



Beyond the  
pandemic: building  
a future-proof  
payroll operation

A rapidly changing world has widespread implications for payroll services. As companies become more global, the need for greater compliance, stronger risk governance and standardization across jurisdictions becomes more acute.

Legislation around the globe is increasingly fragmented and complex. This is further exacerbated by the number of COVID-19-related legislations: work-time reduction, forced leave, release of short-term contractors or furlough. Under a perfect storm of declining revenues and rising costs of aging populations, governments are also pursuing more robust means of payroll tax collection, thanks to the advances of digital technologies. Digital technologies also lie behind the stance by governments for greater regulatory transparency of personal data collection and greater analysis of data privacy safeguards.

The COVID-19 crisis has taught us many lessons about our existing business processes. Payroll professionals, often working quietly in the background, are navigating unprecedented times.

EY professionals hosted a webcast and discussed the challenges faced by payroll operations in today's disruptive environment, the opportunities for transformation and actions companies can take to navigate the landscape and plan for beyond.

We shared with the audience of over 1,000 professionals how a strong payroll function and robust payroll business continuity plan could determine whether employees get paid on time, correctly or even at all.

### **Impacted by payroll business continuity issues and need urgent support to remedy?**

Payroll never stops, nor is it ever cancelled. When what matters most is your people, global payroll continuity is essential. How prepared is your organization for the next business interruption?

Contact EY teams for global payroll business continuity advice today. Visit: [www.ey.com/globalpayrollSOS](http://www.ey.com/globalpayrollSOS)

### **Webcast replay**

For more information, watch the webcast replay: [Beyond the pandemic: Building a future-proof payroll operation](#)

Perhaps unsurprisingly, 59% of our respondents said running their payroll function had been more challenging than normal during the COVID-19 pandemic which has added another layer of complexity to the already challenging environment for payroll managers and payroll professionals.

Business continuity planning and the rapidly changing legislative requirements were the key challenges faced.

Some of the business continuity challenges for multinational companies included:

- ▶ Ensuring payroll staff could securely access payroll systems remotely
- ▶ Maintaining global payroll visibility and control with countries moving into lockdown at different stages and speed
- ▶ Reliance on small local payroll providers who were ill-prepared for lockdown situation and were not able to function adequately
- ▶ Keeping up with ongoing tax stimulus response in multiple countries
- ▶ Short term variations in contracted working hours for employees resulting in changes to payroll data
- ▶ Remote access to banking in order to process payroll payments electronically



We've seen many companies struggle to keep up with the various incentives and stimulus measures which were introduced around the world, largely delivered through payroll systems. Often introduced with very little lead time, across multiple countries, with minimal guidance and under physical lockdown restrictions, these new requirements have tested the agility and resilience of payroll functions, leading many to reconsider their continuity planning and payroll operating model.

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of our respondents said running their payroll function had been more challenging than normal during the COVID-19 pandemic

Source: Beyond the pandemic webcast polling results

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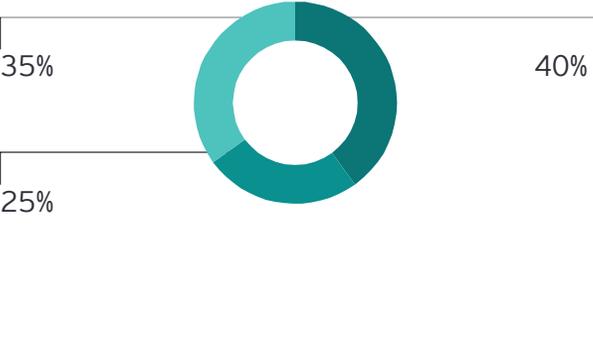
Given this focus on business continuity planning, it's interesting to note that the Payroll function typically reports either to HR or Finance, and we've noted this can drive some significant differences in approach. In our 2019 global survey<sup>1</sup>, only 58% of payroll functions which reported into HR had a formal payroll strategy in place, compared to 78% of payroll functions which report into Finance. If we extrapolate that to business continuity planning, it's possible that those payroll functions which report into HR may be less prepared than those which report into Finance.

In our Asia-Pacific survey<sup>2</sup>, 45% of people said Payroll sat under HR in their organization, but only 40% thought that's where it should sit, and our 2019 global survey showed the same trend (57% who actually reported into HR vs. 49% who thought they should report into HR). In our experience, while the majority of Payroll functions do tend to report into HR, a certain amount of collaboration between HR and Finance is required to ensure the systematic and operational aspect of payroll are balanced with the overall employees' experience. Indeed, some of the COVID-19 government stimulus packages have relied upon Payroll being able to liaise equally with Finance and HR to demonstrate eligibility for the various incentives or reliefs available.

Where does payroll report within your organization?



Where do you believe payroll should report within your organization?



Source: Beyond the pandemic – pre-webcast survey results

<sup>1</sup> 2019 EY Global Payroll Survey

<sup>2</sup> Beyond the pandemic: building a future-proof payroll operation pre-webcast survey

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Data-driven decision making on payroll matters will add value to the HR and Finance functions of tomorrow.

Meanwhile the pre-COVID-19 challenges facing the payroll industry have not gone away, and our respondents identified upskilling of payroll professionals as their top priority. We agree with this assessment as we see the role of payroll professionals evolving significantly in the next few years. Rather than being process specialists, we see payroll professionals developing into problem solvers and project managers, proactively gathering insights from data and communicating these effectively to the business.

Data-driven decision making on payroll matters will add value to the HR and Finance functions of tomorrow.

What is the biggest people-related challenge within your payroll operation?

Availability of skilled payroll resources



Upskilling existing staff on new technology e.g., artificial intelligence, automation etc.



Providing a viable purpose, growth opportunities and career path



Upskilling existing staff on wider business skills such as problem solving, communication, providing value-add services



Source: Beyond the pandemic webcast polling results

## EY Payroll Discovery Services

Discover how your payroll function could do more, and gain an independent view of the robustness of your current payroll operation and how it can be further future-proofed. EY teams can support with building the business case to support future state delivery and technology model. Click [here](#) for more information.

## About EY Payroll Operate

- ▶ Managed services in over 150 countries designed to transform your payroll function and create a distinctive employee experience via one compliance, process and technology platform.

Enabling components of EY service

- ▶ **One-stop, one-source** – Highly managed payroll outsourcing provided through EY teams
- ▶ **Single global platform** – Consolidated process and control framework, proven payroll service
- ▶ **Scalable, configurable** – Data and systems integration to help deliver automation and seamless fit to clients
- ▶ **Integrated approach** – Meets workforce needs, to address unique payroll footprint and support vision
- ▶ **Connected services** – Access to experienced professionals from finance, tax and law, leveraging investments automation, AI and machine learning

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Service hubs

150+

Countries served

2,500+

Payroll professionals

50+

Years experience in providing industry leading services

## Contact the speakers

Please do not hesitate to reach out to discuss this webcast or any of your COVID-19 related payroll concerns.

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EY | Assurance | Tax | Strategy and Transactions | Consulting

**About EY**

EY is a global leader in assurance, tax, strategy, transaction and consulting services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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EYG no. 007424-20GbI

BMC Agency  
GA1016884

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