

# 5 trends shaping the HR and payroll profession

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Over the past decade, South African human resources (HR) and payroll professionals have seen the complexity of their roles compounded. The shift towards digital technology, the arrival of new generations in the workplace, and an increasingly complicated legal and tax environment have all contributed to this ever-evolving landscape.



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Moreso, with the rapid rise of remote working models and the fallout from the pandemic, HR and payroll professionals have even more challenges to face. This all unfolds at a time when businesses recognise that strategically focused HR and payroll departments have a pivotal role to play in building a workforce that provides a competitive edge.

Sage research of 1,000 small and medium enterprises reveals that 93% of small and medium enterprises (SMEs) in South Africa aiming to grow in the next five years say recruitment and resourcing should be at the heart of growth. This highlights the critical role of HR and payroll in taking a business to the next level.

In fact, 85% agree that HR and payroll professionals deserve a seat at the senior management decision-making table.

As one of the most significant strategic concerns for South African businesses, here are five trends shaping the HR and payroll profession:

## 1. Compliance complexity

The HR and payroll function is becoming increasingly complex, particularly in terms of tax and compliance. At a time when HR professionals need to focus on strategic concerns such as talent recruitment, development, engagement and retention, they are spending a growing portion of their time on compliance instead. Additionally, 77% consider payroll taxes complex, while 50% find it challenging to explain a tax calculation.

Their challenge, however, isn't limited to payroll taxes such as pay-as-you-earn (PAYE), Unemployment Insurance Fund (UIF), the Skills Development Levy and constantly evolving HR legislation. HR professionals also need to comply with privacy regulations like the Protection of Personal Information (PoPI) Act, General Data Protection Regulation (GDPR), and health, safety, and environmental regulations.

## 2. Getting a handle on remote work

Every part of the business has needed to adjust to new remote working models over the past 18 months, including HR. For many organisations, remote or hybrid working models appear to be here to stay. As of August, 82% of South African SMEs were still running fully remote or largely remote models, according to the Sage survey, while half (50%) have been hiring, training and managing employees in a remote/hybrid work environment over the past year. Forward-thinking organisations are now beginning to look more carefully at using cloud-based systems for HR management to drive performance.

## 3. New generations equal new workplace expectations

HR departments are wrestling with how work is changing as a new generation moves into the workplace and millennials move up the ranks in management.

Furthermore, younger generations such as Generation Z expect more from employers regarding ethics, social responsibility, and social issues. These digital natives have very different expectations of work and how and where they do it. Importantly, they are beginning their careers at a time when 'work' as we know it is evolving. This places the HR and payroll functions in an advantageous position to structure their cultures and ways of working to attract the best young talent. They collaborate and use technology differently from older employees because they grew up in a world of digital saturation. They also have new expectations in terms of work/life balance.

## 4. Covid-19 aftershocks

Covid-19 isn't over, but we are hopefully getting better at managing it through a mixture of vaccination and non-pharmaceutical interventions. However, we are still feeling the shockwaves of the hard lockdown and the worst months of the pandemic coupled with the July unrest. This has employees worried about job security in a down economy, and those with scarce skills come with new demands and expectations, especially around remote work.

HR departments need to manage these expectations through a delicate balancing act. But, they are overwhelmed after a difficult year and a half. Processes such as recruitment, retention, onboarding and offboarding have become more complex in this landscape, and HR professionals in our survey reported they are generally less confident dealing with the impact of Covid-19.

## 5. Tied up in manual red tape

Even though HR and payroll automation solutions have been available for decades, many HR professionals report spending a staggeringly high percentage of their time on manual work. More than a third (35%) in our research said they spend 30% or more of their daily time on payroll preparation and processing, while 83% agreed HR and payroll involve many repetitive tasks. This heavy reliance on manual processes not only drains time but also opens businesses to compliance and security risks.

## Getting complexity under control

For HR professionals to step up and take a more strategic role in the business, they need to tame the current challenges they face in administration and compliance. This is where forward-looking HR and payroll departments see technology playing an increasingly vital role in their future. Those with accessible, integrated cloud-based platforms are already reaping the rewards.

Such systems streamline and automate their processes and provide real-time employee and organisational data needed for better reporting and analytics to inform strategy and planning. This equips them with the real-time insight they need to make substantial contributions at boardroom-level discussions about strategy, data security to improve compliance, and a streamlined payroll process to reduce errors, cut costs, and increase employee satisfaction. In turn, this helps the organisation harness its talent more effectively as a competitive advantage.

## ABOUT YOLANDI ESTERHUIZEN

Yolandi Esterhuizen oversees the interpretation and implementation of tax, labour and protection of personal information legislation into Sage's HR and payroll as well as accounting products across Africa and the Middle East. She brings to her role expert knowledge and consulting experience in tax and labour law, including PAYE, Employment Tax Incentive, Employment Equity, Skills Development and Labour Relations.

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