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NEW STUDY SHOWS 14-16 PERCENT OF SMALL BUSINESSES WITH LESS THAN 100 EMPLOYEES USE A PEO FOR HR AND BENEFITS

Sept. 8, 2016, Austin, TX — As many as 14-16 percent of small businesses with 10-99 employees partner with a professional employer organization (PEO) for their HR and benefits needs, according to a new study released today by the National Association of Professional Employer Organizations (NAPEO) at its annual conference in Austin.

The study, by noted economists Laurie Bassi and Dan McMurrer of McBassi and Associates, is the fourth in a series. Previous studies conducted by Bassi and McMurrer have shown that businesses in PEO arrangements grow faster, have lower employee turnover, and have a significantly higher rate of business survival than businesses that don't use PEOs. Last year's study showed that PEOs generate between \$136 and \$156 billion in gross revenues, provide services to between 2.7 and 3.4 million workers, and offer HR, benefits, and compliance assistance to between 156,000 and 180,000 small to mid-size businesses.

"This study shows that small businesses with under 100 employees are embracing the concept of outsourcing their HR needs through a PEO and are reaping important and tangible benefits from doing so," said NAPEO President and CEO Pat Cleary. "Small businesses that use a PEO grow faster, have lower rates of employee turnover, and higher rates of business survival than other comparable small businesses."

According to the study, small business PEO clients are able to offer access to a broader array of HR services than other small businesses have, but at a lower administrative cost. The study also highlights several key trends that should lead to even greater growth within the PEO industry. These include the implementation of the IRS's new voluntary PEO certification program and an increasingly complex HR regulatory environment at the local, state, and federal levels.

PEOs provide payroll, benefits, regulatory compliance assistance, and other HR services to small and mid-sized companies. Through PEOs, the employees of small businesses gain access to employee benefits such as 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits typically provided by large companies.

"As this study highlights, this is the right time for the PEO industry – all signs point to strong growth and even greater penetration within the small business market," said Cleary.

A copy of the full study is available [here](#).

About NAPEO

The National Association of Professional Employer Organizations (NAPEO) is The Voice of the PEO Industry™ and represents about 85 percent of the industry's estimated \$136-\$156 billion in gross revenues. NAPEO has 300 PEO members, ranging from start-ups to large publicly held companies with years of success in the industry, as well as some 200 service provider members. PEOs provide payroll, benefits, and other HR services to small and mid-sized businesses. For more information about NAPEO, please visit www.napeo.org.