



Payroll Services Level the Playing Field for SMBs Competing for Top Talent

In a seller's market for the best employees, small and midsize businesses can rely on payroll services partners for technology and support to provide an exceptional employee experience

Small and midsize businesses (SMBs) have always faced challenges in the competition to attract and retain top talent. One big challenge is greater access to resources and deeper bench strength that larger corporations enjoy. As the economy

continues to recover from the worst of the COVID-19 pandemic, competition is intensifying. In a recent survey of more than 560 employers, 66 percent ranked recruiting and hiring as their most challenging human resources (HR) issue in 2021.

The way to meet this challenge is by

enhancing employee experience (EX), and an increasing number of businesses are attempting to do just that. A 2021 Willis Towers Watson survey found that 94 percent of employers will make enhancing EX a priority over the next three years—a phenomenon the consulting firm has dubbed “a great EX awakening.”

In the current environment, where more than 40 percent of small and midsize businesses have job openings they cannot fill, and 91 percent report few or no qualified applicants—according to a National Federation of Independent Business survey—failure to enhance EX is not an option. The formula for small and midsize businesses to optimize EX starts with competitive and professionally administered salary and benefits, coupled with a commitment to nurturing an exceptional culture that balances employee needs and demands with business objectives and increasingly complex compliance mandates.

Proving the value proposition

“The employee experience is influenced by many factors,” says Ruth Hunt, a principal in the engagement practice at HR consulting firm Buck. “Pay and benefits prove whether an employer’s value proposition is lived out through its rewards structure with supportive benefits and policies, and an organization’s behavior defines its culture. Culture doesn’t happen by proclamation.”

Fostering and improving positive EX is even more challenging in the remote work environment, which has become widespread since the start of the pandemic. “First, employers need to reimagine the employee experience, and many are,” says Todd Bennett, division director, employee health and benefits, at insurance agency Marsh & McLennan. “Second, employers need to deliver a seamless integration of technology and onboarding, with a focus on values, culture, and team-



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building.” Done right, technology can bring remote team members together to achieve key objectives, but the opposite is also true, he adds.

Payroll is one of the most critical bridges between a business and its team, because it’s all about how you are rewarding and incentivizing them for their contributions to the business.

Caroline Hollis, general manager of Square Payroll

Providing a comprehensive payroll and benefits package is critical to establishing a business as an employer of choice, especially in today’s increasingly competitive labor market, says Tom Hammond, vice president of corporate strategy and product management at Paychex. “As more and more people are starting to rejoin the workforce,” he says, “it’s really important to focus on employee expectations.”

A cornerstone of EX

Laurent Sellier, vice president and business leader of Intuit QuickBooks Online Payroll and QuickBooks Time, describes payroll and time management as a cornerstone of the overall employee experience. When it comes to hiring and onboarding; day-to-day engagement with when, how, and where employees work; and getting paid and having access to important benefits that enhance their lives, “employees need an experience that saves them time and

gives them visibility, flexibility, and control over their overall financial health and well-being,” Sellier says.

“Payroll is one of the most critical bridges between a business and its team, because it’s all about how you are rewarding and incentivizing them for their contributions to the business,” says Caroline Hollis, general manager of Square Payroll. “Doing that well helps you establish a great relationship with your team that is built on trust and mutual support. It helps them feel appreciated, financially secure, and empowered to do a great job at work.”

In a proprietary research study, Paychex asked 2,200 SMB employees what was most important to them, other than compensation, when considering a new job. Almost half singled out benefits, while significant numbers also mentioned flexibility in their work arrangements and opportunities for career advancement.





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Younger workers (Generation Y and Generation Z) were especially interested in benefits packages that went beyond traditional offerings to include plans that addressed things like mental and social well-being, financial acumen, and retirement savings options.

Subpar benefits are deal-breakers

Nearly one in three surveyed employees cited a benefits package not living up to their expectations as a reason to look for a new job. However, while 20 percent of HR decision-makers admit their benefits packages are subpar, 70 percent do not list benefits as one of their top three focus areas. “Now is really the time for SMBs to reevaluate the total rewards package they are offering their employees,” Hammond says. “And that review must include the technology they are using to serve it up and meet the demands of today’s workforce.”

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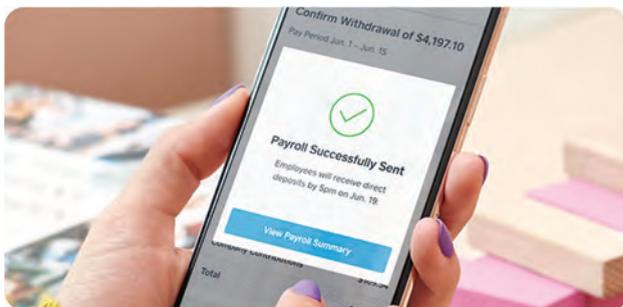
Laurent Sellier, vice president and business leader of Intuit QuickBooks Online Payroll and QuickBooks Time

Offering a comprehensive benefit experience is an important way that SMBs can be more competitive with larger organizations on the recruitment front. “Historically, large corporations have had

an edge in attracting top talent because of their ability to offer a full range of employee benefit packages and experiences,” Sellier says. “However, SMBs can now be competitive against large corporations by partnering with a company that equips them with a comprehensive employee benefit experience.”

“At the same time, small businesses—like larger corporations—need to accommodate the modern workforce, which is increasingly distributed across geographies and modalities,” Sellier says. He cites Upwork research showing that freelancers now comprise 36 percent of the total workforce, and that 74 percent of remote employees want to continue working that way. “Luckily, small business owners recognize this shift, as more than 40 percent of QuickBooks Payroll customers plan to support remote employees either full- or part-time,” he adds.

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Historically, the strongest argument for engaging a third-party payroll services provider has been to free up small and midsize business leaders by offloading administrative and compliance tasks so they can focus more of their time and energy on business-critical issues. That remains a compelling reason to outsource payroll and related responsibilities, but gaining an advantage in the increasingly competitive struggle to lure the best employees is rising in importance. “Small businesses consider outsourcing their payroll in order to offer the enterprise-level experiences and benefits that attract top talent,” Sellier says.

Choosing the right option

SMBs have many payroll solutions to choose from, including software tools, à la carte services, administrative services organizations (ASOs), professional employer organizations (PEOs), and full-service payroll and benefits providers. “Small businesses should focus on three considerations in choosing the best option to meet their needs,” Hollis advises. First, what tools do they actually need for their business? Second, how much time do they have to manage this

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function? Finally, how much they are willing to pay?

In today’s hyper-competitive workforce environment, more SMBs are partnering with trusted brands that have the technology and expertise needed to provide the kind of modern human capital management platform that optimizes the employee experience end-to-end.

“Employees today are looking for simple, easy-to-use (payroll and benefits) technology that provides an experience that matches what we’ve all become accustomed to in our personal lives,” Hammond says. “It

has to be digital; it has to be mobile; and it has to give them the control they demand from wherever they happen to be. That’s all baked into our Paychex products.”

As SMBs’ needs in this area continue to evolve, payroll services providers likely will keep pace with them. “Our innovation pipeline is focused on delivering modern payroll, time, and employee management solutions for an evolving workforce that demands flexibility, puts money in employees’ pockets faster, and rewards employers who put employee experiences first,” Sellier says. ■