

2018

# Paychex Pulse of HR Survey: Tech Adoption Continues to Build HR's Strategic Skills



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Human resources professionals are front and center in the companies they serve, using technology and employee-centric practices to contribute strategically.

For a second year in a row, **80 percent of HR leaders at small and medium-sized businesses (SMBs) feel their department has a voice when it comes to overall company strategy.**

**How do they do it?** According to the 2018 Paychex Pulse of HR Survey, the second of its kind, HR professionals are doubling down on their commitment to a strategic mindset, data-driven decision making, and a focus on employee productivity, all in the service of succeeding in a tightening labor market.

## SECTION 1:

### Strategy Reigns as Admin Work Wanes

**Asked to identify their primary role, the top choice cited by HR leaders at SMBs was “strategic partner.” The job was seen as primarily administrative by only 12 percent of respondents — a slight decrease from 2017.**

#### How Would You Best Describe Your Role in the Organization?



##### **Strategic partner:**

I provide valuable insights to the leadership team that influences company decisions. (24%)



##### **Results-oriented:**

I've implemented programs that help us attract great candidates and retain our best employees. (22%)



##### **Compliance-focused:**

I spend a lot of time researching the right way to handle employee issues to make sure the business is protected. (17%)



##### **Process-savvy:**

I've implemented process improvements that make work easier for my employees and me. (14%)



##### **Administrative and transactional:**

My job consists of mostly paperwork and data entry. (12%)



##### **Data cruncher:**

I analyze employee data to drive business insights and offer an elevated view of our workspace. (11%)



# Employee ROI Tops 2018 Task Lists

**Focusing on employee efficiency jumped ahead of training and development as the top item on HR professionals' current to-do lists.**

## 2018 HR Priorities:

1. Evaluating workplace productivity and efficiency (90 percent)
2. Having staff training and development programs (88 percent)
3. Focusing on company culture to drive results (85 percent)
4. Trainings for discrimination and harassment (83 percent)
5. Leveraging data to create optimal profiles to attract the right talent (71 percent)

## SECTION 2:

### Technology: A Triumph for HR Effectiveness

Technology is enabling HR professionals in SMB organizations to achieve their objectives. Seventy-seven percent of HR leaders report that their current tech-based HR solution boosts their efficiency, and 79 percent credit it with giving them a strategic edge.

#### According to the 2018 survey, professionals think HR technology:

- ✓ Is easy to use (86 percent)
- ✓ Improves the overall employee experience (75 percent)
- ✓ Enhances their ability to play a critical role in corporate success (75 percent)
- ✓ Provides a satisfying experience (69 percent)

#### HR departments that had adopted HR applications were most likely to use them for:

- Record-keeping (75 percent)
- Time and attendance (58 percent)
- Benefits administration (58 percent)

### Manual Processes Are Still in Place

Despite the migration and commitment to technology, some tasks are still completed in an old-school manner — manually. The most common are onboarding, performance management, and travel and reimbursement, at roughly 27 percent for all.

HR leaders who do not currently use third-party services highlighted two areas in which this technology could really help: recruiting/hiring and regulatory compliance. Sticking to manual processes could mean lost opportunities for many leaders. Automation saves time and money and improves record-keeping.

# Analytics Provide a Solid Foundation for Decision Making

Part of making strategic contributions is having the data to build recommendations. More HR professionals are relying on analytics this year, with 95 percent currently using them, compared to 90 percent in 2017.

## HR leaders use analytics to:

- ✓ Track employee benefits, time off, and training (90 percent)
- ✓ Defend their decisions to senior management (85 percent)
- ✓ Make more informed decisions (83 percent)
- ✓ Understand how to communicate with employees (77 percent, up from 64 percent in 2017)

## What percentage of your time spent using HR analytics is spent on each type of analytics?



**Descriptive analytics:** Illustrates your raw data in summarized form (i.e., charts/graphs). (37%)



**Prescriptive analytics:** Provides intelligent recommendations for action based on your data. (32%)



**Predictive analytics:** Uses your data to forecast what will happen in the future. (31%)

## HR's Use of AI Is Anything but Artificial

More than half (58 percent) of HR leaders report they use artificial intelligence (AI) such as voice recognition, chatbots, and virtual reality. However, only 46 percent rate their use as effective.

## How is your organization using AI applications for HR?

- Not using at all (42%)
- Making inconsistent or poor use of (12%)
- Using somewhat efficiently (24%)
- Using very effectively (22%)



**The task ahead is for HR professionals to expand and refine their use of this important technology. This approach will help them to stay in front of the competition.**

# SECTION 3:

## Challenges for HR Leaders

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Recruitment, retention, and compliance continue to headline HR leaders' concerns. The five most-cited HR challenges in 2018 include:

- ✓ Keeping up with regulations (38 percent)
- ✓ Tracking employees' time (38 percent)
- ✓ Complying with regulations (35 percent)
- ✓ Offering competitive benefits (33 percent)
- ✓ Retaining talent (31 percent)

## Hiring-specific Challenges

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**When asked specifically about challenges related to hiring, HR professionals cited:**

- ✓ Finding qualified candidates (56 percent)
- ✓ Finding candidates who fit their company culture (41 percent)
- ✓ Retaining their best employees (41 percent)



**Managing the burden of administrative tasks without losing focus on hiring is a key success factor for HR professionals. In a tightening labor market, HR professionals need to find an efficient means of managing these time-intensive tasks.**

# SECTION 4:

## Perks Are Key to Recruitment, But No Free Lunch

Companies continue to offer nontraditional benefits to help attract and retain employees in a tightening labor market. Flexible scheduling is still No. 1, yet slightly fewer companies provided it in 2018 (39 percent, compared to 43 percent in 2017).

HR leaders are also moving away from using regular free meals as an employee perk — though it was the second-most common benefit in 2017, it dropped to eighth place in 2018.

### Top 10 Nontraditional Benefits Year-Over-Year

#### 2018

1. Flexible scheduling
2. Employee assistance programs
3. Career development programs
4. Discounts to local events
5. Financial counseling/advice
6. Student loan repayment
7. Free wellness wearable
8. Free meals on a regular basis
9. Telecommuting
10. Discounts on transportation

#### 2017

1. Flexible scheduling
2. Free meals on a regular basis
3. Financial counseling/advice
4. Telecommuting
5. Free wellness wearable
6. Discounts at local events
7. Discounts on transportation
8. Student loan repayment
9. Daycare/childcare cost assistance
10. On-site gym

## Growing Companies Rely on Tech for Retirement

At 55 percent, fast-growth companies are more likely to use application software for retirement administration, compared to 42 percent of slow-growth and 22 percent of no-growth companies.



# SECTION 5:

## Employee Passion Proliferates

In 2018, 35 percent of leaders reported that half to three-quarters of their employees are engaged, compared to 20 percent in 2017. Engagement was defined in the survey as, “fully absorbed by and enthusiastic about their work and taking positive action to further their company’s reputation and interests.”

### Leaders’ top tactics to foster engagement remain the same as last year:

1. Offer employees training to develop new skills (54 percent)
2. Empower employees to suggest new work methods or projects (50 percent)
3. Regularly ask employees for feedback about their job satisfaction (49 percent)

## Finger on the Pulse of HR Professionals

### Common themes emerged in HR departments across the country in the last year. They include:

- ✓ **Company culture to fuel hiring/retention.** The majority of leaders (83 percent) say they focus on company culture to drive results. For many companies, this starts on or before day one — 34 percent foster engagement by creating an onboarding experience that accurately conveys company culture.
- ✓ **Cross-generational support.** In 2017, HR leaders were far less likely to be comfortable supporting the HR needs of Millennials when compared to Gen Xers and Baby Boomers. This is not as much of a problem this year, as perceived support for all generations hovered around 51 percent.
- ✓ **Department growth.** HR continues to expand, with more than half of departments planning to add full-time employees this year (up from just over a quarter in 2017). Only 27 percent of departments are planning on adding part-time workers this year.

## Company Policies Under a Microscope

Societal trends and priorities are driving changes to employee protection policies. Eighty-three percent of companies now have a discrimination and harassment policy in place, and 65 percent updated theirs within the past 12 months. Additionally, 67 percent re-evaluated their pay practices this year to ensure gender equality.



## Virtual Work Becomes More Mainstream, But Challenges Remain

**To recruit top talent, employers continue to rely on virtual work as a way to expand the pool of available talent.**

Seventy-two percent of companies had virtual/work-from-home (WFH) employees in 2018, and 56 percent of leaders believe they offer these workers effective support. Younger respondents in particular indicated more confidence in their ability to support these types of arrangements, with 76 percent expressing confidence in the support they provide.

**This important recruitment and retention tool is not without its challenges.**

**HR leaders' top five challenges related to virtual work include:**

- 1 Management and oversight of work
- 2 Security and confidentiality of information
- 3 Engendering consistent productivity
- 4 Benefits administration
- 5 Recruiting and applicant tracking

## SECTION 6:

### Is HR Worth the Stress? A Resounding “Yes.”

Stress levels among HR leaders did not change between 2017 and 2018, with the vast majority (78 percent) reporting they feel stressed at work. Twenty-two percent rate their stress as “high.” Despite this pressure, nearly three-quarters would still recommend HR as a career for someone entering the workforce today.





## About the Survey

The 2018 Paychex Pulse of HR Survey was conducted April 13–21 among 300 HR decision makers at U.S. companies with 50 to 500 employees. It is the second of an annual series of benchmark surveys investigating HR leaders' challenges, priorities, and use of technology.

## About Paychex

Paychex, Inc. is a leading provider of integrated human capital management solutions for payroll, HR, retirement, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers small and medium-sized business owners to focus on the growth and management of their business. Backed

by more than 45 years of industry expertise, Paychex serves approximately 605,000 payroll clients as of May 31, 2017, across more than 100 locations and pays one out of every 12 American private sector employees. Learn more about Paychex by *visiting* [www.paychex.com](http://www.paychex.com), and stay connected on [Twitter](#) and [LinkedIn](#).

## How Paychex Can Help

Regardless of what the current state of the HR function at your company may be, ample resources are available to help you along the way. Paychex offers a full range of HR services, from getting new businesses set up with payroll and HR basics like employee handbooks, to implementing time and attendance software and recruitment management programs, as a company grows. Visit [www.paychex.com](http://www.paychex.com) to learn more.

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