

2018 National Small Business Compliance Pulse Survey:

Small Businesses Weigh In on Top Employment Law Concerns and Challenges

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Welcome!

- If you're having audio difficulty, message us using the chat feature, and we'll do our best to help.
- For any questions pertaining to the webinar topic, please use the chat feature to submit your questions.
- All participants will receive a link to the webinar in a follow-up email.

What We'll Cover

- Methodology
- How small businesses are challenged by employment laws
- How small businesses feel prepared to deal with an investigation or legal action
- Where small businesses get their information on employment laws
- Top HR compliance concerns among businesses with fewer than 100 employees
- The current level of HR technology adoption among small businesses
- What small businesses don't include (but should) in their employee policy handbooks
- Action plan on how to use this data in your small business

Methodology

- Telephone survey among “those responsible for employee recordkeeping and HR tasks”
 - Owner/CEO
 - General Manager
 - Office Manager
 - HR Manager

Methodology

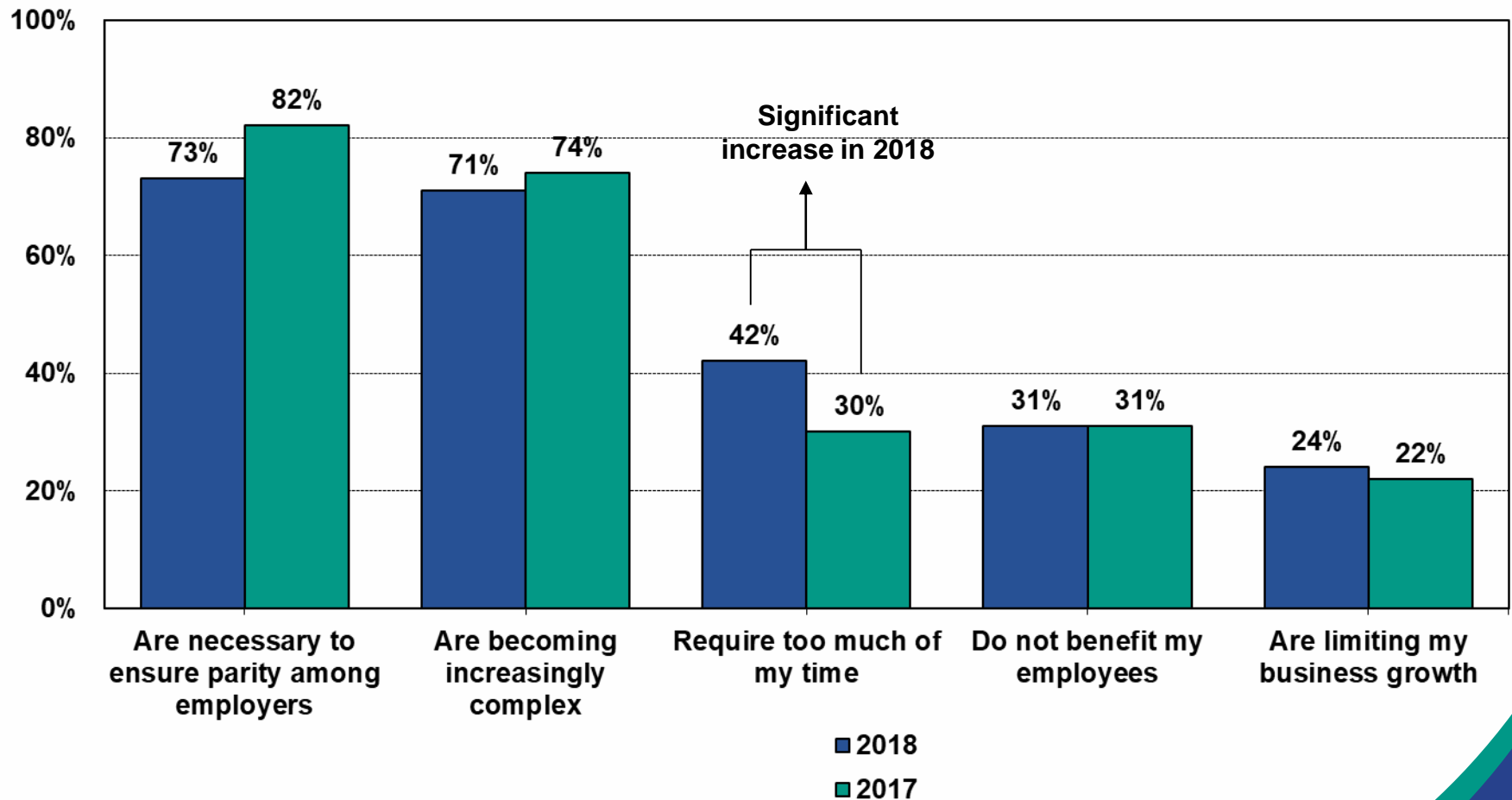
- All participating companies have between 5 – 100 employees
- Highly accurate and “projectable” data from scientifically developed pure random sample
- 300 completed interviews
- Studies conducted in May 2017 and April 2018

Key Finding #1

Small businesses see benefits from employment laws, but face challenges due to increasing complexity.

- 73% consider labor laws to be necessary for employers
- 71% believe these laws are becoming increasingly complex
- 42% indicate labor laws “require too much of my time”

Percent who “agree” with statements about labor laws



Compared to total participants, Owners/CEOs are measurably more concerned about the:

- Time required to comply with labor laws
 - (Owners/CEOs – 55% vs. Total participants – 42%)
- Negative impact on business growth
 - (Owners/CEOs – 39% vs. Total participants – 24%)

Additionally, only 44% of Owners/CEOs are convinced HR employment laws benefit employees compared to 31% of total participants.

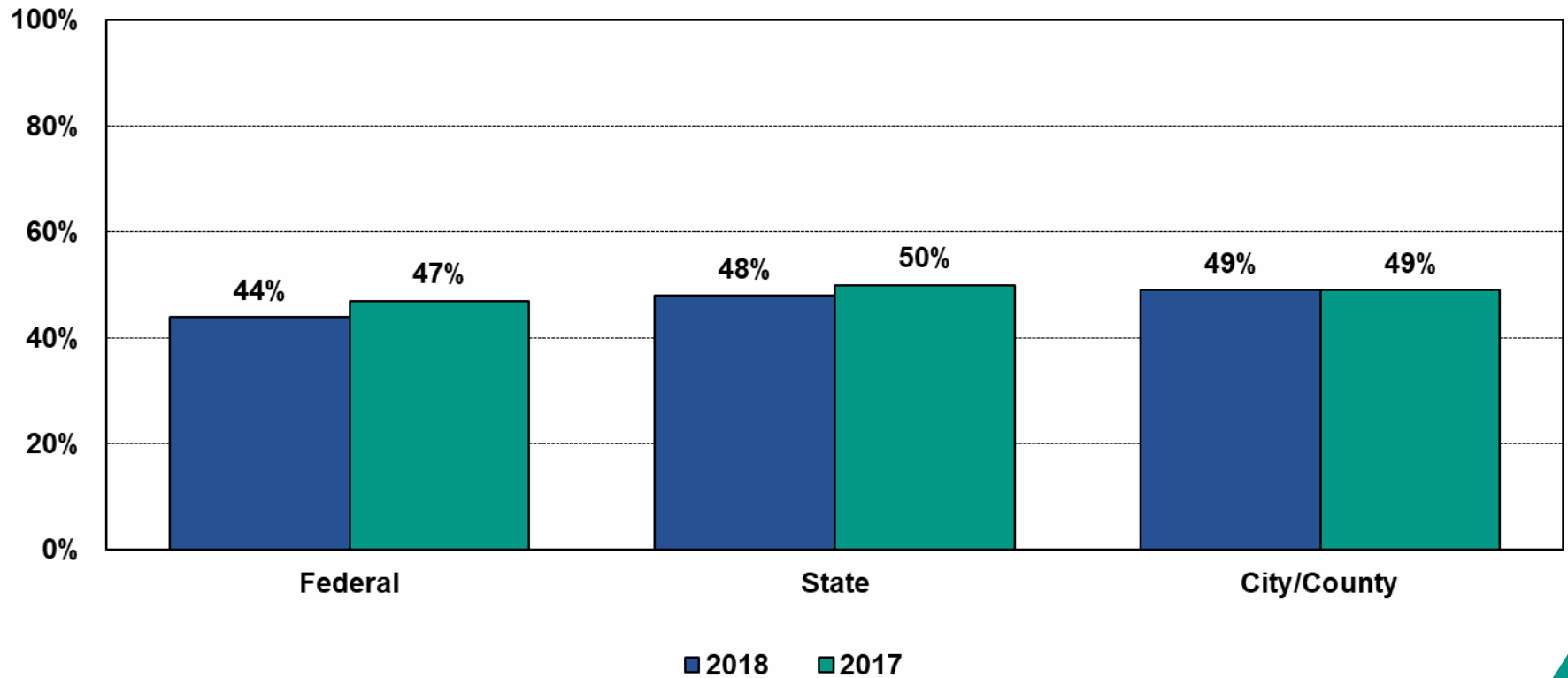
Key Finding #2

Employers lack full understanding of employment laws, yet many still feel prepared for legal action and investigations.

When it comes to regulations impacting their businesses, less than half of respondents are “very confident” they are fully aware of all:

- Federal laws (45%)
- State laws (48%)
- Local laws (49%)

Proportion of total respondents fully aware of employment laws/regulations at various government levels

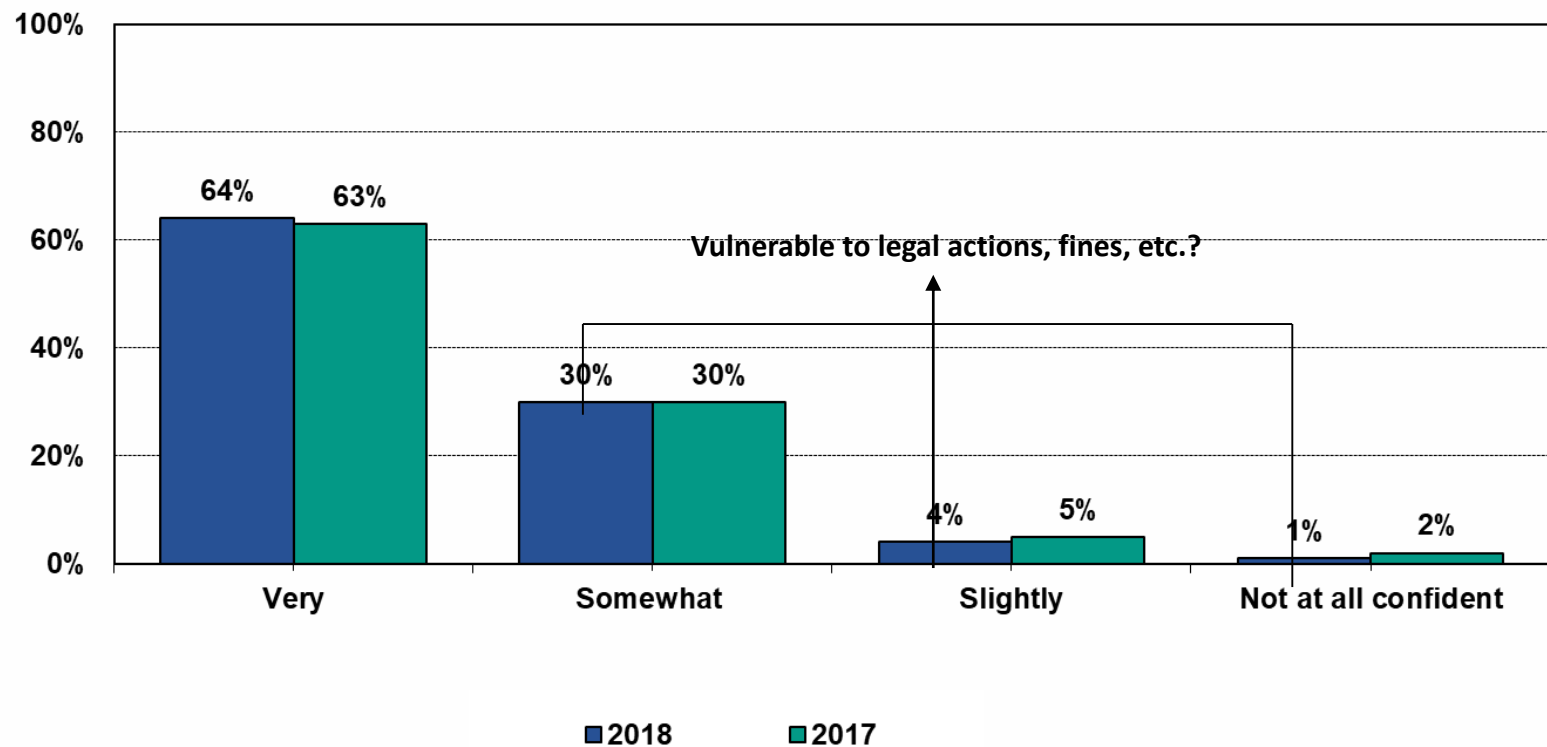


Despite lacking full confidence in their awareness of labor laws:

- 64% of total respondents are “very confident” they are well-prepared to handle an investigation or legal action
- 52% of owners/CEOs report being “very confident” they are well prepared

One out of 25 small businesses report they have faced a investigation, lawsuit or fines in the past.

Level of confidence business is well-prepared to handle an investigation, or legal action, related to labor law compliance
(Total sample)



Key Finding #3

Many small businesses turn to less-than-reliable sources for labor law information.

- 78% say they rely on written notifications from federal and state agencies – yet the vast majority don't provide such information
- 69% rely on friends and colleagues for advice on HR compliance topics
- 60% rely on accountants, lawyers or other business advisors who typically have limited knowledge of HR employment regulations

Key Finding #4

Small businesses have a diverse mix of employment law concerns and risks.

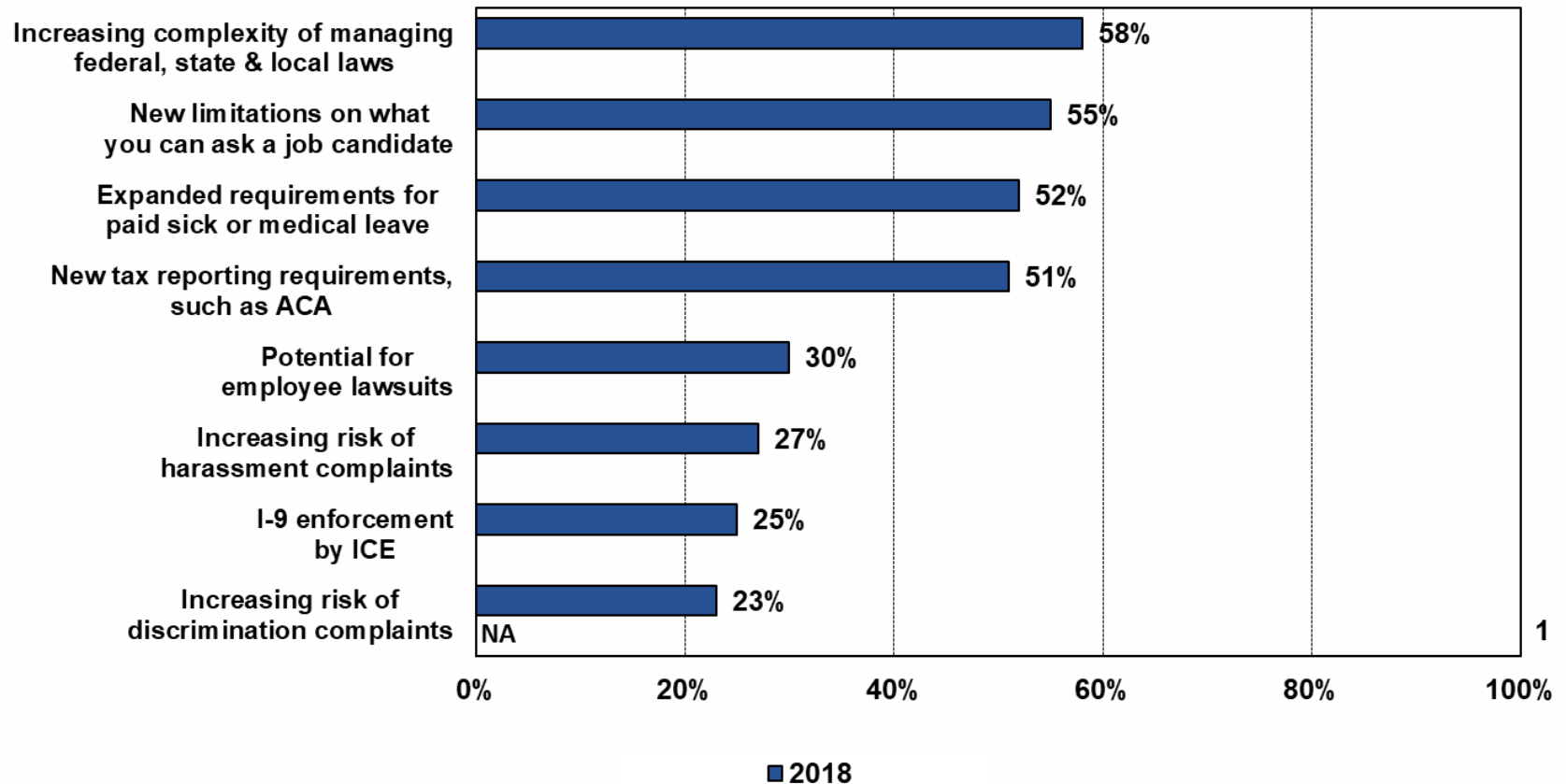
The study found that 58% of small businesses are concerned about conflicting federal, state and local regulations. Additionally:

- 55% are concerned about new limitations on questions they can – and can't – ask job candidates
- 52% worry about expanded requirements for paid medical leave
- 51% are concerned about new tax reporting requirements, such as the Affordable Care Act

Lesser, yet still significant, issues include:

- The potential for employee lawsuits (30%)
- Increasing risk of harassment complaints (27%)
- Form I-9 and immigration enforcement (25%)

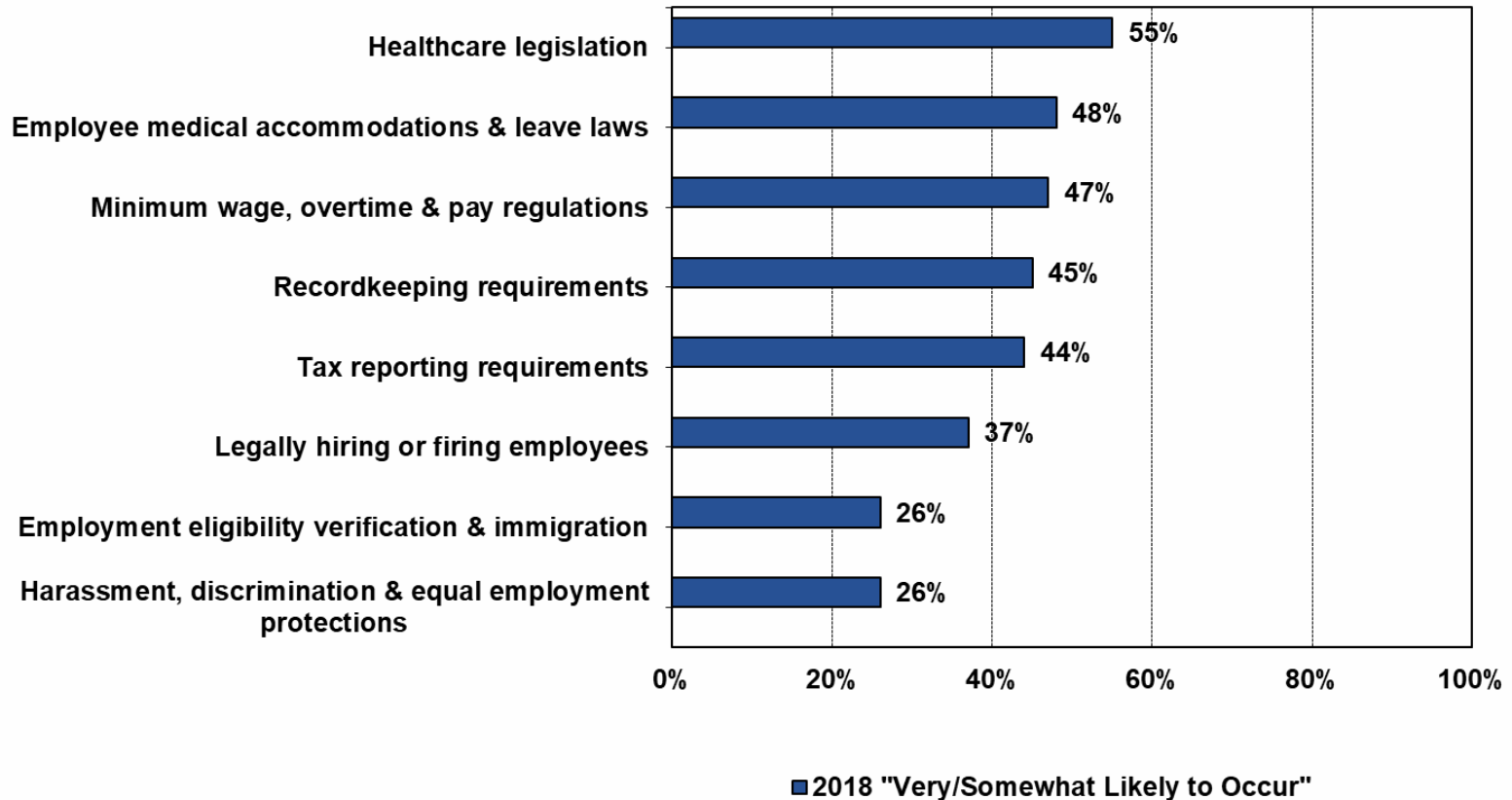
Percent with “high or moderate” level of concern regarding HR issues (Total sample)



Small businesses consider it at least “somewhat likely” they will be negatively impacted by:

- Healthcare legislation (55%)
- Employee medical accommodations and leave laws (48%)
- Minimum wage, overtime and pay regulations (47%)
- Recordkeeping requirements (45%)
- Tax reporting requirements (44%)

**Likelihood of issues having a negative impact upon businesses
2018 “very/somewhat likely to occur”**



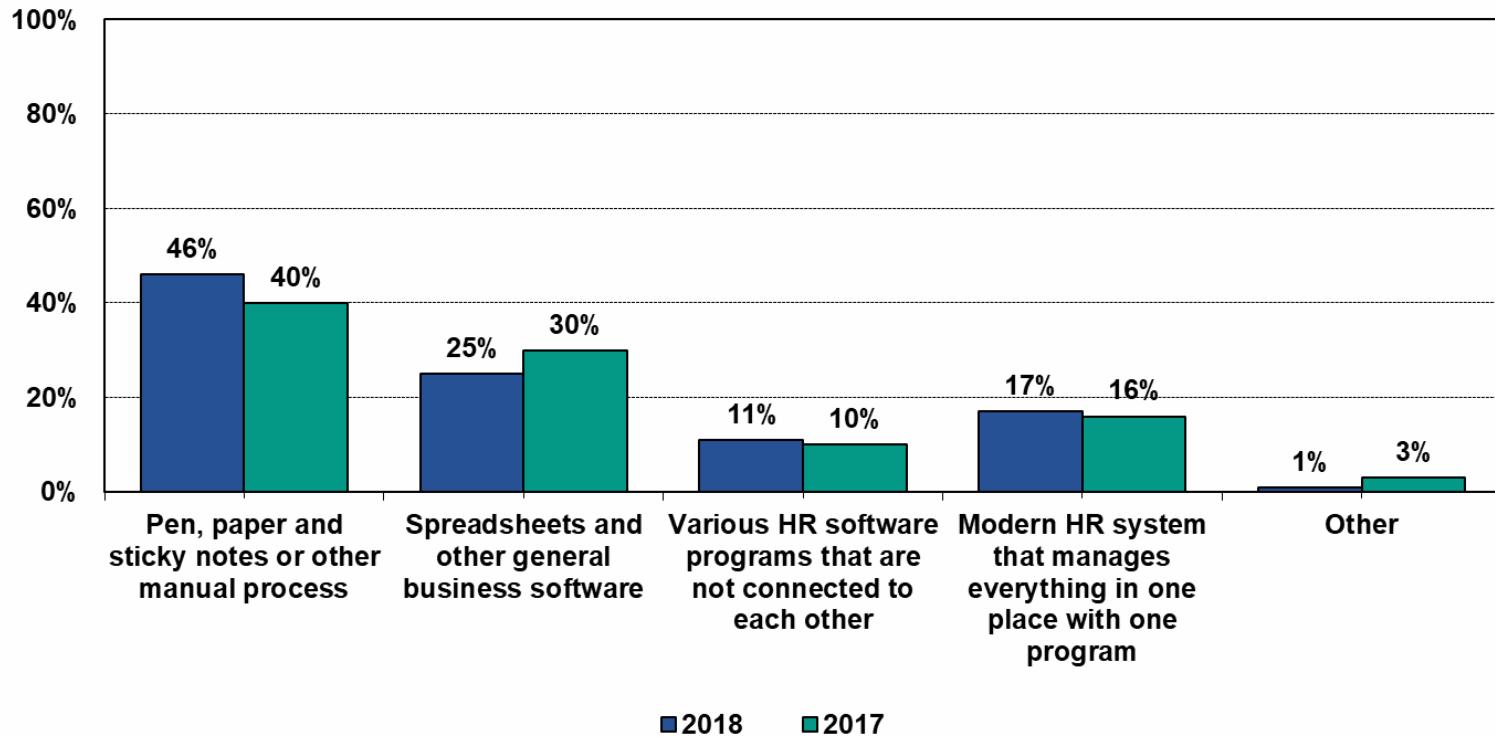
Key Finding #5

Employment law challenges are often addressed without modern systems and processes.

Despite the risks of inadequate recordkeeping and careless errors resulting in legal actions and fines, most businesses use outdated methods for managing employee-related tasks.

- Almost one-half (46%) use pen, paper and sticky notes
- Only 17% use modern HR systems

Management of employee-related administrative tasks (Total sample)



Key Finding #6

Written employee policies are widely used but they often exclude key topics.

- 84% have an employee handbook or formal written policies
- 85% require employees to acknowledge receipt
- 88% have a printed handbook
- 22% provide online access

During the past year, there has been a significant decline in small businesses with policies addressing controversial issues.

- In 2017, 67% of businesses surveyed had a weapons policy in place
- This year, 56% say they have a weapons policy
- In 2017, 33% had a political activities policy
- This year, the number is 24%

Many employers do not have recommended policies:

- 47% do not address social media usage in the workplace
- 35% do not address the use of personal electronic devices
- 33% do not address pregnancy accommodations

Example Action Plan #1

- Critically review information sources currently used to learn about changes in employment law
 - Laws are constantly changing
 - Governments provide minimal information
 - Research findings indicate frequent use of “questionable” information sources
 - Many small businesses less than “very confident” they are prepared for labor law investigations/legal actions

Example Action Plan #2

- Devote particular attention to having accurate information sources regarding key areas of vulnerability:
 - Healthcare legislation
 - Employee medical accommodations and leave laws
 - Minimum wage, over time and pay regulations
 - Recordkeeping requirements

Example Action Plan #3

- Consider transitioning from pen, paper and sticky notes to benefit from new technologies, software, etc.:
 - Respond to “significant” increase in time required for compliance
 - Better address ever-growing complexity of labor laws
 - Reduce exposure to compliance issues/actions

Example Action Plan #4

- Increase communication with owners/CEOs to ensure their awareness of the actual/potential impact of employment laws upon the business and the need for adequate resource commitments

Example Action Plan #5

- Review content of employee handbooks, manuals, etc., to ensure adequate coverage of often overlooked “hot topics,” including social media use, use of personal electronic devices and policies regarding weapons and political activities.

HR Solutions



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The conversation continues!
Join @ComplyRight for our
#SmallBizInsights Twitter chat
Tuesday, July 17 at 2 PM ET

Reminder:

All attendees will receive a link to the presentation and slides in a follow up email.