

PORTRAIT OF AMERICA'S SMALL BUSINESSES

(3-99 EMPLOYEES)

Current Human Resources Issues

The most important HR issues are:

1. Controlling health care costs
 2. Increasing worker productivity
- » Offering robust benefits while staying within budget/cost constraints is a top benefits challenge for 55% of small businesses.
 - » Understanding the changing health care landscape is the second-largest benefits challenge for 33% of small businesses.

Benefits Objectives

The top three objectives for small business benefits programs are:

1. Taking care of employees
 2. Retaining employees
 3. Increasing employee satisfaction
- » Small businesses are more likely than medium-sized and large businesses to rank taking care of employees as their top objective, with 23% ranking it first.
 - » 40% of decision-makers at small businesses say that their current benefits packages meet employees' needs only somewhat well; 7% say not very/not at all well.
 - » 41% of HR decision-makers think it is extremely/very important to tailor benefits offerings to employees at different levels or life stages, yet only 32% of small businesses do so.

- » 38% of HR decision-makers at small businesses believe their employees are extremely/very knowledgeable about benefits offered at their organization.
- » 64% of small businesses use a broker or benefits consultant to help determine benefits options, compared to 75% of medium-sized companies and 61% of large companies.

Benefits Communications

- » 43% of HR decision-makers believe they communicate somewhat effectively with employees about benefits, and 10% say they communicate not very/not at all effectively.
- » The majority of small businesses (59%) say their employees understand their company's benefits communications, yet small businesses are least likely to survey or measure their employees' understanding of benefits communication (17%).
- » HR decision-makers at small businesses are least likely to believe it is important to customize their benefits communication approaches to employees at different levels or life stages (33%), as well as least likely to do so (24%).
- » When it comes to benefits offerings, truly understanding what employees want is a top benefits challenge for 17% of small businesses; however, only 19% of small businesses measure or survey employee preferences or needs when it comes to benefits options.
- » Small businesses are significantly more likely to only communicate with employees during initial hire and open enrollment (41% compared to 25% of medium-sized and 22% of large companies), yet they are most confident that employees understand their company's benefits contributions (64%).

Role of Voluntary Benefits

Representatives of medium-sized companies say their top challenges when adding voluntary benefits include:

- » Having employees with interest in purchasing the coverage
- » Getting employees to understand their different options
- » Administering the benefits program
- » Small businesses are least likely to offer voluntary insurance (just 19%, compared to 41% of medium-sized and large companies); however, only 10% say they would not consider adding new voluntary insurance products.
- » 24% of small businesses say satisfying employee need, interest or demand would be their primary reason for adding voluntary benefits.
- » Only 19% of HR decision-makers believe their employees are extremely/very knowledgeable about voluntary benefits.

Beliefs About Workers' Perspectives

- » Decision-makers at small businesses believe an overall benefits package is most influential on:
 - » Job satisfaction
 - » Worker loyalty
 - » Worker productivity
- » Decision-makers at small businesses are less likely than those at large and medium-sized firms to believe that employees should be more engaged in making benefits decisions (52%).
- » 68% of decision-makers say immediate family problems are the most prevalent source of worker distraction, followed by financial problems and health problems.
- » 63% of leaders at small businesses believe that productivity is lost because employees are concerned about personal issues.

68%

of decision-makers at small businesses say immediate family problems are their employees' greatest work distractions.