



## The Real Workforce Impact of HR Technology

From automating basic administrative tasks to attracting more talented employees, HR technology has a lot to offer small and midsize businesses.

**T**echnology's outsized role in almost every aspect of modern-day life and business is evident everywhere you look, and its fundamental role has shifted. As Tom Hammond, Paychex vice president of corporate strategy and product management observes, "We've quickly moved from being a tech-enabled to a tech-dependent society. This monumental shift has accelerated over the last few years, and HR technology has followed suit."

Technology's penetration of the

HR space has been a boon for small and midsize businesses (SMBs), and it holds even more promise going



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forward. "The rapid evolution of the HR tech space has made—and will continue to make—access to technology more affordable and less complex to deal with," says Kim Billeter, EY Americas people advisory services leader. "Multiple platforms in the marketplace supporting the full lifecycle of employees are now available and accessible for small and midsize companies."

HR tech capabilities in areas like talent acquisition, employee engagement, and performance management that not too long ago were the exclusive province of large organizations due to cost and scale constraints are now widely available to smaller organizations, she says.

"Now is really an exciting time," says Paul Sarvadi, chairman and CEO of Insperty. "The improvements that HR technology makes possible on the people side of the business can have a direct effect on a company's success. I think we're at the point where these new breakthroughs have started working their way down towards the SMB community. The ability to use these tools to improve productivity is probably the biggest change that's already here and continuing to develop."

### HR tech meets important needs

Billeter believes that SMBs' primary HR tech needs will continue to be in the payroll and benefits space, ensuring people get paid correctly and in a timely manner, handling deductions and taxes accurately,



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etc. “The regulatory landscape is becoming more and more complex, and organizations can’t keep up by having their traditional payroll departments or accountants managing payrolls,” she says. “There are now multiple vendors that offer services that take that burden and compliance risk out of the hands of small and midsize organizations.”

These types of HR tech capabilities are “must-haves” for SMBs because of the efficiency and effectiveness they bring to administrative tasks, Sarvadi says. “You have to do these things, and you have to do them right, because the consequences can be severe if you don’t.”

Research conducted by Software Path, a software comparison engine, suggests that SMBs are indeed focused on these issues. “The leading reason for these businesses to invest in HR technology is to make gains in process optimization and to streamline internal activities,” reports Megan Meade, a marketing specialist at the firm. Increasing efficiency and gaining greater functionality were the top two reasons businesses gave for implementing HR tech in Software Path’s 2019 HRIS Software Report.

However, another basic need that’s just as important for SMBs is the ability to make high-quality decisions, and that’s an area where HR tech really shines. “The tech and the data and the tools are all coming together in HR to help business leaders make the right decisions—on hiring people, on overtime, on turnover, on all kinds of things that affect the costs and effectiveness of the company,” Sarvadi says.

### Don’t overlook the ‘human’ in HR

Paul Pellman, CEO of Kazoo, suggests that SMBs should view HR tech as having the power to improve workplaces and make work easier for all employees. “As HR tasks become more automated, companies are able to spend more time focusing on other areas that aren’t as easily solved with technology, like

checking on an employee who seems uncharacteristically disengaged or coaching managers on how to help their people grow in their careers,” he says.

Sarvadi, author of *Take Care of Your People: The Enlightened CEO’s Guide to Business Success*, couldn’t agree more on the importance of maintaining focus on the “human” in human relations. “I am a strong believer in the fact that as good as the technology is and as promising as the coming improvements are, technology still cannot replace the interaction you have with people that affects their performance,” he stresses.

Establishing a culture with values and a mission behind it, investing in people, and cultivating the ability to lead and direct their efforts are things technology cannot accomplish on its own. “It can help you communicate more effectively, but it cannot replace the important role of showing leadership, appreciation, and concern for people that plays such an important part in the success of a company,” Sarvadi says.

“Organizations can also use HR tech to collect and analyze data to better manage employee performance and reward them when they’re doing a great job, all while building a purpose-driven and engaged company culture,” Pellman says. “While overall employee experience

can be enhanced with technology; at the end of the day, it needs to be implemented and perfected by the human touch.”

### Overcoming HR tech’s challenges

As state-of-the-art HR technology becomes more accessible than ever to SMBs, many still face challenges in getting and using the right technology to meet their needs. Because there are so many solutions in the marketplace, identifying the best tech for their organization can be overwhelming for SMB leaders, Billeter says. The most important first step is “to really understand what they are trying to solve” and to examine potential solutions through a business lens rather than a pure technology lens, she advises.

It’s also important to make sure all key stakeholders are included in the HR tech selection process, Pellman emphasizes. “Choosing a technology partner is critical to success. For instance, if you’re buying new technology for continuous improvement management, it will change the way your entire company sets goals, so you need more than your HR team in the buying process,” he says. “The right partner should not only provide an easy-to-use platform,



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-Tom Hammond, *Paychex vice president of corporate strategy and product management*

# Is your Technology Keeping Pace with the Changing Talent Landscape?



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but also help with program design, ensure a smooth implementation process, collaborate with internal teams on change management initiatives, and offer ongoing support to refine the program over time.”

Competition for resources is another common challenge. “Like any other department, HR is being asked to do more with less,” Hammond points out. “While administrative tasks may seem small and can be quickly accomplished, they erode time HR leaders should be devoting to strategic initiatives that drive the business forward. Fully leveraging a comprehensive HR tech solution introduces efficiency opportunities for both employees and administrators.”

Reclaiming time spent on administrative tasks requires that those responsible for HR functions first fully immerse themselves into their HR tech in order to understand what’s available to them. “Paychex works side-by-side with our customers to understand their business challenges and ensure they’re fully leveraging our application, Paychex Flex®, to help them overcome those barriers,” Hammond says. He adds that HR needs to be comfortable trusting managers and employees to do it themselves, since today’s HR technology is configured and developed with self-service in mind.

## A leg up in the competition for talent

With job creation continuing at high levels and unemployment rates hovering near historic lows, competition for talent is a day-to-day reality for SMBs. This is one area where HR tech can provide important advantages.

It’s a seller’s market for talent, and employees’ needs in the workplace have changed. “The employee experience at your organization can make or break your ability to hire the best talent and compete in the market,” Pellman says. “Today’s employees want to feel connected,

find meaning in their work, be recognized for their contributions, and have continuous feedback and ongoing support for career development.”

“HR technology features and functions once reserved for enterprise organizations have moved down-market,” Hammond says. “That shift has leveled the playing field for small and midsize businesses competing for talent and empowers them to deliver candidate and employee experiences that rival the largest of enterprise organizations.”

HR technology empowers SMBs to offer everything from customized welcome videos and virtual tours of a candidate’s new workspace to paperless onboarding, payroll, and benefits administration. It also serves as a communication vehicle between managers, HR, and the workforce to facilitate employee learning and development. “HR technology is helping organizations of all sizes win and keep the talent that will take their businesses to the next level,” Hammond says.



## Tech unleashes HR’s value

“We think there is still a lack of understanding of the value HR can provide to the business outside the foundational support from a payroll and benefits perspective,” Billeter says. “We think HR can play a big role in helping with a company’s culture and leveraging technology to promote that culture.”

SMBs should understand what their needs are, and they should start their engagement with HR tech by searching for solutions to tackle those existing needs. “Don’t go big at the beginning, but do understand the capacity of the solution to be scalable,” she says. “Regardless of size, organizations can now access HR technology to provide employees with experiences that used to be reserved for large organizations making large investments.” ■



As HR tasks become more automated, companies are able to spend more time focusing on other areas that aren’t as easily solved with technology, **like checking on an employee who seems uncharacteristically disengaged or coaching managers on how to help their people grow in their careers.**

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