Paycor

The State of American Business: 2021

HR center of excellence
by Paycor

What's inside:

Part 1: The HR/Finance Relationship
Roughly 40% of respondents agreed that HR and Finance are working more closely together as a result of the pandemic. However, **HR tends to believe their work is contributing more to the bottom line than Finance does.** If you're seeing a disconnect with Finance, it may be that you don't have the tools you need to access, much less interpret, the data that drives your business.

Part 2: Remote Work
At the close of the year, **we see a large minority (44%) of companies describing the transition from office to remote as a primary focus.** Maybe this is because most are either back in the office or have figured out the transition to remote by now. What's interesting is that 30% say their remote teams are actually more productive than they were in the office. In this section, we reveal some of the key characteristics of successful remote teams.

Part 3: Benefits
A majority of organizations (86%) are concerned about mental health in the workplace, but **nearly half (45%) are "not sure" how benefits can address these concerns.** Of the 2,600 HR and Finance leaders who took the survey, only 444 (approx. 17%) were able to identify specific benefits, like employee assistance programs, that could help them respond to what they perceive as an urgent problem.

Part 4: Compliance
A majority (60%) predict their business will be more concerned about compliance in the next 12 months. Surprisingly, **only 9% say their HR technology is "very effective" at mitigating compliance risk.** Clunky, outdated HR software may be the reason why 43% say they don't use technology to automate and manage compliance.

METHODOLOGY:

In the third quarter of 2020, we fielded a 10-minute online survey and received 2,600 responses from the leaders of small and mid-sized businesses (defined as organizations with less than 1,000 employees). Of the 2,600 responses, approximately 40% were Finance leaders (CFOs, Finance directors and managers) and 60% were HR leaders (HR directors, managers).

PART 1: The HR/Finance Relationship

HR is *more* bullish on both the short- and long-term.

HR leaders are more optimistic about future profitability, both in the final months of 2020 and even more-so looking ahead to the first quarter of 2021. Still, there seems to be real confidence among business leaders that we are on the other side of an historic downturn.

Will your business be profitable in Q4 '20?

69% HR – Yes

63% CFO – Yes

…in Q1 '21?

75% HR – Yes

68% CFO – Yes

Finance leaders are more confident in their ability to *manage change.*

Grappling with the cascading effects of the coronavirus has pushed leaders to embrace change management as never before. Based on self-reported confidence, there seems to be more "very confident" Finance leaders than HR leaders. Perhaps this is inevitable, as Finance professionals naturally benefit from feeling more in control of the numbers, where HR on the other hand deals with the messier human dimension of the business.

26% **of HR leaders are confident in their ability to manage change as a leader.**

31% **of Finance leaders are confident in their ability to manage change as a leader.**

COVID-19 has changed what we look for in *leadership*.

The pandemic has accelerated change across nearly every aspect of operations, including what qualities we look for in leaders. We anticipated a strong response to this question, but were surprised to see the results so definitive: approximately half of Finance and HR leaders are indeed looking for new kinds of leaders to deal with this unique crisis.

As a result of the pandemic, do you look for different qualities in leaders than you did before the crisis?

51%
HR – Yes

44%
CFO – Yes

Finance and HR leaders agree on the top two most important qualities: **flexibility and collaboration.**

HR leaders give themselves *higher grades* than Finance does.

Roughly 40% of respondents agreed that HR and Finance are working more closely together as a result of the pandemic. However, each discipline has a slightly different take on how effective this new degree of collaboration has been. **There's a disconnect, especially at the extremes, between how the contributions of HR are perceived.**

How much does HR impact the bottom line?

HR	4%	1 (not much)
FINANCE	15%	
HR	7%	2
FINANCE	18%	
HR	32%	3
FINANCE	35%	
HR	35%	4
FINANCE	20%	
HR	22%	5 (a lot)
FINANCE	12%	

How Paycor helps HR move from admin to *strategic.*

HR is sitting on a goldmine of data that can definitely impact the bottom line. So, what's the problem?

First, HR teams still spend too much time on transactional HR functions, logging into multiple systems, toggling between spreadsheets.

Second, HR often doesn't have the tools they need to access, much less interpret, data. Your HCM platform has to make it easy to not only find the data but also separate the signal from the noise.

Paycor Builds HCM for HR Leaders.

HCM Cor Platform: Get out of the weeds with a core HR solution and a single source of truth for all employee data. Dramatically decrease admin and gain a deeper understanding of your business.

Workforce Management: Break down barriers between HR and Finance, optimize productivity and track labor costs to drive bottom-line results.

Talent Management: Track key recruiting metrics like time-to-hire and pipeline, drive company performance and use compensation analytics to boost recruiting and retention.

Benefits: Access powerful analytics that track your benefits spend and benchmark your overall benefits offering against the competition.

Employee Experience: Build a great place to work, train and develop people, and get real time data into what your employees are thinking and feeling now.

PART 2: Remote Work

Just less than half of business leaders report remote work as a primary focus, and most remote teams are about as productive as they were in the office.

Remote work was steadily if modestly increasing in the years leading up to 2020, but of course, the early days of COVID-19 accelerated the trend. At the close of the year, we see a large minority (44%) of companies describing the transition from office to remote as a primary focus. Interestingly, more than half say their remote teams are equally as productive as on-site workers.

How productive are your employees who work from home?

13%	30%	56%
Less	More	About the same

About 30% of workers are more productive at home than they were in the office.

How come?

There's only one way to find out—ask HR.
Here are the secrets of high-performing remote workers, as revealed by representative quotes from their HR managers and directors, grouped into three main themes.

Here's how top-performing remote workers are doing it better:

Communication

"

Our team is communicating way more than usual. It felt awkward at first but it's so necessary because there's no more hallway conversations. Everyone's in the loop because everyone is kind of their own project manager.

"

Structure

"

In the office, we relied on informal process. Now, with most of us remote, we're actually much more structured. Meetings have an agenda and if there's an all-team meeting, everyone is there. When we agree on a timeline, we all really agree. As our work lives have become more flexible, the actual work itself is more structured.

"

Management

"

Our managers made it a point to stay connected in a personal way with their teams. Virtual happy hours, daily stand ups, weekly team meetings where people can (and do!) talk about anything, and celebrating the wins. Keeping that personal connection drives productivity.

"

Paycor helps leaders recruit, manage and develop remote workers.

Recruiting: Optimize your remote recruiting process by focusing on key metrics, like time-to-fill, candidate pipeline and more. Stay in touch with candidates throughout the process with candidate texting and capture manager feedback with interview scorecards.

Onboarding: If much of your workforce is remote, it's even more important to get onboarding right. Make the process more engaging and meaningful, eliminate hours of manual admin and view and sign documents electronically.

Performance: Improve the quality of work by creating moments of genuine dialogue and coaching. Allow employees to feel heard and help them better understand what they need to do to succeed.

Learning Management System: Deliver mobile-friendly learning with social capabilities on one platform. Easily create custom programs and offer workers self-paced options for maximum flexibility.

PART 3: Benefits

Nearly everyone is concerned about mental health, but very few know what benefits are available to address the problem.

The majority (65%) say they'll reevaluate benefits in 2021. That comes as no big surprise, as most organizations take a look at benefits at least once a year. But one insight jumped out from the more expected responses… everyone's concerned about mental health, but few know what to do about it

How concerned are you about mental health and wellbeing in the workplace?

86%

HR – Concerned

Will you consider changing your company's benefits plan as a response to mental health issues?

27% YES   27% NO   45% UNSURE

There's clearly an *education gap* when it comes to mental health and wellbeing benefits.

Of the 2,600 people who took the survey, only 444 (approx. 17%) were able to answer this question:
What additional mental health benefits will you consider offering to employees?

1 **Offering an employee assistance program (EAP)**

2 **Mental health awareness training program**

3 **24/7 help line**

4 **Virtual exercise classes**

5 **Discounts on mental health apps**

6 **Gamification of healthy behaviors**

7 **Internal mental health resource group**

If you need help understanding the benefits landscape, talk to the right broker.

We recommend that our customers work with qualified, talented healthcare brokers; you want someone who knows your business, knows the needs of your (most likely multi-generational) workforce and knows all the options out there. If mental health and wellbeing is a concern, save yourself some mental anguish and ask a professional to show you the ROI on different benefit plans.

Paycor gives you insights into your benefits spend and can even benchmark your data against the competition.

Benefits Advisor

PART 4: COMPLIANCE

Gearing up for a renewed focus on compliance.

In 2020, we experienced the perfect storm of compliance, with new considerations around workplace safety, remote work, family leave, time off and more. No surprise then that a solid majority anticipates that compliance will occupy more of their time in the coming year.

Do you predict compliance will become more or less of a concern for your business in the next 12 months?

60%	9%	31%
More	Less	Not Sure

The top 7 compliance concerns in 2021:

1 **COVID-19/safety regulations**

2 **Remote work policies**

3 **FMLA & time off**

4 **Hiring & recruiting**

5 **Rules around paying back government aid**

6 **Overtime/classifying workers**

7 **I-9 and EEOC (tied)**

Most leaders aren't happy with their HR tech.

Only 9% of respondents say their HR technology is "very effective" at mitigating compliance risk.

9%

A majority of businesses are NOT using HCM technology to mitigate risk.

One of the most important reasons to invest in HR & payroll software is to automate reporting and compliance as much as possible. So this finding surprised us. But, as we dug deeper, it started making sense. The truth is, there's a lot of HR technology in the market right now, but not all of it is useful and some of it is quite bad.

Do you use HR technology to mitigate compliance risk?

43%

No

Paycor mitigates compliance risks for more than 40,000 organizations.

Is clunky, outdated technology worse than manual record-keeping and reporting?

It's a toss up. To effectively handle compliance—that is, to both mitigate risk and streamline the process—you need a sophisticated solution that's easy to use. Paycor's platform is a core HR solution for all employee data, so you'll never have to switch platforms, log-in to multiple systems, re-key information or open multiple spreadsheets. Our product is constantly updated with the latest federal, state and local regulations that affect your business and industry. (For example, Paycor was among the first HCM providers to give our customers that ability to quickly apply for PPP loans by running a simple report.)

EMPLOYEE EXPERIENCE

WORKFORCE MANAGEMENT

TALENT MANAGEMENT

BENEFITS ADMINISTRATION

Employee Engagement
LEARNING MANAGEMENT
PAYCOR PULSE

Workforce Management
PAYCOR TIME
SCHEDULING

HCM Cor
Leaders
ONBOARDING • HR
PAYROLL • ACA • REPORTING
ANALYTICS • MOBILE

Talent Management
RECRUITING
PERFORMANCE
COMPENSATION

Benefits Administration
BENEFITS ADVISOR

How Paycor Helps

Paycor builds HR software for leaders. Our Human Capital Management (HCM) platform modernizes every aspect of people management, from the way you recruit, onboard and develop people, to the way you pay and retain them. But what really sets us apart is our focus on business leaders. For 30 years, we've been listening to and partnering with leaders, so we know what you need: HR technology that saves time, powerful analytics that provide actionable insights and a Personalized Support Model. That's why more than 40,000 organizations nationwide trust Paycor to help them solve problems and achieve their goals.

VISIT PAYCOR.COM/HCM-SOFTWARE

OR CALL 844-981-0040 TO TALK TODAY.

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