

CERIDIAN

Future of Payroll Survey

Mapping the journey ahead for
payroll professionals

AMERICAN
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ASSOCIATION

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Global Payroll Management Institute

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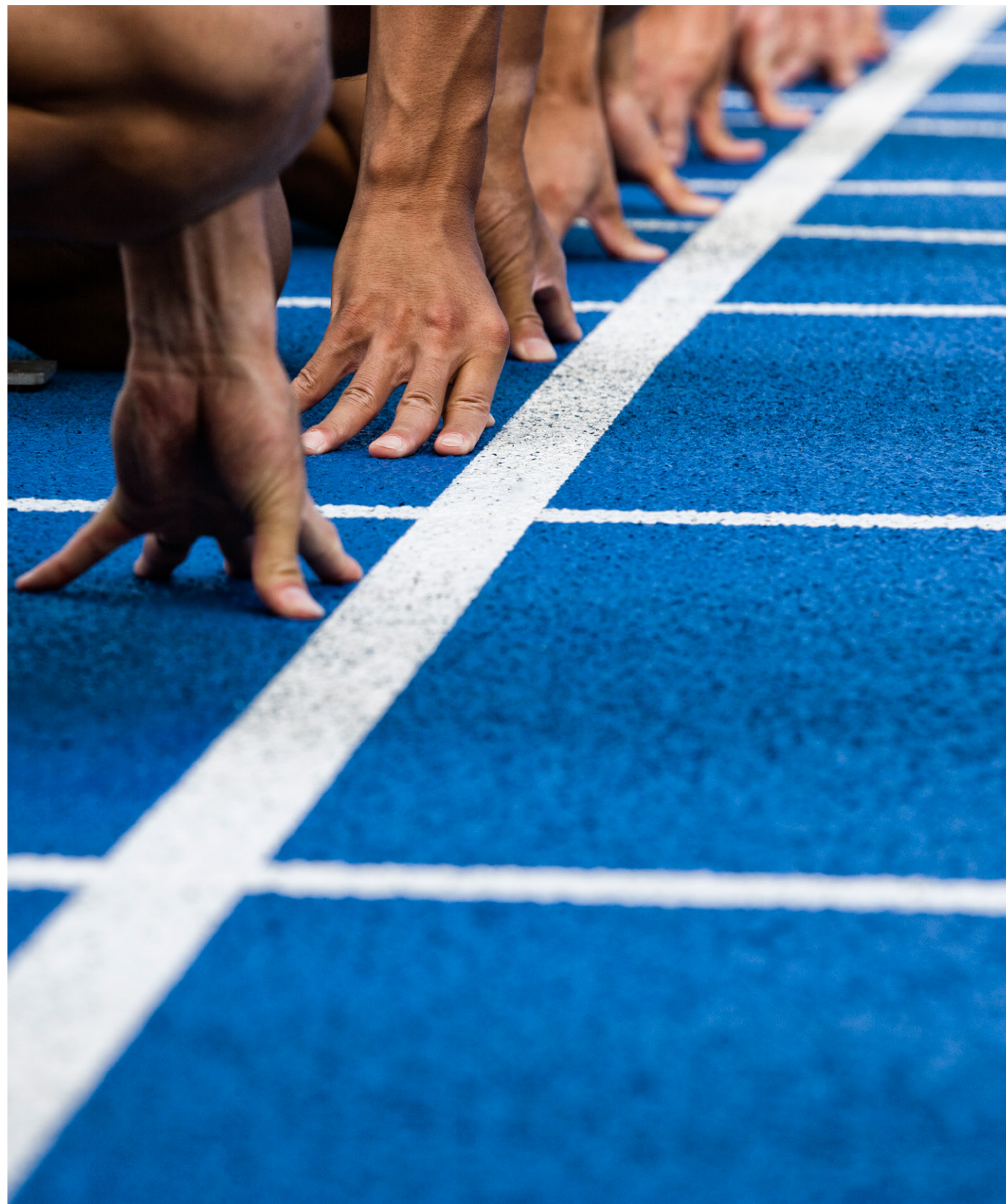
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About the survey

Ceridian conducted the *Future of Payroll Survey* in partnership with the American Payroll Association (APA) and the Global Payroll Management Institute (GPMI). APA and GPMI members and subscribers were surveyed online in June and July of 2022. The 882 respondents hail from 23 countries around the globe and represent companies of all sizes.



The future of payroll starts today

Payroll has never been more complex, with global workforces, hybrid work, increased compliance concerns, and other challenges. But it's also never been more important.

Organizations are starting to realize there's a lot of untapped potential in payroll. In a sign of working to fulfill this potential, [EY's](#) latest global payroll survey shows that organizations increasingly favor formalized payroll strategies – with 67% of respondents saying they had such a strategy as of 2021.

Employees also want more from their pay experience. In a recent [PwC](#) survey, 76% of workers who are stressed about their finances said they would be attracted to another employer that cares more about their financial well-being.

Changing business and employee expectations will spur a payroll evolution. Payroll practitioners could be called upon to identify trends, share key insights, and resolve business-critical issues. But is today's back-office payroll function ready to become the strategic business partner of tomorrow?

Ceridian's *Future of Payroll Survey*, conducted in partnership with the American Payroll Association (APA) and the Global Payroll Management Institute (GPMI), found that there is work to be done.

Many respondents are too busy dealing with traditional payroll challenges to fully prepare for the future. When asked about their biggest payroll pain points, the top responses were compliance challenges (43%), managing the complexities of multi-jurisdictional payroll (34%), and inefficient processes (27%).

And yet, only 54% of survey respondents said they are using cloud-based technology to process payroll. This means roughly half of responding organizations aren't using best-in-breed technology to empower their payroll functions and professionals.

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To tap into payroll's full potential, organizations must modernize their payroll systems, methods, and people. This report will reveal what organizations can do to prepare for tomorrow, starting today.

Implementing strategic systems

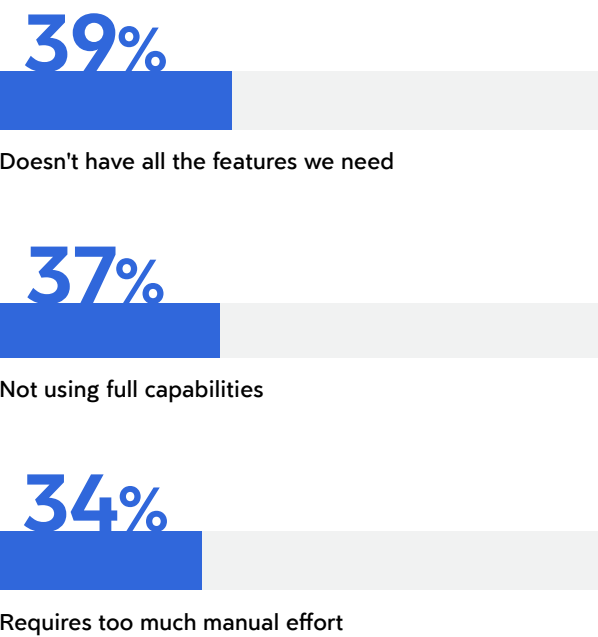
To help organizations become more strategic, payroll must have systems that promote efficiency and provide visibility. Our *Future of Payroll Survey* shows that many organizations have systems that hinder those goals, rather than supporting them.

Ceridian's *2022 Executive Survey* research found that having the right technology is essential for being ready for the future. Seventy-eight percent of respondents said their human capital management (HCM) software, which includes payroll, is very or extremely effective at helping their organizations prepare for change.

But 85% of our *Future of Payroll Survey* respondents said they experience limitations with their payroll technologies. The top challenge, at 39%, was not having all the needed features. Thirty-seven percent said they aren't using the software to its full capabilities. And 34% said their payroll technology requires too much manual effort.

85%
of organizations have problems with their payroll technologies

What limitations do you experience with your payroll technologies?
(Select all that apply. Top three responses shown.)



Payroll data issues are also widespread, with 69% of respondents citing at least one such problem. The most common data challenge, cited by one-quarter of those surveyed, was not having the right tools to properly analyze data. This is especially problematic because unlocking insights from data, like overall labor costs or absenteeism trends, should be an essential part of a more strategic payroll function.

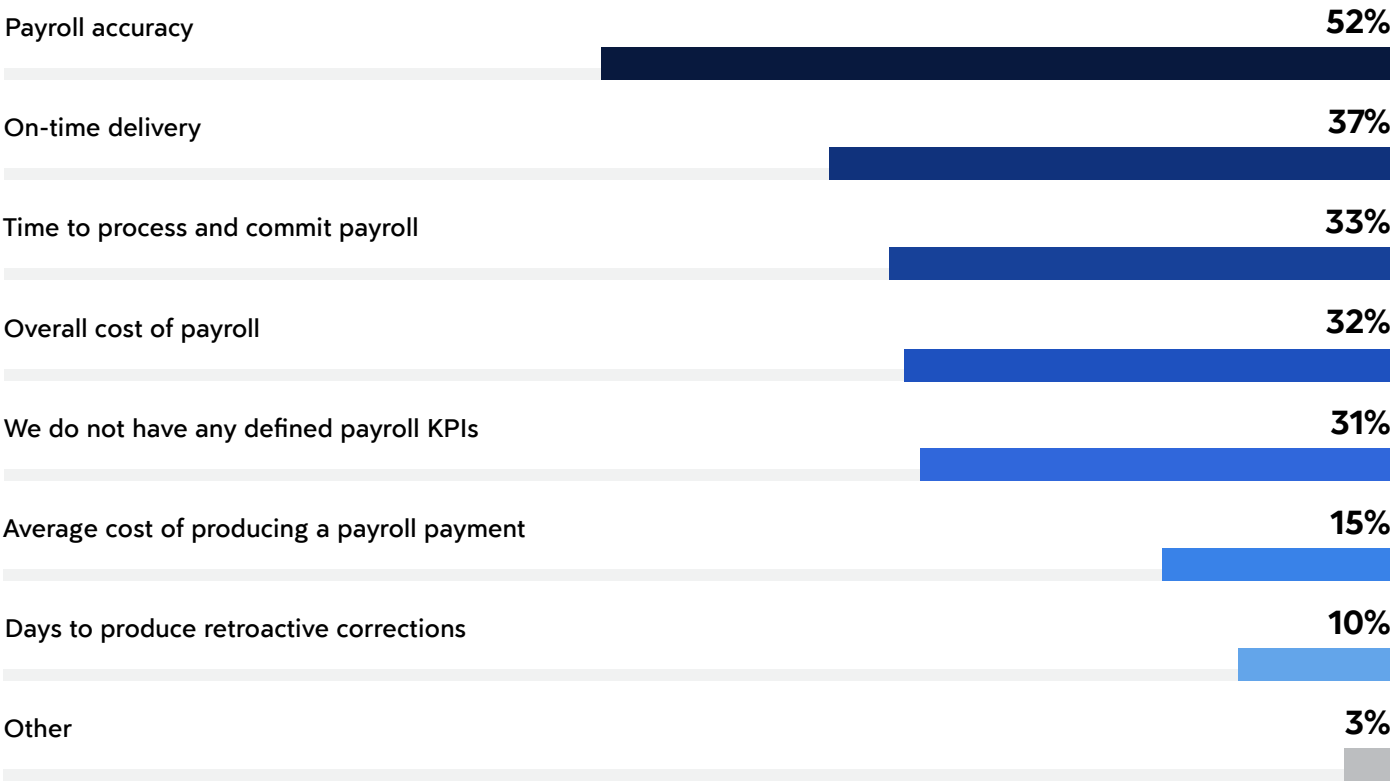
69%

of organizations have issues with their payroll data

Businesses can't improve what they don't measure. And our survey data also shows that there are opportunities to better analyze payroll performance. Nearly one-third of respondents said they don't have any defined payroll key performance indicators (KPIs). Around half (52%) are measuring payroll accuracy, 37% have on-time delivery of payroll as a KPI, and one-third (33%) are tracking the time to process and commit payroll.



Which payroll key performance indicators (KPIs) are tracked within your organization?
(Select all that apply.)



Setting KPIs allows payroll teams to assess their strengths and weaknesses. Without these metrics in place, organizations can face many risks including inefficiencies, compliance issues, and employee dissatisfaction. And, ultimately, these problems distract from the payroll function's ability to be more strategic.

As they face new challenges and expectations, it will become increasingly difficult for payroll practitioners to remain responsive to business needs when limited by outdated systems.



Adopting forward-thinking methods

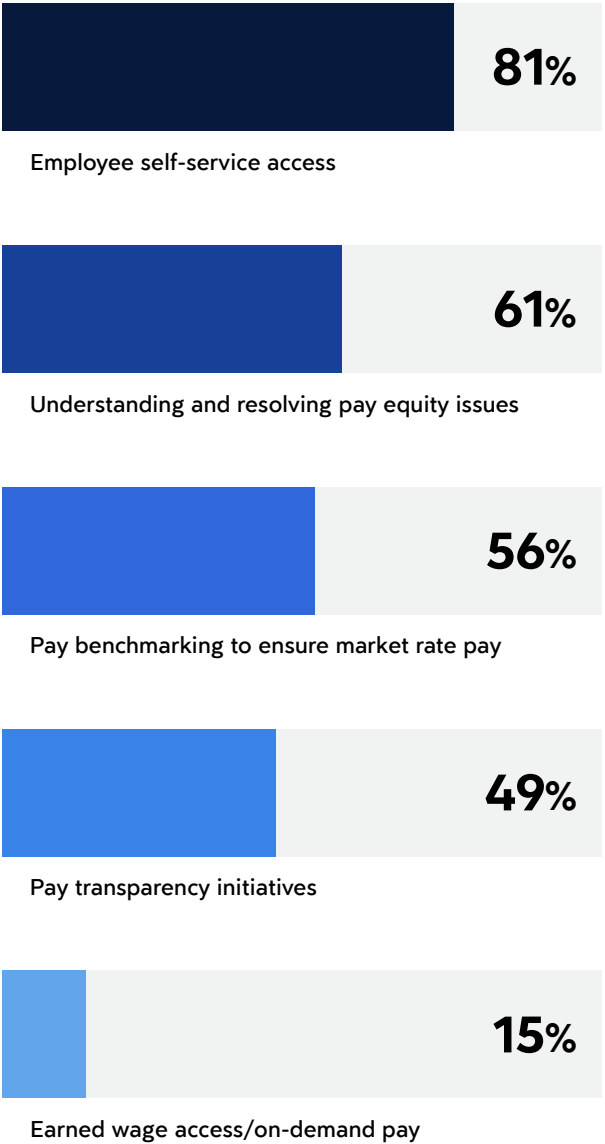
Innovative, employee-centric payroll methods can be a powerful driver of talent acquisition and employee retention, now and into the future.

Organizations have made strides in using payroll methods to improve the employee experience. Eighty-one percent of *Future of Payroll Survey* respondents said they currently give employees self-service access to pay-related records. While this offering contributes to both employee satisfaction and payroll efficiency, it could be considered table stakes today.

Our survey data shows that more effort must be made to improve the employee experience with modern pay practices. Among those surveyed, understanding and resolving pay equity issues sits at 61%, while pay benchmarking is used by just over half (56%) of respondents today.

Which best describes your organization’s use of each of the following to improve the employee experience?

(Responses for “We currently do this” shown.)



This lack of attention to fair-pay initiatives is a big barrier to improving employee retention and talent acquisition, given that 55% of respondents in Ceridian’s [2022 Pulse of Talent](#) survey cited pay as what they value most in a job today.

And there is a further divide between what employees want and what employers are planning to provide. In our *Future of Payroll Survey*, 71% of our respondents said their organizations have no plans to implement on-demand pay. And yet, a [Ceridian/Harris Poll](#) survey shows that 78% of workers surveyed said on-demand pay would make them more loyal to their employers.

Of our respondents who offer on-demand pay or are planning to in the next two years, only 27% said they are doing so to increase employee satisfaction and engagement. This shows a lack of understanding of how important earned wage access is from an employee engagement perspective.

And our survey findings show that other pay methods that support employee engagement aren't on the payroll roadmap. Thirty-six percent of respondents said their organizations have no plans to support pay transparency initiatives. Nearly one-third (30%) reported that their organizations will not implement pay benchmarking to ensure employees are paid at market rates.

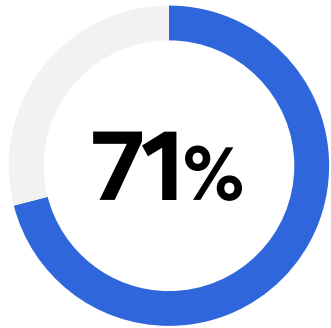
Given that the future of the payroll professional will likely be a more strategic role, developing an understanding of how pay impacts the broader business – like the employee experience – is critical.

“Gone are the days when basic health insurance, paid time off, and retirement plans were enough to attract workers. The market is demanding that employers step up and offer modern benefits like on-demand pay to meet employees’ needs.”

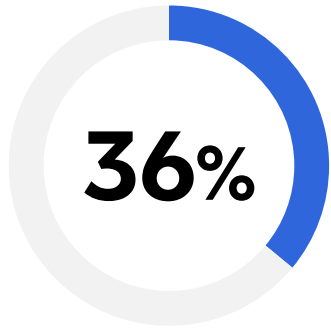
SETH ROSS, GENERAL MANAGER, DAYFORCE WALLET, CERIDIAN

Which best describes your organization’s use of each of the following to improve the employee experience?

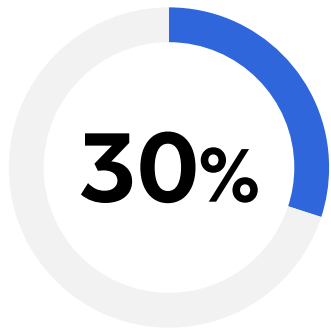
(Top three responses for “We have no plans to implement this” shown.)



Aren't planning to offer on-demand pay



Don't plan to support pay transparency initiatives



Don't plan to use pay benchmarking





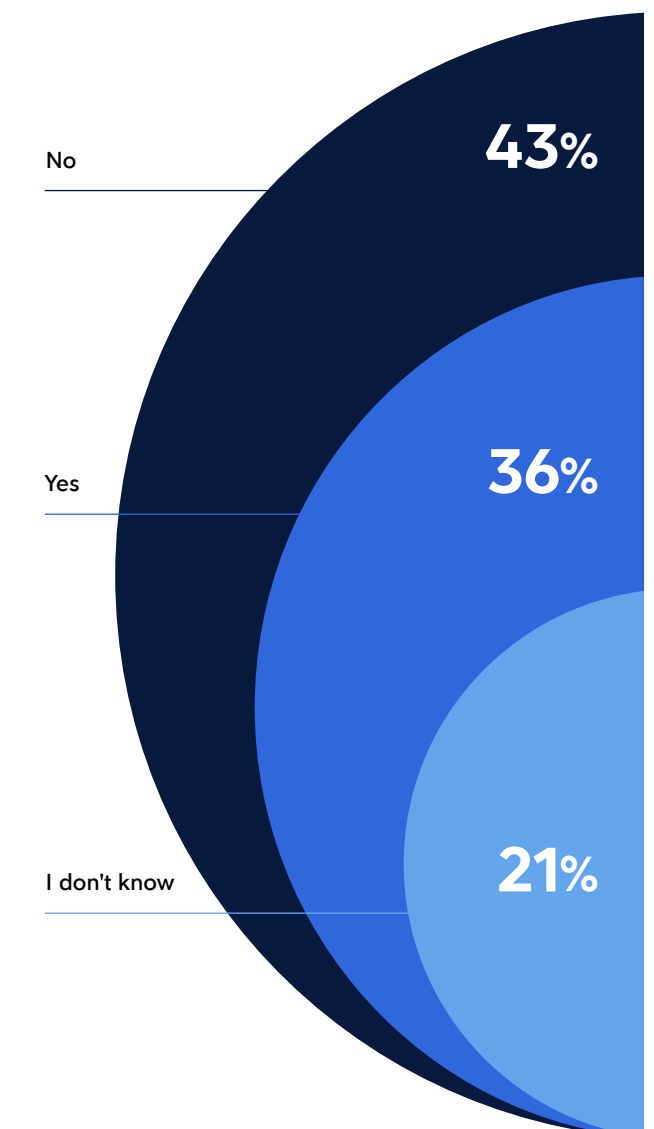
Developing empowered people

Payroll professionals play an essential role in the more strategic future of pay. Organizations must ensure they have the talent necessary for tomorrow and that payroll professionals are empowered with the right skills.

According to U.S. data compiled by [Zipppia](#), the average age of a payroll administrator is 48. But our *Future of Payroll Survey* data suggests that organizations may be soon challenged to find the payroll professionals needed to replace these individuals if they leave the workforce or when other turnover occurs.

Nearly half (43%) of respondents said their organizations don't use succession planning for payroll roles. And another 21% said they weren't aware of payroll succession planning initiatives.

“Succession planning” is defined as the process of developing action plans for individuals to assume critical positions within an organization. Does your organization utilize succession planning for payroll roles?



In addition to the lack of succession planning in payroll departments, we also found that organizations could be doing more to help payroll professionals gain the necessary skills to prepare for the new world of work.

According to research from [Citrix](#), 82% of workers believe they will need to reskill or upskill at least once a year to maintain a competitive advantage. But their concerns aren't aligned with their employers' actions.

When we asked *Future of Payroll Survey* respondents how their organizations are preparing them for the future, only around half (54%) said their organizations are offering skills development training. Thirty-seven percent said their employers are helping them identify new skills, and only 33% are discussing how job roles will change. Nearly one-quarter (24%) said their organizations aren't doing anything to prepare them for the future.



As the world of work increasingly adopts technology for routine and repetitive tasks, we expect to see the payroll professional role pivot. And payroll professionals are ready to accept this change. Seventy-eight percent of respondents said if their job duties were to change as payroll technology becomes more sophisticated, they would want to adapt to their new job duties and stay in their current role.

78%
said if their role was to change due to technology, they would want to adapt to their new job duties

Organizations must now turn that willingness into preparedness and empower payroll professionals to think beyond back-office operations and embrace a more strategic role.



Building an action plan

The evolution of the pay function will enable payroll professionals to become significant drivers of value, efficiency, and transformation for their organizations. But there is work to be done before companies can reap these rewards. The following are five key areas of focus for organizations:





Equip payroll teams to overcome today's obstacles

1. Replace legacy systems to help drive efficiency and promote compliance.
2. Invest in technology that can help simplify the complexities of multi-jurisdictional and global payroll.
3. Consider how a single system that unifies payroll and HR functions can deliver a more holistic view into your organization's people operations.

Embrace payroll data and measurement

1. Ensure payroll teams have all the data necessary to deliver strategic business insights by avoiding data siloes that present an incomplete picture of the business.
2. Empower payroll professionals with the tools and skills to properly analyze data to support business objectives.
3. Set and track payroll KPIs to foster an understanding of functional performance and a commitment to continuous improvement.



Satisfy employees with thoughtful pay experiences

1. Prioritize employee financial wellness by giving employees access to their earned pay when they need it.
2. Use payroll data to understand salary ranges and help ensure your company remains competitive with market rates.
3. Meet changing employee expectations with pay transparency initiatives.



Implement meaningful succession planning

1. Use technology to take a data-driven approach to proactively identify and develop employees for key payroll roles.
2. Reduce turnover among valued employees by providing career paths and skill development through succession planning.
3. Focus on building talent pools for succession, rather than opting for one successor per role, to ensure business continuity.



Prepare your payroll professionals for the future

1. Help payroll employees understand how their roles might change in the future.
2. Build a culture of learning that provides continuous and ongoing development opportunities.
3. Give employees the time they need to engage in upskilling and reskilling, and ensure they know it is an organizational priority.

Payroll practitioners have an opportunity ahead to make tremendous contributions to business success and employee well-being in meaningful new ways. But they need their employers' help to function in this capacity.

Organizations must prepare now with strategic systems, forward-thinking methods, and empowered people. The future potential of payroll depends on it.

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Ceridian is a global human capital management (HCM) software company. Dayforce, our flagship cloud HCM platform, provides human resources, payroll, benefits, workforce management, and talent management capabilities in a single solution.

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