Tugela
PEOPLE

Is your time tracking costing you more than you think?

A Guide to Time Tracking

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Explore the hidden financial, legal, and operational risks of outdated methods and how modern solutions can boost accuracy and efficiency.

Keeping an accurate record of employee working hours is a fundamental HR responsibility.

It ensures that employees are paid correctly and helps businesses comply with legal regulations. Many countries mandate proper time tracking to meet labour law requirements, such as those in EU countries and the UK. However, many companies still rely on outdated, manual methods such as paper-based timesheets or spreadsheet tracking. While these methods may seem cost-effective and straightforward, they come with hidden inefficiencies and risks that can lead to significant financial and operational consequences.

Modern time tracking solutions offer a range of advantages, from automation to real-time data insights, yet some companies hesitate to transition from traditional methods. The true cost of inefficient time tracking extends far beyond just payroll errors. It affects workforce productivity, operational transparency, and even regulatory compliance. Below, we explore the major drawbacks of outdated time tracking practices and how they impact businesses.

The Cost of Inefficient Time Tracking

Human Error

Manual time tracking systems, such as spreadsheets, punch cards, and handwritten logs, are highly prone to error. Employees might forget to log breaks, miscalculate their total hours, or enter data inconsistently. HR teams, in turn, may struggle with verifying timesheets and making adjustments, increasing the likelihood of payroll discrepancies.

The consequences of these errors go beyond mere inconvenience. Inaccurate payroll can lead to underpayments or overpayments, causing frustration among employees and reducing trust in the organisation. Repeated mistakes can also expose businesses to legal risks. Non-compliance with labour laws can result in costly fines, and research shows that **49% of employees would consider leaving their jobs after just two payroll mistakes** (HR Daily Advisor). High employee turnover further exacerbates costs related to hiring and training new staff.

Time Theft

Time theft occurs when employees record inaccurate working hours, whether by rounding up their time, failing to log breaks, or engaging in 'buddy punching'—having a colleague clock in on their behalf. Without an accurate tracking system, businesses may unknowingly pay for hours that were not worked, leading to unnecessary payroll expenses.

Studies estimate that time theft accounts for a significant portion of payroll costs, impacting overall profitability (**up to 7% of their gross annual profit** – Workplus). In addition to financial losses, inaccurate records can create compliance risks, particularly in industries where strict labour laws or client billing requirements demand precise tracking. Manual systems provide little oversight, making it difficult for businesses to detect or prevent these issues, resulting in unreliable data, ongoing inefficiencies and unnecessary costs.

Lost Productivity

While manual time tracking may appear simple, it becomes increasingly inefficient as a company grows. HR teams and managers spend excessive time verifying and correcting timesheets, which diverts attention from more strategic activities. Employees, too, waste valuable time manually logging their work hours instead of focusing on their core responsibilities.

A Deloitte study found that **50% of professionals cite manual data entry and adjustments as the most time-consuming aspect** of time tracking. The inefficiencies compound when employees forget to record their hours in real time, forcing them to reconstruct their workday from memory. This not only increases errors but also interrupts workflow and reduces overall productivity.

Limited Transparency and Reporting

Effective time tracking is about more than just payroll—it's a vital tool for business insights. Organisations rely on time data to analyse resource allocation, optimise workforce efficiency, and ensure accurate client billing. However, manual systems lack the sophistication required to track time against specific tasks, projects, or clients.

Without proper tracking, companies struggle to generate reliable reports on employee productivity and project costs. This lack of transparency can lead to incorrect invoicing, revenue leakage, and difficulty in justifying project budgets to clients. Additionally, managers may find it challenging to identify inefficiencies and optimise workforce planning.

Payroll Discrepancies and Financial Losses

Inaccurate time tracking doesn't just impact wages—it also affects financial planning and budgeting. Payroll errors can result in unanticipated costs, including:

- Overpayments that reduce profitability
- Underpayments that lead to employee dissatisfaction and disputes
- Additional administrative costs to correct payroll mistakes
- Potential fines for non-compliance with labour laws

Manual tracking can further complicate payroll calculations for organisations with remote or flexible workers, making it difficult to account for varying schedules, overtime, and time zone differences.

Compliance Risks and Legal Penalties

Many countries have strict labour laws that require businesses to maintain precise employee work-hour records. Failing to meet these standards can result in audits, fines, and even legal action. Manual tracking systems increase non-compliance risk due to missing records, incorrect calculations, and lack of proof of employee working hours.

For example, the European Court of Justice (ECJ) ruled in 2019 that employers must implement an "objective, reliable, and accessible system" to track employee working hours and breaks. This ensures compliance with the EU Working Time Directive, which mandates:

- A maximum average workweek of 48 hours, including overtime, over a four-month period
- At least 11 consecutive hours of rest per day
- A minimum of 24 uninterrupted hours of rest per week, averaged over two weeks
- Required breaks for employees working more than six hours per day

While the ruling does not prescribe a specific tracking method, businesses must ensure their system is both accurate and accessible to employees. Companies failing to comply risk financial penalties, reputational damage, and potential employee disputes over unpaid wages.

Similarly, the UK has its own regulations governing working hours under the Working Time Regulations 1998, which implement the EU Working Time Directive in England, Scotland, and Wales. These regulations set a maximum average workweek of 48 hours (unless an employee voluntarily opts out), mandate at least 11 hours of rest between shifts, and require a minimum of 24 hours of uninterrupted rest per week. Employees working more than six hours a day are also entitled to rest breaks. Ensuring compliance with these rules is crucial for businesses to avoid legal risks and promote employee well-being.

The Most Prevalent Methods for Tracking Working Hours

Manual Time Tracking

Pen and Paper

The most basic form of time tracking is to use pen and paper to record the start, end, and break times of a shift.

✔ Pros

- Cheap and easy to implement

✘ Cons

- Time-consuming to manually record and calculate working hours
- Requires space to store and can get lost or damaged
- Prone to human error (misreading handwriting or mistakes in calculation)

Spreadsheets

Microsoft Excel and Google Sheets are very popular business tools for a wide range of tasks, including time tracking.

✔ Pros

- Cheap and easy to implement
- Digital, so no physical storage space is required
- Calculations can be automated using formulas

✘ Cons

- Time-consuming manual data entry
- Not easily scalable – becomes more complex as the business grows
- Low reliability – time entries can be inaccurate or incomplete

Punch Clocks

Another form of paper-based records, punch clocks have been used for years. Employees insert a card into the punch clock, which punches time stamps onto their cards.

✔ Pros

- Simple and traditional method
- Employees have a tangible record of their hours

✘ Cons

- Prone to buddy punching
- Requires regular maintenance and storage of punch cards
- Limited automation for calculating hours worked

App-Based Time Tracking

Using time tracking software, employees can clock in and out via their web browser or mobile app.

✔ Pros

- Easy and reliable way to track time
- Suitable for any work arrangement (in office or work from home)
- Ability to add rules, such as minimum breaks and maximum working hours
- Automated time calculation
- Ability to integrate working hours with shifts, absences, and payroll

✘ Cons

- Ongoing subscription cost

Device-Based Time Tracking

Physical time tracking solutions using devices eliminate the problems associated with manual time tracking and combine the advantages of time tracking software and physical time clocks. As they rely on the actual presence of an employee, you can be sure that the start, end, and break times are accurate. They include multiple hardware options, including:

RFD Chip-Based Technology:

Allows employees to clock in and out by scanning a key fob, badge, or card. This method of recording time is quick and convenient and doesn't interrupt an employee's day.

Biometric Time Tracking Systems:

Uses fingerprint scanning or facial recognition to register an employee's presence. This offers a highly reliable method of time tracking that is very difficult to manipulate.

Touchscreen Kiosks or Terminals:

These are user-friendly and cost-efficient time tracking methods. Employees simply enter a PIN on a tablet device at the entry to their workplace to start recording their work time.

✔ Pros

- Most reliable method to verify Employees' actual working hours as it requires the actual presence of an employee
- Easier to use: eliminates manual entry, saving time for employees and managers
- Ability to add rules, such as minimum breaks & maximum working hours
- Automated time calculation
- Better integration: connect your time tracking system with attendance and shift schedules to get a better overview of staff availability and export to payroll software
- Improved compliance: Accurate time records help demonstrate compliance with labour laws on working hours and breaks
- Variety of hardware options

✘ Cons

- Initial hardware cost and ongoing software subscription
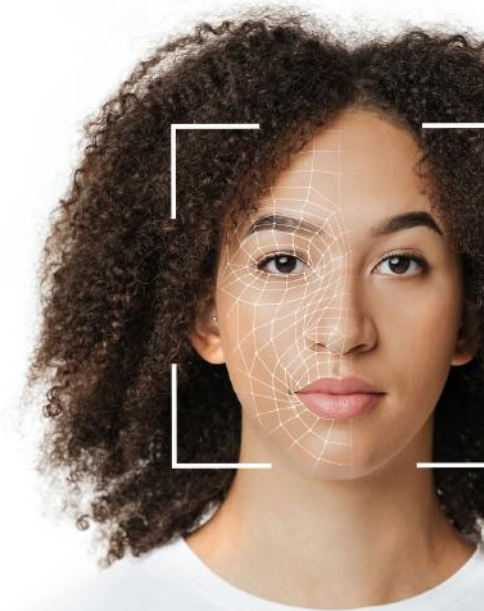
Time Tracking Inefficiencies:
Why modern solutions are essential

Inefficient time tracking is more than an administrative inconvenience—it's a costly liability that impacts payroll accuracy, employee morale, business productivity, and legal compliance.

While manual methods may seem sufficient for small teams, they become a significant bottleneck as businesses scale.

Investing in a reliable, automated time tracking solution can eliminate human errors, reduce payroll discrepancies, and provide valuable workforce insights. By embracing digital time tracking, organisations can ensure compliance, boost efficiency, and save money in the long run.

The question is: Can your business afford the hidden costs of outdated time tracking methods?

A Flexible Solution for Time Tracking

flair ^{HR}

flair: One Integrated System for Your Working Hours

flair supports multiple time tracking methods, allowing companies to choose a system that best fits their employees' routines—whether in the office, working remotely, or a mix of both. Time tracking is seamlessly integrated with employee absences, shift planning, and payroll, providing a comprehensive view of time and attendance.

While there are many ways to comply with the time-tracking requirements in the countries or regions in which you operate, a software-based approach is highly recommended. Time tracking solutions are more efficient, reliable, scalable, and accessible than outdated punch clocks and spreadsheets. They help you achieve compliance while improving your organisation's efficiency, productivity, and reporting.

Time tracking options include:

- **Browser-based time tracking**
- **Mobile app time tracking**
- **Project-based time tracking (including cost centres)**
- **Physical time tracking via RFID, fingerprint, or barcode scanning**
- **Touchscreen kiosks for time tracking**

All time entries are stored in our Salesforce-native solution, where they can be easily checked and approved by managers and exported to payroll. You can also set up time tracking rules, such as maximum shift lengths, recommended break times, and overtime compensation. These settings help you comply with local regulations and labour laws at any of the locations where your business is active.

flair's Time Tracking tool operates within its Employee Hub, where you can activate time tracking with a single click. Employees can add notes to the task they are working on and justify things like breaks.

The Employee Hub provides an overview of entire teams' working weeks while handling automatic overtime and break calculations. Employees can request adjustments to their logged hours, which can be approved by their manager, and they can leave comments on time entries to provide further context.

Whether in the office, on the move, or working from home, our time tracker ensures your employees' hours are logged reliably and efficiently.

User-friendly time clock:
Clock in, clock out, and take breaks at the touch of a button, and add notes to time entries.

Compliant with employment law:
Set rules and limits on breaks and overtime in line with company policy and local law.

Easy overview and approval:
Get a quick and clear overview of working time and approve with just one click.

Linked with payroll & absences:
Ensure accurate compensation and absence accruals with an integrated system.

Key Features

flair HR

Digital Time Clock
Efficiently Track Working Time

Free yourself from time-consuming manual timesheets. flair's user-friendly time clock improves timesheet accuracy and saves time on manually consolidating working hours. Employees can log their hours:

- Via browser or desktop app
- On a mobile app
- Automatically using a key fob/fingerprint

Project Time Tracking
Keep Track of Billable Hours

Track time spent on specific projects and clients with our simple project-based time tracker. flair helps you ensure accurate invoicing by categorising work hours.

- Enhance resource planning and project budgeting
- Quickly identify potential delays and overspend
- Track billable time for accurate project costs

Smooth Approval Workflows
Simple Approvals for Edited Time Entries

With flair you can easily review and approve manually added and edited time entries, ensuring that your time reports are accurate and complete. Employees can use comments to provide additional info about anomalies. You can even directly approve timesheets via Slack.

Detailed Time Reports
Review All Timesheets in One Place

Centralise all of your time data and attendance records in insightful reports and dashboards on Salesforce. This will give you a better overview of accumulated overtime and allow for better resource planning.

Benefits of flair

25% reduction in time spent tracking and managing absences

35% reduction in disputes related to overtime hours worked

10% increase in productivity due to better management and tracking of overtime

20% reduction in overtime costs

Contact Us

To find out more about flair HR and how we can support your time tracking requirements, please contact us:

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