



**A Symatrix Whitepaper:
Bringing HR and payroll
together to melt the
'iceberg of ignorance'**

The 'iceberg of ignorance' was a study produced by consultant, Sidney Yoshida in 1989 which highlighted that senior people within an organisations who that are removed from day-to-day operations often can't see the most pressing problems that their people regularly face. on a daily basis. In fact, the study argued business leadership is frequently hardly unaware at all of any of the real challenges faced by the organisation.

Often, Yoshida argued, what they know about is just the 'tip of the iceberg'. The study postulates, while frontline staff between them see 100% of the problems, middle managers only see 74%, team managers 9% and senior executives just 4%.

The problem exists within most organisations - frequently down to poor integration of people, processes and data; siloed ways of working; and an associated lack of collaboration. This often creates challenges at a frontline operational level, intelligence and awareness of the problem is not filtering through to the people who need it the most – in this case the most senior managers.

Integration is key

Nowhere is the importance of this better illustrated than in the age-old HR/payroll disconnect. It's been an ongoing debate: should payroll sit in finance or HR or should it work in isolation? The reality is that there is no simple answer to this ongoing conundrum. Every business is different in this respect and in many organisations the lack of clarity around this means that payroll is likely to remain a nomadic department, with no clear and obvious home.

Some organisations are firmly of the belief that HR manages people data and the policies related to pay, so must sit within HR. Others argue that finance is responsible for payment, governance, statutory compliance so must control all monies between employees, suppliers and customers. Then there are those who see the whole piece as a joined up smorgasbord of end to end process encompassing Finance and HR responsibilities, with modern technology as the enabling centrepiece.

But the simple answer is that, there "is no simple answer!". Organisational structures, processes, business systems and company strategy will all have varying degrees of impacting fluence on the right solution. However, all is not lost. Regardless of your take on this matter and regardless of your structure, there are some key best practices that you should consider introducing to ensure compliance, control and accuracy across HR and payroll, helping in turn to break down one particular the iceberg of ignorance that floats around in the sea of HR and payroll.





Rolling out an approach

Many of the common HR and payroll problems we see in today's organisations are still related to a lack of integration, and automation of process and off system workarounds. That is always a problem – payroll, and HR data and process must be closely aligned. Think about a new starter coming into the business, one of the first things they will receive in their new job is their monthly pay. Whether this is accurate will depend on whether the quality of data about them that comes over from the HR department is right on which the payroll is calculated.

So, payroll will need to know whether it has their name and address details, whether it knows their salary, benefits and any relevant allowances and deductions. All that information will need to be generated in HR and then in some way understood and used by payroll. Data needs to be right and flow seamlessly well to do this accurately to enable payroll to drive correct and timely payments to employees and 3rd parties. When it does not, it is typically because the processes are not sufficiently robust for data collection or streamlined for data delivery.

Often different systems talk in different languages, often the senior approval paths don't work. Moreover, when disparate HR and payroll systems are in place, payroll teams often can't answer queries effectively, because they can't necessarily see the data, and employees are passed around the business, trying to find answers to their questions.

Frequently, there is too great a reliance on legacy processes. Taking a basic example such as sick leave, there is still a huge amount of manual manipulation, input of data and duplication across systems, even to the extent that some payroll systems demand that absence needs to be managed within payroll rather than within the HR application. This sort of inflexibility creates 2 sources that HR then need to go to to get meaningful data on which business decisions need to be made.



It can result in large payroll teams that are focused on manually rekeying and “unpicking data”. This can lead to errors resulting in over- or under-payments, and cost to the business, which can mount up significantly over time in addition to the high costs of simply operating a payroll team. It can also negatively impact payroll staff, who end up seeing themselves as administrators rather than people in a position to add value to the business.

Perhaps most significant of all, it can lead to toxic relations between employers and employees, with staff coming to the negative conclusion that the company is not paying them correctly and that the processes used are convoluted and error-prone. Extrapolating this over time and across processes and the costs and impacts can be huge. If we add to this, what we are now seeing in the marketplace where employers are calculating redundancy payments based on the payment details for the last few months, due to the furlough job retention scheme questions will be asked if this is the result of system driven errors or employers exploiting legislation.

If this kind of metric, or even more important, basic pay is wrong, employees will know but more senior employees often won't. The result is disgruntled employees but senior management often in the dark about where processes have broken down. It is a classic example of the 'iceberg of ignorance' and lack of senior visibility can lead to festering, toxic problems and negative business cultures.

How a collaborative process breaks down the barriers

So how can businesses address these problems and start to melt the iceberg of ignorance? It's about awareness – senior management need to know there's a problem and work to resolve it. They need to bring the right stakeholders – senior directors, HR and payroll managers into the same room – to debate the issues.

It is also about integration - not just people, but HR and payroll processes coming together in a single system, or, failing that, closely aligned. Gone are the days when an organisation can use the excuse that this is not possible, you may not work this way today but there are plenty of options for you to do so. By ensuring that you have either a single HR and payroll solution which holds one version of "people" data, or you have a robust data interface between HR and payroll systems, you can dramatically reduce the errors and therefore the costs over time. A recent client engagement highlighted that they had created a cottage industry for the administrative activities that was costing them in excess of £2,000,000. A recent customer of ours at HRCubed had overpaid £250,000 in one year from this particular issue, as a result of manual activity and human error.

One of the big considerations relating to integration these days is cloud. If you have a cloud HR system and a separate payroll system, that cloud system will typically be updated on a regular basis. Elements of that cloud HR system are likely to be changing a great deal so it is imperative that organisations test that the payroll interface or data flow works, including 'regression' testing to ensure that period to period everything is still working as smoothly as expected. If HR and payroll are operating on different cloud cadences applications, the need for testing will increase still further. This is a relatively new challenge in the Cloud and one that is becoming key to resolve for HR and Finance directors to resolve.

Collaboration is absolutely key. HR and payroll departments must work closely as partners to develop a single end-to-end process, break down business barriers and ultimately 'melt the iceberg'. Collaboration must, however, extend beyond simply connecting payroll and HR. It must extend more widely across the business as a whole. Technology and more broadly migrating from manual to automated systems have key roles to play here.



Paper processes, internal mail, intranet forms, emails, and in-house developed systems are all tools that organisations have used to try to capture HR data from employees and managers, but as we all know this approach is messy, time-consuming, error-prone and costly. We also know that the majority of data that affects payroll is sourced directly from employees and managers, but we also seem uneasy about 'devolving to source'.

This may have come from the misconceived notion that this is "HR data" or it may come from the perception that HR want to push more administrative effort to the line. Both of these can be symptomatic of poor HR systems and poor processes but getting to the root of these perceptions is the first step to ensuring that you firstly have buy-in and involvement from across the whole organisation and secondly that you can start to improve ways of working to benefit the business. Most employees nowadays just want easy access to data and to book leave, request a payment and view their payslips.

The key here is to involve those affected in what is essentially a business process – we must stop thinking about these as HR issues or HR processes. We need to think of them as business wide processes, we also improve visibility across the business and help to break down the iceberg of ignorance at the same time.

Data transformation

The key risk in not 'empowering our employees', is that HR then have limited ability to have rules-based input and control at the point at which the data is changing. The effort in HR and payroll is then more about transforming data, checking, querying and re-keying. This data 'double entry' then becomes a huge overhead. Empowering employees and managers to enter data directly, which then goes through an appropriate approval route with eligibility criteria, thresholds and in-built rules, will not only have a positive impact on the employee experience, but will free up precious HR administration time to focus on adding value to the business. Positioned correctly and communicated clearly, this can free up time both in the HR and payroll teams and, more critically, across the whole business.

Many organisations are using modern HR systems or even Robotic Process Automation (RPA) to accomplish this, but what is important is that you take a 'lean' and business-facing approach to the issues. Such an approach will effectively turn this into a business wide solution and help ensure that the outcomes are visible to key stakeholders across the business.





Benefitting the whole business

So in summary, the debate around this topic will go on for some years to come but the key lies in understanding your organisation, the needs of the business and the process and the organisational and technological barriers preventing you from delivering a first class set of HR and payroll services. HR and payroll will always be tightly intertwined but truly understanding and enhancing the strengths and opportunities in each is what can give your organisation a distinct advantage.

Critically too, it is an organisation-wide advantage: a benefit that is visible to the whole business and that the whole business understands. It therefore helps to reduce and ultimately eliminate altogether that sense of ignorance of what is going on, not just among those at the lowest levels of the business but also among the organisation's more senior leadership teams.

If you'd like help in more tightly integrating your HR and payroll processes to aid better data, accurate payroll and happier employees and help eliminate the iceberg of ignorance in your organisation, then get in touch with us here at Symatrix

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More specifically, Symatrix delivers operational services, consultancy, training and ongoing support for Oracle HCM Cloud and Oracle's E-Business Suite and for the Salesforce HR and payroll solution, XCD.

Symatrix is an Oracle ISO27001 and BACS-accredited managed services provider and the only company to provide a fully managed payroll on the Oracle Cloud solution and also on Salesforce. For more information, please visit the company's website at www.symatrix.com.