

# HR Decision-Making in Small to Mid-Sized Businesses 2024

Over half of small to mid-sized businesses (SMBs) worry about hiring, retention, and culture, according to research from the HR Research Institute and UKG, a leading provider of HR and payroll solutions.

The study suggests that SMBs can improve HR performance by adopting best practices and strategic approaches.



## What are today's HR professionals in SMBs focused on and concerned about?

**They're most likely to be focused on:**

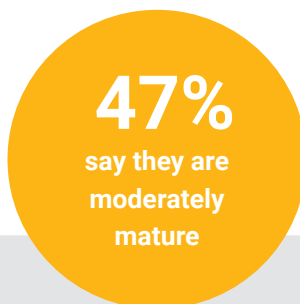
- 64%** recruitment, selection and onboarding
- 55%** benefits administration
- 52%** HR administration and employee records
- 51%** employee relations

**They're most likely to be concerned about these HR issues:**

- 60%** retaining key talent
- 58%** creating a supportive culture
- 56%** hiring qualified employees
- 49%** increasing employee well-being
- 49%** ensuring managers are good at their jobs
- 48%** making HR processes more efficient



**To better succeed at such priorities, many need to improve the sophistication, effectiveness, and overall maturity of their departments**



### Cohorts Based On Operational Maturity of HR

In our study, we defined the word **maturity** as to the level of development, sophistication, and effectiveness the HR operation has achieved, reflecting its capability, adherence to best practices, process optimization, and alignment with strategic goals.

**HR leader organizations** are those saying their HR operations are high or very high in maturity.

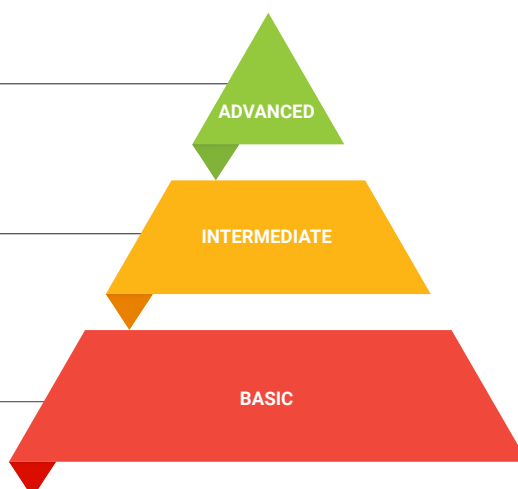
**HR laggard organizations** are those saying their HR operations are moderate, low, or very low in maturity.

**One way to boost their effectiveness is by being better at leveraging their technologies, but there are problems here as well**

only **27%** use technology at a strategic or advanced level

**39%** use it at an intermediate level

**36%** have no specific HR technologies or only the most basic ones



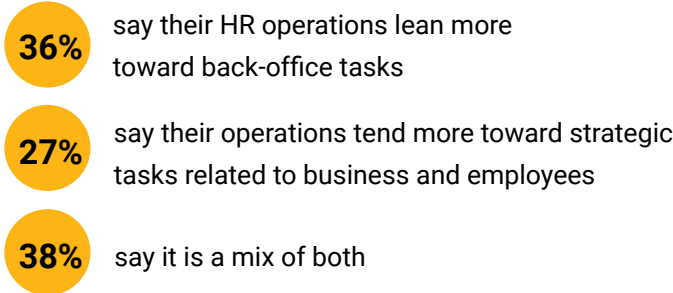
The **good news** is that HR leader organizations are considerably more likely than their HR laggard counterparts to be at the strategic and advanced levels of HR technology usage.

**In other words**, more mature HR organizations are better at using HR technologies.

What's more, HR leader organizations are more likely to use a variety of HR technologies



This is all part of HR finding the balance between being strategic and administrative



HR leader organizations are about **2X** more likely than HR laggard organizations to be more strategic

Senior leadership prioritizes certain strategic HR data more than others

At SMBs, senior leaders are most likely to request data related to:

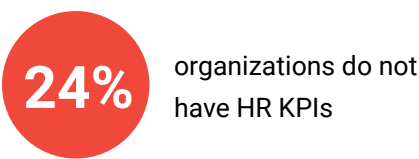
- 62% compensation and benefits data
- 47% employee recruitment
- 41% employee performance



Compared to senior leaders at HR laggard organizations, those at HR leader organizations are considerably more likely to ask about:

- employee learning and development
- worker health and wellness

One hindrance to HR success is a lack of key performance indicators (KPIs)



Among those that do, however, the most common are:

- retention and turnover
- employee engagement/employee satisfaction

When looking into the future, HR professionals say they're most likely to acquire systems for:



- learning management
- onboarding
- communication and engagement
- applicant tracking
- performance management

To improve HR in SMBs, consider these strategies

- Evaluate** the degree to which HR operations are strategically aligned
- Strengthen** HR's role in creating a supportive culture
- Ensure** managers are trained and good at talent management
- Improve** HR operations by investing in appropriate HR technologies



**About the Survey:**  
 HR.com's "HR Decision-making in Small to Mid-sized Businesses 2023-24" survey ran from October 2023 to January 2024. We received responses from 232 HR professionals in virtually every industry vertical in the United States. For this study, the HR Research Institute, powered by HR.com, partnered with UKG, a leading provider of HR, payroll, workforce management, and culture solutions. We only included responses from participants representing small and mid-sized businesses under 499 employees. Small businesses (1-249) represent 84% of respondents and mid-sized businesses represent 16% of the participant responses.



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