

ACCESS THE  
FUTURE



RESEARCH REPORT

# Strategic Payroll as a Business Enabler



# Introduction

## An Open Letter to the Payroll Industry

This new research paper outlines the motivation and benefits of transforming payroll processes into a strategic enabler. This is designed to help businesses navigate unprecedented economic times. The research confirms that payroll systems serve a broader and more strategic function than just paying employees, holding, and reporting data for compliance.



### These are unprecedented times for business

Australian Bureau of Statistics (ABS) data shows Australian businesses are struggling to remain profitable, which is alarming.

- Over the past 12 months, over 15% of businesses failed to be profitable, the highest rate since the global financial crisis (GFC).<sup>1</sup>
- There is also an increase in the cost of doing business for 57% of businesses - 21% of which reported that the increase was to a 'great extent'.<sup>2</sup>

**'Human Capital' is arguably the largest cost centre of an organisation and typically the most difficult to manage without supporting data.**

Historically, organisations have dedicated their payroll functions to remunerating their workforce by calculating and disbursing salaries and benefits. As a result, payroll's primary goal has been ensure that employees are paid on time and accurately.

ABS1 - aligned with the bullet above - link ABS1 to: <https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/jul2019-jun2023#key-statistics>

ABS2 - aligned with the bullet above - link ABS2 to: <https://www.abs.gov.au/media-centre/media-releases/higher-costs-over-half-all-businesses>

# Introduction

## This new research highlights payroll is more than a remuneration and compliance tool.

Payroll is an integral part of the broader organisational ecosystem and workforce governance. In addition to paying employees, it contributes significantly to legal compliance, financial management, employee engagement, and strategic decision-making. In a competitive environment, a well-structured workforce management system is essential for efficiency, compliance, business growth, and profitability and is a lever for strategic advantage.

As a professional services and software provider, The Access Group delivers and implements business solutions to over 75,000 customers across commercial and not-for-profit sectors to help them become more productive, efficient, and overall profitable. What's consistent across the business leaders we serve is that success is based on data-driven decision-making.

Our customer base consists of large and medium businesses using payroll, HR, and finance solutions. With Single Touch Payroll (STP) reporting to the Australian Taxation Office (ATO) for data collection and compliance, payroll data has evolved and has a strategic impact that has been uncovered in new ways. Our customers have switched payroll solutions or outsourced payroll to take advantage of payroll data. Many are utilising this new strategic lever for growth and profitability.

Having watched this transition, we wanted to explore the wider payroll industry and trends to learn the trends and understand the extent to which data-driven for strategic payroll has been adopted and what role payroll data plays in the transition.

Based on this new research conducted with 215 senior decision-makers, companies transforming payroll from a payment processing function to a strategic (data) enabler have improved visibility across their business by two to three times. As a result, these companies highlighted they can make better decisions, improve employee experience, and have greater confidence in employee compliance, all factors in delivering better outcomes for their workforce and customers.



**Payroll forms 58% of our overall business costs, so we needed a product that was going to be seamless and adapt to our growing and changing business needs. Access Definitiv has been able to offer that to us as well as provide our business with a solution that not only saves us time but also provides us with an intuitive and innovative solution.**

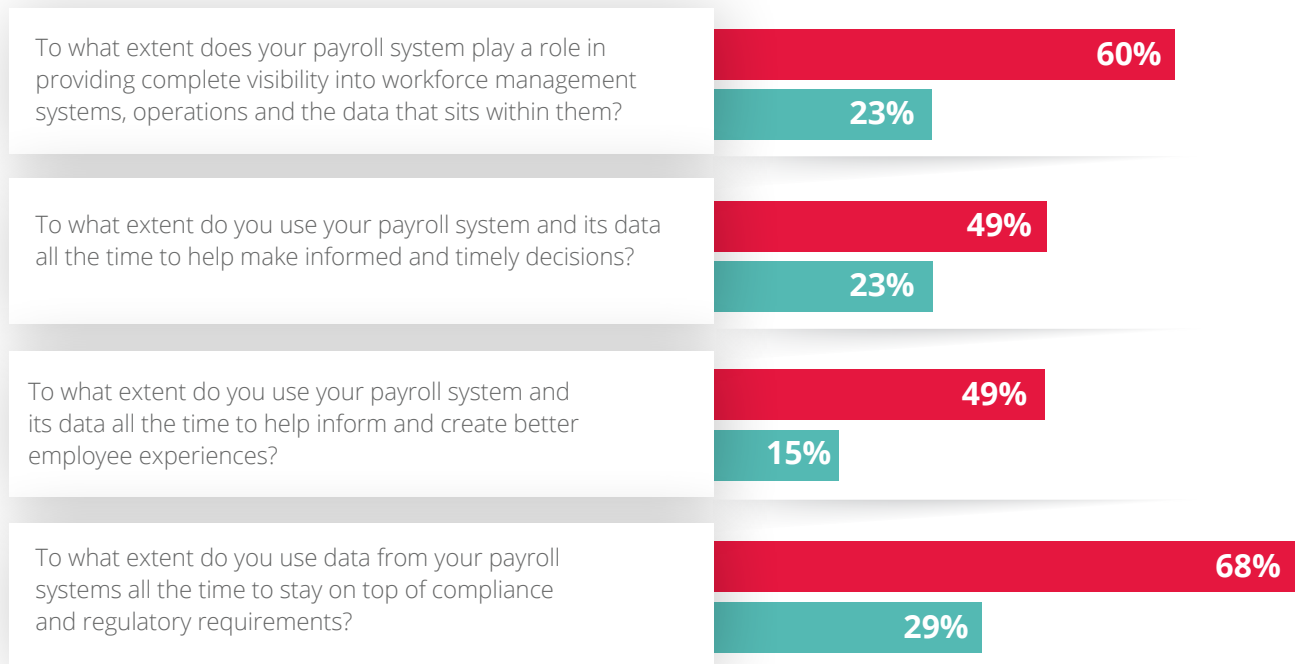
Ashleigh Burnett  
Senior Bookkeeper/Payroll, TAMS



# Research Findings

Transitioning payroll from an administrative function to a strategic enabler improves efficiency, decision-making, employee satisfaction, and company-wide productivity.

## Value Statement



**The benefits of using payroll as a strategic enabler are clear.** Almost every question in our survey highlighted that transitioning payroll from an administrative function to a strategic business enabler results in better outcomes two to three times more than those without it.

Visibility of workforce management data enables making informed business decisions, creating better employee experiences, and ensuring workforce compliance.

# Payroll Landscape

## The Power of Payroll and People Data

The evidence is clear - improved outcomes can be achieved by using payroll as a strategic enabler. The question is, how do organisations accomplish this?

Payroll, and more widely workforce management, has mostly remained a 'black box' within Australian organisations. For many, payroll acts as a functional database of employees, enabling them to pay their employees on time. It also helps ensure compliance across the raft of mandatory award categories organisations.

**Payroll has considerably more potential.** Our research highlights that utilising payroll as a strategic enabler helps generate better business outcomes. Those doing it enjoy greater visibility across their financial and business environment and can uncover new insights. This can give them a strategic and competitive advantage over others.

Using payroll as a strategic enabler also means organisations can create better employee experiences by managing the people process holistically.

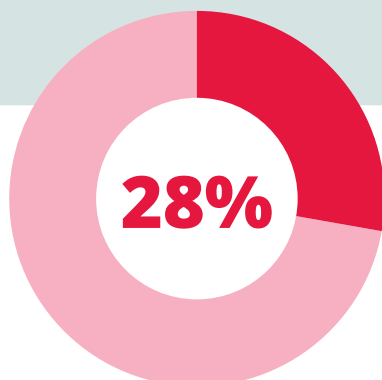
Using data analysis, businesses can better respond to market trends. It may be a change in customer demand or employee requirements, or it could be a change in regulation or compliance. It makes sense to use valuable data to manage your biggest and most costly asset - your people.

This is the power of payroll, and our research aims to understand how organisations can leverage data to save money and manage human capital effectively. This is the power of payroll, and our research aims to understand how organisations can leverage data to save money and manage human capital effectively.

### The Untapped Potential of Payroll

#### Putting Strategic Payroll into Practice

Our survey revealed that only **28% of business leaders** believe their payroll system extends beyond paying people. Businesses are not leveraging payroll systems and data enough to see the advantages and opportunities of workforce management insights. Additionally, untapped insights miss out on cost savings, recruitment, and retention.



# Payroll Landscape

The power of data for greater visibility across financial and business systems helps businesses make better data-driven decisions about human capital. This includes resourcing, budgeting, and resource allocation. A more insightful approach to data leads to identifying potential savings areas and improving operations based on trusted information. Consequently, insights help drive better business outcomes for employee experience, optimisation or change response.

In contrast, the survey also revealed that **71% of organisations are not extracting the full value from their payroll systems.**

**43% of the surveyed leaders** believe their payroll is used as a database and for record keeping of their employees' details for payroll processing and compliance. Payroll is generally considered an administrative, back-office function and is separated from other business units.

**27% believe their payroll system** is a hybrid of the above descriptions. Payroll offers some data beyond being a database of employees, and there is significant value to extract from the payroll system.

Lack of strategic payroll use greatly impacts an organisation's ability to achieve strong business outcomes. This includes the ability to optimise processes to react to and foresee change. Strategic payroll enables stronger customer and employee experience and satisfaction, increased revenue, and better cost controls.



**Any organisation without a defined payroll strategy which mitigates the risks involved in paying employees and looks to add value to the employer by the use of technology, data and insights, is potentially missing a competitive advantage in their industry.**

Tracy Agwin, Director  
Australian Payroll Association



# Payroll Landscape

Currently, only 15% of organisations rate their ability to use their payroll system to impact business outcomes as 'excellent positively'. Broken down into specifics, organisations report the following:

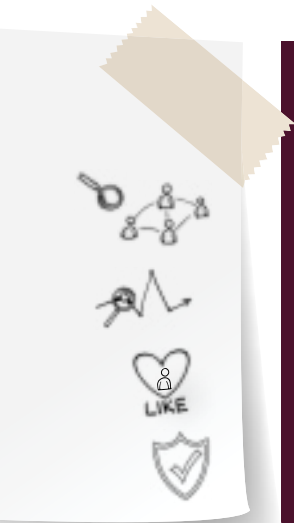
To what extent does your organisation's payroll system and the data within it have a positive impact on the following business outcomes?



# Business Benefits

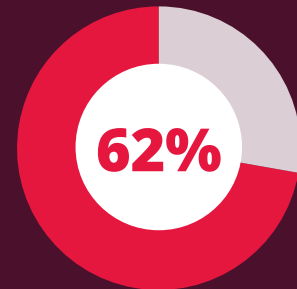
## What are the business benefits of strategic payroll?

Over the following four sections, we take a deeper look at how payroll, when used strategically, can generate far greater value for organisations than it is currently.

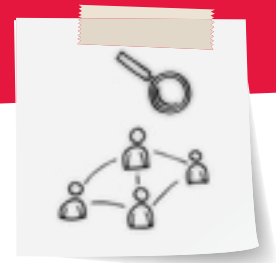


It is, however, encouraging to see **62%** of respondents would like to use their payroll system more strategically to:

- Workforce Management Visibility
- Making informed decisions at the right time
- Enhancing Employee Experience
- Managing Compliance and Risk







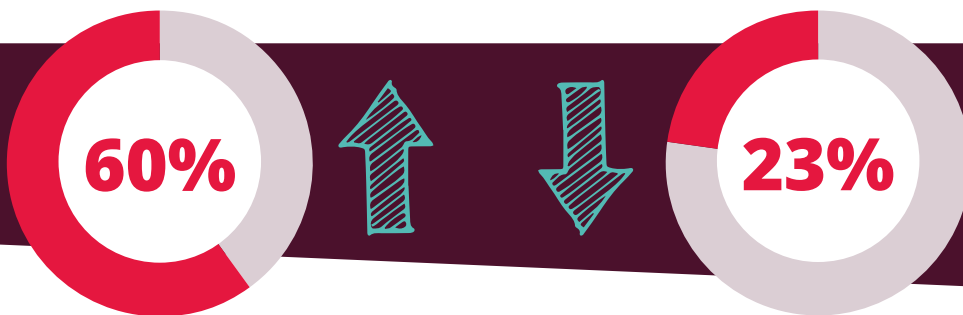
## 1. Workforce Management Visibility

Few business functions can compete with payroll for handling core employee data. However, this data has a great deal of untapped potential but is more than not relegated to the primary purpose of collecting payroll data to process payments and report to regulators. As a result, it's often forgotten in the cloud or on a server until it's needed again - usually for compliance or auditing.

Payroll systems can provide insights to improve operations and workforce performance. We found that only **over a third of organisations (36%) have payroll systems that provide complete visibility** of their workforce, operations, and data.

Despite this, payroll systems are not used in the same way by all organisations, and the data within them differs greatly from one to another.

**The number of companies using payroll strategically jumps to 60%, while the number of companies without complete visibility into their workforce management data drops sharply to just 23%.**



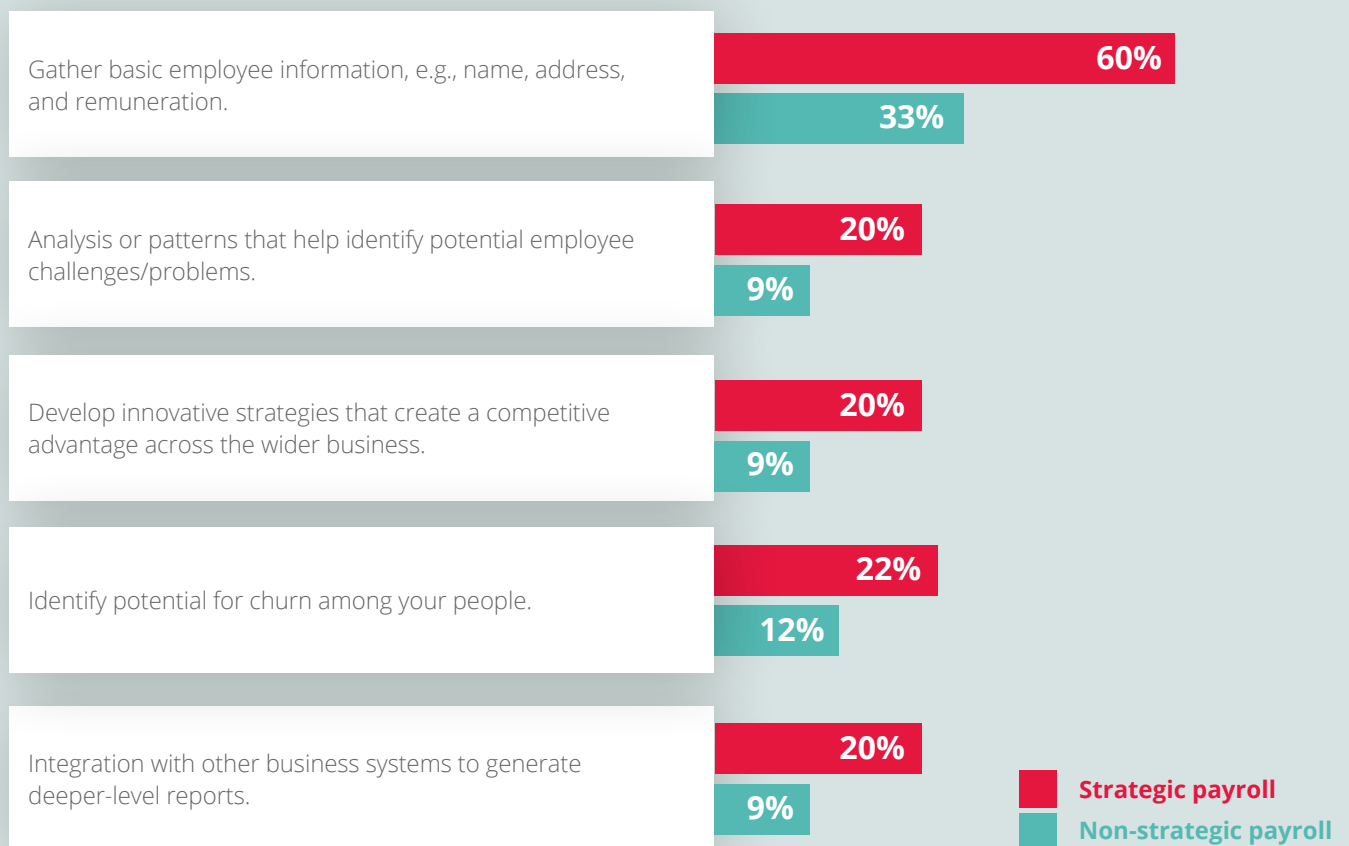
# Business Benefits

## Workforce management visibility and insights - how does payroll assist organisations?

Five workforce management areas were considered in our research, and once again, big differences were identified.

We found a trend in cases where payroll was used strategically. Businesses that used payroll strategically were twice as likely to rate their ability to achieve outcomes as 'excellent' compared to those that did not use payroll strategically.

### To what extent do you rate your ability to use your payroll system to achieve the following?



There is no doubt that organisations that use payroll systems strategically reap the rewards better than those that don't, but the data shows that all businesses still have a long way to go before they can fully leverage their payroll systems to their full potential. Even more staggering is that only about a third (33%) of Non-Strategic Payroll users rate their ability as 'excellent' when gathering even basic employee data.

For example, human capital costs are difficult to measure. However, with the strategic use of payroll systems and analytics, businesses can gain accurate insights into workforce expenses, allowing for better budgeting and resource allocation. Additionally, the strategic use of payroll systems streamlines processes, reduces administrative burdens and saves time. By utilising a workforce management solution with inbuilt payroll, businesses gain a holistic view of their workforce. This enables informed decision-making and fosters a culture of efficiency and growth.

## Putting Strategic Payroll into Practice

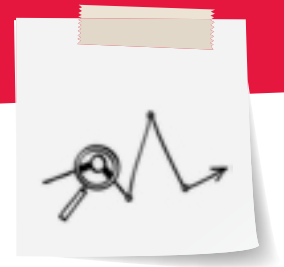
Organisations must leverage payroll data to identify potential opportunities. The analysis of long-term payroll data reveals a correlation between overtime, increased costs, and employee turnover. Additionally, payroll data analysis can help a company improve recruitment decisions, decrease employee churn, and identify leakage areas in its largest cost centre - the workforce.



**By streamlining the manual, administrative heavy tasks in payroll processing we can spend more time on analytics and business outcomes.**

Shannon Brass, Deputy Business Manager,





## 2. Making Informed Decisions at the Right Time

Payroll data offers so much more than a simple employee information repository. When payroll data is used for workforce planning and analysis information such as employee attendance, turnover rates, and labour costs, it helps businesses identify trends and identify future staffing needs. This allows effective planning and allocation of resources. Additionally, payroll data can provide insights into employee demographics and skill sets, which can be valuable information for workforce planning and talent acquisition strategies.

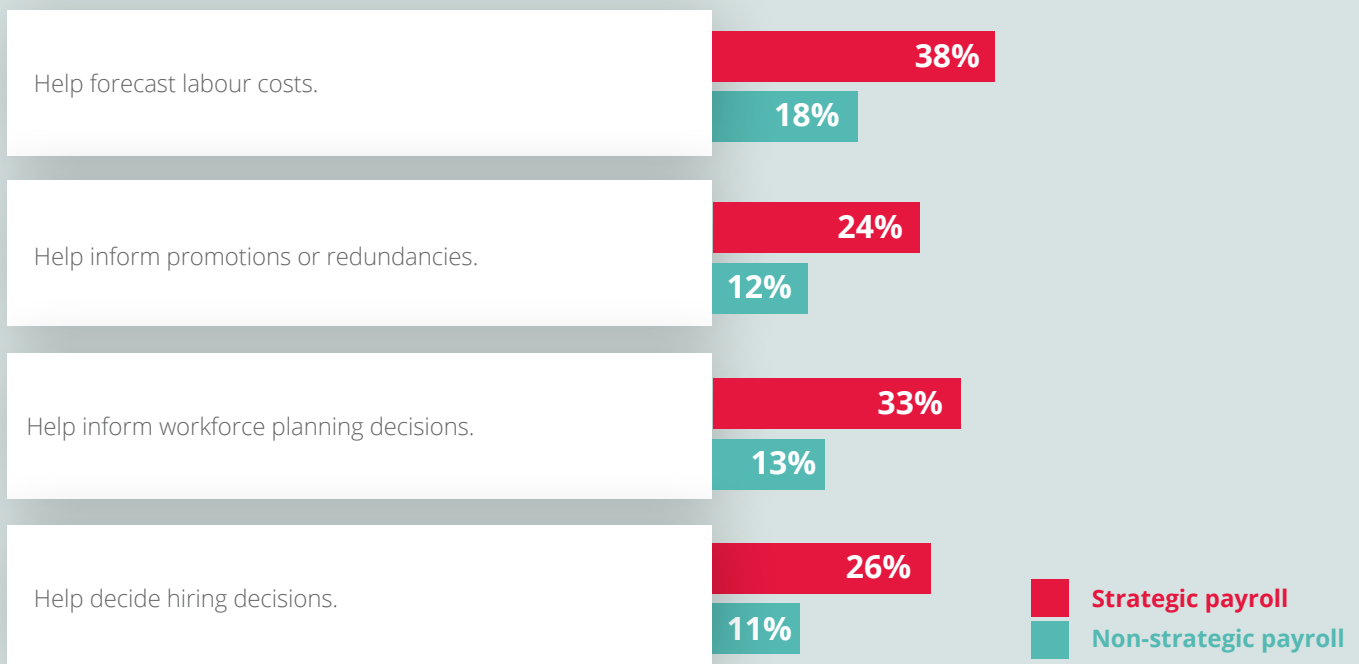
Payroll is a strategic lever for workforce planning decisions and a driver of business growth.

When asked to rate the extent to which their payroll system and its data can help them make informed business decisions, just 30% of our total sample rated their ability as 'excellent'.

For those using payroll strategically, the number jumps to almost half (49%), and for non-strategic payroll users, the number drops to under a quarter (23%).

We considered the type of workforce management decisions payroll systems can help inform. A similar pattern emerged - organisations using payroll strategically are between two and, in some cases, nearly three times more effective at making informed and timely decisions across the business than those who use payroll as a simple function.

### To what extent do you rate your ability to use your payroll system to achieve the following?



Accurate and meaningful data gives businesses confidence and clarity, leading to better decision-making.

For example, businesses that have an automated and integrated workforce management solution are automatically armed with centralised data and analytics for all employees. This gives them valuable insights into workforce demographics, attendance patterns, labour costs and other data which allows them to make informed decisions for optimal resource allocation and business growth.



## Putting Strategic Payroll into Practice

With data insights, organisations can compare the average cost of hiring for a full-time employee with overtime pay for existing employees. By doing this, they can determine whether hiring new employees would be more cost-effective than continuing to rely on overtime. A company's performance and compensation data can also be used to make informed decisions regarding promotions for employees who have performed well and contributed significantly to its success. This can have a positive impact not only on revenue but also on employee satisfaction.



**Single source of data is extremely valuable as we have access to data in real-time. A single unified platform means all managers have access to their staff information in one place.**

Lizzie Davis,  
Payroll & HR System Manager Followmont





## 3. Enhancing Employee Experience

In tight labour markets, employee experience is crucial in retaining people and achieving better outcomes. What are the benefits of using payroll strategically to enhance the employee experience?

### What are the benefits of using payroll strategically to enhance employee experience?

**Only 25% of respondents rated payroll systems and their data as 'excellent'** for their ability to inform and improve the employee experience. This number doubled to 49% in the group that used payroll strategically, compared to just 15% for those who did not - almost a threefold difference.

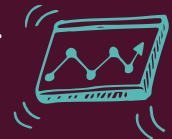
**Employees with positive employee experiences are 16 times more likely to be engaged than those with negative experiences, according to a McKinsey study.**<sup>3</sup>

<sup>3</sup> <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/this-time-its-personal-shaping-the-new-possible-through-employee-experience>



**A mobile app has improved employee experience, provided autonomy and visibility for the business, and enabled cost and time savings for onboarding new employees.**

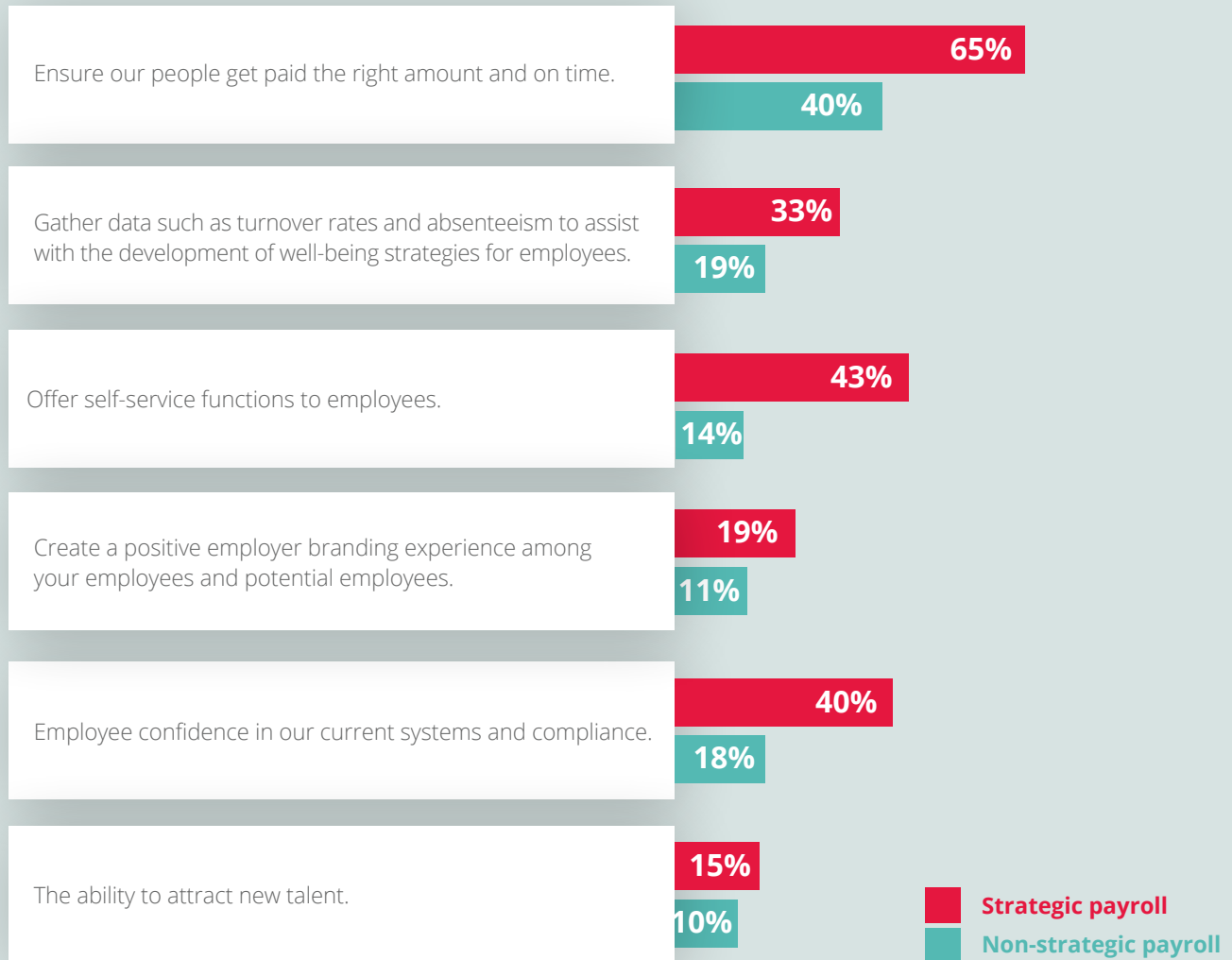
Tara Cooper Head of People & Culture  
Enzen Australia



# Business Benefits

To create a better employee experience, our survey focused on six areas where payroll can positively impact the employee experience. Organisations using payroll as a strategic enabler were two to three times more likely to maintain high employee satisfaction levels.

## To what extent do you rate your ability to use your payroll system to achieve the following?



**By utilising payroll strategically, organisations gained a clear competitive advantage regarding their people and potential to future hire - a particular highlight being self-service.**

As an example, self-service options enable employees to update their personal information themselves, eliminating the need for HR to manually process these updates. Employees are empowered to manage their own information, promoting self-service and employee satisfaction. For the business the value of employee self-service delivers valuable data for analytics and decision-making.



## Putting Strategic Payroll into Practice.

By analysing turnover rates, absenteeism, and other payroll-related patterns, actual data can be used to inform strategies such as financial well-being. In addition, companies offering employees self-service functions allow employees visibility of their employment information, enabling them to self-manage and have a more satisfying digital experience.





## 4. Managing Compliance and Risk

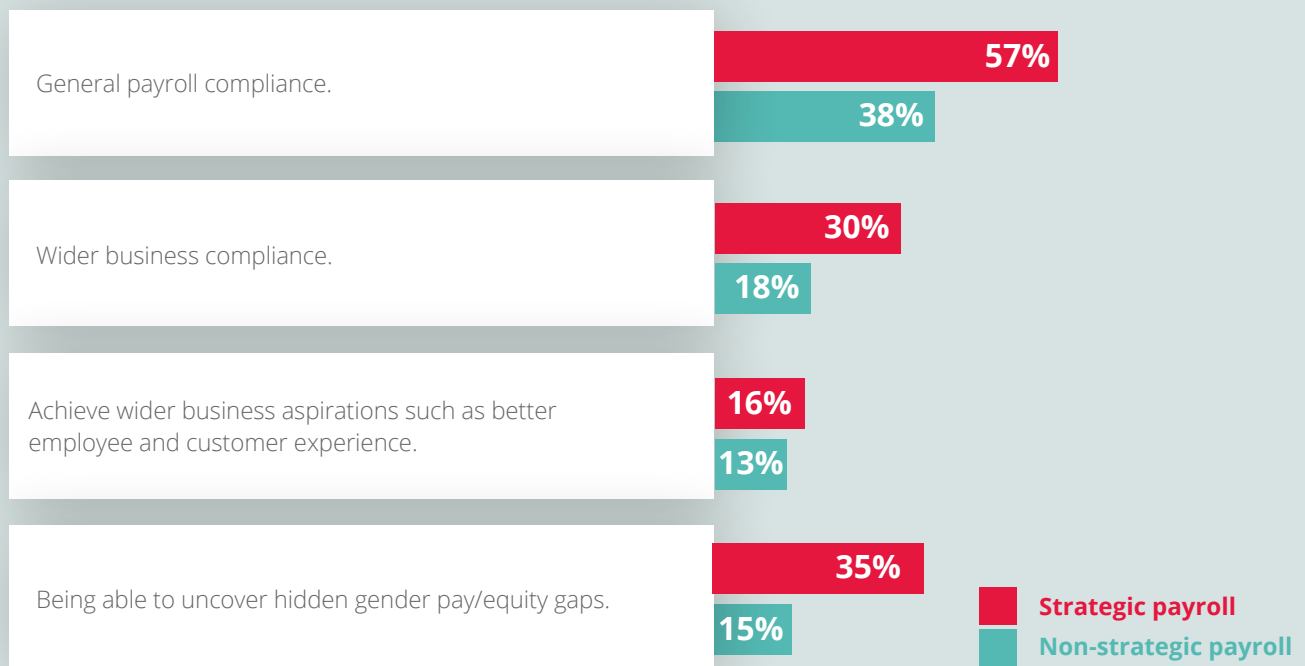
A payroll system and its data provide detailed information on various factors, such as overtime pay, annual leave, etc. Businesses can leverage this data to ensure they comply with state or federal laws that regulate working hours, leave periods, and other compliance-related issues.

The cost of non-compliance can be significant, failure to properly manage and comply with payroll regulations results in financial penalties, legal action and brand tarnish. Non-compliance also leads to decreased employee trust and morale, which impacts productivity and staff turnover.

**Only 40% of respondents rated their ability to use payroll data to stay on top of compliance and regulatory requirements as excellent.** By contrast, only 29% of those who do not use payroll strategically achieve this result.

Keeping payroll systems up-to-date and compliant is essential for maintaining business continuity. However, the data shows that many organisations do not fully use them for this purpose. We explored some further areas more deeply.

### To what extent do you rate your ability to use your payroll system to achieve the following?



Payroll used as a strategic enabler results in twice as much confidence in compliance and business continuity as payroll used as a functional tool.

For example, payroll reporting and analytics can help identify pay and equity gaps. These data-driven insights allow organisations to proactively address workforce gaps before they become an internal moral, reputational or legal issue.



As a result of implementing Access Definitiv, TAMS estimated savings of \$32,000 per year due to a reduction in double data entry and a decrease in double data handling.

Ashleigh Burnett  
Senior Bookkeeper/Payroll, TAMS





### Putting Strategic Payroll into Practice.

Organisations can ensure compliance with labour laws and proactively protect the business from legal and reputational risks by utilising payroll as a strategic enabler. This, in turn, contributes to business sustainability and continuity by creating a solid foundation of compliance, fairness, and transparency.

# Payroll Maturity

## A Path to Success

Our survey found payroll to be far from a strategic enabler. Payroll data heavily impacts employee and customer satisfaction for all businesses, yet the majority of the businesses we surveyed do not use the data as a strategic decision-making lever.

To remain competitive in our ever-changing business environment, organisations need to recognise the potential of their payroll systems and valuable data. All businesses need accurate payroll data to grow and succeed. Technology and data can help drive sustainable growth and success by rethinking traditional practices.

**Survey results show that 49% of organisations use payroll strategically for informed and timely decision-making.** Based on our survey results, more than half of respondents are not informed by data to make accurate, timely, and informed business decisions. The challenge is typically data collection, management, and analysis, which requires manual intervention. In addition, if the data comes from different systems and sources, it makes it difficult due to duplication and formatting, leading to a lack of confidence in the data or compliance violations.



**The investment in Access Definitiv will undoubtedly result in long-term productivity efficiencies for Mount St Benedict College.**

Shannon Brass  
Deputy Business Manager, Mount St Benedict College



## The Power of Payroll Data

One key area often overlooked is payroll data management, from capture to consolidation or processing to presentation. Technology plays a crucial role in enabling strategic payroll. Technology can provide an efficient and secure platform for capturing, processing and presenting payroll data. Additionally, it can automate manual processes and deliver more accurate payroll data. Finally, technology can provide access to real-time analytics and reporting capabilities to help payroll teams make better decisions.



Using multiple systems to capture, process, and report on workforce management and payroll data hinders analysis and reporting due to the following:

- **Inconsistent data format** - needs manual intervention.
- **Manual data entry** - time-consuming and prone to human error.
- **Data duplication and discrepancies** - manual intervention is required, and it is hard to see the real source of truth.
- **Delayed updates** - utilising multiple systems means they all update data at different times.

To enable businesses to confidently process and report payroll data, payroll technology must provide them with key elements to make analysis easy. These include:

- **Single set-up:** Modern payroll and workforce management solutions offer rules-driven, intuitive, and comprehensive employee set-up for compliance and reporting.
- **Seamless monitoring and processing:** All-in-one payroll and workforce management platforms enable real-time monitoring of employee hours against awards to eliminate salary underpayments.
- **Consistent data:** Modern payroll and workforce management solutions store data in a single repository, reducing errors and discrepancies risks.
- **Online, real-time, and accurate data:** All data is current and accurate using an online repository for all the payroll and people data. Data accuracy and timeliness are particularly critical for compliance and reporting.
- **Payroll processing:** Rostering, time and attendance and award interpretation are all aligned in an all-in-one workforce management solution, ensuring seamless and efficient processing.
- **Date-driven:** Date-driven Payroll provides accurate pay runs with few manual adjustments, ensuring compliance and accuracy for reporting and analysis - particularly for strategic decision-making.

# Payroll Maturity

**In conclusion, the benefits of using payroll as a strategic enabler are clear.** Almost every question in our survey revealed that shifting payroll from an administrative function to a strategic tool results in better business outcomes by two to three times. By leveraging payroll and workforce management data, businesses are empowered to make informed decisions, improve employee experience, and ensure compliance with labour laws. Ultimately, payroll becomes a key source of competitive advantage.

In order to achieve strategic payroll and business goals, businesses must adopt technology that captures, processes, and comprehensively reports workforce and payroll data. This will enable businesses to optimise their workforce and drive business growth strategically using data to support their decisions. In addition, data analysis can help companies identify inefficiencies within their largest cost centre - their workforce. Key insights from the survey:

## Key insights from the survey:

### The Overall Picture

**71%** use payroll primarily as an employee database and to pay employees and ensure compliance.

Only **15%** of organisations rate their ability to use payroll for better business outcomes as excellent as they use their payroll solution for paying employees.

**62%** of organisations intend to use payroll strategically to facilitate better business outcomes and results.

### Workforce Management Visibility

**60%** of those using payroll strategically have full visibility into their workforce management systems, while only **23%** do not.

**36%** (a third of organisations) said their payroll systems provide complete visibility into their workforce management systems and operations from the data available.

### Making Informed Decisions at the Right Time

Only **30%** of those surveyed said their payroll system and the data it delivered were 'excellent' in helping them make informed business decisions.

**49%** (almost half) that used payroll strategically could make data-driven decisions in a timely manner. Only **23%** (less than a quarter) used payroll data for business decision-making.

### Enhancing Employee Experience

**25%** of respondents (only a quarter) rated payroll systems and data as 'excellent' for informing and improving the employee experience.

**49%** (almost double) of those using payroll strategically said that the systems and data were excellent, compared to just **15%** for those who did not - almost a threefold difference.

### Managing Compliance and Risk

**40%** of respondents rated their ability to use payroll data to stay on top of compliance and regulatory requirements as 'excellent'.

**29%** (less than a third) of those who do not use payroll strategically achieved this result.



## About The Access Group

The Access Group is one of the largest UK-headquartered providers of business management software to small and mid-sized organisations in the UK, Ireland, and Asia Pacific. It helps more than 60,000 customers across commercial and non-profit sectors become more productive and efficient. Its innovative Access Workspace cloud solutions transform the way business software is used, giving every employee the freedom to do more of what's important to them. Founded in 1991, The Access Group employs approximately 5,500 people.

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