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Introduction

HR leaders are guiding their organizations through a historically tight labor market and a fast-changing legislative landscape. The skills and expertise they bring to the job have rarely been as critical as they are today.

The 2019 Paychex Pulse of HR Survey, for the third year in a row, highlights how HR teams continue to contribute to the success of the companies they serve. This year’s study reveals that nearly 9 in 10 HR professionals have a voice in overall company strategy, up from 8 in 10 the previous two years.

The 2019 Pulse of HR Survey also uncovered how HR professionals are:

- Evolving and using employee perks to remain competitive
- Improving employee engagement
- Relying on technology to transform the HR function
- Upskilling to fill some open roles
- Keeping pace with evolving regulation

Read on to learn more.
2019 Priorities: Ensuring Employee ROI

The main focus of HR leaders this year is on improving employee efficiency, in line with last year’s trends. Training and development follow close behind as top priorities.

The top five 2019 HR objectives include:

- 86% Evaluating workplace productivity and efficiency
- 83% Having staff training and development programs
- 82% Facilitating trainings for discrimination and harassment
- 80% Focusing on company culture to drive results
- 80% Assess employee performance more than once per year
Achieving Results is Job No. 1

HR leaders are hard at work building programs and processes to improve every aspect of employee recruitment, management, and retention. To achieve results, time spent on administrative tasks has had to diminish. Only 11 percent of respondents see their job as primarily administrative — a steady decrease over the last two years.

When we asked HR leaders “What Best Describes Your Role in Your Organization?” they explained:

- **Results-oriented: 22%**
  I’ve implemented programs that help us attract great candidates and retain our best employees.

- **Process-savvy: 20%**
  I’ve implemented process improvements that make work easier for me and my employees.

- **Compliance-focused: 20%**
  I spend a lot of time researching the right way to handle employee issues to make sure the business is protected.

- **Strategic partner: 17%**
  I provide valuable insights to the leadership team that influence company decisions.

- **Administrative and transactional: 11%**
  My job consists of mostly paperwork and data entry.

- **Data cruncher: 10%**
  I analyze employee data to drive business insights and offer an elevated view of our workspace.
Technology Drives HR Success

More than ever, HR professionals recognize the central role that technology plays in their success. Eighty-seven percent of those surveyed say that technology has strengthened their contribution to corporate success, up from 75 percent last year. Use of tech tools also lends a hiring edge: 81 percent of respondents say their company’s tech investment will allow them to maintain or grow their headcount and increase employee productivity.

Other HR wins from tech use include:

- Improves the overall employee experience 85%
- Allows them to be more strategic in their role 83%
- Enables employees to be more efficient and productive 80%
- Reduces low-skilled worker headcount while keeping output high 64%
Use of application software is a go-to tech tactic. HR departments that had adopted application software were in sync with 2018 survey respondents and were most likely to use it for:

- **Record-keeping** 64%
- **Time and attendance** 57%
- **Performance management** 56%

Compared to last year, HR teams were also slightly more likely to lean on technology for **onboarding** (49% in 2019 vs. 48% in 2018) and **travel and expense reimbursement** (52% vs. 50%).

“My single biggest strategic contribution to my company was helping it automate its HR processes. Before, everything was manual. Now, we have all our work online.”

— 2019 Survey Respondent
The Time Cost of Manual Tasks

Despite the increased reliance on technology, some HR tasks are still handled manually. These processes can add up to a significant loss of time.

The HR leaders surveyed reported spending more than 20 hours per month (or more than six weeks per year) on:

- Responding to phone calls and emails related to administrative tasks 17%
- Rekeying data into multiple HR systems 13%
- Keeping up with latest federal, state, and local regulations 11%
- Tracking down employees’ time worked 10%
- Merging data from separate HR systems 10%

Automation in these areas can save HR leaders time and empower them to focus their efforts where will have the greatest strategic benefit.

HR Self-Service: How Leaders Map Options to Employee Needs

Eighty-four percent of HR leaders say that providing self-service options to employees via an HR application or portal is important to their company’s success. Offering this option saves HR teams time and gives employees convenience and control.

Companies are tailoring their self-service options to meet the needs of their workforce, as this snapshot of portal/application use shows:

- **Requesting time off:** 70 percent of retailers, restaurants, and hospitality firms offer a self-service option.
- **Printing tax documents:** 61 percent of professional services firms allow employees to view and print W-2 forms.
- **Completing onboarding paperwork:** New hires at 47 percent of professional services firms can log in to complete this process.
- **Swapping shifts:** 43 percent of retail and hospitality firms provide this function via self-service.

Larger companies in the survey — those with more than 150 employees — were more likely than their smaller counterparts to provide self-service options.
“Employee self-service has been one of HR’s biggest strategic contributions to my company’s success.”

— 2019 Survey Respondent
The Future of HR Tech

Savvy HR professionals remain on the lookout for new technology and tools that will give them a competitive edge. These tools are beginning to transform recruiting, collaboration, and task management.

**HR leaders reported finding success with:**

- Recruiting technology to reach high-quality candidates **72%**
- Workplace collaboration tools such as Slack, Chatter, and Jive **69%**
- Voice recognition **58%**
- Virtual reality interfaces **57%**
- Chatbots **54%**
Analytics Strengthens Decision Making

Part of making strategic contributions is having the data to build recommendations. This year, a full 100 percent of HR professionals said they rely on analytics. This compares with 95 percent in 2018 and 90 percent in 2017.

HR leaders use analytics to:

- Make more informed decisions 90%
- Defend their decisions to senior management 89%
- Understand how to communicate with employees 89%
- Track employee benefits, time off and training 88%
- Benchmark data against other organizations 84%

Tech Tops Spending Priorities

Among the two-thirds of HR professionals surveyed whose department budgets are increasing, technology investment topped the list of ways they would like to spend the additional funds*:

- Technology 50%
- Employee engagement 49%
- Recruiting 45%
- Benefits 44%

*Percentages reflect number of respondents ranking each item within their top two choices
More than two-thirds of HR leaders say that it’s difficult to find and hire quality candidates, up from 59 percent last year. This sentiment came through when we asked HR leaders about their top challenges. For the first time since debuting this survey in 2017, attracting talent surpassed compliance as the top concern.

Training and development also broke into the top five this year, perhaps reflecting HR teams’ need to “upskill” employees who lack required skills (see box on page 14).

The most-cited HR challenges in 2019 include:

1. Attracting talent 36%
2. Keeping up with regulations 35%
3. Tracking employees’ time 30%
4. Training and development 30%
5. Administering benefits 28%
Hiring-Specific Challenges

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

1. Finding qualified candidates 49%
2. Retaining their best employees 49%
3. Finding candidates who fit their company culture 42%
4. Fierce competition for high-quality candidates 37%

“Improving the quality of new hires is our biggest challenge. There is fierce competition for employees in our area — most of the good ones are already working.”

— 2019 Survey Respondent
Upskilling to Fill Open Roles

HR teams are increasingly willing to train job candidates who may not check all the boxes. In the tight hiring market, many see upskilling as a viable way to fill open positions.

The HR leaders surveyed:

- Would be willing to train and upskill an underqualified candidate 85%
- Believe that training underqualified employees requires a unique approach 85%
- Have seen upskilling underqualified workers benefit their organization 78%
- Believe hiring underqualified workers requires a different recruiting strategy 73%
- Would consider hiring someone who lacks the required skills for a position 72%

Keeping Pace with a Changing Workforce

The composition of the workforce continues to evolve. Just over 6 in 10 employees at HR leaders’ companies are onsite full time. In 2019, the average staff breaks down as follows*:

- Full-time onsite 62%
- Part-time onsite 18%
- Full-time virtual/work-from-home 8%
- Part-time virtual/work-from-home 6%
- Contract/freelance/gig 6%

Younger respondents were more likely than their older peers to report non-traditional staffing arrangements. HR leaders ages 18-34 noted that just 56 percent of their employees are onsite full time, while respondents ages 50 and older reported that 74 percent are onsite full time.

*Percentages reflect averages for each type of employee across the organizations surveyed
The HR Strains of Greater Flexibility

Providing nontraditional work arrangements is typically good for companies and employees, but meeting the HR needs of remote and contract workers can pose challenges.

In the survey, HR leaders report that managing the challenges listed below is key to program success.

<table>
<thead>
<tr>
<th>Top Remote-Employee HR Challenges</th>
<th>Top Contract-Worker HR Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Engagement and retention</td>
<td>1. Managing performance</td>
</tr>
<tr>
<td>2. Recruiting and applicant tracking</td>
<td>2. Finding talent</td>
</tr>
<tr>
<td>3. Oversight of work</td>
<td>3. Proper classification</td>
</tr>
<tr>
<td>4. Ensuring consistent productivity</td>
<td>4. Maintaining engagement</td>
</tr>
<tr>
<td>5. Training and development</td>
<td>5. Complying with regulations</td>
</tr>
</tbody>
</table>
Section 4

Tuition Reimbursement Among Top Perks

While, for the third year in a row, flexible scheduling remains the top perk employers are offering, it has company as younger workers continue to drive workplace change. For the first time, this year’s survey polled HR leaders about the use of tuition reimbursement as a nontraditional benefit. One-quarter of respondents said their companies reimburse at least some portion of employees’ continuing education costs. This ties tuition reimbursement with career development programs as the second-most commonly provided benefit. Longer-established companies — those in business for 20+ years — were twice as likely to offer tuition reimbursement.

Differences emerged among geographic regions. One-third of HR leaders in the South said their companies reimburse tuition expenses, followed by 28 percent of companies in the Midwest. Just 14 percent of HR leaders in the Northeast and West said their companies offer this benefit.

In addition, a small share of companies help repay employees’ existing student debt. Twelve percent of respondents in this year’s survey reported that their companies provide student loan repayment as a benefit.

Top Seven Nontraditional Benefits Year-Over-Year

Flexible scheduling ranked first among nontraditional benefits for the third consecutive year. Close to 40 percent of respondents reported offering this perk.

<table>
<thead>
<tr>
<th>2019 Top Benefits</th>
<th>2018 Top Benefits</th>
<th>2017 Top Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Flexible scheduling</td>
<td>• Flexible scheduling</td>
<td>• Flexible scheduling</td>
</tr>
<tr>
<td>• Tuition reimbursement</td>
<td>• Employee assistance program (EAP)</td>
<td>• Free meals</td>
</tr>
<tr>
<td>• Career development program</td>
<td>• Career development program</td>
<td>• Financial counseling</td>
</tr>
<tr>
<td>• Financial counseling</td>
<td>• Event discounts</td>
<td>• Telecommuting</td>
</tr>
<tr>
<td>• Free meals</td>
<td>• Financial counseling</td>
<td>• Free wellness wearable</td>
</tr>
<tr>
<td>• Employee assistance program (EAP)</td>
<td>• Student loan repayment</td>
<td>• Event discounts</td>
</tr>
<tr>
<td>• Free wellness wearable</td>
<td>• Free wellness wearable</td>
<td>• Transportation discounts</td>
</tr>
</tbody>
</table>
“Finding the right people, keeping the culture upbeat, and striking the right balance between productivity and happiness are our team’s greatest priorities.”

— 2019 Survey Respondent

Student Debt Help: The New “It” Perk?

As companies look to appeal to younger hires, help with education expense repayment could lend a competitive edge. A recent survey by American Student Assistance, an education nonprofit, found that 86 percent of young workers would commit to a company for five years if the employer helped repay their student loans. In a second study by loan provider CommonBond, 70 percent of employees with debt said that student loan assistance would improve their work performance.

In the three years of the Pulse of HR Survey, the numbers of employers offering student loan repayment have held steady at less than 20 percent.
Employee Engagement Wanes

In 2019, just 53 percent of HR leaders reported that more than half of their employees are engaged. This is down from nearly two-thirds who said this in 2018. 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.”

Because the timing of engagement surveys can impact the results, monitoring engagement levels regularly throughout the year may be the best way to account for fluctuations. Many HR teams are already doing this: 73 percent of those surveyed say they measure employee engagement via pulse surveys throughout the year.

HR leaders report using the same top tactics to foster engagement as they have the past two years:

1. Offer employees training to develop new skills
2. Empower employees to suggest new work methods or projects
3. Regularly ask employees for feedback about their job satisfaction
Finger on the Pulse of HR Professionals

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

- **Expanded hiring.** Fifty-nine percent of HR leaders say that their companies will add full-time staff this year, up from 53 percent in 2018. Forty-two percent plan to add part-time staff, a 56 percent increase from last year.

- **Cross-generational support.** HR professionals expressed confidence in their ability to support the needs of employees across age groups. Around 90 percent of survey respondents said their organizations were either very or somewhat effective in addressing each generation’s needs. Gen X fared slightly better (93 percent), while Gen Z fared slightly worse (83 percent).

- **Tax reform help.** In light of tax law changes that took effect last year, 9 in 10 HR leaders encouraged employees to update their W-4 forms to ensure they are having the desired amount of tax withheld from their paychecks.

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HR at the Forefront of Social Issues

Sweeping social and legislative trends such as the #MeToo movement and new approaches to the legalization of controlled substances have yielded new state and local employment-related laws. The survey asked HR leaders how prepared their companies are to address these issues:

<table>
<thead>
<tr>
<th>Very prepared</th>
<th>Somewhat prepared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexual harassment prevention</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>Paid family leave</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>State-level individual healthcare mandate</td>
<td>53%</td>
</tr>
<tr>
<td></td>
<td>39%</td>
</tr>
<tr>
<td>State-mandated retirement plans</td>
<td>47%</td>
</tr>
<tr>
<td></td>
<td>35%</td>
</tr>
<tr>
<td>Marijuana legalization</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>31%</td>
</tr>
</tbody>
</table>

Along with taking the lead on these issues, 72% of HR leaders said they have re-evaluated their company’s pay practices to ensure gender equality in the last 12 months.
About Paychex

Paychex, Inc. (NASDAQ: PAYX) is a leading provider of integrated human capital management solutions for payroll, benefits, human resources, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers owners of small and medium-sized businesses to focus on the growth and management of their business. Backed by more than 45 years of industry expertise, Paychex serves over 650,000 payroll clients as of May 31, 2018, across more than 100 locations in the U.S. and Europe, and pays 1 out of every 12 American private-sector employees.

To learn more about Paychex, visit www.paychex.com, or contact us at sales@paychex.com or 800-322-7292.

And don’t forget to stay connected on Twitter (twitter.com/paychex) and LinkedIn (linkedin.com/company/paychex).

HR Professionals: The Plusses Outweigh the Pressures

Stress levels among HR leaders have been consistent during the three years of the survey. More than three-quarters of respondents report feeling stressed at work, including 21 percent who rate their stress level as “high.” Despite the pressure and the challenges, though, a full 80 percent would recommend HR as a career for someone entering the workforce today.

About the Survey

The 2019 Paychex Pulse of HR Survey was conducted online April 2–11 among 300 HR decision makers at U.S. companies with 50 to 500 employees. The margin of error for this survey was +/- 5.66%. It is the third in an annual series of benchmark surveys investigating HR leaders’ challenges, priorities, and use of technology.