

HR & Payroll Foundations Series

Payroll's people revolution





Introduction

The days when payroll was a back-office department are gone – now it's a vibrant function that can help engage employees throughout their working lives, from onboarding to helping them manage their own finances. And as the cost-of-living crisis deepens and employers continue to struggle with recruitment and retention, it's never been a better time to unlock payroll's hidden value.

According to a study by Capgemini Research Institute, only 28% of non-supervisory employees

say that they are satisfied at work. It's a worryingly low figure at the best of times, but what makes it even more striking is that 80% of leaders believe their employees are satisfied.

Clearly, organisations have some way to go in keeping staff happy, and while payroll may not be the most obvious function to tackle a lack of motivation and engagement, there are unexpected ways in which it can help to transform the overall employee experience.



Can onboarding be easy?

For new employees, the onboarding experience is critical in ensuring payroll creates a strong first impression. “It sets the tone for their experience, but it’s one of the most challenging areas to get right,” says Kat Bernardes, a director at consultancy firm LACE Partners. “Employees just want to get paid on time and be able to enter a building or log on with everything that they need. Organisations need to think about how they can streamline the complexity in the background, working more holistically across functions – payroll, IT, finance and facilities management – to create an experience that is seamless from an employee perspective.”

An effective payroll technology platform can help engage employees before they even begin working in the organisation. “If companies can hand people an app before they start, which contains all the information they need – so they know where to go, where to park, who to meet, which training to take, and so on – it creates an entirely different onboarding experience,” says Jan Laurijssen, an HR evangelist at payroll and workforce management solutions provider SD Worx.

In response to evidence that more than a third of new hires leave their companies before the end of their first year of employment, it’s important that companies consider automated software to make



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onboarding as smooth as possible. “The first step that we took was to create a portal where employees can do a lot of self-servicing, such as managing annual leave,” adds Laurijssen. “If we can use technology that people are used to, through apps for instance, then we are creating an even more interesting experience. It means people can access it at any time and from any place, using tools that they are familiar with.”

View earnings in real time

Giving people a real-time view of their earnings can have a huge influence on employee experience. Interactive payslips allow individuals greater visibility into what they will be paid – for example, showing different rates for particular shifts.

“You might be an employee who works a lot of variable hours, including a bit of overtime,” says Ana

Johnson, delivery manager advisory at Silver Cloud HR. “Traditionally, you would have no idea what your pay is going to be until the end of the month when the processing is done, and then you might have a day if you’re lucky to review and query it. But a lot of companies are now using live payslips where the system calculates your earnings as you’re accruing them, and you can go in at any time and view it.”



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Flexible payment benefits realised

Flexible pay propositions are another means through which payroll can add value, enabling employees to access earned pay as they need it, subject to limits that can be imposed by the employer. “It hasn’t quite hit the UK yet but it’s something that has been working very well in the US. Generally, employees are drawing down about \$50 or \$60 a month,” says Johnson. “People are either doing it to treat themselves or to pay a bill early. As a UK consultancy that’s advising global clients, we’re saying this will happen next year and it’s all part of bringing payroll from the back office to a front-office service.”

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In times of economic instability, this kind of initiative can help keep staff out of the clutches of payday loan companies, a situation that can also lead to stress and mental health issues. But there’s also potential here for the employer to start helping employees with their finances, using the information they have as a starting point for offering more general support and guidance.

Financial wellbeing support

“There are some applications out there where payroll becomes an extension of financial wellbeing,” adds Johnson. “There’s more ability now to plug in financial wellbeing apps, guidance, material or videos. A lot of vendors are partnering with companies that can offer financial wellbeing incentives where employees can get discounts on certain bills or can save money in a certain way through an app, so each month they could automatically give a bit to charity or to pay off a mortgage a bit early. It’s all being driven by payroll, and it’s embedding a lot more finance-related information into self-service.”

Clive Taylor, head of business relationships at consultancy firm Phase 3, says payroll information can also be used to improve employees’ future finances by pinpointing who is not auto-enrolled in the pension scheme. “If people opt out, or you can see those that are not in a pension scheme, then you can explain what the impact of that could be in 30 years’ time,” he says. “Could they reduce contributions rather than opting out, so they have something going into their pension? It’s all about education by analysing what people are doing with their pay.”

Financial wellbeing initiatives can have a hugely positive effect on employees’ mental health, and payroll can help circumvent individual problems on a customised basis. “You can have personalised debit cards from some payroll providers, which allows employees to pay direct debits directly from payroll rather than going through a bank,” says Taylor. “This might help someone who has had trouble getting a bank account.” He adds that international payments



are also possible, meaning those who send money overseas can do this direct from payroll rather than having to use a money transfer service.

Giving people more flexible pay options and encouraging a more open financial wellbeing culture is a powerful way to improve employee experience. “Payroll is so much bigger than it used to be,” says Taylor. “People can be much more flexible in how they earn the money and how they’re paid, which leads to employee engagement, which leads to employee retention. As an employee, if you’ve got two companies that are neck and neck wanting to employ you, and one offers you these benefits, you may be persuaded to work for that company.”

This kind of information can also be stressed at the point of onboarding. “You can ask if people are interested in things such as payment-splitting or personalised debit cards, and if they tick the ‘yes’ box it then sends a workflow to whoever looks at that scheme in the company to make contact,” says Taylor. “For those joining a company that can be quite powerful because most people wouldn’t even know that exists.”

Personalised payroll

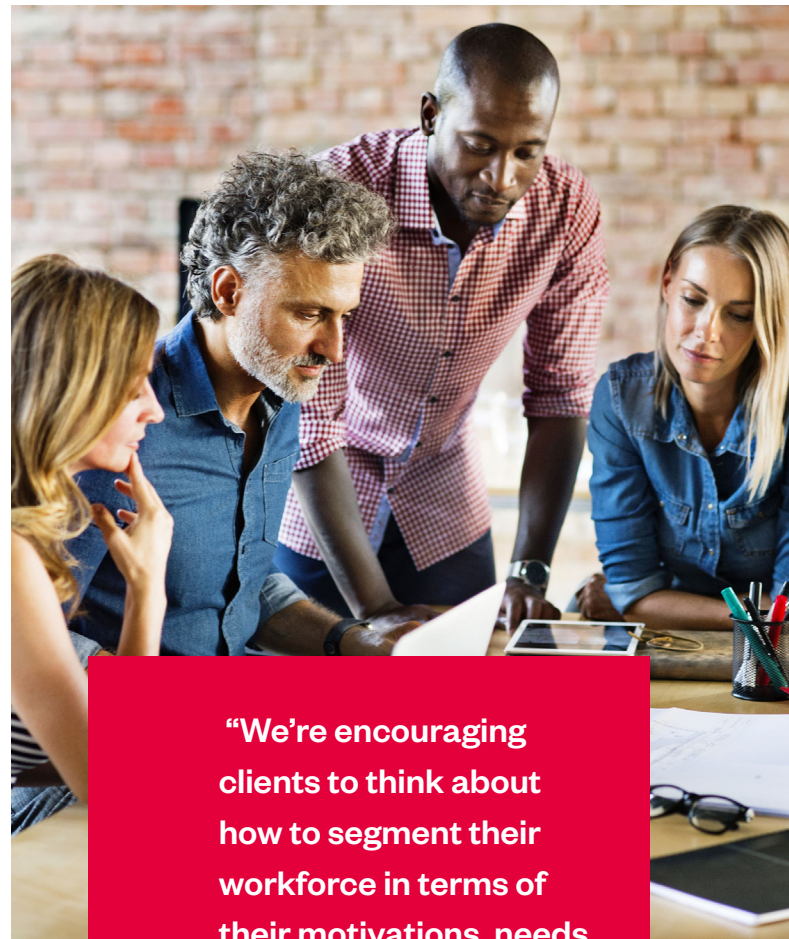
Bernardes can see a future where payroll professionals are involved in helping to develop tailored propositions for employees, using data as a starting point. “We’re encouraging clients to think about how to segment their workforce in terms of their motivations, needs and preferences, because that enables you to then create experiences that are truly going to fulfil their needs,” she says. That might be around financial wellbeing, providing pay-on-demand or thinking about subsidies in terms of big life events that are happening.

Information from payroll and HR systems can help here, she says. “If you identify that an employee is going through a particular event in their life, because maybe they’ve just put in a ‘change of name’ request because they’ve just got married, then you could offer a gift through their pay slip of £50 to buy a wedding present. That is how you’re going to attract and retain people, because it shows that the organisation truly cares about their individuals on a personal level.”

HR and payroll systems can also help individuals throughout their careers by encouraging people to think about how they would like their careers to develop and then matching this with the future requirements of the organisation. “At SD Worx, we’ve been investing in a tool called Huapii, which is helping us to do that by making sure that people think about what they’re good at and how they want to spend their career,” says Laurijssen.

This represents the next stage in helping organisations cope with the talent shortage, he believes, as it can address specific skills gaps while retaining and developing talent. “It focuses on people’s

careers,” he says. “What do you want from working with us? What is important to you and how can we help you with that, by orienting you towards doing some reflection, but also looking at the internal job market? And how can we help you with learning initiatives or coaching to get there?”



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LACE Partners



Technology integration is vital

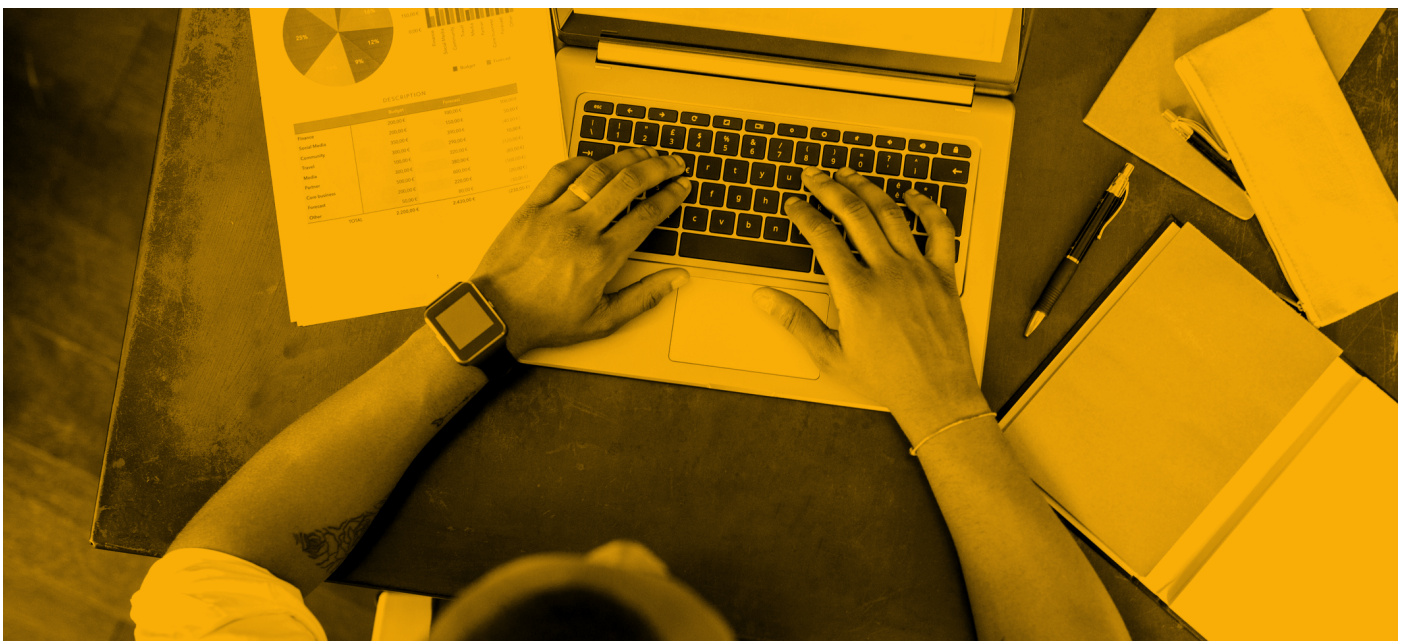
None of this will be possible, however, without an effective payroll system that can collate data which can then be extracted for analysis. “When we’re talking to clients about trends in HR and payroll and talent transition projects, they want to fix it immediately, but they need to get the basics right first,” says Johnson. “They may have a system that is not working very well, so they’ve resorted to Excel spreadsheets and are doing lots of manual data entry and checking.

“It’s hard to talk to clients about where they could be, because before we get to that point you need to have a stable foundation. You need to have an HR solution that is fully talking to the payroll solution and getting time variants from whatever rostering application is being used, whether that’s integrated or through a third party. You need all that transactional level fixed first, so that you’ve got the foundation to

then think a bit more strategically in terms of the services you provide.”

Such a set-up also opens the door for greater analysis in other areas, too, says Bob Rehill, founder and CEO of Bob Rehill Partnership Network. “By automating and putting the right systems and processes in place, companies can start to get information that they can then use for decision-making as a business,” he says.

“For instance, they could analyse leavers and look at their pay data and compare that to people who are staying. That then allows for proactive decision-making around pay rates.” Having such a clear link between investment in a payroll system and aspects such as retention and engagement can also help payroll professionals make the business case for it, he argues, particularly in the current climate when the war for talent is a real issue.





The benefits for the employer

For organisations that can successfully use payroll to improve employee experience, the rewards will come in the form of greater commitment to the organisation, says Bernardes. “If you can get the employee experience, customer alignment and internal brand alignment in terms of purpose and values all connected in a strong way, then you create an outperforming culture,” she says. “If you can improve how employees engage with payroll and with other HR functions, then ultimately it’s going to lead to better retention and a greater ability to attract top talent.”

There are also benefits here for payroll professionals, too, by freeing up time to allow them to influence areas of the business they may previously have been unable to. “If you’ve got a better payroll solution that’s doing more for you, you as a finance professional have more time to think about more strategic things. For example, what good employee benefits look like and how you can support HR to make sure that you’re helping people financially as much as you can,” concludes Johnson. “Freeing up that time can give payroll a lot more value.”

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Seven ways payroll can influence employee experience

Onboarding: Create a good first impression by sharing the necessary information when someone joins, such as contracts and job descriptions, and introduce them to corporate policies or communication apps they may be required to use to help them prepare ahead of starting.

Interactive payslips: These can enable employees to keep track of what they can expect to be paid and highlight anything that may be incorrect in a more efficient way.

Flexible payment propositions: Also known as 'pay-on-demand', this allows employees to access money they have already earned when they need it, without having to wait until the end of the month. It could potentially avoid the need for people to use payday loan companies.

Financial support: Using data around flexible payment or pensions contributions, payroll and HR teams can start to offer employees support around managing their own finances.

Pay-splitting: This allows employees to split their pay across predetermined routes, such as current accounts, savings, mortgages or charitable-giving.

Personalised debit cards: These allow employees to set up and manage direct debits through their payroll rather than a bank account.

International payments: Payments can be sent directly to overseas accounts, helping those who send money to family in other countries, and avoiding the need to use money transfer services.



Contributors



Kat Bernardes
Director, LACE Partners

Kat has over 10 years of consulting experience working with global organisations across a range of industries; architecting and delivering complex HR Transformation and People Experience programmes.

Kat has a passion for People Experience and believes it is critical to put people at the heart of how HR operates and delivers services to its customers. She has a 'Big 4' heritage and likes to lead with a pragmatic and innovative approach – connecting the dots between technology, process and people.



Clive Taylor
Head of Sales, Phase 3

Clive has worked in HR and Payroll for over 28 years going through a range of disciplines from HR management, HR and Payroll software procurement, Project Management, Account Management and Sales. He has seen the HRIS software world from all sides.

As Head of Business Relationships, Clive has a simple goal – for all Phase 3 customers – “to provide the very best, impartial advice on new solutions or getting the very best out of your existing solution”. There is nothing more rewarding to Clive than customer satisfaction.



Ana Johnson
Delivery Manager Advisory,
Silver Cloud HR

Ana has over 8 years' experience in HR-focused roles across multiple sectors including public and private equity sectors.

Part of her advisory role at Silver Cloud includes supporting clients with requirements gathering and the HRIS selection process; documenting best practice processes; as well as supporting clients with HRIS Implementation projects.

Contributors



Jan Laurijssen
HR evangelist, SD Worx

Jan is a seasoned HR consultant and senior researcher at SDWorx and the University of Antwerp. He consults numerous clients on “future of work”, occasionally teaches and is a well-known speaker on the topic.


Jan also co-ordinates the research on “Next Generation Work” conducted by Prof Dr. Ans De Vos in the partnership with Antwerp management School. He’s particularly interested in the costs and benefits of contingent work and is looking for answers to the question: “why do companies compose their workforce as they do?”



Bob Rehill
Founder and CEO,
Bob Rehill Partnership
Network


Bob Rehill is the Founder and CEO of Bob Rehill Partnership Network, a global network of trusted partners and independent associates, specialising in the supply of people resources for Transformation Projects and Programmes.

With over 20 years of experience, Bob is unique in his ability to firstly understand, advise and deliver the right resources, and his continued practice of hands-on delivery, coupled with his equally experienced and trusted network, are the perfect combination for any organisation looking for help in managing and driving through change and transformation.



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Essential information

SD Worx's research intelligence department exists to help produce vital insight into the HR and payroll market, for the benefit of its internal experts and clients.

"We focus on thought leadership, such as leadership blogs and inspirational insights, which might interest our customers," explains Lorenzo Andolfi, senior HR researcher at SD Worx. "Each month we also publish a book around a certain HR topic."

As well as this, in-depth research helps to illustrate trends and new opportunities in the market, he says, which is used both by SD Worx's own teams and customers. "The insights that come out of the research can help us understand customer needs and the challenges that companies are facing," says Andolfi. "It means they can build new solutions and innovations."



To find out more, go to sdworx.com/resources.