

Payroll Efficiency Index reveals global improvements during the pandemic

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Payroll efficiency improved following the aftermath of the pandemic, with First-Time Approvals (FTAs) increasing while data inputting errors and the number of issues per 1000 payslips dropped globally. That's according to a report from leading global employee pay provider, CloudPay.

According to the Global Payroll Efficiency Index (PEI), FTAs increased almost 2% globally in the year following the Covid-19 outbreak while data input issues dropped more than 4% and the number of issues per 1000 payslips fell 24%.

These figures suggest that process efficiencies improved, despite the challenges facing payroll teams during global lockdowns, the shift to remote working and the move to furlough for some employees.

The report introduces a new Payroll Difficulty concept – analysing the complexity of payroll processes, software maturity and talent availability to benchmark how efficiency is being impacted by wider, uncontrollable market conditions.

The data – which benchmarks payroll processing KPIs across 130+ countries – showed that the complexity of data collection in a remote working environment had a marginal impact on the number of days required to complete payroll processing, with global figures reporting an additional 0.1 days in calendar length for payroll. The percentage of supplemental runs also rose, up over 4% globally, though this can largely be attributed to the increase in the number of employees being laid off during the pandemic which resulted in termination payment requirements.

Regional variances

The report also revealed a number of regional nuances in key performance indicators. The Americas, for example, was running almost 12% above the global average for First Time Approvals, while the APAC region reported the fewest issues per 1,000 payslips. While the EMEA region has shown signs of payroll efficiency improvement in the last two years, it was the lowest-performing region.

CloudPay CEO, Paul Bartlett, commented on the data:

“While our data shows that just 0.01% of payslips globally had inaccuracies in 2018, this metric only scratches the surface of the key performance indicators that need to be measured. The effort and investment that had to go into achieving this provides a much clearer picture as to whether or not processes are currently working, which is why we launched our PEI report. It's encouraging to see that overall payroll efficiencies improved in the year following the Covid outbreak when many teams were operating in a remote capacity. What this does highlight is that payroll technology – which was heavily relied on during national lockdowns – can significantly improve efficiencies.”

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