balancing flexibility with structure and discusses implications for employer branding and organisational performance.

Keywords: onboarding, small and medium-sized enterprises (SMEs), employee integration, skill gaps, employer branding

INTRODUCTION

Onboarding represents a fundamental process within human resource management, encompassing the activities and practices through which organisations integrate new employees into their work environment. It includes both formal and informal mechanisms designed to facilitate adjustment, enhance understanding of organisational culture, and support the development of relationships within the workplace. According to Klein et al. (2015), onboarding consists of structured and unstructured organisational efforts aimed at supporting newcomer adaptation, which ultimately contributes to employee satisfaction and performance.

The importance of onboarding is widely recognised in the literature, particularly in relation to employee retention and organisational effectiveness. Studies suggest that the initial months of employment are

critical, as a substantial proportion of employees decide whether to remain with an organisation during this period (Bauer, 2020; Maurer, 2023). Effective onboarding practices are associated with improved job satisfaction, faster integration, and enhanced productivity (Kirchner & Stull, 2021; Frögéli et al., 2023).

However, onboarding practices differ significantly between large organisations and SMEs. While large companies tend to rely on formalised processes supported by dedicated HR departments, SMEs often operate with limited resources and less structured systems. This results in onboarding processes that are more flexible but also more inconsistent and less strategically managed (Dexter, 2020). This paper addresses this gap by analysing onboarding practices in SMEs, focusing on barriers, skill shortages, and implications for organisational performance and employer branding.

LITERATURE REVIEW

Onboarding has been widely conceptualised as a multidimensional process that supports organisational socialisation. It involves a range of practices, including orientation, training, mentoring, and feedback mechanisms, all of which contribute to the successful integration of new employees. Klein et al. (2015) emphasise that onboarding encompasses both formal programmes and informal interactions, highlighting its complexity and organisational significance. Complementary research by Klein and Weaver (2000) and Bauer and Erdogan (2011) further demonstrates that structured onboarding processes significantly enhance employee adjustment and work outcomes.

Empirical evidence suggests that onboarding plays a crucial role in shaping employee experiences and organisational performance. Kirchner and Stull (2021) show that structured onboarding is positively associated with employee satisfaction, while Frögéli et al. (2023) demonstrate that onboarding strategies integrated into daily work practices improve employee adaptation and effectiveness. These findings underline the importance of designing onboarding processes that combine formal structure with practical learning.

Despite these benefits, SMEs face significant challenges in implementing effective onboarding systems. One of the most prominent barriers is the lack of resources. SMEs typically operate with limited financial and human capital, which restricts their ability to develop comprehensive onboarding programmes (Palombi et al., 2024). This limitation is further compounded by insufficient organisational knowledge and awareness regarding onboarding practices.

Leadership constraints also play a critical role. Idris et al. (2023) argue that SME managers often face multiple responsibilities, reducing their capacity to focus on onboarding as a strategic process. As a result, onboarding is frequently treated as an operational necessity rather than a long-term investment in human capital.

Technological limitations represent another significant challenge. Hossain (2019) highlights that limited access to information and communication technologies can hinder the implementation of digital onboarding solutions, which are increasingly important in modern work environments. Additionally, organisational resistance to change, described by Oduro (2020) as a form of inertia, can further impede the adoption of new onboarding practices.

A critical issue identified in the literature is the difficulty of knowledge transfer within SMEs. Farhan et al. (2024) emphasise that the absence of structured training programmes leads to inefficiencies and weak integration of new employees. This problem is closely linked to broader skill shortages, which represent a major constraint in SMEs.

Skill gaps in SMEs are multifaceted, encompassing both technical and soft skills. Yadav et al. (2019) note that insufficient managerial commitment and limited resources reduce the effectiveness of onboarding and training processes. Idris et al. (2023) further emphasise the importance of management training in developing the competencies required for effective onboarding. At the same time, soft skills such as communication, teamwork, and adaptability are often lacking among new employees, which can hinder their integration into organisational culture (Lloyd et al., 2025).

The literature also highlights the importance of strategic approaches to employee development. Lundkvist and Gustavsson (2017) argue that SMEs need to align competence development with organisational needs in order to enhance performance and innovation. However, many SMEs remain reluctant to invest in training due to short-term financial constraints, despite evidence of long-term benefits (Akhtar et al., 2015).

Overall, the literature suggests that effective onboarding requires a balance between structure and flexibility, supported by adequate resources, leadership commitment, and strategic investment in employee development. These insights provide the foundation for the empirical analysis presented in this study.

METHODOLOGY

The research adopts a mixed-methods approach, combining quantitative and qualitative data to provide a comprehensive understanding of onboarding practices in SMEs. This approach is consistent with contemporary methodological recommendations for organisational research, which emphasise the value of triangulation in enhancing validity and depth (Busetto et al., 2020).

The study is based on survey data collected from SMEs across multiple European countries, following a structured research framework developed within the OnBoard project (Erasmus+ KA220, No. 2025-1-IT01-KA220-VET-000358740). The survey targeted SME owners, managers, and HR personnel, capturing data on onboarding practices, barriers, skill gaps, and organisational capabilities. The dataset includes 97 valid responses after data cleaning, providing a robust basis for analysis.

The analytical procedure combines descriptive statistical analysis with thematic interpretation of qualitative responses. Quantitative data were analysed using frequency distributions and comparative interpretation, allowing for the identification of dominant patterns and variations across SMEs. Qualitative data from open-ended responses were analysed using a thematic approach, following established procedures for coding and interpretation.

This methodological design enables a nuanced understanding of onboarding practices in SMEs, capturing both measurable trends and contextual insights.

RESULTS AND ANALYSIS

The analysis provides a detailed insight into onboarding practices in SMEs, supported by concrete quantitative findings. The sample consists of 97 valid responses, predominantly from micro-enterprises, with 62% of companies employing fewer than 10 employees and an additional 23% employing between 10 and 50 people. The majority of respondents are decision-makers, with 44% being owners and 29% managers, indicating that the results reflect organisational-level perspectives rather than purely operational views.

A fundamental characteristic of onboarding in SMEs is the absence of formalisation. The data show that 60% of SMEs do not have a formal onboarding process, while only 40% report having some form of structured approach. This lack of structure is reflected in the types of onboarding activities used. The most common activity is task-based orientation, reported by 37% of respondents, followed by mentorship programmes (34%) and training sessions (33%). Other frequently mentioned practices include team-building activities and job shadowing, each reported by 31% of respondents. In contrast, more structured or digitalised approaches are significantly less common, with only 15% of respondents using formal orientation programmes and just 9% reporting the use of online onboarding portals. These results clearly indicate a strong reliance on informal, experience-based onboarding methods.

The perceived effectiveness of onboarding is moderate. A majority of respondents (51%) rate their onboarding process as neutral, while 29% report being satisfied and only 5% very satisfied. At the same time, 15% express dissatisfaction. The average satisfaction score of 2.8 suggests that onboarding processes are functional but far from optimal. This is further reinforced by the finding that onboarding processes are rarely reviewed. Specifically, 41% of SMEs update their onboarding only once per year, while 29% never review it at all. More frequent updates are relatively rare, with only 14% reviewing onboarding monthly and 16% every few months.

When assessing their own capabilities, SMEs demonstrate moderate confidence. Approximately 43% of respondents rate their ability to conduct effective onboarding as neutral, while 31% evaluate it positively (26% strong and 5% very strong). Conversely, 25% perceive their onboarding capabilities as weak or very weak. The average score of 3.0 indicates a middle-ground perception, suggesting uncertainty and inconsistency across organisations.

The analysis of barriers reveals that resource constraints are the dominant challenge. A total of 64% of respondents identify insufficient budget or staff as the main barrier to onboarding. Other barriers are significantly less prominent, including inadequate training opportunities (22%), lack of institutional support (18%), poor communication (18%), insufficient management support (14%), and technology issues (12%). The perceived impact of these barriers confirms this pattern, with lack of budget receiving the highest mean score of 3.6, compared to 3.0 for institutional support and approximately 2.6–2.7 for other barriers.

Another important dimension is early employee turnover. Among SMEs that observe early departures, 78% identify misaligned expectations as the primary cause. Other factors, such as insufficient management support (20%) and lack of training (17%), are considerably less frequent. This indicates that onboarding challenges are not only operational but also closely linked to communication and expectation management.

The findings related to employee expectations reinforce this conclusion. A strong majority of respondents (84%) indicate that candidates expect clear job responsibilities and career pathways. Additionally, 64% highlight the importance of a positive company culture, and 59% emphasise support from managers and mentors. Opportunities for social interaction (45%) and structured training programmes (44%) are also considered important, although slightly less dominant.

Skill gaps represent another critical issue. The most frequently reported gap is time management, identified by 50% of respondents, followed closely by technical skills (49%). Communication skills (38%), teamwork (37%), and the ability to adapt to company culture (37%) are also commonly mentioned. Despite recognising these gaps, 60% of SMEs report that they do not provide formal training to address them, highlighting a clear discrepancy between awareness and action.

Finally, the analysis shows limited use of digital tools. While 53% of SMEs use basic tools such as email and shared documents, only 10% use advanced solutions such as learning management systems. At the same time, 17% do not use digital tools at all, and 19% express interest but lack the necessary resources or knowledge to implement them.

RESULTS AND ANALYSIS

The integration of quantitative findings with theoretical insights provides a deeper understanding of onboarding practices in SMEs. The results confirm that onboarding is characterised by a combination of informality, limited resources, and moderate effectiveness. The fact that 60% of SMEs lack formal onboarding processes strongly supports the argument that SMEs operate with less structured HR systems compared to larger organisations (Dexter, 2020) .

Resource constraints emerge as the most critical factor shaping onboarding practices. The finding that 64% of respondents identify insufficient budget or staff as the main barrier aligns with previous research emphasising financial and organisational limitations in SMEs (Palombi et al., 2024). The relatively high mean score of 3.6 for this barrier further confirms its dominant impact. These constraints explain why onboarding is often informal and why structured training programmes are absent in 60% of organisations.

At the same time, the moderate satisfaction score of 2.8 and the neutral self-assessment of onboarding capability (43%) indicate that SMEs are aware of their limitations but have not fully addressed them. The fact that 29% of companies never review their onboarding processes suggests a lack of continuous improvement mechanisms, which is essential for effective HR management.

A particularly significant insight is the mismatch between employee expectations and organisational practices. While 84% of respondents recognise the importance of clear job roles, and 59% emphasise managerial support, these expectations are not consistently met in practice. This gap is reflected in the high percentage (78%) of early turnover attributed to misaligned expectations. This finding extends existing literature by demonstrating that onboarding failures in SMEs are not only due to structural limitations but also to communication issues.

The analysis of skill gaps further supports this interpretation. Although 50% of SMEs identify time management as a key deficiency and 49% highlight technical skills, the lack of formal training in 60% of organisations indicates a reactive rather than proactive approach to employee development. This

confirms the arguments of Lundkvist and Gustavsson (2017) regarding the need for strategic competence development in SMEs.

The limited adoption of digital tools also reflects structural and resource constraints. The fact that only 10% of SMEs use advanced digital solutions suggests a low level of digital maturity, which may hinder the scalability and consistency of onboarding processes.

From an employer branding perspective, these findings highlight both risks and opportunities. The personalised nature of SME onboarding, reflected in the use of mentoring (36%) and team-based activities (approximately 30%), represents a competitive advantage. However, the lack of structure and consistency, combined with unmet employee expectations, may negatively affect organisational reputation and retention.

Overall, the results suggest that SMEs should not aim to replicate large-company onboarding models but rather develop hybrid approaches that combine flexibility with basic structural elements. Even incremental improvements, such as increasing the frequency of onboarding reviews or introducing simple training practices, could significantly enhance onboarding effectiveness.

CONCLUSION

This study provides a comprehensive analysis of onboarding practices in small and medium-sized enterprises (SMEs), combining theoretical insights with empirical findings derived from survey data. The results confirm that onboarding in SMEs is predominantly informal, shaped by structural constraints, and characterised by moderate effectiveness.

A key finding of the study is the lack of formal onboarding processes, as 60% of SMEs report not having structured onboarding systems. Instead, onboarding relies heavily on practical, experience-based approaches such as task-based learning, mentoring, and interpersonal interaction. While this flexibility represents a strength, it also leads to inconsistencies and limits the scalability of onboarding practices. The moderate satisfaction levels, reflected in an average score of 2.8, further indicate that onboarding processes are functional but not optimised.

Resource constraints emerge as the most significant barrier, with insufficient budget and staffing identified as the dominant challenge. This finding reinforces the broader understanding that SMEs operate under structural limitations that restrict their ability to invest in formal HR processes and training. At the same time, the study identifies a critical mismatch between employee expectations and organisational practices. While candidates expect clear roles, structured guidance, and managerial support, these elements are not consistently provided, resulting in misaligned expectations and contributing to early turnover, which is reported by 78% of respondents experiencing such cases.

Another important insight relates to skill gaps among new employees, particularly in time management, technical competencies, and soft skills. Despite recognising these deficiencies, a majority of SMEs do not provide formal training, highlighting a disconnect between awareness and action. This suggests that onboarding in SMEs is often reactive rather than strategically managed.

From a broader perspective, onboarding represents both a challenge and an opportunity for SMEs. While limited resources constrain the development of structured systems, the personalised and flexible nature of SME environments can enhance employee engagement and support employer branding. The findings

suggest that even simple improvements, such as clearer communication, basic onboarding structures, and more frequent evaluation, could significantly enhance onboarding effectiveness.

Despite its contributions, this study has several limitations. First, the sample is predominantly composed of micro and small enterprises, which may limit the generalisability of the findings to larger SMEs or different organisational contexts. Second, the data are based on self-reported perceptions of respondents, which may introduce bias or subjectivity in the evaluation of onboarding practices. Third, the cross-sectional nature of the data does not allow for the observation of changes over time or the long-term impact of onboarding practices on employee outcomes. Additionally, while the study includes respondents from multiple countries, it does not fully explore cross-country differences, which may influence onboarding practices due to cultural and institutional factors.

Future research should address these limitations by adopting longitudinal designs that examine the long-term effects of onboarding on employee retention, performance, and organisational outcomes. Comparative studies across countries and sectors would provide deeper insights into contextual differences and best practices. Furthermore, future studies could explore the role of digital tools and technologies in supporting onboarding in SMEs, particularly in relation to scalability and efficiency. Finally, qualitative research focusing on employee experiences could complement organisational perspectives and provide a more holistic understanding of onboarding processes.

In conclusion, the study highlights the need for SMEs to adopt a balanced approach to onboarding that combines flexibility with essential structural elements. By aligning organisational practices with employee expectations and investing in simple but effective onboarding strategies, SMEs can improve integration outcomes, reduce turnover, and strengthen their position as attractive employers.

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