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SMB Workforce and Workplace Trends For 2024



Authored by



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Introduction

SMB Workforce and Workplace Trends for 2024 provides an overview of SMB workforce, workplace, and collaboration plans and trends.

This eBook is based on findings from SMB Group's **SMB Business and Technology Directions for 2024** survey. Fielded in December 2023, the survey queried 744 SMB decision-makers and influencers in SMB (1-999 employees) and mid-market (1,000-2,500 employees) companies across various industries.

The full study examined how technology investments align with these priorities across different areas of the business, workforce, and workplace trends, and environmental, social, and governance (ESG) engagement and plans.

This eBook, ***SMB Workforce and Workplace Trends for 2024***, examines SMB workforce, workplace, and collaboration plans and trends.

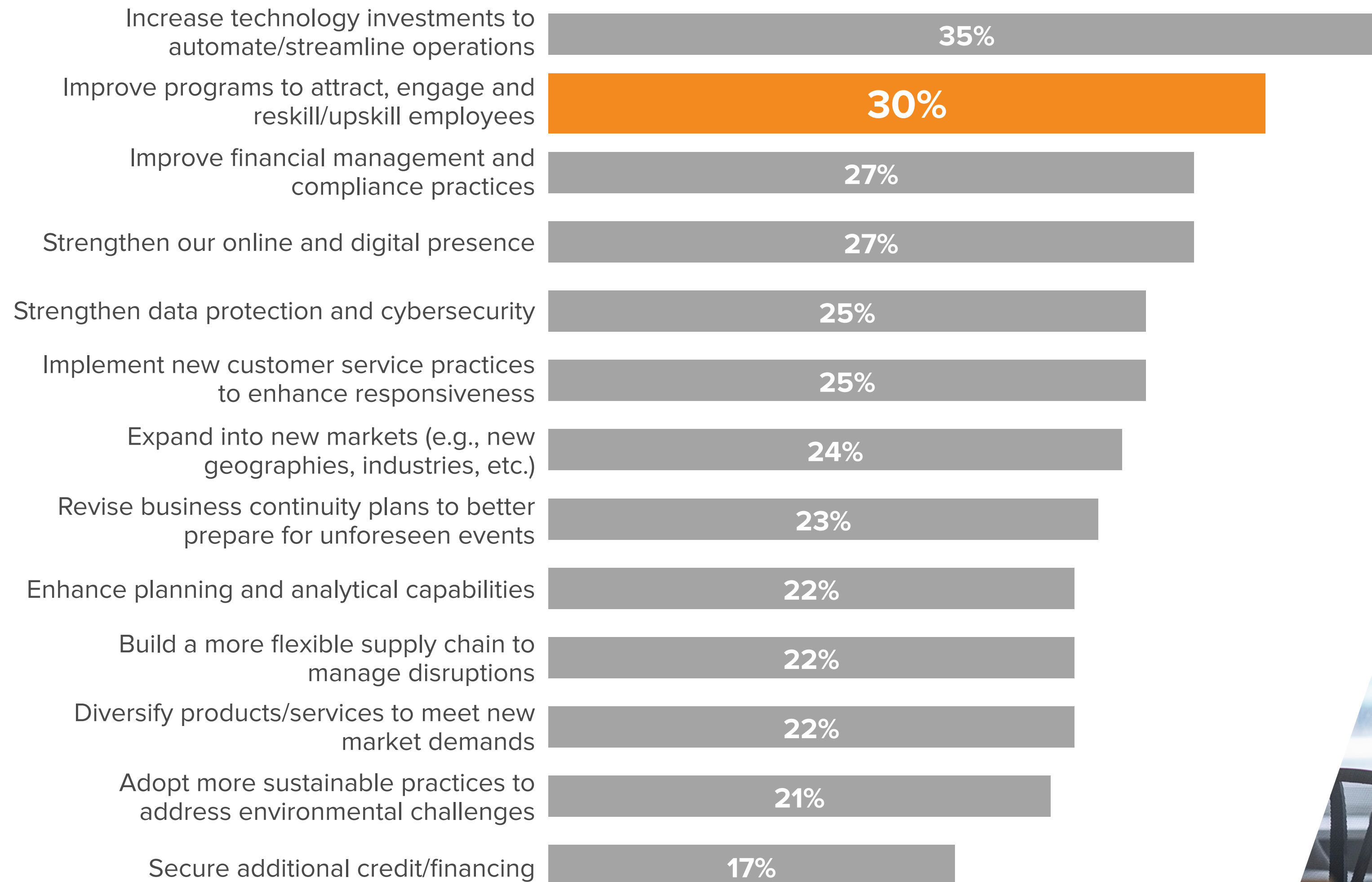
For the sake of brevity, we refer to the entire survey sample as “SMBs” throughout this eBook.

Our companion eBook, ***2024 SMB Priorities: Aligning Technology Investments to Business Requirements***, provides an overview of the business and technology strategies of small and medium-sized businesses.



Improving Employee Recruitment, Engagement, and Training Is a Top Strategic Initiative for About One-Third of SMBs

Top strategic initiatives SMBs are implementing to successfully adapt to changing conditions in 2024



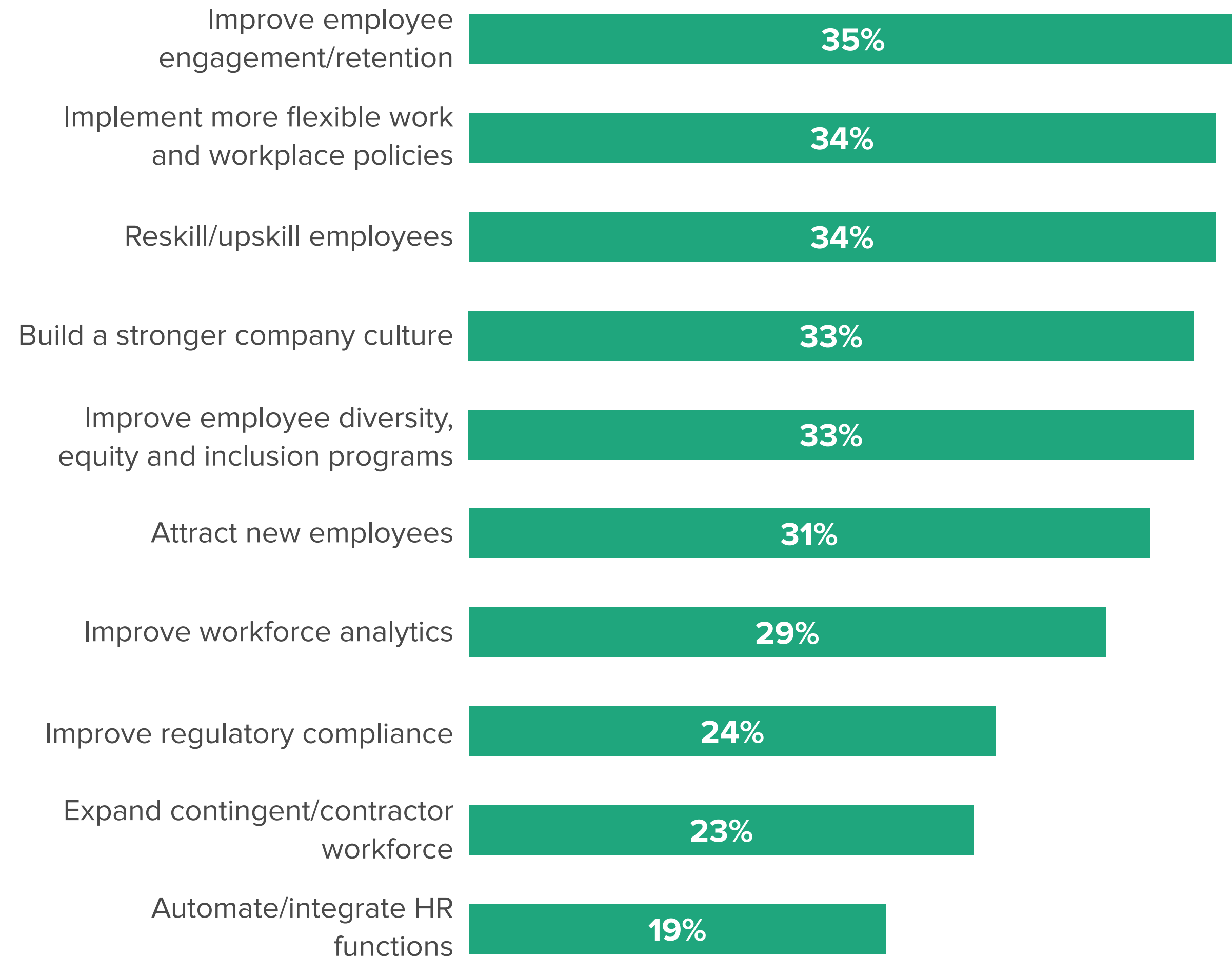
Approximately one-third of SMBs said that they are prioritizing talent management to help them navigate the evolving business landscape of 2024. When surveyed about their top three strategic initiatives for adapting to change, SMBs ranked improving programs for attracting, engaging, and training employees as their second-highest priority.

These businesses recognize that their workforce is a pivotal strategic resource. By investing in their employees, they are preparing to overcome future obstacles and seize emerging opportunities.



Importance of Workforce-Related Initiatives for SMBs

Workforce-related initiatives most important for SMBs to achieve in 2024



SMBs ranked improving employee engagement and retention, implementing more flexible work and workplace policies, and reskilling/upskilling employees as their most important initiatives. However, building a stronger company culture, and improving diversity, equity, and inclusion (DEI) programs, and attracting new employees follow closely behind.

Across all SMBs, there is a significant emphasis on human-centric initiatives such as engagement, culture, and skills development, aligning with broader trends in the modern workplace. Flexibility, culture, career development, and DEI are critical in attracting and retaining talent in a competitive labor market.

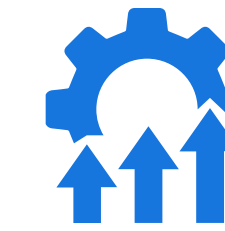


Importance of Workforce-Related Initiatives for SMBs (continued)

Workforce-related initiatives most important for SMBs to achieve in 2024

	1	2	3
1,000-2,500 empl.	Improve DEI programs	Improve regulatory compliance	Attract new employees
500-999 empl.	Implement more flexible work policies	Build a stronger company culture	Improve DEI programs
250-499 empl.	Attract new employees	Improve DEI programs	Improve employee retention
100-249 empl.	Implement more flexible work policies	Improve DEI programs	Improve employee retention
50-99 empl.	Reskill/upskill employees	Improve DEI programs	Improve employee retention and Build a stronger company culture (tie)
20-49 empl.	Improve employee retention	Reskill/upskill employees	Build a stronger company culture
3-19 empl.	Implement more flexible work policies	Improve employee retention	Reskill/upskill employees and Build a stronger company culture (tie)

Priorities vary by company size, as organizational needs and strategic needs change depending on the scale of the business.



The largest companies (1,000-2,500 employees) prioritize improving DEI programs, regulatory compliance, and attracting new employees.



Companies with 500-999 employees focus on implementing flexible work policies and building a stronger company culture.



For companies with 250-499 employees, attracting new employees is the top priority, followed by improving DEI programs and employee retention.

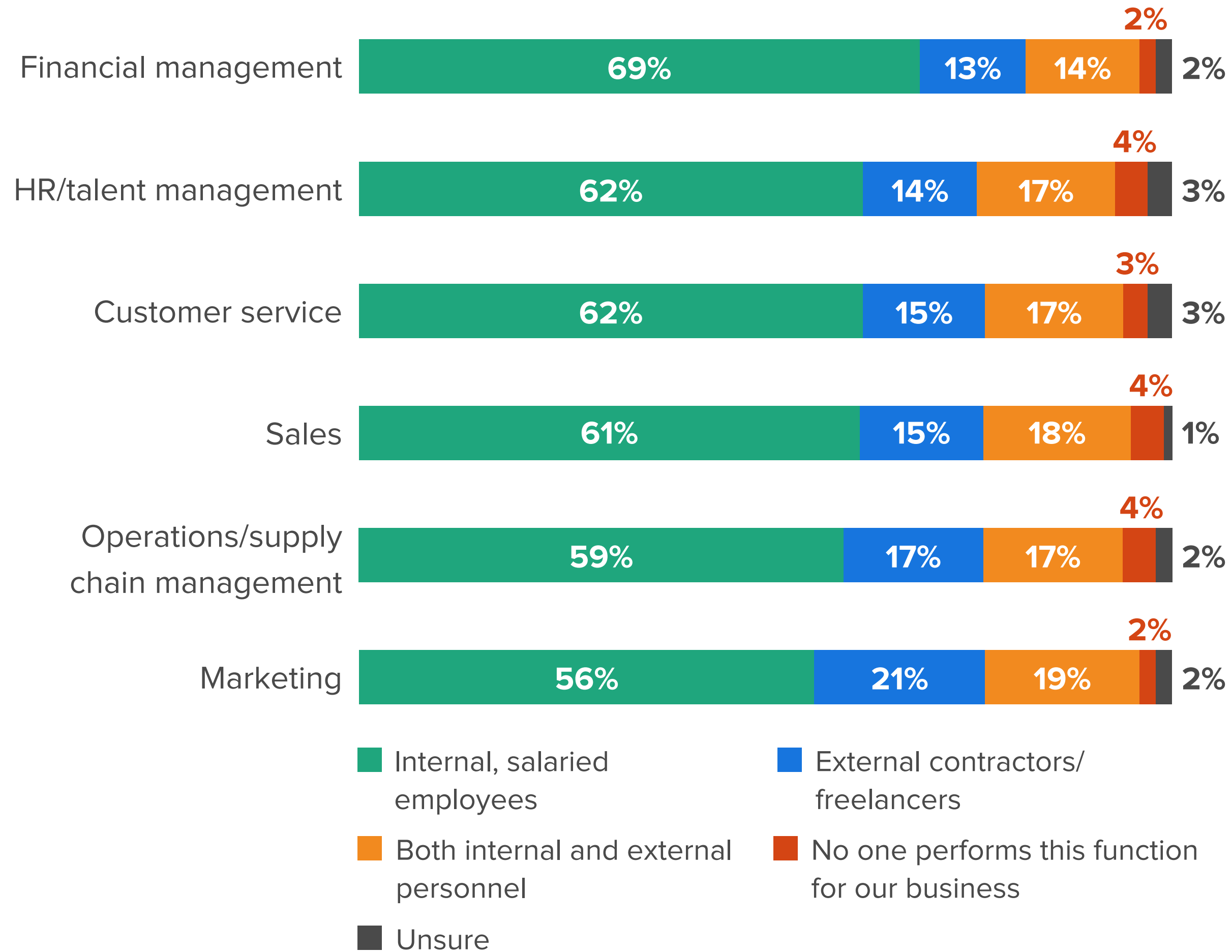


The smallest companies (3-19 employees) prioritize implementing flexible work policies and a tie between reskilling/upskilling employees and building a stronger company culture.

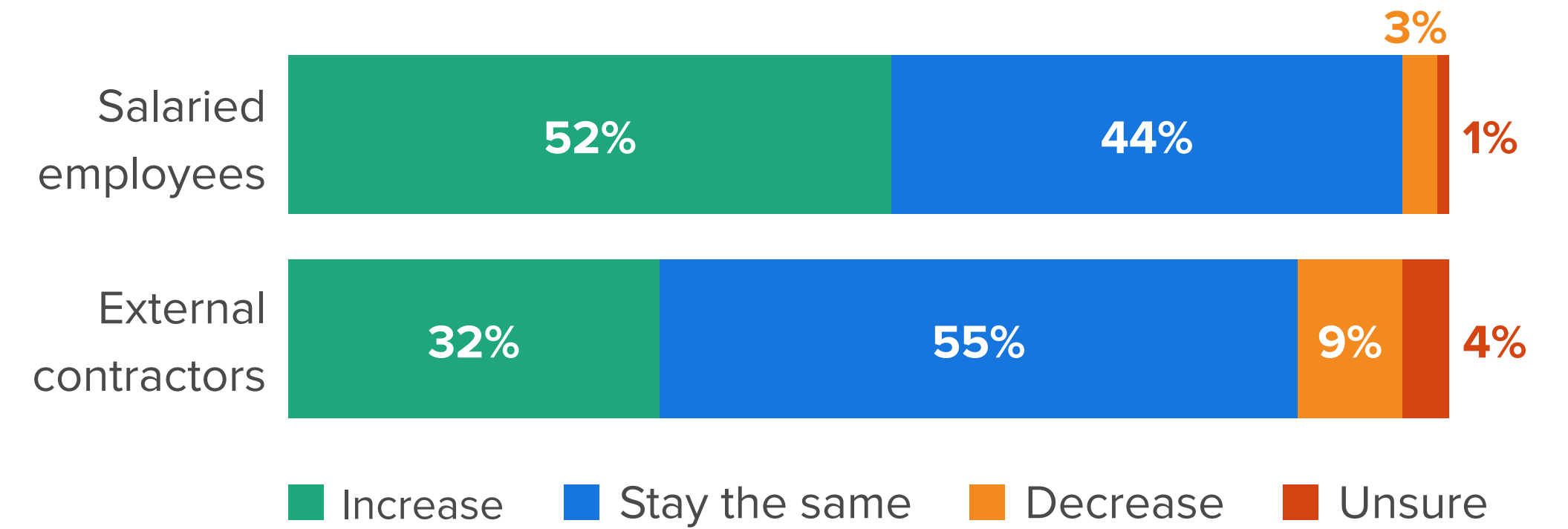
Overall, larger companies tend to be more focused on structural and compliance issues that come with scale, while smaller companies are more likely to prioritize flexibility, culture, and talent development to drive growth and competitiveness.

SMBs Rely Primarily on Salaried Employees, Augmented by Contractors

Responsibility for performing key functions



2024 Staffing Plans

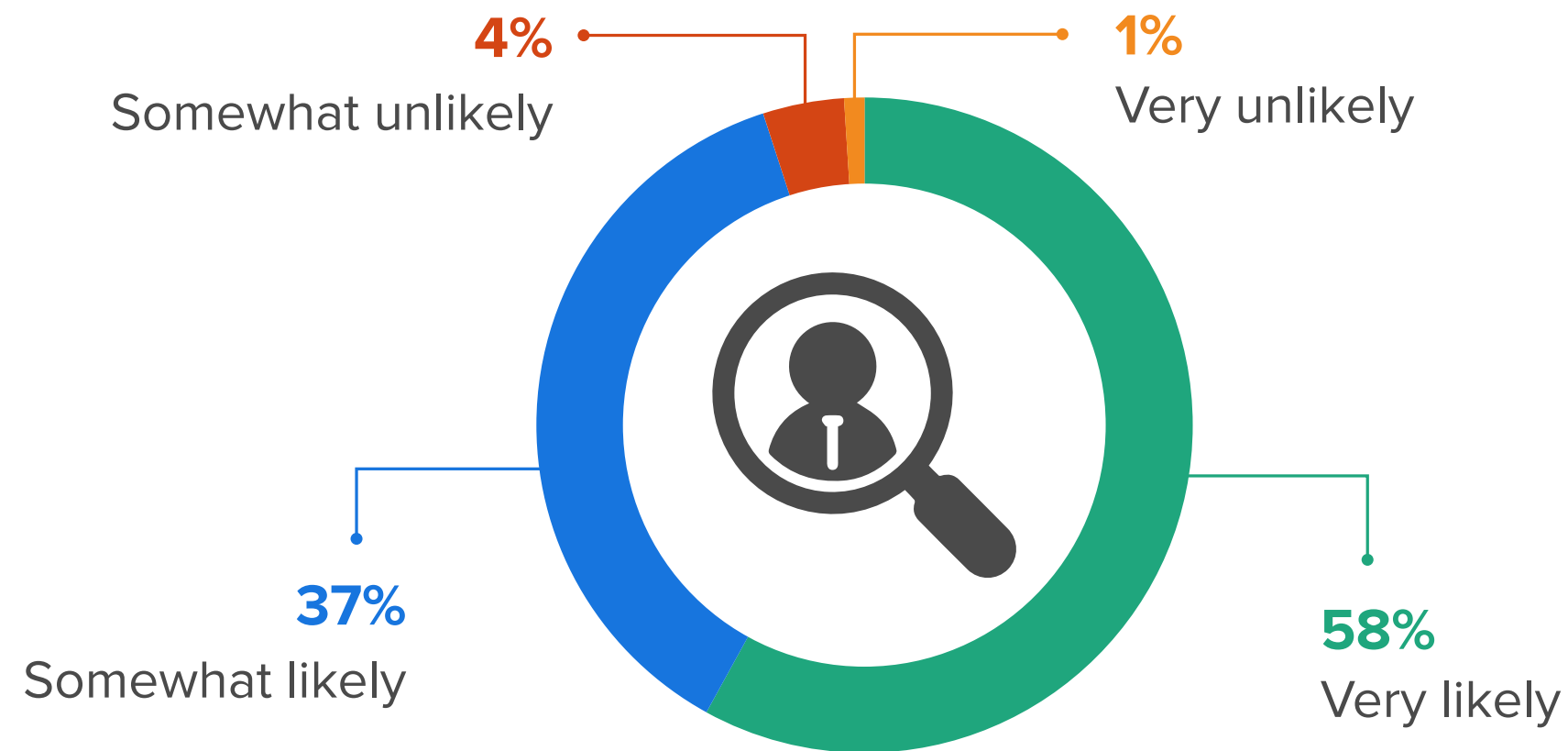


A majority of SMBs said that they depend primarily on salaried employees to perform key business functions, underscoring the importance of a stable core workforce to their operational strategy. However, many SMBs are supplementing this core with external contractors to get the flexibility they need to scale up or down as business needs change.

In 2024, about 52% of SMBs plan to hire more salaried employees, compared to 32% who intend to hire additional external contractors.

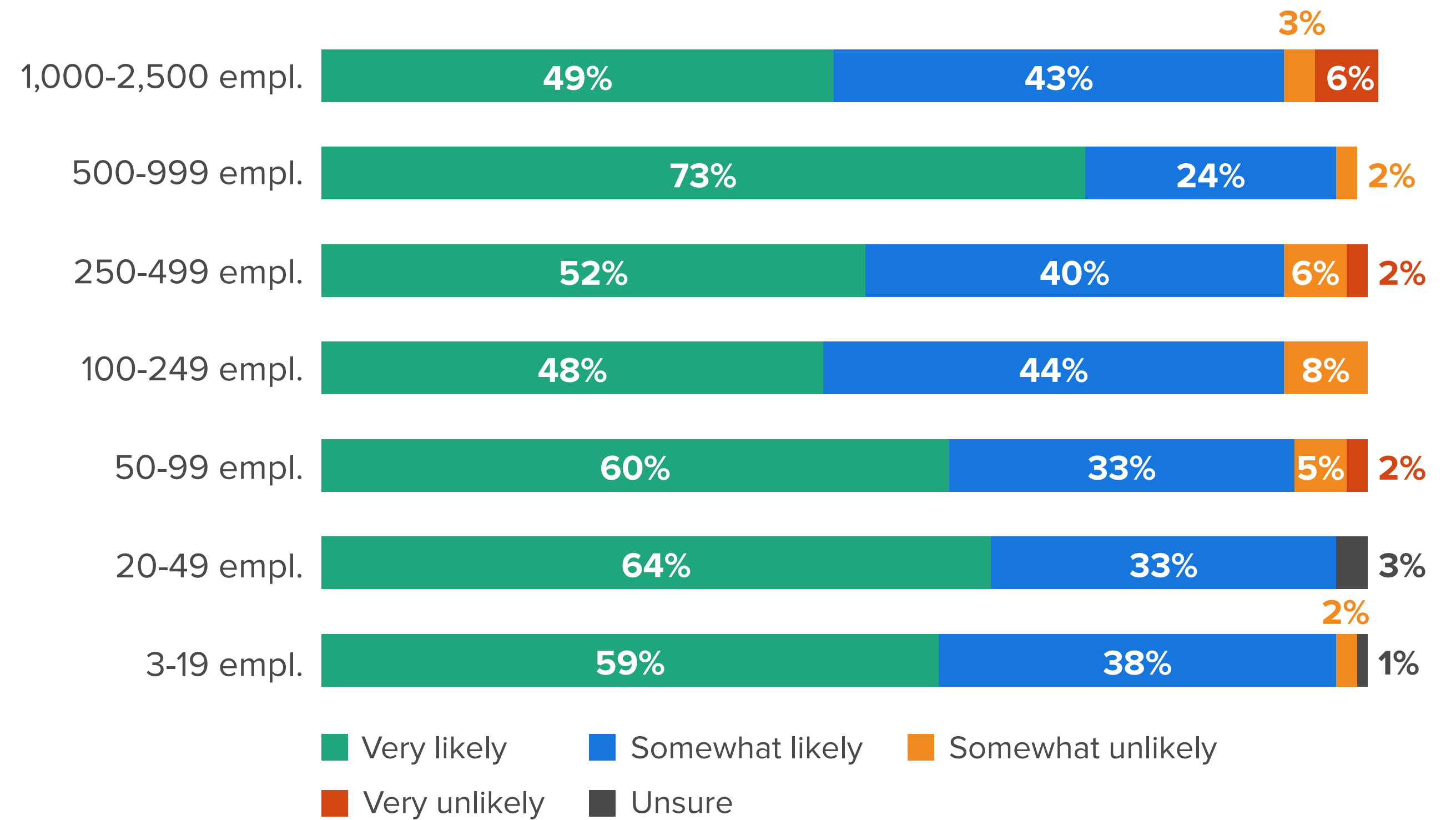
SMBs Are Optimistic About Meeting Hiring Goals in 2024

Likelihood of meeting hiring goals



SMBs have a positive outlook regarding their hiring plans for 2024. The overall sentiment is one of confidence in the job market and in their individual growth strategies: 58% of SMBs indicated that they are very likely to meet their hiring goals and a further 37% said that they are somewhat likely to do so. Notably, even the smallest companies surveyed are confident about hiring new staff.

SMB plans to hire and confidence in their ability to meet their goals reflect positive economic sentiments: 59% of SMBs said that they anticipated that the business climate would improve in 2024, and 65% expected their revenues to increase. SMBs are also making strategic investments in technology, workforce development, and operational efficiencies that can increase the likelihood of meeting hiring objectives.

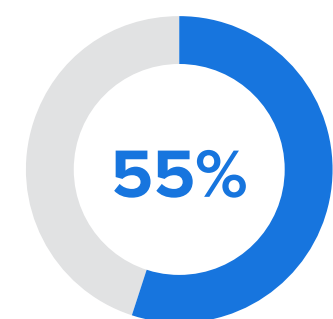


59% of SMBs anticipate the business climate will improve in 2024

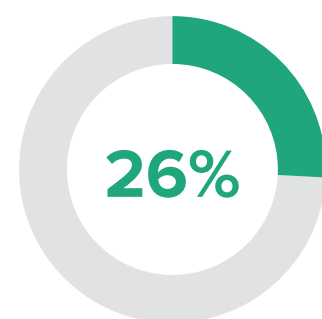
65% of SMBs expect their revenues will increase in 2024

SMB Employees Are Most Likely to Work Solely from Company Locations

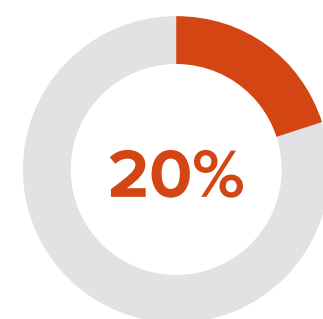
Percentage of employees working in different locations



55% of SMB employees work solely from a company location



26% Work only remotely



20% Work both remotely and from a company location

55% of SMB employees currently work exclusively from company locations, while 26% work entirely remotely, and the remaining 20% work in a hybrid work model, splitting their time between remote work and office locations.

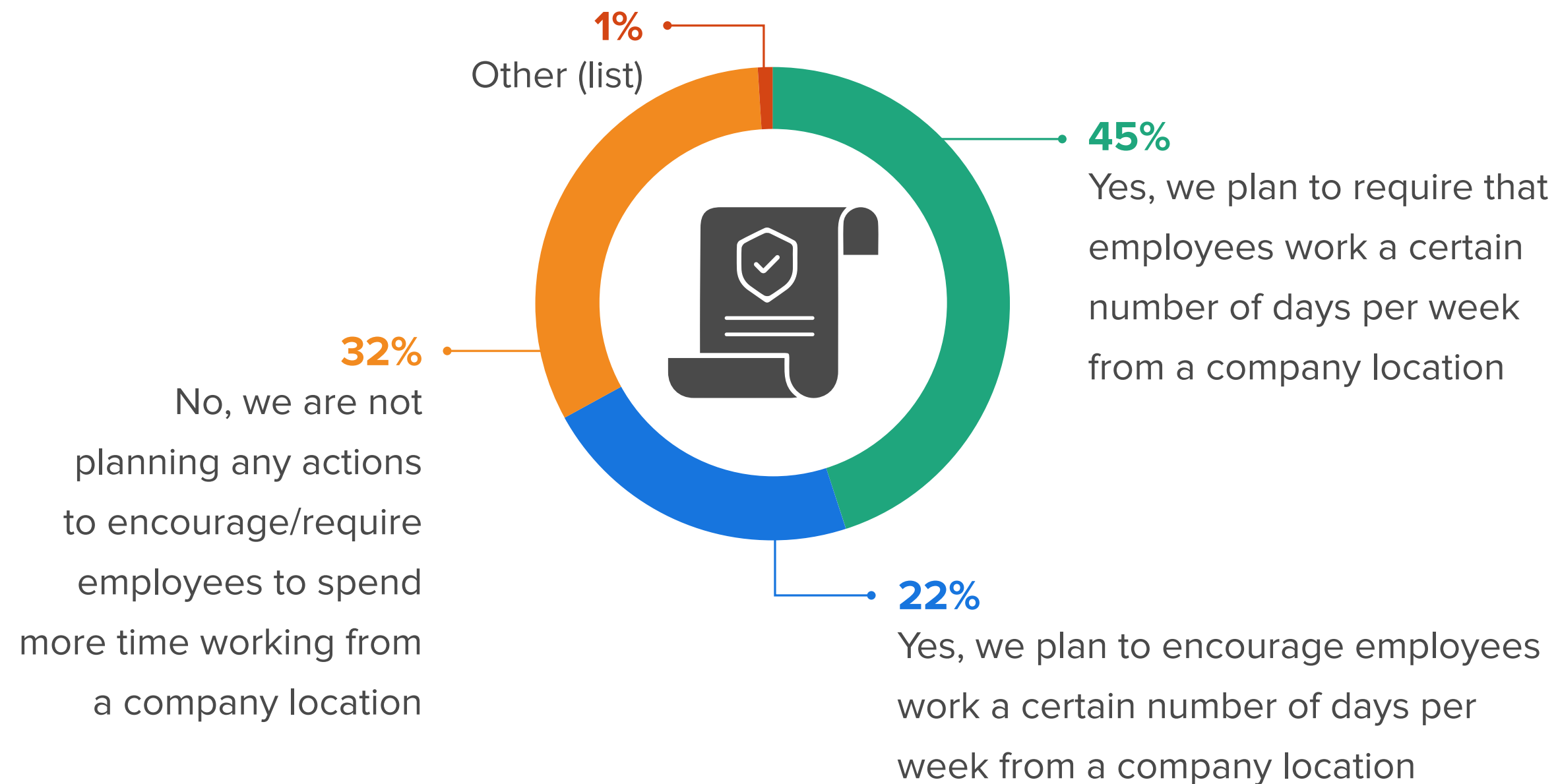
This data highlights the dynamic nature of work arrangements in SMBs since the COVID-19 pandemic, which accelerated the shift towards more flexible work practices. and the need for SMBs are responsive to accommodate employee preferences.

SMBs consider many factors, including requirements for employees to be physically present to do their jobs, resource limitations, technology capabilities, and company culture and values. This mixed approach to workplace locations underscores the need to weigh these different factors as they develop workplace policies and practices.

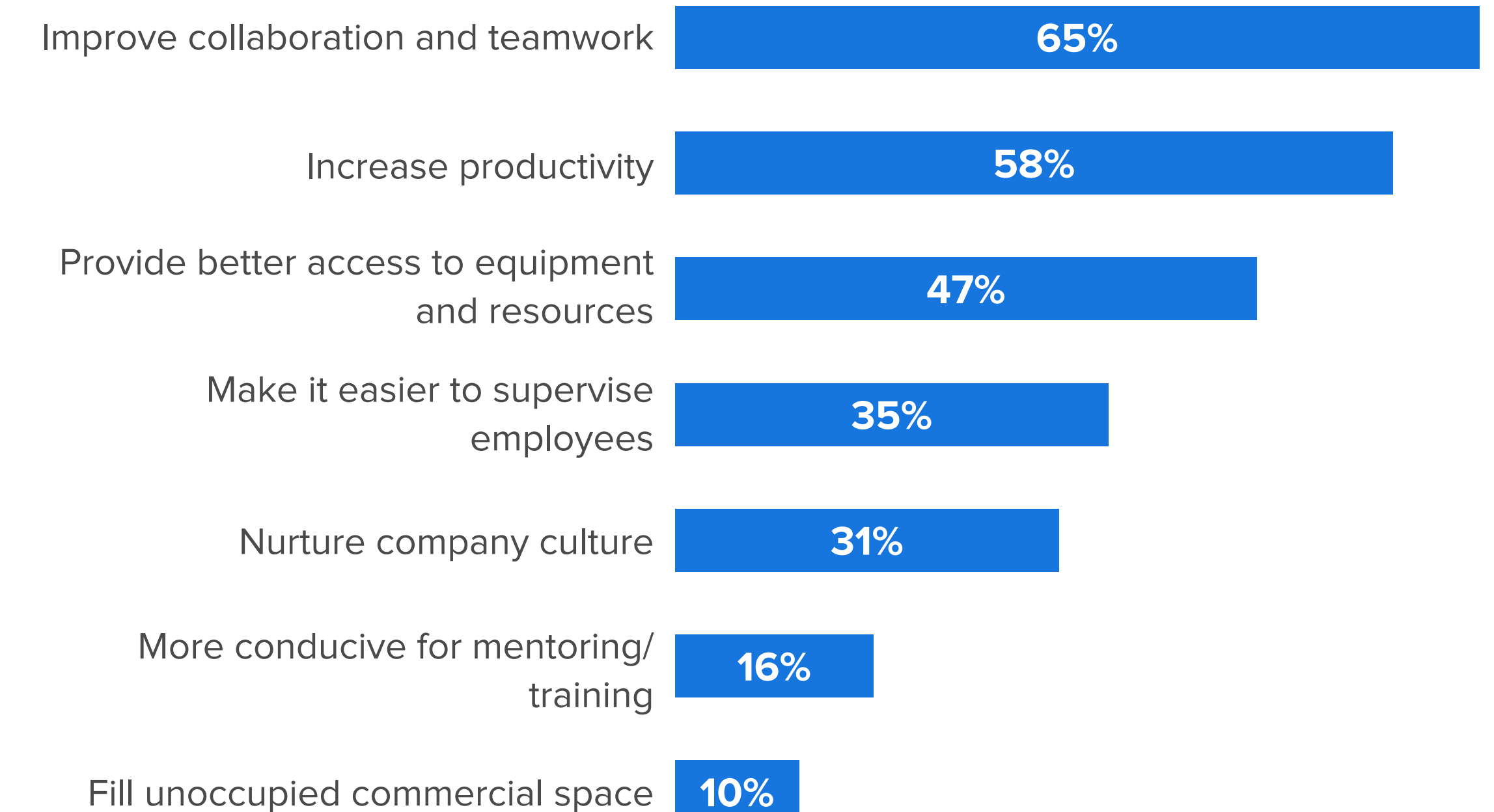


Two-Thirds of SMBs Plan to Encourage or Require Employees to Spend More Time Working from Company Locations

Plans to introduce/modify policies to encourage or require employees to work from company locations



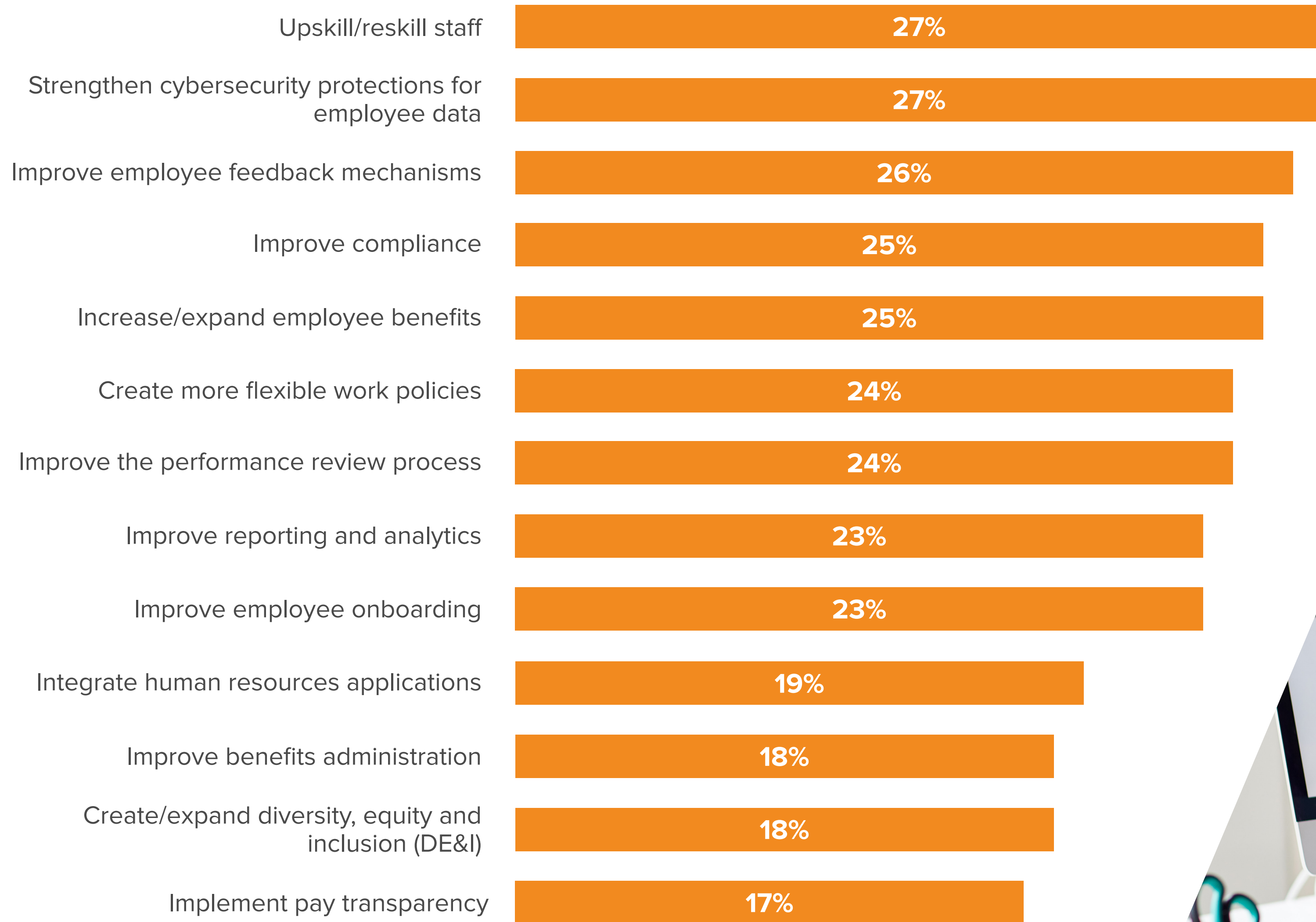
Drivers for these policies



Mirroring the trend among many large corporations, roughly two-thirds of SMBs said they intend to either require or encourage their employees to work on-site in 2024. The top drivers to reel employees back in are to improve collaboration and teamwork, increase productivity, and provide better access to equipment and resources.

SMBs' preferences to bring more employees back to on-site work reflect the balancing act that businesses large and small face: weighing the benefits of remote work against the traditional advantages of an office setting. It's a decision that varies significantly depending on the industry, the specific business, and the nature of the work being performed. For some, the hybrid model may emerge as the middle ground, offering employees the flexibility they want while still harnessing the benefits of in-person interactions.

SMB Workforce Management and Investment Priorities for 2024

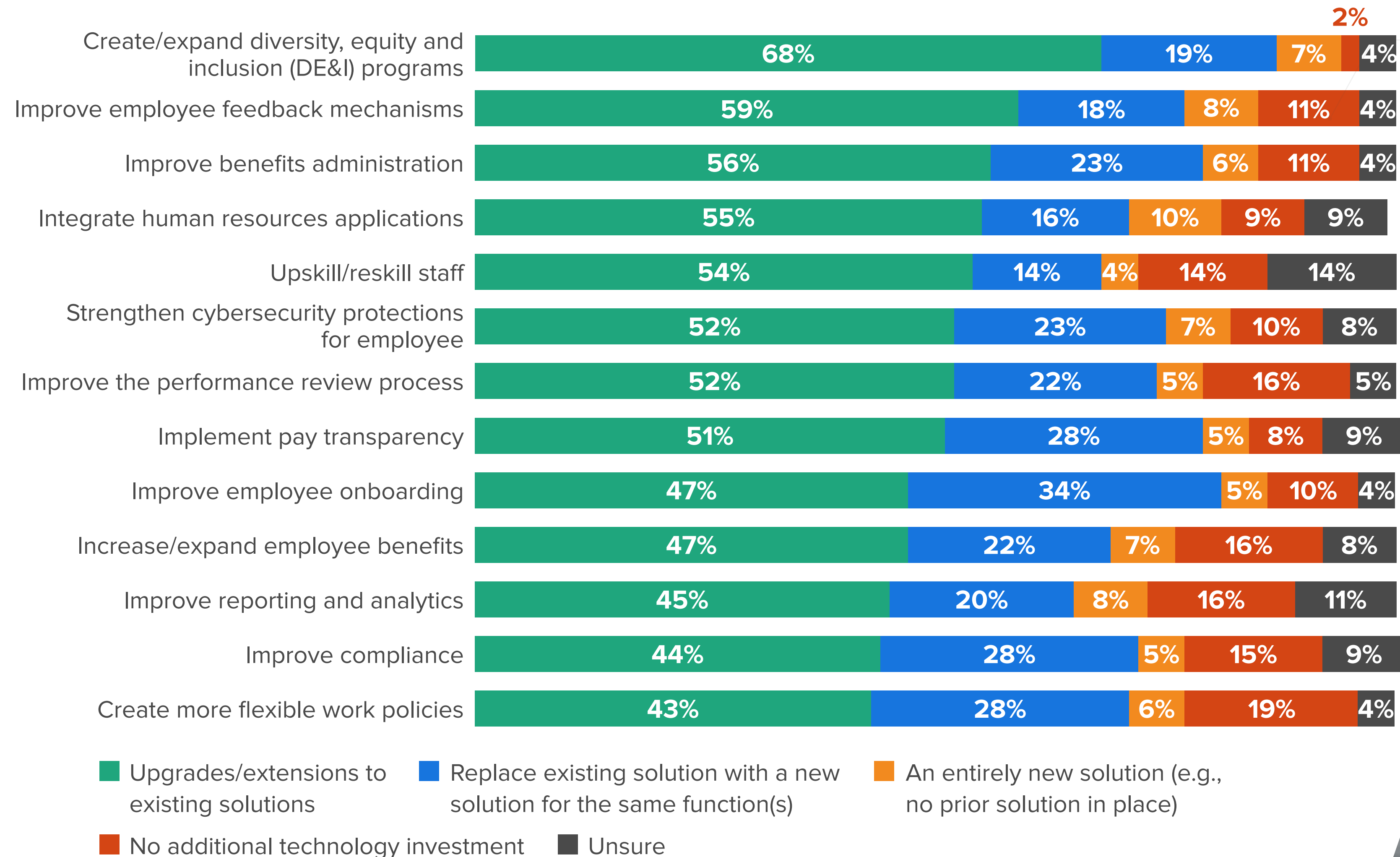


SMBs were most likely to cite upskilling/reskilling staff, strengthening cybersecurity protections for employee data, and improving compliance as their top workforce management and HR priorities. These priorities reflect their focus on developing staff capabilities and safeguarding employee data, both vital in a digital economy, and on improving compliance to avoid legal pitfalls and maintain operational integrity.



Technology Plays a Key Role in Helping SMBs Address Workforce Management and Human Resources Priorities

Technology investments to support priorities

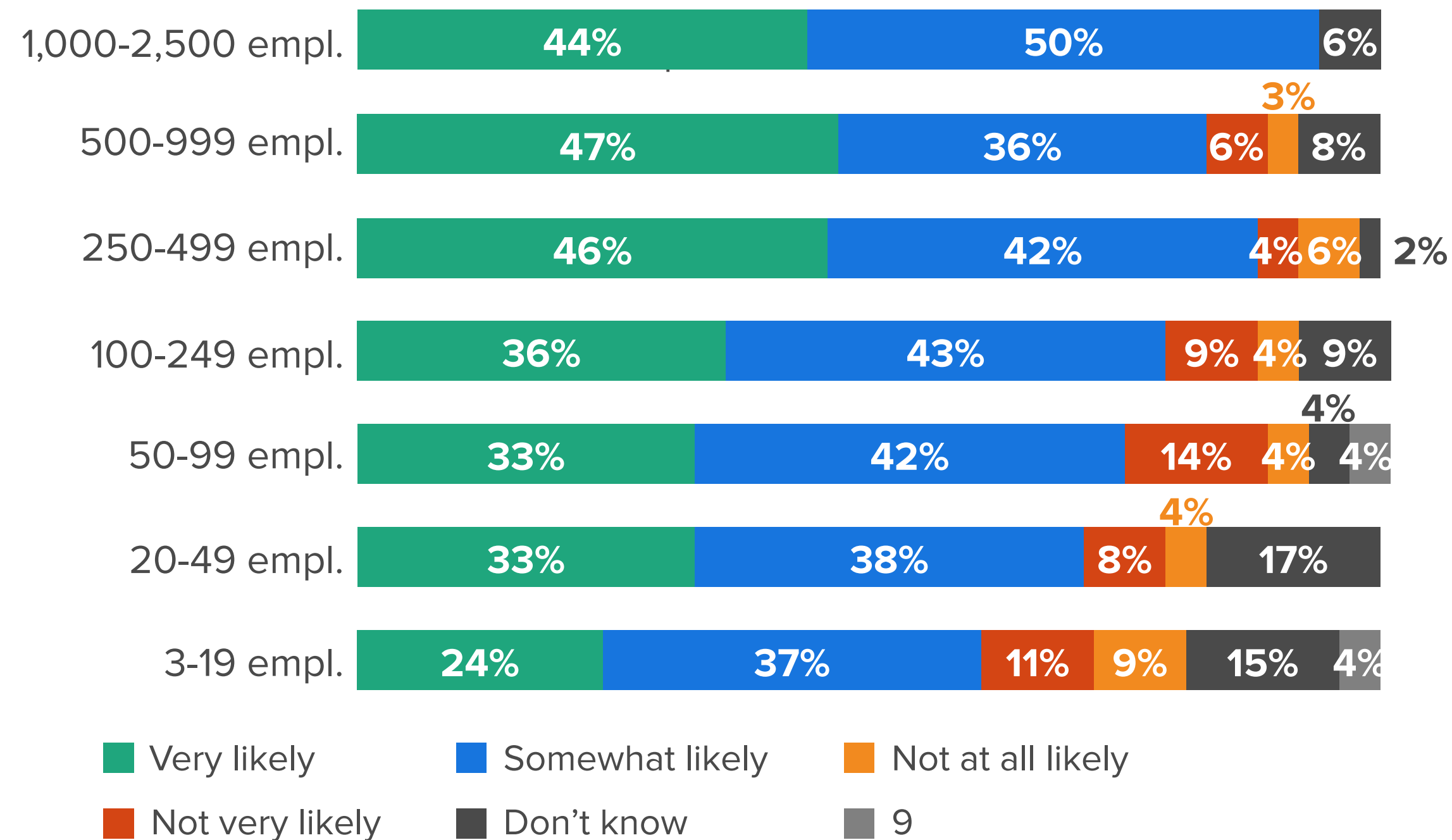
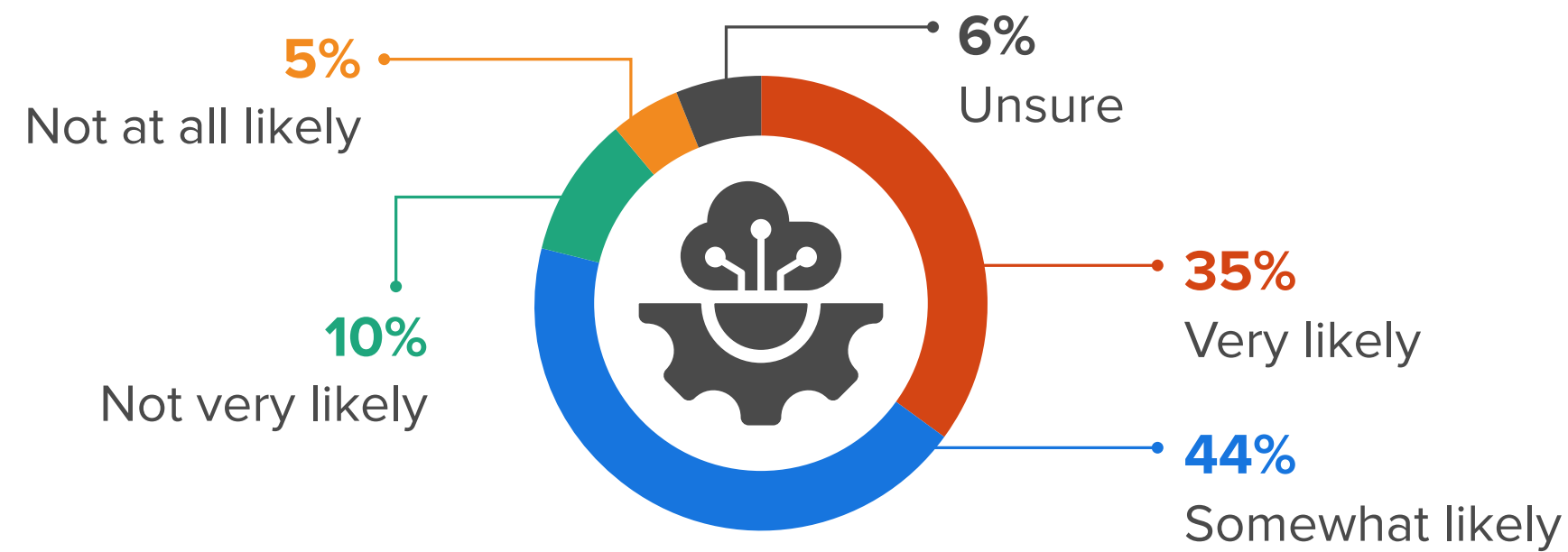


Technology will be key to helping most SMBs achieve their goals. The bulk of these investments are likely to be upgrades or extensions to existing solutions, a cost-effective approach that leverages existing technology assets. However, a considerable portion of SMBs said that they are planning to replace their current solutions with entirely new ones to better meet their objectives. This approach is likely driven by the need for more advanced features, integration capabilities, or simply better performance than their existing systems provide.



SMBs Lean into the Cloud for Workforce Management and Human Resources Solutions

Likelihood of using cloud/SaaS solutions for new workforce management and HR requirements



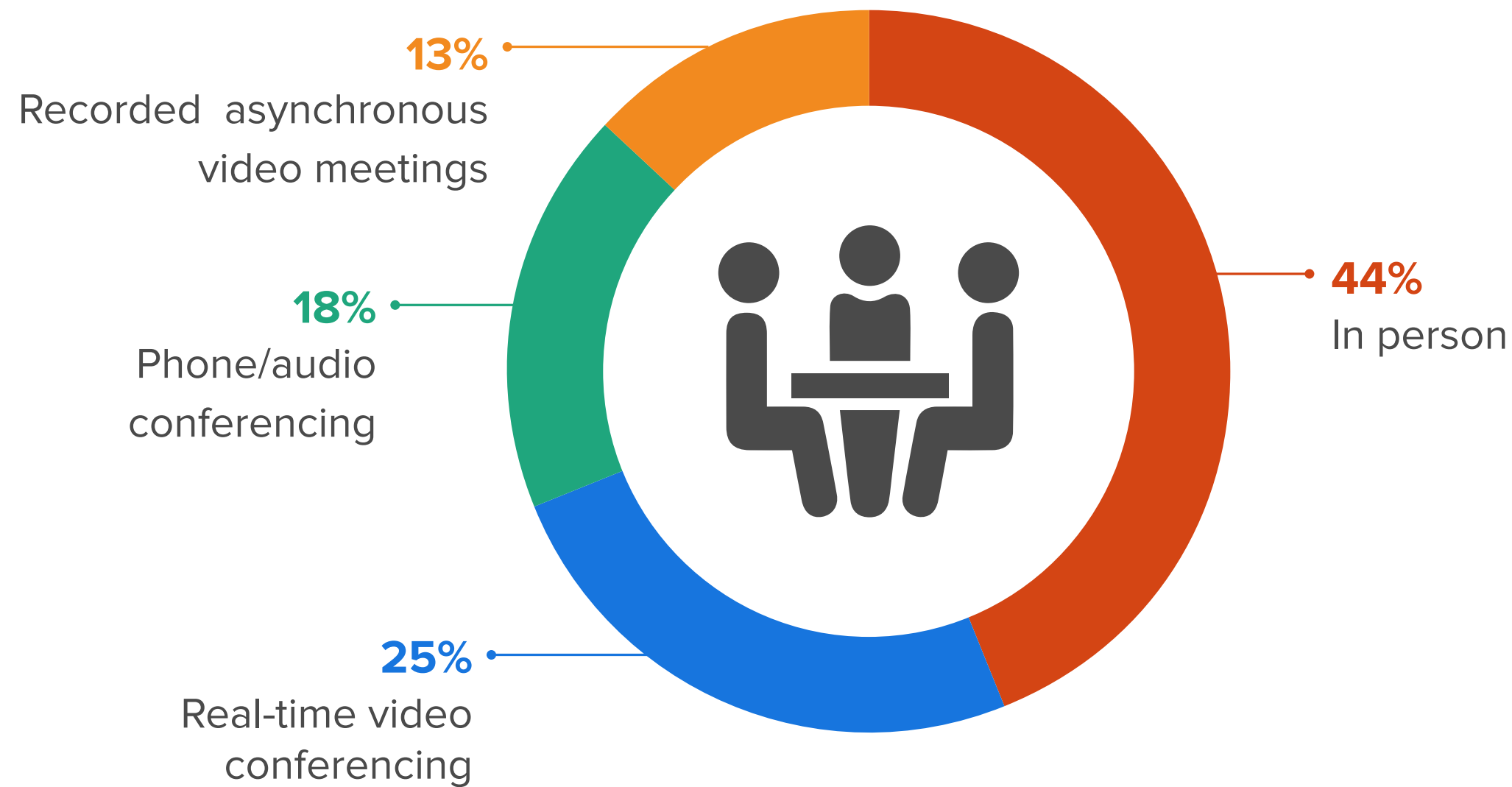
The vast majority of SMBs are already utilizing multiple cloud and Software-as-a-Service (SaaS) solutions, and will continue to rely on the cloud for new ones. Looking ahead, 35% of SMBs said that it is very likely that any new workforce management and human resources applications that they purchase in 2024 will be cloud solutions, while 44% said that it is somewhat likely. Only a small minority indicated that they are not likely to use cloud solutions.

The breakdown by company size shows that mid-sized companies with 500 to 999 employees are the most likely to adopt cloud solutions, while the smallest companies with 3 to 19 employees are the least likely to do so.

SMBs are already benefitting from the time, ease of use, cost, and flexibility advantages that cloud solutions offer. But the value that cloud platforms offer is set to expand exponentially as AI transforms the technology and business landscape. The continuing preference for cloud solutions reflects the broader trend of digital transformation, where the cloud can help businesses to more easily leverage technology to improve efficiency, collaboration, and data-driven decision-making.

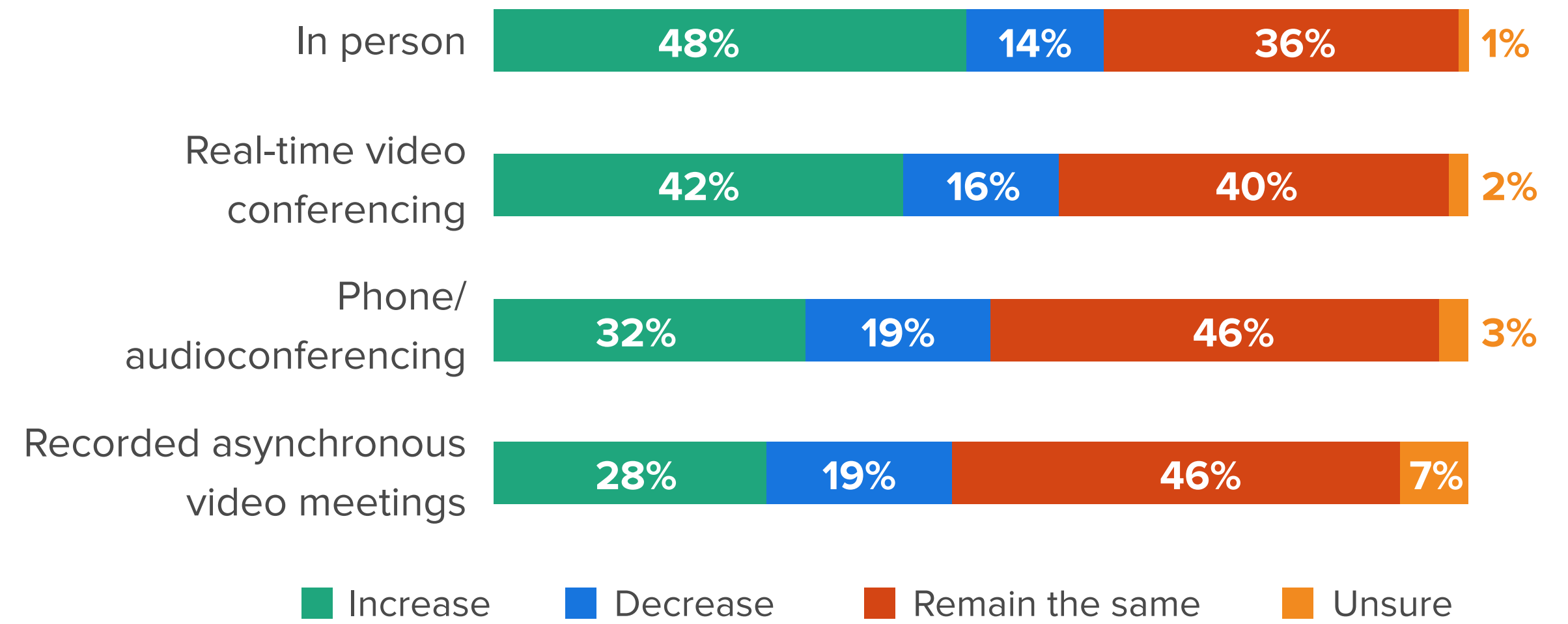
SMBs Prefer In-Person and Video Conferencing for Meetings

Current meeting types



SMBs reported that they currently conduct about half of their meetings in person, and one-quarter via real-time video conferencing. Phone/audio conferencing accounts for 18% of meetings, and recorded synchronous video meetings make up the balance with 13%. Almost half said that they expect in-person meetings to rise in 2024, and 42% expect to use video conferencing more frequently. About one-third expect to conduct more meetings via phone/audio conferencing, and 28% noted they intend to use recorded asynchronous video conferences more frequently.

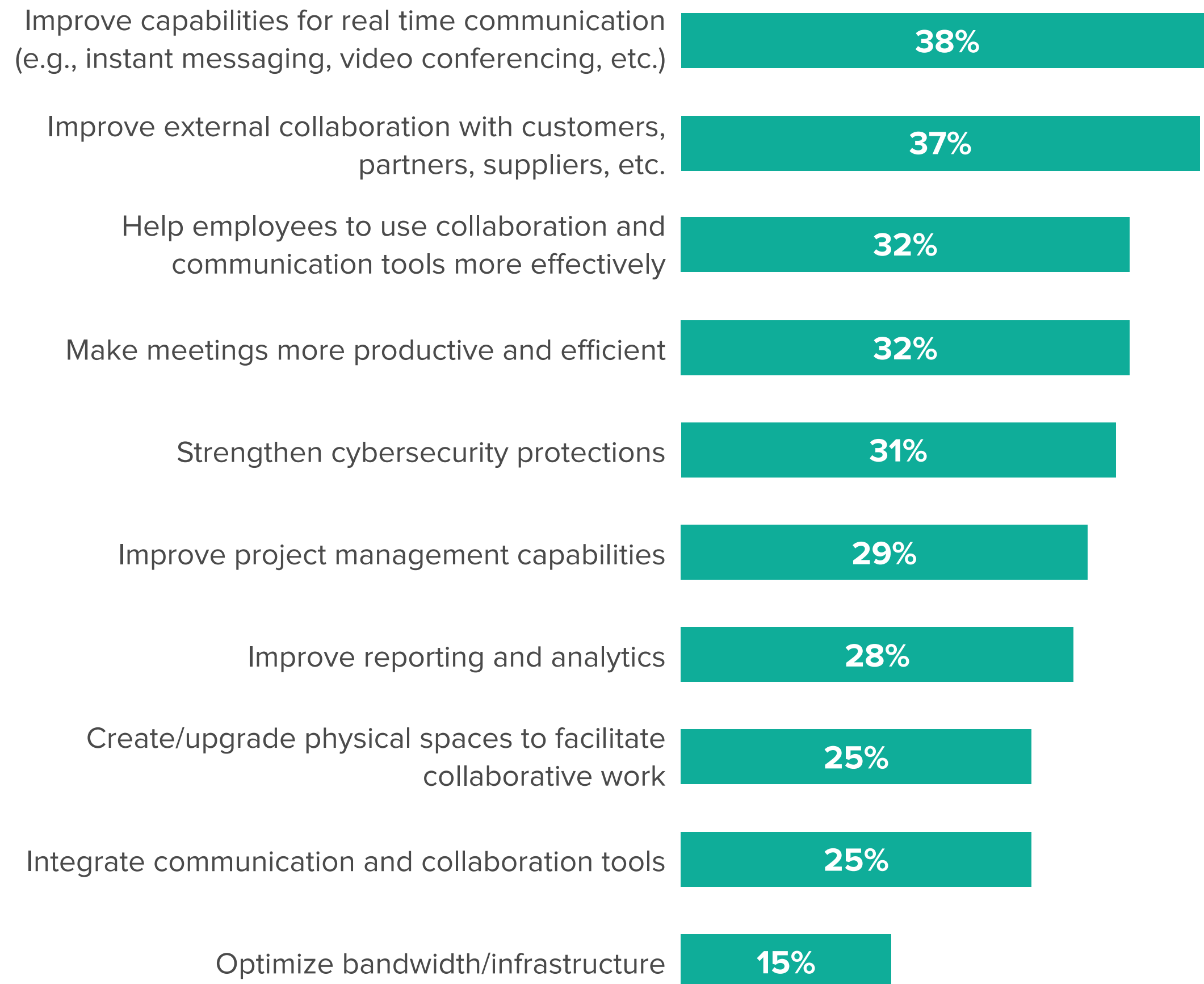
Expected changes in meeting types



SMB plans to increase in-person meetings could indicate a return to more pre-pandemic in-person interactions. However, the anticipated rise in video conferencing, and to a lesser extent, phone/audio conferencing indicates that the flexibility and convenience offered by technology continues to be critical. The smaller increase in recorded asynchronous video conferences is likely due to their specific use cases, such as reaching participants across different time zones or allowing for more flexible scheduling.

Collaboration Priorities for SMBs Center on Real-Time Communication, External Collaboration, and Using Tools More Effectively

Collaboration and communication priorities for 2024



Overall, respondents ranked improving capabilities for real-time communication, improving external collaboration, and helping to use collaboration and communication tools more effectively as their top priorities. These objectives are followed closely by plans to make meetings more productive and efficient, and strengthening cybersecurity protection.



Collaboration Priorities for SMBs Center on Real-Time Communication, External Collaboration, and Using Tools More Effectively (continued)

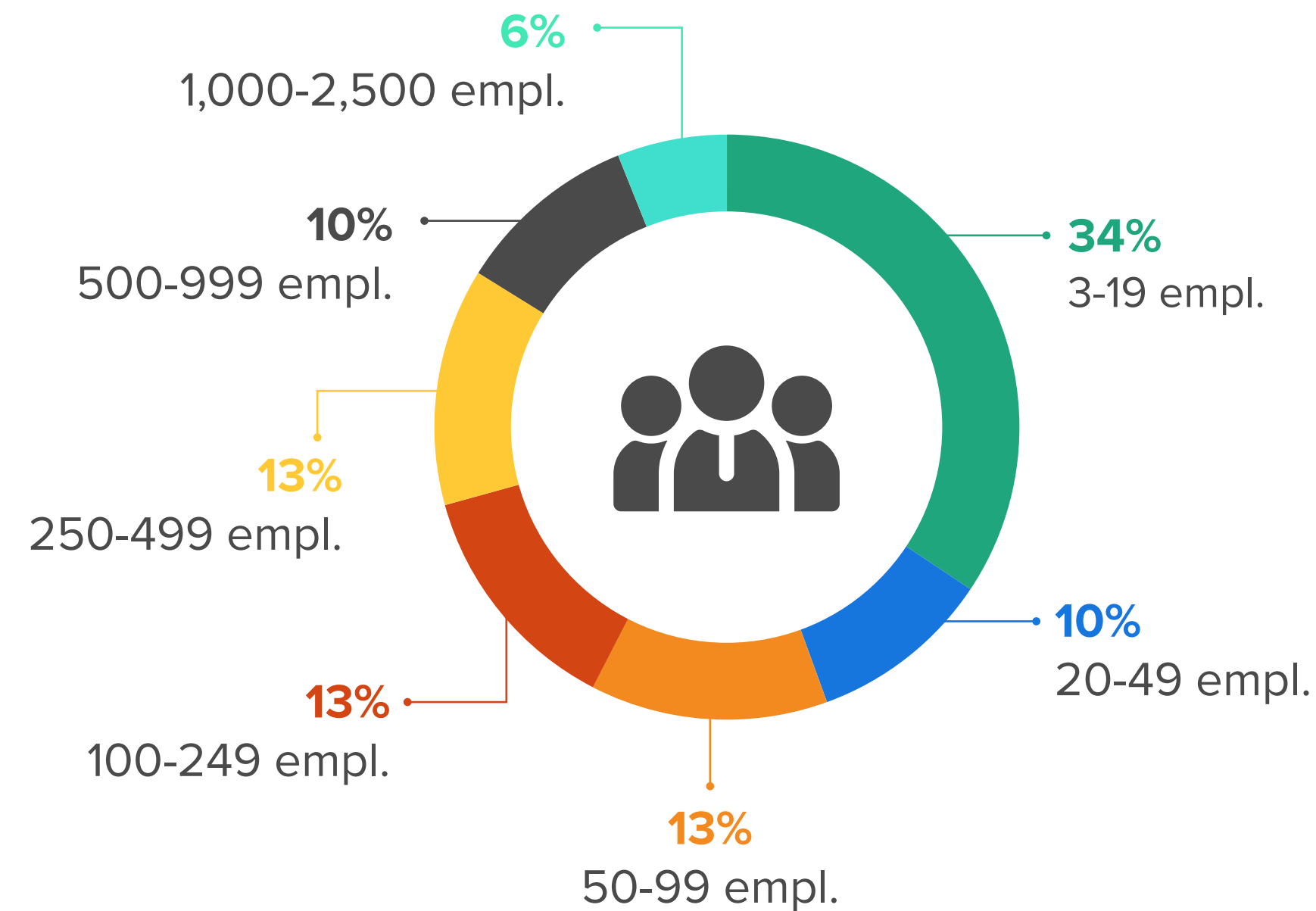
	1	2	3
1,000-2,500 empl.	Improve capabilities for real time communication (e.g., instant messaging, video conferencing, file sharing, etc.)	Improve external collaboration with customers, partners, suppliers, etc.	Strengthen cybersecurity protections
500-999 empl.	Improve capabilities for real time communication (e.g., instant messaging, video conferencing, file sharing, etc.)	Make meetings more productive and efficient	Help employees to use collaboration and communication tools more effectively
250-499 empl.	Improve external collaboration with customers, partners, suppliers, etc.	Help employees to use collaboration and communication tools more effectively	Strengthen cybersecurity protections
100-249 empl.	Strengthen cybersecurity protections	Improve reporting and analytics	Create/upgrade physical spaces to facilitate collaborative work
50-99 empl.	Make meetings more productive and efficient	Improve capabilities for real time communication (e.g., instant messaging, video conferencing, file sharing, etc.)	Improve external collaboration with customers, partners, suppliers, etc.
20-49 empl.	Improve capabilities for real time communication (e.g., instant messaging, video conferencing, file sharing, etc.)	Improve external collaboration with customers, partners, suppliers, etc.	Help employees to use collaboration and communication tools more effectively
3-19 empl.	Improve external collaboration with customers, partners, suppliers, etc.	Improve capabilities for real time communication (e.g., instant messaging, video conferencing, file sharing, etc.)	Help employees to use collaboration and communication tools more effectively

For companies 1,000-2,500, 500-999, and 20-29 employees, the top priority is to improve capabilities for real-time communication, which includes instant messaging, video conferencing, and file sharing. Companies with 250-499 and 3-19 employees prioritize improving external collaboration with customers, partners, and suppliers, while those with 100-249 employees are focusing on cybersecurity protections. Businesses with 50-99 employees rated making meetings more productive and efficient as their top goal.

About the Study

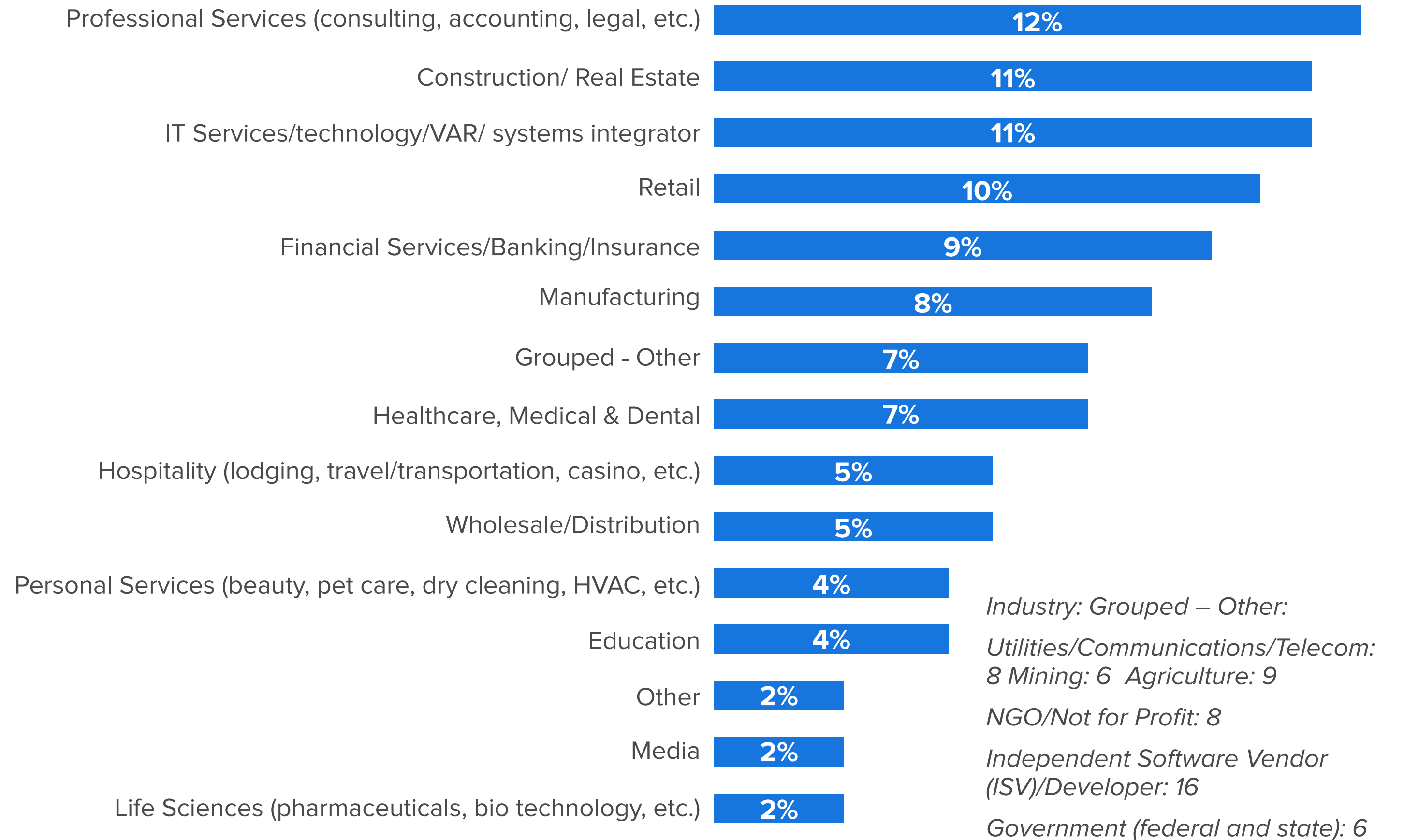
Unless otherwise noted, all data in this eBook is sourced from SMB Group’s survey. Data was collected in December 2023 via a web-based survey from a random sample of 744 survey respondents.

Employee Size Distribution



*For brevity, we will refer to the entire 3 to 2,500 group as SMB throughout this report.

Industry Distribution





SMB Group is a research, analysis, and consulting firm focused on technology adoption and trends among small and medium (1-999 employee size) and mid-market (1,000-2,500 employee size) businesses. Founded in 2009, SMB Group helps clients to understand and segment the SMB market, identify and act on trends and opportunities, develop more compelling messaging, and more effectively serve SMB customers.

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