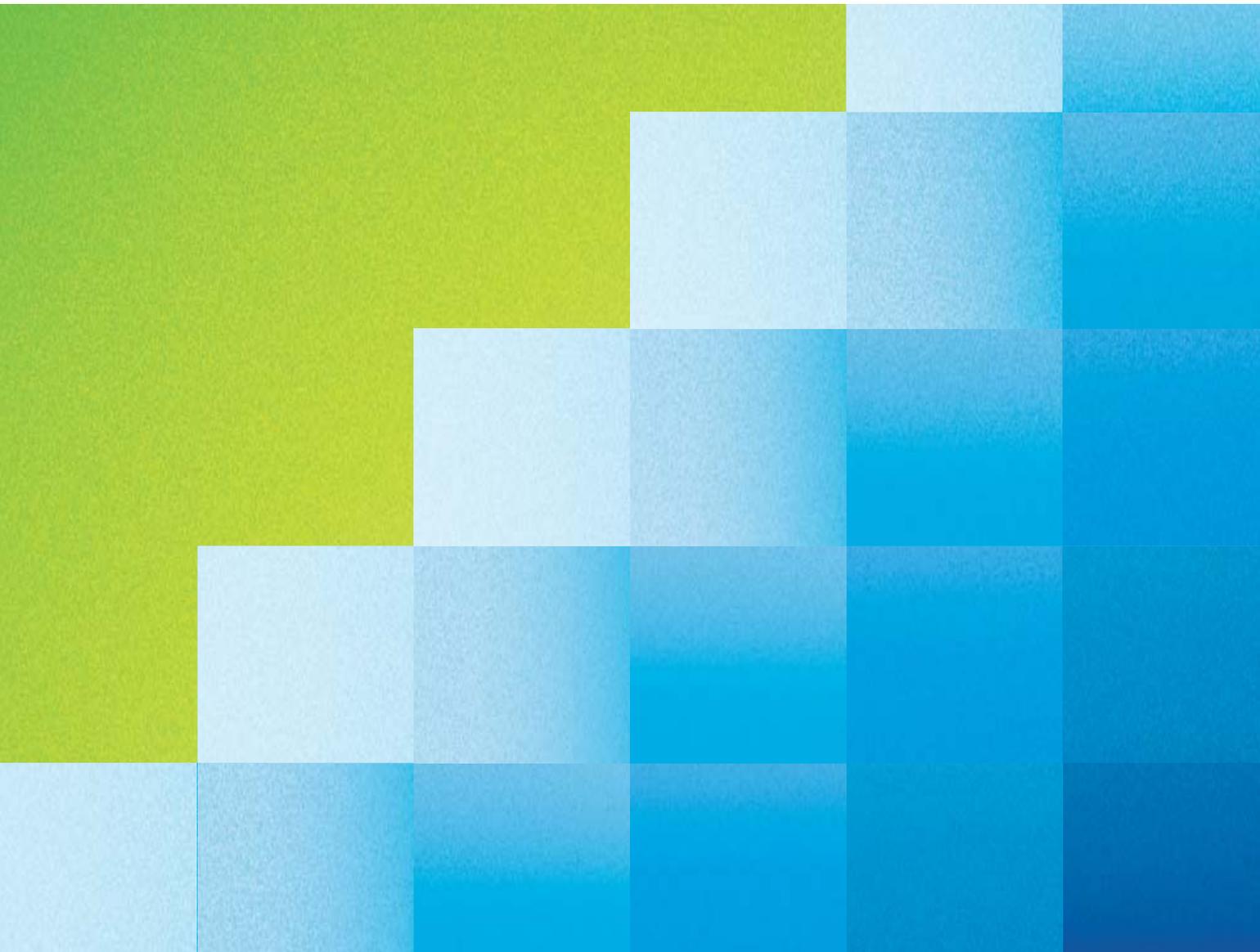




# Small Business Focus: The Work-Life Trends Shaping the Next Normal

A report based on  
MetLife's 18th Annual  
U.S. Employee Benefit  
Trends Study 2020

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▶ THE CONTENTS OF THIS REPORT

- 
- 01**      **Then & Now: COVID-19's Impact on the Small Business Mindset**      p.4
- 
- 02**      **People Priorities: Employee Well-being and Why It Matters to Small Business Employers**      p.6
- 
- 03**      **Strategic Benefits: The Pivotal Role Benefits Can Play in Mitigating Stress, Improving Retention, and Navigating Recovery**      p.10
- 
- 04**      **Conclusion**      p.14
-

► INTRODUCTION

# 2020 has been anything but business as usual for America's 30.7 million small businesses.<sup>1</sup>

From business shutdowns and confusion surrounding the Paycheck Protection Program (PPP) through difficult staffing decisions and the day-to-day roller coaster of operating during a pandemic, small business owners shifted into crisis mode in March and never looked back.

As business owners navigate shifting priorities, demands, and frustrations, the resilience and underlying optimism of the entrepreneurial spirit continues to shine through. Even with many fighting for business survival, small business leaders are at the forefront of defining the next normal for their companies, their employees, and the nation's economy.

Each year, MetLife's annual U.S. Employee Benefit Trends Study examines changing work-life dynamics and the opportunities for employers to respond. This year's study blends two distinct waves of research (Wave 1: Pre-pandemic and Wave 2: Start of the COVID-19 pandemic), along with focused studies undertaken in partnership with the U.S. Chamber of Commerce after the emergence of COVID-19. As a result, the following report provides a unique, evolving perspective of small business employer and employee needs, concerns, and motivations.

## What you'll learn:

- **Then & Now:** COVID-19's impact on the small business mindset
- **People Priorities:** Holistic well-being and why it matters to small business employers
- **Strategic Benefits:** The pivotal role benefits can play in mitigating stress, improving retention, and navigating recovery

## 01

# Then & Now: COVID-19's Impact on the Small Business Mindset

As the new year opened, small business owners were optimistic about the economy and their businesses' opportunities. In fact, the MetLife & U.S. Chamber of Commerce's Quarterly Small Business Index hit a record high of 71.7, which reflected a positive outlook for national and local economies, as well as their own businesses, for nearly 72 percent of small business owners.<sup>2</sup>

Fast forward to midway through 2020. Based on the unforeseen operational and economic realities caused by the COVID-19 pandemic, 82 percent of small businesses report concerns about the pandemic's impact on their business. As of June 2020, one in five small businesses are closed, most temporarily, and more than eight in ten say they are adapting how their company operates based on the pandemic.<sup>3</sup>

Still, the optimism is there. Fifty-three percent of small businesses report good overall health, and half expect revenues to increase next year. Among businesses that report having fewer employees than they did at the start of the year, 55 percent anticipate rehiring or bringing back most workers over the next six months.<sup>3</sup>

**The outlook is tempered by a realistic view.**

**55%** of small business leaders anticipate it will take six months or more before the business climate returns to normal

▲ Increased from 46% in March

And, as of June 2020, 66 percent of small businesses are concerned about having to stay closed or closing again if there is a second wave of COVID-19.

With this pragmatic but forward-looking lens in mind, the following sections explore emerging small business-specific work-life trends to provide insights and perspectives about employee well-being and benefits as small businesses create their next normal.



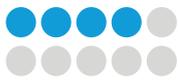
## 02

# People Priorities: Employee Well-being and Why It Matters to Small Business Employers

Even before the pandemic, small business employees and employers were dealing with the effects of an increasingly complex work-life reality. While 62 percent of small business employees see an upside to blending work and life, 42 percent admit they struggle to navigate the demands of an “always-on” work-life world.

# The challenges are catching up with employers, too

Forty-eight percent of small businesses report they're struggling to keep up with the changing work-life world—a significant jump over 2019.



**4 in 10** employees stated they struggle to balance the demands that come with today's more flexible, "always-on" work mentality

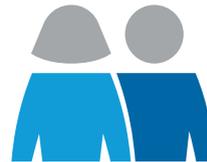


**2 in 3** employees state they are feeling more stressed than before the COVID-19 pandemic—

**48%**

of small business employers stated their organization is struggling to keep up with the blended work-life world

▲ Up significantly from 41% in 2019



**Women (72%)** are more stressed than

**Men (61%)** as a result of the pandemic



Another concern for employers, prior to the COVID-19 crisis, was employee stress and burnout.

**49%** of small business employers cited burnout as a top concern  
 ▲ Up significantly from 37% in 2019

The stay-at-home orders and increase in working from home prompted by COVID-19 further mixed professional lives with personal—and vice versa. Employees faced dramatically different challenges for managing their work, personal schedules, and competing priorities, while essential workers navigated health risks and increased workloads.

**As a result, two in three small business employees report feeling more stressed than before the pandemic.**

Before the pandemic, employees at smaller companies were more likely to say their employer provides them with the flexibility they need to manage work and life—and that their employer has their best interests in mind. Now, more than ever, employer support and the close family-like relationships in many small companies are vital for keeping employees engaged and productive.

WAVE 1 Pre-COVID-19



**Employees who frequently feel burnout and stress (about half the time or all the time) are less productive and engaged.**

WAVE 2 Start of COVID-19

**Employees who believe their employer is offering benefits and support are more engaged and productive during this time**



In today’s blended work-life world, employees look to their employers for support to navigate a variety of needs, challenges, and stressors, both inside and outside of the workplace. Seventy-six percent of small business employees believe their employers have a responsibility for their health and well-being, up eight percentage points over pre-COVID responses. Small business employers agree, with 70 percent saying they have a responsibility for their employees’ overall well-being.

With this in mind, small businesses have an opportunity to expand beyond traditional programs focused solely on physical and financial health by taking a more holistic approach that encompasses Physical, Financial, Mental, and Social dimensions.

Thirty-eight percent of small business employees see themselves as holistically well—or well across all four dimensions, which is lower than the 45 percent of overall employees who say they’re holistically well.

Employees who successfully manage the stress of the blended work-life world are more likely to feel productive, engaged, and valued at work, which can help drive tangible business outcomes for small business employers. Improving employee health across all four dimensions can lead to a happier workforce, and increased productivity, engagement, and loyalty—all critical factors in helping small businesses drive their company’s recovery in the months ahead.

**Profile of Today’s Small Business Employees**

(Based on Wave 1 results)

- ▶ **42%** are Gen Z or Millennials
- ▶ They earn slightly lower salaries compared to counterparts at larger companies
- ▶ **1 in 3** employees say they feel stressed and burnt out at work
- ▶ More likely to take part in the gig economy on the side

**A closer look at each of the components of holistic well-being**



**Improving employee health across all four dimensions can lead to increased productivity, engagement and loyalty**



## 03

**Strategic Benefits:**  
The Pivotal Role  
Benefits Can Play  
in Mitigating Stress,  
Improving Retention,  
and Navigating  
Recovery

The four aspects of holistic well-being are closely connected, working together to influence employee satisfaction and success. Both before and after the start of the pandemic, financial concerns were paramount for small business employees who are more likely to report living paycheck-to-paycheck, as well as being less productive at work because of financial worries.

**43%** of employees who don't consider themselves financially healthy also report lower than average mental, physical, and social health

The COVID-19 crisis has amplified the impact of financial health on the other dimensions of holistic health, especially mental health. For small business employees, financial concerns are the number one driver of poor mental health.

WAVE 2 Start of COVID-19

**55%** of small business employees are concerned about their financial health in the wake of the pandemic

vs

COMPARED TO  
**44%** of employees who are concerned with their social, mental, and physical health respectively

**41%** of small business employees are concerned with their physical health

**75%** of small business employees are concerned about at least one aspect of their well-being as a result of the virus

While compensation is a central element of financial wellness, benefits can also play an impactful role. In addition, employee benefits are primary drivers behind productivity and loyalty for small business employees.

Small business leaders recognize the strategic value of benefits, but also cite offering competitive benefits as their top business challenge pre-pandemic. Tied at the top of the list was employee productivity, followed closely by attracting and retaining top talent. While COVID-19 brought crisis management, day-to-day operational concerns, and in some cases, business survival to the forefront, small business owners haven't lost sight of these long-term challenges.

The top benefits objectives for small businesses pre-pandemic were retaining employees and increasing productivity. Business owners also understand the importance of employee well-being and the role benefits can play. Sixty-one percent of small business employers cite increasing employee financial wellness as a top benefits objective, up ten percentage points since 2019.

### The benefits of benefits

Along with providing protection regarding physical health, benefits can help employees feel more financially secure beyond their salaries. Perhaps more than ever, a comprehensive benefits package can play a pivotal role in helping employees feel less stressed and more engaged as they navigate the uncertainty caused by the pandemic.

However, small business employees are much less likely than employees overall to say their employer offers a comprehensive benefits package. Most small business owners appear to agree, with only one-third saying they offer comprehensive benefits to their employees.

No surprise, medical insurance is considered the top "must-have" benefit for most small business employees. Dental and vision insurance—longtime fixtures in traditional benefits programs—come in second and third on the wish-list.

**Employees are also looking for access to protection options that go beyond the basics**

52% of small business employees are interested in having their employer offer a wider array of non-medical benefits. Non-traditional benefits, like critical illness and hospital indemnity insurance, legal plans, financial planning tools, and pet insurance, are all trending upwards within the small business “must-have” list.



In addition, the COVID crisis has prompted employees to take a fresh look at the benefits available through their employers. Small business employees say the following would help ease their stress and improve their well-being if offered by their employer.



While they recognize the strategic value of benefits for attracting and retaining employees, as well as driving employee productivity and satisfaction, small businesses are concerned about the costs of expanding their benefits offering. Voluntary benefits—that employees enroll in and pay for on their own—provide a practical option to help businesses meet the diverse needs of employees without increasing the company’s benefits budget.

Small business employees are receptive—and they’re not expecting their employers to pick up the tab for additional benefits choices.

By having access to voluntary benefits through the workplace, employees gain the convenience of not having to shop for coverages on their own, along with affordable group insurance rates that are often lower than the rates they would be able to get as an individual.

**46%** of small business employees are interested in a wider array of benefits, even if they are responsible for paying all or part of the costs

### Communication drives impact

As a result of COVID-19, businesses have a unique opportunity to enhance the conversation about employee benefits. Traditionally, employer enrollment communications focus primarily on cost and coverage details, often leaving employees to fill in the gaps to understand how benefits can work together.

With heightened awareness about protection needs, small business employers have a timely opportunity to highlight the role different benefits can play within a comprehensive program and help drive enhanced holistic wellness.

For example, sharing a case study showcasing how hospital indemnity insurance provides a supplemental cash payment if an employee is hospitalized—in addition to what’s covered by health insurance—assists employee decision-making by providing a real-life scenario of how the two benefits can complement each other.

WAVE 1 Pre-COVID-19

**49%**

of employees who understand their benefits are holistically well

vs

**15%**

of employees who don't understand their benefits



# 04

## Conclusion

While the challenges facing small businesses will continue to evolve, one thing remains constant. Small businesses will be a driving force behind the U.S. economy and how the work-life world responds to the COVID-19 pandemic. With a unique combination of optimism and practicality, small business owners are finding innovative solutions to manage their businesses, serve their customers, and inspire their communities. By recognizing the strategic value of employee holistic well-being and seeking opportunities to support it, small businesses will be positioned to thrive in the next normal.

# Small business actions and solutions

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- ▶ **Review** your programs and benefits to identify opportunities to address all four aspects of employee health and well-being: physical, financial, mental, and social.

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- ▶ **Provide** access to a comprehensive package of traditional and non-traditional benefits that enable employees to address their specific situations, mitigate stress, and increase security.

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- ▶ **Explore** options to add voluntary benefits employees can choose and pay for on their own.

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- ▶ **Communicate** how benefits can be relevant for employees, especially during times of uncertainty, by including case studies and real-life examples that highlight how benefits work together.

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- ▶ **Drive** employee awareness by communicating the value of benefits year-round, not just during annual enrollment.

## Methodology

### Research Methodology

MetLife's 18th annual U.S. Employee Benefit Trends Study (EBTS) consists of three distinct studies. The first two were conducted in August and September 2019 and the third in early April 2020—during the start of the COVID-19 pandemic. The 2019 employer survey consists of 2,501 interviews with benefits decision makers and influencers at companies with at least two employees, including 923 in the small business market. The 2019 employee survey includes 2,650 interviews with full-time employees, aged 21 and over, at companies with at least two employees, including 789 in the small business market. The updated 2020 employee survey consists of 2,367 interviews using the same criteria (full-time employed at time of survey completion), including 622 in the small business market. Small business market is defined as organizations with two to ninety-nine employees. All studies were fielded by Rainmakers CSI—an international strategy, insight and planning consultancy.

1 Small Business Administration, 2019.

2 MetLife & U.S. Chamber of Commerce Small Business Index, Q1 2020.

3 MetLife & U.S. Chamber of Commerce Small Business Coronavirus Impact Poll, June 3, 2020.



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