

Guide to
**PAYROLL
OUTSOURCING**
in Africa



PAYSPACE

The Payroll and HR Benchmark



“Many multinational companies operating in Africa are looking to reduce and simplify the contracts they currently manage”

Introduction

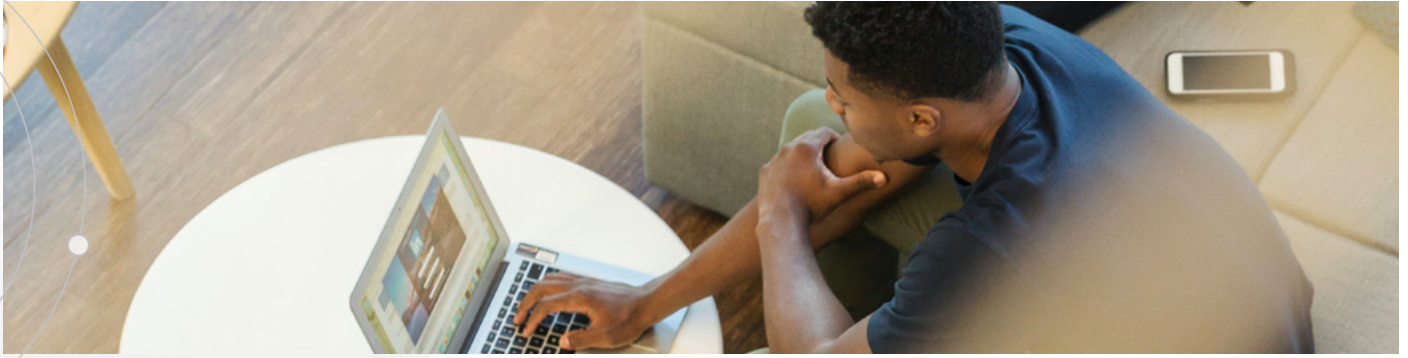
At the time that a multinational business expands into new territories, it typically enlists the help of external service providers to manage certain processes. These local suppliers play an important role; using their in-country knowledge and experience to get the new office up and running as quickly as possible. However, if a business is expanding into multiple countries, this approach will soon result in an exorbitant number of individual service contracts that need to be managed.

Juggling these contracts is a hefty administrative workload. For this reason, many multinational companies operating in Africa are looking to reduce and simplify the contracts they currently manage. Ideally, they would prefer a few large contracts with a couple of global service providers, rather than multiple small agreements in each country in which they operate.

Payroll is an important business function that is subject to different rules and regulations in each country on the African continent. As companies start reassessing the number of contracts they manage, they are seeing the possibilities that lie in outsourcing their payroll. It is now possible to effectively entrust an entire operation's payroll to one provider that has the capability to operate across multiple African countries.

Outsourced payroll can help companies take the complexity out of managing payroll in multiple locations. The company retains access to the system and has full visibility into all aspects of its payroll, but the actual management is taken care of by the outsourced payroll provider.

If you're not sure how viable outsourced payroll is for your company, this guide will give you all the information you need to make an informed decision.



In-house or outsourced?

IS MY BUSINESS A GOOD CANDIDATE FOR OUTSOURCED PAYROLL?

To determine whether your company should move to outsourced payroll, consider whether any of the following statements ring true:



Your business is expanding into Africa and needs help processing payroll for its new offices in various countries.



Legislative compliance is of utmost importance for your business' governance.



You want to reduce your business' headcount or cut supplier costs.



You want more time to focus on growing your business and spend less time processing payroll and overseeing legislative requirements.



Your business is growing rapidly and recruiting more employees each month.



Your business already has more than 200 employees.

If your company matches any of the above descriptions then yes, your business will benefit from outsourced payroll.

The benefits of outsourcing your African payroll



COMPLIANCE

A major payroll challenge facing multinational businesses operating in Africa is achieving legislative compliance. It's very easy to misinterpret a crucial regulatory clause or fail to keep up with legal changes. If your system does not adhere to the exact letter of the local law, your company will be declared non-compliant and could face severe penalties.

Your payroll provider can manage all the legislative requirements for your business. By outsourcing your payroll, you can rest assured that it is being processed in full compliance with the local laws in each of the countries in which you operate.



EFFICIENCY

Payroll is not your main business. While you might be able to manage it in-house, it's very likely that you won't have the means to innovate or optimise your processes. These outdated processes will cost you a lot more time and money in the long run.

However, an outsourced payroll provider is focused on doing one thing to the best of its abilities: payroll. This means it's always looking for ways to improve efficiencies and deliver a superior service that is 100% compliant.



AUTOMATION

Outsourced payroll lends itself to automation. This is good from a compliance point of view. The more repetitive, administrative tasks that can be automated, the less risk there is of human error and non-compliance.



REDUCED COST

An in-house payroll management system needs people to run it. You'll possibly have to hire extra staff and invest in software and training.

Outsource your payroll instead. This reduces your overheads and liberates your current payroll team. Instead of managing laborious tasks like legislative interpretation, they can work on more strategic work like expansion planning.



BEST PRACTICE

Entrust your payroll to a reputable outsourced payroll provider, and you can rest assured that all will be managed in accordance with industry best practices.

The previous five benefits make a strong case for payroll outsourcing. However, before you make the shift, it's important to be aware of the potential pitfalls you may encounter in outsourcing your African payroll – and know how to avoid them:

Change management

UNDERSTANDING ITS IMPORTANCE

The biggest mistake companies make when outsourcing their payroll is failing to have a good change management process in place. Most people don't like change; they find it unsettling. A well-planned change management process helps ensure that every single employee adopts and accepts an outsourced payroll solution.

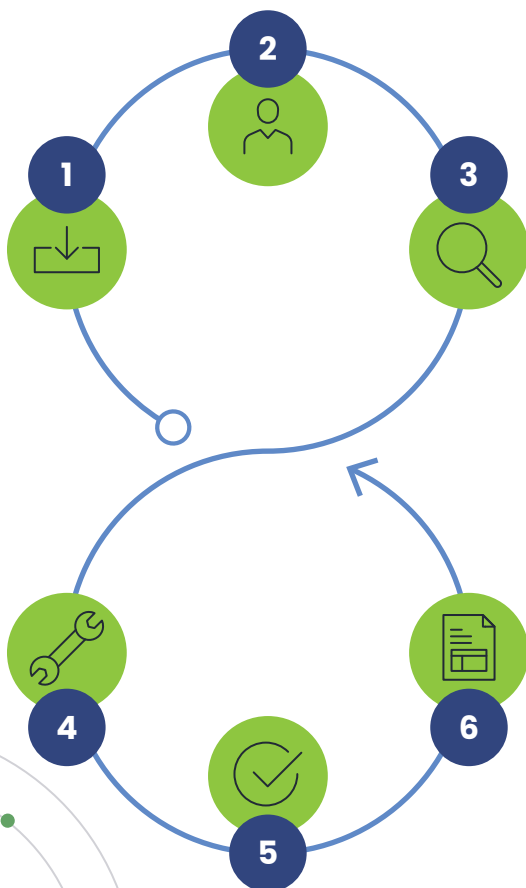
It's important to stress that outsourcing your payroll does not mean you'll lose control of your intellectual property. You will still have full

visibility into the entire process (you can pull any information at any time) and the information will remain your company's intellectual property.

Another common concern is that the company will have to adapt to a way of working that doesn't fit with current processes. This is not the case. With PaySpace's outsourced payroll solution for example, the system is customised to meet each individual customer's needs.

A question we're often asked by interested companies is, how does outsourced payroll actually work?

The mechanics of outsourced payroll



- 1 PAYROLL INPUT**
Payroll changes submitted on custom templates via cloud room.
- 2 PAYROLL EXECUTION**
Input performed on PaySpace by dedicated administrative team.
- 3 PAYROLL REVIEW**
All payroll variances checked and verified by two tier method.
- 4 PAYROLL QUERIES**
Ambiguous instructions resolved.
- 5 PAYROLL APPROVAL**
Payroll submitted to customer for check and approval.
- 6 PAYROLL OUTPUT**
Payment files, ledger interface and final reporting submitted.



“ The AI capabilities of payroll software are only expected to increase ”

This is only the beginning

Outsourced payroll is an evolving practice. Thanks to technological advancements, it's becoming smarter and more efficient every day. Payroll technology is already making use of developments such as artificial intelligence (AI). For example, clients supply their information and the software (not a person) carries out a check to make sure all the information is accurate and in the correct format.

The AI capabilities of payroll software are only expected to increase. As machines manage more processes, human error will no longer be an issue and companies will enjoy 100% compliance.

As connectivity and digital infrastructure is enhanced across Africa, the continent's payroll will move to the cloud. Businesses will use apps that seamlessly integrate with each other and provide payroll managers with key insights. This access to information will enable strategic decision-making, positioning payroll as an important business growth function.

Place your business firmly in the future and stay ahead of the curve. By incorporating modern technology and services into your payroll process now, your business will enjoy greater success in its African operations today and tomorrow.



CONTACT US

+27 87 210 3000 | www.payspace.com | sales@payspace.com

PAYSPACE

