

E-BOOK

The future of payroll
and HR in a hybrid
working world



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The future of payroll and HR in a hybrid working world

90% of small and medium-sized businesses (SMBs) say they need more efficient forms of technology to ensure their success in the workplace, and **62%** say that embracing technology and analytics should be a top priority for leaders.

This was a key finding of the [Sage payroll and HR in SA: Rising to the challenges of change research](#), which included respondents who are involved with payroll and HR day-to-day: 600 small businesses (under 99 employees) and 400 medium-sized businesses (100 to 1,999 employees) shared how they are navigating the increasing complexity driven by constantly changing legislation, COVID-19, and the shift to remote and hybrid working arrangements.

Businesses that have found the changes to be smooth sailing, for the most part, tell us that cloud-based specialist software played a major role.



86% of businesses link the increased use of, and investment in, cloud technology to their organisations' ability to easily adapt to a remote or hybrid environment.



A goldmine of insights buried under piles of admin

Payroll and HR professionals sit on a goldmine of business-and people-related insights that can enhance strategy, streamline compliance, and attract and retain the best talent.

When used correctly, payroll and HR data result in:

- Faster recruitment,
- Lower staff turnover, and
- Higher competency and engagement across the employee lifecycle.

It also supports and improves decisions about recruitment, employee satisfaction, compensation, and skills development.

Yet only most businesses **(83%)** spend a significant portion of their time on repetitive tasks, administration, compliance, and maintaining employee records.



35% of businesses indicate they spend 30% or more of their daily time on tasks related to:

- Preparing and processing payroll, compensation, and benefits **(52%)**
- Maintaining employee records **(45%)**



The reason for this, they say, is due to the rising complexity of payroll and HR, driven by the shift to remote and hybrid working arrangements, constantly changing legislation and regulations (49%), and COVID-19 (73%). However, the thing about increased complexity is that it brings increased risk of error, data loss, and non-compliance.

In fact, staying on top of constant changes in legislation was singled out as the biggest payroll challenge for seasoned professionals (35%) and especially for younger professionals with under one year of experience (42%) and users of non-specialist or manual payroll systems (41%).

That is likely because **outdated, non-specialist systems make it challenging to remotely implement legislative changes** and manage payroll in general – never mind remotely.

The knock-on effects on the business include inconsistent data reporting, poor system integrations, and an inability to quickly adapt to change.



31% vs 44%

Users of manual HR systems spend significantly less time tracking critical data through KPIs compared to users of cloud-based Payroll and HR systems



Not surprisingly, **88%** of businesses that were already using cloud-based payroll and HR management systems when the pandemic hit were better able to adapt to remote or hybrid working arrangements. They are also significantly more satisfied than those using on-premise specialist systems.

The benefits they have realised from switching to the cloud include:



Increased document security **(50%)**



Access to better data, enabling better decisions **(47%)**



Ability to better utilise HR time to advise executives **(44%)**

Most businesses agree that by digitising data using specialist systems, they have saved time and effort, allowing them to focus on:

- Improving data security,
- Optimising the use of payroll and employee information,
- Reducing the administrative burden, and
- Providing real-time insights to senior management.



The great cloud migration

In the last year, trends in remote working have resulted in increased use of technology by payroll and HR management: **64%** of medium-sized businesses and **50%** of small businesses have invested more in digitisation and have increased their use of payroll and HR technology.

Of the businesses that currently use manual HR systems, **73%** anticipate adopting a hybrid or remote working arrangement. And of those, **70%** intend to purchase cloud-based solutions in the next year.

However, digitalisation and hybrid work inevitably lead to an increase in concerns about data security, with some fearing that cloud-based systems make them more vulnerable to risks such as data theft or loss, viruses, and malware.

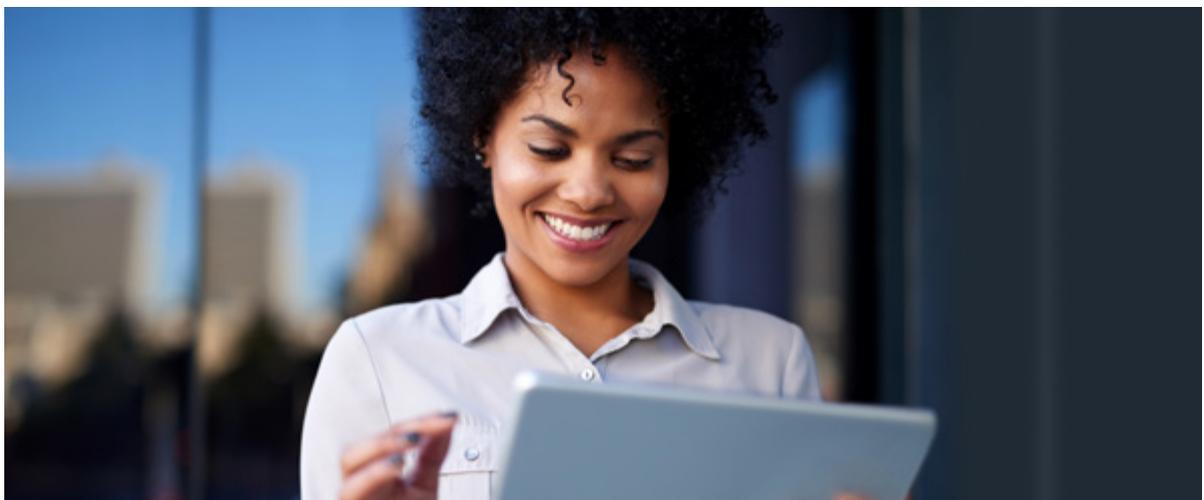
As a result of their increased use of technology, **31%** of businesses now have a greater focus on cyber security. The figure is higher for businesses using cloud-based solutions (**37%** vs **25%** for users of manual systems) and those with remote working arrangements (**33%** vs **17%** for fully on-premise workplaces).

And yet, **when you work in the cloud, you can rest assured that your data is always backed up, safe, and secure.** That is because cloud and software-as-a-service providers continuously invest in and upgrade their security infrastructure to combat cyber threats. Sage cloud payroll & HR software solutions are secure, accurate, and enable compliance, so you can confidently manage your people and payroll remotely. Even though it is possible to implement the level of security offered by cloud providers to on-premise solutions, the cost and effort involved are prohibitive. No matter what security technology you need, cloud providers have the technical know-how and scale that few businesses can match.



Other reasons SMBs are switching to the cloud include:

- Improved productivity (**62%**)
- Access to information anywhere, anytime (**61%**)
- The ability to integrate payroll, HR, and accounting software (**56%**)
- Increased document security through access restrictions (**50%**)
- Reduced costs (**50%**)
- Access to higher quality data to make more accurate forecasts (**47%**)
- More time for payroll and HR professionals to advise executives (**44%**)
- The ability to easily manage decentralised teams in different time zones (**40%**)



What to look for in a specialist payroll and HR system

The true power of cloud-based payroll and HR is not just the automatic legislative updates, powerful data insights, or the ability to access your information anywhere, any time. Nor is it the ability to provide secure employee self-service platforms or the convenience of easy remote onboarding, offboarding, and payroll reporting.

The true power of cloud is the impact it has on your people and the opportunities it enables, like time to take advantage of business-benefitting legislation, such as Employment Tax Incentives (ETIs) and the Skills Development Levy – an untapped opportunity for small businesses to reduce their payroll and tax costs.



Only 42% of small businesses take advantage of employee tax incentives (ETIs) because:

- **43%** lack awareness of ETIs
- **21%** are concerned about the increased admin burden
- **16%** worry about claiming ETI incorrectly

With specialist technology taking care of the mundane tasks, payroll and HR professionals can shift their focus to the things that make a company a great place to work, such as:



48% Managing employee engagement to increase productivity, motivation, and morale



44% Freeing up HR's time to advise executives



43% Supporting employees and managers with increasing needs around mental health



40% Increasing employee satisfaction



38% Strengthening organisational culture to create long-lasting team bonds



37% Managing talent to retain top employees

Businesses need better reporting analytics to inform strategy and planning, faster reporting to provide timely information, tighter data security to improve compliance, and a streamlined payroll process to reduce errors, cut costs, and increase employee satisfaction as payroll and HR complexities continue to grow.

All of this, as well as ease of integration, online support, access from anywhere, automated tax calculations, and direct links to banks and tax authorities, are provided by specialist cloud software solutions.

The most successful businesses will be those that embrace specialised payroll and HR technology to free up time to focus on understanding employee expectations, grasping the cultural benefits that will attract the best talent, and putting in place the systems and processes required to engage and retain that talent.

Switch to Sage

Sage is the market leader for integrated cloud-based software solutions. Over three million businesses across the world trust Sage to manage everything from money to people.

Our **award-winning payroll and HR software** solutions integrate with Sage accounting and finance solutions, enable compliance and can be accessed at any time.



Choose the right Sage cloud payroll and HR solutions for your business

Sage Business Cloud Payroll

Transformative cloud payroll software for small businesses that is easy to use enables compliance and is accessible from anywhere, at any time.

- Accurate payments and deductions
- Easily process weekly, bi-weekly, and monthly pay runs
- Compile your EMP201, EMP501, and IRP5 tax certificates with ease
- Automatic updates
- Real-time calculations
- Unlimited companies and users
- Pre-defined legislative and payroll reports
- BCEA leave management
- Email payslips
- Personalise employee payslips
- Seamless GL integration with Sage Accounting

(0–99 employees)

[Start your 30-day free trial](#)

[Find out more](#)

Sage Business Cloud Payroll Professional

Intuitive payroll and HR cloud software that transforms the way you connect with your workforce, anywhere, anytime.

- Accurate and on time payment of salaries and wages
- Caters for 6 leave types. Keeping track of balances and accruals
- Statutory reports such as EMP201, UIF, OID, EMP501 and IRP5 tax certificates
- Automatic updates
- Real-time business insights
- Unlimited companies & users
- Personnel management and UI19 reporting
- Employee Self Service with mobile app
- Supports electronic payslips and infoslips
- Electronic payslips and infoslips
- General Ledger integration and Job Costing
- Businesses across different African tax countries
- Batch processing
- Employment Equity and skills reporting
- Standard reports and report writer

(100–999 employees)

[Take a free product tour](#)

[Find out more](#)

Nurture your talent, make it easy for people to collaborate, and get more from your employees with [HR employee management software](#) from Sage.

[Find out more](#)

Rise to the challenge of change in payroll and HR with Sage

The global shift to remote and hybrid working and regular legislative changes have resulted in payroll challenges of considerable complexity for many businesses.

Sage gives you the tools you need to process your payroll and connect to your remote workforce anytime, from anywhere – while enabling compliance and redefining engagement.

[Find out more](#)

About Sage

Sage is the global market leader for technology that provides small and medium businesses with the **visibility, flexibility and efficiency to manage finances, operations and people**. With our partners, Sage is **trusted by millions of customers worldwide** to deliver the best cloud technology and support. Our years of experience mean that our colleagues and partners understand how to serve our customers and communities through the good and more challenging times. We are here to help with practical advice, solutions, expertise and insight.

Find out more: www.sage.com/en-za/





Sage Johannesburg
6th Floor, Gateway West
22 Magwa Crescent
Waterfall 5-Ir,
Midrand
2066

0861 237 243

www.sage.com/en-za



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