

2020 ushers in new importance for HR and payroll data

This year will see HR and payroll data play a pivotal role in business, becoming an increasingly valuable asset that provides a snapshot overview of the current status of the business. This is according to Ian McAlister, general manager of CRS Technologies.



Image source: Getty Images

“Beyond the nuts and bolts of hardware, software, and even cloud computing, is data. This is the fundamental component driving business today. To this end, CEOs will become more aware of the information at their disposal and the significance it has for the well-being of the company,” he says.

Primary data source

Data on its own means very little if it is not analysed properly, but those CEOs who take the time to correctly analyse what they have on hand will be the ones that improve business performance in their organisation.

“As such, HR and payroll will become one of the primary sources of data that will enable CEOs and top management to make decisions that can positively impact the strategic direction of the organisation,” McAlister continues. “Furthermore, this data will become a measurement tool that can be used to understand the impact of their decisions on the organisation’s continued success.”

Gone are the days when HR and payroll data resided exclusively with HR and was solely used to generate reports about staff retention and turnover. “Forward-thinking CEOs will use the data to answer pertinent questions on, for example, labour costs within the organisation, or whether newly rolled out technology is working. As changes are implemented, CEOs will be able to accurately track whether these are having the desired effect.”

While HR and payroll data will provide CEOs with invaluable organisational insight, McAlister points out that it must be collated in conjunction with other data sources – such as production, sales, and operations – within the business to gain a more accurate view of the health of the company.

“Inevitably, views toward HR and payroll data are set to change, owing to an enhanced understanding of its importance within the organisation. Additionally, the introduction of more innovative technology will see this become even more vital to the success of the company,” he adds.

“Because labour is usually the highest cost of any business, technology such as employee engagement tools will become extremely useful in ensuring that employees remain aligned with the organisation’s values, purpose, and key success factors. It will do so by ensuring all departments and divisions have a clear picture of what is required to optimise efficiencies and improve performance.”

Legislative changes

The impact of the HR legislative environment on operations should not be forgotten. However, companies can expect legislative changes in 2020 that could be potentially detrimental to their bottom line if they are unprepared.

For example, a ‘designated employer’ is currently defined as a company consisting of more than 50 employees, or with an annual turnover threshold for its industry. The proposed new definition, which excludes the turnover threshold will certainly make it easier for SMMEs to operate in that they no longer need to report on employment equity requirements (EE). But, says McAlister, failure to report will prevent them from being issued with a compliance certificate.

“Without this, they will be unable to apply for government tenders. Consequently, SMMEs may choose to voluntarily comply with the new requirements, especially if their continued success relies on doing business with the public sector.”

Another example is the Employment Equity Act and its Code of Good Practice, which contains information on handling sexual harassment cases in the workplace. A new Code of Good Practice, based on the International Labour Organisation Convention 190 on Violence and Harassment and Recommendation 206 on Lustful Gazes, is expected to be released this year.

“The world is already experiencing a climate of over correction regarding sexual harassment accusations. This looks set to continue with the incorporation of ‘lustful gazes’ into the code, along with new envisaged definitions around terms such as ‘sex’ and ‘gender’. All of this will impact how an organisation effectively manages these issues in the workplace.”

Additionally, changes to parental leave legislation, which came into effect on 1 January, see all parents, including fathers of new-born children and mothers of children born through surrogacy, entitled to 10 days paid parental leave when their children are born.

Impact on operations

“One of the biggest challenges when it comes to legislative and technology readiness is that companies, irrespective of size and industry sector, are not adequately prepared for the changes to come this year,” says McAlister.

“This is especially the case with SMMEs, who need to give serious consideration to engaging the services of a professional HR and payroll consultant, as the risk of non-compliance is simply too great. Being forced to pay considerable amounts of money in penalties and settlements could ultimately lead to the demise of their business.”

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