

### Summary of Key Data Points

#### Perceptions of the U.S. Economy Since 2008

- Half (52%) of midsized business owners and executives believe the economy improved within the last four years.
- Yet, only 15% are confident that the economy will improve over the next 12 months.
- Smaller midsized organizations (50-150 employees) are more than twice as likely to expect the economy to improve over the next 12 months than larger organizations (151-999 employees): 17% versus 8%.
- Nearly half of respondents express optimism when it comes to budget or revenue growth for their individual businesses (48%) and industries (47%) over the next 12 months.
- Respondents reported less improvement within their industries in the past four years (37%) than in the economy as a whole (52%).

#### Midsized Businesses' Top Concerns

- The **top three ranked concerns of midsized businesses** are the rising cost of health coverage and other benefits (38%), slow economic growth (35%) and the level/volume of government regulations (34%).
- Larger midsized organizations (151-999 employees) are much more concerned than smaller midsized organizations (50-150 employees) about issues like employee engagement (41% versus 29%), tax law compliance (35% versus 23%) and the ability of technology to support business needs (41% versus 20%).
- Larger midsized organizations also are more concerned about certain business drivers beyond their control than smaller midsized organizations, including the competitive environment (62% versus 42%) and consumer demand (51% versus 34%).

#### Overconfidence about Compliance

- Four-fifths (81%) of midsized business owners are confident they are in compliance with payroll tax laws and regulations, and 78% believe they are compliant with government workforce regulations.
- Yet, one third (33%) reported unintended expenses related to non-compliance with government regulations in the last year.
- Among those organizations reporting unintended expenses as a result of non-compliance with government regulations, each incurred an average of 6.4 fines or penalties.
- And midsized organizations that process payroll in-house received nearly three times as many fines or penalties as organizations that outsource their payroll.

#### Competition and Pressures from Globalization

- Globalization is affecting nearly half of all midsized businesses (46%).
- One in ten midsized businesses have offices outside of the United States, with larger companies (151-999 employees) nearly three times as likely as smaller companies (50-150 employees): 26% versus 9%.
- More than half (54%) of midsized business owners reported an increase in the level of competition within their industry in the last 12 months, especially among larger midsized organizations (61%).

#### The Way Forward

- More than two out of five respondents saw an increase in their number of employees within the last four years, with 43% intending to increase headcount in the next year.
- The midsized businesses that plan to increase their headcount in the next year expect to hire an average of 18 new employees (larger companies, 45; smaller companies, 13), primarily in operations roles.
- The top issues midsized businesses cite as within their control and the sphere of human capital management include:
  - More than half (53%) currently spend more time on back-office administration than four years ago.
  - Only 52% are able to generate workforce data and analytics needed to drive company goals.
  - Only 49% are confident their organization has effective tools to find, keep and grow the best talent.
  - Less than half (47%) are interested in giving managers and employees remote access to HR and payroll information and tasks.
- Larger midsized organizations (151-999 employees) show a much greater interest in giving managers and employees remote access to HR-related information and tasks than smaller midsized organizations (50-150 employees): 60% versus 44%.