

Happy Employees Equal Happy Customers Equal Happy Bottom Line - SME Companies' Employee Benefits Attitudes and Practices

Phoenix MRC Limited, an independent insight and market research company was commissioned by a leader UK employee benefits organisation to provide an understanding of SME behaviours regarding employee benefits. Until recent years, buying formal benefits for employees was mostly the realm of larger companies but now smaller companies have begun to realise that offering employees benefits in addition to just salary can be a win-win, a better way to remunerate employees

How we gathered insights

The work had two stages. First, we carried out 30 depth interviews amongst decision makers from Medium, Small and Micro sized businesses. All those involved in the interviews said they were involved in employee benefits decision making or implementation for their companies. Interviews lasted 40 minutes to 1 hour.

Then we carried out two online focus groups, one amongst 20 SME company decision makers and one amongst brokers who worked with SME companies.

and a way to help the company prosper, too. Through the research we wanted to understand what motivated smaller companies to invest in benefits and considered all kinds, both informal benefits like flexible working and more formal, contractual benefits like medical plans and income protection. These are our key findings.

The top employee-related business issues

Nearly all the SME businesses identified the same top employee-related issues for their businesses: recruitment and retention.

Businesses that were more proactive in the way they tried to engage and actively communicate with staff tended to find recruitment more of an issue than retention. These businesses were also more inclined to offer employees a wider range of benefits, both formal, such as Medical, Life Insurance, Death in Service or Critical Illness benefits as well as informal benefits like flexibility

in work hours or patterns.

The effects of the Covid-19 Pandemic

All businesses described the scramble to adjust and reorganise to the changing situation of the current Covid pandemic. Covid had accelerated the rising prominence of health support as a benefit employers considered for employees,

especially mental health support. Packages that improved access to GPs, physiotherapy or mental health support now seemed especially attractive to employers.

Where to find out about employee benefits

Ideas for employee benefits came from both management itself and from staff. Online sources were important. Google stood out but also job advert sites and SME support sites such as Indicator FL. Larger SMEs, especially those with dedicated HR personnel used CIPD heavily and some used industry-specific organisations for ideas and information about employee benefits as well as external HR consultants and sometimes brokers. For those without designated HR personnel, the MD or business owner was more likely to be involved in sourcing ideas and additionally used local or personal business networks. These organisations also turned to their accountant or payroll provider for information or advice relating to employee benefits.

Choosing which benefits to offer

Across the board, personal experiences were extremely influential in the choice of which benefits companies prioritised. This might have been an occasion when provision of a benefit helped the business decision makers or influencers in the company or the experience of benefits that were – or were not – valued in a previous company. Additionally, the belief that staff would use a particular benefit and ease of access to facilitate staff use were also key factors in selecting and implementing benefits.

Where SMEs go to find out about employee benefits



Online search



HR support sites



Professional membership sites



Job adverts

Happy Employees Equal Happy Customers Equal Happy Bottom Line - SME Companies' Employee Benefits Attitudes and Practices

In more proactive companies, both staff and management generally invested more management time and interest in considering staff benefits. In these, management were far more likely to actively solicit staff views on specific employee benefits.

Some companies with parent companies talked of wishing they might offer more employee benefits but felt held back by them and said they would welcome help from providers in putting the case for the advantages that providing specific employee benefits would bring to the bottom line, recruitment or retention of staff.

Many companies where more formal, purchased benefits were dismissed as 'not right for their company' told us they had dismissed them rather than try to investigate them. These often felt they knew their staff well and expressed very paternalistic attitudes towards staff. They also said they felt that providers were not interested in their custom. Others who had investigated them found that there were benefits products suitable for companies their size and often the administrative burden involved in providing them was not too great. However, they, too, felt that product targeting was less likely to be aimed at them.

Brokers were normally used when products like Death in Service (usually as part of Group Life Insurance) or Critical Illness cover were bought but more personal, lower cost benefits like bike to work schemes or nursery vouchers were more likely to be bought direct from providers. Among the most common purchased benefits were product discount schemes but many of the SMEs we talked with had discontinued them when they found the platforms for particular discount

schemes were not user friendly or that staff uptake was low in practice.





In contrast, a strong purchase motivator for some companies was the notion that they could offer a serious benefit to staff and their families at a cost lower than staff members could buy individually – that the cost saving from the multiple or bulk buying power of a company-provided benefit for their employees gave staff something they could not or would not buy themselves, like dental or health cover or death in service. They felt these would be both beneficial to staff and help to promote staff recruitment and retention.

Seeing the value in broker relationships

Those who did use brokers for employee benefits said they really valued building a relationship with them where brokers got to know their company, its needs and values. When this happened, brokers might move from being expeditors, who helped find the way through what some perceived to be as complicated markets or products to being trusted, often long-term advisers. Fears that brokers might look down or talk down to companies their size for the most part tended not to be founded. Brokers spoke to how investing in the health and wellbeing of employees could increase the company's profits by improving the speed at which employees returned to work after sickness, improve retention and productivity and help a company stand out from other employers.

The research indicated that providers who could reduce SME's administration time involved in providing and managing benefits or could assist them by also providing up-to-date HR information or templates or employee's self-serve benefit apps would find favour with SMEs. The research indicated that brokers are in touch with these needs amongst SMEs.

10 Most Purchased Benefits

 Bike to Work Scheme	 Income Protection
 Life Insurance	 24/7 Mobile GP access
 Mental health support	 Discounts/vouchers
 Lifestyle & wellbeing support	 Health care/cash plan
 Childcare vouchers	 Staff events & training

About us

Phoenix MRC Limited has over 25 years' experience providing insight and research across a wide range of business sectors in the UK and internationally. We help businesses achieve their goals through understanding their customers, their employees and their partners.
www.phoenixmrc.co.uk

Contact us at
enquiries@phoenixmrc.co.uk
or on 01242 256 816.