

The Role of Employer Benefits in Building a Competitive Workforce



This research brief highlights several key findings from a recent study by The ADP Research InstituteSM that focused on the role of benefits and, specifically, employer-provided health insurance, in attracting and retaining the talent needed to build a competitive workforce.

Contrary to anecdotal evidence suggesting that benefits are becoming a commodity, HR and benefits decision makers in all size companies believe that health insurance does play an important role in the war for talent. Further, they expect employer-provided insurance benefits to become more, not less, important over the next five years. As employers attempt to differentiate themselves to candidates and employees through their benefits offerings, they may also believe that their offerings are a greater source of advantage than they actually are.

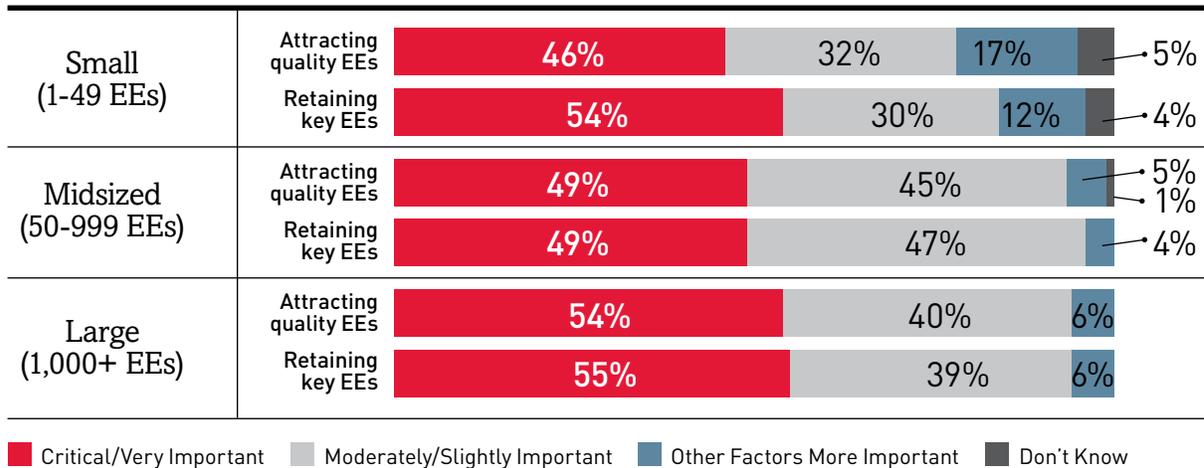
Key Insights

1.

HR leaders believe that employer-provided health insurance still plays a key role in attracting and retaining top talent.

Approximately half of HR/benefits decision makers in small, midsized, and large organizations indicated that health insurance plays a critical or very important role both in attracting quality employees and in retaining key employees. Only a very small portion of respondents felt health insurance does not play as important a role in this objective.

Role Health Insurance Plays in Attracting and Retaining Employees

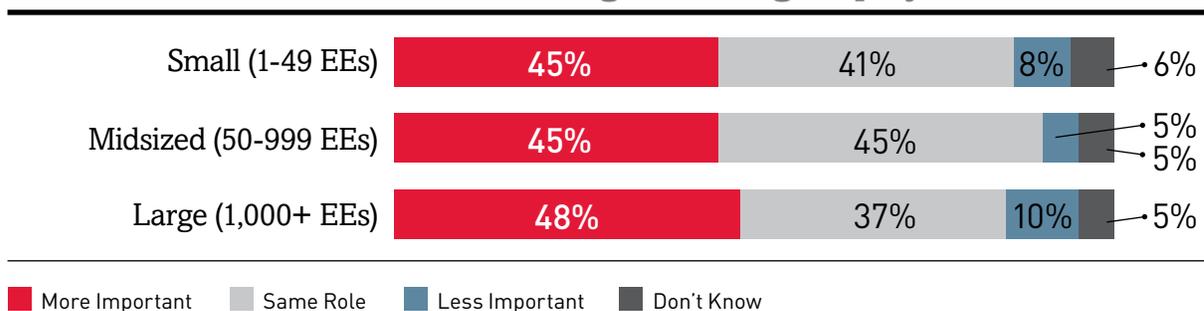


2.

HR leaders are anticipating that the health insurance offered to employees will become more, not less, important in attracting and retaining the right talent over the next five years.

Almost half of decision makers in small, midsized and large organizations believe that health insurance will play a more important role five years from now than it does today in attracting and retaining employees. This is compared to only 5-10% of decision makers, depending on size segment, who expect it to become less important for their organization over the next five years.

Role of Health Insurance in Attracting/Retaining Employees in Five Years

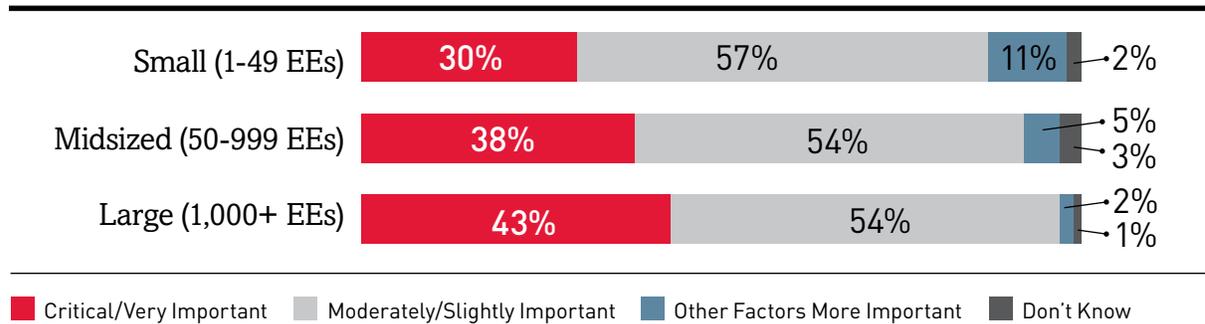


3.

HR leaders want their organization to be better than – not just on par with – other organizations competing for the same talent when it comes to health insurance.

Nine out of every 10 decision makers felt that their organization should be able to differentiate itself based on its health insurance offering. In other words, their offering should not just be comparable – but superior to other organizations competing for the same talent. Three or 4 out of 10, depending on the size segment, felt this was critically or very important.

Importance of Differentiating Company from Others Based on Health Insurance Offered in Order to Attract/Retain Employees

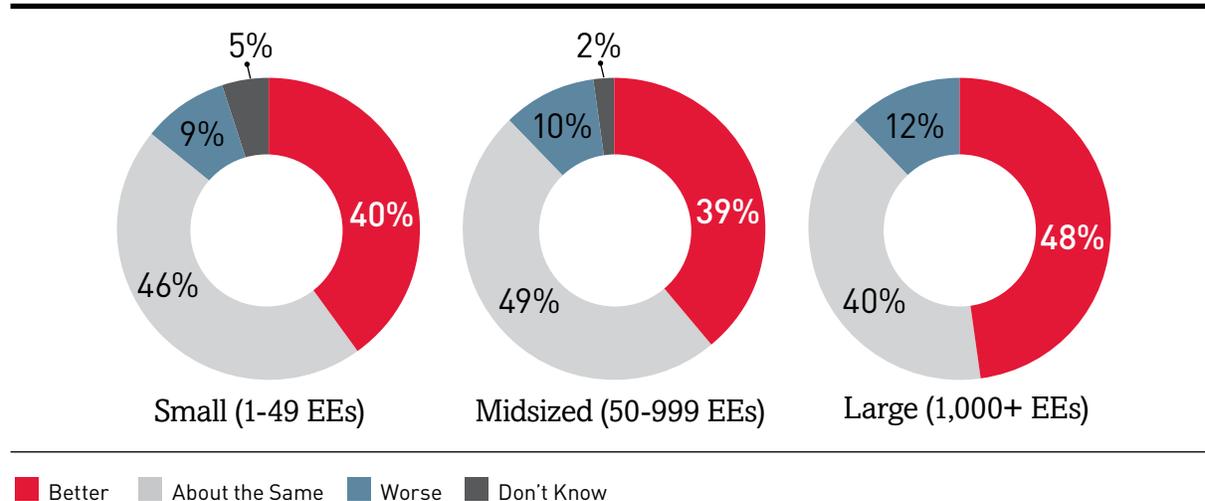


4.

An overwhelming majority of HR leaders feel they have stronger, or at least comparable, health insurance benefits compared to their competitors.

Simply put, 86-88% of HR/benefits decision makers in small, midsized, and large organizations believe that their health insurance offerings are better than or about the same as the offerings of similar-sized organizations in their industry while only 12-15% feel their offerings in this area are weaker than competitors.

Health Insurance Offered vs. Other Companies in Industry





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Takeaways

- Even in an environment of cost control and increasing health insurance premiums, HR and benefits leaders want to make their organizations' benefits packages stronger competitive differentiators.
- Nearly all HR and benefits decision makers believe their organizations' health insurance offerings are stronger or comparable relative to the market.
- Maintaining a strong outside-in view of the benefits market will help HR and benefits leaders keep their organizations ahead of the competition.

Research Methodology

These findings are extracted from an online survey conducted by The ADP Research Institute in 2012. The study included input from 727 HR/benefits decision makers in U.S. organizations that offer medical health insurance to employees:

- 212 participants from small organizations (those with 1-49 employees)
- 256 participants from midsized organizations (those with 50-999 employees)
- 259 from large organizations (those with 1,000 or more employees)

The resulting data for small, midsized, and large organizations achieved statistical reliability at the 95% confidence level.

Respondents had to be key decision makers (evaluators, recommenders, final decision makers) for critical employee benefits policy changes or major benefits system/service purchases within their enterprises.

Eight-four percent of respondents in the small business group were owners, partners, principals, presidents, or CEOs. Forty-four percent of respondents in midsized enterprises and 29% of those in large ones were the actual heads of human resources or employee benefits for their organizations.

About The ADP Research InstituteSM

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