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2024 Priorities for Business Leaders

A STRATEGIC ROADMAP TO DRIVE GROWTH

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INTRODUCTION

Business leaders have emerged from a series of challenging years with resilient attitudes and resolve to seize the growth opportunities on the horizon. Robust revenues are bolstering attitudes and fueling plans. Economic worries persist, but they are less pronounced than last year. Business leaders plan to use all available technology and tools to attract and keep customers, build the best possible teams, and streamline operational efficiencies to achieve their goals. Head counts are up, and leaders recognize they must use a wide range of resources to hire, nurture, and maintain their teams. Harnessing AI and strategic outsourcing is the fundamental to streamlining HR administration, enabling leaders to dedicate more time and focus to business objectives.

By surveying 600 U.S.-based business and HR leaders from companies with 5 to 500 employees across various industries,¹ we can provide insight into their plans, priorities, and problem-solving solutions as companies rebuild and prepare to seize the opportunities ahead.

Read on to explore:

- **How leaders plan to use the revenue from growth to focus on their people**
- **The HR challenges shaping next year's priorities**
- **Why career planning and skill-building are competitive tools**
- **Benefits that work best to retain employees**
- **The shocking cost of HR administration and how to lower it**
- **How leaders manage multi-location and remote team compliance**
- **Top ways AI will change HR administration this year**

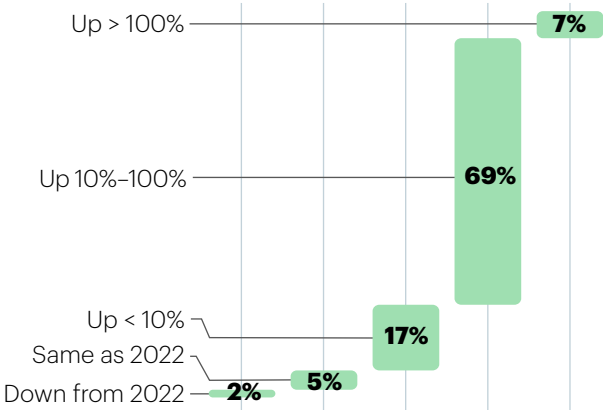


SURVEY FINDINGS

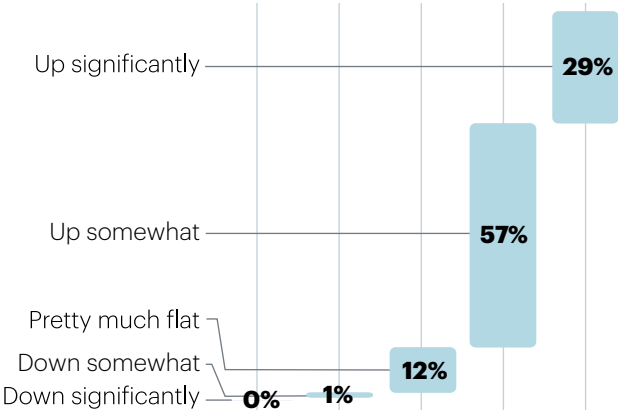
Business Outlook and Hiring Plans

Three-quarters of all business leaders expect double-digit growth in the current year. That’s almost twice last year’s number and more than twice the results from two years ago.² Those at the helm know they need people to keep pace with this expansion. Nearly 9 out of 10 companies plan to increase head count, and close to one-third say they will increase it significantly in the year ahead.

Revenue Outlook



Head Count Outlook





Finances continue to weigh on leaders, but they're less worried than last year. Six in 10 say economic conditions — interest rates, inflation, and the threat of a financial slowdown — are top challenges. But, compared to last year, inflation alone concerned 10% fewer respondents. One area related to inflation where clients continue to express concern is escalating healthcare costs. The cost of benefits increased nearly 4% for the 12 months ending September 2023.³ Working with a professional employer organization (PEO) can help to reduce healthcare costs significantly.⁴

Business Challenges

Responses for extremely or very challenging

Top 3 Business Challenges

Rising interest rates (65%)

Inflation (63%)

Threat of an economic slowdown (63%)

Additional Business Challenges:

- Finding/retaining qualified employees (62%)
- Winning new customers (61%)
- Keeping our data and applications secure (60%)
- Retaining current customers (55%)
- Staying current with technology (55%)

Looking at all the business challenges, some interesting changes emerged from last year. Roughly twice as many business leaders this year say that finding and keeping loyal customers is tough, ranking seventh in this year's list. And more than half of respondents say protecting data security (ranked sixth this year) and keeping up with technology (ranked eighth this year) is challenging.

Beyond economic roadblocks, businesses are laser-focused on the perennial challenge of finding and keeping employees. Last year, 46% of business leaders characterized hiring and retention as extremely or very challenging. In this year's survey, 53% say attracting employees is a struggle. This issue has been one of the top challenges for business leaders each year we've conducted the survey.

HR Challenges

Responses for extremely or very challenging

Top 3 HR Challenges

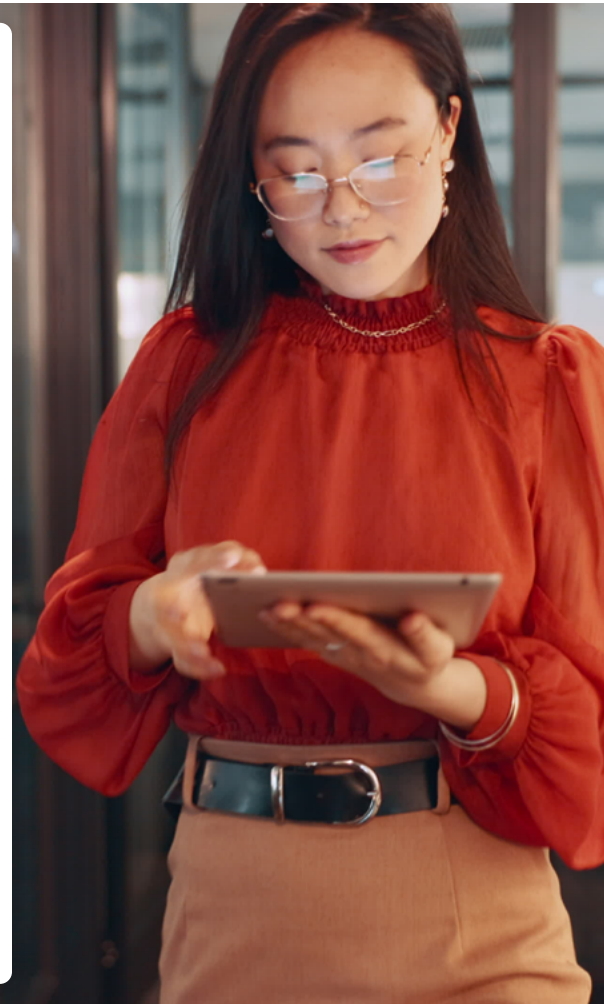
Risk management **(56%)**
Managing workers' compensation [tie]

Leadership development **(54%)**

Attracting talent **(53%)**
Total rewards
Offering competitive compensation and benefits [tie]

Additional HR Challenges:

- Managing performance **(52%)**
- Benefits administration **(51%)**
- Training and skill-building **(51%)**
- Maintaining regulatory compliance **(50%)**
- Employee offboarding/onboarding **(46%)**
- Payroll processing **(41%)**



Managing risk is a serious undertaking, with OSHA violations bringing penalties of up to \$15,625 daily.⁵ Businesses don't have to tackle this alone if they work with a PEO. PEOs can deliver 4% savings in average annual workers' compensation costs per employee and fewer concerns about hiring, retaining, and motivating employees.⁶

HR Challenges:

In Their Own Words

“Changes in the market and shift in customer preferences that make it challenging to gain and keep customers.”

— New York-based retail company with 5-19 employees

“Landing top talent for all roles and keeping management in place.”

— Texas-based nonprofit with 50-99 employees

“Technology implementation and managing the unpredictable nature of data security.”

— Florida-based manufacturing company with 100-500 employees



HR Administration Overload

Time Is Money: What HR Administration Really Costs

The time and money spent on HR administration tasks, such as processing payroll, administering benefits, and managing workers' compensation claims, is staggering. Sixty-four percent of companies spend over 570 hours a year on HR administration, and annual spending for the biggest businesses is as high as \$375,000.

Another way to look at the time is that two-thirds of all companies spend at least 11 hours a week — or 14 full weeks a year — on HR administration. Time spent is up significantly from last year across all company sizes, with the estimated annual average time up by 70%.

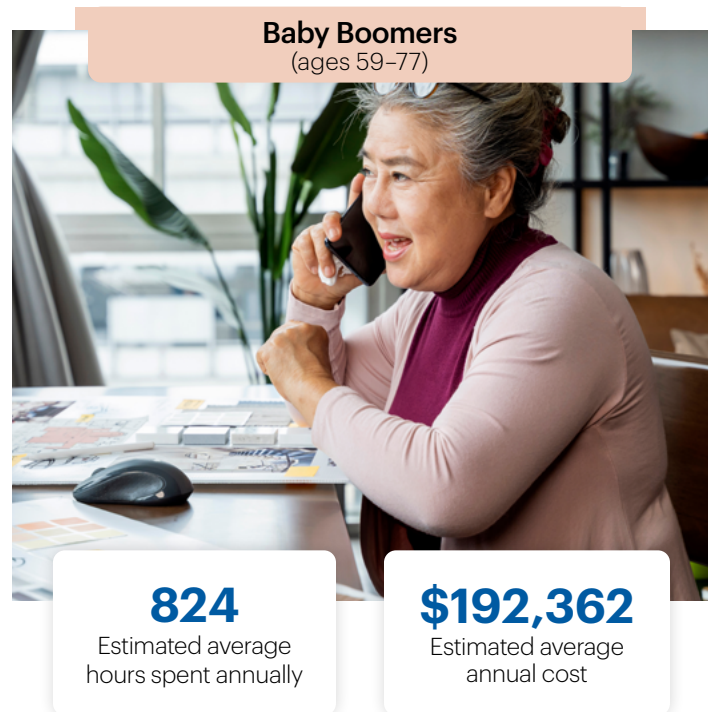
Working with a PEO can save businesses an average of \$1,775 per employee per year in HR-related costs.⁷ By working with Paychex, Plumbing M.D. reportedly saved 960 hours a year researching HR issues while achieving 30% year-over-year sales revenue growth.

Where do the time and money go? The short answer is that retirement and benefits administration (for 401(k), health, dental and vision plans) and payroll are the top three drivers of time and expense.

	Hours spent annually
401(k) or other retirement plan management	80
Benefits administration	76
Payroll processing	76
Managing multiple HR systems/applications	75
People management	74
Maintaining regulatory compliance	74
Measuring and managing employee performance	72
Recruiting and onboarding	64
Risk management/managing workers' compensation	60
Tracking employee hours worked	52
Other HR administrative tasks	30
Average Total Time Spent per Year	733

Cost of HR Admin Has a Generation Gap

Leaders in different generational age brackets devote a lot of time and resources to HR administration. Interestingly, Gen Z is spending significantly more time and money than other leaders, followed by Baby Boomers.⁸





Attracting and Keeping Talent

Delivering on What Employees Want

Successful leaders understand that building, developing, and supporting employees is their number one job. Given this, it makes sense that more than half of all business leaders say employee career planning and skill-building are top priorities for the next 12 months.

People Management Priorities in the Next 12 Months by Company Size

5-19 employees

1. Improving employee career planning and skill-building
2. Evolving benefits offerings to attract and keep high-quality employees
3. Improving employee recruiting and retention

20-49 employees

1. Evolving benefits offerings to attract and keep high-quality employees
2. Improving employee career planning and skill-building
Improving performance management [tie]

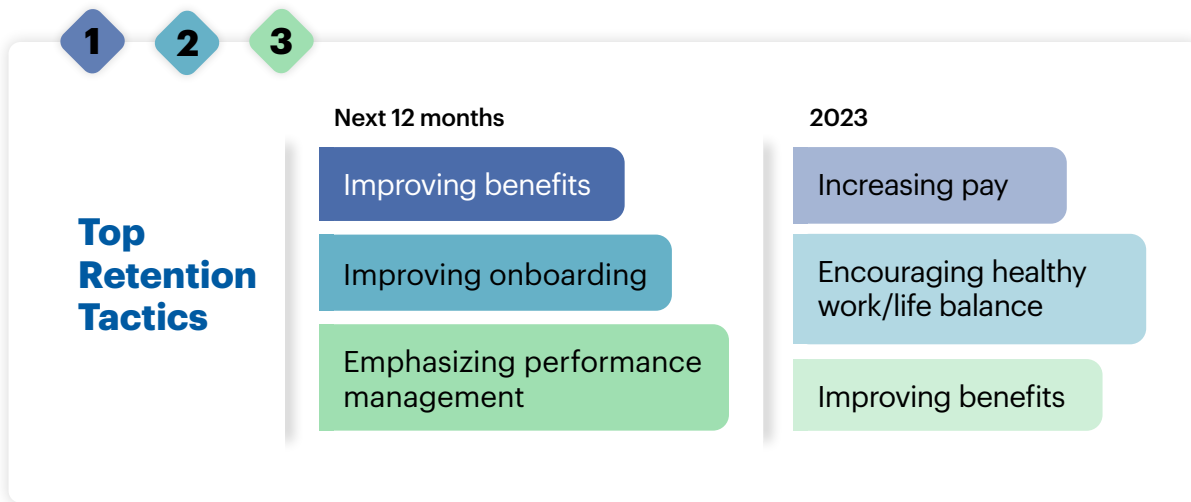
50-99 employees

1. Improving employee career planning and skill-building
2. Evolving benefits offerings to attract and keep high-quality employees
3. Improving employee recruiting and retention

100-500 employees

1. Evolving benefits offerings to attract and keep high-quality employees
2. Improving employee recruiting and retention
3. Improving employee career planning and skill-building

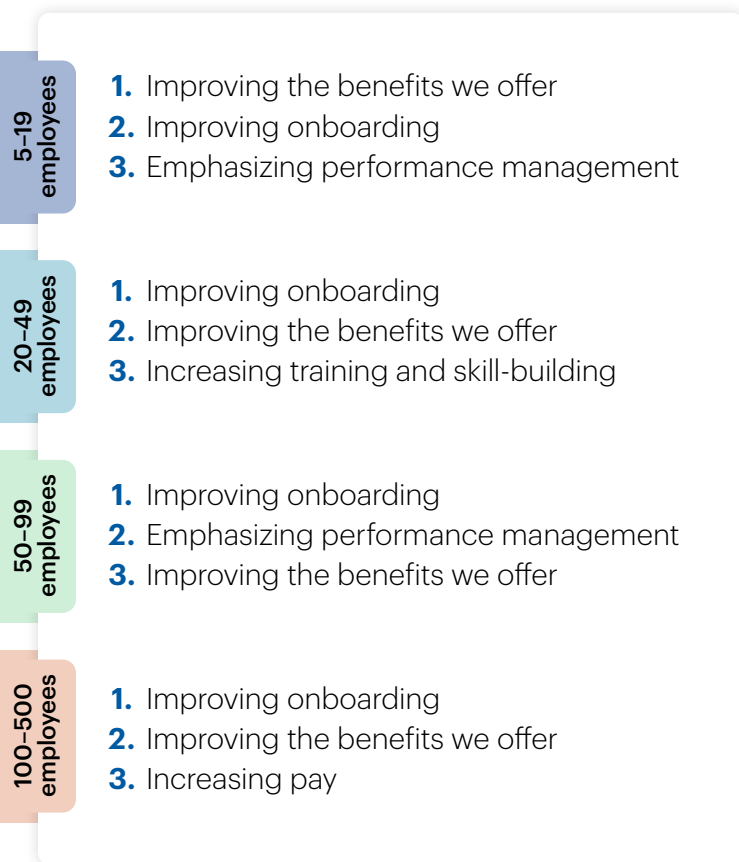
Keeping valued team members is also a focus for people management. Leaders say their go-to retention tactic in the next year is improving benefits; last year, boosting pay was the top approach.



Business size has an impact on what works best to keep valued team members. Interestingly, increasing pay was one of the top three retention tactics only among the largest companies surveyed.



Retention Tactics by Company Size





Employees Matter to You, Great Benefits Matter to Them

Finding the right mix of benefits for your team is essential to bringing in employees and keeping them engaged. Savvy leaders know this. Fifty-three percent say improving benefits is a top priority for the coming year. That number jumps to 61% in companies with more than 100 employees. Last year, only 35% of business leaders said they were improving benefits to keep employees.

Of the business leaders planning to enhance or expand benefits to boost retention, we asked how they'll improve or add to the benefits they offer. Here are their plans for the coming year.

Benefits Added to Improve Retention

Get help
hiring, paying,
managing,
and retaining
employees.

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5-19 employees

1. Life insurance
2. Health insurance
3. Career development program/training
4. Retirement plan
5. Remote or hybrid work

20-49 employees

1. Remote or hybrid work
2. Life insurance
3. Health insurance
4. Career development program/training
Flexible spending account
Flexible scheduling
Shorter work weeks [tie]

50-99 employees

1. Health insurance
2. Flexible scheduling
Financial counseling and advice [tie]
4. Remote or hybrid work
Flexible spending account [tie]

100-500 employees

1. Health insurance
2. Life insurance
3. Health savings account (HSA)
4. Career development program/training
5. Employee assistance program (EAP)

When it comes to the most challenging aspects of managing employee benefits, participants reported the expense of offering benefits, compliance with regulations, and educating employees on the benefits available to them as top struggles.



Risk Management and Compliance

Complexities of Managing Multiple Locations

The difficulty of HR administration, and specifically maintaining compliance with employment laws, is ratcheted up when companies have multiple locations or employees who are working in different states from where the business operates. Specifically, employer-related violations (recordkeeping, regulations, assurances, etc.) for remote workers can come with penalties as high as \$1,240 per worker per year.⁹

Companies spending among the most on HR administration are businesses with locations in more than one state. Their average outlay is close to \$300,000 a year. However, working with a PEO can save an average of 27% on HR-related costs.¹⁰

Escalating HR Administration Challenges

Responses for extremely or very challenging

	Total	Two or more locations	Locations in more than one state	Employees in a state other than where the business is located
Risk management/ managing workers' compensation	56%	63%	71%	68%
Leadership development	54%	65%	61%	59%
Attracting talent	53%	59%	56%	53%
Total rewards	53%	68%	60%	56%
Offering competitive compensation and benefits	53%	59%	55%	51%
Managing performance	52%	59%	56%	52%
Benefits administration	51%	58%	56%	54%
Training and skill-building	51%	60%	60%	56%
Maintaining regulatory compliance	50%	55%	53%	53%
Employee offboarding	46%	53%	58%	58%
Employee onboarding	46%	55%	58%	53%
Payroll processing	41%	54%	53%	48%

HR Administration Challenges: In Their Own Words

“*Dealing with sudden changes in labor rules or regulations. Both the business and its employees experience confusion and stress when we have to abruptly adapt to an entirely new set of laws and regulations.*”

-California-based computer software/internet company with 50-99 employees

“*Benefits issues such as employees not receiving their overtime or signing them up for benefits.*”

-Florida-based wholesale company with 50-99 employees

“*The time and difficulty in training everyone, including new hires is a big issue for us.*”

-Arizona-based retail company with 20-49 employees

Artificial Intelligence: Unleashing Its Power to Supercharge HR

Eighty-five percent of all business leaders say their organizations are using AI, and less than 10% are concerned with AI risk. They use AI to automate workflow, grow sales, manage business intelligence and analytics, screen résumés or applications, and as a virtual assistant. In the next 12 months, 98% of companies expect to be using AI.

Planned Uses for AI

This infographic displays the planned uses for AI across five employee count categories: 5-19, 20-49, 50-99, and 100-500 employees. Each category is represented by a colored vertical bar on the left, with a list of uses to its right. The uses are numbered 1 through 5, with some items including '[tie]' to indicate they are tied for a rank.

- 5-19 employees:**
 1. Support customer service/experience
Strengthen IT operations/ data security [tie]
 2. Business intelligence/ analytics
 4. Screen candidate résumés and/or applications
Virtual assistant services [tie]
- 20-49 employees:**
 1. Support customer service/experience
 2. Identify potential candidates
 3. Screen candidate résumés and/or applications
Manage marketing/ e-commerce/ advertising/ media [tie]
 5. Strengthen IT operations/ data security
- 50-99 employees:**
 1. Manage employee performance
 2. Create employee marketing campaigns
 3. Business intelligence/ analytics
 4. Identify potential candidates
 5. Screen candidate résumés and/or applications
Conduct initial employee interviews or conversations [tie]
- 100-500 employees:**
 1. Conduct initial employee interviews or conversations
 2. Create employee marketing campaigns
Screen candidate résumés and/or applications [tie]
 4. Strengthen IT operations/ data security
 5. Manage marketing/ e-commerce/ advertising/ media

Expected Improvements from AI

This infographic displays the expected improvements from AI across four employee count categories: 5-19, 20-49, 50-99, and 100-500 employees. Each category is represented by a colored vertical bar on the left, with a list of improvements to its right. The improvements are numbered 1 through 3.

- 5-19 employees:**
 1. Innovation
Talent management [tie]
 2. Employee recruiting
- 20-49 employees:**
 1. Data analytics
 2. Productivity
 3. Customer service
- 50-99 employees:**
 1. Innovation
 2. Customer service
 3. Data analytics
- 100-500 employees:**
 1. Data analytics
 2. Employee recruiting
 3. Talent management

Planned AI Use: In Their Own Words

“**Workflow automation is the biggest opportunity as we implement AI tools for most of the business processes.**”
— Delaware-based manufacturer with 5-19 employees

“**The use of artificial intelligence and automation technology to optimize human resources processes such as recruitment, performance management, and training can improve efficiency, reduce costs, and provide employees with a better experience.**”
— Alabama-based automotive company with 100-500 employees



Why Leaders Love to Lead

Business leaders universally agree that the satisfaction and rewards of their work outweigh the challenges they face. They say it's the "wins," the reward of helping other people succeed, and, ironically, the challenges that make it all worthwhile.

What aspects of being a leader make it all worth it?

- The satisfaction of developing my team to their potential **(54%)**
- Using my creativity to find solutions to problems **(48%)**
- The new challenges that keep coming make my work interesting **(48%)**
- The excitement of seizing new opportunities as they arise **(46%)**
- The pleasure of delivering great quality work/experience for our customers **(40%)**

Love of Leadership:

In Their Own Words

“

I am most excited about launching a mentorship program to support career growth and professional development.”

— California-based financial services/accounting/bookkeeping company with 5-19 employees.

“

Streamlining administrative functions and freeing up resources to focus on other core HR initiatives.”

— California-based banking/insurance/mortgage company with 100-500 employees

“

Hiring the right candidates and helping them thrive in their jobs.”

— Washington-based banking/insurance/mortgage company with 20-49 employees

Focus on Operational Efficiencies

Outsourcing: Maximizing Gains and Minimizing Risks

The number one priority for outsourcing was to help with HR management for employee relations, strategy, policies, and procedures. At least half of business leaders achieve their HR administration objectives by leaning on a third-party service to help with payroll, recruiting and onboarding, retirement plans, administering employee benefits, risk management, and workers' compensation. It's a proven success strategy. That's probably why 78% say it's extremely or very likely that they will outsource HR administration tasks in the next 12 months, up from 17% last year.

Where does outsourcing deliver the most value? Leaders rank these areas as most helpful to outsource:

1. HR management support
2. Recruiting and onboarding
3. Payroll processing
4. 401(k) administration
5. Benefits administration
6. Managing employee performance
7. Risk management/ workers' compensation
8. Maintaining regulatory compliance

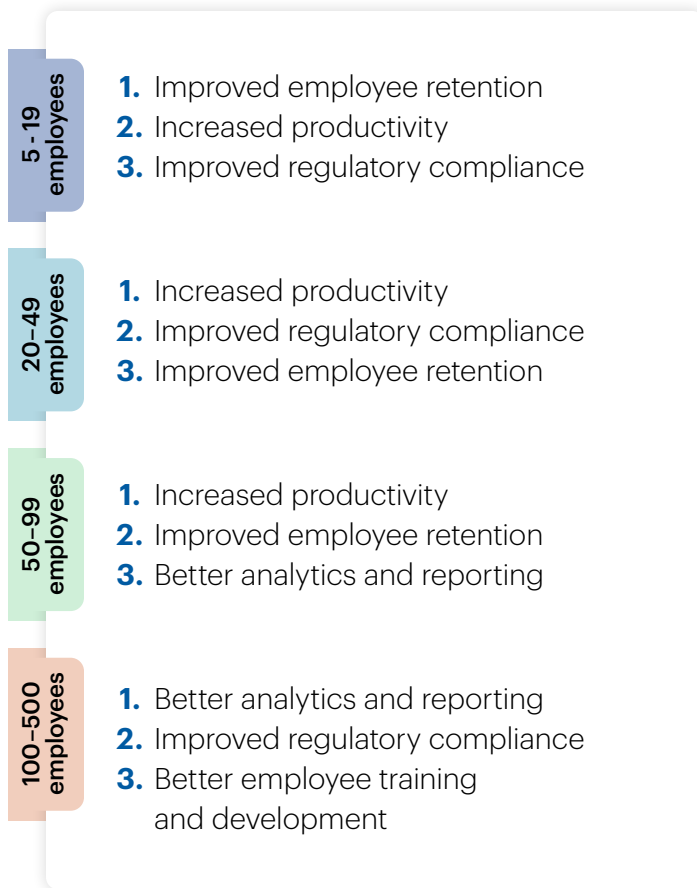
Business leaders universally recognize the competitive edge and increased effectiveness of outsourcing. Exact areas of greatest value emerged when we asked business leaders to reveal the top strategic and tactical payback from their outsourcing, including:

1. Improved employee retention
2. Increased productivity
3. Improved regulatory compliance
4. Better analytics and reporting
5. More effective employee recruiting

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Benefits From Outsourcing



The perceived benefits of outsourcing HR change from generational perspectives. Baby Boomers are most likely to rely on HR outsourcing for help with improved regulatory compliance, compared to Millennials and Gen X, who seek improved employee retention, and Gen Z, who seek better employee training and development opportunities.

A professional employer organization (PEO) is an HR solution that helps with administrative functions, access to competitive benefits, and expert advice. It helps business leaders by providing guidance and HR administration support. Sixty-three percent of business leaders not using a PEO now say they'll start using one in the next 12 months. That makes them four times more likely to adopt a PEO than last year's respondents.

Make the Most of the Year Ahead

Guidance for Growth and Efficiency

It's an exciting time to be a business leader. More tools, technology, and support than ever are available to help. Leaders see tremendous potential to support their teams and organizations to capitalize on opportunities.

Whether you struggle with managing the escalating costs of health benefits, face new HR tasks, or want to hone existing processes, Paychex can help with HR guidance, attracting and retaining talent, benefits administration, payroll, risk management, and compliance.

Make the most of what's ahead for your business by letting Paychex help you maximize your effectiveness. Access tactics, strategies, and tools available to help, including:

- [The Essential Guide to Finding and Keeping Your Dream Team](#)
- [Guide: The Benefits of Outsourcing HR to HR Professionals](#)
- [Guide: Optimizing Your Employee Benefits Package](#)
- [Podcast: Where to Start With Artificial Intelligence in HR](#)
- [A Guide to Year-End HR Compliance](#)

Let's Connect

[Visit us online](#) or call 866-987-0427.

¹ A survey of 600 business and HR leaders in U.S.-based companies employing from 5 to 500 employees. The survey was conducted online by Bredin, Inc. from Aug. 1 through Aug. 29, 2023. If totals don't add to 100%, it is due to rounding.

² These survey results are a companion to the 2024 Priorities for Business Leaders report. It was a survey of 450 business and HR leaders who employed from 5 to 500 employees with analysis completed by generation. The survey was conducted online by Bredin, Inc. from Aug. 23 to Sept. 1, 2022. If totals don't add to 100%, it is due to rounding.

³ [Employment Cost Index Summary, U.S. Bureau of Labor Statistics, Oct. 31, 2023.](#)

⁴ [The ROI of Using a PEO, NAPEO, 2019.](#)

⁵ [Civil Money Penalty Inflation Adjustments, U.S. Department of Labor, 2023.](#)

⁶ [Explore the Value of HR Outsourcing, Paychex 2023.](#)

⁷ [The ROI of Using a PEO, NAPEO, 2019.](#)

⁸ The report features the results of an online survey of 600 business and HR leaders at U.S.-based companies with 5 to 500 employees, consisting of 150 respondents each from Generation Z (ages 18 to 26), Millennials (27 to 42), Generation X (43 to 58), and Baby Boomers (59 to 77). The survey was conducted by Bredin from Aug. 1 through Sept. 25, 2023, and is a companion to the 2024 Priorities for Business Leaders report.

⁹ [Wages and the Fair Labor Standards Act, U.S. Department of Labor, 2023.](#)

¹⁰ [The ROI of Using a PEO, NAPEO, 2019.](#)

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