Optimizing Global Payroll Systems for Asia Pacific

GLOBAL PAYROLL EXECUTIVE SUMMARY
As organizations expand and grow into new markets, leaders are dependent upon effective and compliant systems to manage global employees. Facilitating this requires a strong and flexible payroll strategy that is responsive to the changing needs of the business. Given its rapid historical growth, and continued strong growth prospects, the Asia Pacific region requires more adaptability than most other regions. In a recent study 69% of APAC executives of global companies plan to increase employees outside their headquartered country in the next two years, presenting challenges for organizations to manage their human capital and ensure all employees are paid accurately, efficiently and compliantly.

In response, organizations are developing solid global and regional payroll strategies:

- The most successful organizations are striking a balance between increasing efficiency and driving technology and process innovation
- Successful organizations are finding economies of scale through regional and global payroll delivery models

GLOBALIZATION CONTINUES TO INCREASE PAYROLL CHALLENGES

69% of global executives predict a significant growth of employees outside their headquartered countries in the next two years
The ADP Research Institute Global HCM Decision Makers Survey revealed the top five business objectives of global organizations. Across the globe, the top business objective for leaders continues to be expanding into new markets. Yet the continued trend of globalization presents challenges and obstacles for many business leaders.

Maintaining compliance across multiple diverse geographies can quickly become a management challenge as different jurisdictions amend legislation and pass new laws affecting the HR department. Mitigating business risk and exposure in this environment becomes a top priority. At the same time, the number of disparate policies and systems can stifle programs to drive efficiency and standardization. Finally corporate development activities such as mergers and acquisitions can quickly increase the number of vendors, systems in the business compounding the problem.

In this environment, all the pieces of your HCM strategy need to be flexible and adaptable to respond to changing needs. Ensuring employees are paid is a critical piece of your human capital management strategy, and this has to be especially flexible to manage changes and support the needs of the business. Simply adding a few sales in a new territory may require new vendors to pay them, or administering shadow payrolls to manage potential tax compliance consequences of the talent mobility strategy. Delivering effective payroll in a world of global change has moved from a back office function to a key pillar of an evolving HCM strategy.

**TOP 5 GLOBAL BUSINESS OBJECTIVES FOR 2014**

1. Expand into new markets
2. Leadership pipeline
3. Increased business agility
4. Risk mitigation
5. Workforce development
Payroll Effectiveness & Innovation
Driving Prosperity in APAC

Interestingly, Asia Pacific HR leaders rank the business impact of effective payroll administration higher than any other region – with nearly two thirds (62%) of respondents in the ADP Research Institute Global HCM survey stating that payroll is a critical component of their HCM strategy, compared to only 41% of North American leaders and 30% of European leaders sharing the same view. Perhaps one reason why payroll is so impactful in the region is the greater likelihood that APAC leaders are managing multiple systems, 50% higher than the global average.

With an average of 36 payroll systems serving a single Asia Pacific headquartered organization, business leaders have recognized the need and are innovating to achieve a more unified payroll strategy worldwide. Through the benefits of a unified strategy, organizations are achieving prosperity through greater visibility and accurate global reporting, local and regional compliance and mitigated risk.

Key Takeaways

1. Asia Pacific leaders are more acutely aware of the critical importance of a unified global payroll solution.

2. Success is dependent upon an effective payroll strategy that is tied to an HCM strategy.

3. Effective and innovative payroll strategies drive success and prosperity.

In building their payroll strategy – high performing companies must ask three critical questions:

› How can our company optimize our payroll strategy to be most effective across multiple geographies and support our future business goals?
› Are we well equipped with people, process and technology to support our global payroll strategy and the impacts from changes made in our business and people strategies?
› What expertise will we need to manage the changing government regulations, tax compliance and payroll systems as we grow our organization globally?
ADP – YOUR PARTNER FOR GLOBAL HCM & PAYROLL

ADP’s human capital management solutions provide organizations with the ability to more effectively manage their global human capital through increased visibility, enhanced compliance capabilities and solutions to help manage and pay your valued employees. With global integration of your human resource management data, processes, policies and metrics you can finally align your global payroll strategy with your overall business strategy. ADP is the only HCM provider with a truly global end-to-end solution, one that delivers cross-country integration of employee data and procedures with the local knowledge you need to remain both competitive and compliant. ADP blends the right technology with the right people and a focus on the right process improvements to drive business results. Whatever your business goal, we can help you get there — faster.

Facts referenced in this document can be attributed to the Global Benchmark Study: ADP/Jeitosa Group International, 2013

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