

INNOVATING FOR IMPACT:

# An Employee Management Playbook for Small & Medium-Sized Businesses



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Micro, small, and medium enterprises make up the backbone of the Philippine economy and account for the country's growing labor force. On average, these businesses have anywhere between 10 to 200 employees.

Data from the Philippine Statistics Authority (PSA) supports this: out of the one million businesses operating in the country, [99.58%](#) are micro, small, and medium-sized businesses.<sup>1</sup> Despite their importance, small and medium-sized businesses seem to overlook the significance of HR and people management.

As a result, they end up faced with unique HR challenges that impede their growth and success. HR management is crucial for the success of any business, regardless of its size. By streamlining key stages of the employee life cycle – from finding the right candidates to building their careers – small and medium-sized businesses can save time, cut costs, and focus on empowering their people.



**99.58%** of businesses in the Philippines are micro, small, and medium enterprises

## 01 Investing in Employee Management for Productivity, Resilience, and Competitiveness









The pandemic has created new challenges for small and medium-sized businesses, and employee management has become more critical than ever. Connectivity is essential for staying up-to-date with the changes and adapting to the future of work.

With relevant HR and business technology solutions, small and medium-sized businesses can streamline their operations, strengthen communication between remote teams, and increase productivity. In particular, cloud-based payroll software and employee attendance tracking software can improve employee productivity, optimize resources, and scale business growth through data-driven decision-making.

Small and medium-sized businesses need to invest in digital technologies if they want to address the biggest HR pain points that take up too much of their time and resources. With the right HR tech solutions, they can automate time-consuming tasks such as payroll and attendance tracking, making their operations more efficient and cost-effective.

<sup>1</sup> 2021 MSME Statistics. (2023). Retrieved 10 March 2023, from <https://www.dti.gov.ph/resources/msme-statistics/>

# 02 Overcoming Common HR Experiences and Challenges

 <b>Limited Manpower for HR</b>	 <b>Employee Engagement and Communication</b>
 <b>Talent Acquisition and Retention</b>	 <b>Time-Consuming Administrative Tasks</b>
 <b>Payroll Processing Errors</b>	 <b>Onboarding and Training</b>
 <b>Performance Management</b>	 <b>Compliance with Labor Laws and Regulations</b>



## CHALLENGE 1: Limited Manpower for HR

Small and medium-sized businesses in the Philippines often lack the manpower needed to maintain a full-fledged HR department, which blurs the line between different roles and responsibilities, like recruitment, training, and payroll.

### The Solution

- ✓ Identify and prioritize critical HR functions. For example, you can focus on recruitment and employee retention to address high employee turnover rates.
- ✓ Determine what HR tools and software best fit your needs and budget. Use a cloud-based HR software that can automate payroll and attendance tracking.
- ✓ Implement the HR tools and software and provide training so your employees can use them effectively.
- ✓ Regularly evaluate the effectiveness of your HR processes and tools through metrics such as employee retention rates, time-to-hire, and employee satisfaction surveys.



### CHALLENGE 2:

## Employee Engagement and Communication

When employees feel disconnected and undervalued, productivity and morale suffer. Overcoming communication challenges and fostering a culture of engagement can help businesses improve employee satisfaction and drive success.

### The Solution

- ✓ Provide employees with clear job descriptions, performance goals, and expectations. Be specific and transparent about goals and targets, and ensure employees know how their contributions fit into the bigger picture.
- ✓ Encourage two-way communication. Create open communication channels through regular meetings, surveys, suggestion boxes, or an anonymous feedback system.
- ✓ Show appreciation for employees' hard work and contributions by providing recognition and rewards through verbal praise, bonuses, or other incentives.
- ✓ Offer opportunities for professional development and career growth, such as training programs or mentoring.



### CHALLENGE 3:

## Talent Acquisition and Retention

Finding and retaining skilled employees can be a significant pain point because of high recruitment costs, turnover rates, and the lack of skilled workers.

### The Solution

- ✓ Provide wellness programs, flexible work arrangements, and support systems to help employees achieve healthy work-life integration.
- ✓ Offer training, mentorship, and coaching to help employees develop their skills. Communicate clear career paths and growth opportunities.
- ✓ Stay competitive with well-researched compensation and benefits packages. Implement remote work options or flexible working arrangements to attract and retain top talent.
- ✓ Create a positive and inclusive work environment that promotes teamwork, collaboration, and respect. Build a culture of open communication, feedback, and recognition.



Learn effective strategies and tips to retain your top employees in  
**The Great Resignation Part 2: The Journey to the Great Retention**

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#### CHALLENGE 4:

### Time-Consuming Administrative Tasks

From keeping employee records up-to-date to preparing detailed reports, admin tasks can take valuable time and resources away from other important aspects of successfully running a small business.

#### The Solution

- ✓ Consider using HR platforms with organized tracking systems to help automate administrative tasks and streamline processes.
- ✓ Regularly update employee records and maintain accurate data to avoid errors and compliance issues.
- ✓ Train employees on how to use the HR platform efficiently to maximize its benefits.
- ✓ Outsource admin tasks, such as payroll processing, to third-party providers to free up time for more strategic activities.



#### CHALLENGE 5:

### Payroll Processing Errors

Payroll processing can be a complex and time-consuming task. Any errors could lead to costly mistakes and cause damage to the company's reputation and financial health.



#### The Solution

- ✓ Invest in a reliable cloud-based payroll software to streamline payroll processing and minimize the risk of errors.
- ✓ Stay up-to-date with the latest regulations related to payroll processing to ensure compliance and avoid penalties.
- ✓ Utilize a highly compliant payroll system that's automatically updated with the latest government nuances concerning payroll to ensure your company stays compliant.
- ✓ Regularly review payroll records and payslips to check for any discrepancies or errors.
- ✓ Train employees responsible for payroll processing to ensure they have the necessary skills and knowledge to do their job accurately and efficiently.



#### CHALLENGE 6:

### Onboarding and Training

Onboarding new employees requires a significant amount of time and resources to ensure that new hires have the necessary knowledge and skills to perform their roles effectively.

#### The Solution

- ✓ Develop a comprehensive onboarding and training program with complete info about job descriptions and responsibilities, workplace culture, and opportunities for feedback.
- ✓ Assign a mentor or buddy to new employees for additional support and guidance during their transition.
- ✓ Use online resources and training tools to provide ongoing employee training and development opportunities.
- ✓ Continuously review and evaluate the effectiveness of the onboarding and training program. Identify areas for improvement and make necessary adjustments.



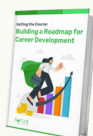
#### CHALLENGE 7:

### Performance Management

Performance management is a critical aspect of employee management. Without effective systems, employees can become demotivated and disengaged, decreasing productivity and overall success.

#### The Solution

- ✓ Set clear expectations and goals for employees and communicate them regularly through performance reviews or check-ins.
- ✓ Offer regular feedback, both positive and constructive, to help employees understand areas for improvement.
- ✓ Implement incentives such as rewards, recognition, or professional development opportunities to motivate employees and encourage productivity.
- ✓ Develop a performance improvement plan for underperforming employees with ongoing support and coaching from managers.



For actionable insights on how to upskill and retain your workforce, check out **A Career Development Roadmap: A Ready-to-go Plan for HR Professionals and Employers.**

[READ NOW](#)



#### CHALLENGE 8:

### Compliance with Labor Laws and Regulations

It's crucial for employers to have a clear understanding of the labor laws that apply to their business, such as [minimum wage](#), [overtime pay](#), and [occupational health and safety](#).

Compliance with [HR regulations](#) in the Philippines can be difficult because these laws tend to change regularly. If you want to learn more about DOLE-related labor requirements, check out our FAQs [here](#).



#### The Solution

- ✓ Regularly assess your company's HR policies and procedures to ensure compliance with the latest regulations.
- ✓ Invest in an HR management software to assist you in managing HR tasks and maintaining compliance.
- ✓ Develop a comprehensive employee handbook outlining your business' HR policies and procedures.
- ✓ Provide training and seminars for your HR team to ensure they understand the latest labor laws and regulations.
- ✓ Seek assistance from an HR consultant or legal professional. These experts can help you navigate legal complexities and develop solutions that comply with these regulations.

## 03 Revolutionize Workforce Management with a Reliable HR Platform

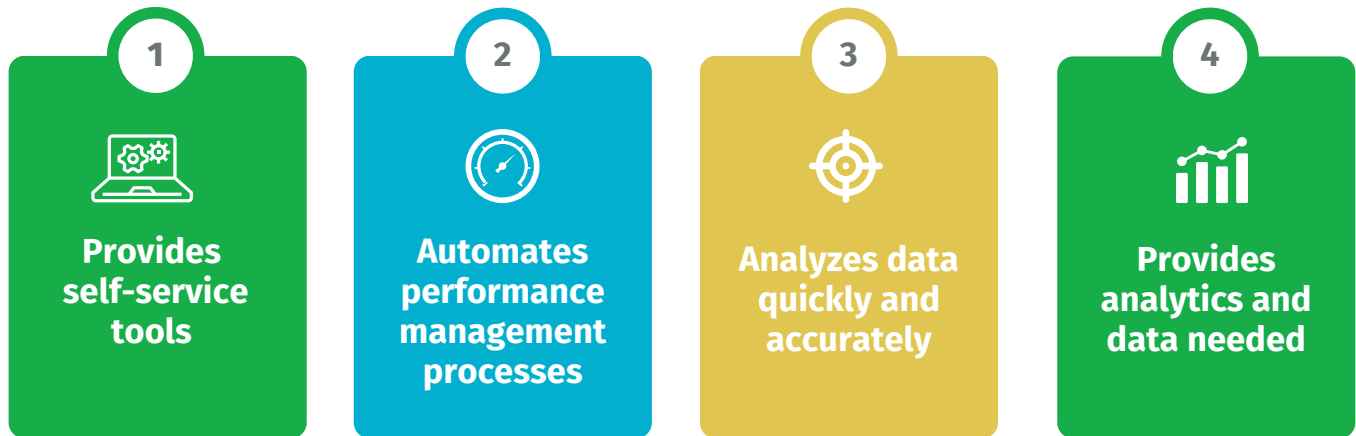
Managing a successful small and medium-sized business requires not only an understanding of labor laws and regulations but implementing effective strategies that address common HR challenges.

Employers should be aware of their responsibilities regarding compliance, have an organized system for administrative tasks such as payroll processing, and create an environment where employees feel valued.

Integrating HR technology into small and medium-sized businesses is becoming increasingly important as the business world continues to evolve. By using an HR platform, businesses can streamline and automate key stages of the employee life cycle, which include payroll processing, employee record keeping, and onboarding.



## Here are some benefits of HR platforms for small and medium-sized businesses:



### BENEFIT 1

#### **Provides self-service tools so employees can quickly and easily manage their information.**

An HR platform provides employees with the ability to easily manage their data with self-service tools, such as updating contact information, changing health insurance preferences, or adding emergency contacts. This not only eliminates manual processes and frees up resources for other tasks, but also facilitates better communication between managers and employees.

For instance, it enables managers to easily assign projects and receive notifications upon completion of each project so everyone is in the loop regarding the project's status from start to finish.



### BENEFIT 2

#### **Automates performance management processes by providing easy access to relevant records, such as performance reviews or training modules.**

Performance management is integral to any business, and automating processes makes it even easier. With easy access to relevant records like performance reviews and training modules, businesses can easily track employee progress, create plans for improvement, and identify areas of success.

An HR platform's employee management processes provide more accurate data on employee performance, which can be used for making smarter business decisions.



#### **BENEFIT 3**

### **Analyzes data quickly and accurately with real-time reports.**

One of the most useful features an HR platform offers is its ability to analyze data quickly and accurately, which isn't always possible with manual work. Through real-time reports, businesses can uncover trends and analyze employee information such as performance reviews, hours worked, salary changes, vacation days taken, processed job applications, and more.

By taking advantage of real-time reports generated through an end-to-end HR platform, businesses can get a clear picture of employee engagement levels and identify areas for improvement to reach their goals quicker. Reports can be generated within seconds or minutes, effectively cutting down time and resources spent manually organizing and analyzing data, which could take hours or days.



#### **BENEFIT 4**

### **Provides analytics and data needed for effective employee delegation.**

An HR platform provides critical analytics and data that can be used to improve employee delegation. Small and medium-sized businesses can quickly get insights into the performance of their team members by monitoring their progress, measuring outcomes, and determining how efficiently tasks are being completed.



Analytics and data are essential for effective workforce management. With real-time data at their fingertips, managers can quickly identify what projects need to be reallocated or if it requires additional resources. This ensures that every team maximizes everyone's potential.

## Here are a few best practices that can help improve workforce management if you're running a business with 50 or fewer employees:



### Develop an effective hiring process.

- Stay compliant during the hiring process.
- Carefully review resumes, assess candidates for relevant skills, and conduct background checks to select the best candidates.
- Implement an onboarding program tailored to each employee, such as providing information about their roles, expectations, and company culture.
- Provide regular feedback and mentorship opportunities to help employees reach their maximum potential within the organization.
- Set up an evaluation system with clear criteria to assess performance and areas for improvement over time.



### Implement regular employee performance evaluations.

- Regular employee performance evaluations are essential in helping employers identify work needs, recognize top performers, and provide rewards.
- KPIs should be well-defined and aligned with company objectives, and a variety of approaches can be used to evaluate progress against them – including supervisor/coworker feedback, self-evaluations from workers, and open dialogues with the manager.
- With two-way feedback on employee performance, employers can gain insight into areas of strengths and weaknesses among their workforce and identify potential skills gaps that may need to be addressed.
- Use regular performance evaluations as an opportunity to collaborate with employees for further development.



### Foster employee engagement in the workplace.

- Employee engagement is defined as the emotional connection between an employee and their organization, and is essential for increasing motivation among team members and more productive output.
- Organizations can boost engagement by providing rewards for employees, such as professional development programs or workshops that focus on current industry trends and skillsets needed for work advancement.
- Creating a positive work environment is also key for fostering employee engagement, and businesses should prioritize employee wellbeing by providing healthcare benefits and flexible schedules.
- By focusing on these areas, organizations can ensure higher levels of employee engagement, ultimately resulting in greater workplace productivity.



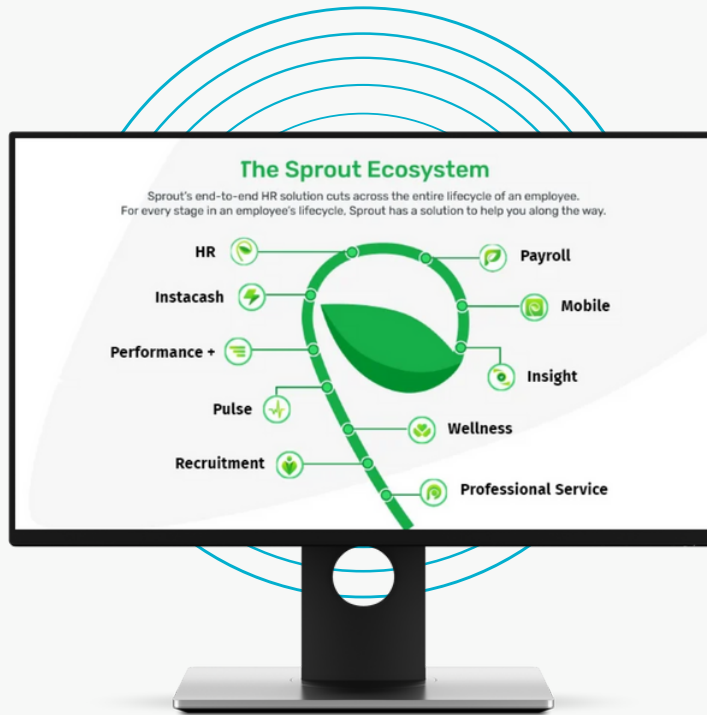
### Improve employee retention rate.

- Employers must provide the necessary tools for employees to succeed, such as access to job training, development opportunities, and support systems.
- They should ensure that the work environment is conducive to employee productivity and well-being by allowing flexible work arrangements, giving autonomy to employees while still providing guidance when needed, and valuing every employee's opinion and contributions.
- Offering competitive salary packages and bonus structures, comprehensive health insurance coverage plans, paid leave options, and recognition for good performance are some ways to improve employee retention rates.
- By improving employee retention rates, small and medium-sized businesses will be able to increase their productivity while also reducing costs associated with recruitment and training.

READY TO TAKE YOUR STARTUP TO THE NEXT LEVEL?

## Harness the power of innovation, agility, and strong HR to drive growth and success.

Partner with Sprout, the most trusted end-to-end HR platform in the Philippines. Let us help you improve every stage of the employee lifecycle so you can focus on what matters.



### Great employers use Sprout.

Check out some of our clients from the small and medium-sized segments below and find out why they choose us:



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