



Payroll Profession Confidence Index

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Preface

For over 30 years, I have been privileged to work in payroll and its far-reaching ecosystem. I have seen payroll's maturation and evolution from multiple vantage points in the marketplace and against many diverse organizations. As a firsthand witness to the transformative power of payroll technology and innovation, I am truly excited about the impact it will continue to have on the payroll process, profession, and experience!

The rapid evolution of intelligent automation and digital technology is reshaping the future role of the payroll professional toward that of a strategic advisor, where artificial intelligence augments professionals to engage their rich skills in concert with their deep datasets to return greater strategic impact to the businesses they serve.

A lot has changed over three decades, but none more so than *the expectations and importance of payroll*.

The employee experience now hinges on payroll to 'never miss,' with pay expected in real-time and on demand. Payroll compliance has become a labyrinth of complexity, with the goalposts constantly shifting. Organizations of all sizes are turning to payroll to navigate these complexities, facilitate strategic plans (such as M&A, divestitures, and geographical expansion), and enable agility. The need for strategic prioritization and investment in modern payroll operations has never been more pressing.

Yet despite the innovation, *what hasn't changed is the less-than-treatment, and lack of respect payroll professionals endure*.

Payroll is often the largest line item on the P&L, a top HR technology-related expenditure for employers of every size, and essential to any business decision that involves people. Yet payroll commonly remains undervalued, misunderstood, and largely underestimated for its strategic impact and criticality. Worse, many payroll operations limp along without adequate budget, absent modern technology and infrastructure, and lacking support from executives or their corporate cultures.

I hope this report will help raise awareness among executive leaders for how critical a modern payroll operating model and its professionals are to enabling improved business outcomes and enhancing organizational agility. More importantly, how much more strategic value and impact payroll leaders and their operations can provide when championed and prioritized!

We should recognize that *payroll influences everything*, and it must be respected and nurtured accordingly.

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Executive Summary



Sentiment



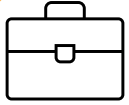
Operations



Impact



Appendix



EXECUTIVE SUMMARY

- PPCI dashboard
- Payroll iceberg
- Executive summary



2024

Payroll Profession Confidence Index

The state of payroll operations

12%

...are functioning in a transformed state.

51%

...are unfit to support strategic direction.

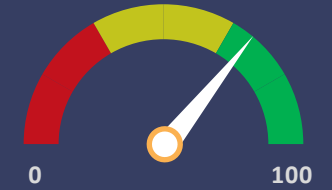
34%

...are currently delivering a high or very high level of strategy-impacting value.

74%

...lack confidence that their orgs are doing enough to unlock the full strategy-impacting value from their payroll ops.

Payroll Profession Confidence



'Cautious Optimism'

Invested vs. Investing in Payroll

42% of execs/orgs. are adequately investing.

45% of execs/orgs. are perceived to be *invested*.

Top 5 Investments Sought

1. Education & training
2. Championing payroll as a CoE
3. Skilled talent
4. Transformation & change*
5. Cloud technology

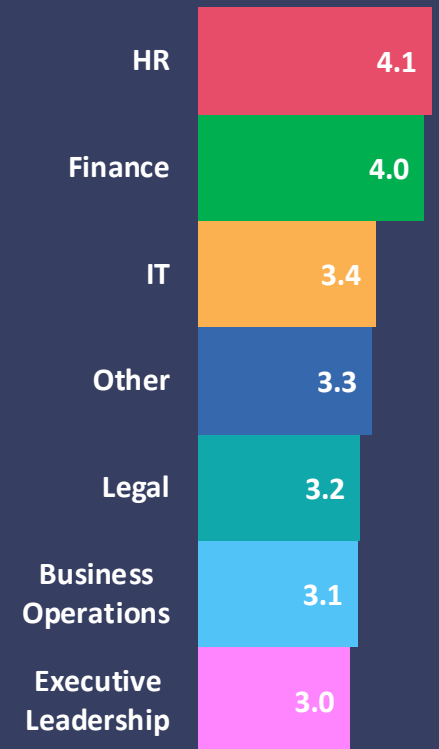
* Top 2 amongst MNC's

Most Impactful Digital Enablers

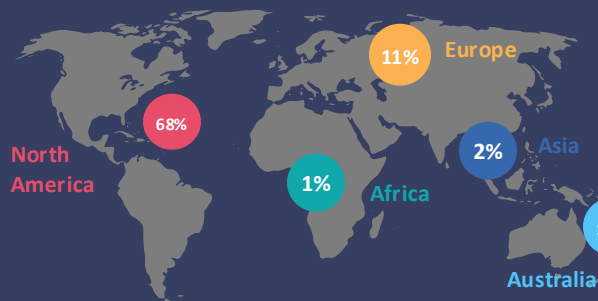
1. Cloud
2. Analytics
3. Mobile
4. Digital payments*
5. APIs

* Top 2 amongst orgs. <1K employees

Strength of Partnership



Respondent by geographical mix



Amongst payroll ops. where exec relationships are strongest compared to those where it is weakest are:

- 42% more likely to have a culture that prioritizes payroll.
- 50% more likely to be viewed as a CoE vs. simple processor.
- 26% more confident in the ability to enable the strategic plans of the business.
- Delivering nearly 3 x the value and strategic impact to their businesses.

Payroll is significantly more work and risk than what can be seen on the surface.

- ✓ Employee Experience (complaints)
 - ✓ Paychecks
 - ✓ Reports
 - ✓ Source to Gross (chasing time inputs)
 - ✓ Audits & Controls
 - ✓ Testing/maintenance of systems
 - ✓ Manual Processing
 - ✓ Compliance
 - ✓ Project Management (M&A, CBA's, Year-End.)
 - ✓ Data Maintenance
 - ✓ Tax Inquiries, Audits
 - ✓ Vendor Management
 - ✓ Gross to Net Calc
 - ✓ Payroll Inquiries
 - ✓ ...and much more
 - ✓ Tax Filings
 - ✓ Global mobility/ EXPATS
 - ✓ Garnishments
 - ✓ GL reconciliation
- ...often, anything another department doesn't want to do that seems remotely close to "pay or payroll").



Payroll is so much more than what you see on the surface, often measured by the complaints (or lack thereof) on payday. Payroll is more than a processor simply printing checks.

Payroll is a mission-critical function that is equal parts employee experience and wellness driver, controllership and risk management, and a data-rich resource and advisor for supporting strategic plans and enabling organizational agility.

The immense responsibility payroll has in keeping the company compliant cannot be understated, but imagine doing so with limited resources, outdated or no technology, a lack of skilled experts, and minimal investment or respect from the organizations they serve. Underpinned with a moving target of legislative demands that scale with the company.

Unfortunately, this is the reality for roughly half of the payroll professionals worldwide and is increasingly a strain on competitive advantage and organizational agility, elevating the risk for organizations that ignore it.

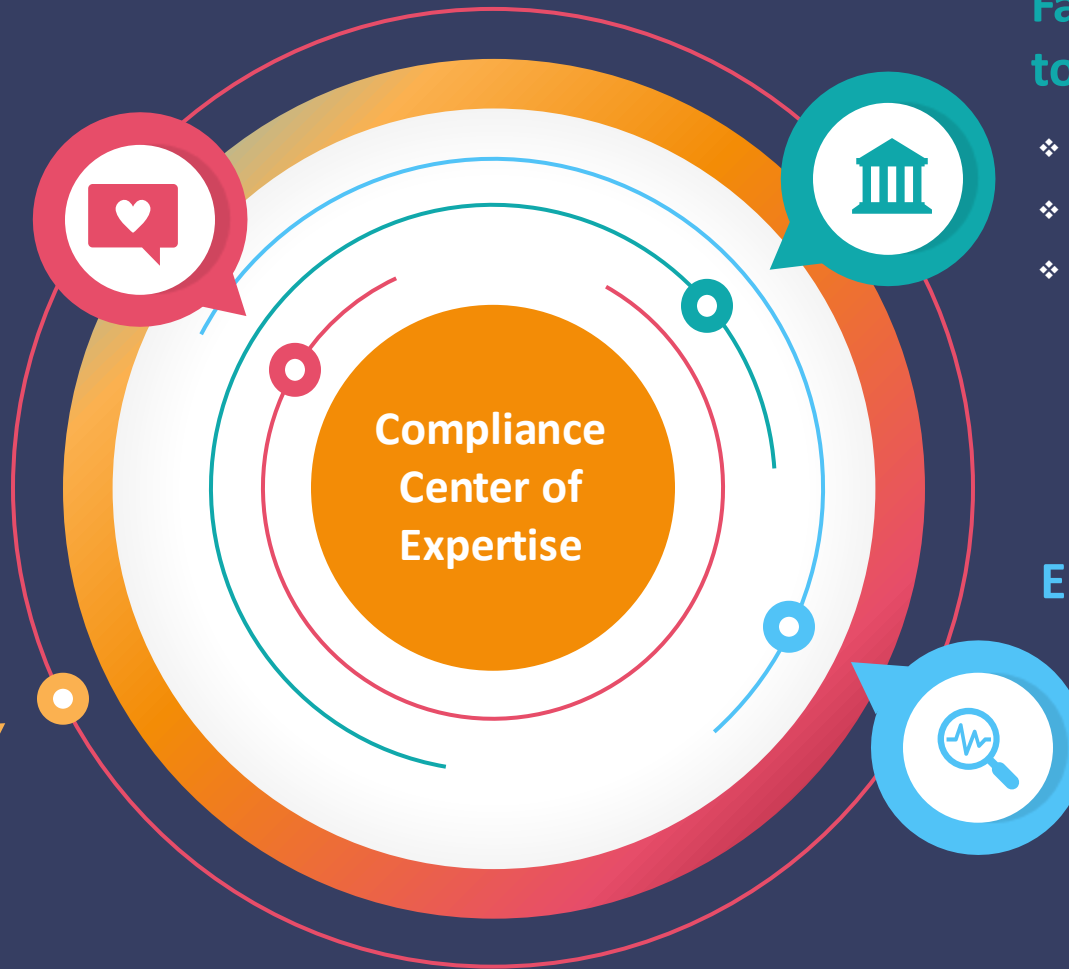
The expectations of modern payroll operations are increasingly centered around five key pillars.

Delivering the modern 'Pay Experience'

- ❖ Pay & total rewards
- ❖ Transparency & Equity
- ❖ Choice of pay timing & method
- ❖ Financial wellness insights, education, & nudges ('Payroll Everywhere')

Advising on strategic initiatives

- ❖ Proactive business engagement on strategic plans
- ❖ Insights and expertise guide the organization along its growth path



Facilitating compliant access to skills and talent

- ❖ 'Any type, any time, anywhere'
- ❖ Risk management and avoidance
- ❖ Compliance expertise and advisory

Enabling organizational agility

- ❖ Scalable, adaptable, & resilient payroll operations able to flex with the organization along its growth path
- ❖ Leveraging data and insights to help the organization to 'see around the next corner.'

Despite progress, payroll remains undervalued, misunderstood, and underestimated for its strategic impact and value potential.

In recent years, payroll has seen a long-overdue infusion of digital tech advancement, innovation and investment, paired with a much-needed rise in prioritization within the HCM strategy as an essential facilitator of strategic initiatives.

Despite the innovation and progress, too few payroll operations have achieved a transformed state, and employers still have a lot of work to do to modernize their payroll operations and prioritize payroll and its professionals for greater resiliency, agility, and impact.

Payroll is still commonly misunderstood, undervalued, and often overlooked for the strategic value and impact its data set and professionals can provide.

More concerning is that over half of payroll practitioners lack a high level of confidence in their payroll operations to support the strategic directions of their businesses over the next 3 years.



12%

...of payroll operations are functioning in a transformed state.



>40%

...of payroll professionals do not feel respected by their organizations and are largely viewed as a simple back-office or administrative function.



>50%

...of payroll professionals indicate operating absent adequate investments to ensure the long-term success of their payroll operations.

Realizing the strategic value of payroll requires leaders to champion and prioritize the critical practice within the broader HCM strategy.

34%

...of payroll operations are currently delivering a high or very high level of strategy impacting value to the businesses they support.

74%

...of payroll professionals lack confidence that their organizations are doing enough to unlock the full strategy-impacting value from their payroll operating models.

58%

...of payroll professionals cite a 'seat at the table' for proactive payroll engagement on strategic decisions and initiatives as the top way in which executives can champion payroll in their organizations.

The strategy impacting value of the modern payroll operation is still largely overlooked, undervalued, and lacking in executive support to realize the full potential.

Extracting strategic value from payroll requires more than tech investments. Leader's must also champion and prioritize the critical practice as a Center of Expertise and trusted advisor to the business. Organizations that deprioritize payroll modernization are increasingly at risk of compliance failures, negative impacts to talent, limited insights and a lack of org. agility.

Payroll operations with 'strong' partnerships/relationships with executives fundamentally outperform those lacking executive and cultural alignment for payroll prioritization.

Amongst payroll operations where executive relationships are strongest compared to those where it is weakest deliver nearly **three times** the value and strategic impact to their businesses, and are **26%** more confident in the ability to enable the strategic plans of the businesses they support.



SENTIMENT

- Outlook
- Respect & perception
- Executive engagement

The sentiment of the payroll profession is one of “cautious optimism”
...excited for the potential tech can enable, yet keenly aware of the threat it poses.



Top Concerns:

- AI and automation
- Digitalization
- Shrinking talent pool for skilled payroll experts
- Organizational unwillingness to modernize or change

With payroll experiencing a much-needed rise in prioritization within the HCM strategy, long overdue digital tech advancement and innovation, and investment, the potential impact on the critical profession is truly exciting!

However, while artificial intelligence (AI) and machine learning (ML) continue to strengthen daily and have become a standard in the modern payroll technology landscape, practitioners are both optimistic and concerned.

They are optimistic about what technology can provide to advance their practice. Yet, they are concerned about how their roles will change, how it might impact their careers, and what the future of payroll will become.

Despite the progress, few payroll operations have achieved a transformed state. Employers still have a lot of work to do to modernize their payroll operations and prioritize their professionals for greater resiliency, agility, and impact.



Technology aside, payroll is still largely misunderstood, undervalued, and overlooked for the strategic impact its professionals can provide.

56%

...of payroll professionals feel highly or very highly respected within their organizations.

"Payroll is one of the most, if not the most, valuable departments in any company and is undervalued beyond measure."

"Most department heads have no idea what payroll actually does, what it requires, and how much valuable data we could provide if asked."

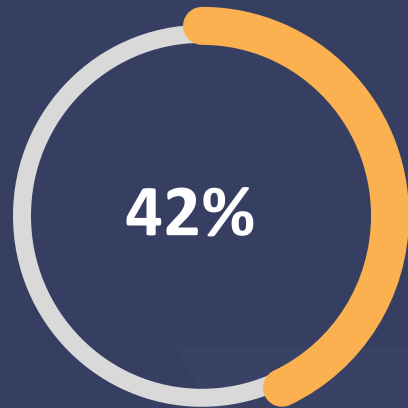
"I think that more awareness of the importance of payroll is needed so that employees can understand there is far more to it than just 'getting paid' each pay-cycle."

39%

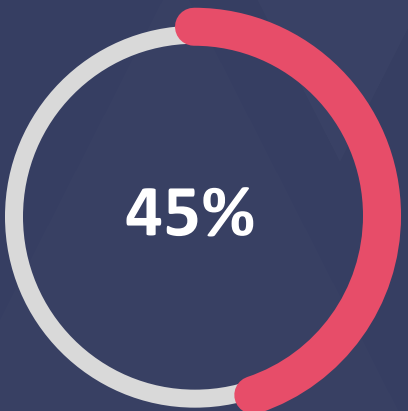
...of payroll professionals and their operations are perceived as Centers of Expertise.

"It seems everyone else's failures and emergency becomes our problem. Often undervalued, underpaid, and ignored for what we know."

Extracting value from payroll takes more than investments alone. Leaders must champion and prioritize payroll as a trusted advisor to the business.



...of payroll professionals have a high level of confidence that their organization's leadership is *'investing'* adequately in payroll's success.



...of payroll professionals have a high level of confidence that their organization's leadership are fully *'invested'* in payroll's success.

Over half of payroll professionals indicate operating absent adequate investments to ensure the long-term success of their payroll operations.

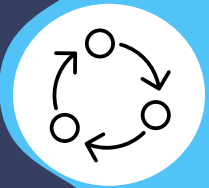
But investments and technology alone won't move the critical profession and process forward or secure its future.

Leaders must also be *'invested'* in championing and prioritizing payroll as a cultural norm, elevating its status from simple processor to strategic advisor, and infusing its processes and leaders in the broader HCM strategy and strategic decision-making.

Organizational leaders, HR, and business operations that continue to treat payroll purely as a cost center are increasingly at a competitive disadvantage compared to firms that prioritize payroll, invest in its success, and unlock its value potential to drive improved business outcomes.

OPERATIONS

- Operational health
- Digital technology impact
- Leading payroll investments



Despite innovation, payroll operations are not keeping pace, with over half citing a lack of viability to support the future direction of their businesses.

MATURITY

...of payroll operations are functioning in a fully *transformed** state.

12%

CENTRALIZATION

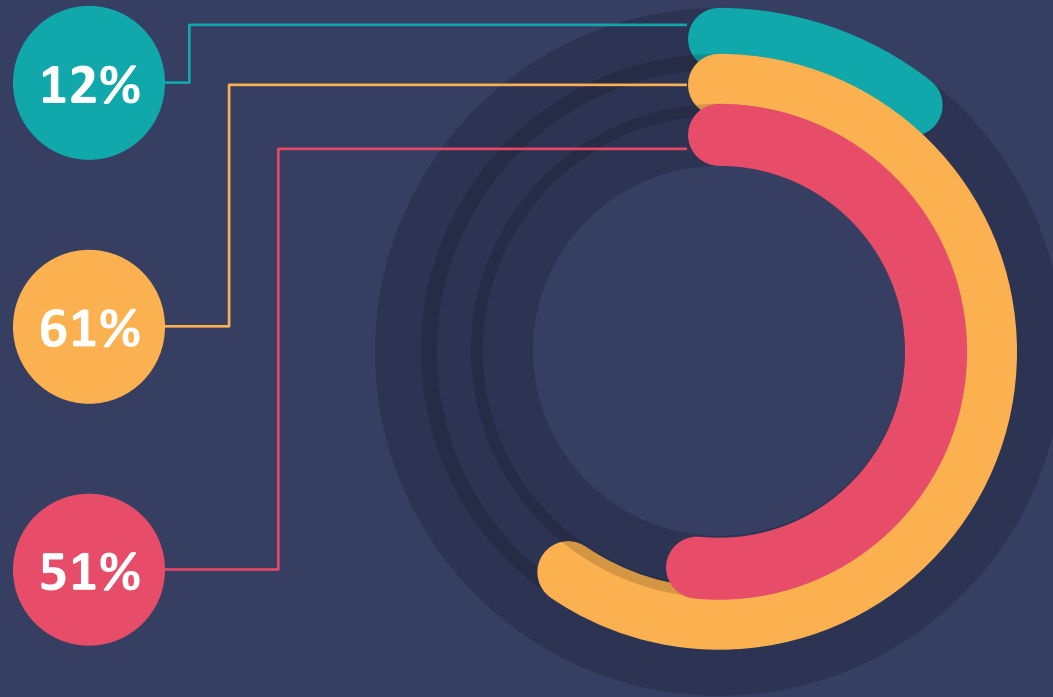
...of payroll operations are fully or mostly centralized.

61%

VIABILITY

...of payroll practitioners lack a high level of confidence in their payroll operations to support the strategic directions of their businesses over the next 3 years.

51%

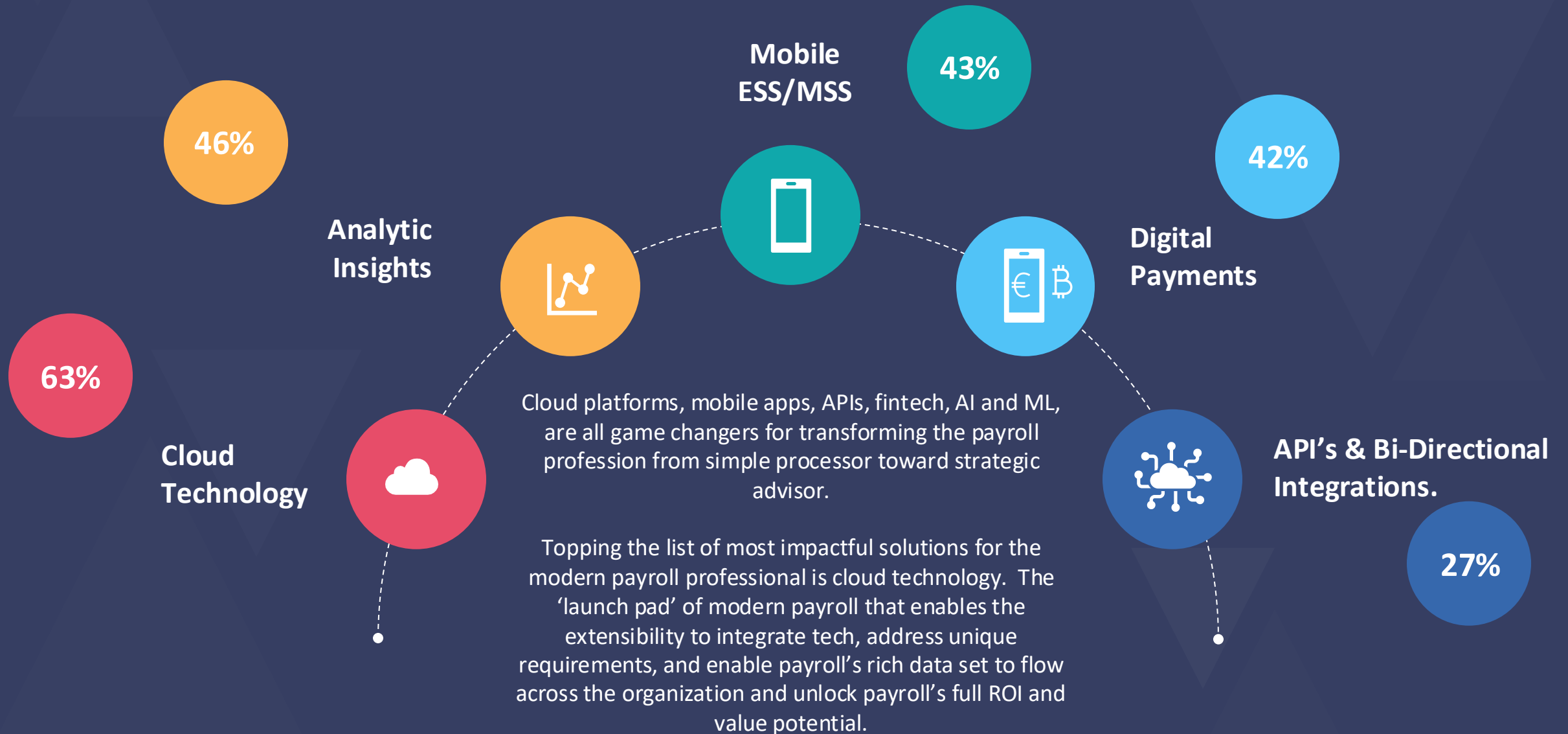


Despite an influx of digital innovation making its way to the payroll profession, not all employers and practitioners are experiencing the benefits of a modernized payroll operation.

Most payroll operations are currently lagging in maturity, lacking transformative technology and half lack confidence that their payroll operations can support the strategic direction of their businesses.

Organizations that deprioritize payroll modernization are increasingly at risk of compliance failures, negative impacts to talent, limited insights and org. agility, etc.

Top 5 most impactful digital technologies for payroll operations.



Education, skilled staff, and exec support are the top investments leaders can make to nurture, de-risk, and increase ROI for their payroll operations.

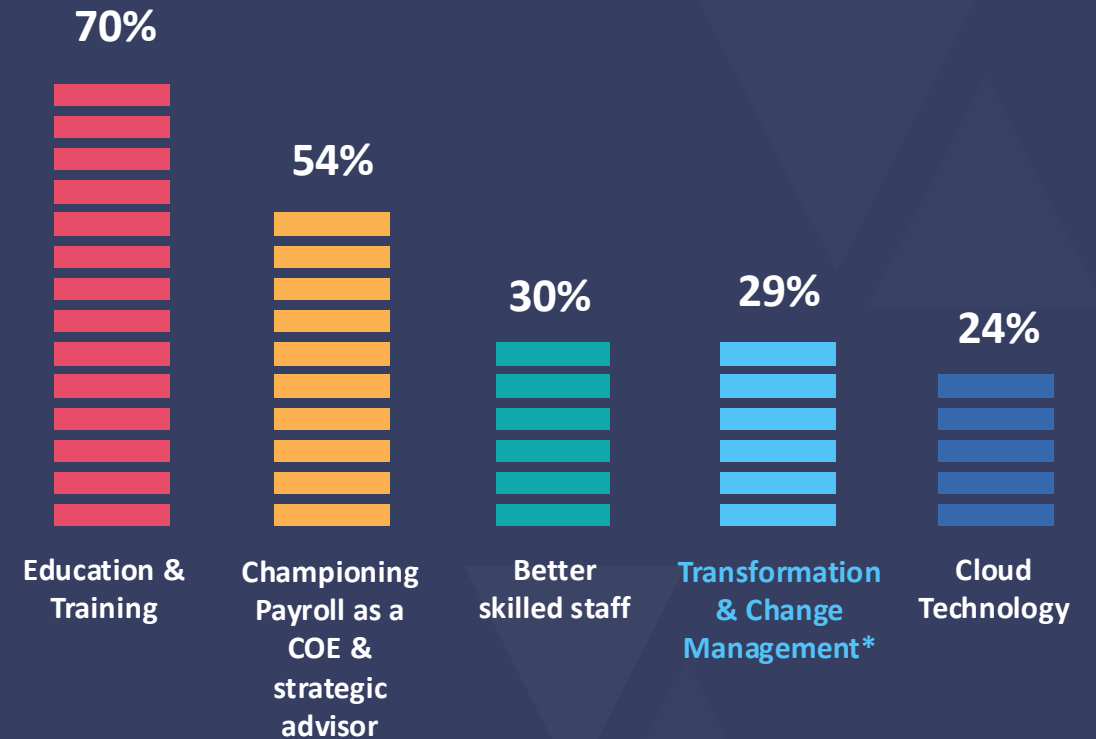
A long-overdue infusion of digital technology and innovation has rapidly advanced the payroll experience. The infusion of AI alone in payroll will have a profound impact on the critical process by augmenting, guiding, and empowering payroll professionals.

Technology will empower payroll leaders to activate their rich, future-ready skills in context with deep datasets, to facilitate and enable the organization's ambitions.

However, technology alone will not transform payroll, as payroll's most essential asset will remain its practitioners and their immense compliance knowledge and emotional intelligence.

Nurturing payroll and its professionals requires investments in people, leading practice process design, and modern technology and infrastructure. This must be underpinned with executive support to champion payroll as a Center of Expertise with a "seat at the table" for proactive engagement, adding value through insights and expertise to de-risk strategic initiatives and outcomes.

Top 5 Most Impactful Payroll Investments



*Top 2 for multi-country orgs.

Totals will not equal 100% due to multiple options allowed.

IMPACT

- Value realization
- Partnerships
- Leading ways to champion payroll



Organizations are largely overlooking the strategic value potential payroll can provide...and most aren't doing enough to unlock that value.

The strategy impacting value of the modern payroll operation is still largely overlooked, undervalued, and lacking in executive support to realize the full potential.

Often operating with inadequate infrastructure, limited resources, and a systemic “less than” status, payroll continues to deliver despite being ‘handcuffed’.

The reality is that payroll is an essential enabler (or potential self-inflicted roadblock) to strategic outcomes; engaging payroll’s rich data set and insights, compliance expertise, and advisory is vital to unlocking the essential business acumen – organizational agility.



34%

...of payroll operations are currently delivering a high level of strategy impacting value to the businesses they support.

74%

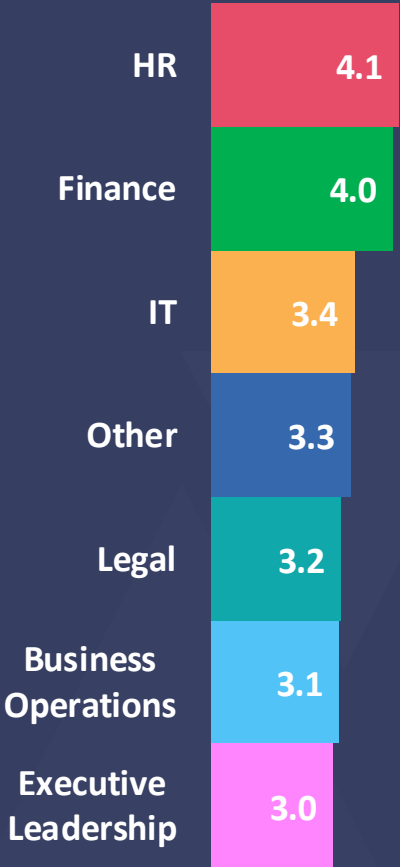
...of payroll professionals lack a high level of confidence that their organizations are doing enough to unlock the full strategy-impacting value from their payroll operating models.

66%

...of payroll professionals lack a high level of confidence that their executive leaders and corporate culture are fully aligned and invested in elevating payroll’s value and impact within their organizations.

Executives who prioritize and champion payroll in their orgs realize measurable increases in agility, value, and impact from payroll operations.

Strength of Partnership



1 = weakest
5 = strongest

Payroll operations where executive relationships are strongest compared to those where it is weakest are:

- **42%** more likely to have a culture that prioritizes payroll.
- **50%** more likely to be viewed as a CoE vs. simple processor.
- **26%** more confident in the ability to enable the strategic plans of the business.
- Delivering nearly **three times** the value and strategic impact to their businesses.

It's no surprise HR and Finance are payroll's closest allies in the organization, often with adjacent processes and overlapping interests.

However, there is a clear gap and lack of partnership with the broader organization, despite payroll both serving and, in some cases is significantly impacted by their actions and decisions. The widest gaps remain in payroll's relationship with business operations and, more critically, among executive leaders.

Payroll operations with strong partnerships/relationships with executives fundamentally outperform those lacking executive and cultural alignment for payroll prioritization.

Proactive engagement on strategic plans, and leaders 'invested' in prioritizing payroll, are the top ways executives can champion payroll for success.

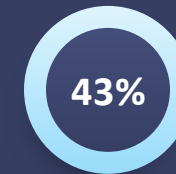
A 'seat at the table' for proactive payroll engagement on strategic decisions & initiatives



'Invested' & engaged leaders that prioritize payroll within the organizational culture



Investments in payroll operating model modernization



Improved integration/synergies with HR and the overall HCM strategy



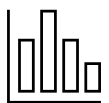
Increased budget



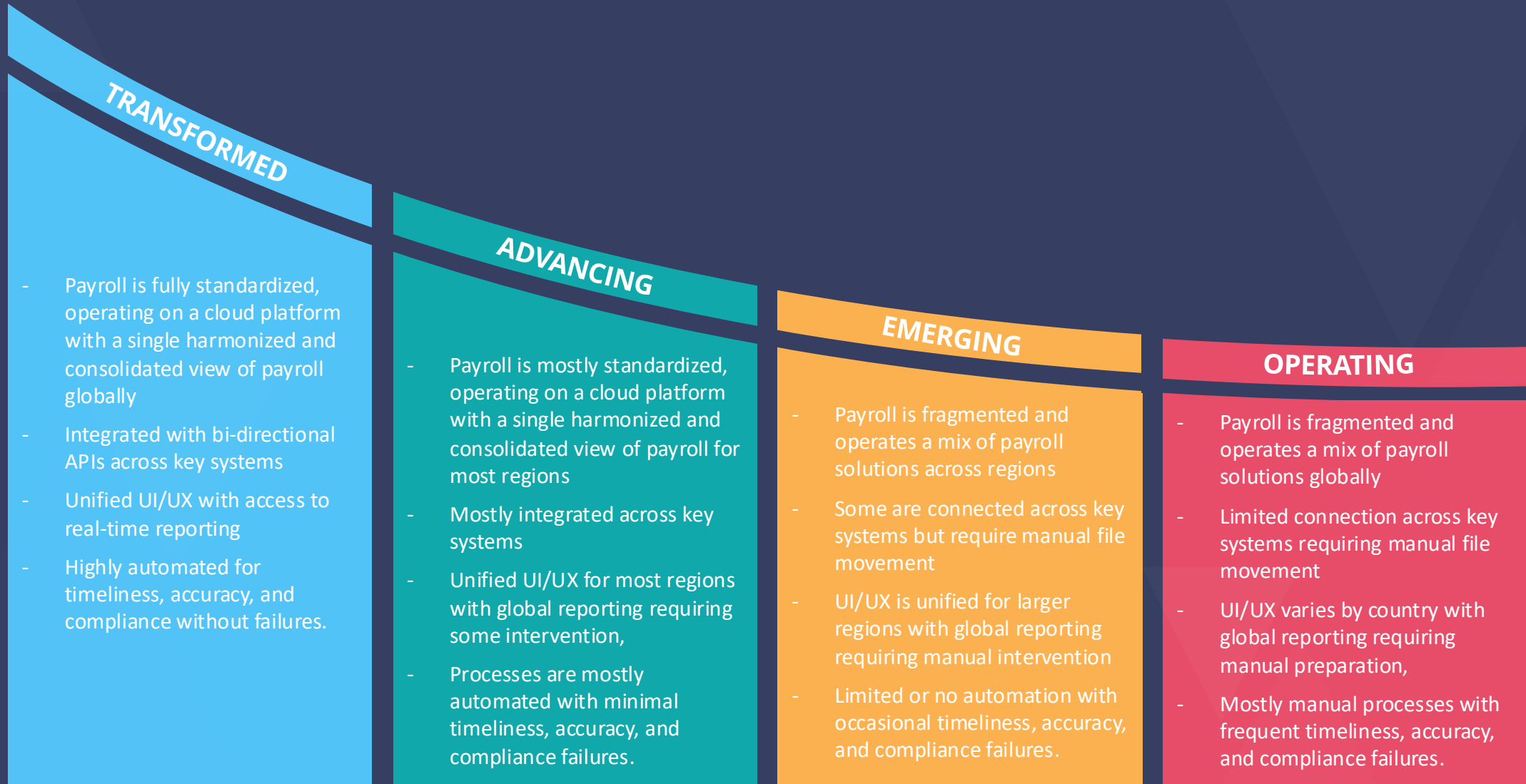
Center of Expertise & trusted strategic advisor status

APPENDIX

- Payroll operations maturity scale
- Report demographics
- Response breakdown:
 - Single vs. Multi-Country
 - Small (<1k EE's) vs. Large (>1k EE's)



Payroll Operations Maturity Scale

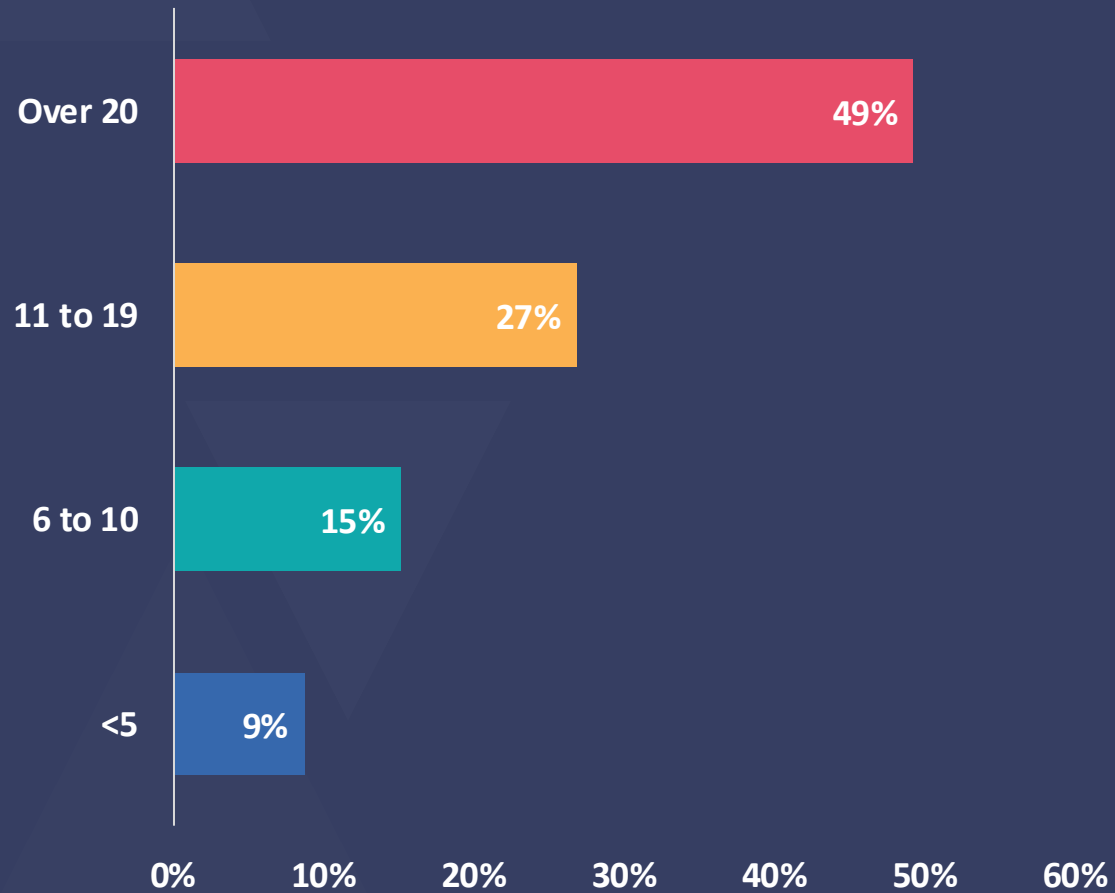


Respondent Demographics

This research was conducted during Q1 2024 through a quantitative and qualitative survey that engaged and gathered input from 739 payroll professionals from 28 countries and 5 continents.

Respondent demographics: Years of services and role

Years of Service as a Payroll Professional



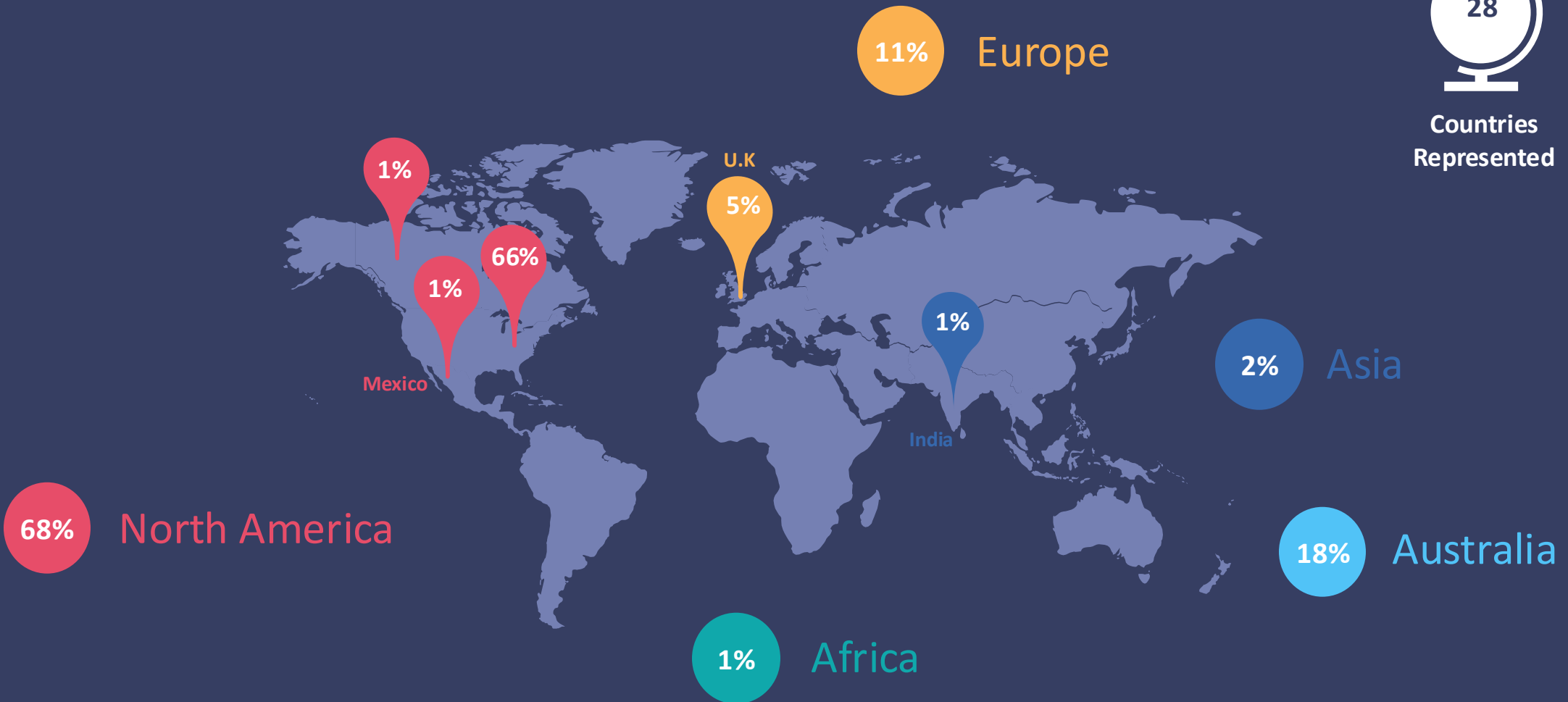
Respondents by Role



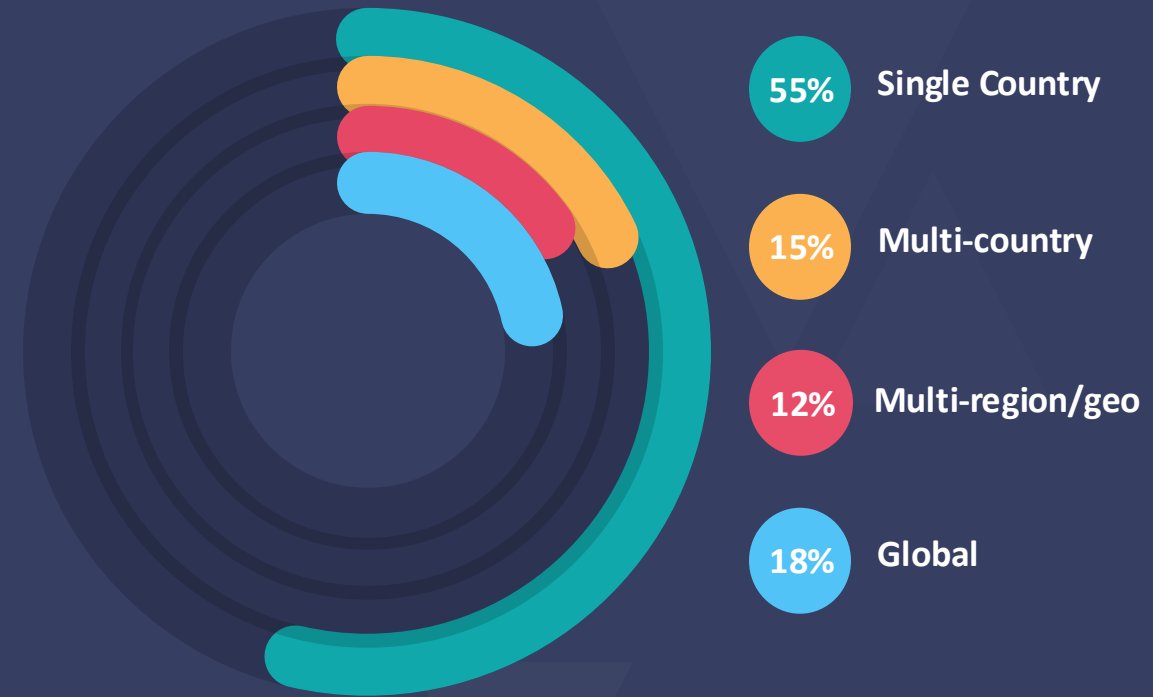
Respondent demographics: Primary geography



Countries Represented



Respondent demographics: Org. size, & scope of countries






Responses by organization type

- Single vs. Multi-Country
- Organizational size (</> 1K employees)

NOTE: the following benchmarks are based on survey responses sorted by scope (single/multi-country) and size (total employees). Each percentage shown is the total proportion of “high” (4) and “very high” (5) responses for each category.




Single Country vs. Multi-Country

	Attribute	Single Country	Overall	Multi-Country
 Sentiment	Outlook	73%	75%	80%
	Tech sentiment	70%	71%	71%
	Respect	54%	56%	60%
	Perception (Payroll as CoE)	38%	39%	44%
	Invested leaders	46%	45%	44%
	Adequate investment	44%	42%	42%
 Operations	Centralization	67%	61%	54%
	Ops. Maturity = Transformed	14%	12%	9%
	Viability (to support strategy)	54%	49%	44%
 Impact	Value derived	37%	34%	33%
	Commitment to unlocking value	27%	26%	25%
	Leadership and culture alignment	33%	34%	36%

Single Country vs. Multi-Country

	Single Country	Overall	Multi-Country
Top investments sought	<ul style="list-style-type: none">- Education/personal dev- Championing payroll as an essential (COE)- Better skilled/more experienced staff	<ul style="list-style-type: none">- Education/personal dev- Championing payroll as an essential (COE)- Better skilled/more experienced staff	<ul style="list-style-type: none">- Education/personal dev- Transformation and change- Better skilled/more experienced staff
Most impactful digital tech	<ul style="list-style-type: none">- Cloud- Analytics- Mobile ESS/MSS	<ul style="list-style-type: none">- Cloud- Analytics- Mobile ESS/MSS	<ul style="list-style-type: none">- Cloud- Analytics- Mobile ESS/MSS
Top ways to champion payroll	<ul style="list-style-type: none">- Seat at the table- Invested leaders- Investments to modernize	<ul style="list-style-type: none">- Seat at the table- Invested leaders- Investments to modernize.	<ul style="list-style-type: none">- Seat at the table- Invested leaders- Investments to modernize

Organizational size: <1k Employees vs. >1k Employees

	Attribute	< 1,000 Employees	Overall	> 1,000 Employees
 Sentiment	Outlook	69%	75%	82%
	Tech sentiment	71%	71%	70%
	Respect	58%	56%	56%
	Perception (Payroll as CoE)	38%	39%	43%
	Invested leaders	46%	45%	44%
	Adequate investment	46%	42%	41%
 Operations	Centralization	63%	61%	60%
	Ops. Maturity = Transformed	12%	12%	11%
	Viability (to support strategy)	55%	49%	45%
 Impact	Value derived	38%	34%	32%
	Commitment to unlocking value	30%	26%	23%
	Leadership and culture alignment	35%	34%	34%

Each percentage shown is the combined proportion of “high” (4) or “very high” (5) responses for each category)

Organizational size: <1k Employees vs. >1k Employees

	< 1,000 Employees	Overall	> 1,000 Employees
Top investments sought	<ul style="list-style-type: none">- Education/personal dev- Championing payroll as an essential (COE)- Better skilled/more experienced staff	<ul style="list-style-type: none">- Education/personal dev- Championing payroll as an essential (COE)- Better skilled/more experienced staff	<ul style="list-style-type: none">- Education/personal dev- Championing payroll as an essential (COE)- Better skilled/more experienced staff
Most impactful digital tech	<ul style="list-style-type: none">- Cloud- Digital payments- Analytics	<ul style="list-style-type: none">- Cloud- Analytics- Mobile ESS/MSS	<ul style="list-style-type: none">- Cloud- Analytics- Mobile ESS/MSS
Top ways to champion payroll	<ul style="list-style-type: none">- Seat at the table- Invested leaders- Improved integration with HR and the broader HCM strategy	<ul style="list-style-type: none">- Seat at the table- Invested leaders- Investments to modernize	<ul style="list-style-type: none">- Seat at the table- Invested leaders- Investments to modernize.

THANK YOU, PAYROLL!

#PayrollInfluencesEverything

About the author

Pete leverages unique market expertise derived from over 30 years in HR and payroll technology, services, transformation, and leadership roles across the full sourcing lifecycle as a practitioner, buyer, vendor, consultant, industry analyst and advisor.

Pete is globally recognized for his extensive knowledge, coverage, research, and strategic advisory of leading and emerging solution providers across the global payroll, employer of record services, fintech and payments, and HCM technology marketplaces.

Practitioners and providers widely leverage his research and perspectives as he is a regular contributor to industry associations, podcasts, publications, and events and the co-host and co-creator of the HR and Payroll 2.0 podcast, and host of The Source by DailyPay.



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About Payroll Influences

Payroll is not just a process, it's a crucial component of human capital management that influences and enables strategic outcomes, organizational agility, employee engagement, and financial wellness.

Our mission is to provide THE premier forum to unite the world's most essential professionals through a community of like-minded leaders eager to explore, share, learn, and advance as payroll executives.

Founded, curated, and led 'by payroll and for payroll, 'Pi' is the world's first virtual forum dedicated to fostering a deeper understanding of the critical payroll profession and empowering its current and future leaders to shape its next chapter.



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