

**Leonardo da Vinci Innovation Transfer Project**

**2012-1-HU1-LE005-05847**

**ADAPTYKES Project WP3 - ADAPtation of trainings based up on the Finnish  
Workplace Development Programme (TYKES)**

**Evaluation of the Case study:  
Workplace innovation at PAYSOFT**

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## **Background, description of the company**

PAYSOFT was founded in 1989 by three Hungarian private persons based on a payroll software developed by one of the owners. Nowadays, PAYSOFT offers comprehensive software applications and services. PAYSOFT proved to be a high-growth innovative SME: the company increased the number of contracts from 60 to 230 in 1989-1992. The growing trend continued by reaching 1200 clients by 1998, 1700 by 2000 and 2400 by 2004. Up until 1998, the number of employees was still below 50, and amounted to 155 by 2004. By now, PAYSOFT provides services for 3000 clients and therefore supports smooth payroll management for approx. 1 million employees in Hungary.

PAYSOFT puts special emphasis on services. The company provides elevated level of customer support services such as the indispensable legislative monitoring and functional enhancements, maintaining and managing the own customer portal, providing operation support, phone and e-mail help desk opportunities and consultancy. The firm has just recently started to provide hosting services based on cloud methodology.

### **The case**

After 2004 the development of the company slowed down for different reasons.

The Case Study describes the story of PAYSOFT by using the well-known growth model elaborated by Greiner (1998).

#### **Phase 1: Creativity**

During this phase the driving force of growth was creativity (Payroll on an IT basis), achieving above 130 per cent annual average growth rate and in terms of employment as well. This grow outlines and accentuates that a professional management was needed in response to the challenges arising from the lack of proper coordination.

#### **Phase 2: Direction**

To have a much more balanced direction, PAYSOFT established of the separated software development and customer service units. But still, certain need has remained for further institutionalisation of tasks and responsibilities.

#### **Phase 3: Delegation**

In 1998 PAYSOFT created the outsourcing unit with the idea of providing cost-saving solutions for companies entailing a more decentralise organisational structure, as well. Moreover, in 2000 there was a territorial expansion by opening four new offices throughout Hungary. In 2004 a new individual company division was established for training activity, later PAYSOFT started to hosting services on the basis of cloud methodology. These changes contributed to the evolvement and the strengthening of a flat organisational structure, but they also led to a control crisis echoed by the Greiner model, by demanding coordination in a more dedicated way.

#### **Phase 4: Coordination and monitoring**

As a response to the control crisis PAYSOFT strived to improve coordination by introducing standardisation and formalisation techniques in a more vigorous way. PAYSOFT created a Customer Relation Management Directorate with a service innovation, set up the HR Directorate as a separate unit, and a Project Directorate. This organisational changes were clearly a manifestation of the division of operative and strategic objectives.

#### **Phase 5: Collaboration**

PAYSOFT made a strict step towards project-based approach, which on the one hand helps clients to be served much better even at the stage of installation of new application and

services. On the other hand, it also fosters the flow of information within the organisation. Additionally, the request for more collaboration has been addressed by PAYSOFT by concentrating on cooperation and interaction with clients and partners on professional issues in a more vigorous way.

### **Changes in work organisation**

PAYSOFT's organisational structure has also been changed during these years.

- As the processes and business operation have become more sophisticated, more and more functionally separated fields evolved with specialised skills and competences.
- PAYSOFT's training activity has also become more and more emphatic over time;
- PAYSOFT established and then heightened the role of CRM within the company. CRM Directorate has been created by providing a call centre and various contact opportunities;
- introduction of a more vigorous knowledge management and training activities;
- PAYSOFT started to provide outsource service in the fields of payroll and complex HR administration;
- incorporation of project-based approach in case of outsourcing.

### **Changes in skills, knowledge and learning**

By collecting experiences and problematic issues recurrently arising PAYSOFT had an opportunity to create short and longer training courses with the aim of avoiding such problems in the future. Trainings are avowedly

- to help old and new clients to rapidly obtain knowledge on PAYSOFT's product and services;
- to offer 1-3 days trainings on indispensable regulatory changes and version upgrades;
- to provide accredited training (e.g. payroll administrator, social security administrator, and social security and payroll specialist) and professional training.

### **Quality of working life and labour relations**

The management of PAYSOFT is committed to strengthen employee participation and mutual communication within the company - there is a strong tradition of cooperation and information sharing.

Working conditions at the company are above the average compared to other Hungarian medium-sized enterprises. The most important challenge is the relatively unequal distribution of workload within a month because in case of payroll administration there is a significant work amount overload in the second half of the month.

## **Evaluation**

### **Selection of the company and methods**

The selection of the company was very good because PAYSOFT represents a company based on a creative idea and finding a market gap at the time of the foundation. The idea of placing payroll applications onto such a strong IT platform which was used in favour of game programmes was an internationally innovative one. The graphic design of the software was also brand new, since the developers used the game programmes in designing the interface.

But this company is also a good example of how an idea can be turned into a market success and of how a management can handle the growth of the company.

The investigation used a wide range of data gained from the company and shows a deep and wide knowledge of PAYSOFT. The use of growth model elaborated by Greiner has put the whole history of PAYSOFT in a comprehensive frame.

### **The workplace innovation process**

PAYSOFT has been successfully manoeuvring itself through the development curve by maintaining and regularly renewing its creativity and innovativeness.

PAYSOFT has made big efforts to move from a software developer into a service provider and increase the loyalty of its clients. The company regularly learned and incorporated the new tools and technologies such as CRM system, outsourcing services or cloud technology, etc.. During this process PAYSOFT has been increasingly devoting attention to the knowledge management and to forming its internal organization first into specialized departments and later into project-based organization.

During the difficult years PAYSOFT have carried out quality replacement with very low volume of layoffs. PAYSOFT's development is heavily relied on its highly specialised employees.

All these changes reflect the importance of permanent learning by experiences in the interest of an improved user-centred service development.

This successful introduction of the organisational innovation required a change within the company culture and underlines the importance and value of company-level cooperation. The informal human relations and knowledge sharing have been long traditions in the firm that supported the implementation process.



Lifelong  
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This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.