

Independent Employee Benefits Research Report Launched Today

Submitted by: Patterson Media Services (formerley ByLine Group)

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SMEs pay no more than lip-service to employee benefits

TUESDAY, 28 OCTOBER 2003 - The UK's small and medium sized businesses are confused and apathetic about employee benefits, according to a report published today. Although three quarters (73%) say benefits are critical to their competitiveness, most companies make no more than basic provision for the welfare of their staff.

The survey of SMEs with between 50 to 500 employees was commissioned by employee benefits automation specialist Screen Pages and conducted by Byline Research.

It found that while awareness of the importance of employee benefits is very high, SMEs have been painfully slow to translate theory into practice.

Roger Willcocks, managing director, Screen Pages, said the report exposed critical weaknesses in employee benefits programmes. "Employers are failing on two fronts - they are struggling to communicate the value of the benefits they currently provide, and they are making little effort to expand the portfolio of benefits on offer.

"By offering no more than average benefits programmes, SMEs will be able to attract no better than average staff. This has serious implications for the competitiveness of a sector regarded as the engine of the economy."

Not all of the blame for poor benefits programmes is laid at the door of employers. The report criticises the government for its failure to address the pensions crisis and scheme providers for failing to make their products attractive. A quarter of respondents (25%) believe existing benefits packages offer employers poor value for money.

Two thirds of companies believe that benefits are critical in attracting and retaining the best staff, but almost as many (55%) acknowledge that they do a poor job of communicating the value of pensions, life assurance, private health insurance and other elements of the overall remuneration package.

The report warns that employers are reluctant to sign up members either to existing or new schemes because they are concerned about increasing administration costs, and it cites recent figures from the Association of British Insurers, which found that 82% of stakeholder pension schemes set up by employers

currently have no members.

The authors note that concerns about admin costs could deter employers from introducing more sophisticated programmes. For example, while 30% of SMEs plan to offer flexible benefits within the next three years, only 11% already do so.

SMEs are pinning their hopes on automated benefits systems, which are seen as the key to reducing costs and improving communication, but Willcocks cautioned businesses against unrealistic expectations.

"SMEs are enthusiastic about online self-servicing because they see it as a way to reduce the burden of administration, but staff won't use online tools just because they save the company money. They will expect something in return - better information about the benefits they are being invited to sign up to and higher-quality benefits packages."

SMEs continue to argue that their ability to provide benefits is related to company size. Half of the respondents believe that their companies are "too small for serious benefits programmes".

According to the report's authors: "This attitude will result in a self-fulfilling prophecy of under-investment in employee benefits, which has potentially disastrous social and economic consequences."

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Copies of the report Hidden Benefits for readers are available from 01932 359160.

About Screen Pages

Screen Pages provides managed e-commerce services to the financial and retail sectors. The company has worked with over 70 independent financial advisers and benefit consultants to build interactive web applications that improve client service and streamline administration including Staffcare for managing and communicating employee benefits. Screen Pages' expertise has been acknowledged by awards from influential publications including Money Marketing, Financial Adviser and Investors Week.

About Byline Research

Byline Research provides bespoke research services to businesses. The company specialises in IT and e-business.

About the research

The report Hidden benefits* - what employers would like their staff to know (but don't think they can afford to tell them) is based on a survey of 100 senior managers with responsibility for employee benefits in companies of between 50 and 500 staff. Copies of the report are available to readers free of charge. Contact 01932 359160.

* Hidden benefits for short

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