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A STUDY ON EMPLOYEE SATISFACTION TOWARDS PAYROLL PROCESSING SYSTEM

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ABSTRACT

This paper explores employee satisfaction with payroll processing systems, focusing on key factors like accuracy, timeliness, transparency, communication, accessibility, and security. Data was collected from 136 respondents using a structured questionnaire. Various statistical tools were applied to understand employee perceptions and highlight areas for improvement. The study finds that while many employees are generally satisfied with the payroll system, significant improvements are still needed in aspects like communication and transparency. The paper concludes by suggesting ways to make payroll systems more reliable, clear, and employee-friendly.

KEYWORDS

Payroll Processing, Employee Satisfaction, Transparency, Timeliness, Payroll Accuracy, Payroll Security, Statistical Analysis

INTRODUCTION

For employees, salary is not just a payment—it's a reflection of their hard work and commitment. Getting paid on time and correctly creates a sense of trust in the workplace. Payroll is a function that combines human emotions with technical accuracy. This study aims to understand how employees perceive their payroll system, focusing on what really matters to them: timely salary credit, transparent payslips, and the freedom to ask questions without hesitation. Employees expect timely and accurate salary payments as a basic part of their job. Payroll processing plays a vital role in employee satisfaction and overall organizational efficiency. Errors or delays can lower morale and productivity. A good payroll system ensures trust, fairness, and motivation. This study aims to examine how satisfied employees are with their organization's payroll system by analyzing various factors that affect their perception.

OBJECTIVES OF THE STUDY

Primary Objective:

- To study employee satisfaction towards payroll processing systems.

Secondary Objectives:

- To understand the impact of demographics on payroll satisfaction.
- To examine the role of payroll transparency and communication.
- To identify factors influencing payroll satisfaction.
- To explore challenges in payroll processing.
- To provide recommendations for improvement.

NEED FOR THE STUDY

Payroll satisfaction affects employee morale, trust, and productivity. Delays or inaccuracies in payroll processing led to frustration and dissatisfaction. By studying payroll effectiveness, organizations can identify gaps and improve employee satisfaction, leading to better performance.

SCOPE OF THE STUDY

This study is limited to understanding employee satisfaction with payroll systems. It covers areas such as salary accuracy, timeliness, transparency, query handling, and accessibility. The scope is confined to internal payroll practices and does not consider external factors like government regulations.

LIMITATIONS OF THE STUDY

Sample size limited to 136 employees.

Findings may not be generalized beyond the organization studied.

Responses may be influenced by fear of disclosure.

External factors like tax laws are not considered.

RESEARCH METHODOLOGY

Research Design: Descriptive research design was used to explore employee views on payroll systems.

Data Collection:

- *Primary Data:* Collected using a structured questionnaire.
- *Secondary Data:* Collected from journals, articles, and previous research papers.

Sampling Technique:

- *Non-Probability Sampling* (specifically, Convenience Sampling) was used due to ease of access.

Sample Size:

- A total of 136 responses were collected.

Statistical Tools Used

- Percentage Analysis
- Chi-Square Test
- Spearman's Correlation
- Kruskal-Wallis Test
- Mann-Whitney U Test

Normality Test:

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.990 ^a	1	.320		
Continuity Correction ^b	.509	1	.476		
Likelihood Ratio	1.082	1	.298		
Fisher's Exact Test				.408	.244
Linear-by-Linear Association	.983	1	.321		
N of Valid Cases ^b	136				

- Shapiro-Wilk and Kolmogorov-Smirnov tests showed that the data did not follow a normal distribution.

TOOLS USED

- **Percentage Analysis** was used to identify the distribution of responses.
- **Chi-Square Test** examined the relationship between categorical variables.
- **Spearman's Correlation** assessed the strength of association between two ranked variables.
- **Kruskal-Wallis Test** was applied to compare more than two groups.
- **Mann-Whitney U Test** compared two independent groups for significance.

CHI SQUARE

Null Hypothesis (H₀): There is no significant association between gender and Payroll Satisfaction.

Alternative Hypothesis (H₁): There is a significant association between gender and Payroll Satisfaction.

Interpretation:

The p-value obtained from the Chi-Square test is 0.320, which is greater than the significance level of 0.05. Hence, the null hypothesis is accepted. This indicates that there is no statistically significant association between gender and satisfaction with the payroll system. Therefore, it can be concluded that gender does not significantly influence payroll satisfaction among the employees in the study.

MANN WHITNEY TEST

Null Hypothesis (H_0): There is no significant difference between male and female employees regarding their satisfaction with timeliness of payment, payroll security, addressing payroll queries, and payroll information access.

Alternative Hypothesis (H_1): There is a significant difference between male and female employees regarding their satisfaction with timeliness of payment, payroll security, addressing payroll queries, and payroll information access.

	Timeliness of Payment Satisfaction	Payroll Security Satisfaction	Addressing Payroll Queries Satisfaction	Payroll Information Access Satisfaction
Mann-Whitney U	1429.500	1449.500	1215.500	1271.500
Wilcoxon W	1807.500	7444.500	7210.500	7266.500

	Timeliness of Payment Satisfaction	Payroll Security Satisfaction	Addressing Payroll Queries Satisfaction	Payroll Information Access Satisfaction
Chi-Square	.597	7.973	2.555	3.347
df	4	4	4	4
Asymp. Sig.	.963	.093	.635	.501

Interpretation:

Since the p-values for all the factors (Timeliness of Payment, Payroll Security, Addressing Payroll Queries, and Payroll Information Access) are greater than the significance level of 0.05, the null hypothesis is accepted. This indicates that there is no statistically significant difference between male and female employees regarding their satisfaction with these payroll aspects. In other words, gender does not have a significant influence on employees' satisfaction with the timeliness of payment, payroll security, addressing payroll queries, and payroll information access.

KRUSKAL WALLIS

Null Hypothesis (H_0): There is no significant difference in satisfaction levels regarding payroll-related factors (timeliness of payment, payroll security, addressing payroll queries, and payroll information access) across different age groups.

Alternative Hypothesis (H_1): There is a significant difference in satisfaction levels regarding payroll-related factors across different age groups.

Interpretation:

The Kruskal-Wallis H Test was conducted to examine whether satisfaction levels on payroll-related factors differ across age groups. The results showed that the p-values for timeliness of payment (0.963), payroll security (0.093), addressing payroll queries (0.635), and payroll information access (0.501) are all greater than the 0.05 significance level. Therefore, the null hypothesis is accepted for any factor, indicating no significant difference in satisfaction levels among age groups.

CORRELATION

Null Hypothesis (H_0): There is no significant relationship between Payroll Transparency, Payroll Communication, and Employee Satisfaction.

Alternative Hypothesis (H_1): There is a significant relationship between Payroll Transparency, Payroll Communication, and Employee Satisfaction.

			Payroll Transparency	Payroll Communication	Employee satisfaction
Spearman's rho	Payroll Transparency	Correlation Coefficient	1	.622**	.614**
		Sig. (2- tailed)	.	.000	.000
		N	136	136	136
	Payroll Communication	Correlation Coefficient	.622**	1	.622**
		Sig. (2- tailed)	.000	.	.000
		N	136	136	136
	Employee satisfaction	Correlation Coefficient	.614**	.622**	1
		Sig. (2- tailed)	.000	.000	.
		N	136	136	136

Interpretation:

The results of the Spearman's correlation analysis indicate a significant positive relationship between Payroll Transparency, Payroll Communication and employee satisfaction. Payroll Transparency shows a correlation coefficient of 0.614 ($p = 0.000$), and Payroll Communication shows 0.622 ($p = 0.000$), both of which are statistically significant at the 0.01 level. As the p-values are less than 0.05, the null hypothesis is rejected. Payroll transparency and communication are strongly associated with employee satisfaction.

CORRELATION

Null Hypothesis (H_0): There is no significant relationship between the payroll factors and employee satisfaction.

Alternative Hypothesis (H_1): There is a significant relationship between the payroll factors and employee satisfaction.

			Timeli ness of Payment	Payroll Security	Addres sing Payroll Queries	Payroll Informati on Access	Emplo yee Satisfacti on
Spearman's rho	Timeliness of Payment	Correlation Coefficient	1.000	.436**	.264**	.523**	.240**
		Sig. (2-tailed)	.	.000	.002	.000	.005
		N	136	136	136	136	136
	Payroll Security	Correlation Coefficient	.436**	1.000	.392**	.504**	.262**
		Sig. (2-tailed)	.000	.	.000	.000	.002
		N	136	136	136	136	136
	Addressing Payroll Queries	Correlation Coefficient	.264**	.392**	1.000	.663**	.674**
		Sig. (2-tailed)	.002	.000	.	.000	.000
		N	136	136	136	136	136
	Payroll Information Access	Correlation Coefficient	.523**	.504**	.663**	1.000	.673**
		Sig. (2-tailed)	.000	.000	.000	.	.000
		N	136	136	136	136	136
	Employee Satisfaction	Correlation Coefficient	.240**	.262**	.674**	.673**	1.000
		Sig. (2-tailed)	.005	.002	.000	.000	.
		N	136	136	136	136	136

Interpretation:

The results of the correlation analysis between payroll factors and employee satisfaction reveal significant relationships across all variables. The p-values for Timeliness of Payment (0.005), Payroll Security (0.002), Addressing Payroll Queries (0.000), and Payroll Information Access (0.000) are all below 0.05, allowing to reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1).

CHI SQUARE

Null Hypothesis (H_0): There is no significant association between gender and experiencing payroll errors.

Alternative Hypothesis (H_1): There is a significant association between gender and experiencing payroll errors.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.016 ^a	1	.899	1.000	.534
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.016	1	.899		
Fisher's Exact Test					
Linear-by-Linear Association	.016	1	.900		
N of Valid Cases ^b	136				

Interpretation:

Since the p-value (0.899) is greater than the significance level of 0.05, the null hypothesis is accepted. This indicates that there is no statistically significant relationship between gender and payroll errors among the respondents. Therefore, gender does not have a significant impact on whether employees have experienced payroll errors or discrepancies in the organization.

SUGGESTIONS

- Introduce better communication channels for explaining salary structures.
- Provide easy access to payroll data via employee portals.
- Conduct periodic payroll audits to avoid errors.
- Offer training for HR personnel in payroll handling and employee interaction.
- Collect regular feedback to identify new issues quickly.

CONCLUSION

Employee satisfaction with payroll is essential for maintaining trust and motivation in the workplace. Though current systems are mostly effective, minor adjustments—especially in communication and transparency—can significantly improve satisfaction. Organizations should view payroll as more than a process and treat it as a tool to foster engagement and loyalty.

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