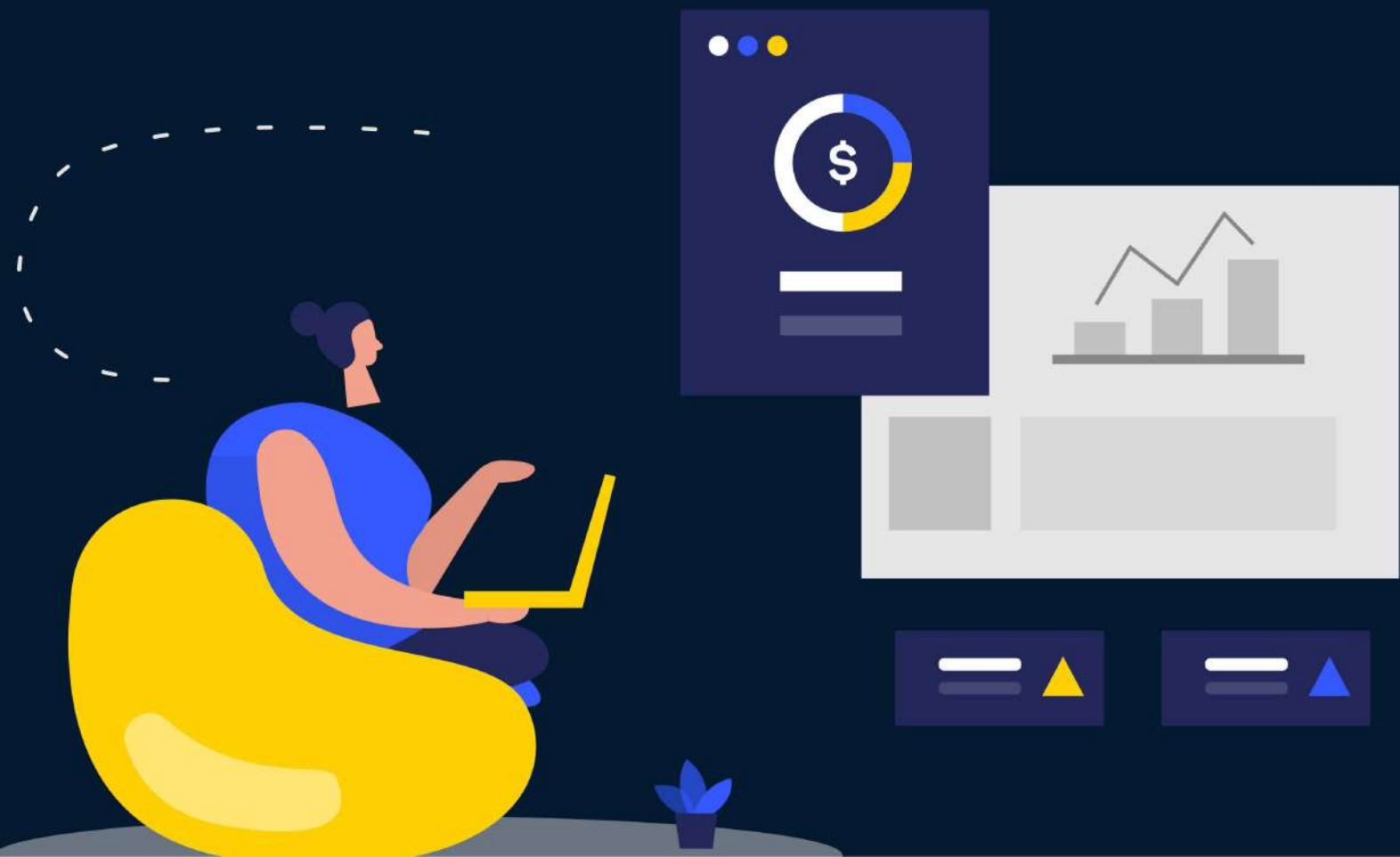




The Power Of Payroll

Valuable Insights For HR Professionals





Among the biggest challenges that many payroll professionals worldwide face is the sheer complexity of payroll. Most organisations are lacking access to a single seamless payroll software to help automate such complex processes.

The COVID-19 pandemic and subsequent lockdown had a massive effect on the operational process of many businesses, with startups being the hardest hit.

This whitepaper brought to you by [Zimyo](#) gives our valued payroll professionals some insights on how the COVID-19 outbreak has impacted various industry pay and compensation frameworks as well as how your business can thrive in these trying times with the power of payroll.

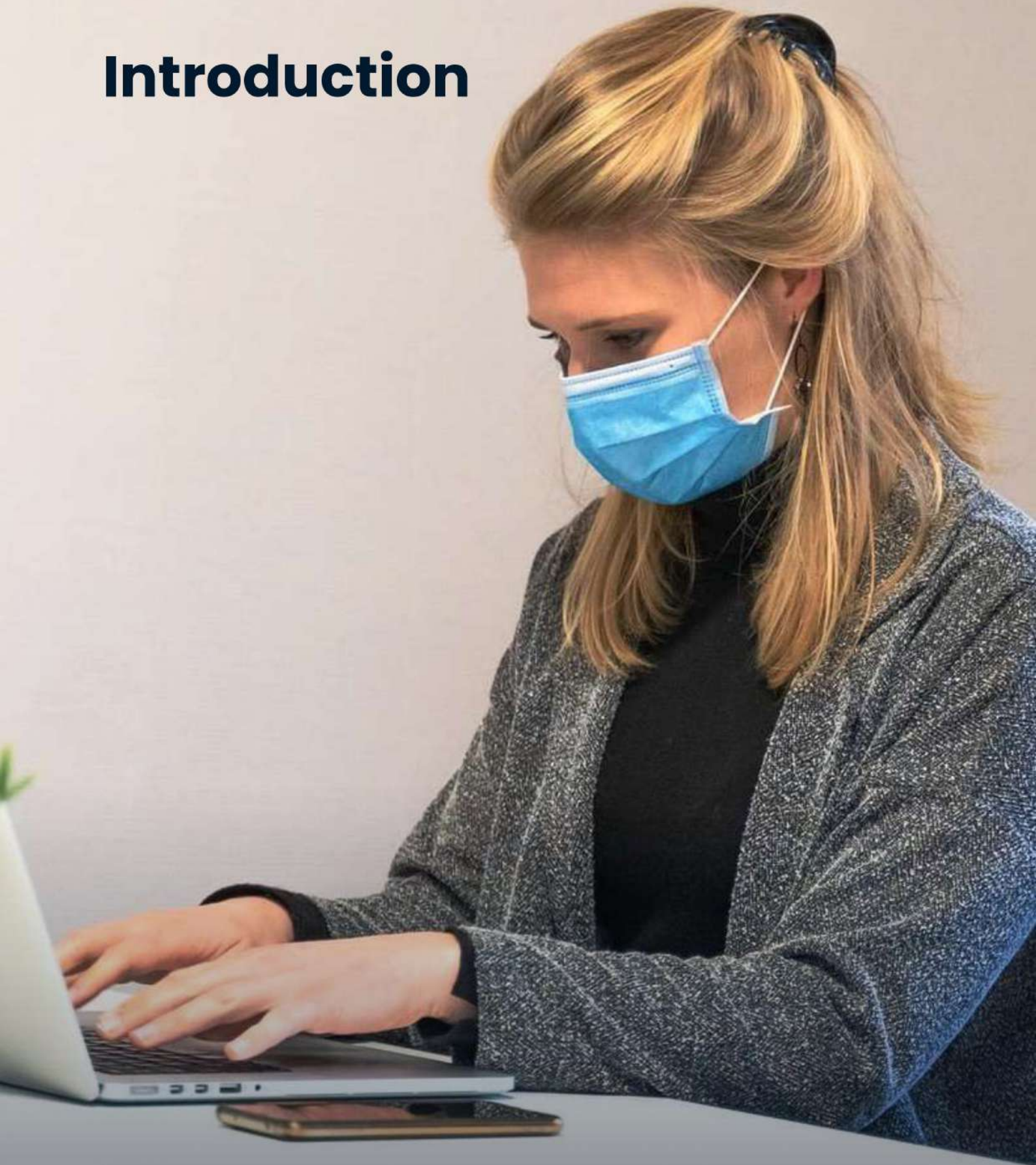
Read more of such incredible insights [here!](#)

Table Of Contents

• Introduction	01
• Analysis & Insights	02
• Compliance Updates 2021	03
• Growing Complexity In Payroll	04
• Downfalls Of Manual Payroll Processing	05
• Moving HR & Payroll To The Cloud	06
• 5 Common Challenges Of Payroll Processing!	07
• Questions to Consider When Choosing Your Payroll Partner	08
• The Way Forward!	09
• About Zimyo Payroll Solution	10



Introduction



With COVID-19, the globe is facing a double blow, termed a "**Pande-cession.**" The pandemic is still around, and India along with the rest of the world is experiencing a catastrophic financial crisis. The previous shutdown had a negative economic impact on India. These consequences can be seen not just in the economy's rate of growth, but also in the pay and wage statistics of millions of employees.

Companies all over the world are striving to maintain their income stream and seek clarity as to what could represent a strong solution to cope with COVID-19's short- to mid-term consequences (6–24 months), even from a business and employee management viewpoint, in these unpredictable times. **While remote work has apparent advantages in terms of saving money on commercial space, it also has drawbacks in terms of operational complexity and productivity.**

In this whitepaper, we've attempted to provide some insights on how the COVID-19 outbreak has impacted various industry pay and compensation frameworks as well as **how your business can thrive with the power of payroll.**



Analysis & Insights



Insight 1

The majority of businesses have been hit hard by salary cutbacks.

The majority of businesses have been hit hard and have seen salary cutbacks, with retail being the hardest hit and media being the least.

The majority of market segments have been severely impacted by the statewide lockdown and enforcement of social distancing standards, which has resulted in factory closures, employee migration, lower sales, cash shortages, and ultimately rising unemployment.

Wages have declined by **26%**⁽¹⁾ throughout India's top industries.

• Industry Wise Percent Decrease In Average Salary



• Industry Wise Percent Decrease In Headcount

The average salary was shown to be impacted across industries⁽²⁾. While some sectors witnessed significant decreases, others only witnessed minor decreases as a result of the lockdown.

As expected, the QSR industry experienced the greatest number of layoffs⁽³⁾ during this time, as eateries stayed closed. The retail and infrastructure sectors, on the other hand, had little or no activities during the lockdown.



Insight 2

In multinationals, entry-level workers are the most liable.

At all stages, layoffs are a possibility; nevertheless, the entry-level staff is the most prone. To preserve operational efficiency, organizations have reduced headcount by cutting entry-level and contract workers.

In multinational corporations, the average salary climbed by 3.76 percent⁽⁴⁾ while headcount declined by 1.09 percent⁽⁴⁾. Reduced headcount, especially at the entry-level, or pay raises at certain levels have led to an increase in average compensation.

Industry	Change in Average Salary	Change in Headcount
Conglomerates	+ 3.76% ▲	-1.09% ▼

Insight 3

It's not all doom and gloom! The average wage in IT/ITeS, F&B, and Pharma has increased.

Food and beverage, as well as healthcare and pharmaceuticals, seem to be poised to ride out the storm with little impact on average pay or workforce⁽⁵⁾. These sectors continued to operate during the lockdown, so there's no surprise here.

Industry	Change In Average Salary	Change In Average Headcount
IT/ITeS	+3.76% ▲	+1.09% ▲
F&B	+8.92% ▲	+0.69% ▲
Pharma	+16.29% ▲	-1.16% ▼

Insight 4

The Variable Pay Structure contributes more across sectors.

The table below shows the present variable component in different roles across India⁽⁶⁾ and also how it may evolve in the months to come in large and mid-sized businesses. In addition, rather than being reliant on subjective criteria, the variable component is now tied to key outcomes (company development and survival). Variable pay-outs will be governed in the future by the tangible objectivity of accomplished business outcomes.

Work Levels	Variable Structure Currently Across India	Post COVID-19 Variable Structure
CXO Level / Senior Levels	25% to 40%	35% to 50%
Middle Levels	15% to 25%	25% to 35%
Junior Levels	0% to 10%	10% to 20%

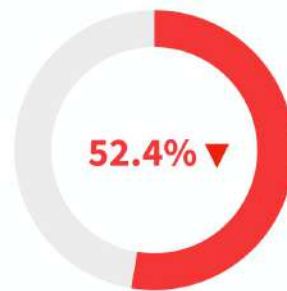
Insight 5

Employees who work virtually are still unsure how to seek compensation.

We'll now examine how people have reacted to the new reality of work and workspaces. Employee needs have shifted or totally changed across businesses as work from home has become the norm.



The total average claim amount has decreased by 58.6%⁽⁷⁾.

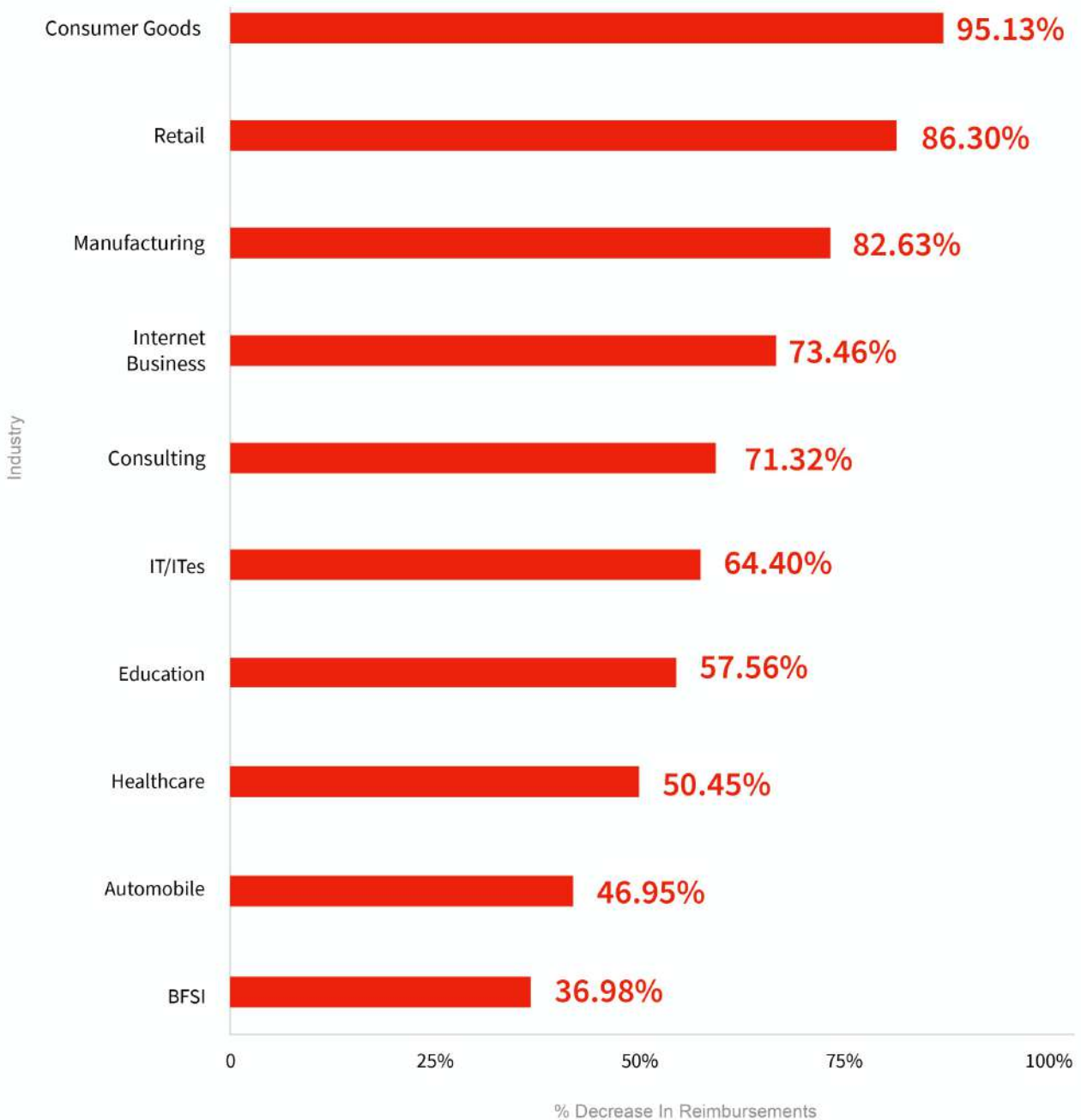


The overall number of claims has decreased by 52.4 percent⁽⁷⁾

Insight 6

Reimbursements for healthcare services increased by **59.5%**⁽⁸⁾

Industries with the highest decrease in reimbursements⁽⁹⁾



“ Companies who process payroll manually have error rates ranging from 0.5-2 percent ”

- The American Payroll Association

Compliance Updates 2021



Businesses must learn and adhere to the new government rules as a result of considerable developments in compliance in the economy. Employers confront tax issues as the number of remote employees grows.

The employment landscape in 2020 underwent extraordinary changes, many of which were triggered by the COVID-19 pandemic. As we approach 2021, further spins are in store. To assist you in your planning, we've compiled a list of payroll compliance trends to watch in 2021.

Non-refundable advance in case of unemployment

In the event of unemployment, the Employee Provident Fund Organisation (EPFO) now allows its members to take out a Non-Refundable Advance. Members who have been out of work for a month or more are eligible for a non-refundable advance of up to 75%⁽¹⁰⁾ of the amount in their Provident Fund (PF) account.

Previously, the Labour Ministry stated in a declaration on May 31, 2021, that non-refundable withdrawals to the extent of basic wages and dearness allowances would be offered for three months or up to 75 percent of the amount⁽¹⁰⁾ standing to member's credit in the EPF account, whichever is less, would be provided.

Minimum Wages

In a massive relief to various categories of workers engaged in different scheduled employments in the central sphere, the Ministry of Labour & Employment, Government of India has informed and updated the rate of Variable Dearness Allowance (VDA)⁽¹¹⁾ with effect from 1st April 2021, at a time when the world is grappling with the second phase of COVID-19 epidemic.

The average Consumer Price Index for Industrial Workers (CPI-IW), a price index compiled by the Labor Bureau, is used to update the VDA. The latest VDA modification⁽¹²⁾ was based on the average CPI-IW for the month of July to December 2020.

PF Contribution Rate -

The PF payment rate for May, June, and July 2020 has been decreased from 12 percent to 10%⁽¹³⁾, according to an official gazette announcement dated 18th May 2020. It was available to all establishments, with the exception of state and central government entities, as well as organisations that were already receiving PMGKY benefits.



Growing Complexity In Payroll



Payroll, to put it simply, is the process of paying your staff. Managing payroll entails making sure that salaries are paid accurately and on time, as well as following numerous laws and regulations such as labour legislation, PF, PT, and other statutory compliances.

Non-compliance with any of these can result in not only substantial legal and financial ramifications but also disgruntled staff and decreased productivity. Salary calculations, evaluation, and compliance paperwork were previously handled manually, with a heavy reliance on the HR department.

With a large dependence on traditional techniques, keeping payroll efficient, regular, and error-free gets exceedingly difficult as the company grows. Payroll management nowadays entails a lot more than just calculating an employee's salary; it also includes bonuses, overtime compensation, deductions, gross earnings, salary-slip generation, compliance-related paperwork, and suitable reports and analytics.



Downfalls Of Manual Payroll Processing

Payroll management appears to be a simple operation including the consolidation of hours worked, the calculation of wages owed, and the distribution of pay-checks, followed by the updating of records. But when it comes to payroll management, however, each company faces its own set of issues.

According to a recent Deloitte survey⁽¹⁸⁾, reporting taxable compensation to local payroll, taxable income obligations, and year-end processing are one of the top obstacles that organisations need to overcome, with nearly 35% of respondents stating that maintaining the precision of computations for regular or additional pay is a major issue.

The most prevalent difficulties and obstacles faced by the payroll industry are:

Compliance Management

Payroll administration is challenging due to numerous tax rules, but it is important to follow the right practises when it comes to payroll and compliance. Non-compliance can result in significant penalties or legal implications, regardless of the reason for not following regulations or not reporting taxes precisely and on time.

Time-Consuming Payroll Configurations

Payroll processing manually takes up a lot of time and effort for any business. These hours spent by payroll professionals preparing data, double-checking worked/recorded hours, dealing with government regulations, and calculating the intricate details of compensation and deductions should be better spent on other critical activities.

Furthermore, due to a large amount of documentation involved, the entire process is prone to errors, placing a significant burden on HR.

Safety and Security Concerns

When it comes to keeping sensitive employee data in clumsy spreadsheets, security is a significant issue. Fake salaries and incentives, having ghost workers, or feigning illnesses to claim insurance are all examples of payroll fraud.

Manual payroll processing raises the risk of data mismanagement and data loss, causing a slew of problems for firms. These types of payroll problems are more likely to occur when there are no internal measures in place.

Dependence on Multiple Payroll Input Sources

The incompatibility of payroll administration software is another major issue in payroll processing. For example, the system you use to retain employee information may be entirely different from the system you use to handle attendance, productivity, or benefits.

The Burden on Payroll Team

Employees' morale and overall performance are harmed by manual or inefficient payroll systems, which force them to spend the majority of their time performing tedious, repetitive chores. It also makes producing reports and sharing information within the firm challenging. Furthermore, manual payroll management involves providing data input in calculations, which can result in errors or redundancy, resulting in even more serious problems for the company.

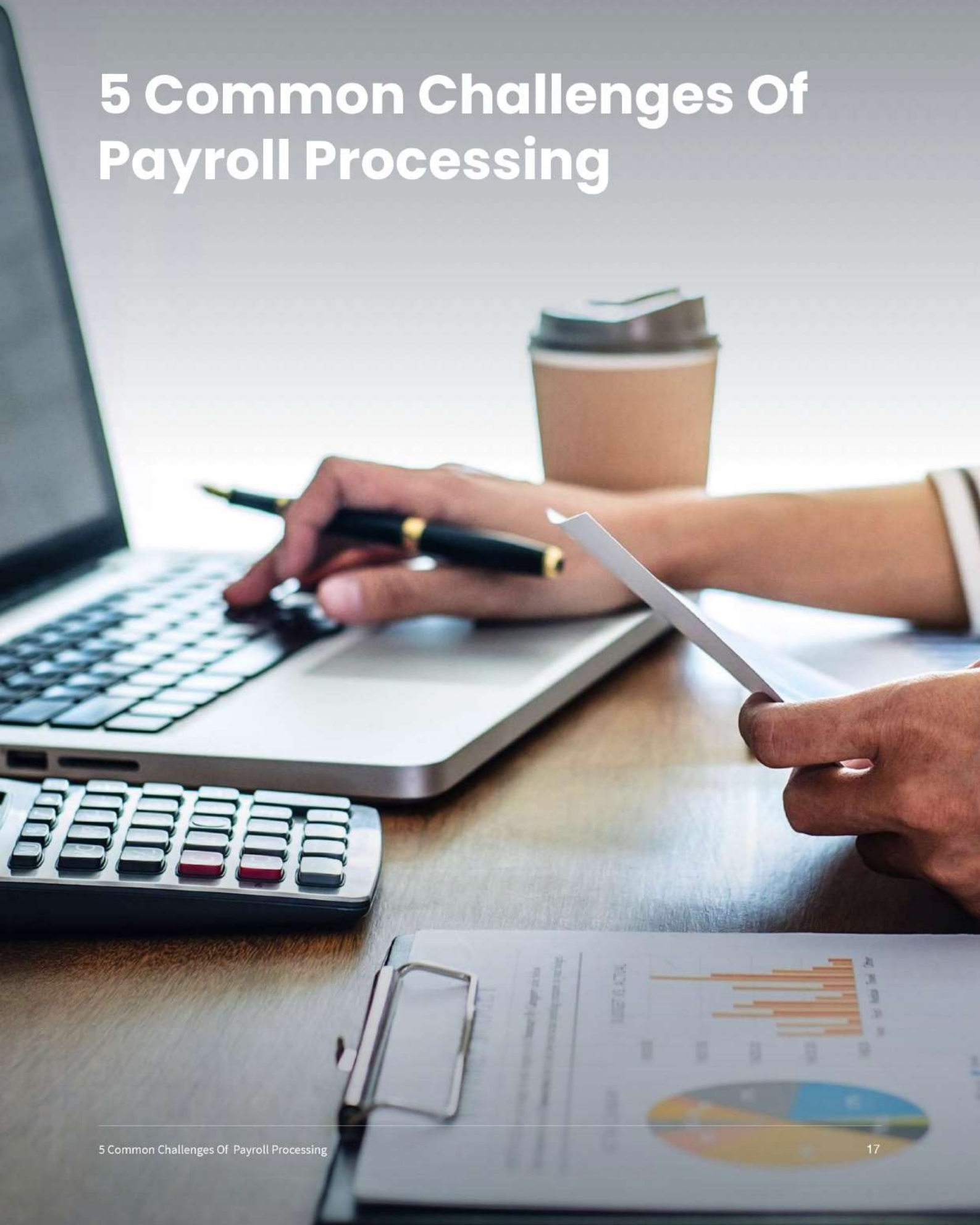
When it comes to overcoming the issues of payroll management, the ideal solution that organisations have is to use an automated cloud-based payroll management system.



“ Manual data entry is the payroll activity that results in the most errors (35%) ”

- Mercer Payroll Benchmarking Survey

5 Common Challenges Of Payroll Processing



Payroll processing can be difficult, especially if a company hires a large number of employees or migrates from manual systems to cloud servers. Even though obstacles to tackle may differ depending on the organisation, the five most significant issues outlined below are common to everyone.

Compliance

You must keep up with any legislative changes that may affect your business and ensure that you are always fully compliant with the legal provisions. Companies should keep a close eye on regulatory and statutory revisions and perhaps even set up frequent checks to make sure that they are constantly on good terms legally.

Risk of Fraud

Payroll risk is fairly frequent, and it affects a large number of firms. Payroll operations need detailed records, an authorisation structure, a clear plan, and risk and catastrophe protection. Payroll Procedural Documentation, Approval Workflows, Payroll Checklist & Validation, Approved List of Input Providers with Mechanism of Variable and Adhoc Input Collation, and Post Processing Audit Logs are all major risk areas where firms must focus.

Outsourcing Cost

You could choose to outsource payroll management or put up a proper online payroll system. If you're just getting started with this technique, it could be quite costly. Doing your research before choosing a reliable payroll management system and selecting the most cost-effective vendor can pay off handsomely.

Overburdening Cost

Employees' morale and general productivity suffer as a result of manual or antiquated payroll solutions, which force them to spend the majority of their time performing repetitive, tedious chores over and over again. It also makes generating reports and sharing information inside the firm a challenge. Payroll partners should develop solutions that reduce manual labour, computations, and eventually focus on eliminating employee-driven mistakes, which can lead to even more serious payroll concerns.

Data Accuracy

A payroll partner should be able to store previous records, whereas the payroll system should have built-in capabilities that allow for future entries. In addition, your payroll partner must be able to track bonuses and salary cutbacks, unpaid leave, maternity or sick leave, and other routine duties.



Moving HR & Payroll To The Cloud



Why The Cloud?

Accuracy and agility are the trademarks of dynamic, strategic workers in today's highly competitive economy. Things are moving quickly and executives and employees are expecting instant responses. This is one of the reasons why cloud-based management systems are so popular.

In 2020, IDG discovered that nine out of ten businesses⁽¹⁴⁾ have already moved or planned to migrate at least some of their programs or computer infrastructure to the cloud in the coming year. IT is frequently the driving force behind cloud adoption.

Cloud system maintenance is significantly less of a load for the in-house IT team, and cloud systems offer advantages in terms of speed of development, future upgrades, and return on investment.

Although it is rarely HR's responsibility to drive an organization's technology strategy, there is factual evidence that HR ought to be enthusiastic about adoption.

According to PWC research⁽¹⁵⁾, over 40% of companies have already moved their core HR to the cloud, and nearly a 1/3 of those that haven't, are actively considering doing so in the coming years.

Self-service tool usage and the resulting elimination of superfluous administration allowed time for HR respondents to focus on proactive strategic duties, while a fifth indicated adoption resulted in a reduction in HR employee expenditures.

If you want to achieve the following goals, cloud adoption could be a good fit:

- Reduce the amount of money spent on human resources and payroll.
- Reduce data management costs by eliminating human errors.
- Introduce a system that can adapt to your ever-changing company needs.
- Future-proof against changes in the industry or inside the organisation
- Remote access to resources and information in real-time
- Improve the user experience by modernising tedious processes.
- Advanced reporting and analytics are available.
- Reduce the IT burden that comes with managing several platforms.
- Streamline administrative procedures.



Questions To Consider When Choosing Your Payroll Partner

Several considerations come into play when picking a payroll partner for your company, depending on the size and type of business you run. To make the choosing process easier, we've put together a list of questions you may answer while assessing your alternatives and deciding on the best fit for your needs.

In-house or Outsourced?

Small businesses usually have someone who can handle the work and does not want to pay for expensive payroll management solutions. Outsourcing is an excellent choice for organisations that are concerned about the intricacies involved in conducting payroll themselves, want to depend on a partner's knowledge to get it properly, and are willing to pay a price for it.

Cloud or On-Premise?

More than 55% of businesses⁽¹⁶⁾ have switched to cloud HR solutions or plan to do so in the near future.

With cloud-based payroll software, your data is stored in the cloud, which you can access from anywhere. However, interfaces that are stored on a physical device on an in-house server are referred to as on-premise platforms. While it also has a number of drawbacks, particularly during a pandemic, the cloud is steadily becoming a key feature of payroll technology within a business due to its efficiency and global accessibility.

What Is Your Subscription Preference?

Depending on the advertising, discounts, and offers, you may opt to pay for subscriptions on a monthly, quarterly, or yearly basis. Many cloud-based payroll providers charge a basic monthly rate, with additional fees for achievement rewards, customised services, and add-ons. A price-per-employee structure is also used by many businesses. Choose the payment method that best matches your needs.

Does the Platform Facilitate Detailed Reports & Insights?

One of the top three payroll-related difficulties, according to 20% of payroll specialists, is data reporting. - EY Global Payroll Survey 2019⁽¹⁷⁾

Organizations rely on the platform's reporting features for quick decision-making and payroll insights. Look for a payroll partner that collects information from multiple sources and converts it into smart yet easy-to-understand financial and statutory reports, such as eTDS returns, Form 24Q, Form 16, PF, ESIC, PT, LWF, and more.

How Does The Payroll Partner Ensure Data Security?

Data security is a significant issue when assessing payroll providers. Nothing is more personal to your company and employees than the information gathered throughout the payroll process. Look for a payroll partner who uses the most advanced data security measures, such as payroll operating on ISO-certified applications and SOC3-audited data centres on prominent platforms such as Amazon Web Services.

To secure confidential employee details, payroll partners should engage in dispersed, fault-tolerant, and self-healing application infrastructure that auto-scales as and when needed.



**“ 82 million U.S. employees
are affected by payroll
problems ”**

- The Workforce Institute



The Way Forward!



Payroll and remuneration are at the heart of any business.

How Well Does The Payroll Integrate With Your Existing HR-Tech Platform?

Payroll must be a part of the company-wide environment in order to support and encourage corporate decision-making. Choose a payroll partner that assures a smooth connection with your current platform, including HCM, HRIS, and Finance, as well as data flow throughout the firm. For the end-user, the entire HR-Tech solution should function as a unified system.

What Automation Capabilities Does The Payroll Partner Facilitate?

Look for a payroll partner that offers simple payroll features like Pay Structures, which can manage automatic wage computations for pro-rata adjustments, arrears, remittances, and other when the country was placed on lockdown last year, the unexpected had to happen: a number of payroll operations had to be shifted online. Teams from several departments quickly transitioned from the workplace to work from home, but payroll faced a unique difficulty.

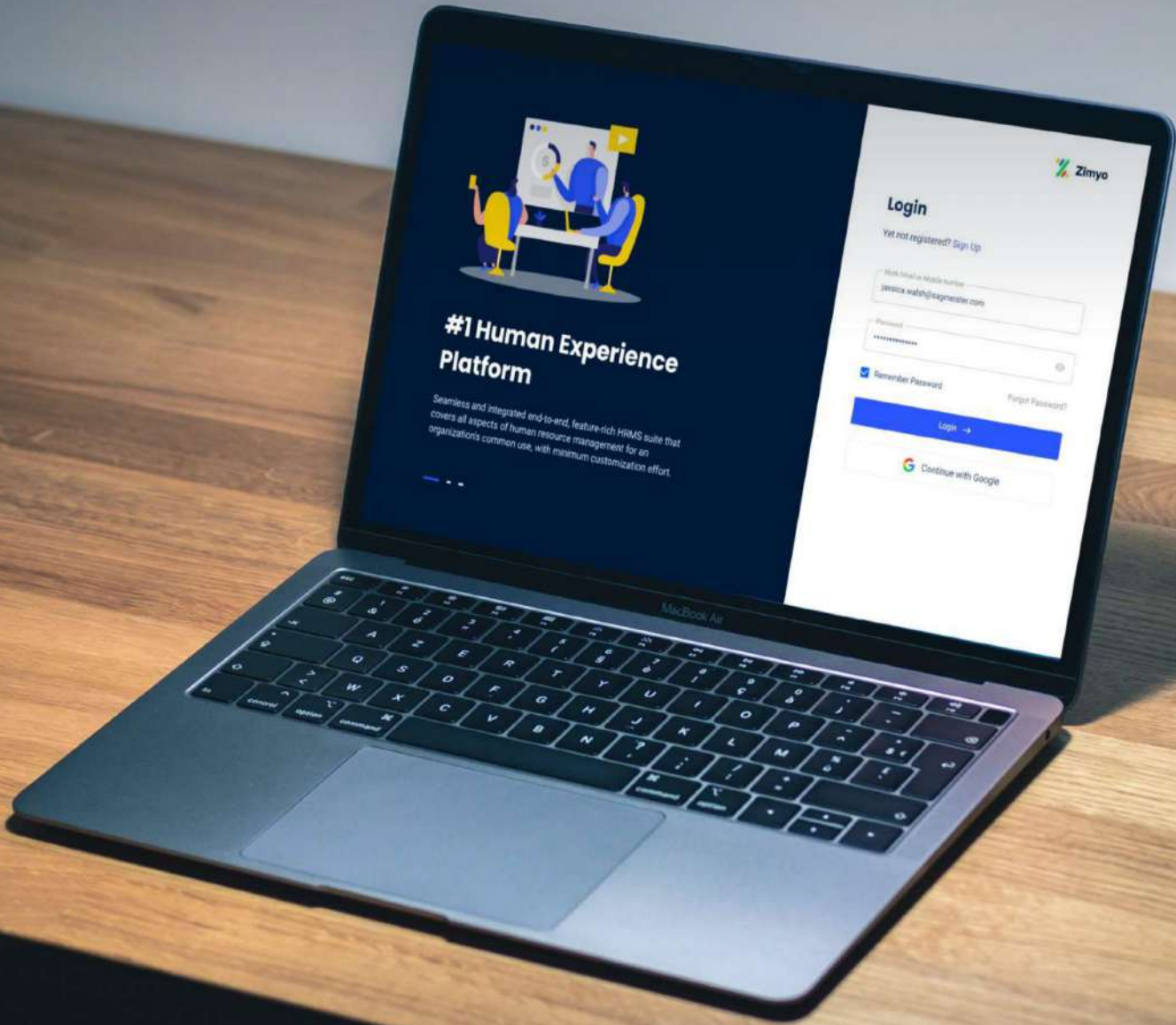
Moving payroll online was a difficult nut to crack for many firms due to security and operational concerns. It resulted in delays, erroneous payroll, data collecting inefficiencies, and other issues. Despite the pandemonium, we noticed several trends emerge, such as the supremacy of cloud payroll solutions over in-house systems and the necessity for system transparency.

Remote working has forced us all to reconsider our business practices and reimagine our procedures and models. Payroll is no different. We must give back greater power to the last mile employee through quick and accurate payroll as the government supports the working people with new tax regimes and compliances.





About Zimyo



Zimyo - #1 Human Experience Platform that will help employees and HR professionals all over the world enjoy the best possible experience and be more productive at work every day!

It is an end-to-end HCM platform—not just for HR professionals, but entire organisations, so that they can perform their tasks efficiently. We don't let administrative chaos, time-consuming HR processes, or a lack of data hold you back from achieving your goals.

Zimyo was founded with the goal of simplifying and automating HR operations that were hampered by manual and inefficient HR processes. After efficiently automating HR processes for over 500+ clients, we realized we had only solved part of the equation and shifted our attention to improving employee engagement and recognition while also helping in the creation of better workplaces.

It boosts company's performance with dynamic workflows and in-depth insights, allowing you to make important workforce decisions.

Zimyo is an all-in-one HR, payroll, performance, engagement, and benefits platform that helps businesses minimize employee turnover, enhance retention, and employee engagement by 2.5 to 3 times. Our HCM solution not only automates HR processes, but also gives your HR team the power they need to create a more happy and engaged workforce.

Great HR, Employee Benefits, and Engagement embedded in an all-in-one platform that is easy to use, flexible, and feature-packed.

[Book A Demo Today!](#)

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**Thank You
For Reading!**