
2020 HR Technology & Benefits Report

Survey Results &
COVID-19 Insights

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Executive Summary

ThinkHR and Mammoth are excited to release a comprehensive report on how small businesses and organizations (SMBs) managed HR functions before COVID-19, and what they're doing in response to the pandemic.

This report analyzes data from two surveys that asked organizations about their HR practices.¹ Collectively, 3,380 people weighed in. As you will discover, the results are both illuminating and instructive during these ever-evolving times.

Across the board, SMBs with limited resources are struggling to keep up with HR best practices and compliance obligations amidst strains on business operations.

For example, 65% of surveyed organizations with 200 or fewer employees either had no or a one-person HR department. This is despite 91% of SMBs expressing that they need some level of extra help in navigating state and federal guidance during COVID-19.

But organizations showed incredible resolve in bettering and protecting employees. Ninety-five percent (95%) were incorporating employee training on some level. When forced to downsize as a result of COVID-19, it was more common for SMBs to reduce hours and prioritize health and safety than start layoffs.

We believe the 2020 HR Technology & Benefits Report will provide insights that can help employers and organizations make informed decisions about HR, compliance, and benefits during (and after) the COVID-19 crisis.



¹ The bulk of this Report is data from a January 2020 survey, where 1,900 HR professionals and business owners provided insights about their HR practices and challenges. It is supplemented by a March 31, 2020 survey conducted during ThinkHR's "COVID-19 Updates and Employer FAQ" webinar, where 1,480 respondents from a similar group sounded off on their COVID-19 challenges.

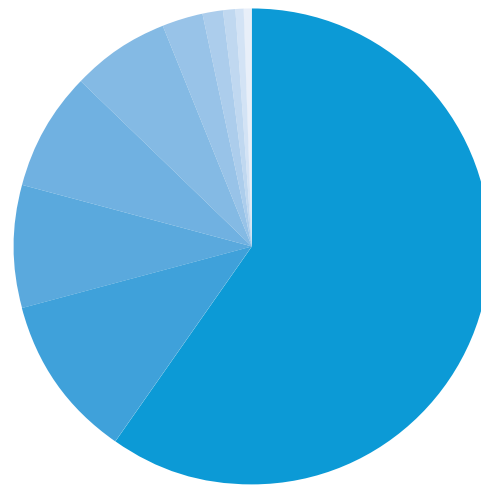
Demographics

Demographics represent the different kinds of people and organizations that engaged in, or are familiar with, human resources and benefits practices. The following was collected in January 2020.

Industries Represented

| | |
|--|---------|
| Manufacturing | 12% |
| Healthcare & Social Assistance | 12% |
| Finance & Insurance | 9% |
| Technology | 7% |
| Professional, Scientific, & Technical Services | 7% |
| Educational Services | 7% |
| Construction | 5% |
| Retail | 3% |
| Transportation | 3% |
| Hospitality | 3% |
| many more | <3% ea. |

What is your primary job function?



Business Sizes

| | |
|-------------------------|-----|
| 1-10 Employees: | 9% |
| 11-50 Employees: | 26% |
| 51-200 Employees: | 38% |
| 201-500 Employees: | 14% |
| 501-1,000 Employees: | 6% |
| 1,001-5,000 Employees: | 5% |
| 5,001-10,000 Employees: | 1% |
| 10,000+ Employees: | 1% |

What's your seniority within your company?

| ROLE | % |
|------------------------|--------|
| Manager/Supervisor | 34.62% |
| Individual Contributor | 21.00% |
| Director | 19.95% |
| Executive/C-Level | 16.20% |
| Vice President | 5.33% |
| Consultant | 2.90% |

The demographic data of the March 2020 survey group is believed to be substantially similar to the January 2020 survey group. The same audiences were invited to participate in both surveys, and the demographic data relating to employee size is nearly identical.

HR Departments

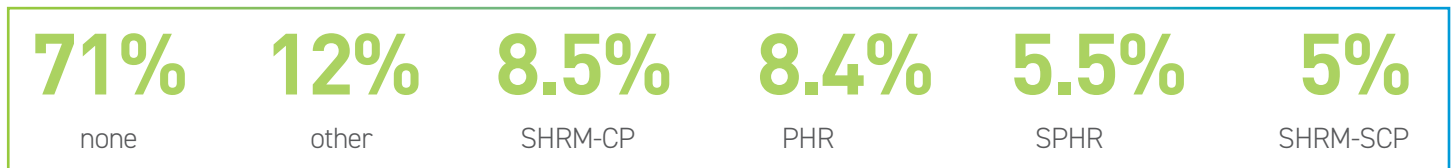
For most organizations, human resources (HR) is the center for managing the relationships among employees, and between employees and their employer.

In January 2020, half of all respondents either had no or a one-person HR department. When compared to the demographic data, HR job functions were slightly more likely to be performed by managers, supervisors, or individual contributors.

HR department numbers are best understood in terms of employee size. Generally, and as expected, the larger the employee count, the larger the HR department. For example, **65% of organizations with 200 or fewer employees had no or a one-person HR department.**

Meanwhile, it was most common for organizations between 200 and 1,000 employees to have 3-5 person HR departments and slightly more common for organizations between 1,000 and 5,000 employees to have more than 10 people in their HR departments.

Over 75% percent of respondents did not have any certification related to human resources management. When filtering out non-HR roles, that number decreases to 62%—which is still a telling number. Of respondents with some form of certification, HRCI and SHRM were almost equally represented.



While the demographic data shows employees and organization headquarters were located in every state and Washington, D.C., employees did not necessarily reside in the same state as their headquarters. For example, respondent organizations with headquarters in California had employees in at least one other state or Washington, D.C.

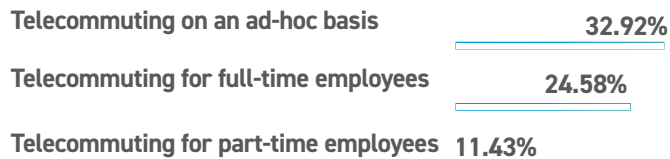
SUMMARY - Organizations of all sizes will have to evaluate not only how to access HR best practices, but also their effective application to employees in states with different laws, industry norms, and cultural backgrounds. COVID-19 brings additional challenges to organizations with already limited resources.

Work from Home

Remote work is typically classified as a permanent situation whereas an employee who telecommutes does it as needed. Both allow employees to conduct job functions at home.

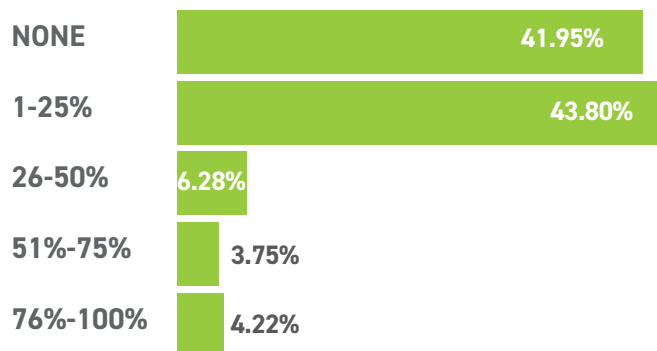
In January 2020, 58% of organizations had at least one remote employee, and 8% had a mostly remote workplace (50% or higher). Telecommuting was common in about 68% of organizations, but varied greatly on which employees were allowed to telecommute.

Which telecommuting benefits do you offer?

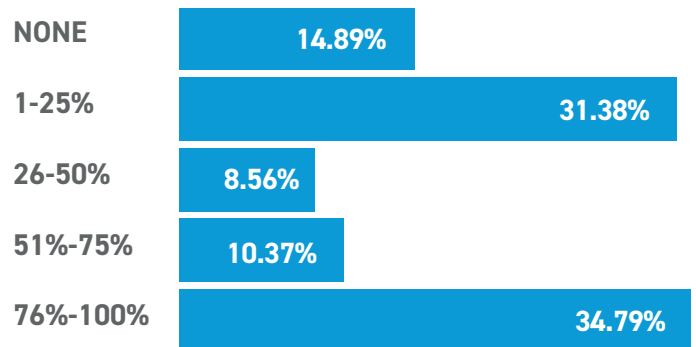


COVID-19 significantly increased work-from-home numbers. Now, about 84% of respondents have some number of employees working remotely as a result of COVID-19, and 41% have a mostly remote workplace. The jump in remote work isn't surprising, given that many SMBs are forced to be flexible to keep operations going.

What percentage of your workforce is remote?



(Pre) COVID-19



(Post) COVID-19

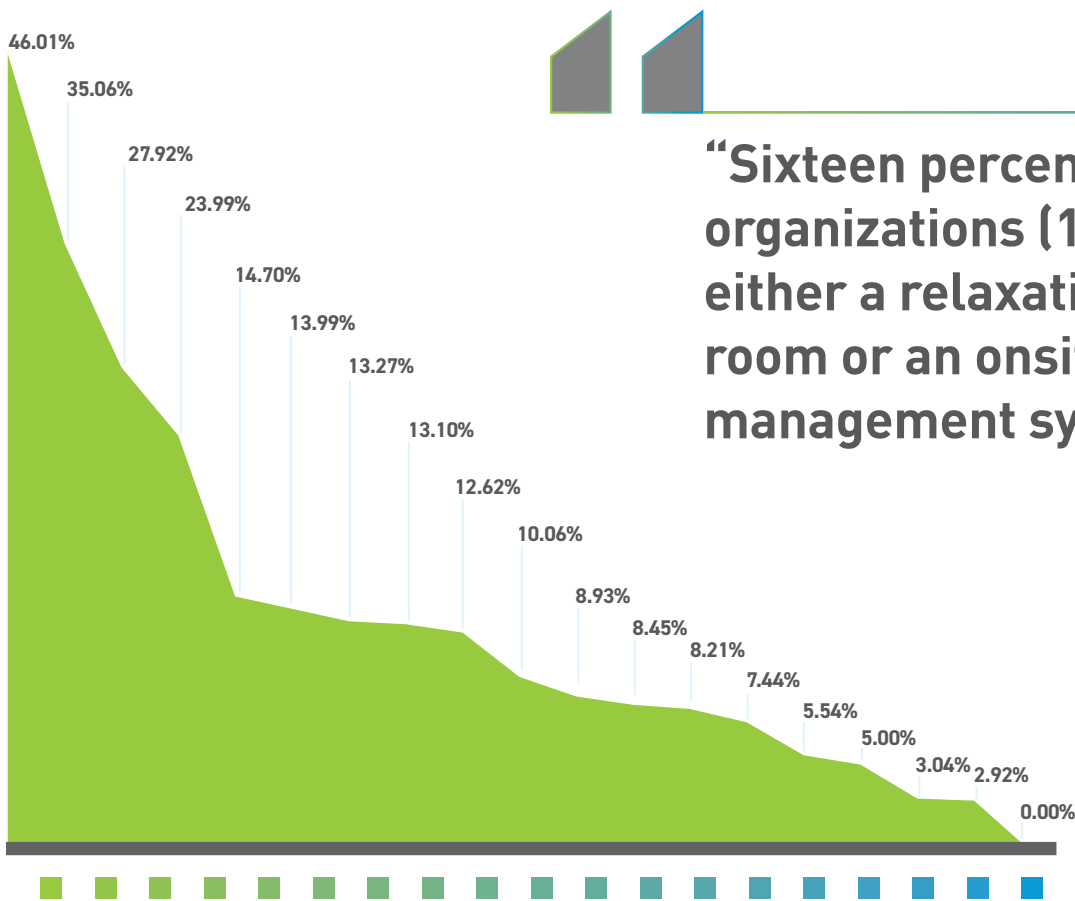
SUMMARY - As a direct result of COVID-19, employers have significantly ramped up remote work for employees.

Benefits

Organizations offer benefits to employees for many reasons, but usually to meet or exceed industry standards or attract and keep valuable employees.

In January 2020, and outside of traditional health benefits like insurance, 72% of organizations offered some form of additional wellness benefit to their employees. Almost half (46%) provided standing desks, over a third offered onsite flu vaccinations (35%), and almost a quarter provided gym memberships or subsidies (24%).

Most programs geared towards physical wellness benefits, but the survey showed some positive signs of mental wellness benefits. Sixteen percent (16%) of organizations offered either a relaxation/quiet room or an onsite stress management system.



“Sixteen percent of organizations (16%) offered either a relaxation/quiet room or an onsite stress management system.”

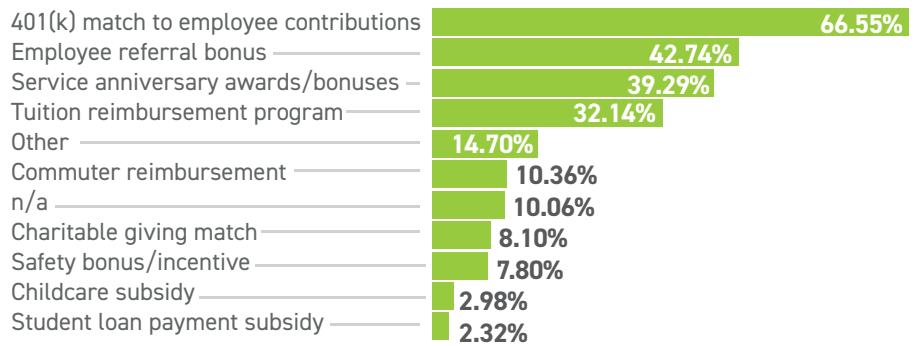
What wellness program benefits do you offer?

- Standing desks
- Onsite flu vaccinations
- N/A
- Gym memberships or subsidies
- Ergonomic evaluations
- Annual health risk assessment
- Smoking cessation programs
- Relaxation or quiet room
- Sponsored fitness challenges
- Health fairs
- Onsite health screening programs
- Onsite massages therapy
- Onsite fitness classes
- Other
- Onsite blood pressure machine
- Nutritional counseling
- Company sponsored pedometers
- Onsite stress management program
- Weight loss programs

Benefits

Financial benefits typically related to monetary assistance with financial goals outside of the workplace, such as education or retirement. Most employers offered some form of financial benefit to their employees (90%). A 401(k) match to employee contributions was the most common (67%)², followed by employee referral and anniversary bonuses, then tuition reimbursement programs (32%).

Which of these financial benefits do you offer?



Which career development benefits do you offer?

| BENEFIT TYPE | % |
|--|--------|
| Professional memberships | 53.10% |
| Offsite professional development opportunities | 48.69% |
| Certification/recertification fees | 55.83% |
| Professional license application or renewal fees | 45.00% |
| Onsite professional development opportunities | 36.61% |
| Cross-training to develop skills not directly related to the job | 32.98% |
| Executive or leadership coaching | 31.67% |
| Formal mentoring program | 11.90% |
| Career counseling | 5.65% |
| College selection/referral | 1.96% |
| n/a | 18.10% |



Most employers offered some form of financial benefit to their employees (90%).”

Eighty-two (82%) percent of employers offered career benefits to their employees, composed of two major types: professional and skills development programs. The most common benefits related to profession. Professional development, licenses, certifications, and memberships were the top five ranking benefits that organizations offered or supported.

Programs relating to skills development were still prominent, however. Skills cross-training was the most popular in this group (37%), as was leadership coaching (32%). Mentorships, career counseling, and college support were much less popular. Eighteen percent (18%) of organizations did not offer any career benefits.

²Comments revealed that nonprofits and government organizations who responded offered 403(b)s to employees, often with a match.

Benefits

Which food and beverage benefits do you offer?

| BENEFIT TYPE | % |
|------------------------------------|--------|
| Break room/kitchenette/cafe | 85.18% |
| Coffee | 81.49% |
| Snacks and beverages for purchase | 34.76% |
| Complimentary snacks and beverages | 36.01% |
| Catered meals daily | 4.23% |
| Catered meals periodically | 46.31% |
| n/a | 5.42% |

About 95% of organizations offered some form of food and beverage benefits, commonly known as perks. Break rooms/kitchenettes and coffee were most popular (both above 80%), while occasional catered meals and snacks were fairly common (averaging around 39%).

The vast majority of employers offered company culture-related benefits to their employees (92%). Most threw holiday parties (80%). While offering company swag was the next most common type of culture benefit, important company-wide events—like company milestones, annual outings, and retreats—when grouped, were more common.

It appears that COVID-19 has not significantly affected employers' benefit offerings. On one hand, most surveyed organizations were reducing employee hours (58%), whereas 31% were seeking Small Business Administration or other loans and 23% were doing furloughs. These actions would suggest a reduction in benefits as well, but that doesn't appear to be the case. In a separate smaller survey, 89% of SMBs were keeping their benefits offerings the same despite the economic downturn caused by COVID-19.³ This data is corroborated by the fact that health and safety is a top organizational concern for SMBs. Together, they suggest that even during economic challenges, employers are prioritizing their employees' wellbeing.

Which culture-focused benefits programs do you offer?

| BENEFIT TYPE | % |
|--|--------|
| Holiday parties | 80.36% |
| Company swag | 45.65% |
| Company milestone celebrations/parties | 42.20% |
| Annual company outing | 40.77% |
| Department/team outings | 39.40% |
| Community volunteer programs | 28.27% |
| Offsite retreats | 19.52% |
| Pets at work | 11.49% |
| Take your child to work day | 10.24% |
| n/a | 8.45% |
| Organization sponsored sports teams | 8.21% |
| Pets permitted at work every day | 7.32% |
| Single take your pet to work day | 2.74% |

SUMMARY - The vast majority of organizations offered benefits to their employees in January 2020. Overall the data set shows that organizations were proactively providing benefits to their employees before and during COVID-19.

³ ThinkHR collected 58 survey responses to the question "How is COVID-19 and the related economic downturn impacting your current benefit offering?" from an April 9, 2020 webinar. All respondents were SMBs with under 100 employees.

Time Off and Family Leave

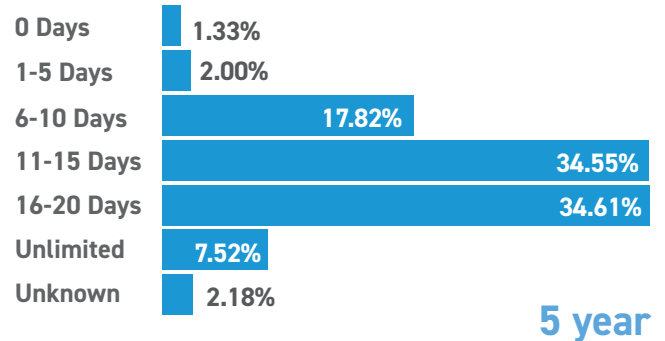
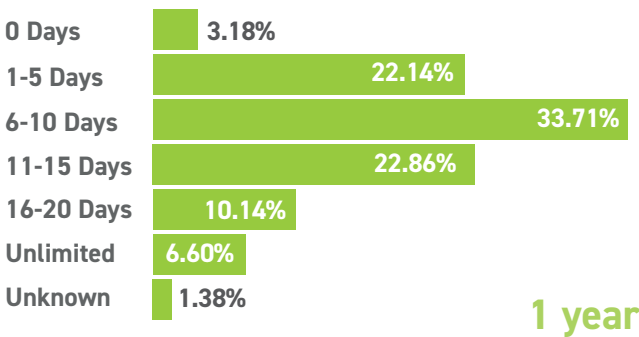
When offered, paid time off (PTO) allows employees to be paid when sick or on vacation. Parental leave, including surrogacy, foster, and adoption leave, are meant to help employees who take care of others.

In January 2020, 90% of employers offered both sick and vacation time to their employees. Much smaller percentages offered only vacation time (8%) and just sick time (1%). Of those that offered both, it was slightly more common for organizations to separate vacation and sick time into separate banks (54%).

| | SALARIED (EXEMPT) | HOURLY (EXEMPT) | PART-TIME |
|----------|-------------------|-----------------|-----------|
| Vacation | 97.09% | 89.42% | 31.93% |
| Sickness | 95.87% | 89.98% | 48.27% |
| Personal | 96.24% | 86.98% | 33.55% |

The vast majority of employers offered paid time off (PTO). On average, 97% of employers offered PTO to salaried employees, 89% offered PTO to hourly employees, and 38% offered PTO to part-time employees. Some states and localities require employers to provide paid sick leave to certain employees, which could explain the separation into banks.

How many paid vacation days do you provide to employees with the following tenures?



Most organizations offered some form of maternity (70%), paternity (58%), and adoption leave (54%). The most common leave time was 12-20 weeks in all cases. Leave for foster children and surrogacy was common, but not as robust (46% and 35%, respectively). Leave can be unpaid or paid by an employer, and may be paid by the government, employer, or insurer. Sixty-nine percent (69%) of employers either paid some portion of an employee's salary or sponsored a disability plan for maternity leave. In regards to other types of leave:

25% paid some portion of paternity leave

17% paid some portion of foster leave

21% paid some portion of adoption leave

31% either paid some portion of surrogacy leave or sponsored a disability plan

Time Off and Family Leave

A little more than half of employers (51%) offered family-oriented benefits, such as support for child care or new mothers. Onsite mother's rooms (31%) and allowing employees to bring children into work in an emergency (28%) were, by far, the most popular forms of family-oriented benefits. Most organizations are required by state and federal wage and hour laws to accommodate employees' lactation needs.

COVID-19 has increased sick and family leave administration for many employers. For example, the Families First Coronavirus Response Act requires certain small employers to administer paid sick leave and extend Family and Medical Leave Act leave to child care leave for COVID-19-related reasons. Additionally, states across the nation are passing their own paid sick leave and health and safety laws.

The typical organization provided the following benefits:

- **Wellness:** Standing desk
- **Financial:** 401(k)/403(b) and match
- **Flex:** Telecommuting option
- **Perks:** Kitchenette/breakroom
- **Culture:** Holiday parties
- **Family:** Onsite mother's room
- **PTO:** 6-10 days of sick, personal, and vacation time.
- **Leave:** Paid maternity leave

SUMMARY - Laws guided the offering of many types of leaves and time off. However, overall the data shows that organizations were going beyond those requirements in January 2020. Unfortunately, COVID-19 made time off and leave administration more complicated for SMBs.

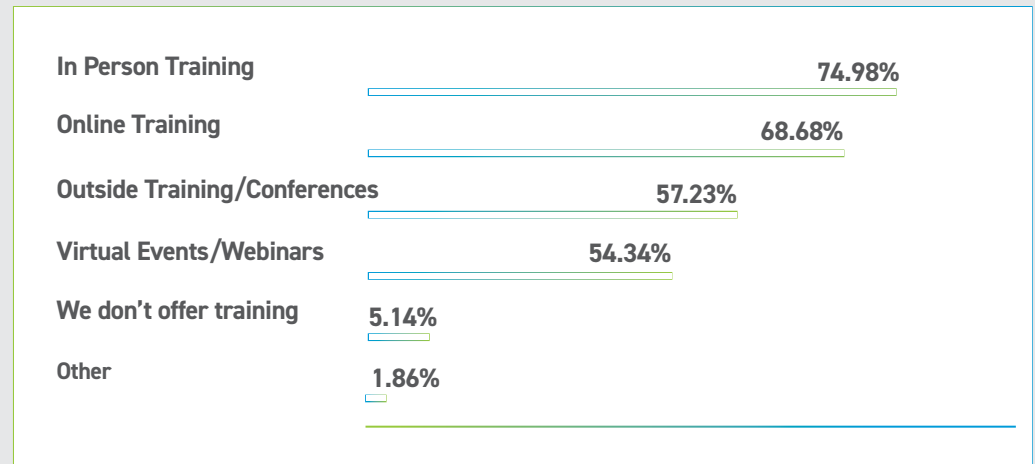


Training

Organizations invest in training to allow employees to build skills and competencies necessary to reach operational and personnel goals.

In January 2020, 95% of employers offered some form of training to their employees. In-person training was the most popular method (75%), which included job- and department-specific training for new employees. Online training was a close second (68%). Organizations also relied heavily on external sources for training, such as conferences or virtual events like webinars (57% and 54%, respectively).

What kind of employee training methods does your organization offer?



Training topics are as diverse as the organizations that planned to provide them in 2020. However, more than any other topic, 75% of employers planned to train their employees in sexual harassment and discrimination prevention. Sixty-three percent (63%) planned to conduct new-hire training, the second most popular topic, which suggests that many organizations were expecting growth.

The subsequent most popular training topics generally switched between compliance and job-specific.



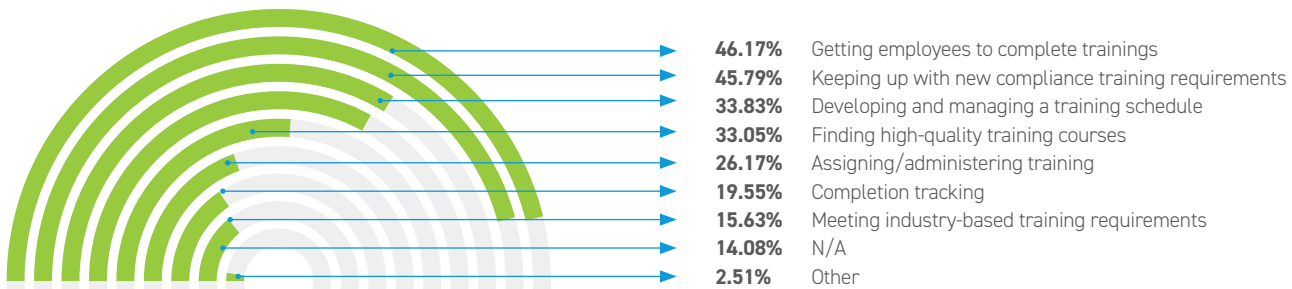
Training

Despite organizations using and planning for training, 86% of organizations reported difficulties. **Getting employees to complete trainings, keeping up with compliance requirements, and administration were all tied as the top training challenges employers faced.** Developing a training schedule and finding high-quality courses, which reflects “best practices” in training, were the next biggest challenges for most organizations.

Which topics do you plan to train employees on in 2020?



Which aspects of employee training are the most difficult for your HR department to manage?



Organizations use learning management systems (LMS) to administer, track, and evaluate education tools, such as training assets. Most organizations used an LMS (69%).

Of those that did, 58% used either an external vendor or program. Despite the prevalence of training, 31% of organizations responded that they did not have or use an LMS.

Training

On average, about half (48%) of an organization's training programs were developed in house. Responses varied widely among individual organizations, however. Additionally, organizations were selective when considering online training. When asked to rank the training factors most important to them, survey respondents ranked cost and quality of training as most important, followed by adherence to compliance standards and ease of use.

What are the most important factors when considering online training solutions?

#1

Cost

#2

Quality of Training Content

#3

Compliance Standards



Only about 3% of employers are making employee engagement, which includes training, their number one priority. This makes sense, since employers report larger organizational concerns related to COVID-19. However, as employers get used to flexible working arrangements, we expect that they will move from an organizational focus to an employee experience focus and use online training as their primary vehicle of delivery.

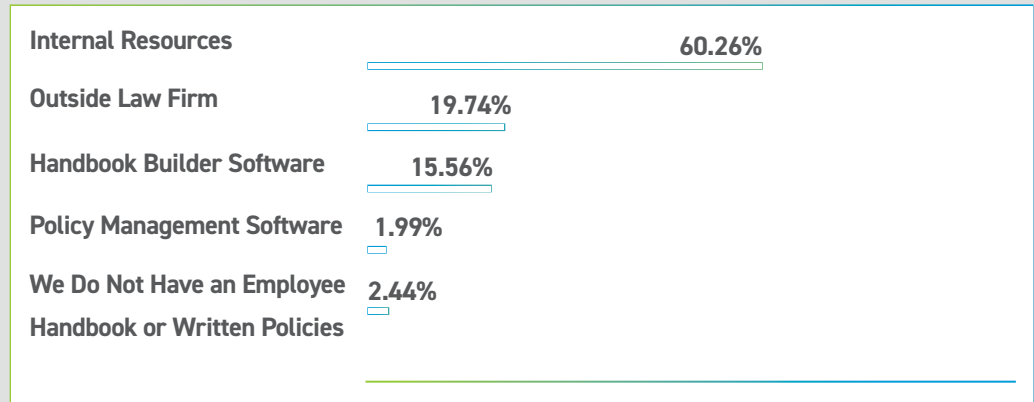
SUMMARY - Organizations were very involved with training and offered it in diverse ways. While most organizations planned to conduct compliance and skills-based training in 2020, it appears COVID-19 has largely put that plan on hold while SMBs stabilize.

Handbooks and Policies

Employee handbooks, which consist of a collection of employer policies, form the core of an organization by formally documenting what's most important.

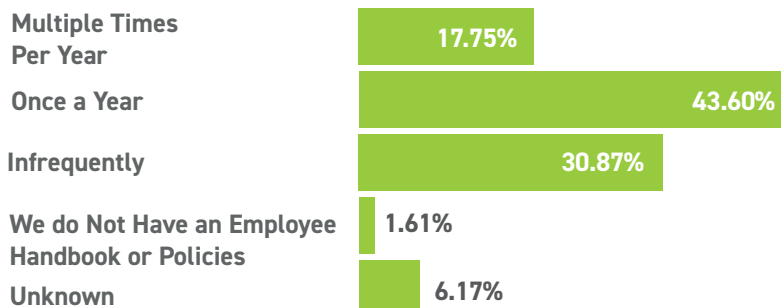
In January 2020, the vast majority of organizations had an employee handbook and/or company policies (98%). When organizations had handbooks or policies, it was far more common (60%) for them to draft and maintain them in house. Potentially seeing the compliance implications of policies, 20% of organizations hired an outside law firm, while 18% used technology to execute them.

How do you draft and maintain your employee handbook and/or policies?



However, organizations struggled with managing policies. While most organizations (61%) updated their policies at least once a year, 37% either did so infrequently or didn't know if they did.

How often is your employee handbook or policies updated?



More particularly, organizations stated that their two biggest challenges in managing policies was tracking new compliance requirements and conducting ongoing reviews and updates. Administration was less challenging, but nonetheless prevalent. Tracking employee acknowledgments of reading policies, communicating new updates, and the initial drafting were all challenging for many organizations.



When organizations had handbooks or policies, it was far more common (60%) for them to draft and maintain them in house.

Handbooks and Policies

Which aspects of employee handbook or policy management are the most difficult for your HR department to manage?

56.21%
Tracking new compliance requirements

51.90%
Ongoing review and updates

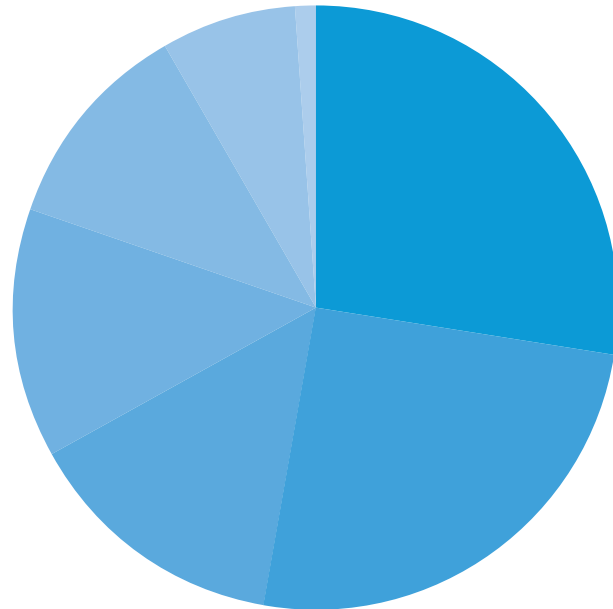
28.49%
Employee acknowledgment and tracking

23.02%
The initial drafting

14.60%
N/A

27.46%
Communicating policy/handbook updates

2.25%
Other



71% of respondents have changed their workplace policies in response to COVID-19. It is likely that sick and medical leaves were amended for health and safety reasons as well as to comply with state and federal laws (which had been changing almost weekly). However, it's expected that some employers added new policies as a best practice, such as work-from-home or telecommuting policies. Policies form the backbone of an organization, and it's clear that most employers are being responsive.

SUMMARY - Most organizations drafted their own policies, but data shows that once created, maintaining them both in terms of content and administration were challenging in January 2020. That is expected to be further compounded by new state and federal laws and regulations surrounding benefits and leaves sparked by COVID-19.

Workforce Engagement

Organizations use a variety of tools to evaluate how engaged their workforce is and find ways to improve employee experiences and organizational success.

Employee engagement surveys measure the thoughts and behaviors of an organization's workforce. In January 2020, while a large portion of organizations reported that they administer these surveys, most did not (53%-62%). Of those that used employee engagement surveys, 55% conducted them annually. However, a good portion (41%) of organizations that used employee engagement surveys conducted them either twice a year, or every quarter.

Does your organization administer employee engagement surveys?

| RESPONSE | % |
|----------|--------|
| Yes | 41.03% |
| No | 52.93% |
| Unknown | 6.05% |

How often does your organization administer employee engagement surveys?

| OCCURRENCE | % |
|---------------|--------|
| N/A | 61.41% |
| Annually | 20.96% |
| Semi-Annually | 11.45% |
| Quarterly | 4.63% |
| Monthly | 0.84% |
| Weekly | 0.71% |

Incident reporting systems, commonly known as "hotlines," are resources that allow employees to report concerns and get help with issues in the workplace. Again, while a third (33%) of organizations used hotlines, almost double that amount did not (62%). Of those organizations that used hotlines, the vast majority (80%) used internal resources for anonymous incident reporting.

Among those, about half of them used technology (such as software) to track applicants, while the other half reported that they used internal resources. When technology was used, comments revealed large numbers of different programs.

Organizations sometimes use technology to recruit new talent and manage the performance of current employees. About 91% of organizations actively tracked applicants.

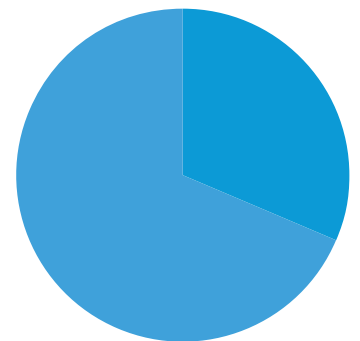
In regards to performance, almost one fourth (23%) of organizations reported that they did not actively manage the performance of their employees. Of those that did, 63% reported that they used internal resources and 37% used external technologies.

Given COVID-19's effect on not only business operations but also on increasing remote work, employers may not have the same interest and abilities to gauge, and engage, their displaced workforces. ThinkHR believes this dynamic could change given the flood of technology options in the market and stabilization of business operations.

What do you use for performance management?

22.53%
N/A

48.86%
Internal/No Vendor



SUMMARY - Outside of training, most organizations did not use formal or technological means of engaging their employees or applicants. The expansion of remote work as a result of COVID-19 may make engagement more challenging.

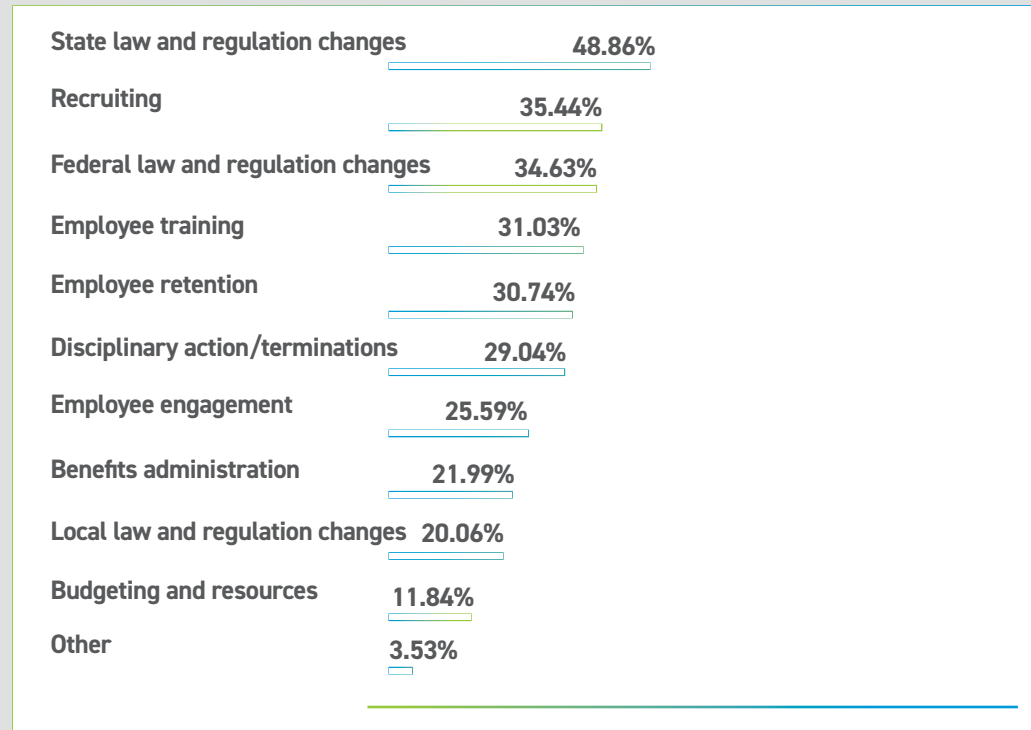
Compliance

While different organizations define compliance in different ways, the term is generally used to describe an organization's adherence to applicable external laws.

In January 2020, when asked about their biggest HR and compliance challenges in 2019, organizations ranked compliance as two of the top three answers: changes in laws and regulations on the state and federal level (48% and 35%, respectively). Changes on the local level were a less common, but prevalent, concern.

While compliance was the top challenge in 2019, organizations had a fair amount of other challenges as well. For example, employee recruiting, training, and retention all ranked in the top five challenges for organizations.

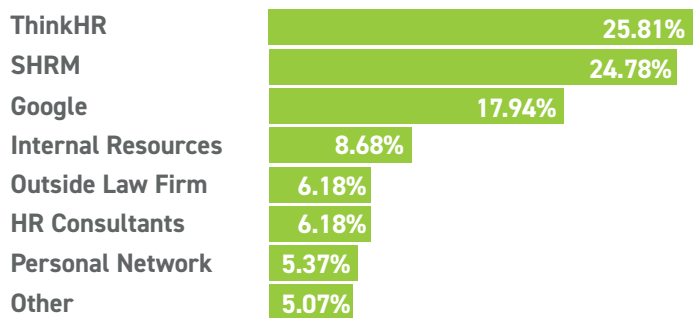
Which HR and compliance issues were most challenging for you in 2019?



These responses are consistent with responses highlighted earlier in the report. Organizations stated their top challenges in both policy management and training were keeping up with compliance requirements.

Challenges often raise questions. When asked where organizations first turn to get answers to HR questions, most organizations consult an expert such as a law firm, consultant, or membership organization (63%). However, 18% of organizations used a search engine, like Google, to find answers while 14% will ask another person, such as an internal resource or someone in their personal network.

Where do you go first to find answers to your HR questions?

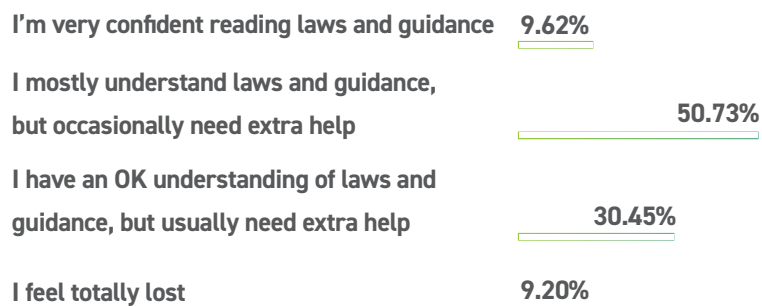


Compliance

Compliance is even less self-evident given the many laws and regulations passed as a result of COVID-19. About 91% of respondents expressed that they need some level of extra help in navigating state and federal guidance. Additionally, meeting compliance obligations was tied with health and safety as the number one organizational concern by SMBs.

Between states passing new legislation, like paid sick leave laws, and federal agencies releasing new guidance every week, it makes sense that many SMBs are struggling. It also shows that government resources, like bills and guidance, alone are not enough. We suggest that SMBs think of ways to share knowledge with each other as well as seek help from legal experts to receive credible information.

How confident are you in navigating guidance released by state and federal governments?



SUMMARY - Compliance was the top challenge for organizations in 2019, and continues to be during the COVID-19 pandemic. While most organizations will first turn to experts for HR questions, a significant portion use informal means to get answers, which are often inaccurate.



Conclusion

The 2020 HR Technology & Benefits Report provides data insights into what organizations were doing before the COVID-19 pandemic, and what they're doing presently. A few themes were consistent. Compliance, namely keeping track of and interpreting laws, regulations, and guidance, continues to be the top challenge of SMBs. Dedication to employees' wellbeing, whether through benefits offerings or job protection, is another strong theme that carried through.

But COVID-19 has already dramatically changed the employee landscape. Working from home increased significantly. And employer goals of employee engagement, such as through training, have been put on pause to accommodate necessary business functions.

And even through challenging times, there is a sense of progress. Survey responses reflected a sentiment that doing the right thing for organizations was inextricably linked with doing the right thing for employees. It suggests that when organizations stabilize, either through external means or improvement in business operations, they can realize not only former goals, but better ones. We believe the data in the 2020 HR Technology & Benefits Report can help employers do just that.

Methodology

January 2020 Survey

ThinkHR's "2020 HR Technology & Benefits Report" was fielded from December 9, 2019 to January 20, 2020 through a survey titled "ThinkHR's Annual HR Technology & Benefits Survey" ("Survey"). ThinkHR staff wrote the Survey questions, 58 in total. Of the 2,665 professionals contacted to take the Survey, 1,910 participated, yielding a completion rate of 72%. The average time for completion was 17 minutes.

March 31, 2020 survey

The second survey was conducted on March 31, 2020 during ThinkHR's "COVID-19 Updates and Employer FAQ" webinar, where 1,480 respondents from a similar group sounded off on their COVID-19 challenges. There were seven questions in total. The completion rate was 100%, and the average completion time was one minute.

Disclaimer: Survey results are only representative of the sample of organizations responding to the survey. As a result, readers should take individual circumstances and experiences into consideration before using any data to make decisions.

Table data: Summaries of data outside of graphs or tables may round up or down 1%.

About

The combined entity of ThinkHR and Mammoth is a trusted provider of HR knowledge and technology-powered employer solutions. Together, the two companies deliver HR on-demand to hundreds of thousands of small- and medium-sized businesses nationwide.



thinkhr.com/COVID19