



NAPEO'S 2024

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NAPEO Market Research: 2024 Small Business Employer Trends Survey

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Objectives

- Measure current sentiment towards five major areas impacting small and medium-sized businesses including:
 - Growth and scaling
 - Challenges and compliance
 - Employee hiring and turnover
 - Benefits and
 - Remote work
- Determine what issues are having the biggest impact on different business segments.
- Provide NAPEO's members with exclusive content to understand insights regarding their target audience.

About this study

Approach

- **Method:** Online
- **Sampling:** n=800 Business Decision Makers
 - 63% Business Owners
 - 37% Key Decision Makers
- **Field dates:** Aug 12 - 27, 2024
- **Margin of error:** $\pm 4.4\%$

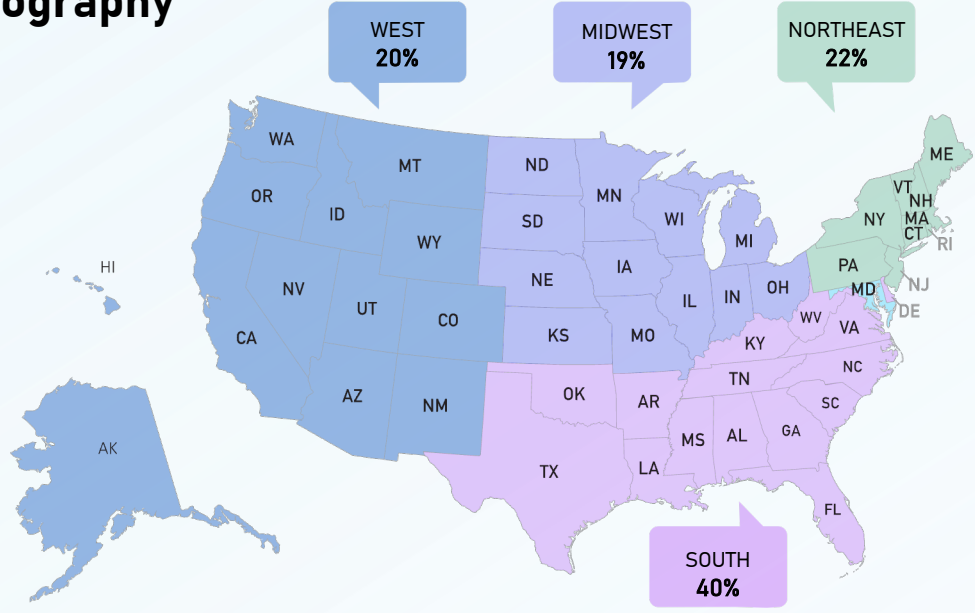
Screening criteria

- At least 25 years old
- Business decision maker for hiring professional services
- 10+ OR <250 full-time employees and
- Annual business revenue of at least \$500,000

Note—Percentages throughout report may not sum to exactly 100% due to rounding.

Demographic Makeup

Geography



Number of Employees

10-19	19%
20-49	30%
50-99	26%
100+	25%

Annual Gross Revenue

Under \$2M	31%
\$2M-\$4.9M	27%
\$5M-\$9.9M	26%
\$10M+	16%

PEO Use

PEO User	34%
PEO Non-User	66%

Business Industry

Construction/ Utilities/ Contracting	19%
Retail	14%
Technology	11%
Food / Hospitality	11%
Business & Information	10%
Manufacturing	10%
Health services	8%
Accounting/Financial Services/Insurance	6%
Transportation	4%
Others	9%

Age

25-34	23%
35-54	55%
55+	22%

Years In Business

<10 years	34%
10-19 years	32%
20+ years	34%

Base: Total sample, n=500

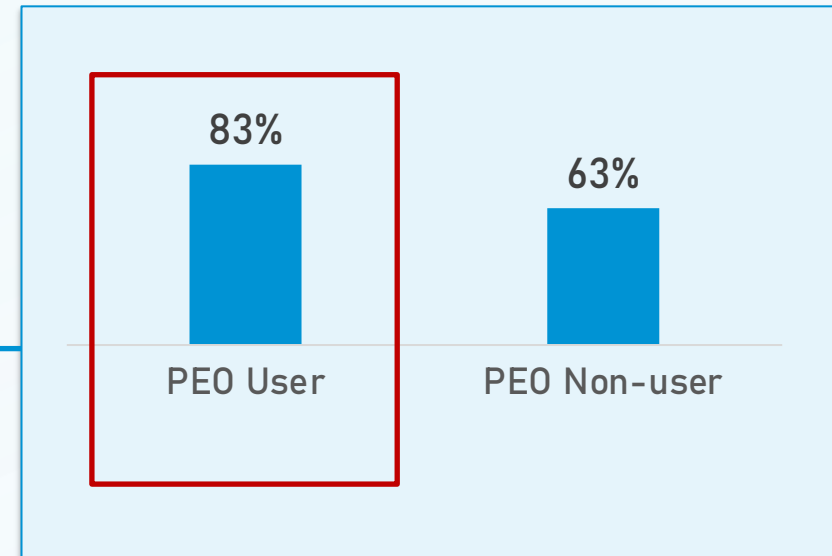
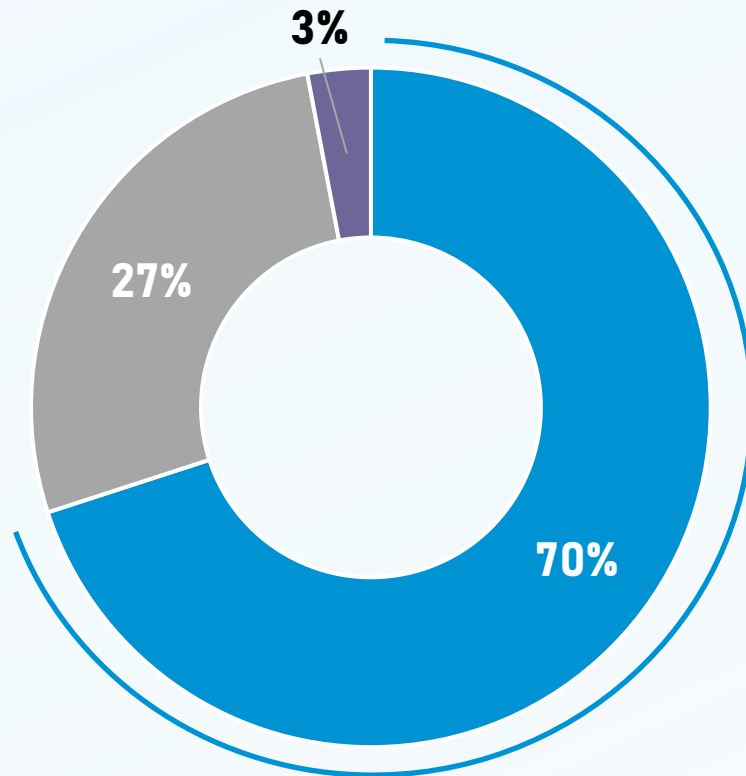
Topline Key Findings

Growth & Scaling

When asked about their company performance in 2024, 70% of business decision makers are bullish about growth; there is a big difference between PEO users and non-users.

Q: Compared to last year (2023), do you expect your business to grow, decline or remain at about the same in 2024?

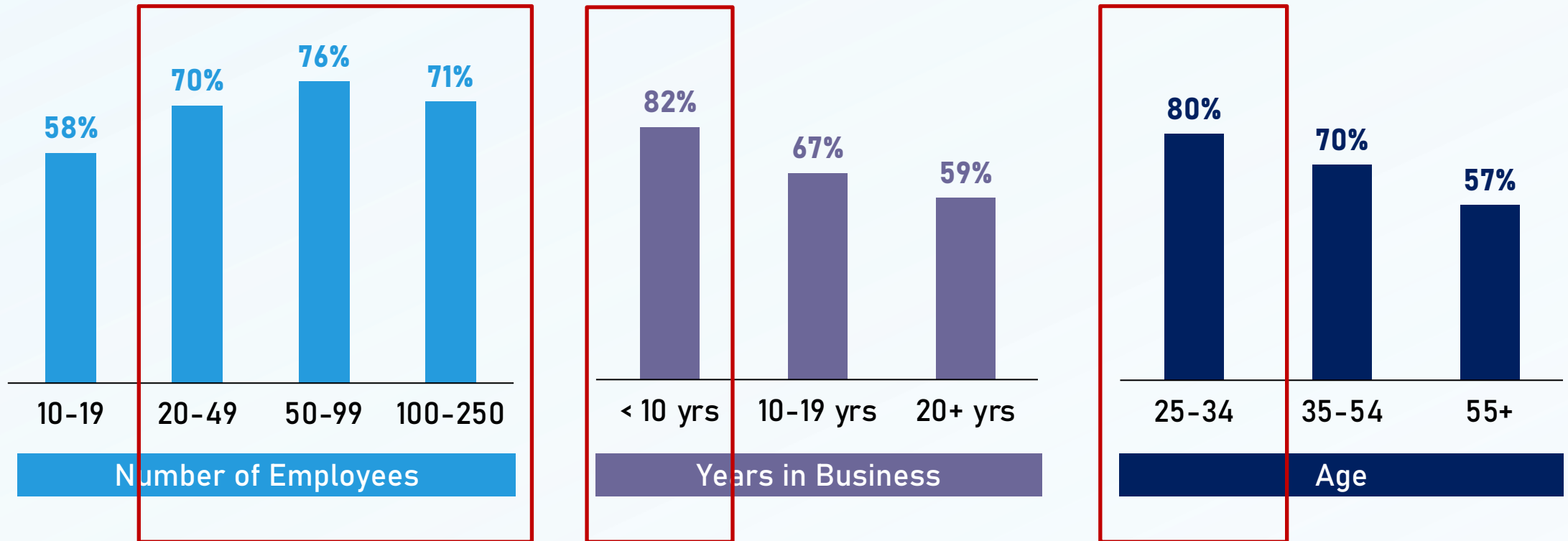
● Grow ● Decline ● Remain the same



Business Direction in 2024 – Demographic Breakdown

Q: Compared to last year (2023), do you expect your business to grow, decline or remain at about the same in 2024?

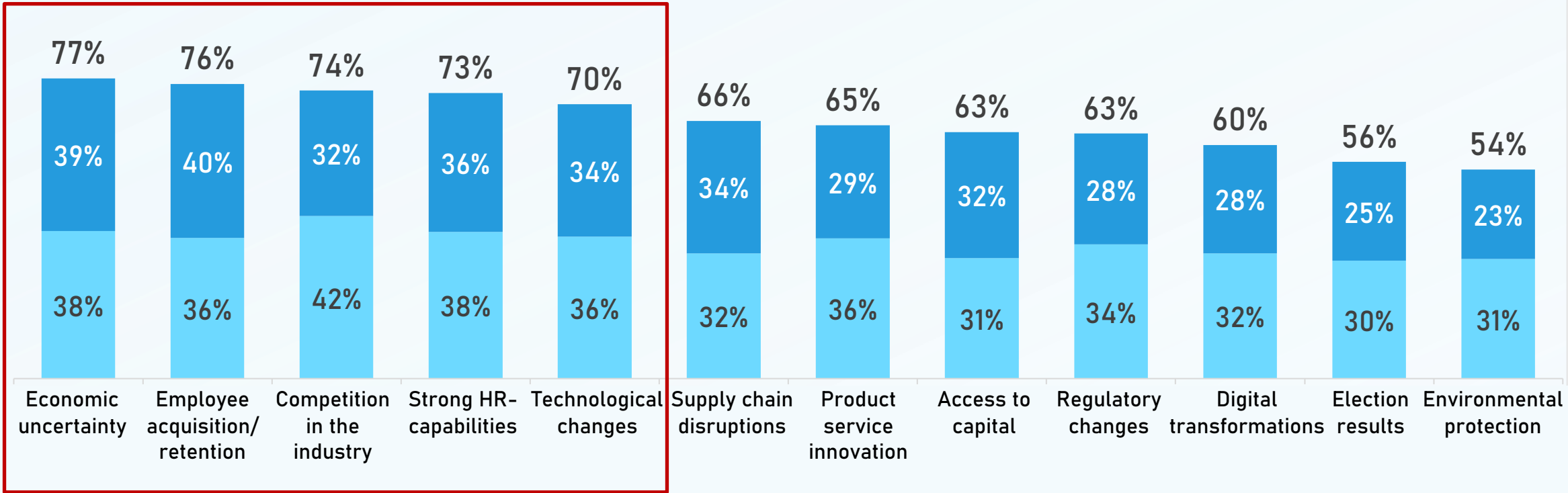
🌈 Growth



Many issues are expected to impact business decision makers within the next year, although some issues are expected to have a greater impact than others.

Q: Thinking about the next 12 months, how impactful will the following issues be to your company when it comes to growth?

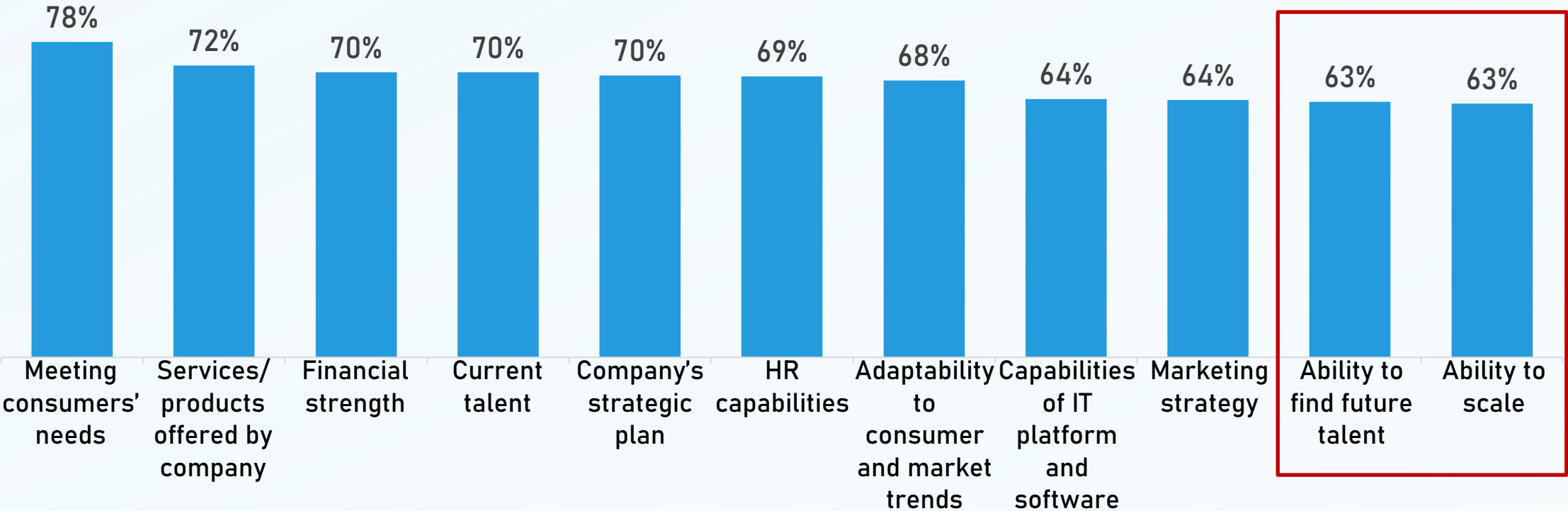
● Very Impactful ● Somewhat Impactful



Business decision makers are optimistic when it comes to their ability to grow in 2025.

Q: How would you rate your company in the following areas in terms of being able to grow in 2025?

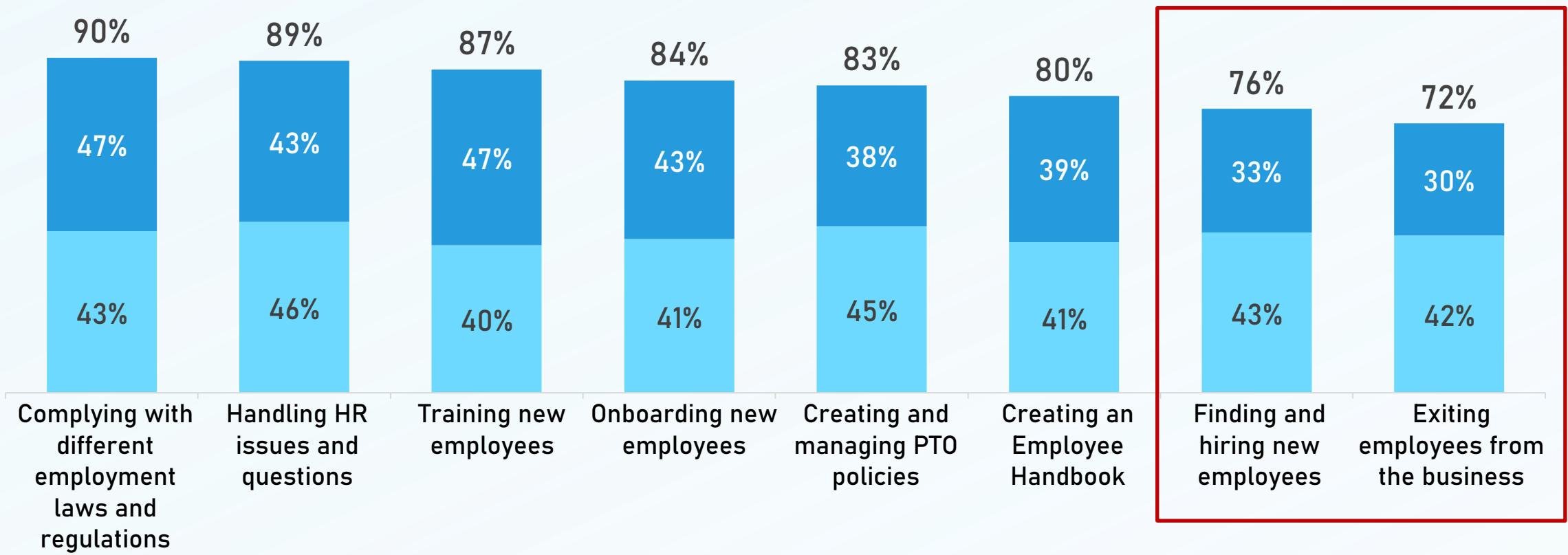
● Total Top 3 Score (Score 8-10)



Despite rating their companies highly in all areas, business decision makers are most hesitant about finding and hiring new employees as well as exiting employees.

Q: How would you rate your company in the following areas?

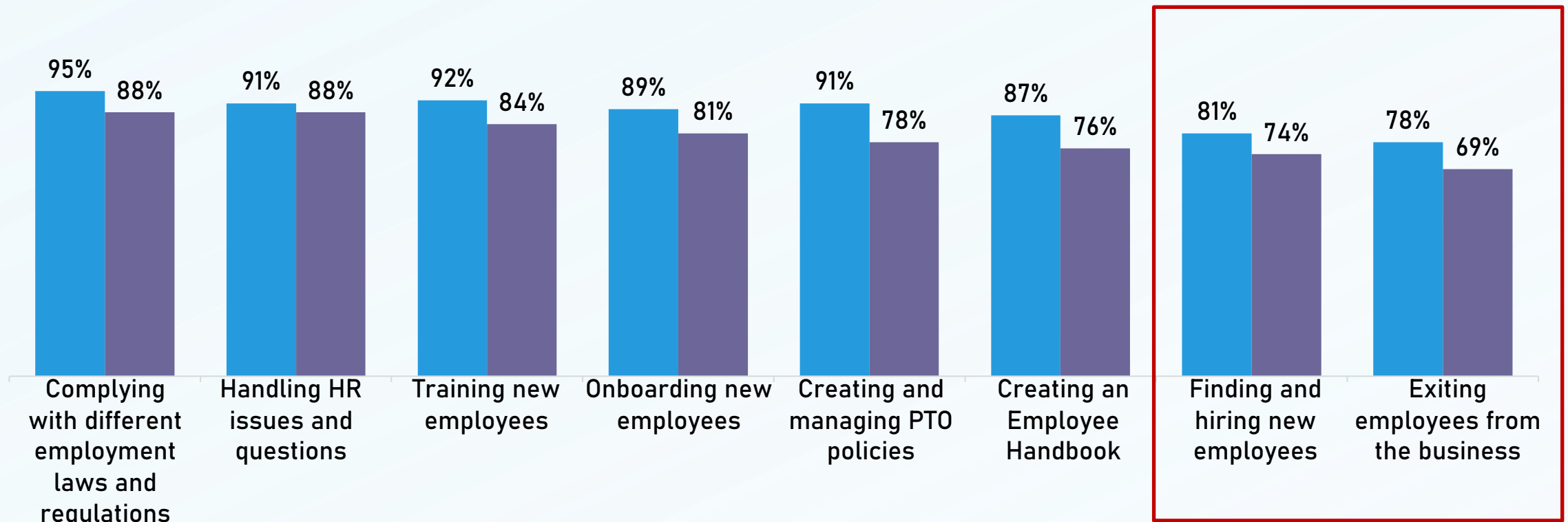
● Excellent ● Good



Despite most business decision makers rating their companies highly, PEO users rate their companies even higher than non-users in every area.

Q: How would you rate your company in the following areas? (Excellent + Good shown)

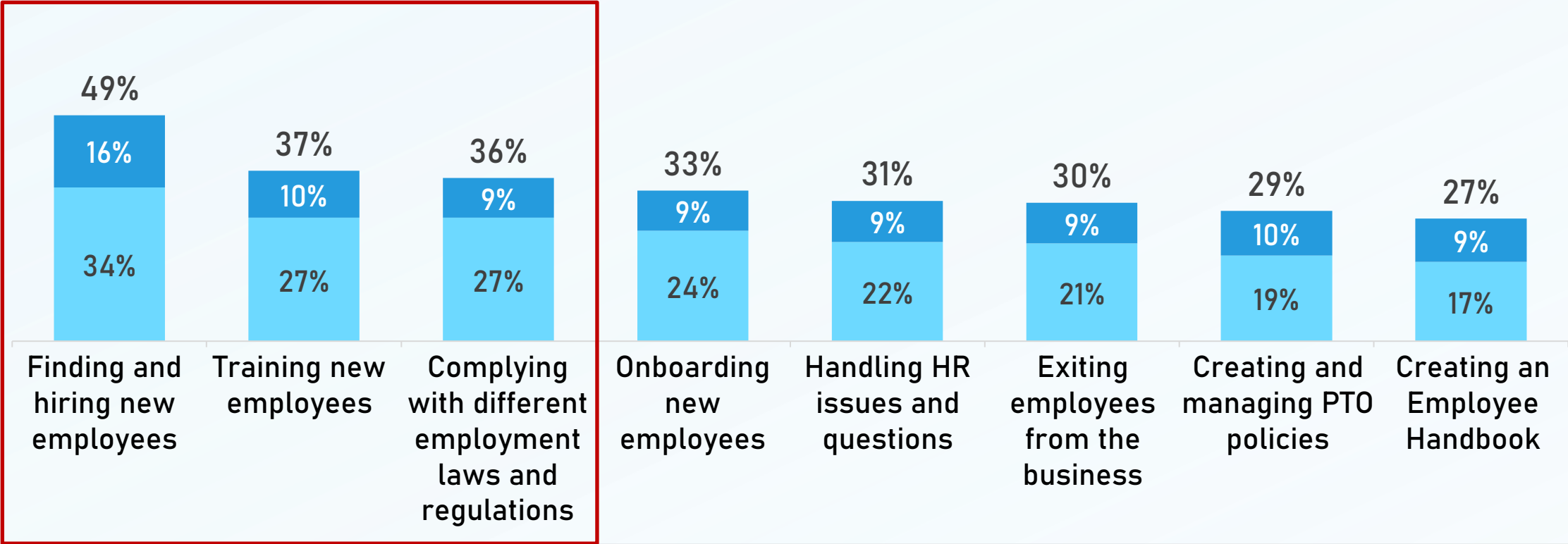
● PEO User ● PEO Non-user



The biggest HR-related barrier to growth is finding and hiring new employees (49%), followed by training new employees (37%), and compliance concerns (36%).

Q: To what extent do you view the following HR or talent-related tasks as barriers to growing your company in 2025?

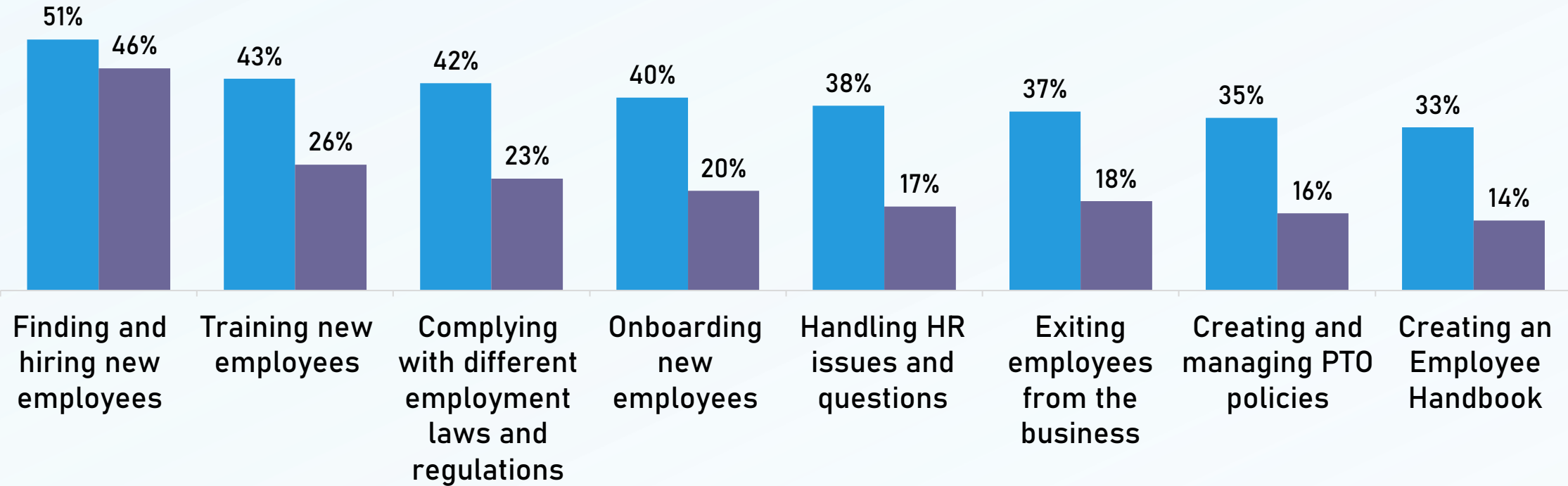
● Extreme barrier ● Somewhat of a barrier



Business decision makers who offer remote work options consider HR-related tasks to be barriers to growth at significantly greater rates than those who do not offer remote work options.

Q: To what extent do you view the following HR or talent-related tasks as barriers to growing your company in 2025? (Total Extreme + Somewhat Barrier)

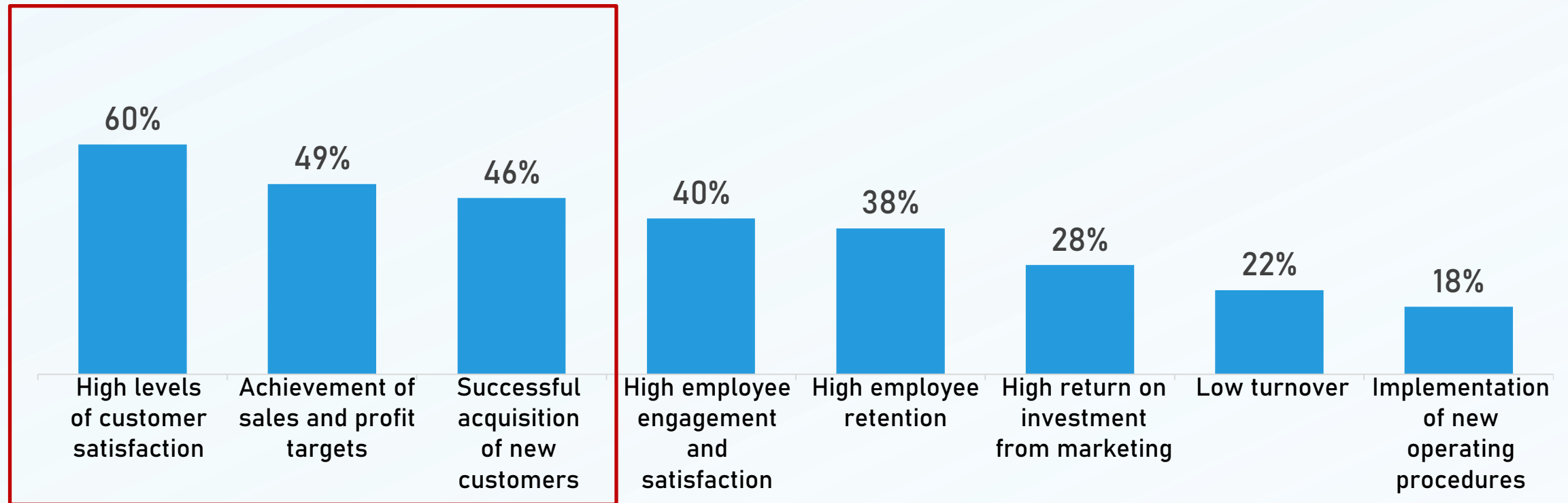
● Offers Remote Work ● Does Not Offer Remote Work



The most important criteria for success are those that are most important to business decision makers – customer satisfaction, sales and profit, and acquiring new customers.

Q: Which of the three (3) criteria below are MOST important when you measure the success of your business?

● Top-3 Criteria



Key Takeaways: Growth & Scaling

Strategic Insight For Your Business:

- Who's most bullish about business growth?
 - Companies that have more than 20 employees
 - Companies that have been in business for less than 10 years
 - Younger business decision makers
- Finding and hiring new employees is one of the more challenging aspects of running a business.

PEO Value Proposition:

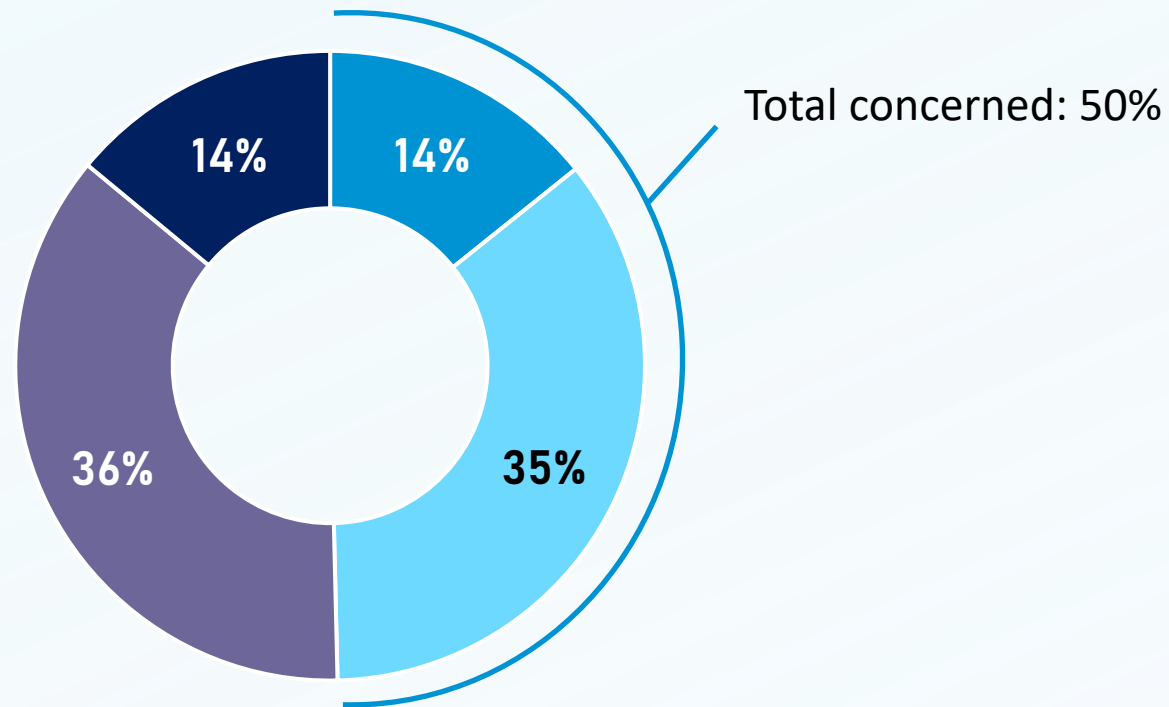
- PEO users are significantly more likely to be forecasting business growth in 2024 than non-users (83% vs. 63%).

Challenges & Compliance

Compliance issues are concerning –half of business decision makers (50%) report being either very or somewhat concerned by compliance issues.

Q: How concerned are you, if at all, about compliance issues?

● Very concerned ● Somewhat concerned ● Not very concerned ● Not concerned at all

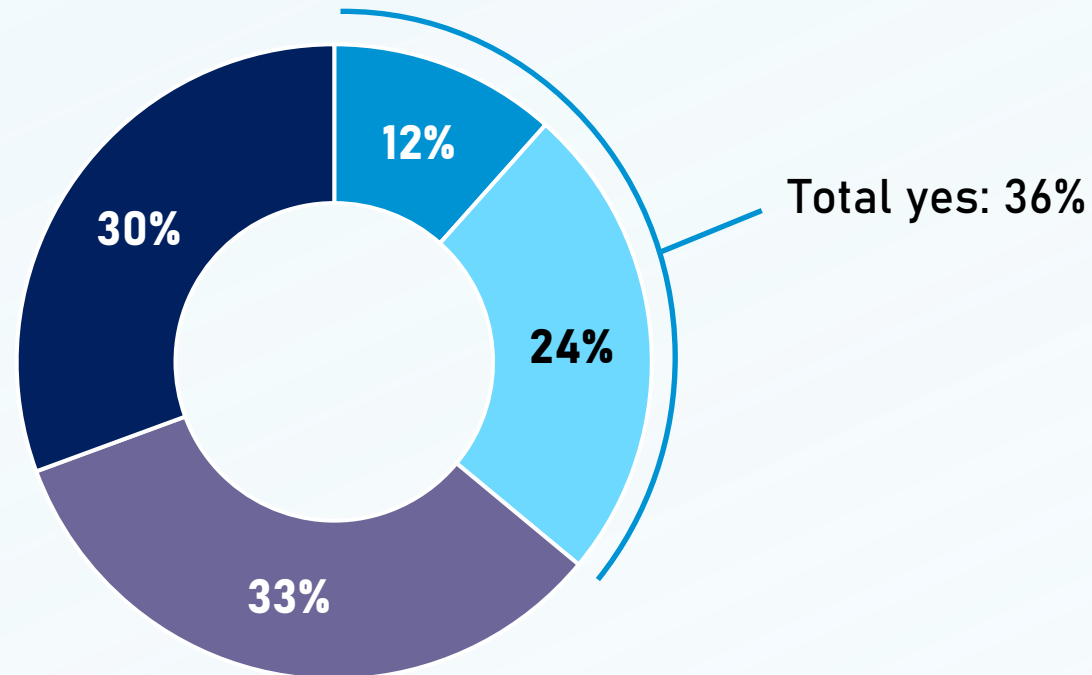


Base: Total Sample, n=800

A little over one-third (36%) of business decision makers report that concerns around compliance issues negatively affect their ability to acquire needed talent.

Q: Do concerns regarding compliance issues prevent you from acquiring the talent you need to drive success for your business?

● Yes, definitely ● Yes, somewhat ● No, not really ● No, not at all

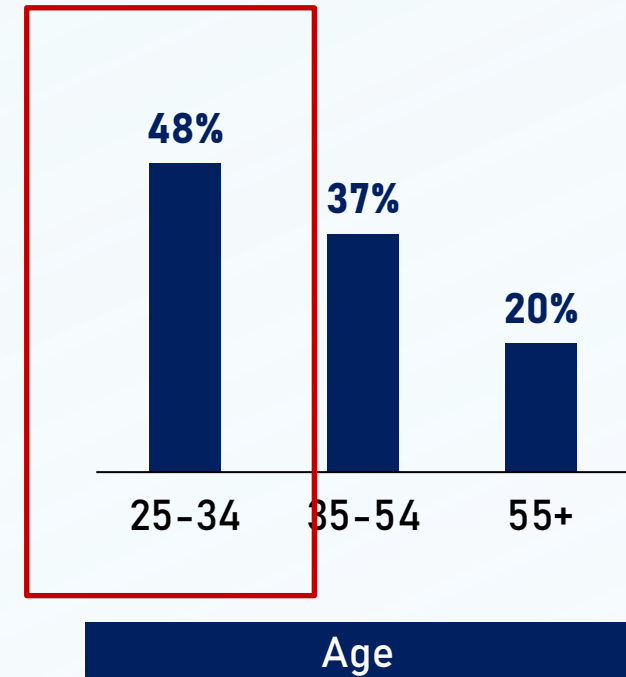
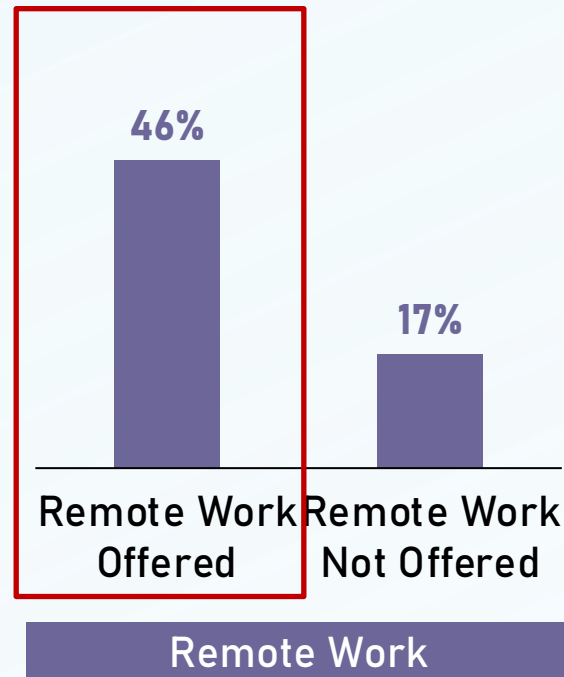
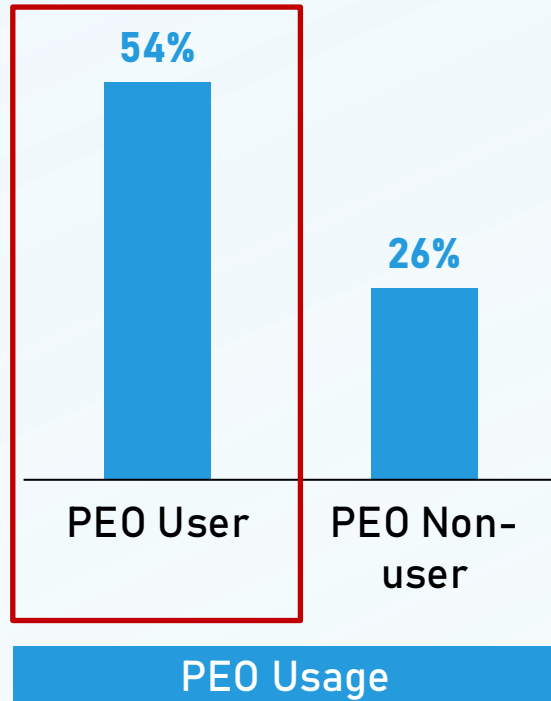


Base: Total Sample, n=800

Concerns around compliance issues negatively affect certain segments of business decision makers' ability to acquire needed talent significantly more than others.

Q: Do concerns regarding compliance issues prevent you from acquiring the talent you need to drive success for your business?

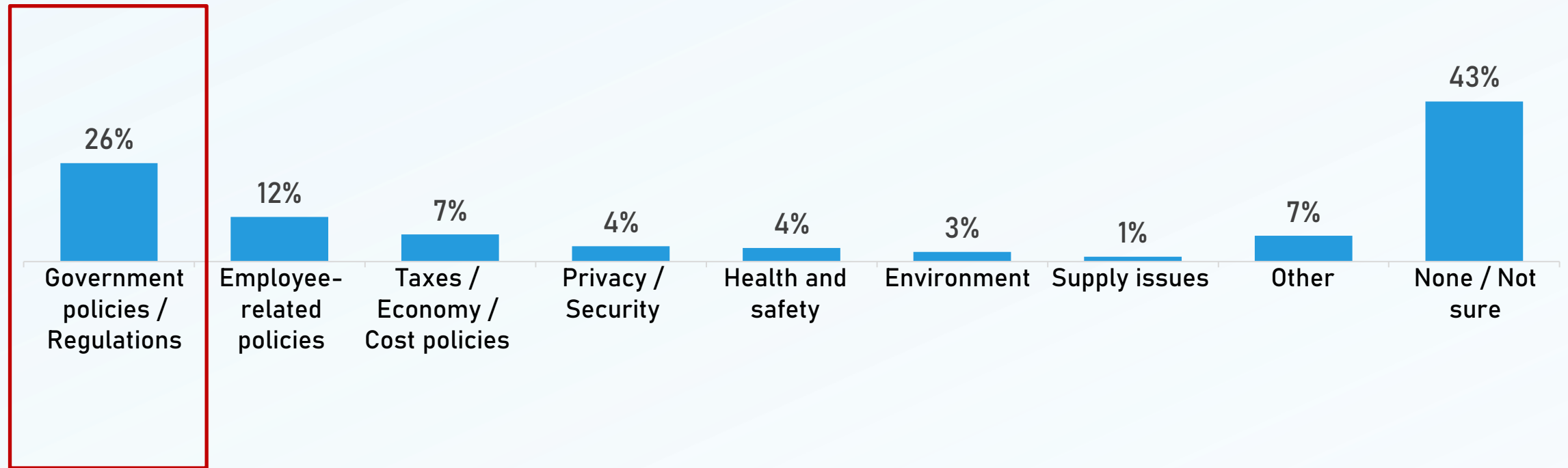
● Total Yes



Government policies and regulations are business decision makers' main concerns, although specific policy issues are generally not top of mind.

Q: What, if any, policy issues concern you when it comes to operating your business?

● Total



Base: Total Sample, n=800

Key Takeaways: Challenges & Compliance

Strategic Insight For Your Business:

- If a company is concerned about compliance issues and they're NOT using a PEO, there's a good chance they'll be receptive to your pitch.
 - Companies that offer remote work and younger business decision makers tend to be more concerned about compliance issues.

PEO Value Proposition:

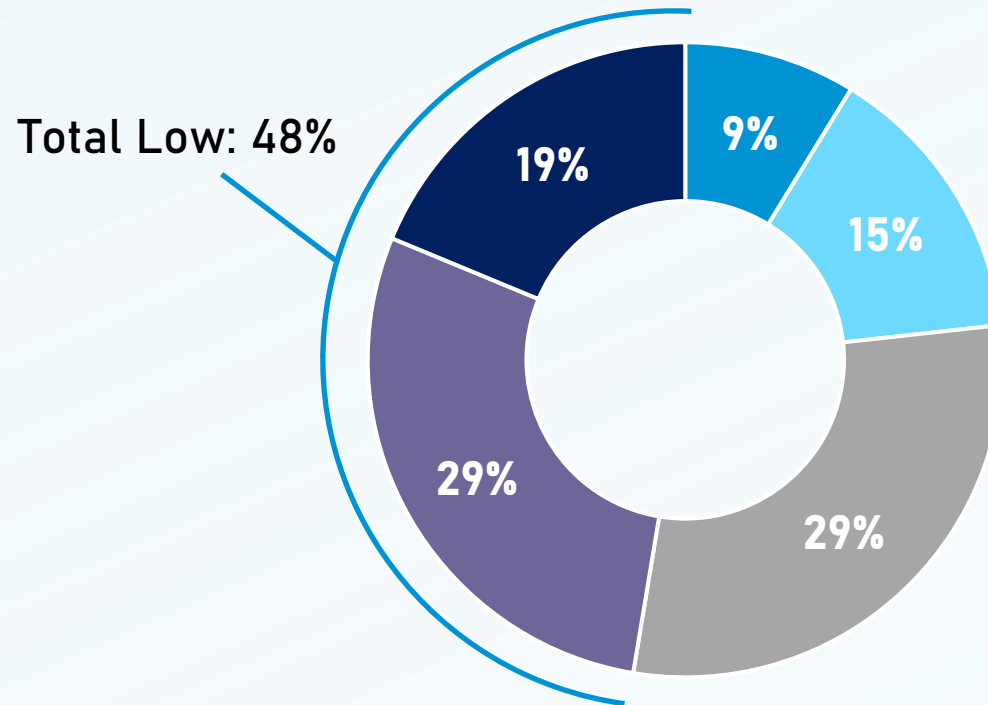
- Working with a PEO helps businesses stay compliant – “one less thing for you to be concerned about.”

Employee Hiring & Turnover

Most business decision makers report their current employee turnover rate is moderate (29%) to low (48%).

Q: How would you rate the current rate of employee turnover in your business?

● Very High ● High ● Moderate ● Low ● Very Low

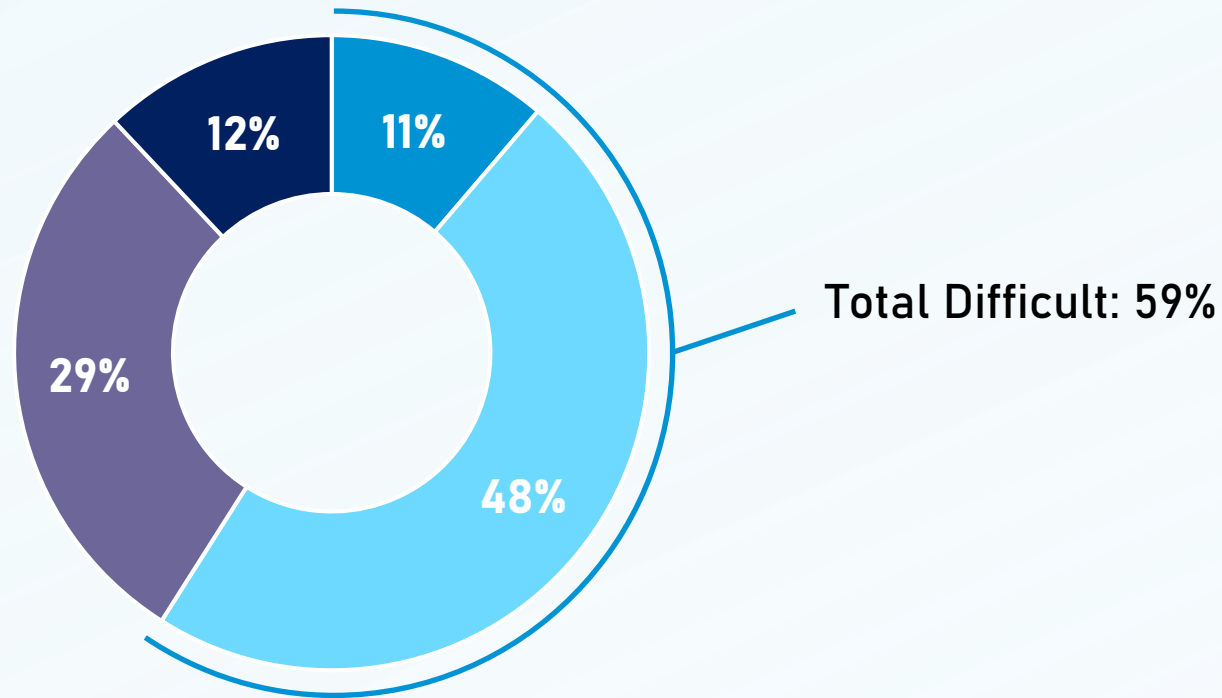


Base: Total Sample, n=800

A majority (59%) of business decision makers report that retaining talent is a challenge.

Q: How challenging is it to retain talent in your business?

● Very Challenging ● Challenging ● Not Very Challenging ● Not Challenging at All

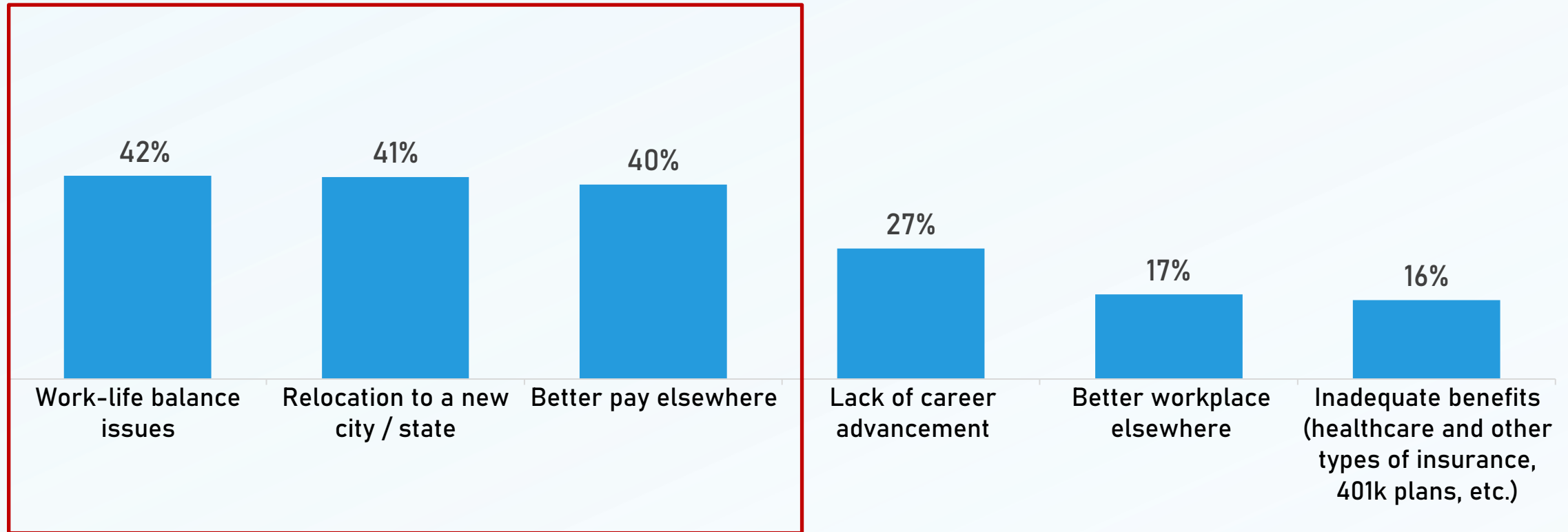


Base: Total Sample, n=800

Employees leave their companies most often due to work-life balance issues (42%), relocation (41%), or better pay elsewhere (40%) according to business decision makers.

Q: What are the main reasons employees leave your company?

● Total

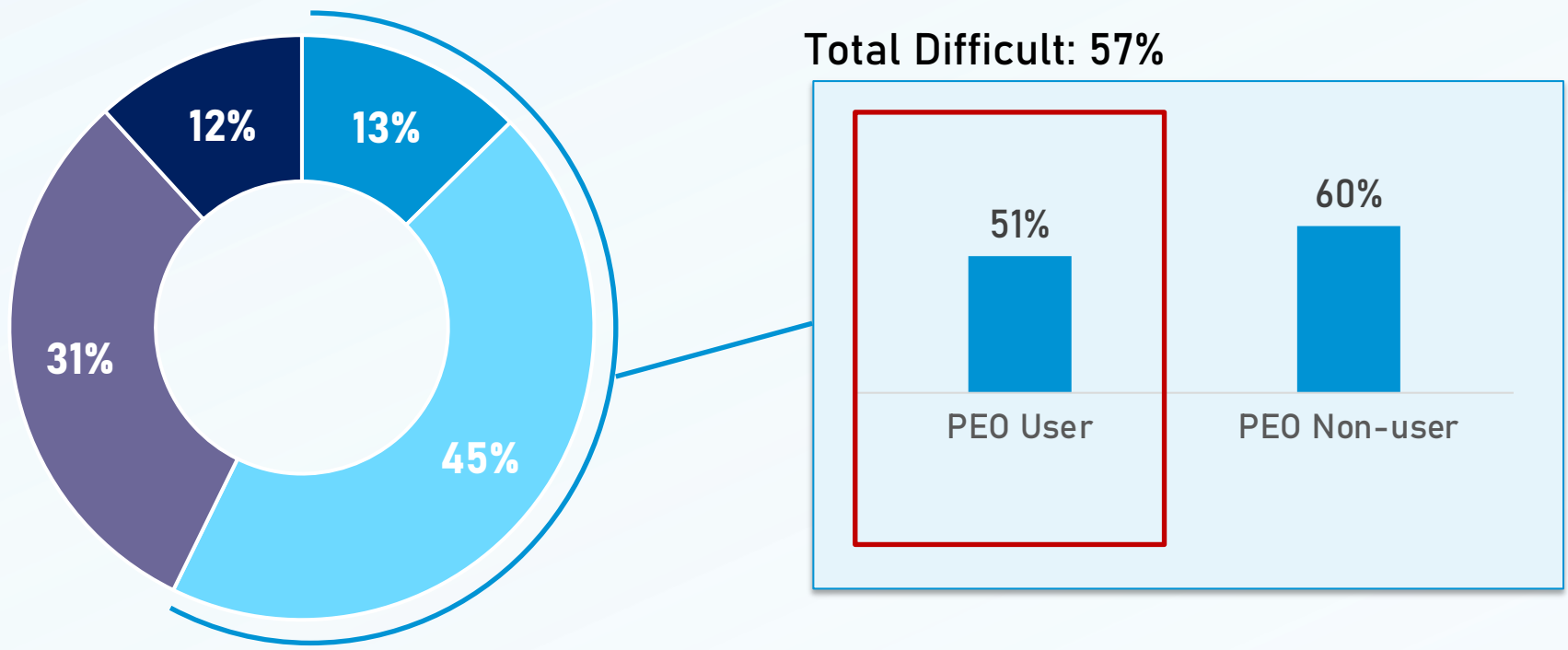


Base: Total Sample, n=800

A majority (57%) of business decision makers report difficulty finding qualified candidates; however, this is lower among PEO users (51%).

Q: How difficult is it to find qualified candidates for open positions?

● Very Difficult ● Difficult ● Not Very Difficult ● Not Difficult at All

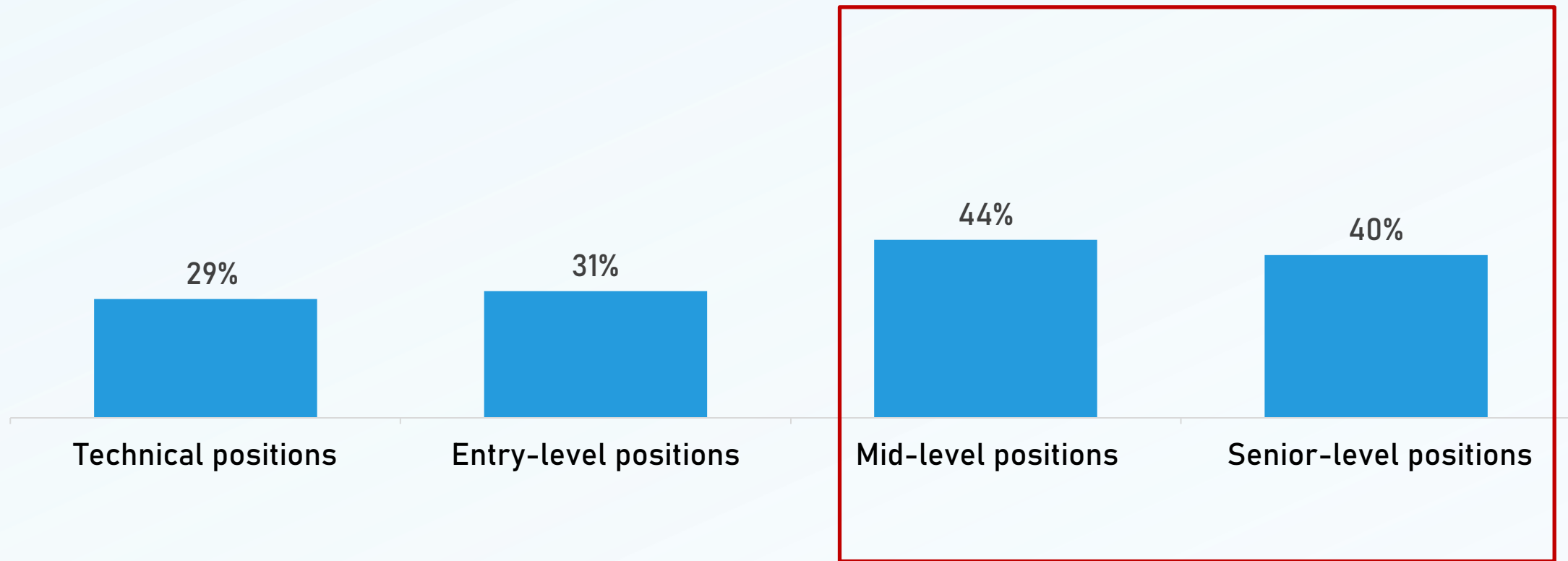


Base: Total Sample, n=800

Mid- and Senior-level positions are the most challenging to fill.

Q: Which positions are the most challenging to fill?

● Total

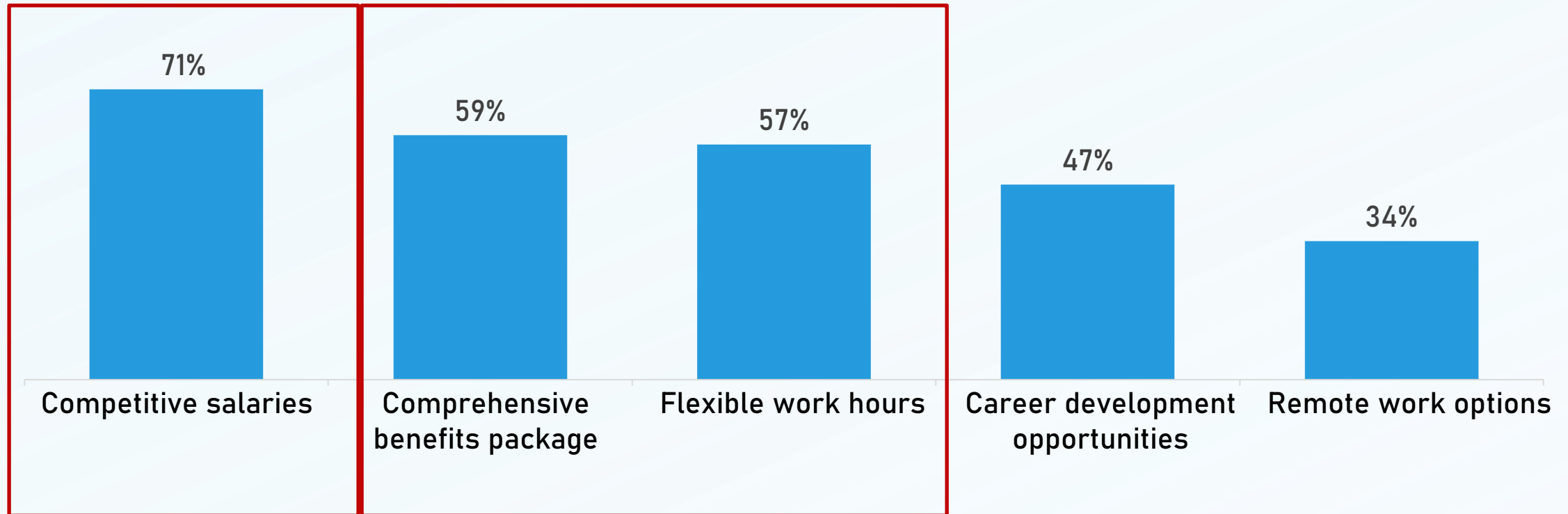


Base: Total Sample, n=800

Offering competitive salaries (71%) is the most-used strategy to attract talent among business decision makers, followed by comprehensive benefits (59%) and flexible work hours (57%).

Q: What strategies do you use to attract talent?

● Total



Base: Total Sample, n=800

Key Takeaways: Hiring & Turnover

Strategic Insight For Your Business:

- Advise clients and prospects about the importance of:
 - Offering comprehensive benefits to attract talent.
 - Managing work-life balance to retain talent.

PEO Value Proposition:

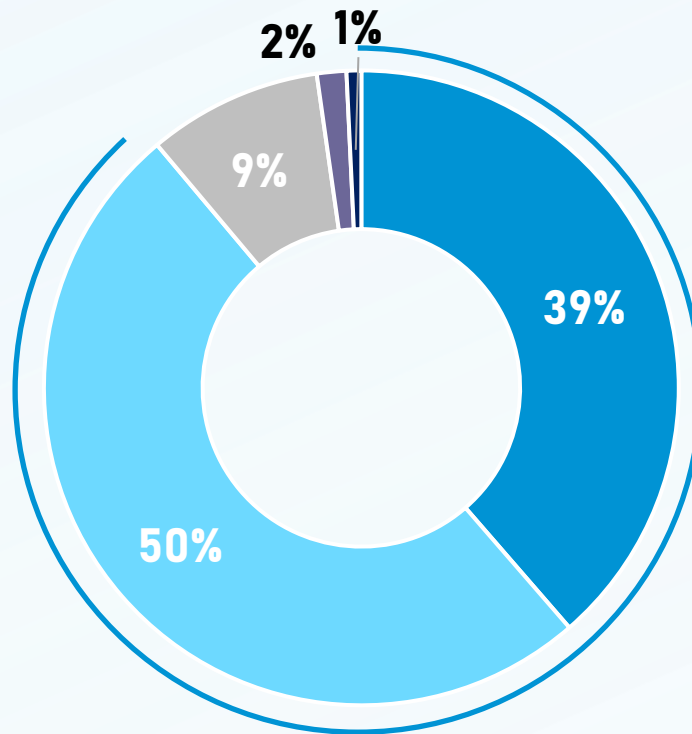
- There are multiple ways PEOs provide companies with a competitive advantage when it comes to hiring and retention.

Benefits

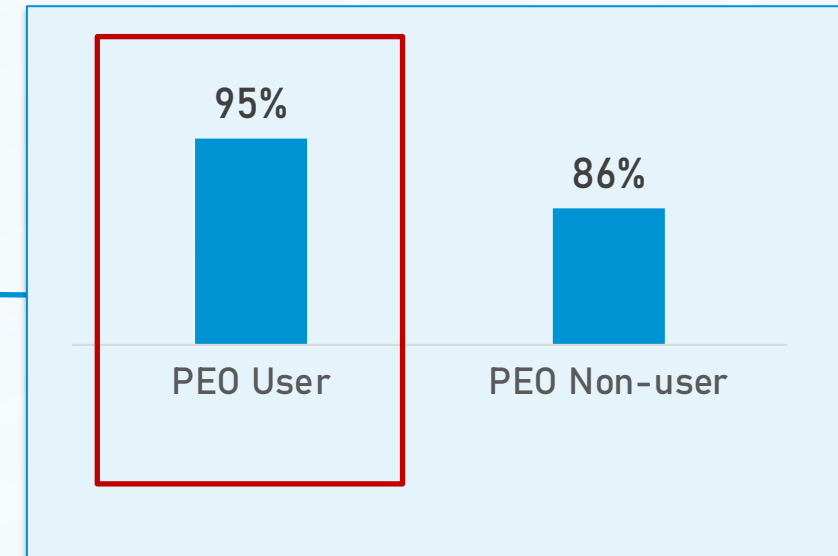
89% of business decision makers report their employees are satisfied with their benefits packages; however, reported employee satisfaction is higher among PEO users.

Q: Generally speaking, how satisfied are your employees with your current benefits package(s)?

● Very Satisfied ● Satisfied ● Neutral ● Dissatisfied ● Very Dissatisfied



Total Satisfied: 89%

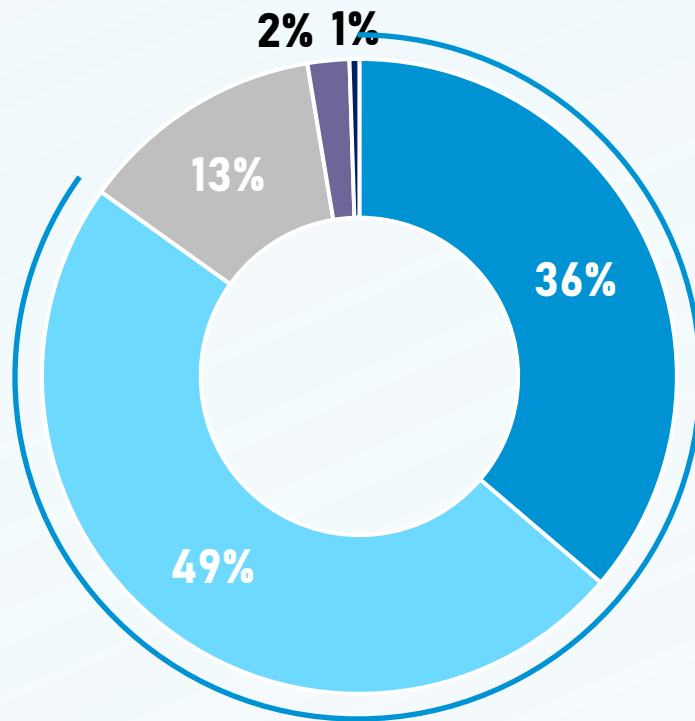


Base: Total Sample, n=800

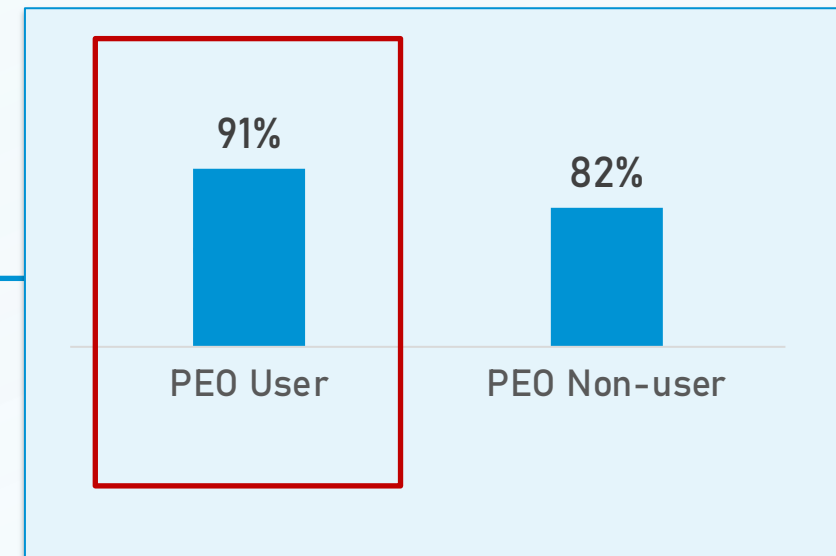
Business decision makers overall (85%) report their PTO policies are effective in supporting their employees' work-life balance and, again, PEO users report even greater effectiveness (91%).

Q: How would you rate the effectiveness of your PTO policies in supporting employee work-life balance?

● Very Effective ● Effective ● Neutral ● Ineffective ● Very Ineffective



Total Effective: 85%

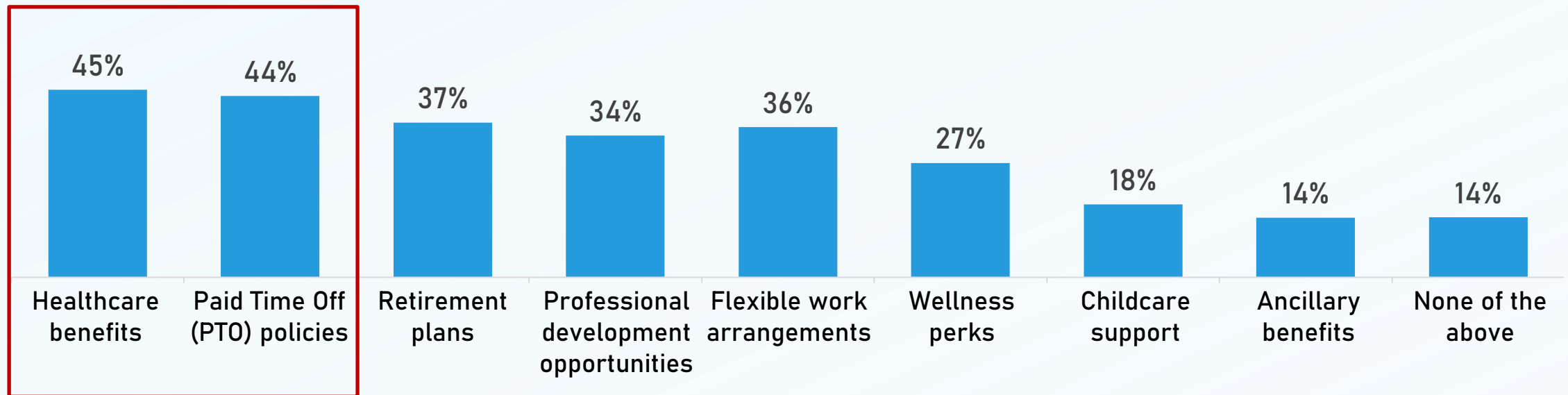


Base: Total Sample, n=800

Healthcare benefits (45%) and PTO policies (44%) are the most reported recently enhanced employee benefits offered by businesses.

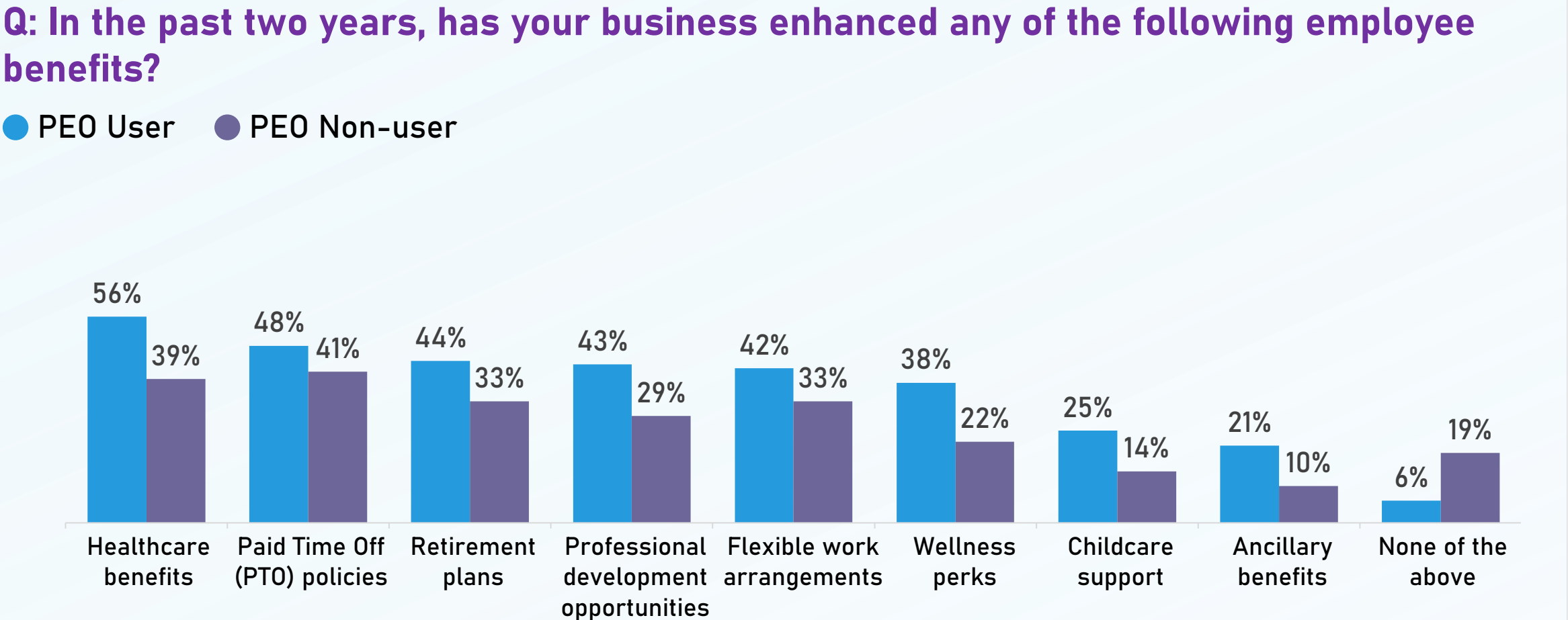
Q: In the past two years, has your business enhanced any of the following employee benefits?

● Total



Base: Total Sample, n=800

PEO users report offering enhanced employee benefits at higher rates compared to non-users.



Base: Total Sample, n=800

Key Takeaways: Benefits

Strategic Insight For Your Business:

- Most companies probably want to grow and scale their business, so explain how PEOs can help; talk about the difference between companies that use a PEO versus those that do not.

PEO Value Proposition:

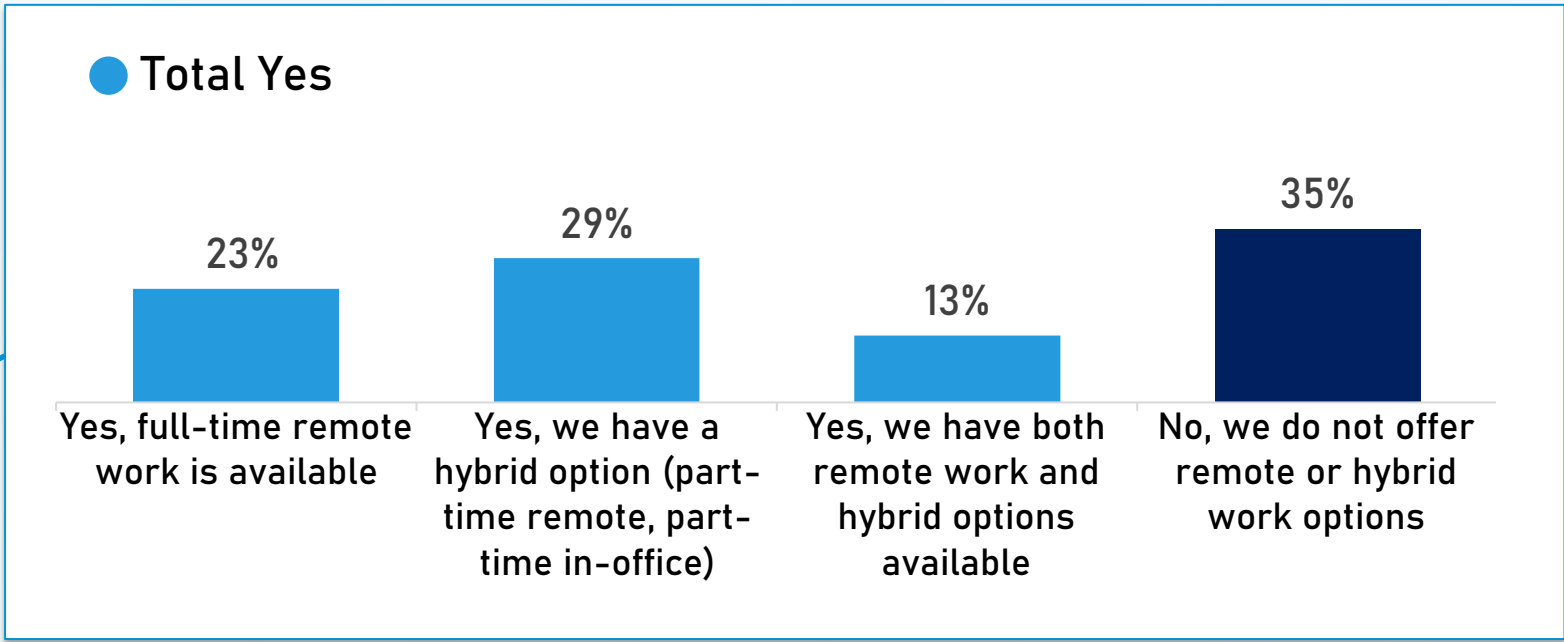
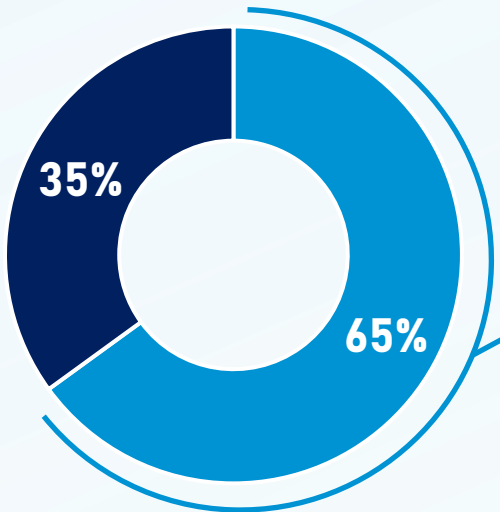
- 95% of companies that use a PEO feel that their employees are satisfied with their company's benefits package.
- Moreover, companies that use a PEO report that they are more on top of being able to make enhancements to their benefits package.

Remote Work

A majority (65%) of small to medium-sized businesses currently offer remote or hybrid work options.

Q: Does your company currently offer remote work options?

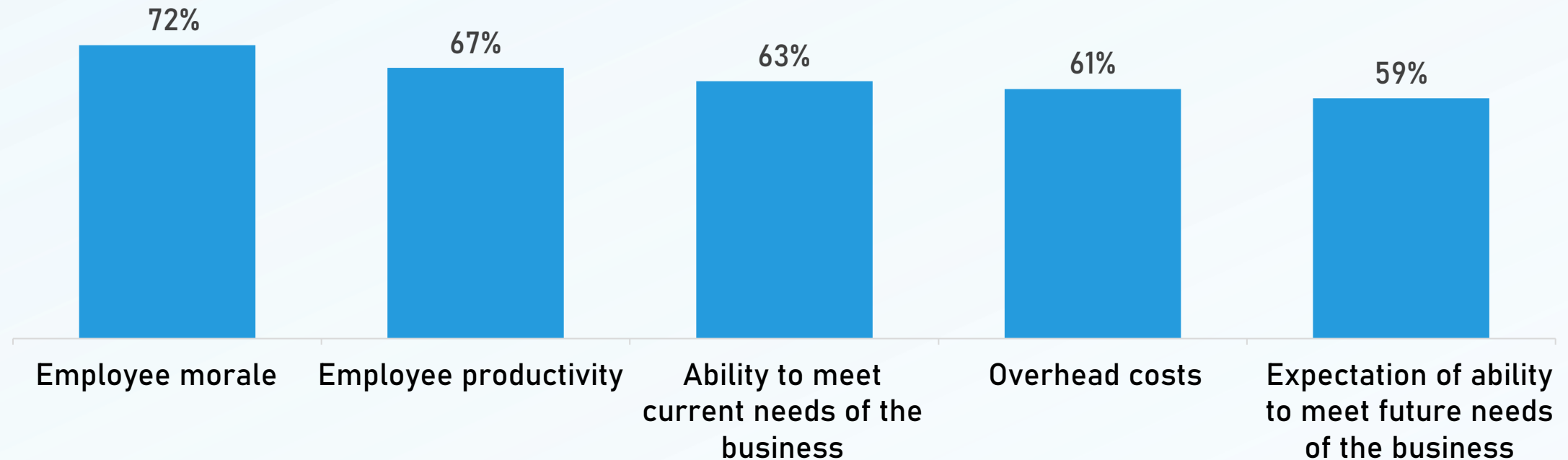
- Yes
- No



Remote work has had a positive impact on small to medium-sized businesses, especially when it comes to their employees.

Q: How does / has remote work impact(ed) your business when it comes to the following?

● Total Positively

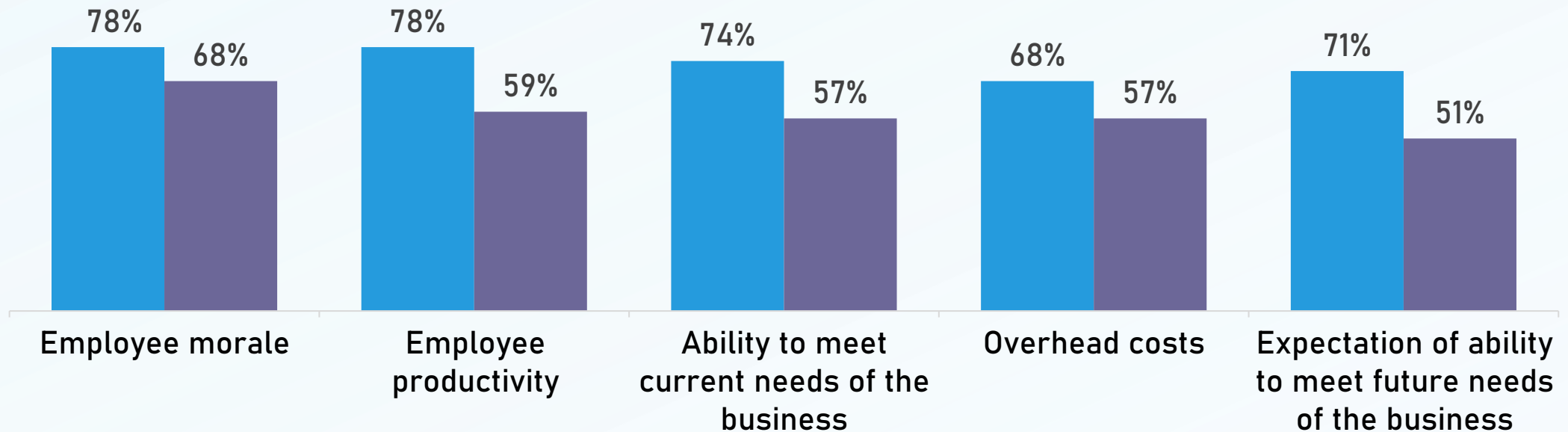


Base: Offer remote work, n=521

PEO users report increased positive impacts of offering remote work options compared to non-users.

Q: How does / has remote work impact(ed) your business when it comes to the following? (Total Positively)

● PEO Users ● PEO Non-users

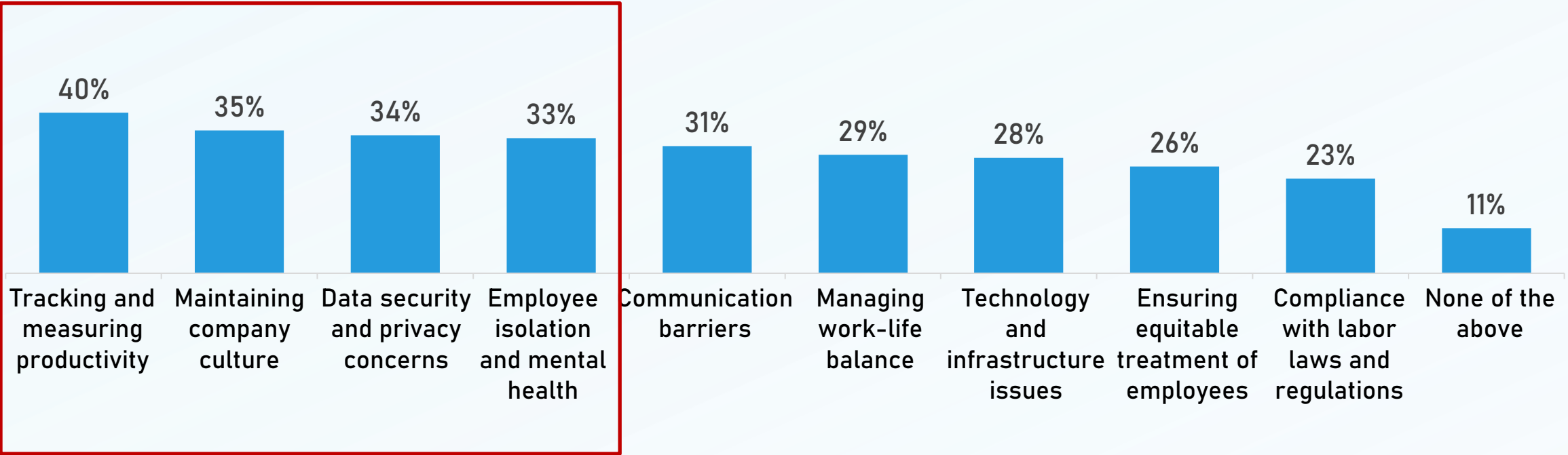


Base: Offer remote work, n=521

The greatest challenges of offering remote work options include measuring employees' productivity (40%), maintaining company culture (35%), data security (34%), and employee isolation (33%).

Q: What challenges do you face due to offering remote or hybrid work options?

● Total

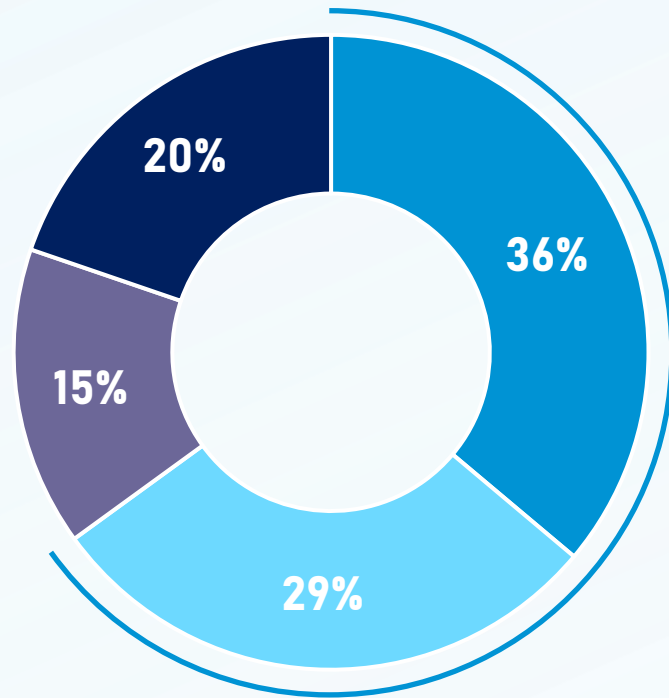


Base: Offer remote work, n=521

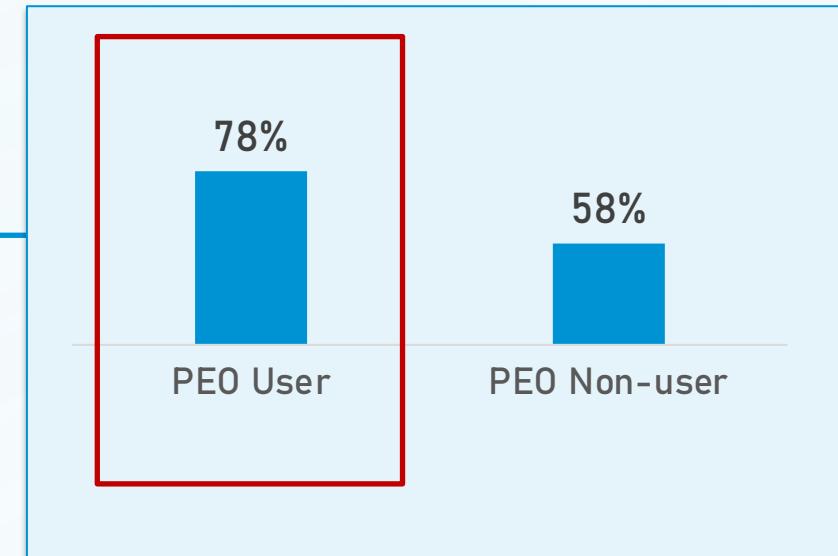
Remote work is important to a majority (65%) of business decision makers' strategic plans for growth and is significantly more important for PEO users (78%).

Q: How important is remote work to your overall strategic plan for growth and scalability?

● Very Important ● Important ● Not Very Important ● Not Important at All



Total Important: 65%

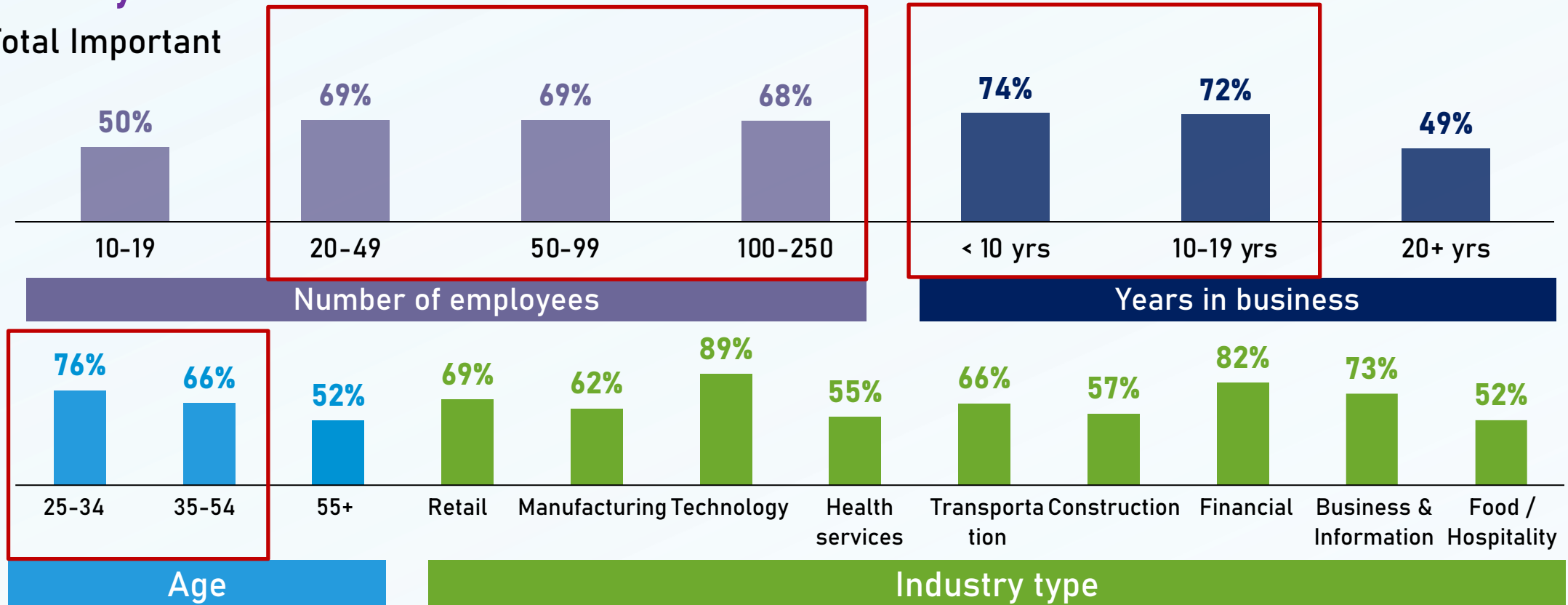


Base: Total Sample, n=800

Remote work is important to a majority (65%) of business decision makers' strategic plans for growth but is significantly more-so among certain segments.

Q: How important is remote work to your overall strategic plan for growth and scalability?

● Total Important



Base: Total Sample, n=800

Key Takeaways: Remote Work

Strategic Insight For Your business:

- Most employers view remote work as an important aspect of their business. While it provides benefits, it also yields challenges. Thus, it makes these companies good targets for PEOs.

PEO Value Proposition:

- Survey data shows that PEO users are better able to navigate remote work than non-users.

Thank you

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