

MHR

# Your Payroll is Failing. Are You Ready to Change It?

Over 70% of organisations are still wasting  
time using manual methods to calculate  
payroll and it's costing you big time!

#PayrollYourWay





## Introduction

Payroll inaccuracy and human error, inflated costs, not enough time and demotivated employees - these are the consequences of manual or badly run payroll processes. And all this means businesses do not have the resilience to adapt to changes. It's not good enough, and organisations need to act now to remove these archaic practices.

We conducted a survey across the UK and Republic of Ireland, to examine how payrolls are processed, and how they're progressing to combat challenges in the workplace and evolving needs. We wanted to highlight where payroll is going wrong, and simple ways to put this right. The results show that businesses need to wake up and take ownership of the need to improve their current practices, for the benefit of all.

**Now is the time to act and run payroll your way.**



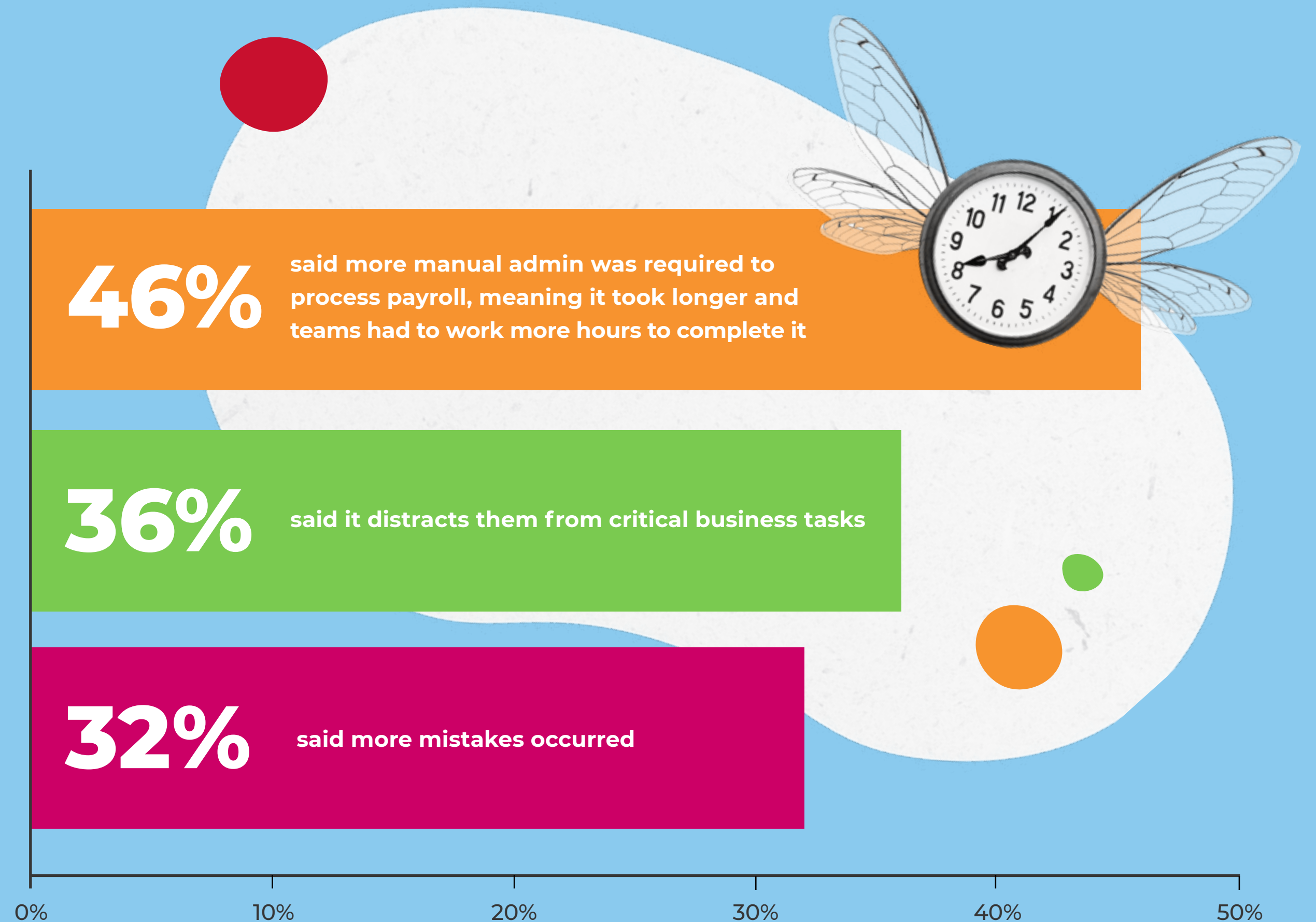
72%

**of organisations are still,  
completely unnecessarily,  
using manual methods to  
calculate payroll**

## What transformation?

In transformation projects, it's clear that payroll continues to be left behind. With ever-developing technology advancements, how is it possible that over 30% of organisations still rely on paper timesheets and forms?

Not only is this inefficient and time-consuming, it means you can't adapt to government legislation or environmental changes. In our survey, the impact was significant:





Being slow or unable to adapt damages your day-to-day business resilience to areas such as absence. When something more catastrophic occurs, the consequences are huge. The Covid-19 pandemic is an example of this, where organisations using furlough paid their employees incorrectly for months due to manual workarounds where their existing processes couldn't support it.

In July 2020, the Policy Exchange, a UK think tank, warned that furlough fraud – whether genuine mistakes or wilful deception – could cost the British Exchequer between £1.3bn and £7.9bn.



**Immediately improve accuracy and reporting to track errors as well as helping business adapt faster to change**



## Too many mistakes

Mistakes happen, after all we are only human. However, our survey found that almost 94% of British and Irish businesses have run into problems processing payroll in the last 12 months. On average, organisations are suffering from over **5%** of mistakes every single month. That means a lot of extra time and money is wasted correcting these mistakes, and that's only the ones you know about! Your workers are likely to highlight underpayments, but what about overpayments?

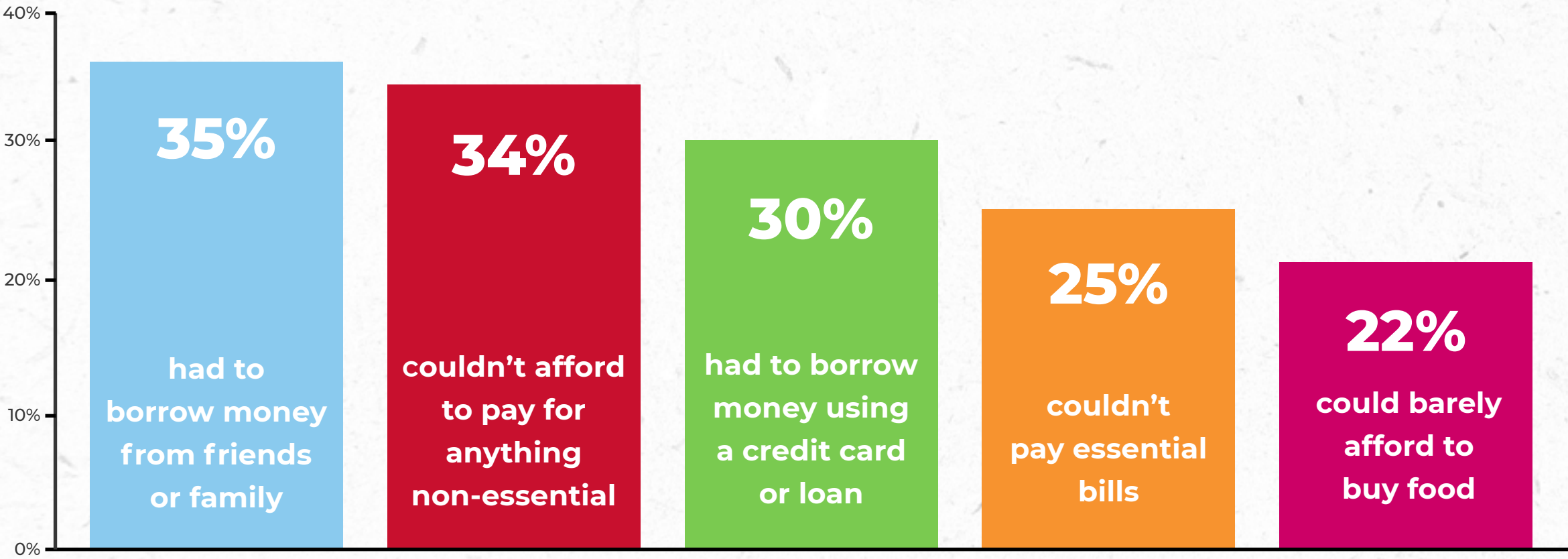


In the last 12 months 91% of businesses admitted to making errors every month



# These errors have a major impact on your employees and their families

Of those respondents who had experienced incorrect or late pay in the last 12 months, 61% have been financially impacted in multiple ways.



The key issues employees experienced



**25% of respondents experienced these issues 4-6 times in the last 12 months**



**Under 25s were most likely to be affected**



Unhappy employees aren't afraid to act either. Of our respondents, **50%** of employees would consider leaving an employer for repeated salary errors. 13% are looking now, despite the uncertainty of the job market due to Covid-19. This has a huge impact on your retention rates. With recruitment costs growing to over £30,000 (€35,000) per employee, the impact on your bottom line is significant – and completely unnecessary!

**You can read about our loyalty research here.**

Automating processes to remove these inaccuracies can save you thousands in costs whilst reducing the productivity issues that arise from frequent employee turnover.



**In an organisation with 500 employees payroll errors could cost you £150,000 (€175,000) annually**



## Trusting the experts

In our survey, just under 90% of organisations said they run their payroll in-house. Yet, when asked how they might improve their processes, 50% said they would use a managed or part-managed payroll service aka outsourcing, followed by 47% wanting to update their systems to better support flexible working.

Many view outsourcing with negativity, yet it was the most popular way to improve payroll processes with almost half of respondents stating it would help improve their accuracy and remove mistakes, followed by freeing up employee time and highlighting fraudulent activity.

Outsourcing is often viewed as only appealing to Finance Directors wanting to cut costs and overheads, but our respondents all worked in HR and payroll, highlighting that outsourcing can provide value across the organisation. With outsourcing providers offering 98% accuracy and above, that's a significant reduction in errors compared to the average in-house process.

An illustration of a woman and a man in business attire shaking hands. They are positioned in front of two large tablets. The tablet on the left has a green background with white paper airplanes, and the tablet on the right has a red background with white paper airplanes. Several colorful paper airplanes (white, pink, green, orange) are floating in the air around them. A large orange circle is in the background behind the woman.

# 50%

**of HR and payroll managers that we surveyed said they would outsource part of their pay process**



## What are the advantages of outsourcing your payroll?

**30%**

Highlight potentially  
fraudulent activity



**45%**

Free up time for  
employees



**46%**

More accuracy to remove  
mistakes within payroll runs



**43%**

Mitigating risk and  
single points of failure

**34%**

Advice and guidance  
on improving  
internal processes





## The solution? Run payroll your way!

Payroll transformation is critical. Technology has evolved to automate many areas of payroll processing, which can significantly reduce errors, and in turn reduce your risk of employees leaving, fines for non-compliance and reputational damage.

Many organisations have left payroll on legacy systems under the premise that it's an operational process, and the potential benefits would not outweigh the time, cost and stress of switching providers or getting employees onboard with a new process. However, this is simply not true.

Covid-19 highlighted for many organisations that their payroll processes were not fit for purpose.

Some organisations had to bring payroll employees into the workplace to run the processing, due to technological restrictions that prevented home working.





In the last 12 months, respondents reported their biggest payroll problems were that it was time-consuming (36%), too many human/administrative errors (32.4%) and too many repetitive tasks (27.6%). By upgrading your payroll solution, you can immediately improve all these issues through automation.

And it's not just the payroll team that will benefit.



## Finance benefits

Financial Directors will see return on investment over time through savings on fixing errors, eliminating risks, removing repeated runs and reducing paper - all increasing your business efficiency and resilience.



## IT benefits

IT teams can also benefit, as a specialist payroll system will free up their time having to create workarounds, carry out upgrades, and make legislation changes as this is all part of the software or service of a specialist provider.



## Payroll benefits

Payroll teams will reduce errors, repetitive tasks and remove the stress of sudden legislation changes to save time for more strategic parts of their roles and significantly reduce risk - building business resilience.



# Choose MHR

With over 35 years of experience, we've been supporting organisations to transform their payroll. Working with reporting bodies, and with integrated, configurable platforms and expert services, our solutions are always up to date with compliance, so you don't have to worry about it.

Our comprehensive software can perform multiple payroll runs for multi-contract workers and different pay scales, as well as automating processes from P45s to pensions, making the complex simple.

Plus, our part or fully managed services offer 99.999% accuracy, with our qualified team of CIPP and IPASS experts on hand to offer advice when you need it.

Whether you want to part or fully outsource your payroll, or keep it in-house, we can help you improve your accuracy, saving you time and money.

**The choice is yours.**





MHR

### Get the support you need

No matter how large or complex your requirements are, MHR's Payroll software and services can transform your payroll processes. We ensure your employees are paid accurately, on time, every time with no need to worry about the changes in payroll legislation as compliance is at the core of what we do.

Let MHR become your trusted partner and take all your payroll stress away.

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