The Challenges of Payroll and Compliance in 2022-23
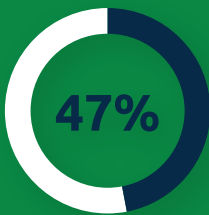
How remote work, security breaches, fast-changing regulations and continuous innovations have made payroll more complex

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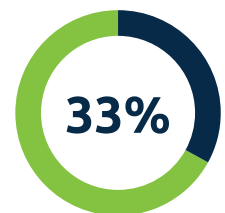## Many organizations continue to struggle with employment-related compliance issues

47% of the organizations believe complying with all wage, hour, and taxation policies and regulations is easy/very easy
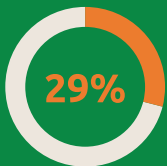
But

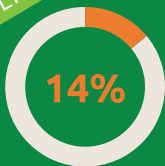**25%** view it as difficult/ very difficult

33% believe compliance requires considerable time and effort

Remote work has made payroll and compliance more of a challenge

29% of organizations say remote work has made it harder to comply with wage, hour, and tax regulations

ONLY **14%** of respondents with fully remote staff, find compliance very easy

Difficulty with payroll compliance can lead to other problems

Organizations that find compliance challenging are:

Nearly **4X** as likely as others to say it distracts from their core mission

More than **2X** as likely to have faced a security breach in the past two years

Security breaches are an unfortunate occurrence, but they can act as a wake-up call

10% of organization have suffered payroll security breaches just over the last two years

Of those that have had breaches:

45% say they suffered a major disruption

90% say it had a negative impact on morale

But most learned from the incident

72% responded by improving training

62% changed security policies

A majority of firms use at least one innovative add-on

64% of organizations use innovative add-ons, including:

Charitable donations via payroll deduction

Earned wage access

Pay in cryptocurrency

74% of these organizations believe these add-ons have a **positive** impact on employees

Yet, some organizations are worried that employees are **underutilizing** them

Automation may be the secret to payroll and compliance success

Compared to less automated organizations, those that are highly automated are:

→ **2X** as likely to find compliance very easy

→ Nearly **10X** as likely to say compliance takes little time and effort

Consider these strategies

- ✓ **Find** the right payroll provider
- ✓ **Automate** your payroll process
- ✓ **Take** security seriously
- ✓ **Pay** attention to the payroll implications of remote work.
- ✓ **Look** for payroll-related add-ons that can give organizations a competitive advantage

About the Survey

Maximizing **Human Potential**

hr.research INSTITUTE

The Payroll Security, Regulation and Innovation Survey 2022 ran in the third quarter of 2022. We gathered 233 complete and partial responses from HR professionals in virtually every industry vertical. Respondents are located all over the world, but most of them reside in North America, especially the United States.

The participants represent a broad cross section of employers by number of employees, ranging from small businesses with fewer than 100 employees to enterprises with 20,000+ employees. One quarter of the responses were from organizations with over 500 employees.

Highly automated: Those who answered that compliance processes are automated to a high degree or very high degree.

Less automated: Those who answered that compliance processes are automated to a moderate degree, low degree, very low degree, or not at all.

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Read the full research report.

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