

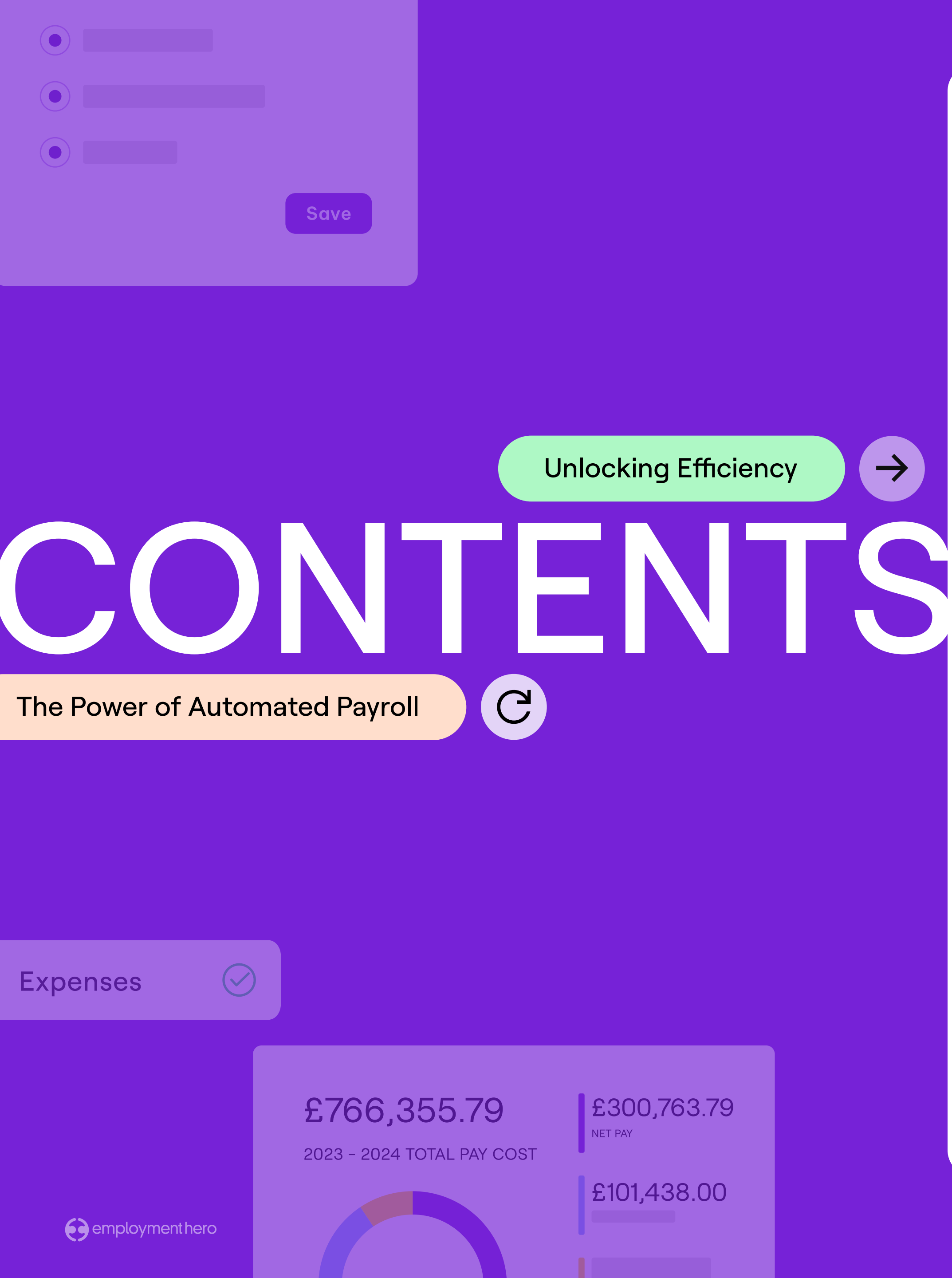
 Review Data

THE POWER OF AUTOMATED PAYROLL

Approve Pay Run

Send Payslips

 28 Employees Paid



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INTRO

Payroll is essential to employee experience, and organisations aiming to attract and retain top talent must invest in payroll management in 2024. As we all navigate our way through complex payroll scenarios, including bonuses, pensions and various other compensation structures, the quest for efficiency continues.

Our research has revealed a clear desire for automation and AI in payroll. But it also shows the need for education and communication focusing on helping businesses adopt, and get the most from these tools.

The prevailing sentiment among payroll providers is a sense of stability in payroll provision over the coming year, with the majority of respondents **(52%)** feeling that payroll scenarios they'd encounter would remain the same. However, beneath the surface, there's a clear opportunity for improvement, particularly in the realm of automation. And, [sector experts have pointed out](#) that integration across the employee lifecycle, particularly between HR and payroll, will become increasingly vital for streamlining data exchange, enhancing efficiency and ensuring compliance.

PS - We just want to establish now that when we refer to payroll provider we're referring to accountants, bookkeepers and managed payroll professionals

Against this backdrop, the significance of automation and AI emerges as a catalyst for bringing ease to large and complex pay runs, and spotting human error. You've read it all before, this technology is here to help us move into advisory and strategic roles, but a lot of payroll providers aren't there just yet. This report delves into the various facets of automation within payroll management, exploring its potential to change traditional practices and unlock newfound efficiencies.

We hope the insights presented here serve as reassurance or guidance in helping you use automation to optimise your payroll operations. We've tried to balance our findings with expert opinion and input to help you get the most from the tools you're either using, or are looking to use. By understanding and embracing technology, your business can navigate the complexities of modern payroll provision with agility and precision.

We truly hope you find it useful,

 **The Team at Employment Hero**

KEY FINDINGS

- 1 On average payroll providers are only automating **31-50%** of their payroll services
- 2 Only **23%** can complete a pay run in less than a day and only **2%** can complete a pay run in less than 2 hours
- 3 **76%** of professionals still need 1-5 days to complete a pay run
- 4 **24%** of payroll providers want every single payroll task automated
- 5 **42%** of payroll providers trust software providers when it comes to expertise in payroll services and payroll technology while **40%** trust their professional network
- 6 Only **4%** of accountants, bookkeepers and managed payroll professionals spend **81-100%** of their time on payroll



THE CURRENT LAY OF THE LAND

Survey respondents provided a snapshot of current perceptions in the realm of payroll management. Despite the increase in technological advancements, certain trends and attitudes appear to remain unchanged.



Navigating the automation gap in UK payroll practices.

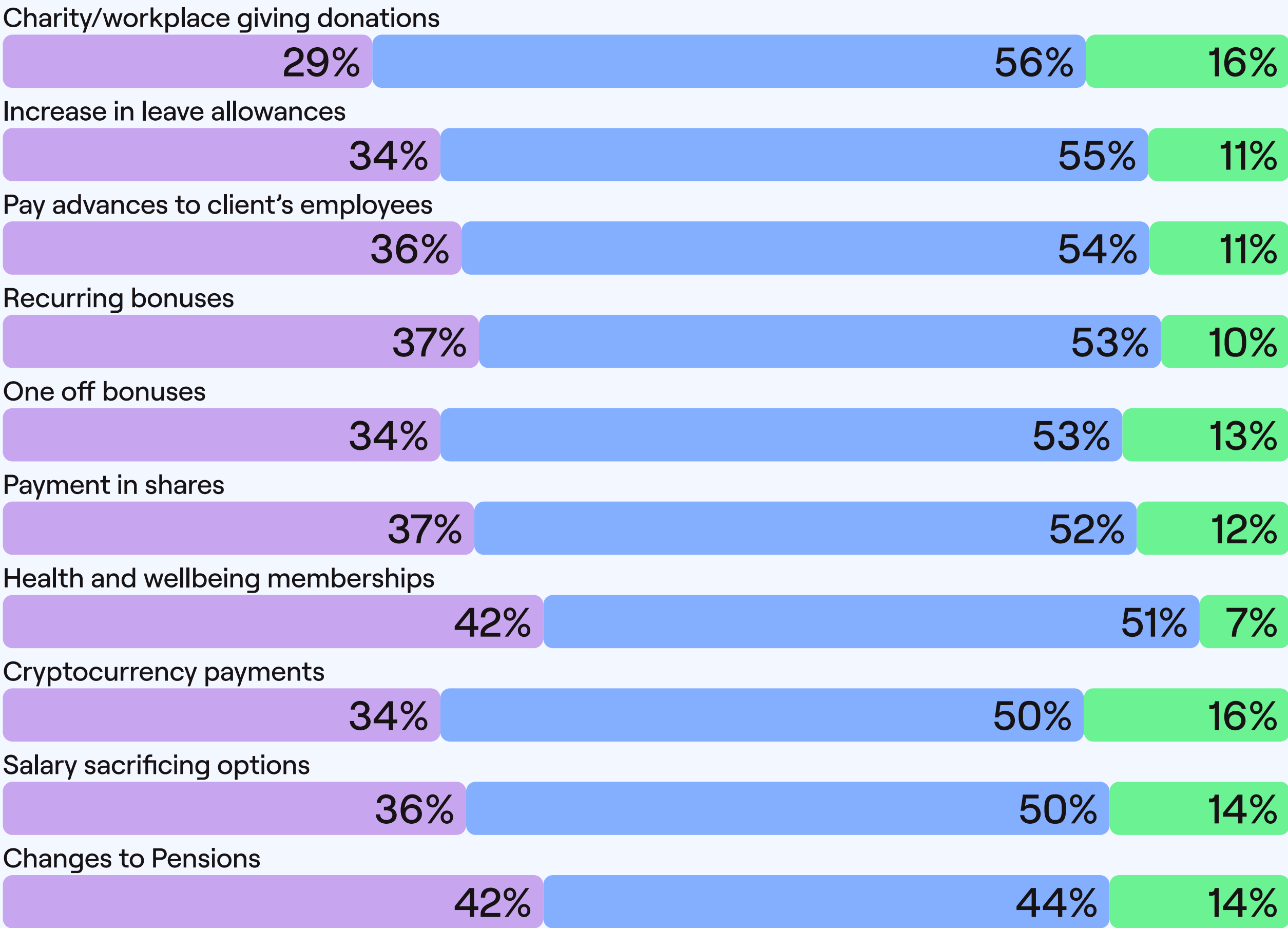
Interestingly, our survey revealed disparities in the level of automation among different stakeholders within organisations. Business owners, CEOs and CFOs, in particular, exhibit lower levels of automation, with a significant portion **(40%)** reporting that less than **30%** of their processes are automated. This potentially points to a reluctance or lack of awareness among top-level executives regarding the potential benefits of automation in streamlining payroll operations.

The level of automation in payroll processes showed considerable variance based on the size of the business. Respondents representing smaller enterprises, defined as those with fewer than 300 business clients, tend to have lower levels of automation compared to their larger counterparts. Perhaps this shows the influence of organisational scale and resources on the adoption of automation, with larger businesses more readily embracing the technology.



Thinking about the next 12 months, do you predict these payroll scenarios to increase, decrease or stay the same?

● Increase ● Stay the same ● Decrease





Cryptocurrency payments, while often touted as a disruptive force in the financial realm, have yet to gain traction within the payroll domain. Survey data indicated that cryptocurrency payments remain uncommon, with little sign of significant adoption on the horizon. In fact, the likelihood of such payments becoming mainstream appears (less than) slim, suggesting that traditional forms of currency will continue to dominate payroll transactions.

Moreover, there's an expectation among respondents that cryptocurrency payments and charitable donations facilitated through workplaces will decrease in frequency further. This anticipated decline shows the prevailing scepticism surrounding the practicality of cryptocurrency-based transactions within the context of payroll.

So it seems the current landscape of payroll management reflects a nuanced interplay of adoption and attitudes towards payroll technology. While certain innovations such as cryptocurrency payments look to be sidelined, automation emerges as something shaping payroll operations, albeit with variations across different business sizes and executive roles.



BENEFITS AND PERCEPTIONS

A staggering majority of payroll providers, making up **82%** of respondents, expressed a desire to leverage AI and automation to reduce payroll processing time.



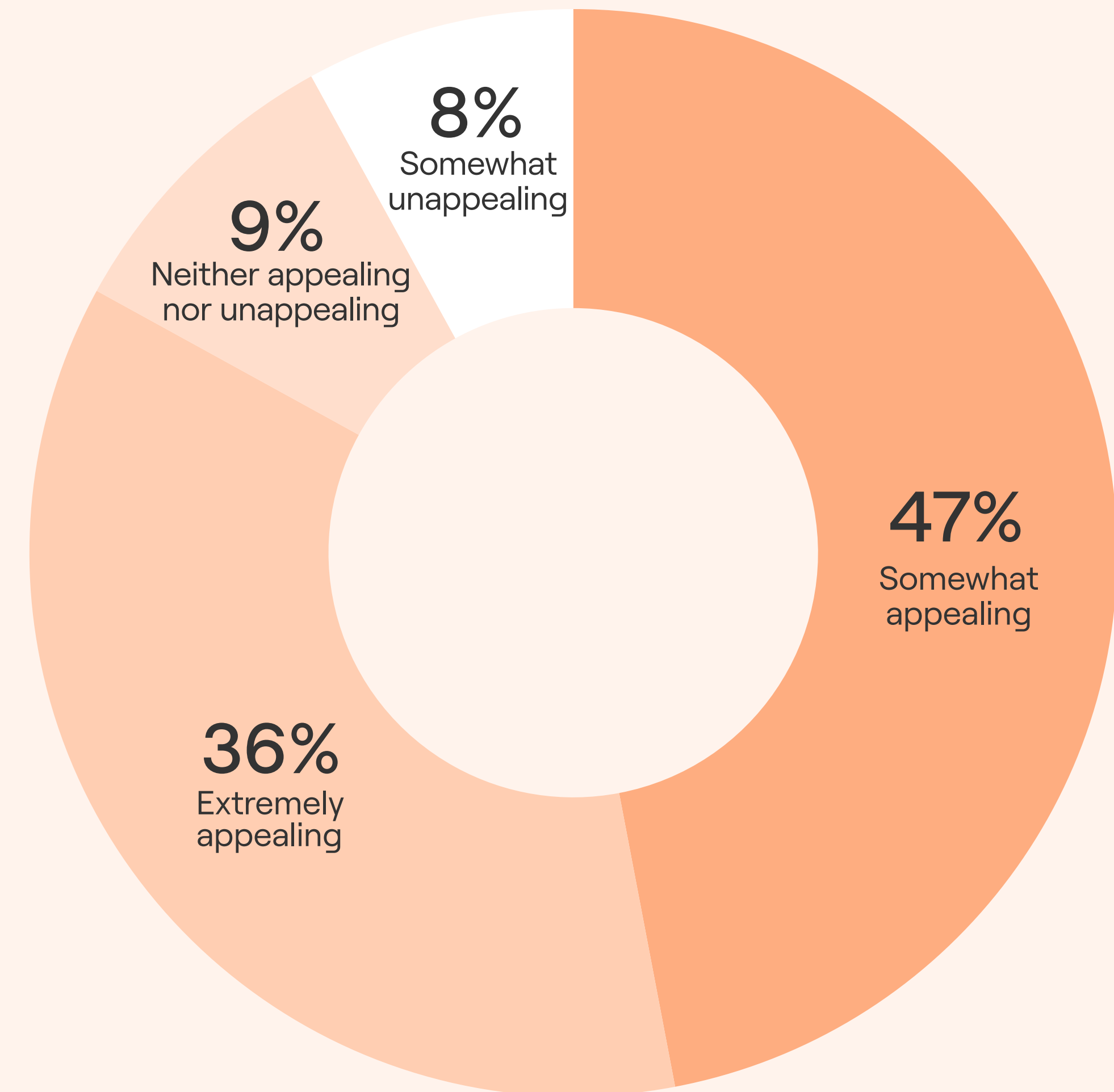
What is holding payroll professionals back from fully embracing automation?

Among them, **36%** consider this prospect to be extremely appealing. This overwhelming sentiment certainly nods to widespread recognition among payroll professionals of the potential productivity gains that can be achieved through automation technologies.

When it came to trusting expertise in payroll services and technology, we saw a notable reliance on software providers. Forty-two percent of payroll providers expressed trust in software providers' expertise in payroll services and technology. A significant portion (**40%**) of respondents indicated trust in their professional networks, underlining the importance of peer recommendations and industry collaboration in shaping perceptions of payroll technology.



How appealing or unappealing would it be if in the near future you were able to cut down your payroll processing time to minutes all through the use of AI or automation?





Furthermore, a substantial proportion of professionals, accounting for **48%** of respondents, believe that AI and automation will enhance their data analysis skills. It seems there's a growing recognition of the transformative potential of AI and automation in augmenting human capabilities, particularly in the realm of data analytics.

There's clearly widespread enthusiasm among payroll professionals for embracing AI and automation technologies. However, it's also clear that software providers and professional networks need to collaborate to drive innovation and adoption further within the industry. As your business continues to lean into technologies like these, or looks to take every advantage technology offers you, these types of partnerships will be fruitful.



CHALLENGES AND CONCERNS

There are still operational challenges payroll providers are facing in 2024.



Automation and AI offer potential to streamline payroll processes.

One of the most prevalent issues identified by survey respondents is poor software setup, with **38%** citing it as the most common payroll setup mistake. It can't be understated just how important robust software configuration is to support efficient and accurate payroll processing.

Another challenge faced by payroll professionals is the double-handling of data, identified by **34%** of respondents. This inefficiency not only consumes valuable time but also increases the risk of errors in payroll processing. Business owners, CEOs and CFOs, in particular, are significantly impacted by this challenge, with **39%** of them highlighting it as a top concern.

Managed and outsourced payroll services businesses, along with HR and technology consultancy firms, encounter difficulties in troubleshooting payroll errors, cited by **38%** of respondents. These errors not only disrupt operations but also erode the credibility of payroll service providers, so it's not hard to see why error detection is a core concern heading into a new year.

We found that **64%** of all respondents were taking between 3-10 hours to troubleshoot these errors, revise or query data. One of Employment Hero's internal implementation experts, David Harris, suggested that the challenge might not solely stem from reluctance but could be multifaceted.

David pointed out that "factors such as skill sets and the necessity to verify the accuracy of calculations could contribute to the complexities". He emphasised the importance of validating various aspects including pay rates, tax calculations, National Insurance (NI) calculations, pension calculations, and compliance with National Minimum Wage (NMW) regulations. While automation offers efficiency, thorough validation remains crucial in ensuring accuracy across diverse elements of payroll processing.



**FACTORS SUCH AS
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TO THE COMPLEXITIES**

David Harris
HR Implementation Consultant

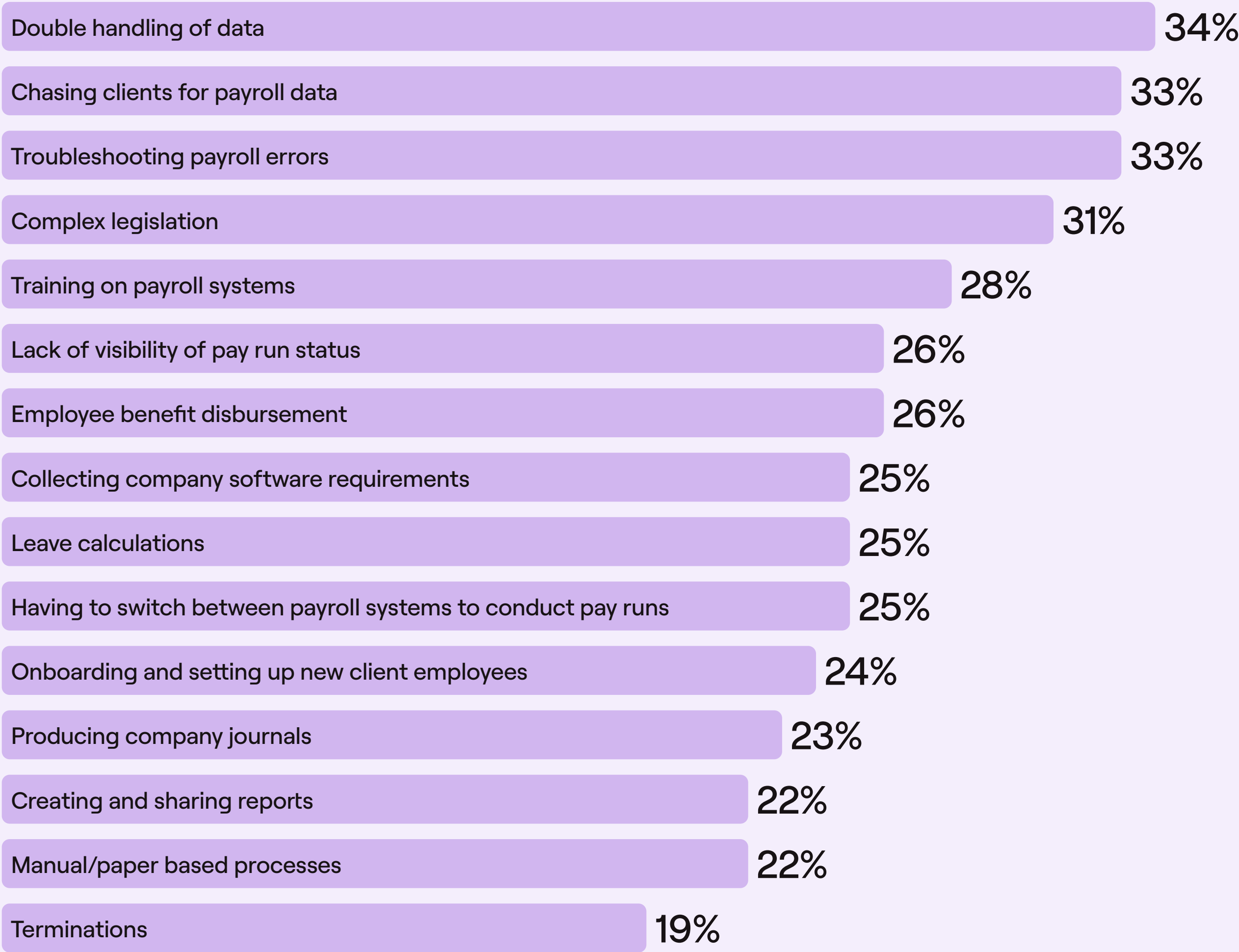
Financial practice and advisory businesses face challenges related to the lack of visibility of pay run status, as indicated by 43% of respondents. This is an interesting statistic, especially considering that a lot of payroll software already gives real-time updates on your business' pay run status.

In addition to operational challenges, payroll providers also grapple with various concerns related to automation. Data security and privacy concerns rank high among these challenges, with **33%** of respondents expressing apprehension about safeguarding sensitive payroll data. Poor data quality (**30%**) and the delicate balance between automation and human oversight (**30%**) further compound these concerns, underscoring the complexity of integrating automation technologies while maintaining data integrity and compliance.

In conclusion, while automation and AI offer significant potential to streamline payroll processes, payroll professionals are still navigating a myriad of challenges and concerns in their adoption and implementation. Addressing these challenges will take cross-sector collaboration; two-way feedback and education will continue to build pathways to having both providers and professionals get the most out of these new technologies.



Thinking about the way you currently manage payroll services for your clients, what are your top challenges?





FINDING BEST PRACTICES

In navigating the complexities of payroll provision, payroll professionals are constantly seeking best practices. Drawing insights from our data and experiences shared by industry experts, several key best practices emerge, particularly concerning implementation.



Enhancing payroll accuracy with automation.

In navigating the complexities of payroll provision, payroll professionals are constantly seeking best practices. Drawing insights from our data and experiences shared by industry experts, several key best practices emerge, particularly concerning implementation.

Our data reveals a consistent array of potential mistakes in payroll provision, emphasising the importance of meticulous attention to detail. Payroll experts consistently grapple with various challenges, highlighting the need for strategies to address multiple potential pitfalls.

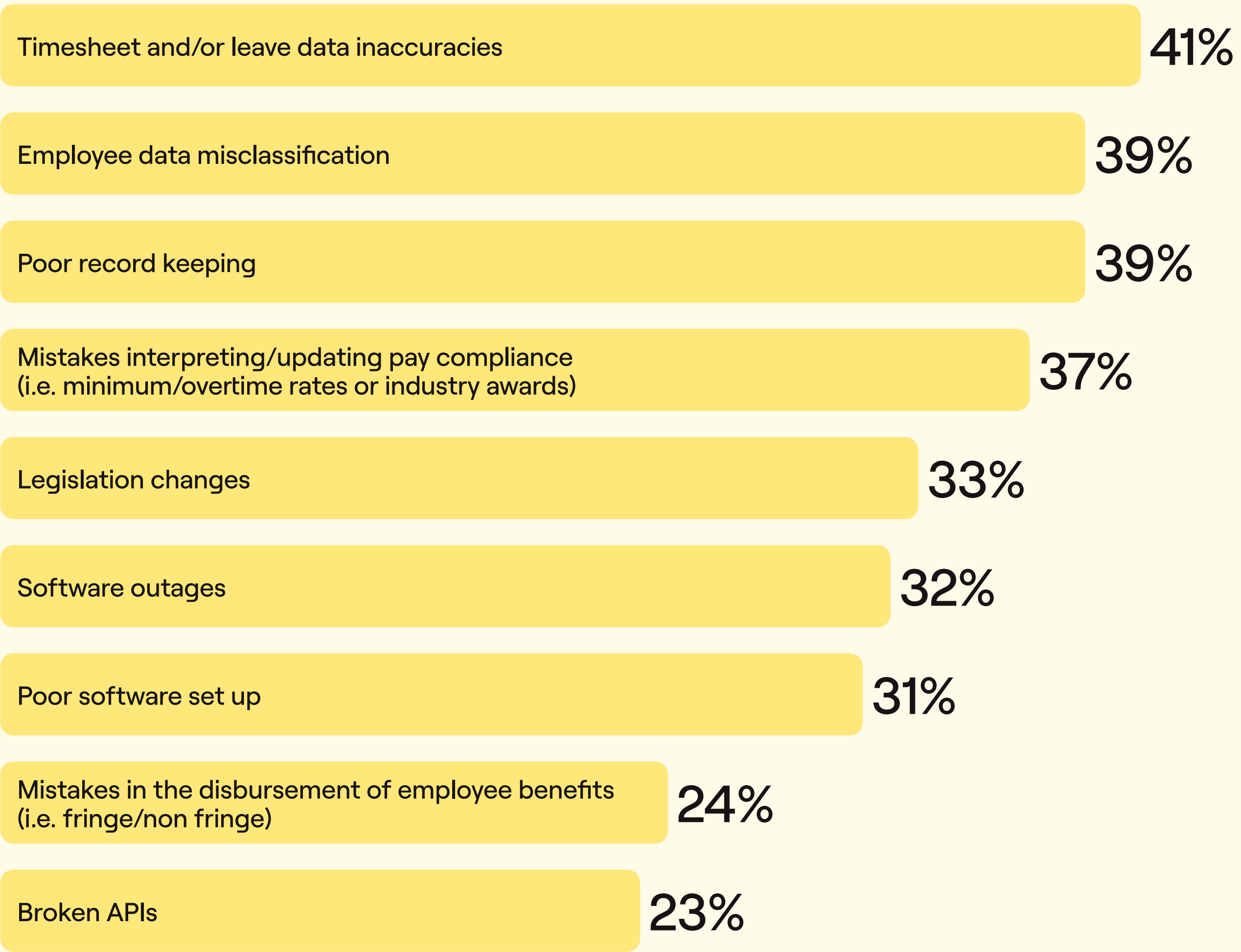
Timesheets and leave data inaccuracies emerge as significant concerns, with **41%** of respondents highlighting them as common mistakes in payroll provision.

When it came to what payroll professionals wanted to see automated in their businesses, pay calculations and payroll reporting were popular, with **36%** expressing a desire for automation in these areas.

A considerable portion of respondents (**33%**) expressed interest in automating pay slips, indicating a persistent need for streamlining this aspect of payroll provision.

Q

What are the top 3 reasons mistakes occur during the provision of payroll services?





IN THE LAST 5 YEARS, THERE'S BEEN A WAVE OF ACCOUNTING TECHNOLOGY ADOPTION IN THE SME SPACE ACROSS THE UK, ACCOUNTANTS HAVE BEEN AT THE FOREFRONT OF THIS ENSURING THAT THEIR OWN BUSINESS AND THEIR CLIENTS ARE STAYING ABREAST OF ALL OFFERINGS.

Kevin Fitzgerald,
Managing Director, UK at Employment Hero

Kevin Fitzgerald, our Managing Director of UK noted:
"In the last 5 years, there's been a wave of Accounting technology adoption in the SME space across the UK, Accountants have been at the forefront of this ensuring that their own business and their clients are staying abreast of all offerings.

We see Payroll and HR as the next big drive of digitisation for SME's and their advisors. UK SME's who have adopted Employment Hero have seen **80%** reduction in HR and Payroll admin with our automated tools that save time and money. By bringing the employee system of record into one place, this then accurately feeds Payroll and HR and firmly supports the whole Employee lifecycle."



FUTURE OUTLOOK

Efficiency remains a focal point for payroll providers, with **76%** indicating a need for improvement in payroll processing time – unsurprising given that most professionals still require 1–5 days to complete a pay run.



Trust and innovation influence the adoption rate of automation.

Johann Goree, Director of [OnPoint Accounting Ltd](#) felt that these statistics showcase how the industry still just “don’t trust tech”. Even though the tools are already out there, he flagged that lower adoption rates still boil down to trust and a herd mentality.

While a significant portion of respondents, accounting for **41%**, exhibited enthusiasm for adopting new technologies as soon as they emerge, **31%** chose a more cautious approach, preferring to wait before embracing new technology. This cautious stance reflects a prudent approach to technology adoption, balancing the allure of innovation with considerations of reliability and proven efficacy.

The appetite for automation is palpable among payroll providers, with **24%** expressing a desire for comprehensive automation across all aspects of payroll operations. This aspiration highlights the growing recognition of automation as a key enabler of efficiency and productivity within the payroll domain.



Quinn's Hero Tip

We're developing technology that'll bring pay runs down from days to seconds. We've already automated pay runs and have clients that are completing pay runs in hours instead of days. Our vision for AutoPay will allow you to manage all your payroll data in a single platform that automatically syncs with payroll, giving you real-time feedback on your payroll. The goal: AutoPay will automatically pay your employees, including their pensions and taxes. And this technology is closer than you think.



- Timesheets & overtime calculations
- Expenses
- Salaries
- Leave

Approve pay run



Thinking about technology to help service clients, which of the following best describes your attitude?

I like to try new technology as soon as it emerges

41%

I like to wait a little before trying new technology

31%

I will try new technology once it becomes mainstream

20%

I will try new technology only when someone I know has recommended it

5%

I am often hesitant to try new technology before it's widely used

2%

I'm unlikely to try new technology, I will stick to what I know and trust

0%

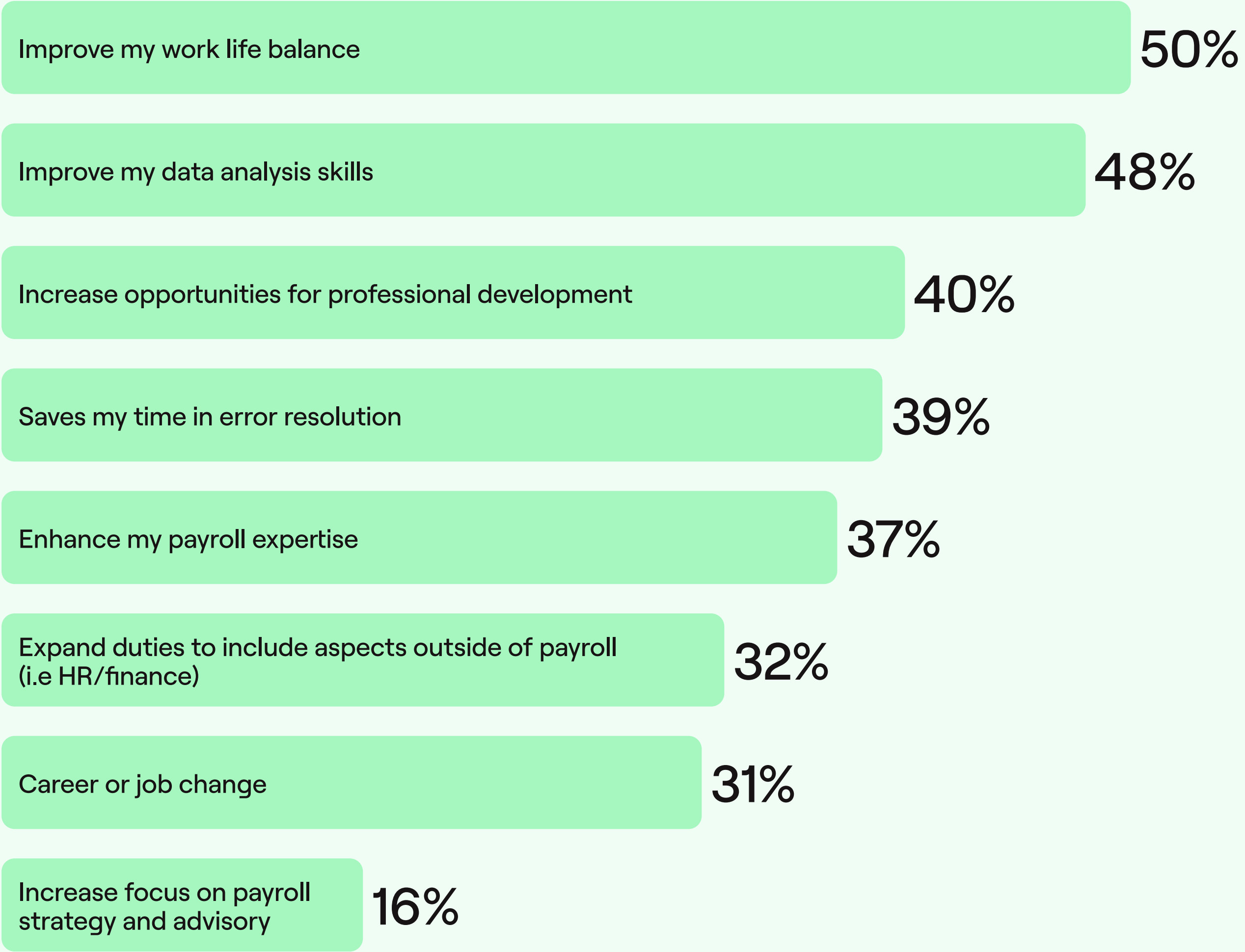
Looking ahead, changes to employee wellbeing, pensions and benefits are anticipated to increase in the next 12 months, reflecting evolving workforce priorities and regulatory requirements. Against this, **78%** of respondents anticipate an increase in the use of AI and automation within their organisations, albeit with varying degrees of significance. Notably, technology consultancy businesses stand out with an overwhelming **85%** expressing confidence in the uptick in AI and automation adoption.

However, despite the growing momentum towards automation, challenges persist regarding digital skills readiness. [Research from Amazon](#) indicates that many businesses struggle to find employees with adequate digital skills, posing a potential barrier to the full realisation of the benefits offered by digital technologies.

Nevertheless, there's plenty of positive outlook where the potential of AI and automation to improve work-life balance is concerned. **50%** of payroll providers expressed confidence in the transformative impact of these technologies. Respondents overwhelmingly expressed a desire to automate various aspects of payroll processes. We found that **90%** of payroll professionals who anticipated AI usage to increase, aspired to reduce payroll processing time to mere minutes through automation.

It seems the future outlook on payroll provision both carries optimism, with plenty of businesses seeing its potential and wanting to be early adopters; and caution as skills gaps and resources are still playing a part in adoption in smaller businesses.

Q As AI and automation advances, how do you envision your role evolving?



CONCLUSIONS

Our exploration into the future of payroll provision has shown that while there's an appetite to grab new tech with both hands and navigate change, there's a uniformity in the belief that the landscape remains the same. But that doesn't mean there aren't any opportunities.

Financial practices and advisory businesses highlighted the challenge of integrations with their existing systems, emphasising the need for software vendors to prioritise interoperability. Smooth data exchange is essential for facilitating collaboration with their clients.

There's a notable demand among payroll professionals for enhanced AI capabilities to reduce payroll processing time significantly. As organisations continue to pursue automation solutions, software providers must evolve their offerings to incorporate advanced AI features for improved data processing and decision-making; this is where the demand lies.

Tailoring the tools we offer to accommodate different business sizes is crucial, given the obvious disparity in automation levels. Software vendors should offer scalable solutions with flexible pricing models and features that meet the diverse needs of small, medium and large enterprises effectively. And we'll need to continue leading with education and collaboration to see these tools get adopted.

Experts in the UK have also hinted that a heightened focus on holistic financial wellness tailored to individual employee needs is on the horizon for payroll provision. Businesses will likely need to integrate financial wellness tools and offer flexible payment methods to enhance employee satisfaction and wellbeing. There's a crucial link between financial wellness and overall workplace productivity and morale.

It would also be remiss to skip the fact that we found only **4%** of accountants, bookkeepers and managed payroll professionals spend **81-100%** of their time on payroll, so the future of payroll provision may actually be far less payroll. And with many accountancy firms offering services including (but not limited to):

- Bookkeeping
- Financial Analysis
- Risk Management
- Financial Planning
- Business Valuation
- Forensic Accounting
- Virtual CFO Services
- Compliance Services
- Management Consulting
- Budgeting and Forecasting
- Audit & Assurance Services
- Financial Statement Preparation
- Software Implementation and Training

It's clear to see advisory and strategy are the next logical step for payroll providers who automate their payroll.

METHODOLOGY

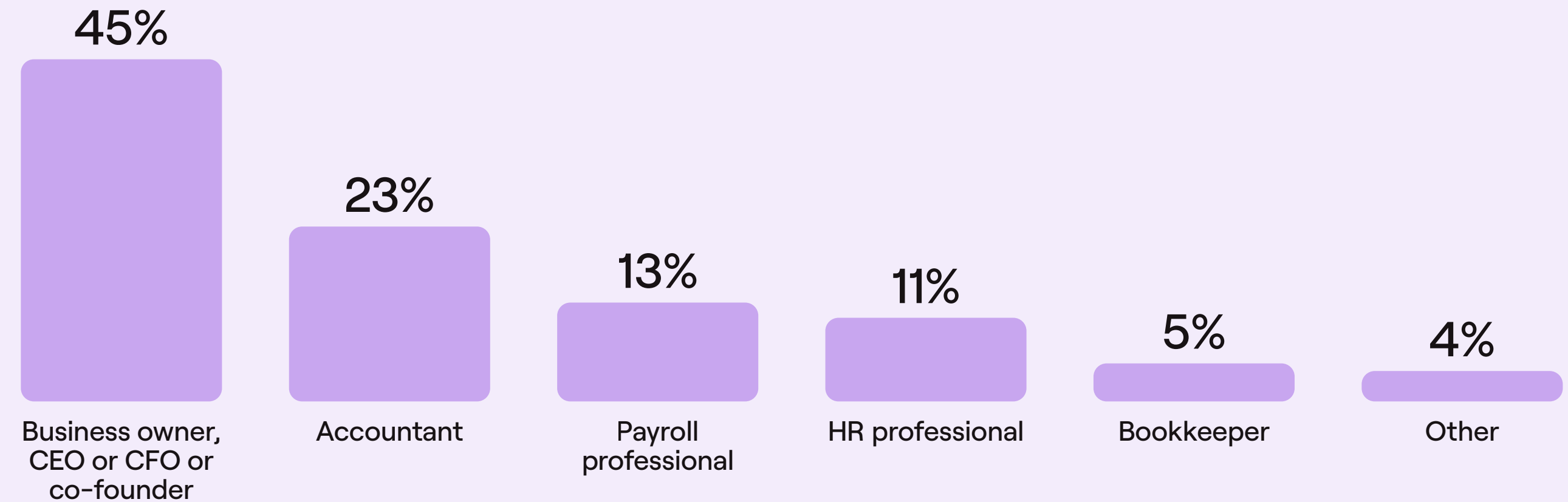
The survey was conducted by Cint, a global software leader in digital insights and research technology, with fieldwork in the UK from 16 January 2024 – 29 January 2024.

The survey was 10 minutes in length on average and the total number of eligible respondents was 495.

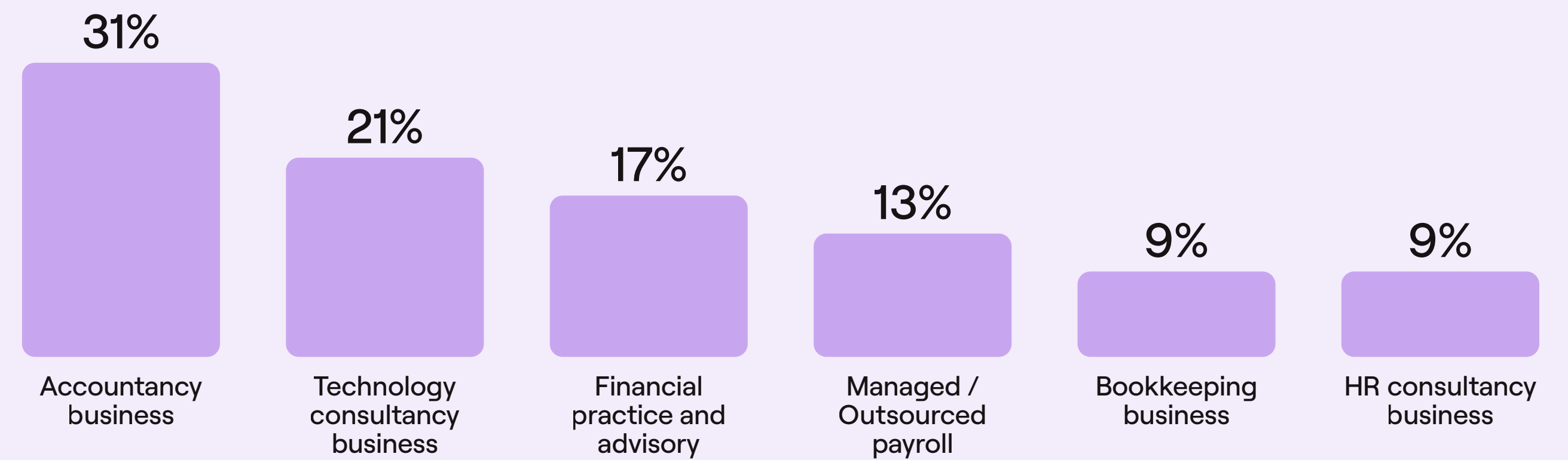
Respondents had to be aged 18+ and be working in one of the following areas:

- Accountancy businesses
- Bookkeeping businesses
- Managed/Outsourced payroll services businesses (i.e. selling payroll services to other businesses)
- Professional services providing payroll services (Technology/HR consultancy businesses or Financial practice & advisory)

Respondents by job title



Respondents by practice type



ABOUT EMPLOYMENT HERO

With SMEs making up 99.9% of all businesses and supporting 61% of total employment in the UK's private sector, digital transformation has never been more pertinent. Take your business to the next level today with our [all-in-one, cloud-based HR and payroll platform](#).

Our customers tell us that we save 80% of their administration time by automating manual tasks and auto-populating data across the platform. Businesses who implemented Employment Hero also experienced a [173% return on investment](#) by the end of their first 3 years. We take the hard work out of people management so employers can grow their teams and businesses with confidence.

Over 300,000 businesses (and counting!) use our platform today. [Speak to one of our business specialists to find out more.](#)

Our features include:

Employee happiness scores

1:1s

Applicant tracking system

Policy templates

Recognition

OKRs (Objectives and Key Results)

Performance reviews

Feedback

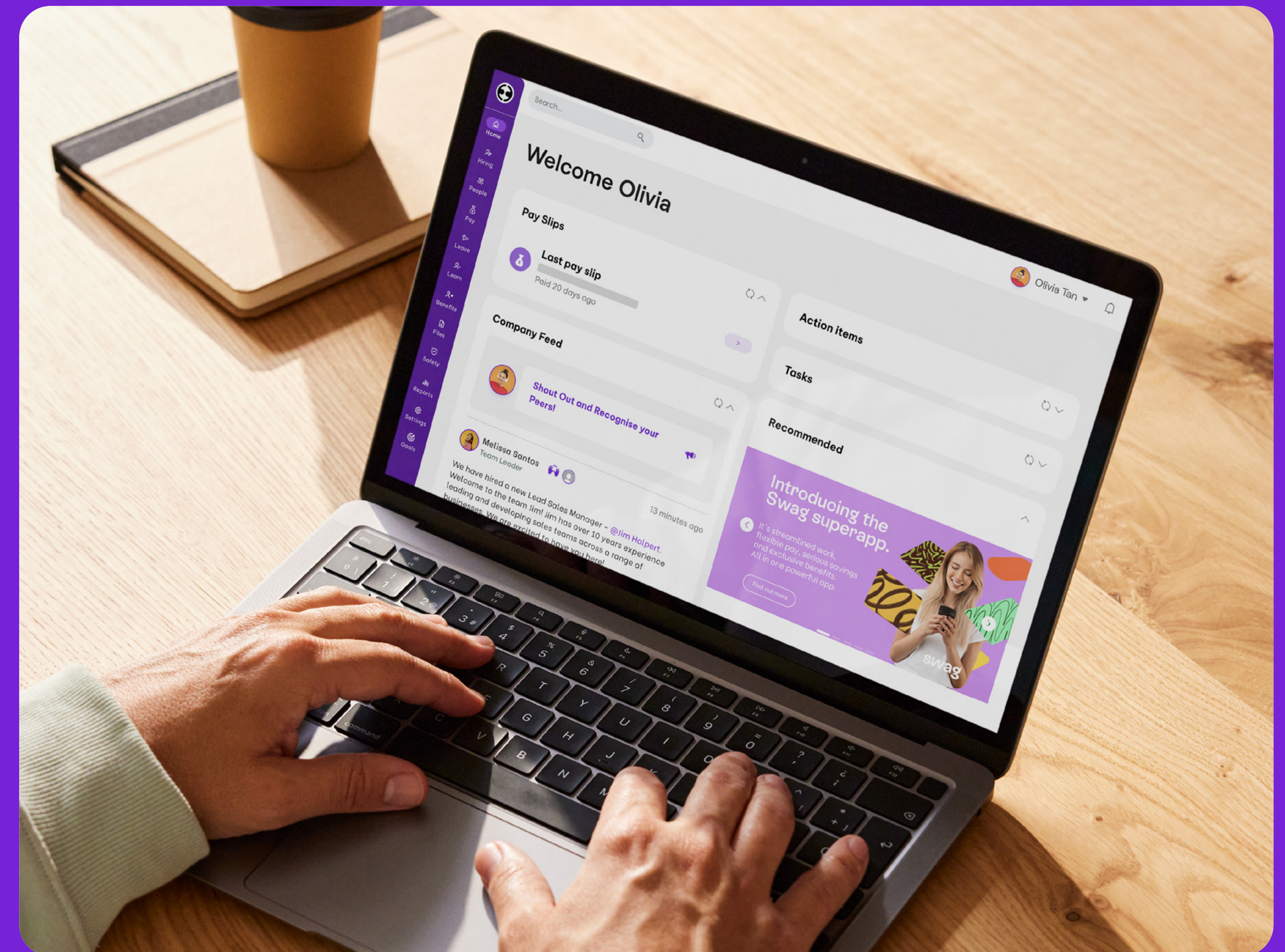
Letter templates

Shout Outs (Peer to peer recognition)

Custom surveys

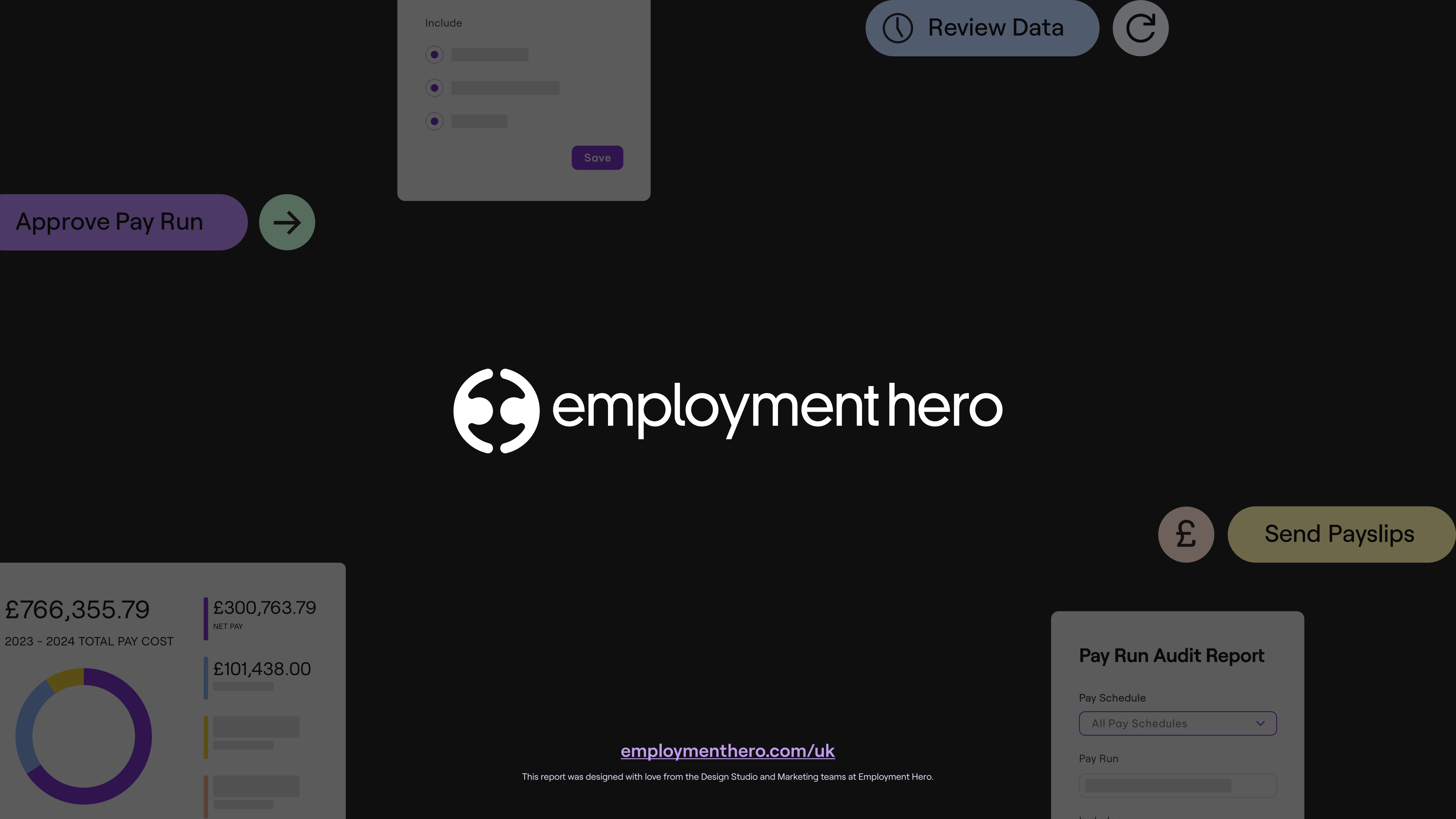
Learning management system (LMS)

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Review Data



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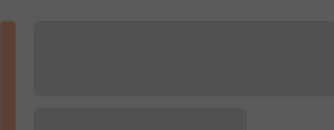
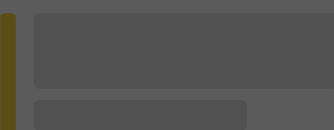
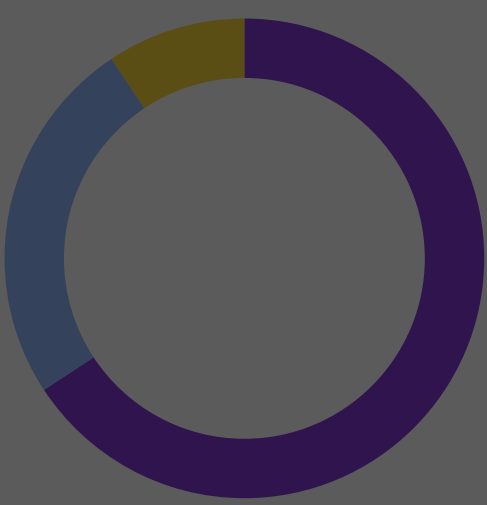
£766,355.79

2023 - 2024 TOTAL PAY COST

£300,763.79

NET PAY

£101,438.00



employmenthero.com/uk

This report was designed with love from the Design Studio and Marketing teams at Employment Hero.

Pay Run Audit Report

Pay Schedule

All Pay Schedules



Pay Run

Lookups