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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# A Study on Payroll - Salary Processing and Finance Functions in Hospitals

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**ABSTRACT:** An efficient payroll and finance function is vital for organizational stability and employee satisfaction. Beyond routine transactions, payroll processing reflects a company's professionalism, financial discipline, and respect for its workforce. As companies grow, investing in robust payroll systems and trained personnel becomes crucial for sustaining operations and fostering a positive work environment. This study is carried out to understand how salary processing and finance functions are handled in the hospitals. The main aim is to find out how accurate the payroll system is, how timely salaries are given to employees, how well the payroll automation works, and how satisfied employees are with the payroll process. The study includes analysing the level of accuracy in payroll, the regularity of salary disbursement, the efficiency of automated systems, and the views of employees regarding their compensation. The sample of the study is 90. Descriptive research design and convenience sampling method have been used in this study. Questionnaire has been used to collect the primary data. Simple Percentage analysis, chi-square analysis and correlation have been used as statistical tools to reach the finding of the study. The study found that many employees at hospitals believe the payroll system generally calculates salaries accurately and handles errors effectively. It revealed that deductions and additions are mostly seen as correct, though there is still room for improvement in consistency. It is concluded that employees feel confident that their salaries are fair and accurate, but only some view the salary structure as equitable. It is suggested that hospitals should focus on strengthening trust in automated payroll systems through better transparency and regular validation.

**KEYWORDS:** Payroll Processing, salary Processing, Finance Functions and Employee Satisfaction

### I. INTRODUCTION

The term 'Payroll' is associated with several meanings and is interchangeably used as an umbrella term for A group of people employed by an organization depicting their earnings. The total number of employees working with a company or an economy. The amount of money paid to the people employed by a particular company. The complete chain of tasks for managing the money paid to the employees. Payroll management means calculating what is owed to employees for a given payroll cycle after taking into account essential deductions such as TDS, employee PF contributions, meal coupons, and so on. The payroll management process is nothing but a set of regulated steps that are performed in the same order every month to form a payroll cycle. In other words, the payroll process is all about arriving at what is due to the employees, i.e., the Net Pay after making the necessary tax adjustments and other deductions.

#### Objectives of the study

##### Primary objective

- To study on payroll - salary processing and finance functions in hospitals

##### Secondary objectives

- To assess the level of accuracy in payroll processing within the organization
- To evaluate the Timeliness of salary disbursement in the organisation
- To examine the efficiency of Payroll Process Automation in the organisation
- To measure employee satisfaction with the organization's payroll processes



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### II. REVIEW OF LITERATURE

**Saputra, A.A., Ratnasari, C.I., Rahayu, N.W. (2024).** E-government in Indonesia is ranked 77th out of 193 countries in the 2022 EGDI (E-Government Development Index). Government-to-Employee (G2E) is one sort of e-government. This paper discusses the digital transformation in civil servant payroll management at the social service in one of the provinces in Indonesia. This study begins with problem identification, which is part of the requirements analysis, which is achieved through interviews with the social service office's salary treasurer and the analysis of employee and payroll data. The many provisions and components in salary calculations are prone to human error. The waterfall approach is used in developing a web-based payroll system. Employees are experiencing the effects of digital transformation, namely greater salary transparency, which previously required requesting a payslip from the payroll treasurer. Aside from that, the salary treasurer may easily process payroll, which was formerly done using Microsoft Excel. The black-box test results show that the system works as intended, and the usability test results show that the system is simple to use.

**Dr. R.S Anantharajan, Gayathri P (2024),** This research explore the significant influence of Artificial Intelligence (AI) on payroll operations within the Human Resource (HR) sector, with a particular emphasis on a comparative study of prominent firms such as Wipro, TCS, Infosys, and Zoho. It analyses the ways in which AI optimizes payroll processes, improves accuracy, and minimizes the necessity for manual involvement, thereby enhancing overall efficiency and generating cost reductions. The study also addresses potential challenges, such as concerns regarding data security and the risk of job displacement, while evaluating the readiness of HR teams to incorporate AI technologies. By employing a combination of literature review and secondary data analysis, this research seeks to illuminate the advantages and risks linked to the implementation of AI in payroll management. The results suggest that although AI offers considerable benefits, organizations must implement strategic initiatives, including employee training and comprehensive security measures, to maximize its effectiveness. This study enhances the understanding of AI's impact on transforming payroll practices and provides recommendations for effective integration within HR departments.

### III. RESEARCH METHODOLOGY

Descriptive research design used in this study. This study used both primary and secondary data collection. Convenience sampling is used in this study. Sample size of the study is 90. Percentage analysis, Chi-Square Analysis and Correlation Analysis this statistical tools are used in this study.

#### Data Analysis and Interpretation

**Table No: 1 Accuracy of Payroll Processing**

| Statement  | Excellent (%) | Good (%) | Average (%) | Bad (%) | Poor (%) |
|--|---------------|----------|-------------|---------|----------|
| Payroll system accurately calculates the salary every pay period | 24.4%         | 21.1%    | 33.3%       | 6.7%    | 14.4%    |
| Rarely encountering errors in the salary statement               | 50.0%         | 21.1%    | 8.9%        | 8.9%    | 11.1%    |
| Deductions and additions to the salary are consistently correct  | 31.1%         | 34.4%    | 27.8%       | 3.3%    | 3.3%     |



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|--|-------|-------|-------|------|-------|
| Payroll errors, if any, are promptly rectified by the payroll department | 45.6% | 25.6% | 13.3% | 3.3% | 12.2% |
| Confident that the salary is based on accurate and fair calculations     | 21.1% | 58.9% | 16.7% | 2.2% | 1.1%  |

### Interpretation

The table presents respondents' opinions on the accuracy and reliability of the payroll system, indicating a generally positive perception with some areas of concern. A considerable proportion of respondents believe that the payroll system accurately calculates salaries, with 24.4% rating it as excellent and 21.1% as good; however, a notable 33.3% rated it as average, suggesting scope for improvement. Similarly, a majority reported rarely encountering errors in salary statements (50.0% excellent, 21.1% good), reflecting strong confidence in error minimization. In terms of correctness in deductions and additions, most respondents expressed satisfaction (31.1% excellent, 34.4% good), indicating consistency in payroll computations. Additionally, prompt rectification of payroll errors is viewed positively (45.6% excellent, 25.6% good), though a small percentage still reported dissatisfaction, highlighting the need for faster resolution mechanisms. Furthermore, a significant majority of respondents expressed confidence that salary calculations are accurate and fair (21.1% excellent, 58.9% good), reinforcing trust in the payroll system. Overall, the findings suggest that while the payroll system is largely perceived as accurate, reliable, and responsive, moderate ratings and some dissatisfaction in certain aspects indicate opportunities for enhancing precision, transparency, and efficiency in payroll processes.

**Table No: 2 Employee Satisfaction**

| Statement   | Highly Satisfied (%) | Satisfied (%) | Neutral (%) | Dissatisfied (%) | Highly dissatisfied (%) |
|---|----------------------|---------------|-------------|------------------|-------------------------|
| Organization's salary structure is fair and equitable                       | 20.0%                | 16.7%         | 44.4%       | 11.1%            | 7.8%                    |
| Organization values and respects its employees in terms of compensation     | 20.0%                | 47.8%         | 13.3%       | 13.3%            | 5.6%                    |
| Availability of efficient channels for addressing payroll-related inquiries | 42.2%                | 17.8%         | 14.4%       | 14.4%            | 11.1%                   |
| Transparency in the salary information in the organization                  | 26.7%                | 36.7%         | 15.6%       | 14.4%            | 6.7%                    |
| Work is   | 22.2%                | 7.8%          | 20.0%       | 10.0%            | 40.0%                   |



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|--|--|--|--|--|--|
| adequately compensated by the salary offered by the organisation |  |  |  |  |  |
|--|--|--|--|--|--|

### Interpretation

The table illustrates respondents' satisfaction levels regarding fairness, transparency, and compensation practices in the organization, revealing mixed perceptions across different aspects. A relatively high proportion of respondents remained neutral (44.4%) regarding the fairness and equity of the salary structure, while only 36.7% expressed satisfaction (20.0% highly satisfied, 16.7% satisfied), indicating uncertainty and the need for greater clarity and improvement in pay structures. In contrast, the organization's effort in valuing and respecting employees through compensation is viewed more positively, with a majority expressing satisfaction (20.0% highly satisfied and 47.8% satisfied). Similarly, the availability of efficient channels for addressing payroll-related inquiries received favorable responses (42.2% highly satisfied), although a notable percentage expressed dissatisfaction, suggesting inconsistencies in accessibility or responsiveness. Transparency in salary information is moderately appreciated, with 26.7% highly satisfied and 36.7% satisfied, but the presence of neutral and dissatisfied responses indicates room for enhancing openness and communication. However, a significant concern is observed in the perception of adequate compensation for work, where 40.0% of respondents are highly dissatisfied and only a small proportion expressed satisfaction (22.2% highly satisfied, 7.8% satisfied), highlighting a major gap between employee expectations and actual pay. Overall, the findings suggest that while the organization performs well in certain areas such as respect for employees and grievance handling, there are critical issues related to perceived fairness and adequacy of compensation that require immediate attention to improve employee satisfaction and trust.

**Table No: 3 Timeliness of salary disbursement**

| Statement  | Highly Satisfied (%) | Satisfied (%) | Neutral (%) | Dissatisfied (%) | Highly dissatisfied (%) |
|--|----------------------|---------------|-------------|------------------|-------------------------|
| Salary payment is on the scheduled pay date without delays                 | 41.1%                | 37.8%         | 6.7%        | 6.7%             | 7.8%                    |
| Delays in salary disbursement are communicated to employees in advance     | 38.9%                | 23.3%         | 17.8%       | 11.1%            | 8.9%                    |
| Payroll department consistently meets the deadline for salary disbursement | 20.0%                | 53.3%         | 10.0%       | 6.7%             | 10.0%                   |
| Satisfied with the frequency of salary payments                            | 17.8%                | 34.4%         | 24.4%       | 8.9%             | 14.4%                   |
| Receiving the salary when needed to meet                                   | 63.3%                | 12.2%         | 6.7%        | 15.6%            | 2.2%                    |



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|   |  |  |  |  |  |
|---|--|--|--|--|--|
| financial obligations in the organisation |  |  |  |  |  |
|---|--|--|--|--|--|

### Interpretation

The table presents respondents' satisfaction levels regarding the timeliness and regularity of salary payments, indicating an overall positive perception with certain areas needing improvement. A significant majority of respondents are satisfied that salary payments are made on the scheduled date without delays (41.1% highly satisfied, 37.8% satisfied), reflecting strong efficiency in payroll timing. Similarly, most respondents agreed that delays, if any, are communicated in advance (38.9% highly satisfied, 23.3% satisfied), though a moderate proportion expressed neutrality and dissatisfaction, suggesting scope for better communication practices. The payroll department's ability to consistently meet salary disbursement deadlines is also viewed favorably, with 20.0% highly satisfied and 53.3% satisfied, indicating reliability in maintaining timelines. However, satisfaction with the frequency of salary payments appears moderate, as a considerable portion of respondents remained neutral (24.4%) and some expressed dissatisfaction, highlighting potential concerns regarding payment intervals. Notably, a large proportion of respondents (63.3%) are highly satisfied that they receive their salary when needed to meet financial obligations, demonstrating the practical effectiveness of payroll timing in supporting employees' financial needs, despite some dissatisfaction (15.6%). Overall, the findings suggest that the organization performs well in ensuring timely salary payments and meeting deadlines, while improvements can be made in communication regarding delays and enhancing satisfaction with the frequency of payments.

### Chi Square: Relationship Between The Accuracy of Payroll Processing And Employee Satisfaction

**Null hypothesis (H0):** There is no significant relationship between the accuracy of payroll processing and employee satisfaction.

**Alternative hypothesis (H1):** There is some significant relationship between the accuracy of payroll processing and employee satisfaction.

| Chi-Square Tests             |                      |     |                       |
|------------------------------|----------------------|-----|-----------------------|
|                              | Value                | df  | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 208.410 <sup>a</sup> | 182 | .087                  |
| Likelihood Ratio             | 154.209              | 182 | .934                  |
| Linear-by-Linear Association | 1.177                | 1   | .278                  |
| N of Valid Cases             | 90                   |     |                       |

a. 209 cells (99.5%) have expected count less than 5. The minimum expected count is .01.

### INTERPRETATION

As per the above table, it is inferred that the P value is 0.087; it is not significant to 5% (0.05) significant level. The minimum expected count is 0.01. Thus null hypothesis is accepted and it is found that there is no significant relationship between the accuracy of payroll processing and employee satisfaction.

### Correlation: Relationship between the Timeliness of Salary Disbursement and Employee Satisfaction

**Null hypothesis (H0):** There is no significant relationship between the timeliness of salary disbursement and employee satisfaction.

**Alternative hypothesis (H1):** There is some significant relationship between the timeliness of salary disbursement and employee satisfaction.



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| Correlations                      |                     |                                   |                       |
|-----------------------------------|---------------------|-----------------------------------|-----------------------|
|                                   |                     | TIMELINESS OF SALARY DISBURSEMENT | EMPLOYEE SATISFACTION |
| TIMELINESS OF SALARY DISBURSEMENT | Pearson Correlation | 1                                 | -.077                 |
|                                   | Sig. (2-tailed)     |                                   | .473                  |
|                                   | N                   | 90                                | 90                    |
| EMPLOYEE SATISFACTION             | Pearson Correlation | -.077                             | 1                     |
|                                   | Sig. (2-tailed)     | .473                              |                       |
|                                   | N                   | 90                                | 90                    |

### INTERPRETATION

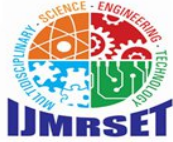
The above table indicates that, co-efficient of correlation between the timeliness of salary disbursement and employee satisfaction is -0.077. It is below 1. So there is negative relationship between the timeliness of salary disbursement and employee satisfaction.

### IV. SUGGESTIONS

- The payroll system should undergo routine audits by the organization to guarantee accuracy and quickly resolve any possible inconsistencies.
- Develop training initiatives for payroll personnel to optimize precision and reduce mistakes in pay statements.
- Create strong validation procedures to confirm salary additions and deductions, guaranteeing accuracy and consistency.
- Provide a streamlined procedure that is easy for employees to follow for reporting and fixing payroll issues.
- Raise the level of transparency in compensation computations to provide workers more assurance about the justice and accuracy of their pay.
- Enhance the channels of communication to inform staff members ahead of time of any possible delays in salary disbursement.
- Increase internal control measures to guarantee that the payroll department regularly fulfills salary payment deadlines.

### V. CONCLUSION

Based on the study's findings, an organization's ability to accurately and promptly process payroll and distribute salaries has a significant impact on how satisfied its workforce is. According to the survey, employees are more satisfied when payroll systems compute salaries correctly, minimize errors in compensation statements, and regularly make the right deductions and adjustments to salaries. Employee satisfaction with the regularity and dependability of salary payments was shown to be significantly influenced by the payroll department's consistent deadline compliance and effective communication of any delays in salary disbursement. The study also demonstrated how automation in payroll processing can lower the risk of errors, increase productivity, and lessen the administrative costs related to payroll operations. The study stressed the importance of fair and equitable salary structures, transparent communication of salary information, and effective channels for addressing payroll-related inquiries in enhancing employee satisfaction with the overall compensation package, in addition to accurate and timely payroll processing. Organizations that place a high priority on accuracy, punctuality, transparency, and efficiency when it comes to processing payroll and disbursing salaries stand to benefit from improved employee satisfaction, a more favorable work environment, and ultimately increased organizational performance. The study found that many employees at NLC India Limited believe the payroll system generally calculates salaries accurately and handles errors effectively. It revealed that deductions and additions are mostly seen as correct, though there is still room for improvement in consistency. It concluded that employees feel confident that their salaries are fair and accurate, but only some view the salary structure as equitable.



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