

Aligning HR and Payroll: Bridging the Gaps

HR and payroll are a family, in which both share the common goal of people management. However, the difference in how they manage people has caused them to be treated as separate entities. Nowhere is this more evident than in non-integrated legacy technology, a “dying” platform that treats HR and payroll as isolated functions, instead of the family they are.

It’s quite easy to see why both functions are viewed in this manner. A surface examination of each one will reveal some glaring differences between them, and the solution *appears* to be independent systems.

At a glance:

- **HR is concerned with managing people from a human standpoint** throughout the employment relationship. Broadly speaking, this involves recruiting, hiring, onboarding, engagement, retention, and offboarding.
- **Payroll is concerned with paying the organization’s people** for services rendered during the employment relationship. Broadly speaking, this involves timekeeping, remuneration, paycheck deductions, and employer payroll liabilities.

But the “devil is in the details.”

A closer look will expose the co-existing relationship between HR and payroll.

The talent that HR recruits, hires, engages, and retains must be paid through payroll — whose existence is dependent on HR bringing these people onboard. Despite the differences in their day-to-day workflows, HR and payroll share many duties, as shown below.

New Hires

HR’s Role

- Collecting data from job applicants. Conducting onboarding and new hire orientation/training.

The Payroll Connection

- Obtaining new-hire payroll data, including wages, benefits, tax withholding, and direct deposit.

Compensation

HR's Role

- Establishing salary/wage structures, overseeing performance reviews, and managing employee rewards — such as bonuses and pay increases.

The Payroll Connection

- Compensating employees based on timekeeping data and salary/wage agreements. Processing pay adjustments and increases. Wage reporting.

Benefits

HR's Role

- Benefits planning and implementation; open enrollment; plus handling benefit elections and changes, employee leave, and benefits reporting.

The Payroll Connection

- Updating payroll records to reflect benefits changes, tracking employee leave, and processing benefits deductions and payments.

Terminations

HR's Role

- Distributing separation notices, terminating benefits, offering COBRA, and determining PTO balances and any post-separation pay.

The Payroll Connection

- Processing final wages, including benefits, unused PTO, paycheck deductions, and applicable severance.

Regulatory Compliance

HR's Role

- Ensuring all human resource activities are done in compliance with federal, state, and local HR and payroll laws.

The Payroll Connection

- Ensuring all payroll activities are done in compliance with federal, state, and local payroll and HR laws.

Note that HR and payroll regulations often overlap.

Closing the Gaps

As illustrated above, while there are differences in the way HR and payroll each tackles their specific duties, they also have many shared responsibilities. This poses a predicament, because in a way, HR and payroll are independent, but in another way, they are connected. However, evolution in HR and payroll technology has proven that the two are more connected than independent and it's wise to unite them as one.

When alienated from each other, the two systems stand alone, which weakens efficiency. But when aligned, they stand as a unit, which strengthens efficiency.

With an aligned platform, shared HR and payroll duties are performed within that same system. Information becomes easier to access, accuracy is boosted, reporting is enhanced, paperwork is reduced, employees are empowered, response time is improved, and compliance is fortified.

When the platform is not aligned, the risk of errors increases, frustration among the HR and payroll staff rises, compliance is harder to meet, and the employee experience is diminished — as employees brand you “stuck in the dark ages.”

You want to be perceived as an employer of choice — one that knows successful people management substantially depends on [high-performing integrated technology](#).