2017 Paychex Pulse of HR Survey: HR Gaining C-Suite Influence by Building Tech Capabilities

Most human resources professionals now have a seat at the table in the executive boardroom, and their use of technology has helped them get there. Four out of five HR leaders at small- and medium-sized businesses (SMBs) reported in the Paychex Pulse of HR Survey that their department is viewed as a strategic business partner.

More than two-thirds of HR leaders at companies with between 50 and 500 employees said they have moved beyond traditional administrative functions and are part of leadership conversations about business direction. What's more, four in 10 leaders meet with the CEO or CFO weekly, while close to a third have access to top management when they need it.

HR's Role Shifts from Admin Duties

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 just **13 percent** of respondents.

What Best Describes Your Role within Your Organization?

Strategic Partner – 30%
I provide valuable insights to the leadership team that influence company decisions

Administrative and Transactional – 13%
My job consists mostly of processing paperwork and data entry

Results-oriented – 20%
I've implemented programs that help us attract great candidates and retain our best employees

Compliance-focused – 10%
I spend a lot of time researching the right way to handle employee issues to make sure the business is protected

Process-savvy – 20%
I've implemented process improvements that make work easier for me and my employees

Data Cruncher – 6%
I analyze employee data to drive business insights and offer an elevated view of our workforce

Making optimal use of human capital is on these HR leaders' agendas. They are devoting time to:

- Building staff training and development programs – **88%**
- Evaluating workplace productivity and efficiency – **87%**
- Creating succession plans for key roles – **76%**
- Engaging in C-suite discussions about new business initiatives – **68%**
- Tracking and analyzing competitors' personnel moves – **63%**

Technology is Driving HR Effectiveness

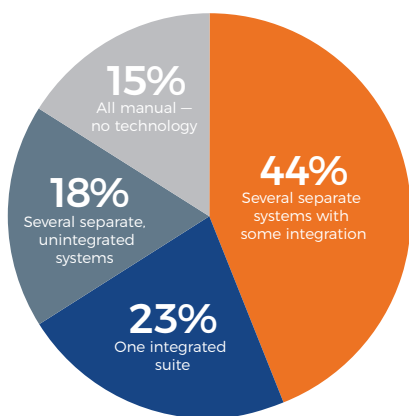HR's positive outlook on technology dovetails with an upbeat view on the role they play within the organization: **75 percent** said HR technology has enabled them to become more strategic and efficient on the job.

- More than **60 percent** of respondents consider their technology to be very effective for payroll, retirement and benefits administration, and time and attendance tracking.
- More than **95 percent** find their technology to be either somewhat or very effective for the full range of HR tasks, including onboarding, recruitment, performance management, and other administrative functions.
- **Eighty percent** are satisfied with their current solutions.

HR's Technology Transformation is a Work in Progress

Despite high levels of satisfaction, other survey findings suggest that leaders recognize that digital transformation in HR is not quite complete.

As HR technology evolves quickly, HR leaders are working to keep pace: **48 percent** said they've changed their technology solutions in the past one to three years. And, as in other areas where state-of-the-art technology is a moving target, adopting point solutions versus a single platform may be creating new challenges.

15% All manual — no technology
18% Several separate, unintegrated systems
44% Several separate systems with some integration
23% One integrated suite

Integration Woes May Hit Productivity for Some

With only **23 percent** of respondents using a single integrated HR suite, it's not surprising that manual rekeying of data is currently consuming significant amounts of time for half of all respondents' departments:

30% Spend 15-29 hours per month

15% Spend 30-50 hours per month

4% Spend more than 50 hours per month

Will Voice Assistants be Welcome in HR?

HR leaders are receptive to help from artificial intelligence (AI) and voice-based agents like Siri and Alexa: **80 percent** of HR leaders said these technologies could help them more quickly execute routine tasks such as sending employment forms to applicants.

Analytics May Confer an Advantage — but There's a Learning Curve

With the vast array of data now available, new analytics tools are key for HR leaders. These range from straightforward reports of current data to AI-driven predictive modeling and recommendation engines.

- **86%** of HR leaders said analytics help them be more informed and objective — but nearly half aren't sure if they're leveraging the correct data.
- Those who are using analytics are doing so mainly to target HR communications more effectively (**64%**).
- Analytics are also used to identify high-potential employees (**61%**) and to predict which ones might be flight risks (**36%**).

The bottom line? There's a big opportunity for education and growth within HR departments, particularly identifying the right analytics to leverage and learning how to most effectively apply them to everyday work.

How HR Analytics Are Being Used Day-to-Day

Analytics tools can help HR visualize data, provide recommendations for action, or generate forecasts. Asked which aspects they tap into on a daily or weekly basis, survey respondents reported:

- Descriptive analytics are used most, with **57%** frequently looking at data summarized as charts and graphs.
- **50%** turn to analytics tools daily or weekly to provide recommendations for action.
- Just **40%** use analytics predictively at least once a week.

How HR is Managing Workforce Trends

Thanks to competition for talent, generational shifts, and technology that frees many workers to execute tasks from anywhere, the workforce and the workplace are changing. The survey indicates that HR leaders are experimenting and open to some changes, even as the workplace at small and medium-size businesses remains fairly traditional.

Most Work is Still Happening in the Office

A sizeable portion of respondents — **40 percent** — have no employees working from home or otherwise "virtually" outside the office, while **29 percent** said fewer than one-tenth of their workers do so. Smaller companies are much less likely to have remote employees, while respondents who are younger indicated more confidence in their ability to support these kinds of arrangements.

The Top 5 Work-From-Home Challenges

1. Management and oversight of work

2. Security and confidentiality of information

3. Recruiting and applicant tracking

4. Assimilating workers to the company culture

5. Travel and expense reimbursement

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**Top 5
HR Challenges**

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Regulation Tops the List of HR Challenges

1. Keeping Up with Regulations – 33%

2. Retaining Talent – 28%

3. Complying with Regulations – 25%

4. Training and Development – 25%

5. Attracting Talent – 24%

The data shows that the ever-changing regulatory environment keeps HR leaders up at night — but core issues like talent retention and training remain big challenges as well.

Flexible Scheduling is the Top Non-Traditional Benefit

HR leaders indicated a willingness to help employees manage their work-life balance via flexible scheduling: Of 21 non-traditional benefits, it is offered almost twice as often as any other, by **43 percent** of employers. The next most common are regular free meals (**23 percent**) and financial counseling or advice (**21 percent**).

The Gig Economy isn't Impacting SMBs Just Yet…

Full-time employment is still the primary mode of staffing up among survey respondents, with **64 percent** saying they aren't using short-term contracts or freelancers to get work done.

Those who are hiring short-term contractors find that it comes with another set of challenges:

1. Finding talent (cited by **53%**)

2. Conveying company culture (cited by **42%**)

3. Complying with regulations (cited by **36%**)

… but Gig Work May Grow

When it comes to alternative staffing arrangements, there was a significant difference by age of respondent: **48 percent** of respondents under the age of 34 said they hire gig workers, while **80 percent** over 50 do not.

HR is Most Comfortable with Gen X

The angst over the millennial worker extends to HR, where survey respondents seem to be more fretful over how well they support this cohort compared with other age groups:

- Only **48%** feel that they are supporting millennials "very effectively."
- Employees over 50 are very effectively supported, according to **57%** of respondents.
- Gen Xers are in the sweet spot: **64%** believe this group is given very effective support.

HR is Working Hard on Employee Engagement

The Pulse of HR survey defined engagement as "employees being fully absorbed by and enthusiastic about their work, and taking positive action to further their company's reputation and interests." And as respondents confirmed, this is a tough challenge.

More than half (**53 percent**) of respondents feel that fewer than **50 percent** of their employees are engaged. On the bright side:

- About one in five reported **51% to 75%** engagement.
- **17%** said more than three-quarters of staff are engaged.
- **10%** believe all their employees are fully engaged.

Get Engaged

The most popular tactics to foster greater engagement are:

60% – training to develop new skills

56% – empowering workers to suggest new work methods or projects

53% – seeking feedback about job satisfaction

HR is Gaining Resources

The survey shows that HR leaders have a positive view of how the function is seen within their organization — and other findings confirm that perception. In particular, they have succeeded at making the case for growing their ranks, with more than a quarter of respondents adding HR head count this year. Of those expanding their teams, **59 percent** will add three or more new positions.

Those additional resources will be welcome: **78 percent** of HR leaders reported feeling stressed on the job. Most of them — **62 percent** — say their stress level is moderate, but **16 percent** are feeling highly stressed.

On the funding front, nearly **75 percent** of respondents expect a budget increase in the next year, with **a third** projecting an increase of more than **10 percent**.

About the Survey

The 2017 Paychex Pulse of HR Survey was conducted May 10-17 among 309 HR decision makers at U.S. companies with 50 to 500 employees. It is the first 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 45 years of industry expertise, Paychex serves approximately 605,000 payroll clients as of May 31, 2016 across more than 100 locations and pays one out of every 12 American private sector employees.

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