

2020

Paychex Pulse of HR Survey:

Stepping Up to Lead



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Introduction

The year 2020 has challenged HR leaders like never before, yet they continue to play an important strategic role in their organizations while also fueling efficiency, building culture, and developing teams with a reliance on the right technology and tools. At the same time, they've devised and implemented rapid HR responses to the COVID-19 pandemic.

The fourth annual 2020 Paychex Pulse of HR Survey provides an in-depth look at how HR professionals are contributing to the success of the companies they serve. Their leadership role is illustrated by this key data point: Nearly nine in 10 HR professionals have a voice in overall company strategy.

The 2020 Pulse of HR Survey also uncovers how HR professionals are:

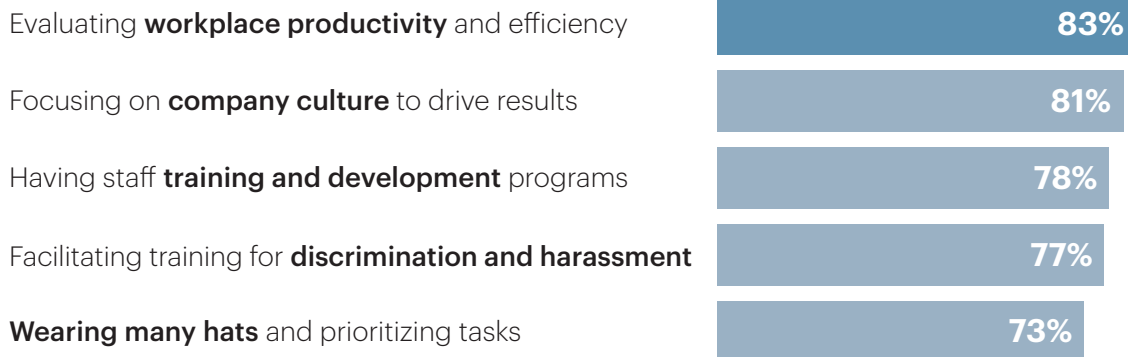
- Relying on technology to transform the HR function
- Improving employee engagement
- Evolving and using employee perks to remain competitive
- Upskilling to fill open roles
- Keeping pace with evolving regulations

This year, in a special section, the 2020 Paychex Pulse of HR Survey also examines how HR leaders are coping with the COVID-19 pandemic. **Find this special section on page 12.**

2020 Priorities: Productivity via Culture and Training

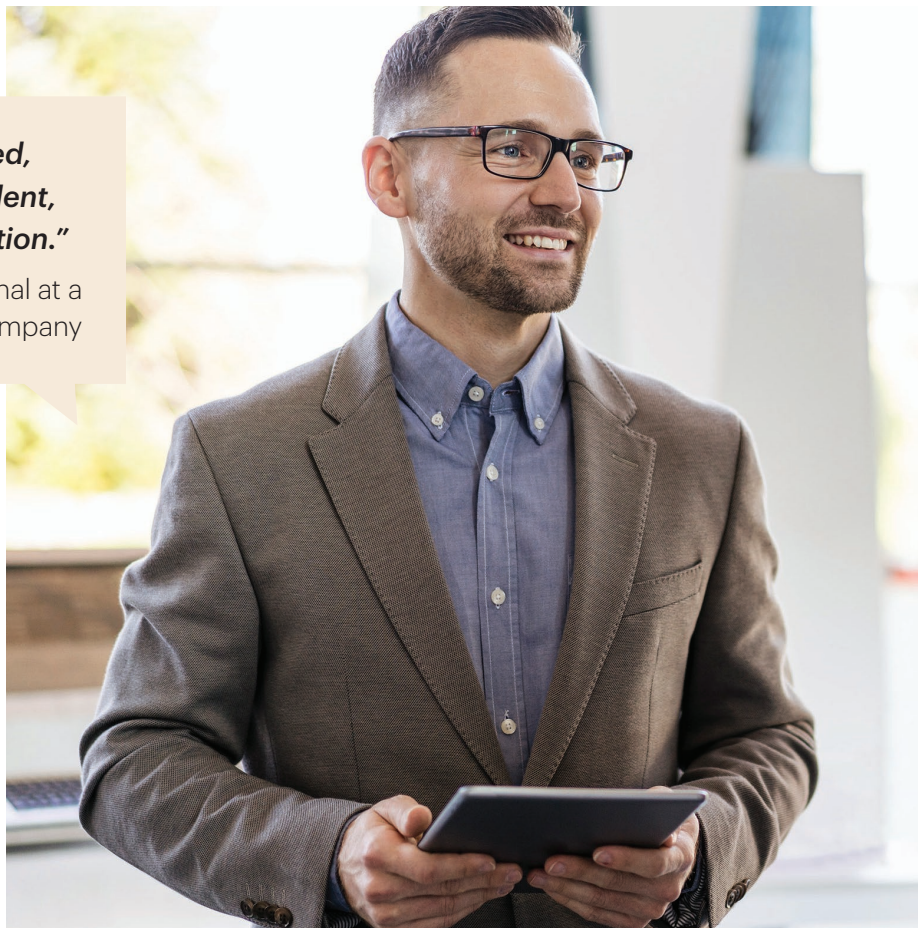
Workplace efficiency holds firm as the predominant focus for HR professionals this year. Priorities have shifted, though: Company culture, as a tool to drive results, has moved up to the second-most important priority from fourth in 2019.

Current HR professional priorities include:



“HR kept the right talent satisfied, improved revenue, retained talent, and grew our company reputation.”

— Texas-based HR professional at a 350-person hospitality company





“HR fostered the culture of our business, which improved productivity — employees can work very productively when they know what to expect.”

— Minnesota-based HR professional at a 200-person manufacturing company

HR Roles in 2020

In 2020, HR leaders are increasingly focused on partnering with senior management to provide strategic assistance. Being a “strategic partner” has moved from the fourth-most common role in 2019 to first in 2020. Likewise, protecting the organization by ensuring regulatory compliance has moved up, from third last year to second in 2020. Process improvements as an overall focus has dropped from second to fourth.

When we ask HR leaders how best to describe their role in their organization, their top selections are:

- 1. Strategic partner**
- 2. Compliance-focused**
- 3. Results-oriented**
- 4. Administrative and transactional**
- 5. Process-savvy**
- 6. Data cruncher**



"A big HR contribution this year was using more technology and fewer human resources."

— Colorado-based HR professional at a 100-person construction company

Technology's Contribution to HR Success

Consistent with 2019 results, HR teams continue to rely heavily on technology to achieve their objectives. Technology helps engage employees, support employee productivity, and free up HR leaders to focus on strategic endeavors.

Respondents this year report that their technology use:

Improves the overall employee experience: **83%**

Allows HR leaders to be more strategic in their roles: **80%**

Enables employees to be more efficient and productive: **79%**

Reduces low-skilled worker headcount while keeping output high: **56%**

Application software, a go-to tool for data collection, management, and integration, is most likely to be used by HR departments for:



Industry Snapshot: Technology Contribution

We asked HR leaders in specific industries what top benefit they derive from technology. Their answers demonstrate that HR professionals in each industry face different challenges.

Benefits from technology include:

Medical: *"Enables us to be more strategic in our HR role"*

Legal: *"Eases employee access to information"*

Food, beverages, and restaurants: *"Helps employees be more efficient and productive"*

Real estate: *"Eases employee access to information"*

Construction: *"Enables us to be more strategic in our HR role"*

The Cost of Not Using Technology

Despite the increased reliance on technology, some HR tasks are still handled manually. These processes can result in a significant loss of time. HR leaders report spending

a full four weeks per year or more on manual tasks, including:

- Keeping up with the latest federal, state, and local regulations: **23%**
- Administrative tasks, such as checking pay stubs, managing direct deposit, updating employee addresses, etc.: **20%**
- Managing employee performance: **19%**
- Responding to phone calls and emails related to administrative tasks: **17%**
- Administering benefits: **17%**
- Rekeying data into multiple HR systems: **14%**
- Merging data from separate HR systems to make more informed business decisions: **15%**

Despite the widespread adoption of technology, some HR tasks are still handled manually. In fact, HR leaders report spending a **full four weeks per year** or more on manual tasks.

While current manual tasks eat up more than 10% of HR professionals' time annually, a downward trend in manual task approach indicates that **more HR professionals are adopting and integrating technology**. Significant decreases occur in the rekeying of data and the manual merging of data to inform decision-making this year. Compared with 2019, manual completion of these two tasks is down 60% for rekeying and more than 40% for merging of data.

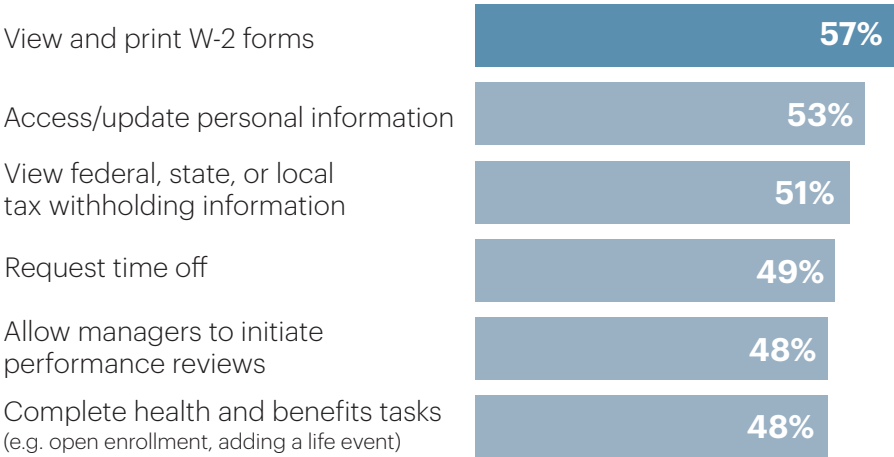
HR Self-Service: How Leaders Map Options to Employee Needs

Seventy-nine 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 time and, with the right workflows and approvals in place, gives employees convenience and the appropriate amount of control.

Companies are tailoring their self-service options to meet the needs of their workforce. Portals and applications are being used increasingly for accessing and updating personal information, **up 33%** from last year, and for initiating performance reviews, **up 30%** over 2019.

79% of HR leaders say that providing self-service options to employees via an HR application or a portal is important to their company’s success.

Top portal/application tasks this year include:



Industry Snapshot: Self-Service

When asking HR leaders in various industries how self-service options for employees make their mark, the answers vary. **The top uses for self-service tools by industry are:**

Medical	Complete health and benefits tasks, such as open enrollment or adding a life event	47%
Legal	Confirm employer-initiated employment status, rate of pay, or other changes	50%
Food, beverages, and restaurants	Share availability for scheduling purposes	47%
Real estate	Complete health and benefits tasks, such as open enrollment or adding a life event	45%
Construction	Complete health and benefits tasks, such as open enrollment or adding a life event	43%

“We tried to make everything very user-friendly for our employees, so they can take some initiative with their learning, conducting standard maintenance to their employee portals, and keeping up with the changes taking place in HR.”

— Alabama-based HR professional at a 100-person retail company





The Future of HR Technology

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

HR leaders report finding success with*:

- **Recruiting technology** to reach high-quality candidates: **73%**
- **Workplace collaboration tools**, such as Slack, Chatter, and Jive: **60%**
- **Voice recognition**: **51%**
- **Virtual-reality interfaces**: **48%**
- **Chatbots**: **43%**

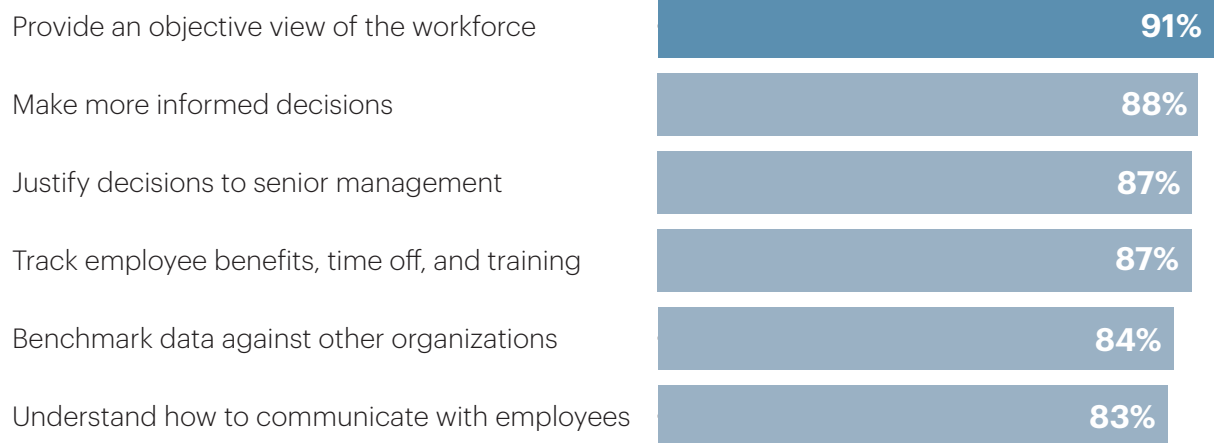
**Percentages include respondents using these solutions somewhat or very effectively.*

Analytics Strengthen Decision-Making

It is widely acknowledged that effective strategic contributions depend on data. HR leaders fully recognize the power of information to make informed decisions.

Ninety-seven percent of HR professionals rely on analytics, up from 90% in 2017, the first year the Paychex Pulse of HR Survey was fielded.

HR leaders use analytics to:



Tech Tops Spending Priorities

Sixty-nine percent of HR professionals report that their budgets will increase this year. While some budgets may change based on pandemic-related realities, technology tops the list, as it did in 2019, of planned use of any additional funds that may be available.

Planned use of additional funding:



Percentages reflect respondents ranking each item as their first or second choice.

HR Leaders and COVID-19

As organizations chart a course through the pandemic, HR leaders are at the forefront of the adjustments, support, and planning that is critical to success. The context for the HR role is constant change. The good news is that businesses are committed to supporting staff productivity and adapting operations to make these changes work.

In a recent Paychex survey¹ of U.S. business principals, seven in 10 say they believe the worst is behind them. To support rebuilding, these businesses plan to invest in their companies; many of these initiatives will bolster staff productivity.

The top six investment areas in organizations with 500 or fewer employees are:

1. Business and operational tools and technology
2. Staff learning and development
3. Flexible ways to manage time and attendance
4. Competitive benefits
5. Self-service tools for employees
6. Integration of administrative solutions all in one place



What Would Help?

The services that business leaders say would add the most value to their organizations as they rebuild are:

Technology to help transition back to the workplace	38%
Business advice and guidance	33%
Access to a team of HR experts and resources	17%
Access to a team of compliance experts	13%

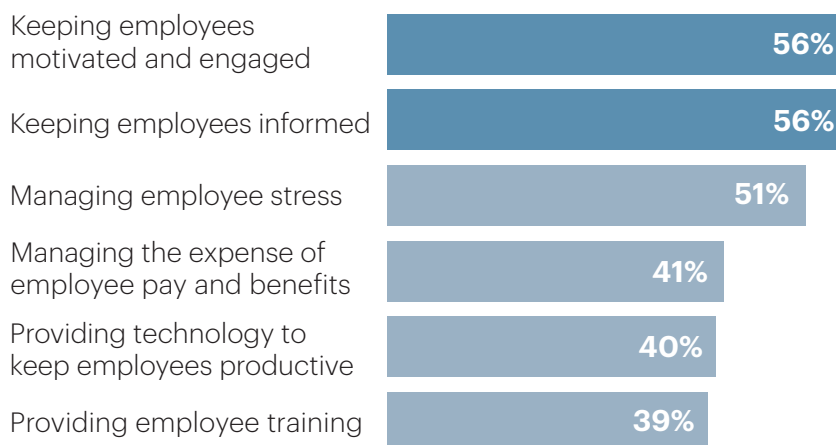


How HR Leaders Are Adapting

The top challenges HR professionals face

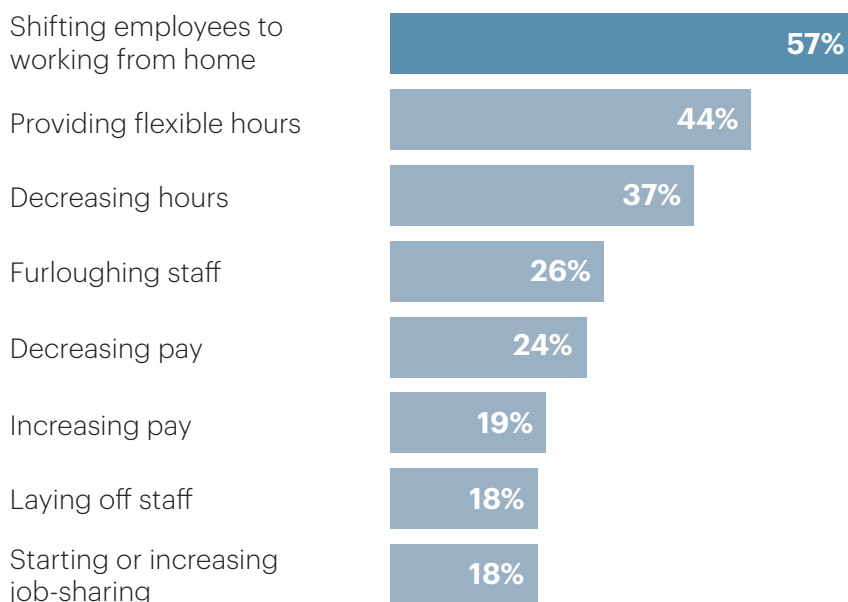
HR leaders are already hard at work wearing many hats and planning to support teams with information and technology during the pandemic.

When we ask HR leaders to share their current pandemic-related challenges, they zero in on **keeping teams motivated, connected, and productive.**



HR leaders have made changes to HR and staffing

Since HR professionals are accustomed to adapting and evolving to meet changing needs, they've called on their creativity and flexibility to make important staffing and HR changes as a result of the COVID-19 pandemic.



¹Paychex conducted five separate online surveys of 300 principals of U.S.-based businesses with two to 500 employees. Wave 1 was fielded April 17-20; Wave 2, April 24-27; Wave 3, May 1-4; Wave 4, May 15-17; Wave 5, June 11-15. Each survey has a +/-5.66% margin of error.

HR Leaders: Top Challenges

HR priorities have shifted sharply in 2020. In 2019, with a very tight job market, the top challenge was attracting talent. This year, that has declined to the fourth-biggest challenge. **Compliance has returned to the top position**, where it was when this survey debuted in 2017 and in the following year before being replaced by attracting talent.

The biggest HR challenges in 2020 are:

1. Keeping up with regulations: **36%**
2. Training and development: **34%**
3. Tracking employees' time: **31%**
4. Attracting talent: **30%**
5. Administering benefits: **29%**



Industry Snapshot: Top Challenges

Each industry has its own obstacles and opportunities. **Top concerns by industry include:**

Medical	Attracting talent	35%
Legal	Keeping up with regulations	42%
Food, beverages, and restaurants	Keeping up with regulations	32%
Real estate	Tracking employees' time	43%
Construction	Keeping up with regulations	36%

The Support HR Needs Most

Finding the right support and solutions to meet ambitious goals is part and parcel of being an HR professional today.

HR leaders rank the third-party support they most need as:

1. HR strategy
2. Recruiting/hiring
3. Regulatory compliance
4. Risk mitigation/risk management
5. Training
6. Employee engagement
7. Business continuity planning

Industry Snapshot: HR Support

Not surprisingly, the needs for third-party support varies by industry.

Medical	Recruiting and hiring	45%
Legal	Recruiting and hiring	38%
Food, beverages, and restaurants	Recruiting and hiring	36%
Real estate	Regulatory compliance	36%
Construction	HR strategy	39%

Upskilling to Fill Open Roles

HR teams have had success using training to build the skills of candidates who may not “check all the boxes.” The belief in the efficacy of this tactic has held firm, and in the midst of the COVID-19 pandemic, employers are relying on training and upskilling to fill important roles.

When it comes to training, HR managers:

- Believe that training underqualified employees requires a unique approach: **88%**
- Would be willing to train and upskill an underqualified candidate: **86%**
- Have seen upskilling underqualified workers benefit their organizations: **84%**
- Believe hiring underqualified workers requires a different recruiting strategy: **80%**

HR Leader Confidence

Planning to meet evolving challenges is an everyday part of being an HR professional. HR leaders are confident that they’re following best practices when it comes to most high-risk activities. **Specifically, they report that they’re confident that best practices are in place in the following areas*:**

- Creating policies or an employee handbook: **99%**
- FLSA/wage and hour compliance: **98%**
- Terminations and separations: **98%**
- Ensuring compliance with federal/state laws: **96%**
- Conducting layoffs or a reduction in workforce: **96%**
- Managing worker’s comp injuries: **96%**
- FMLA administration: **96%**
- ADA interactive process/accommodation requests: **95%**
- OSHA compliance and record-keeping: **94%**
- Addressing workplace violence: **93%**
- Independent contractor issues: **91%**

**Percentages include respondents that are very or somewhat confident.*



“Our big contribution was the training program we put in place, which has improved our skilled and unskilled workers.”

— New Jersey-based HR professional
at a 200-person retail company



Industry Snapshot: Leader Confidence

From an industry perspective, HR leaders across different industries have varying levels of confidence that they're following HR best practices. **Here is what they're most confident about:**

Medical	Managing worker's comp injuries	64%
Legal	FLSA/wage and hour compliance	64%
Food, beverages, and restaurants	OSHA compliance and record-keeping	61%
Real estate	Responding to harassment or discrimination complaints	61%
Construction	Conducting layoffs or a reduction in workforce	68%

The Evolving HR Leader Role

HR professionals are engaged in an important and wide-ranging selection of areas within their organizations. What these leaders report makes it clear that HR roles span strategic and tactical considerations within critical organizational areas. **Areas of involvement include*:**

- Ensuring compliance with federal/state laws: **96%**
- Terminations: **96%**
- Responding to harassment or discrimination complaints: **95%**
- Withdrawal of job offers: **94%**
- FLSA/wage and hour compliance: **94%**
- FMLA administration: **94%**
- Conducting internal investigations: **94%**
- Managing worker's comp injuries: **92%**
- OSHA compliance and record-keeping: **91%**
- ADA interactive process/accommodation requests: **91%**
- Conducting layoffs or a reduction in workforce: **91%**
- Creating policies or an employee handbook: **91%**
- Addressing workplace violence: **90%**

**Percentages include respondents that are very or somewhat involved.*

The HR Strains of Greater Flexibility

Nontraditional work arrangements are currently the norm. While this flexibility is typically good for companies and employees, meeting the HR needs of remote and contract workers requires finesse.

HR leaders say managing the following challenges is key to program success:

Top Remote Employee HR Challenges

1. Security and confidentiality of information
2. Engagement and retention
3. Training and development
4. Work management and oversight
5. Benefits administration

Top Contract Employee HR Challenges

1. Managing performance
2. Finding talent
3. Keeping contractors engaged
4. Properly classifying workers
5. Complying with regulations

Industry Snapshot: HR Challenges

Nontraditional work arrangements pose different challenges to each industry. The top HR challenges for each industry are:

	Remote Employees	Contract Employees
Medical	Training and development	Finding talent
Legal	Work management and oversight	Managing performance
Food, beverages, and restaurants	Security and confidentiality of information	Managing performance
Real estate	Security and confidentiality of information	Managing performance
Construction	Security and confidentiality of information	Managing performance



Top 7 Nontraditional Benefits Year Over Year

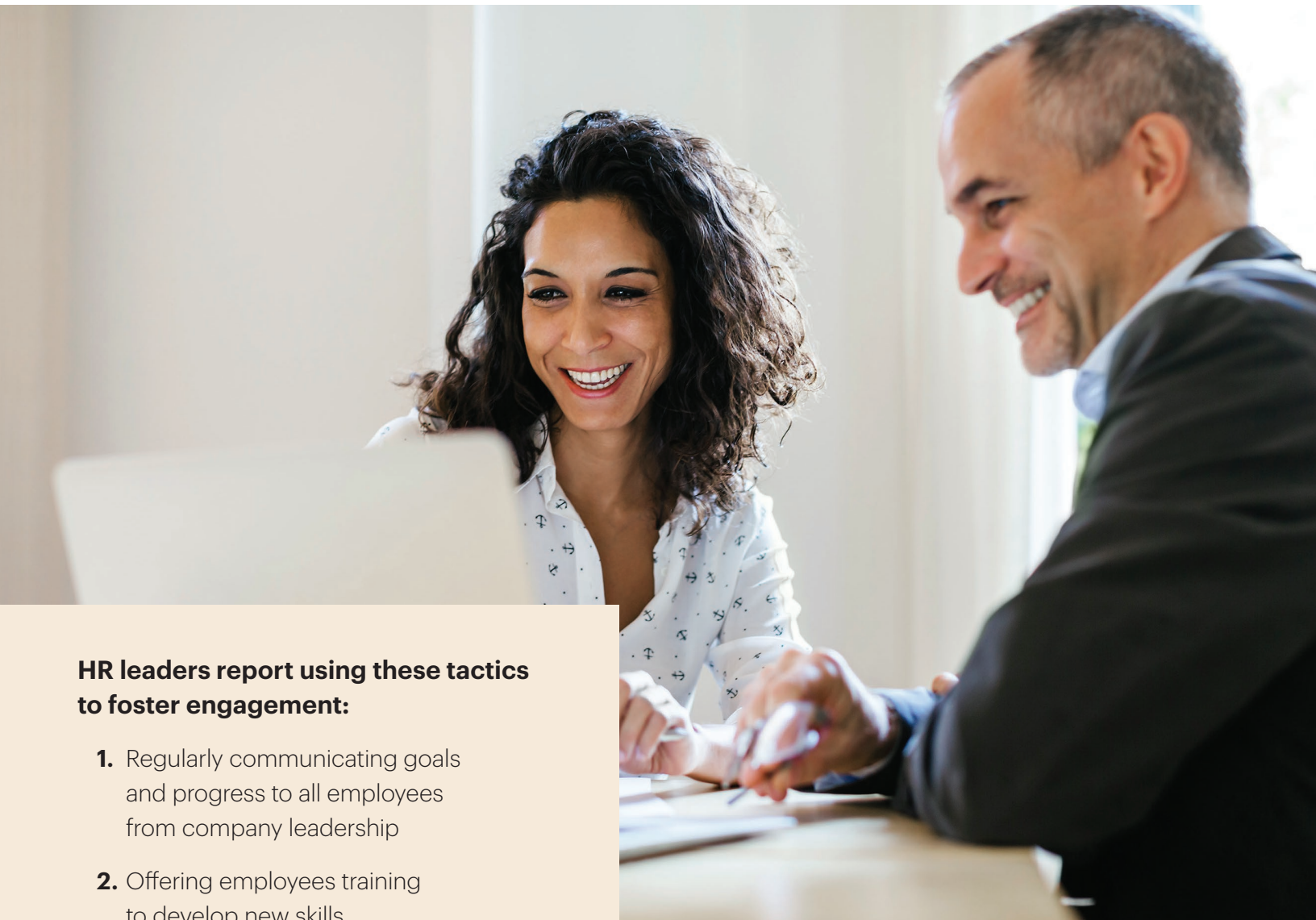
Flexible scheduling ranks first among nontraditional benefits for the third consecutive year; **43% of respondents offer this perk**. Tuition reimbursement, which had been gaining in popularity, has dropped off the list of top benefits.

Employee assistance programs (EAPs) jumped to the No. 2 spot this year, from sixth place last year. Current financial stressors, societal shifts, and pressures due to the COVID-19 pandemic are likely the cause of program popularity.

	2020	2019	2018	2017
1	Flexible scheduling	Flexible scheduling	Flexible scheduling	Flexible scheduling
2	Employee assistance program (EAP)	Tuition reimbursement	Employee assistance program (EAP)	Free meals
3	Career development program	Career development program	Career development program	Financial counseling
4	Financial counseling	Financial counseling	Event discounts	Telecommuting
5	Discounts on company products and events	Free meals	Financial counseling	Free wellness wearable
6	Telemedicine	Employee assistance program (EAP)	Student loan repayment	Event discounts
7	Free meals	Free wellness wearable	Free wellness wearable	Transportation discounts

Employee Engagement

Fifty-nine percent of HR leaders report that more than half of their employees are engaged, up slightly from 53% in 2019. Engagement is defined in this survey as “fully absorbed by and enthusiastic about their work and taking positive action to further their company’s reputation and interests.”

A photograph of a woman with dark, curly hair and a man in a suit sitting at a desk. The woman is smiling and looking at a laptop screen. The man is also smiling and looking at the same screen. They appear to be in a collaborative work environment.

HR leaders report using these tactics to foster engagement:

1. Regularly communicating goals and progress to all employees from company leadership
2. Offering employees training to develop new skills
3. Regularly asking employees for feedback about their job satisfaction

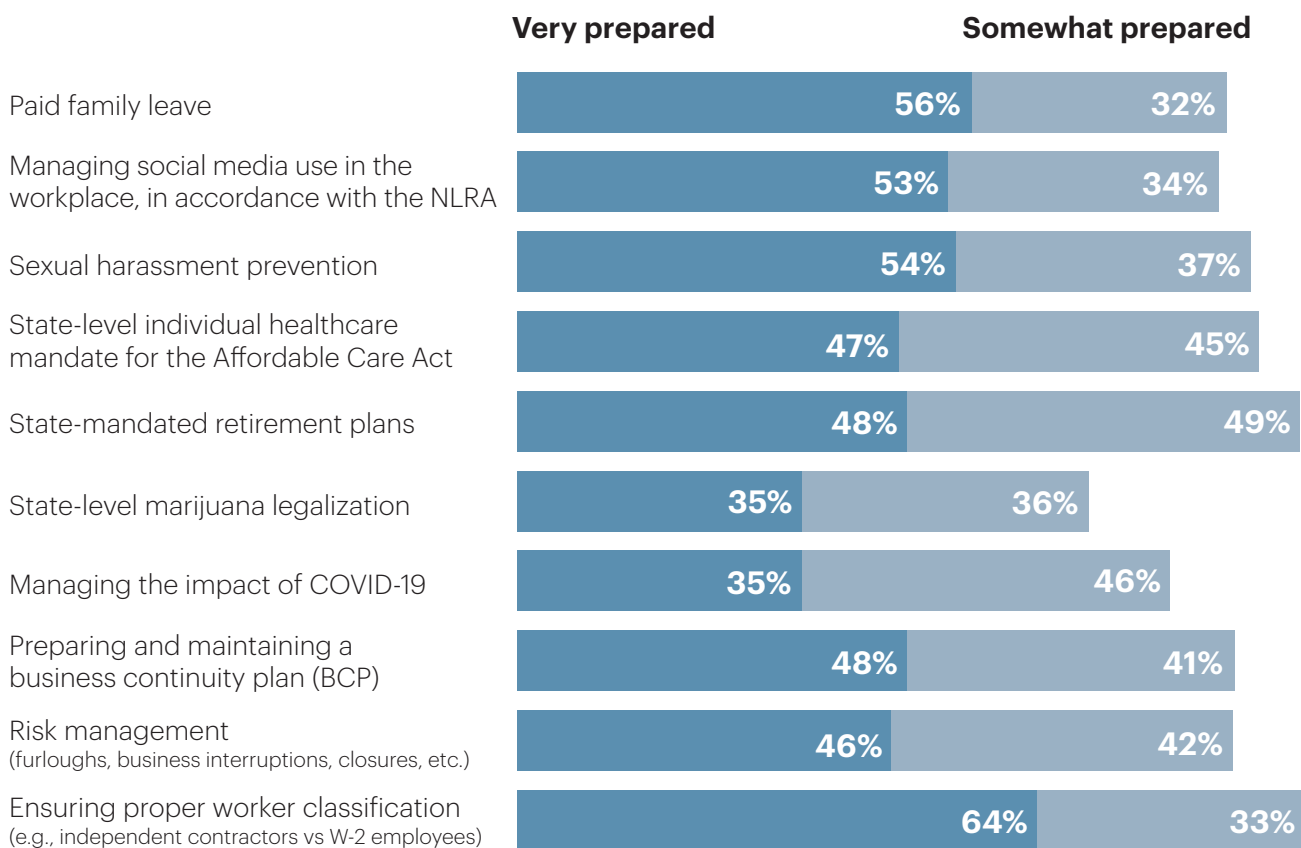
“HR’s biggest contribution is employee engagement. It brings the presence of HR into every area of the day-to-day operations of the entire company. HR is no longer just the tool for hiring and firing.”

— New Jersey-based HR professional at a 350-person technology company

HR at the Forefront of Social Issues

Sweeping social and legislative trends have yielded new state and local employment-related laws. As societal views and priorities shift, HR leaders will continue to have their ear to the ground.

The 2020 Paychex Pulse of HR Survey asks HR leaders how prepared their companies are, currently, to address a variety of issues. More than half report that they’re very prepared for paid family leave, sexual harassment prevention, and managing social media use at work. While the data shows that HR professionals are ready for change, preparing for other issues and legislation has been a challenge, such as state marijuana legislation, the COVID-19 pandemic, and risk management.





81% of HR leaders report that the companies they serve are somewhat or very prepared to address the many challenges associated with COVID-19.

Keeping Pace With Changing Times

In the last 12 months, in addition to taking the lead on addressing the aforementioned social issues, **HR leaders have also:**

- Reevaluated their company's pay practices to ensure gender equality: **66%**
- Changed/updated sexual harassment policies: **61%**

HR Professionals: The Pluses Outweigh the Pressures

Stress levels among HR leaders have been consistent in all four years of this survey. In 2020, more than three-quarters of respondents (**79%**) **report feeling stressed at work**, including 23% who rate their stress level as "high." Despite the pressures and the challenges, though, **88% would recommend HR as a career** for someone entering the workforce today.

Checklist: How Do You Compare?

Here are some common tasks that your peer HR leaders perform at their organizations. Check the tasks that you do, as well, and see how you compare to your peers.

- ☐ We evaluate workplace productivity and efficiency: **84% of your peers do**
- ☐ We have staff training and development programs: **81%**
- ☐ Our organization has training in place to address employee discrimination, including harassment: **80%**
- ☐ Managers in our organization assess employee performance more than once each year: **71%**
- ☐ We have reevaluated our pay practices to ensure gender equality in the last 12 months: **66%**
- ☐ We engage in C-suite discussions about new business initiatives: **65%**
- ☐ We have changed/updated our sexual harassment policies within the last 12 months: **62%**

Giving HR professionals the tools, resources, and guidance they need to contribute effectively to their organizations is our mission at Paychex. Whether your company is looking to fully outsource human resources, or you're simply looking for ways to improve the business, our team of certified HR professionals is here to help.

To learn more, visit us online today at www.paychex.com, contact us at sales@paychex.com, or call 800-322-7292.

About Paychex

Paychex, Inc. (NASDAQ: PAYX) is a leading provider of integrated human capital management solutions for human resources, payroll, benefits, 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 670,000 payroll clients as of May 31, 2020 across more than 100 locations in the U.S. and Europe, and pays one 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).

About the 2020 Paychex Pulse of HR Survey

The 2020 Paychex Pulse of HR Survey was conducted via an online survey April 22–June 10, 2020 among 575 HR decision-makers at U.S. companies with 50 to 500 employees. It is the fourth in an annual series of benchmark surveys investigating HR leaders' challenges, priorities, and use of technology.

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