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SMALL BUSINESS

Business Leaders Optimistic for 2023, But Inflation and Staffing Worries Linger

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Isaac M. O'Bannon • Jan. 18, 2023



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The 2023 findings of the fifth-annual Priorities for Business Leaders survey, commissioned by [Paychex, Inc.](#), reflect the sentiments of 450 businesses employing between five and 500 employees across the U.S., and highlight the issues top of mind for leaders in today's complicated economic, regulatory, and labor environments.

The survey found that:

- Inflation (72%) is the number one business concern regardless of company size. Followed by the economy (57%) and interest rates (44%).
- Staffing (46%) is the top operational challenge, in addition to the supply chain (38%) and keeping tech current (33%).
- Roughly half of the leaders of businesses with 10-500 employees expect attracting and retaining top talent to become more challenging in the next 12 months, with employee development, operational efficiencies, and managing the hiring process also increasingly challenging.
- Twenty-three percent of leaders find it extremely or very challenging to maintain legal or regulatory compliance. One in four (25%) of business leaders expect this to be more challenging in the year ahead.

“We regularly conduct research such as this annual business priorities survey to identify the top challenges that are keeping business leaders up at night and the trends impacting the evolving workforce to provide solutions that can truly make an impact on the American businesses we support,” said [Maureen Lally](#), vice president of marketing at Paychex. “The 2023 survey results confirmed that access to funds due to economic factors will continue to challenge business and HR leaders as they head into the new year. With our solutions, such as the [Paychex Employee Retention Tax Credit \(ERTC\) Service](#) and our HR advisory support, Paychex is well-positioned to help businesses access funding and the tools they need to succeed in 2023.”

Outsourcing HR Results in Fewer Mistakes

The report showed that leaders who opted to outsource HR administration in 2022 benefited from improved accuracy, increased productivity, more reliable analytics and reporting, improved compliance, and reduced costs. The number one benefit for the leaders who outsourced HR administration was having fewer mistakes, cited by 51% of respondents. Over half of leaders (55%) said they did not outsource HR

processes in 2022, and 38% said they were likely to explore the option in 2023 for HR functions, including payroll administration, benefits, recruiting and onboarding, and maintaining regulatory compliance.

Employee Retention and Engagement Tactics

Survey respondents said they plan to optimize hiring and retention strategies in the coming year. To boost retention, companies say they will:

- Increase pay (45%).
- Enact policies that encourage healthier work-life balance among employees (36%).
- Improve their benefits offerings (35%).

They also indicated they plan to prioritize communication, offer opportunities for skill development, invest in new technology, and conduct stay interviews in an effort to retain top performers in 2023.

For more insights from the survey, please view the [full research report](#).

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