



Gallagher

Insurance | Risk Management | Consulting

DATA DRIVES DECISIONS™

SMALL BUSINESS

— 2024 —
WORKFORCE
TRENDS
REPORT
SERIES

Findings and insights from the 2024 Benefits Strategy & Benchmarking Survey

US EDITION



TABLE OF CONTENTS

- 3** INTRODUCTION
- 5** KEY TAKEAWAYS FOR SMALL BUSINESS EMPLOYERS
- 6** ORGANIZATIONAL WELLBEING
- 8** PHYSICAL & EMOTIONAL WELLBEING
- 10** CAREER WELLBEING
- 12** FINANCIAL WELLBEING
- 14** FINAL REMARKS
- 15** ABOUT GALLAGHER

Introduction

All employers confront many of the same hiring and retention challenges. What's often unique among successful small businesses is the ability to differentiate their employee value proposition through distinct cultural attributes and greater operational stability. Offering an affordably broad selection of benefits and career growth opportunities is key.

Wellbeing is at the center of **Gallagher Better WorksSM**, our comprehensive approach that aligns your people strategy with your overall business goals. It focuses on the full spectrum of organizational wellbeing — taking a strategic approach to investing in employee wellbeing at the right cost structures to support diverse workforce needs.

Part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on 967 small businesses that participated in our 2024 Benefits Strategy & Benchmarking Survey. From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



Michelle Maliska

Division Vice President, Small Business
michelle_maliska@ajg.com



Kathleen Schulz

Global Innovation Leader, Organizational Wellbeing
kathleen_schulz@ajg.com



Benefits Strategy & Benchmarking Survey Small Business Participant Profile

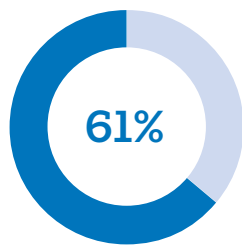


967
Small businesses

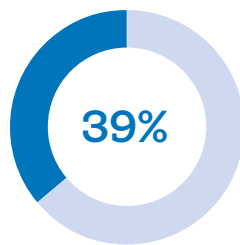
Workforce size — full-time equivalents (FTEs)



Ownership structure

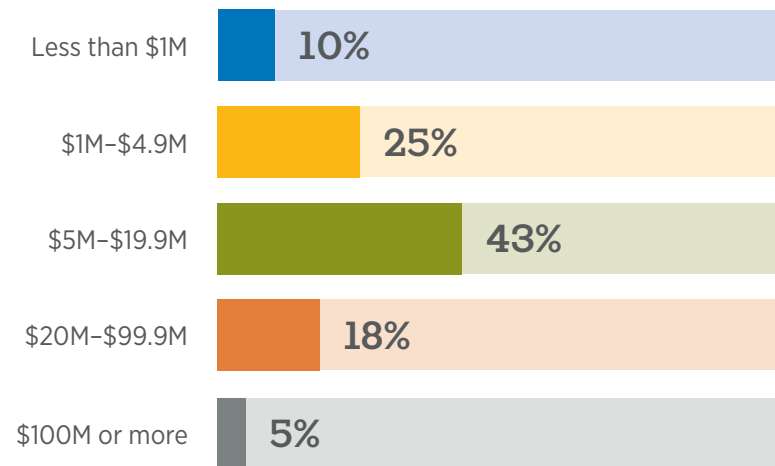


For profit

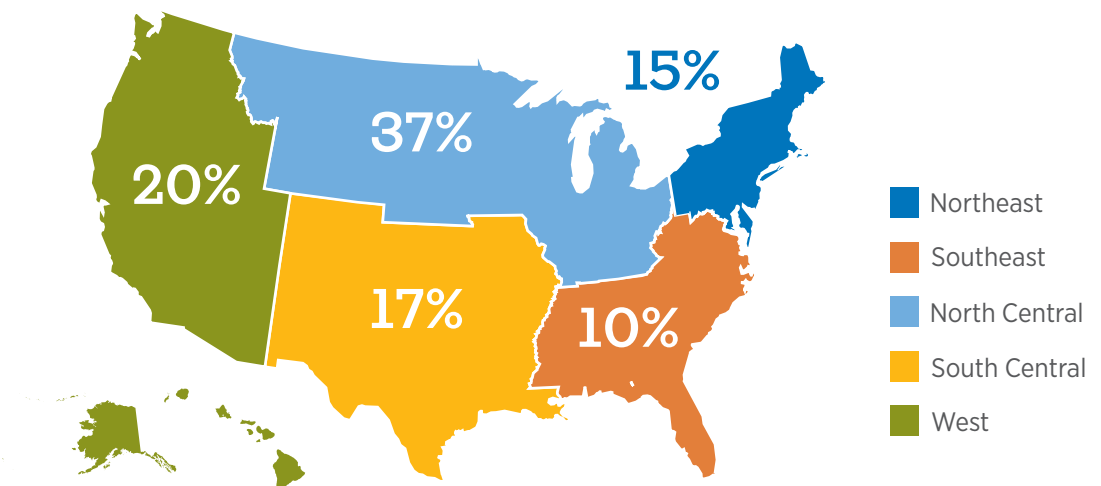


Nonprofit

Annual operating revenue



Geography



Key Takeaways for Small Business Employers

Organizational Wellbeing



An enhanced digital experience can increase employee satisfaction and employer efficiencies.

Physical & Emotional Wellbeing



Providing choice in medical, pharmacy, and absence management benefits broadens their suitability and appeal.

Career Wellbeing



A structured path for professional growth in an inclusive work environment boosts career satisfaction.

Financial Wellbeing



Offering guidance on spending and savings habits through educational programs supports employee financial stability.

Organizational Wellbeing

Enhancing the digital experience can increase satisfaction for employees and efficiencies for employers.

Staffing is a high priority for small businesses that are often tasked with tightly managing operating costs. When larger employers offer a wider range of benefits and career paths, creating a strategy with a clear path for growth can help to flatten the competition, especially for start-ups. And employees will see proof of a commitment to the future.

Technology has become a valuable partner in success, both improving the employee experience and creating employer efficiencies. Most workers prefer digital tools, and work agility often relies on strong communication platforms.

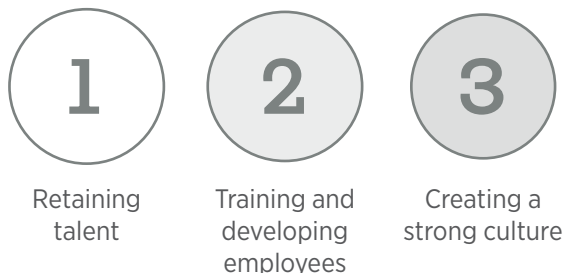
HR technology automates benefits administration and helps to connect workers with programs and resources that support their total wellbeing. Through improved employee satisfaction and productivity, these processes also increase organizational wellbeing.



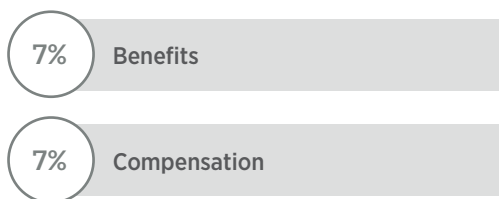
Nearly
2 in 5

Expect to add and/or upgrade their HR technology solutions by 2026

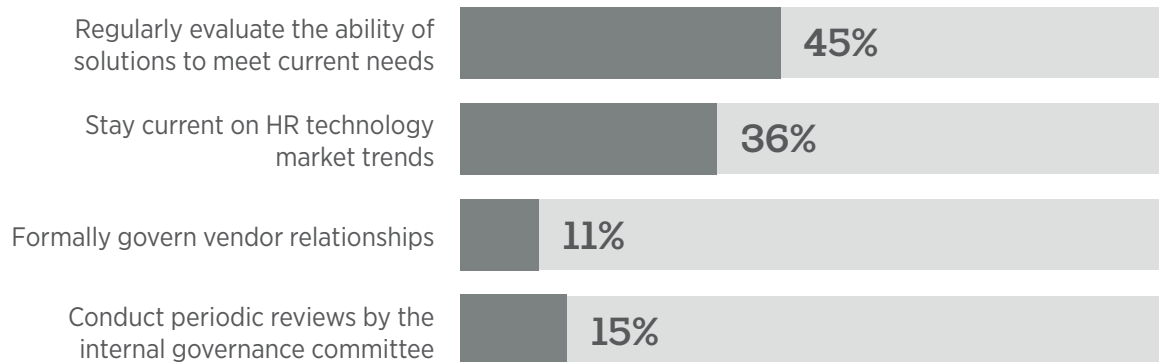
Top HR priorities



Take a multi-year approach to planning

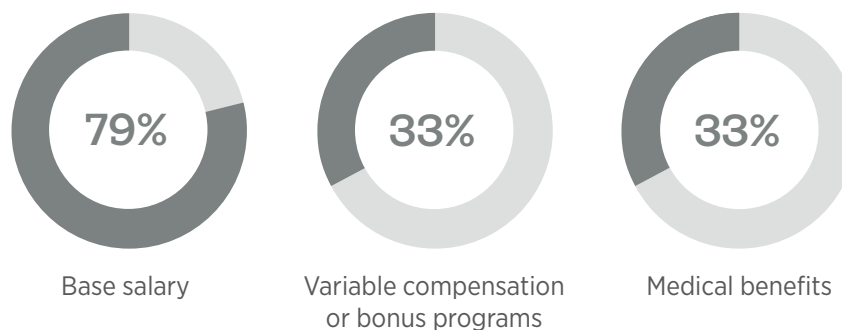


Actions taken to optimize the organization's HR technology investment



9% Have a comprehensive HR technology strategy that aligns with organizational strategies

Total rewards enhanced to support employee recruitment and retention



Physical & Emotional Wellbeing

A balanced approach to choice and affordability of health benefits can create a happy medium.

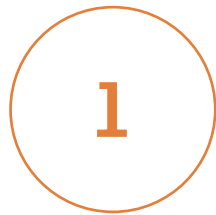
Offering medical, pharmacy, and absence management benefits is the basis for a commitment to holistic health. With the addition of voluntary options and wellbeing programs, employers can more fully address individual employee needs. Essentially, a balance of choice and affordability is likely to have broad appeal among workers.

Widely apparent in recent years, the influence of stress on emotional wellbeing can be a costly issue for employers. Managers are uniquely situated to recognize signs of distress and respond appropriately to help prevent burnout and mental health issues. Awareness of how to direct employees to support resources and how to discuss their concerns is key.

A competitive approach to paid time off (PTO) is also important. Employers should consider policies that help people stay refreshed and safeguard their health with work-life integration.



Top healthcare cost-management challenges



High cost of medical services



High cost of prescription drugs (non-specialty)

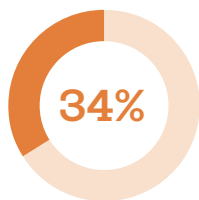


Unhealthy covered population (employees and dependents)

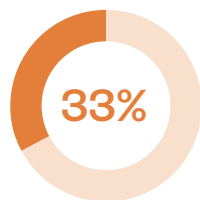
56%

Did not increase employee cost sharing at the most recent renewal

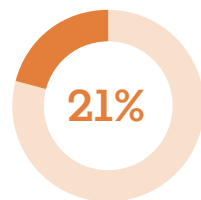
Number of medical plans offered



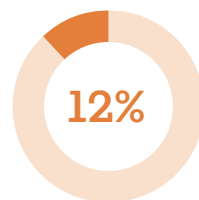
1



2



3



4 or more

71%

Agree leaders are concerned about the impact of stress and burnout on the organization

Approach to PTO

49%

Combined bank of days

45%

Separate vacation, sick, and personal days

6%

Unlimited PTO

Less than

2 in 5

Believe managers are well-equipped to refer employees to mental health support services

Career Wellbeing

Structuring a path for growth in an inclusive work environment improves career satisfaction.

Small businesses are solving the attraction and retention dilemma by focusing on engagement and career wellbeing. Approaches that include ongoing performance evaluations, constructive feedback, and two-way communication lay the groundwork. A clear growth path helps employees rise to their full potential.

Engagement needs to be cultivated, and employers are elevating or maintaining employee levels by using consistent strategies across all organizational levels. Measuring engagement through surveys often provides invaluable insight and direction for continuous improvement.

Policies and practices that promote diversity, equity, and inclusion (DEI), while helping to correct imbalances, will likely support a competitive advantage. Every day, opportunities exist to strengthen employees' sense of inclusion, and company-wide efforts can help everyone feel respected and appreciated.



Tactics used to improve employee engagement



43%

Have a strategy for improving employee engagement

Top components of career wellbeing initiatives



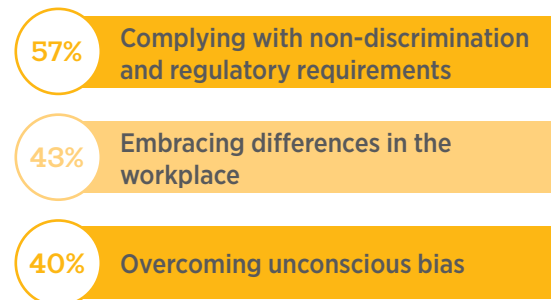
More than **2 in 5**

Have conducted a survey to measure employee engagement since 2022

40%

Report that the key purpose of their current DEI initiatives or strategy is to align with the core values of the organization

Focus of DEI training programs



Financial Wellbeing

Education and resources support better spending decisions, saving habits, and financial stability.

Building financial stability steadily fortifies holistic wellbeing, from day one through retirement. The sooner employees commit to this process, the longer they're likely to benefit from managing financial and overall stress. Many employers offer resources for saving and managing money while encouraging participation with targeted communications.

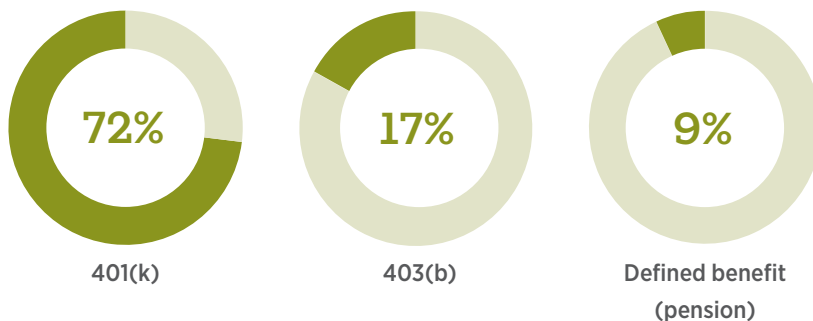
Saving and investing for retirement is widely supported both inside and outside of organizations. As more states establish mandatory programs for companies that don't offer these options, small employers are increasingly interested in providing their own retirement plans.

Sponsoring a stand-alone plan works for many, but others may want a more efficient alternative such as a pooled employer plan or a retirement plan exchange. Either choice can limit the employer's time, effort, cost, and potential liability as the plan sponsor.

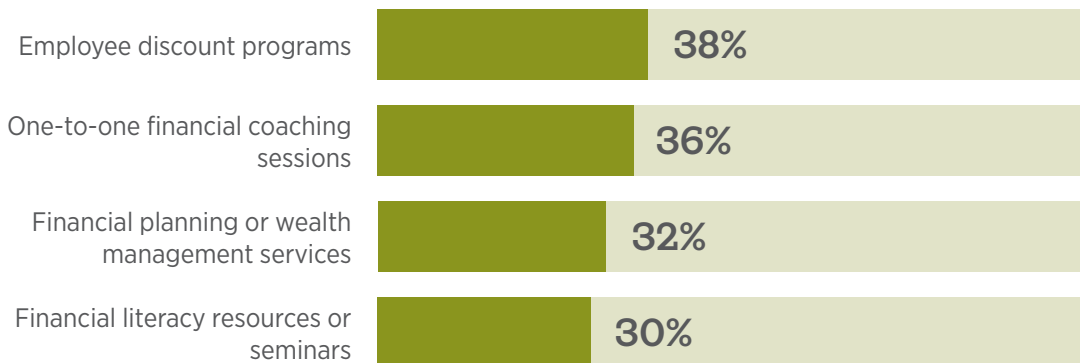


80% Have a retirement program

Most common active retirement plans offered



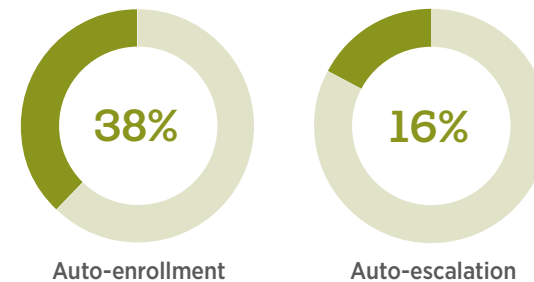
Top components of financial wellbeing initiatives



More than
3 in 4
Match employee contributions

47% Offer tuition assistance

Methods used to promote better savings habits



Final Remarks

Small businesses may be dedicated to controlling operating expenses, but employees are also a central priority. Creativity is a hallmark that keeps them running strong as they consider how to compete for talent. With a tendency toward close-knit cultures, they stand out from their larger peers, and relative business stability can offer workers a clearer outlook for career progression.

Interest in exploring and implementing technology has increased, not only for automating business processes but also for connecting organizational wellbeing efforts. In particular, HR technology enables both agile work arrangements and the flexibility that employees value so highly.

A strong foundation of healthcare, absence, and retirement benefits provides access, affordability, and choice. Voluntary options and supplemental resources add another competitive layer with support for employee financial wellbeing and stress management, aligned with individual needs, preferences, and expectations.

For additional insights and custom benchmarking on the latest trends impacting small businesses, contact your local Gallagher consultant or visit [AJG.com/us/small-business](https://www.ajg.com/us/small-business).

About Gallagher

Your people are your organization's greatest asset.

But daily hardships — like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work — can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement, and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labor market.

As employees across all geographies, industries, and employer types navigate the ever-changing world, organizations must critically evaluate their people's experience in the workplace — finding unique ways to engage teams, establish authentic connections, and support employee wellbeing overall.

Doing so can help your business attract top talent, motivate employees, and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better WorksSM — a comprehensive approach for strategically investing in benefits, compensation, retirement, employee communication, and workplace culture so you can support your people's physical and emotional health, financial confidence, and career growth at the right cost structures.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher offers you data-driven insights — allowing you to make the most of your investment in talent, deliver a better people experience, and reduce organizational risk.

Even in times of uncertainty, Gallagher's consultants are here to help you optimize your profitability with a strategy rooted in the wellbeing of your people — so you can face the future with confidence.



TERMS OF USE

The intent of this Survey is to provide you with general information regarding current practice within the employee benefits environment. The data does not constitute recommendations or other advice regarding employee benefit programs, and the user is in no way obligated to accept or implement any information for use within their organization(s). The decision to utilize any information provided rests solely with the user, and application of the data contained does not guarantee compliance with applicable laws or regulations regarding employee benefits. Information provided by the Survey, even if generally applicable, cannot possibly take into account all of the various factors that may affect a specific individual or situation. Additionally, practices described within the Survey should not be construed as, nor are they intended to provide, legal advice.

The Website and the Content do not constitute accounting, consulting, investment, insurance, legal, tax or any other type of professional advice, and should be used only in conjunction with the services of a Gallagher consultant and any other appropriate professional advisors who have full knowledge of the user's situation.

Gallagher does not represent or warrant that the Content will be correct, accurate, timely or otherwise reliable. Gallagher may make changes to the Content at any time. Gallagher assumes no responsibility of any kind, oral or written, express or implied, including but not limited to fitness for a particular purpose, accuracy, omissions and completeness of information. Gallagher shall in no event whatsoever be liable to licensee or any other party for any indirect, special, consequential, incidental, or similar damages, including damages for lost data or economic loss, even if Gallagher has been notified of the possibility of such loss. For the purposes of this section the term "Gallagher" shall be construed so as to include Gallagher Surveys as a marketing division and/or Gallagher Benefit Services, Inc. and its affiliates.

Gallagher Fiduciary Advisors, LLC ("GFA") is an SEC Registered Investment Advisor that provides retirement, investment advisory, discretionary/named and independent fiduciary services. **GFA** is a limited liability company with Gallagher Benefit Services, Inc. as its single member. **GFA** may pay referral fees or other remuneration to employees of AJG or its affiliates or to independent contractors; such payments do not change our fee. Neither Arthur J. Gallagher & Co., **GFA**, their affiliates nor representatives provide accounting, legal or tax advice.

Securities offered through **Osaic Wealth, Inc.** member FINRA/SIPC. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**. Neither **Osaic Wealth** nor their affiliates provide accounting, legal or tax advice. **GFA/Osaic** CD (6592950)(exp052026).

For institutional use only. Not for public distribution. All rights reserved. No part of this book, including the text, data, graphics, interior design and cover design may be reproduced or transmitted in any form, without explicit consent from Arthur J. Gallagher & Co.

