

# A STUDY ON PAYROLL-MANAGEMENT

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## 1. INTRODUCTION:

Payroll management system encompasses all the tasks involved in paying an organization's employees. It typically involves keeping track of hours worked and ensuring that employees receive the appropriate amount of pay. It also includes calculating taxes and social security, as well as ensuring that they are properly withheld and processed. Depending on the company in question, a full range of other deductions may be calculated, withheld, and processed as part of payroll administration. Additionally, the processing of contractor payments may fall under the umbrella of payroll administration.

The specific tasks involved in payroll administration tend to vary according to the needs of each unique company or organization. For example, some companies have workers that receive commissions in addition to salaries. In these companies, including commissions in employee salaries is a part of payroll administration. For some companies, it also involves assigning exempt or non-exempt status to workers, adding bonuses into paychecks, calculating overtime payments, and adhering to applicable employment laws.

Handling payroll-related problems are part of payroll administration as well. If an employee is paid an incorrect amount or a direct deposit fails to go through, both

things are payroll administration issues. Likewise, tax filing and deduction errors are payroll administration matters as well.

Payroll administration can be very simple, involving the payment of just a handful of employees, or very complicated, involving payroll for thousands of employees and contractors. In some, very small companies, payroll may be handled by the owner of the company or an employee. However, other companies may have many employees to pay and keep track of necessitating a well-planned, efficient payroll administration system.

Some companies choose to handle payroll administration in-house, often creating a separate department just for the handling of payroll. Often, such organizations purchase software to streamline payroll-related tasks. Some companies even have special software designed for them, creating a payroll system that is tailored to their unique requirements.

Many companies decide to outsource payroll administration to other companies. Payroll administration companies handle most, if not all, payroll-related tasks for the companies they serve. Some payroll administration companies also provide management and human resource assistance as well. Many payroll administration companies tailor their services to meet the needs of organizations of all sizes and types. Some even offer on-site help and payroll consultations as well.

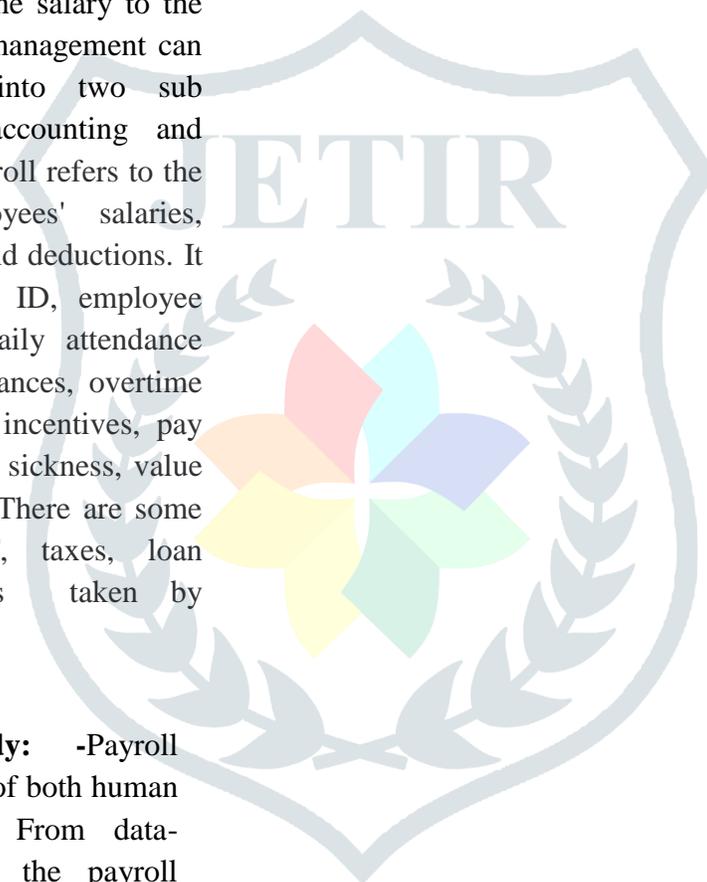
Payroll is defined as a method of administrating employees' salaries in the organizations. The process consists of calculation of salaries and tax deductions of the employees, administrating the retirement benefits and disbursements of salaries to employees. It can also be called as an accounts activity which undertakes the salary administration of employees in the organization. Administrating the employees' salaries is not an easy task, the HR and accounts department work together to calculate and disburse the salary to the employees. Thus, payroll management can be further subdivided into two sub processes, i.e. Payroll accounting and payroll administration. Payroll refers to the administration of employees' salaries, wages, bonuses, net pay, and deductions. It consists of the employee ID, employee name, date of joining, daily attendance record, basic salary, allowances, overtime pay, bonus, commissions, incentives, pay for holidays, vacations and sickness, value of meals and lodging etc. There are some deductions such as PF, taxes, loan installments or advances taken by employee.

**Need for the study:** -Payroll incorporates components of both human resources and finance. From data-gathering to compiling, the payroll process includes calculations and reporting as well as integrating the data back into the organization the following are the needs to do the research at “**Lexiko Infra Systems**”.

1. To understand the interface level between Account and HR. Department in an Organization in the pay roll management system in Lexiko Infra Systems.
2. The management was in the position to

know whether the existing software system used is effective or not.

3. To measure the satisfaction level of the employees using the software.
4. To obtain the feedback from the employees which enable further improvement in existing software system.



## OBJECTIVE OF THE STUDY: -

The project aims at the study of the Pay Roll Management System and its effectiveness in the organization. Pay Roll System is the most indispensable tool for the management of an organization as its credibility, accountability and proper functioning influence the working of Employee as well as the productivity of an organization. There has been tremendous growth in the number and size of multinational companies today, leading to significant challenges in the areas of human resources and payroll system.

Thus, the broad objective of the study is: -

- a) Identify the HR role in Payroll system and thereby to analyze the interface level between account and H.R. department in the organization.
- b) Effectiveness of the software used in payroll system in an organization.
- c) To establish the internal control for the pay roll cycle by the H.R. department which ensure an adequate segregation of duties, proper authorization of transaction, an accurate and timely recording of expenditure.
- d) To critically analyze the satisfactory level of employees using this software in organization.

To analysis whether these software's are user friendly and to analyze the accuracy and accountability of the pay roll management system in **Lexiko Infra Systems**.

## 2. LITERATURE SURVEY

Improved HR is another great advantage of outsourcing business processes. Several market

studies have shown that HR outsourcing can lead to cost savings in the range of 20-40 percent for customers. It also leads to improved HR. HR Business Process Outsourcing (HR BPO) is a market that has experienced extensive growth over the past few years and is now set for even more rapid expansion. This is based on the fact that gradually more companies are looking at outsourcing transactions and processes to create a more strategically focused HR function. Clearly, companies all over the world are getting motivated to outsource their HR processes and transactions to run their HR functions more efficiently, free the HR function to focus on strategic people practices that drive growth and add to the organization's long-term success and facilitate their professionals to add value to their business. Companies today, require complete domestic and global HR delivery through systems and processes that can generate economies of scale to reduce or eliminate their need to make future investments in quickly outdated technology. Companies can save between 20-40 percent of their HR costs, depending on their business priorities and the pace at which they want to move.

### Indian BPO Segments

Business Process Outsourcing in India is organized in many segments. Back-office processing and customer interaction services are among the fastest and largest growing segments that contribute significantly to the Indian BPO market. The main activities or areas covered by the BPOs include customer care, such as remote maintenance, help desk, and sales support; finance and administration, examples of which are data analysis, medical transcription, insurance claims, and inventory management; and HR and payment services including payroll, credit-card services, check processing, and employee leasing. In addition, the BPO industry has expanded into engineering and design, animation, market research, network consultancy and management, remote education, and content development (i.e., digital content, LAN networks, and application maintenance). BPO activities wherever knowledge

processing is required are all on the increase. Examples of KPO include intellectual property research, legal and medical research, R&D, analytical services like equity research, information security services such as risk assessment and management, bioinformatics (for example, genome sequencing, protein modelling, and

toxicology studies), and procurement and global trade. Broadly speaking the Indian BPO industry can be divided into six categories. 1. Captive Units set up by global companies that outsource their back-office operations from India. 2. Indian Third-Party Vendors that execute transactions and processes for international clients. 3. Joint Ventures between international BPO companies and Indian partners. 4. Indian IT Software Companies that have added BPO to their service portfolio. 5. Global BPO Players who set up call centers in India (for example, Convergys). 6. Global Consultancies (such as Accenture) who have been advising their clients on outsourcing and are now leveraging this experience into providing actual BPO service (Economist Intelligence Unit, 2002). The most prevalent form of BPOs operating in India is that of either Captive Units or the Third-party Vendors. The BPO industry is heterogeneous, differentiated by horizontal process domains such as HR, logistics, or finance, and vertical specializations such as medical transcription in the health sector and check processing and imaging in banking. Other categorizations also exist. A distinction can be made between onshore and offshore BPO: Onshore BPO refers to outsourcing to a domestic or nearby vendor whereas offshore refers to the vendor from a different country. For example, for U.S. clients, Canada is considered an onshore location, and India is offshore. Another classification is discrete process BPO, comprehensive BPO, and a multi-domain BPO [40].

### 3. RESEARCH METHODOLOGY

**a) RESEARCH DESIGN:** A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The most significant decision is the choice of research approach, because it determines how the information will be obtained. The choice of the research approach depends on the nature of the research that one wants to do.

The research design adopted for this study is Exploratory Research. Exploratory research focuses on collecting data using an unstructured formal or informal procedure to capture data and to interpret them. It is often used to classify the problems or opportunities and it is not intended to provide conclusive information from which a particular course of action can be determined.

**b) SAMPLING TECHNIQUE:** The next step in research study after collecting data is the sampling process. When a decision is made to use the sample, a number of factors must be taken into consideration.

The target population in this study was the ground staff of Lexiko Infra Systems belonging to different department. The sampling technique had to be selected. There are two types of sampling techniques: -

- Probability sampling
- Non-probability sampling

For the purpose of our study among the probability sampling, the sampling used in this study was stratified sampling.

**a) STRATIFIED SAMPLING:** If the population from which a sample is to be drawn does not constitute a homogeneous group, then stratified technique is applied so as to obtain a comprehensive sample. In this technique, the population is stratified into number of non-overlapping sub populations or strata and sample

items are selected from each stratum. If the items selected from each stratum is based on simple random sampling, the entire procedure, first stratification and then simple random sampling is known as stratified sampling. The stratified sampling results in a more reliable and detailed information. The researcher uses simple random sampling for selection of items from each stratum.

**b) SAMPLE SIZE:** The population covered for the present study consisted of employee belonging to supervisory and the level above. For the purpose of this study, survey covered the employee of **LEXIKO INFRA SYSTEMS**, falling under supervisor and the level above. The study covered a sample of 50 employees.

**c) DATA COLLECTION APPROACH:** There are several ways of collecting the appropriate data. While deciding about the method of data collection to be used for the study, the researcher should keep in mind, that there are 2 types of data.

1. Primary data
2. Secondary data

Primary data are those which are collected a fresh and for the first time and thus happen to be original in character. Primary data can be collected either through experiment or through survey.

#### 4. DATA ANALYSIS & INTERPRETATION

a) Satisfaction and dissatisfaction level towards, whether the software user friendly or not.

**INTREPRETATION:-** From the above bar graph it can be seen that among 50 employees, 84% of employees are satisfied with the software system used in organization 16% of employees are not satisfied software system whereas we need to give more focus on dissatisfied employees.

b) Satisfaction and dissatisfaction level toward the measurement of the complaint regarding loading of pay sheet in software system.

**INTERPRETATION:-** From the above bar graph we can conclude that among 50 employees 90% of

Secondary data are those which are collected from the published article, books, journaletc. Primary data can be collected either through experiment or through survey.

The secondary data on the other hand are those which have already been collected by someone else and which have already been passed through the statistical process. In this study, the data was collected from the primary source through interview schedule.

#### d) STATISTICAL TECHNIQUE:

This phase consists of the data analysis of the data collected based on the stratified simple random probabilistic sampling technique. The data collected were analyzed using the percentage analysis which involve the number of responses of each category is summarized to percentage format and bar chart used to critically analyze the data and further data interpretation was done.

the employee are satisfied by the software measurement of the complaint regarding loading of pay sheet in software system whereas we need to focus more on 10% yet not responded and find out the reason for the same.

c) Reason for satisfaction/dissatisfaction level towards the usage of new software for pay roll process.

**INTERPRETATION:-** From the above bar graph it can be concluded that among 50 employees, 76% of the employees are satisfied with towards the usage of new software for pay roll process and calculation whereas we need to give more focus on 24% employees dissatisfied.

d) Reason for satisfaction/dissatisfaction level towards the measurement of complaint rectification.

INTERPRETATION:- From the above bar graph it can be seen that among 50 employees, 40% of the employees are satisfied the measurement of complaint rectification by the software version whereas we need to focus more on the 10 % dissatisfied and find out reason for 50% yet not responded.

e) Reason for satisfaction/dissatisfaction level towards the team coordination with software technology team.

INTERPRETATION:- From the above bar graph it can be concluded that among 50 employees

,96% of the employees are satisfied towards the team coordination with software technology team whereas we need to focus more on 4% dissatisfied.

f) Is the organization maintains the record as per government norms.

INTERPRETATION:- From the above bar graph it can be seen that among 50 employees, 100% of the employees are satisfied by the maintenance of all reports by the organization according to the government norms and no case is reported against the organization till date of violation of government rule and policy from the respondents.

g) Confidentiality in maintaining the employee's personal details in an organization by the concerned department.

**SUGGESTIONS:** - Following are the suggestion on the basis of findings

- a) In order to improve the Software skills of employees the organization should create more awareness and to provide feedback regularly to the employees about software system.
- b) Proper training should be given to the employees, in order to increase their knowledge about the usefulness of the software system.

INTERPRETATION: - From the above bar graph it can be concluded that among 50 employees 92% of the employees are satisfied by the confidentiality of maintaining the employee's personal details by the concerned department whereas we need to give more focus on 8% dissatisfied employees..

## 5. FINDINGS OF THE STUDY

- a) 80% of the Employees are satisfied by the software and we need to more focus on the 16% dissatisfied.
- b) Among 50 employees 90 % of the employees are satisfied with the software system helps for future growth that they had improved themselves after the program. 10 % of the employees are not satisfied with software system helps for future growth.
- c) 76 % of the Employees are satisfied with the calculation and we need to more focus on 24% of employees dissatisfied.
- d) 40% of the Employees are satisfied with the complaint rectification process and we need to focus on the 5% dissatisfied, whereas 50% did not responded.
- e) 96% of the Employees are satisfied with the measurement of team coordination with software technology team and we need to focus on 4% Employees dissatisfied.
- e) 94% of the Employees are satisfied with the adequacy of the access to the payroll and personal record
- c) Top management shall continually review the software according to the employees' requirements, which shall be seen as positive support to the system by the employees.
- d) After software testing, if there are any changes, the employees should be informed by the software technology team.
- e) Delivery of payment to the employee should be well on time by the department.
- f) Technological assessment of pay roll software system should be done quarterly by an expert in an organization

- g) Employee's complaint should be registered properly and immediate action should be taken by the concerned authority.
- h) The interface between the Human resource department and pay roll system should be widen and more regulatory control should be given to H.R. department to ensure that the organization is concerned toward the welfare of the Employees and thereby productivity of an organization also enhanced.
- i) Confidentiality in an organization regarding Employees personal detail and other related information which is recorded in pay roll system software should be maintained and H.R. should take the responsibility for the same.
- j) Term and condition in the pay roll system should be amended regularly as per the labor law by the H.R. the organization.

## 6. CONCLUSION

- The study had confirmed that the company is having a good interface level between account and H.R. department in the organization
- From this study, it is found that majority of the workers were satisfied with Software Used in

an organization.

- To make the software system more efficient and excellent, the company should give

Importance to the employee's suggestion related to improvement of software used in pay roll system and thereby makes their software more effective and adequate.

- To create awareness among employees and it shall consider some of the ways and means Suggested by the employees like addition of parameters such as short cut for calculation PF, ESI, TAX etc.
- Dependability and conducting regular training program on the software usage for the employees in an organization
- H.R. department should be given more regulatory power to analyze the proper Functioning of the pay roll system and thereby widen up the interaction between finance and H.R. department.

- I hope that the suggestion given in the report may be implemented in future course for the benefit of the employees and the company.
- The Company should conduct the similar type of research at regular interval to know the changing software's and to know about the latest technology like Baan software