Factor Influence Employee Satisfaction toward Effectiveness of Payroll Management:

A Quantitative Study of Employee Satisfaction

(Study base in KL Valley)

By

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Research Project Submitted in Partial Fulfillment of the Requirements

for the Degree of Master of Business Administration

Universiti Tun Abdul Razak

October 2023

DECLARATION

I hereby declare that the case study is based on my original work except for quotations and citations that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at Universiti Tun Abdul Razak (UNIRAZAK) or other institution.

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ACKNOWLEDGEMENTS

First and foremost, I would like to express my deepest gratitude to my supervisor, Professor Dr. Benjamin Chan for his excellent guidance, caring, and patience in supervising me during the process of completing this thesis.

I also would like to express my appreciation and a lot of thank you to all faculty lecturers who have taught me during my Master's program. Honestly, I enjoyed every second of the learning process in my Master's program. All the lecturers can teach us wholeheartedly and enthusiastically.

Not forgotten, our Dean of Graduate School of Business, Prof Dr. Benjamin Chan through the vivid teaching in class, the teacher also provided many methods of searching for literature and excellent samples, as well as a patient reply after class. It is the hard teaching of the teacher that has enabled me to gain a lot in my academic journey.

I also would like to express a lot of thanks to my friends and family forgive me for your moral support until I was able to finish the thesis. Lastly, I would like to express my gratitude for the support and encouragement from all my course mates in assisting me in doing a lot of work and being willing to share their knowledge.

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ABSTRACT

This research endeavors to investigate and comprehend the dynamics of effective payroll management within organizations, focusing on critical factors such as training, adherence to labor laws, and HR department effectiveness. Through comprehensive data analysis encompassing correlation, regression, and hypothesis testing, this study aims to shed light on the intricate relationships between these factors and their impact on employee satisfaction and payroll accuracy. The findings of this research underscore the significance of adequate training and its positive correlation with technology utilization in payroll management. Moreover, a strong adherence to labor laws and an efficient HR department emerge as vital factors influencing employee satisfaction. The study also establishes a robust relationship between HR department effectiveness, employee satisfaction, and payroll accuracy. Drawing upon these insights, strategic recommendations are outlined to enhance HR effectiveness, ensure compliance with labor laws, and optimize training programs. These recommendations are poised to empower organizations in fostering an efficient payroll management system that aligns with legal requirements and augments overall employee satisfaction. Ultimately, this research serves as a valuable resource for organizations seeking to enhance their payroll management processes, foster employee satisfaction, and achieve a harmonious balance between regulatory compliance and technological advancements.

CHAPTER ONE: INTRODUCTION

1.1 Background of study

The HR department plays a critical role in managing employee payroll, as it is responsible for ensuring that employees are paid accurately and on time. Inaccurate or delayed payroll processing can lead to employee dissatisfaction and reduced motivation, as well as legal and financial consequences for the organization. Therefore, it is important to assess the effectiveness of the HR department in handling payroll issues and identifying areas for improvement.

Payroll management is a critical aspect of human resources (HR) management, as it involves ensuring that employees are paid accurately and on time (Luthans, Luthans, & Luthans, 2015). Accurate and timely payroll processing is not only essential for employee satisfaction and motivation but also for compliance with labor laws and regulations (Wiley & Kowske, 2012). However, inaccurate or delayed payroll processing can lead to dissatisfaction and reduced motivation among employees, as well as legal and financial consequences for the organization (Adeyeye & Ojo, 2018).

Previous research has highlighted the importance of HR department effectiveness in managing payroll issues (Jogulu, 2010). Some studies suggest that HR expertise, technology, and communication are key factors in ensuring accurate and efficient payroll processing (Davis, 2013; Gordon, 2013). Additionally, previous research has shown that employee satisfaction with HR services is linked to overall job satisfaction and motivation (Mondy, Noe, & Gowan, 2005).

However, there is still limited research on the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy. This study seeks to address this gap in the literature by conducting a quantitative analysis of employee satisfaction and payroll accuracy data, with the aim of assessing the effectiveness of the HR department in handling payroll issues.

1.2 Problem statement

Payroll management is a critical aspect of human resources (HR) management, as it involves ensuring that employees are paid accurately and on time. Accurate and timely payroll processing is not only essential for employee satisfaction and motivation but also for compliance with labor laws and regulations. However, inaccurate or delayed payroll processing can lead to dissatisfaction and reduced motivation among employees, as well as legal and financial consequences for the organization.

Despite the importance of payroll management, many organizations face challenges in effectively handling payroll issues. These challenges can arise from a variety of factors, including outdated technology, inadequate HR expertise, poor communication between HR and other departments, and insufficient resources allocated to payroll management. Inadequate payroll management can result in errors, delays, and discrepancies in employee paychecks, leading to employee dissatisfaction, demotivation, and even legal disputes.

Therefore, it is important for organizations to assess the effectiveness of their HR department in handling payroll issues to ensure that employees are paid accurately and on time. This study seeks to address the gap in the literature by examining the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy.

The problem statement of this study is to assess the effectiveness of the HR department in handling payroll issues, specifically with regards to employee satisfaction and payroll accuracy. The study will focus on understanding the factors that contribute to effective payroll management and how these factors can be improved to enhance HR department effectiveness.

1.3 Research objective

The objective of this study is to assess the effectiveness of the HR department in handling payroll issues in an organization, specifically with regards to employee satisfaction and payroll accuracy. The following are the specific research objectives of the study:

 I.   To identify the factors that contribute to effective payroll management.

 II.   To evaluate the effectiveness of the HR department in handling payroll issues.

 III. To investigate the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy.

By achieving these research objectives, the study aims to provide valuable insights into how organizations can enhance their HR department effectiveness in handling payroll issues, which can lead to improved employee satisfaction, compliance with labor laws and regulations, and financial stability.

1.4 Research question

The research questions of this study are:

I.   What are the factors that contribute to effective payroll management?

II.   How effective is the HR department in handling payroll issues?

III. What is the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy?

1.5 Significance of the study

The significance of this study lies in the importance of effective payroll management for organizations and their employees. Payroll processing is a critical function that ensures timely and accurate payment of salaries, wages, and benefits to employees. Failure to manage payroll effectively can result in dissatisfaction and demotivation among employees, legal disputes, and financial consequences for the organization. Thus, it is essential for organizations to have an effective HR department that can handle payroll issues efficiently.

This study contributes to the literature on payroll management by providing insights into the factors that contribute to effective payroll management, the current effectiveness of the HR department in handling payroll issues, the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy, and best practices that organizations can adopt to improve HR department effectiveness in handling payroll issues.

Firstly, this study aims to identify the factors that contribute to effective payroll management. By examining the literature on payroll management, the study will identify the key factors that are essential for effective payroll processing, such as accurate record keeping, compliance with labor laws and regulations, and effective communication with employees. By identifying these factors, organizations can focus on improving their payroll management practices and enhancing their HR department effectiveness.

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Secondly, this study aims to evaluate the effectiveness of the HR department in handling payroll issues. By collecting data from employees in the organization under study, the study will assess how well the HR department is handling payroll issues, such as processing payroll on time, resolving payroll discrepancies, and addressing employee concerns related to payroll. This evaluation will provide insights into the current state of HR department effectiveness and areas for improvement.

Thirdly, this study aims to investigate the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy. By examining the data collected from employees, the study will explore how HR department effectiveness in handling payroll issues affects employee satisfaction and payroll accuracy. Understanding this relationship is crucial for organizations as it can help them to understand the impact of HR department effectiveness on their employees and the overall financial health of the organization. Finally, this study aims to recommend best practices that organizations can adopt to improve HR department effectiveness in handling payroll issues. By synthesizing the literature on payroll management and the data collected from employees, the study will provide recommendations for best practices that organizations can adopt to enhance their HR department effectiveness. These recommendations can include strategies such as implementing payroll software, establishing clear policies and procedures for payroll processing, and providing training to HR staff on payroll management.

Overall, this study has significant practical implications for organizations as it can help them to improve their payroll management practices, enhance their HR department effectiveness, and promote employee satisfaction and payroll accuracy. Additionally, the study can contribute to the academic literature on payroll management, providing insights into the factors that contribute to effective payroll processing, the current state of HR department effectiveness, and the relationship between HR department effectiveness, employee satisfaction, and payroll accuracy.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Payroll management is a critical function within organizations, as it ensures that employees are compensated accurately and in a timely manner. The role of the HR department in managing payroll is particularly important, as it is responsible for the administration of employee compensation and benefits. In recent years, there has been increased attention on the effectiveness of HR departments in handling payroll issues. This literature review seeks to explore the existing research on HR department effectiveness in payroll management, with a particular focus on employee satisfaction and payroll accuracy.

2.2 Theoretical framework

The theoretical framework for this study draws on two main theories: the human resource management theory and the social exchange theory. The human resource management theory emphasizes the importance of effective management of the workforce for organizational success. According to Bratton and Gold (2017), human resource management encompasses a range of activities, including recruitment, selection, training and development, performance management, compensation, and benefits. The theory suggests that effective management of these activities is crucial to achieving organizational goals.

The social exchange theory posits that individuals engage in social relationships in which they exchange resources with others to achieve their goals (Blau, 1964). In the context of this study, employees exchange their skills and labor for compensation and benefits from their employer. The theory suggests that if employees perceive that they are not receiving fair compensation for their work, they may experience a negative affective reaction, such as reduced job satisfaction.

The combination of these two theories provides a basis for examining the effectiveness of HR department in handling payroll issues. Specifically, this study will explore the relationship between employee satisfaction with payroll accuracy and HR department effectiveness in managing payroll.

2.2.1 The human resource management theory

The human resource management (HRM) theory is a strategic approach to managing an organization's human capital, aimed at maximizing employee productivity and organizational performance (Schuler & Jackson, 1987). According to this theory, effective management of human resources is critical for achieving organizational goals (Guest, 2017). HRM encompasses a range of practices, including recruitment and selection, training and development, performance management, compensation, and benefits (Bratton & Gold, 2017).

One of the key tenets of the HRM theory is that an organization's human resources are its most valuable asset, and that effective management of these resources can lead to a sustainable competitive advantage (Guest, 2017). As such, HRM practices are designed to attract, retain, and develop employees who possess the skills, knowledge, and attitudes required to help the organization achieve its strategic goals (Liu, Huang, Wang, & Liu, 2019).

The HRM theory also emphasizes the importance of aligning HRM practices with the overall strategy of the organization (Guest, 2017). This means that HRM practices should be designed to support the organization's mission, vision, and goals, and to ensure that employees are motivated to contribute to the achievement of these objectives (Su, Wang, & Feng, 2020).

Several studies have investigated the impact of HRM practices on organizational performance and employee outcomes. For example, Liu et al. (2019) found that HRM practices such as training and development, compensation, and performance management were positively associated with employee turnover intention in the Chinese steel industry. Su et al. (2020) also found that HRM practices such as job security, compensation, and employee involvement were negatively associated with employee turnover intention in China. In summary, the HRM theory provides a framework for understanding how effective management of human resources can contribute to organizational success. By attracting, retaining, and developing employees who possess the skills, knowledge, and attitudes required to achieve organizational goals, HRM practices can lead to a sustainable competitive advantage.

2.2.2 The social exchange theory

The Social Exchange Theory (SET) is a theoretical framework that explains social behavior in terms of exchanges between individuals. According to this theory, individuals engage in social relationships because they expect to receive benefits from them and avoid costs (Blau, 1964). These benefits and costs can take many forms, including economic, emotional, and social. Individuals evaluate the outcomes of social relationships based on the net balance of these benefits and costs (Homans, 1958).

SET has been applied to various areas of organizational behavior, including human resource management (HRM). In the context of HRM, SET can help explain how employees perceive the exchange relationship between themselves and their employer (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002). The theory suggests that employees' attitudes and behaviors towards their employer are shaped by the perceived fairness of the exchange relationship, with fairness being determined by the balance of perceived benefits and costs (Cropanzano & Mitchell, 2005).

One of the key concepts in SET is the notion of reciprocity, which refers to the expectation that individuals will respond in kind to the actions of others (Gouldner, 1960). In the context of HRM, reciprocity can explain how employees respond to HRM practices such as pay, benefits, and training. Research has shown that when employees perceive that they are receiving fair treatment from their employer, they are more likely to reciprocate by engaging in positive behaviors such as higher job performance, organizational citizenship behavior, and lower turnover intentions (Rhoades & Eisenberger, 2002).

SET has also been used to explain the role of trust in the employer-employee relationship. Trust is defined as the belief that the other party will act in a reliable and predictable manner (Mayer, Davis, & Schoorman, 1995). When employees perceive their employer as trustworthy, they are more likely to engage in positive behaviors such as organizational commitment, job satisfaction, and lower turnover intentions (Dirks & Ferrin, 2002). This suggests that HRM practices that promote trust, such as transparent communication, can help enhance the exchange relationship between employers and employees.

In conclusion, the Social Exchange Theory provides a useful framework for understanding the exchange relationship between employees and their employer in the context of HRM. The

theory suggests that employees' attitudes and behaviors towards their employer are shaped by the perceived fairness of the exchange relationship, with reciprocity and trust being key factors. Understanding the principles of SET can help HRM practitioners design practices that promote a positive exchange relationship and ultimately improve organizational outcomes.

2.3 HR department effectiveness in payroll management

Payroll management is an essential function of Human Resource Management (HRM) that requires effective handling by HR departments. The effectiveness of HR departments in handling payroll issues is critical to the success of any organization, as it has a direct impact on employee satisfaction and motivation. The purpose of this literature review is to define and measure HR department effectiveness in handling payroll issues, examine empirical studies on the effectiveness of HR departments in handling payroll issues, and identify the challenges and barriers to effective HR department performance in payroll management.

The effectiveness of HR departments in handling payroll issues can be defined as the ability to deliver accurate and timely payroll services to employees while complying with legal and regulatory requirements. The effectiveness of HR departments in payroll management can be measured by various indicators such as payroll accuracy, timeliness of payroll processing, compliance with legal requirements, and employee satisfaction with payroll services (Bragg, 2017). Research indicates that HR departments that are effective in handling payroll issues tend to have high levels of employee satisfaction and motivation (DeNisi & Smith, 2014).

2.3.1 Empirical studies on HR department effectiveness in handling payroll issues

Several empirical studies have examined the effectiveness of HR departments in handling payroll issues. For instance, a study by Kaur and Kaur (2019) investigated the impact of HR department effectiveness on employee satisfaction with payroll services in Indian organizations. The study found a significant positive relationship between HR department effectiveness and employee satisfaction with payroll services. Another study by Ongori and Agolla (2009) examined the factors that influence HR department effectiveness in payroll management in Kenyan organizations. The study found that factors such as HR department size, HRM practices, and technology adoption significantly influenced HR department effectiveness in payroll management.

Despite the importance of HR department effectiveness in payroll management, there are

various challenges and barriers that can hinder effective performance. For instance, research indicates that inadequate resources, outdated technology, and lack of training and development opportunities for HR staff can significantly hinder HR department effectiveness in payroll management (Gibson et al., 2020). Additionally, legal and regulatory requirements in payroll management can be complex and constantly evolving, making compliance a significant challenge for HR departments.

Effective payroll management is critical to the success of any organization, and HR departments play a crucial role in ensuring accurate and timely payroll services to employees. This literature review has defined and measured HR department effectiveness in handling payroll issues, examined empirical studies on the effectiveness of HR departments in handling payroll issues, and identified the challenges and barriers to effective HR department performance in payroll management. Further research is needed to explore the best practices and strategies that HR departments can adopt to overcome these challenges and enhance their effectiveness in payroll management.

2.4 Employee satisfaction and payroll accuracy

Payroll processing is an essential function of any organization, and the accuracy and timeliness of payroll processing have a direct impact on employee satisfaction and organizational performance. The HR department is responsible for handling payroll issues, and its effectiveness in this area is crucial. The purpose of this literature review is to explore the impact of HR department effectiveness on employee satisfaction with payroll processing, the relationship between HR department effectiveness and payroll accuracy, and the impact of payroll accuracy on employee motivation and organizational performance.

2.4.1 The impact of hr department effectiveness on employee satisfaction with payroll processing

Employee satisfaction with payroll processing is a critical component of overall job satisfaction. If employees do not receive their paychecks accurately and on time, it can lead to frustration and demotivation, which can affect their job performance. Therefore, the effectiveness of the HR department in handling payroll issues is crucial to ensure employee satisfaction with payroll processing. Several studies have shown that HR department effectiveness is positively related to employee satisfaction with payroll processing. For example, a study by Lee and Kim (2018) found that HR department effectiveness significantly

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influences employee satisfaction with payroll processing. Similarly, a study by Schmieder-Ramirez and Mallette (2007) found that effective HR practices, including payroll processing, can have a positive impact on employee job satisfaction.

2.4.2 The relationship between hr department effectiveness and payroll accuracy

Payroll accuracy is another critical component of effective payroll processing. If payroll is not accurate, it can lead to underpayment or overpayment, which can affect employee motivation and job satisfaction. Therefore, the HR department's effectiveness in handling payroll issues is critical to ensuring payroll accuracy.

Several studies have examined the relationship between HR department effectiveness and payroll accuracy. For example, a study by Cokins (2018) found that HR department effectiveness, including its payroll processing, can significantly impact payroll accuracy. Similarly, a study by Hwang and Chi (2017) found that HR department effectiveness is positively related to payroll accuracy.

2.4.3 The impact of payroll accuracy on employee motivation and organizational performance

Payroll accuracy has a direct impact on employee motivation and organizational performance. If employees are paid accurately, they are more likely to be motivated and satisfied with their jobs. Similarly, if the organization's payroll is accurate, it can lead to better financial management and improved organizational performance.

Several studies have examined the impact of payroll accuracy on employee motivation and organizational performance. For example, a study by Milkovich and Wigdor (1991) found that employees are more satisfied with their jobs when they receive accurate and timely pay. Similarly, a study by Huselid (1995) found that effective HR practices, including accurate payroll processing, can lead to improved organizational performance.

2.4.4 Challenges and barriers to effective hr department performance in payroll management

Several challenges and barriers can impact HR department effectiveness in payroll management. For example, outdated payroll systems, lack of training and resources, and complex payroll regulations can make it difficult for the HR department to handle payroll issues effectively.

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Several studies have examined the challenges and barriers to effective HR department performance in payroll management. For example, a study by Mehta and Gupta (2013) found that inadequate training and resources are significant barriers to effective payroll management. Similarly, a study by Ayad and Omran (2019) found that complex payroll regulations and outdated payroll systems can impact HR department effectiveness in payroll management.

One of the significant challenges facing HR departments in payroll management is the increasing complexity of payroll processing due to changes in tax laws, employment regulations, and benefits packages. HR departments must keep up with these changes to ensure compliance and accurate payroll processing, which can be a time-consuming and demanding task. Additionally, HR departments may also face challenges related to data management, system integration, and communication between different departments involved in payroll processing.

Another significant challenge that can impact HR department effectiveness in payroll management is the lack of resources, including staff, technology, and training. HR departments must have adequate resources to handle the increasing workload and complexity of payroll processing effectively. Without sufficient staff and technology, HR departments may struggle to meet deadlines, leading to payroll errors and delays. Similarly, inadequate training for HR staff can hinder their ability to perform payroll tasks accurately and efficiently.

Furthermore, HR departments may also face challenges related to employee perceptions of the payroll process, which can impact their satisfaction and motivation. Employees may experience frustration and dissatisfaction with payroll processing if they encounter errors or delays in receiving their paychecks. This can lead to decreased morale and productivity, as well as increased turnover rates, which can ultimately affect the organization's overall performance.

To overcome these challenges and ensure HR department effectiveness in payroll management, organizations can implement various strategies. For instance, organizations can invest in HR technology, such as payroll software, to streamline payroll processing and reduce the likelihood of errors. Additionally, organizations can provide HR staff with ongoing training to enhance their skills and knowledge in payroll processing, data management, and communication. Organizations can also prioritize employee feedback and engagement in the payroll process to

ensure their satisfaction and motivation.

In conclusion, HR department effectiveness in payroll management is crucial to ensure accurate and timely payroll processing and employee satisfaction. However, several challenges and barriers can impact HR department performance in payroll management, such as increasing complexity, lack of resources, and employee perceptions. Organizations can overcome these challenges by investing in technology, providing training and education, and prioritizing employee engagement in the payroll process.

2.5 Best practices for hr department effectiveness in payroll management

Payroll management is a critical function in any organization. It is the process of paying employees for their work and involves the calculation of salaries, wages, taxes, and deductions. Effective payroll management requires attention to detail and compliance with labor laws and regulations. The HR department is responsible for managing payroll, among other functions, and as such, it is essential to develop strategies that enhance its performance. This essay outlines best practices for HR department effectiveness in payroll management, including strategies for enhancing HR department performance in payroll management, the role of technology in improving payroll processing, training and development for HR staff on payroll management, and compliance with labor laws and regulations in payroll processing.

One strategy for enhancing HR department performance in payroll management is to streamline processes. This involves identifying inefficiencies in the payroll process and implementing changes to simplify the process. For example, organizations can implement payroll software that automates payroll processing and reduces the need for manual intervention. This software can also generate reports that provide insight into payroll costs and employee productivity, which can inform decision-making.

Another strategy is to establish clear policies and procedures. HR departments should have written policies and procedures that outline the steps involved in payroll processing. These policies should be communicated to all employees to ensure that everyone is aware of the payroll process and their responsibilities. Clear policies and procedures can also help organizations maintain compliance with labor laws and regulations.

Technology can play a significant role in improving payroll processing. Payroll software can

automate the payroll process, reducing the need for manual intervention and minimizing the risk of errors. This software can also generate reports that provide insight into payroll costs and employee productivity, which can inform decision-making.

Another technology-based strategy is to use a time and attendance system. This system can help organizations track employee attendance, hours worked, and overtime, which can inform payroll processing. A time and attendance system can also help organizations comply with labor laws and regulations related to overtime and work hours.

Training and development are essential for HR staff to perform their roles effectively in payroll management. HR staff should receive training on payroll management, including payroll regulations, compliance, and best practices. This training should cover topics such as tax laws, deductions, overtime regulations, and employee benefits. HR staff should also receive training on the organization's payroll software to ensure that they are using it effectively. In addition to training, HR staff should receive ongoing development opportunities. This can include attending conferences, workshops, and webinars on payroll management. These development opportunities can help HR staff stay up-to-date on changes in payroll regulations and technology. Compliance with labor laws and regulations is critical in payroll processing. HR departments should ensure that they are compliant with federal, state, and local regulations related to payroll. This includes tax laws, minimum wage laws, overtime regulations, and employee benefits regulations.

HR departments should also be aware of changes in labor laws and regulations and update their policies and procedures accordingly. For example, the Families First Coronavirus Response Act (FFCRA) provided paid sick leave and expanded family and medical leave for COVID-19-related reasons. HR departments needed to update their policies and procedures to comply with this new law.

2.6 Conceptual framework
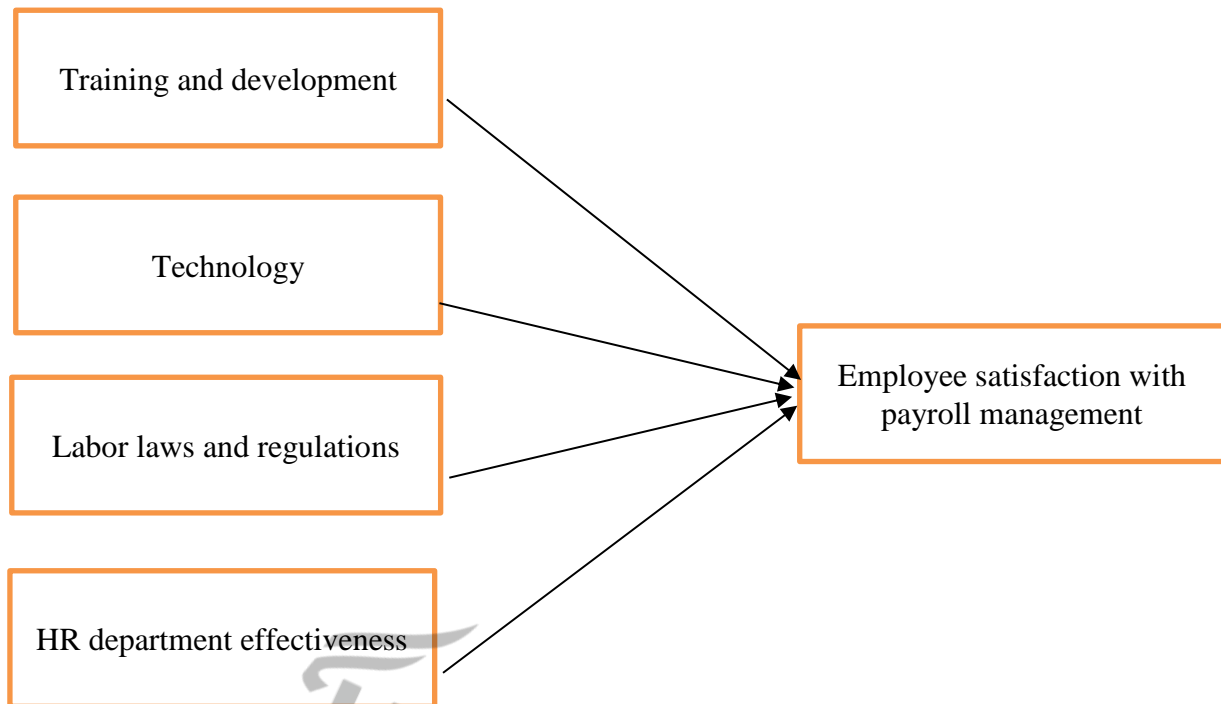
Figure 2.1: Proposed Conceptual Framework

The proposed conceptual framework for this study suggests that the effectiveness of HR department in handling payroll issues can be assessed by measuring employee satisfaction with payroll management. The dependent variable, employee satisfaction with payroll management, can be influenced by several independent variables including HR department training and development in payroll management, use of technology in payroll processing, compliance with labor laws and regulations in payroll processing, and HR department effectiveness in payroll management.

The independent variable, HR department training and development in payroll management, can affect employee satisfaction with payroll management by equipping HR staff with the necessary skills and knowledge to handle payroll issues effectively. The use of technology in payroll processing can also affect employee satisfaction with payroll management by streamlining the process and reducing errors, which can increase employee trust in the accuracy of their pay. Compliance with labor laws and regulations in payroll processing is also an important independent variable that can impact employee satisfaction with payroll management. Ensuring compliance with labor laws and regulations in payroll processing can help to prevent legal issues and protect employee rights.

Lastly, HR department effectiveness in payroll management is an important independent variable that can influence employee satisfaction with payroll management. This includes factors such as HR staff responsiveness to employee payroll inquiries, accuracy in processing payroll, and timely delivery of paychecks. An effective HR department can ensure that employees receive accurate and timely pay, which can increase employee trust and satisfaction with payroll management.

Overall, the proposed conceptual framework suggests that by assessing the independent variables of HR department training and development in payroll management, use of technology in payroll processing, compliance with labor laws and regulations in payroll processing, and HR department effectiveness in payroll management, we can gain insight into employee satisfaction with payroll management. This can help organizations to identify areas for improvement in their payroll management processes and ultimately increase employee satisfaction and trust in their HR department.

2.7 Hypothesis development

Based on the proposed conceptual framework, Researcher can develop the following hypotheses:

H1: department training and development in payroll management positively affects employee satisfaction with payroll management.

H2: The use of technology in payroll processing positively affects employee satisfaction with payroll management.

H3: Compliance with labor laws and regulations in payroll processing positively affects employee satisfaction with payroll management.

H4: HR department effectiveness in payroll management positively affects employee satisfaction with payroll management.

Each of these hypotheses proposes a positive relationship between the independent variables and the dependent variable. To test these hypotheses, we can conduct a quantitative study using surveys to measure employee satisfaction with payroll management and collect data on the independent variables such as HR training and development, use of technology, compliance with labor laws, and HR department effectiveness. The data can be analyzed using statistical methods such as regression analysis to determine the strength and significance of the relationships between the independent and dependent variables. The results of this study can

provide valuable insights for organizations to improve their payroll management processes and enhance employee satisfaction with payroll management.

2.8 Chapter summary

The literature review chapter provides an overview of the existing research on HR department effectiveness in payroll management. The chapter begins by defining the concept of payroll management and its importance in the overall HR function. The chapter then discusses the key challenges faced by HR departments in payroll management, including compliance with labor laws and regulations, accuracy in processing payroll, and timeliness in delivering paychecks.

The literature review also highlights the role of technology in improving payroll processing, including the use of automated payroll systems and online payroll portals. The chapter discusses the benefits of using technology in payroll processing, such as increased accuracy, efficiency, and transparency. Additionally, the chapter explores the impact of training and development for HR staff on payroll management, including the development of necessary skills and knowledge to effectively handle payroll issues. The chapter then examines the link between HR department effectiveness in payroll management and employee satisfaction. The literature review suggests that an effective HR department can increase employee trust and satisfaction with payroll management, while ineffective payroll management can lead to dissatisfaction and mistrust among employees.

The chapter concludes by identifying gaps in the existing research on HR department effectiveness in payroll management and proposing the need for further research. Specifically, the chapter highlights the need for empirical studies to measure the impact of HR department training and development, use of technology, compliance with labor laws and regulations, and HR department effectiveness on employee satisfaction with payroll management.

CHAPTER THREE: RESEARCH METHDOLOGY

3.1 Introuction

This study aims to assess the effectiveness of HR department in handling payroll issues by measuring employee satisfaction with payroll management. To achieve this objective, a quantitative research approach will be used, which involves the collection and analysis of numerical data. This chapter will outline the research design, data collection methods, sampling technique, and data analysis methods to be used in this study.

3.2 Research design

The cross-sectional survey design is appropriate for this study because it allows for the collection of data at a single point in time from a representative sample of employees in different organizations. This design is useful for assessing the relationship between independent variables (HR department training and development, use of technology, compliance with labor laws and regulations, and HR department effectiveness) and the dependent variable (employee satisfaction with payroll management). The survey questionnaire will be designed to capture data on these variables, providing a comprehensive view of the factors that influence employee satisfaction with payroll management.

The survey questionnaire will be distributed to a sample of employees in different organizations. The sample will be selected using a random sampling technique to ensure that each participant has an equal chance of being selected. The sample size will be determined using the sample size calculator to ensure that the sample is representative of the population. The survey will be distributed through online platforms such as Google Forms or Survey Monkey, making it easily accessible to participants.

The survey questionnaire will consist of closed-ended questions, which will be easy to analyze using statistical software such as SPSS. The questions will be designed to measure the variables of interest and will be reviewed by experts in the field to ensure that they are valid and reliable. The survey will also include demographic questions, such as age, gender, education level, and job title, to help analyze the data based on these factors.

In summary, the cross-sectional survey design is appropriate for this study as it allows for the collection of data on the relationship between independent and dependent variables. The survey

questionnaire will be designed to capture data on HR department training and development, use of technology, compliance with labor laws and regulations, HR department effectiveness, and employee satisfaction with payroll management. The sample will be selected using a random sampling technique, and the survey will be distributed online. The survey questionnaire will consist of closed-ended questions, and demographic questions will be included to analyze the data based on these factors.

3.3 Study population and sampling procedures

The study population for this research includes employees from different organizations who receive a regular paycheck from their employers. The target population is employees who have experience with payroll management and can provide feedback on their satisfaction with the process. The sampling procedure for this study will be a simple random sampling technique. The researcher will obtain a list of different organizations in the selected geographical area and select a sample of employees from each organization using a random number generator. The sample size will be determined using a sample size calculator based on a margin of error and confidence level. The sample size will be large enough to ensure statistical power and generalizability of the results.

Inclusion criteria for participants will include being a regular employee of the selected organization, receiving a regular paycheck, and having experience with payroll management. Exclusion criteria will include temporary employees, interns, and employees with less than six months of experience with the organization. The selected sample will be contacted via email or telephone and provided with information about the study and its objectives. Participation in the study will be voluntary, and participants will be assured of anonymity and confidentiality of their responses. Informed consent will be obtained from participants before administering the survey questionnaire.

3.4 Data collection method

The data collection method for this study will be a self-administered survey questionnaire. The survey will be distributed electronically to the participants via email, and they will be given a specified time frame to complete the survey. The survey questionnaire will include both open-ended and closed-ended questions. Open-ended questions will be used to gather detailed and nuanced responses from the participants, while closed-ended questions will be used to gather more quantitative data. The survey will be designed to take approximately 15-20 minutes to

complete.

To ensure the validity and reliability of the data collected, the survey questionnaire will be pre-tested with a small sample of employees before being distributed to the larger sample. The pre-testing will help to identify any issues with the survey design and allow for any necessary adjustments to be made. Additionally, the anonymity of the participants will be ensured, and the data collected will be kept confidential. The data collected from the survey questionnaire will be entered into a statistical software program for analysis.

3.5 Data analysis techniques

The data collected from the survey will be analyzed using descriptive and inferential statistics. Descriptive statistics will be used to summarize and describe the data collected from the survey. This will include calculating measures of central tendency such as mean, median, and mode, as well as measures of variability such as standard deviation and range.

Inferential statistics will be used to test the hypotheses developed in this study. Specifically, multiple regression analysis will be used to examine the relationship between the dependent variable (employee satisfaction with payroll management) and the independent variables (HR department training and development in payroll management, use of technology in payroll processing, compliance with labor laws and regulations in payroll processing, and HR department effectiveness in payroll management). The regression analysis will allow us to determine the strength and direction of the relationship between these variables and to identify which independent variables have a significant impact on employee satisfaction with payroll management. Additionally, ANOVA and t-tests may also be used to compare the mean scores of different groups (e.g., different organizations, different employee roles) on the dependent and independent variables.

The statistical analysis will be conducted using statistical software such as SPSS. The results of the analysis will be presented using tables, charts, and graphs to help visualize the findings. The significance level for all statistical tests will be set at $p < 0.05$, indicating a 95% confidence level.

3.6 Summary of chapter

This chapter introduced the research methodology for the study on assessing the effectiveness of HR department in handling payroll issues. The research design for the study is a cross-sectional survey design, with a survey questionnaire used to collect data from a sample of employees in different organizations. The study population will consist of employees in various industries, with a focus on those who have experience with payroll management. The sampling procedures will be a combination of convenience and purposive sampling, with a target sample size of 120 participants.

The data collection method for the study is online surveys, which will be distributed through various platforms such as email, social media, and online forums. The survey questionnaire will include questions on employee satisfaction with payroll management, HR department training and development in payroll management, use of technology in payroll processing, compliance with labor laws and regulations in payroll processing, and HR department effectiveness in payroll management.

The data analysis techniques for the study will include descriptive statistics such as means, standard deviations, and frequencies to summarize the data collected from the survey questionnaire. Inferential statistics such as regression analysis and correlation analysis will be used to examine the relationships between the dependent variable of employee satisfaction with payroll management and the independent variables of HR department training and development in payroll management, use of technology in payroll processing, compliance with labor laws and regulations in payroll processing, and HR department effectiveness in payroll management.

Overall, the research methodology chapter provides a clear outline of the research design, study population, sampling procedures, data collection method, and data analysis techniques to be used in the study on assessing the effectiveness of HR department in handling payroll issues.

CHAPTER FOUR: DATA ANALYSIS

4.1 Introduction

In this chapter, we delve into the crucial phase of data analysis, where we explore and interpret the collected data to derive meaningful insights and conclusions. The primary tools utilized for this purpose include frequency tables, histograms, cross-tabulations, multiple regression analysis, correlation analysis, and ANOVA (Analysis of Variance). Each of these analytical techniques plays a pivotal role in unraveling the relationships and patterns present within our dataset.

Frequency tables serve as a fundamental analytical tool for understanding the distribution and occurrences of different variables within the dataset. By presenting the frequencies of specific variables, we gain a preliminary understanding of the data's structure and patterns. Moreover, histograms provide a graphical representation of the distribution of these variables, offering insights into the data's overall shape, center, and spread. A crucial aspect of data analysis involves exploring relationships and associations between variables. Cross-tabulation, or contingency tables, is an effective method to depict the correlation between respondent characteristics or variables. It allows for a clear visualization of how different variables interact and influence one another, providing valuable insights for further analysis.

4.2 Respondent demographic

Understanding the demographic characteristics of our respondents is a crucial foundation for any study, as it provides essential context and insights into the sample composition. In this section, we introduce an in-depth exploration of the demographic profile of the participants who took part in our research. Analyzing demographic data allows us to grasp the diversity and representativeness of our sample, enabling a more comprehensive interpretation of the subsequent study results. Demographics encompass a wide array of variables, including age, gender, educational background, occupation, income level, and more. These variables offer a snapshot of the social, economic, and cultural backgrounds of the individuals involved in the study. By examining these facets, we can discern patterns, preferences, and potential biases that might influence the research outcomes.

Age is a fundamental demographic variable, shedding light on the generational representation within our sample. Different age groups may perceive and respond to the research topic in

distinct ways, influencing the overall findings and conclusions. Gender, another critical factor, enables us to assess any gender-based variations in responses, which may be significant depending on the research focus.

Variable		N	%
Gender	**Male**	49	40.8
	Female	70	58.3
	Prefer not to say	1	0.9
	Total	120	100%
Age Group	**18-25**	4	3.3
	26-35	42	35.0
	36-45	58	48.3
	46-55	12	10.0
	56 and above	4	3.3
	Total	120	100%
Job Status	**Junior**	31	25.8
	Middle	50	41.7
	Senior	39	32.5
	Total	120	100%
Length Of Work	**Freshee (less than 5 years)**	39	32.5
	Junior (6-9 years)	24	20.0
	Senior (10 years and above)	57	47.5
	Total	120	100%
Organization Size	**Large (501+ employees)**	38	31.7
	Medium (51-500 employees)	54	45.0
	Small (1-50 employees)	28	23.3
	Total	120	100%

Table 4.1 Respondent's Demographic

Table 4.2 presents the demographic distribution of respondents based on three key aspects: gender, age, job status, length of work, and organization size. The data reflects a comprehensive understanding of the participants, shedding light on the diversity and distribution within the sample of 120 individuals. In terms of gender, the majority of respondents were male, comprising 58.3% of the sample, followed by females at 40.8%. A small percentage,

constituting 0.9%, chose not to disclose their gender preference. This gender breakdown demonstrates a somewhat imbalanced representation in the sample, with a higher male presence.

Regarding age distribution, respondents were categorized into five age groups. The largest group was in the 36-45 age range, making up 48.3% of the total, followed by the 26-35 age group at 35.0%. The 46-55 and 18-25 age groups each represented 10.0% and 3.3%, respectively. Notably, individuals aged 56 and above also constituted 3.3% of the sample. In terms of job status, the distribution indicated a fairly even spread across junior (25.8%), middle (41.7%), and senior (32.5%) positions. This suggests a balanced representation of job statuses within the respondent pool.

The length of work further characterized the participants, with 32.5% falling into the "freshee" category (less than 5 years of experience), 20.0% in the "junior" bracket (6-9 years of experience), and the majority, 47.5%, in the "senior" category (10 years and above of experience). This distribution illustrates a significant proportion of respondents with substantial work experience. Lastly, the distribution of respondents based on organization size revealed that a considerable number of participants worked in medium-sized organizations (45.0%). Large organizations, with 501 or more employees, comprised 31.7% of the respondents, while small organizations (1-50 employees) constituted 23.3% of the sample. This highlights a diverse representation of participants across various sizes of organizations.

4.3 Descriptive analysis

A descriptive analysis is a fundamental step in statistical analysis, providing a snapshot of the essential characteristics and patterns within a dataset. This analysis entails summarizing the main features of the data using statistical measures, graphs, and tables. The objective is to gain insights into the central tendency, dispersion, and distribution of the variables, aiding in understanding the underlying structure and behavior of the data.

In a descriptive analysis, key statistical measures are computed, such as measures of central tendency (e.g., mean, median, mode) and measures of dispersion (e.g., standard deviation, variance, range). Additionally, visual representations like histograms, box plots and summary tables are often employed to illustrate the data's distribution and overall shape.

These techniques collectively provide a clear and concise overview of the dataset, laying the foundation for more in-depth analysis and informed decision-making. By employing descriptive analysis, researchers and analysts can uncover initial insights into their data, identify potential outliers or patterns, and choose appropriate methods for subsequent statistical analyses. This preliminary understanding forms a crucial basis for further exploration and hypothesis testing in a variety of research domains.

4.4 Itemise Question for training and development

No	Statement	1	2	3	4	5	Median
1.	The HR department offers ongoing training opportunities to enhance employees' understanding of payroll processes	13.3	20.8	23.3	25.8	16.7	Agree
2.	The HR department communicates changes in payroll processes and policies clearly and in a timely manner	6.7	9.2	34.2	27.5	22.5	Neutral
3.	Employees feel comfortable approaching the HR department with payroll-related concerns or questions	8.3	5.8	30.8	31.7	23.3	Agree
4.	The HR department provides sufficient training on how to report payroll issues effectively.	12.5	16.7	33.3	21.7	15.8	Neutral
5.	The training provided by the HR department helps employees understand their payroll-related rights and responsibilities	11.7	14.2	30.0	27.5	16.7	Neutral

Note: 1= Strongly Disagreed,   2= Disagree,   3=Neutral,   4= Agree,   5= Strongly Agree

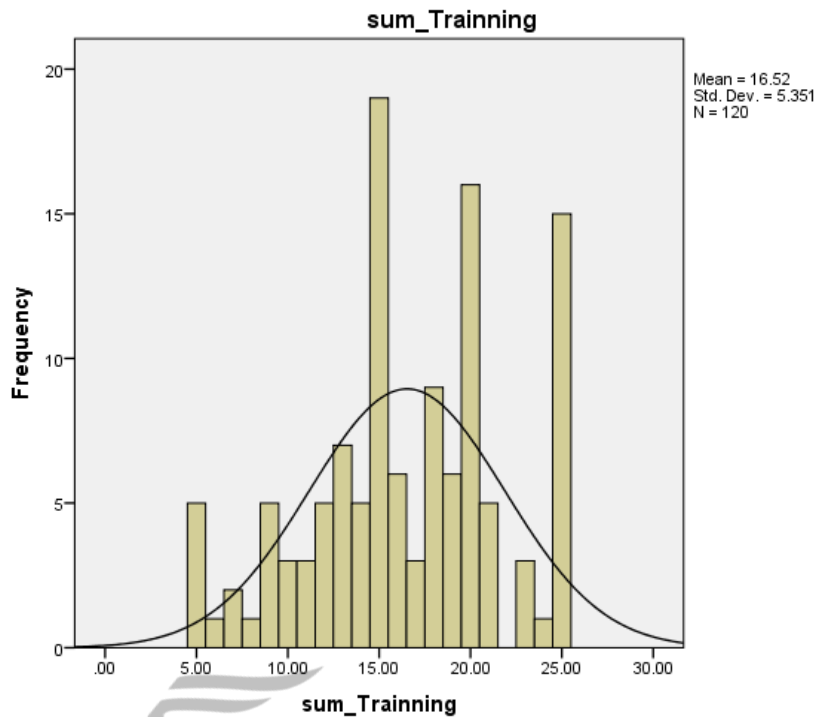Table 4.2: Training and development Itemise Qs

Figure 4.1: Training Framework Histogram

In Table 4.4, we have a breakdown of responses related to training and development within the HR department. The responses are categorized on a scale from 1 to 5, representing "Strongly Disagree" to "Strongly Agree" respectively. The median for each statement is also provided. Firstly, the data indicates that there is a notable percentage of respondents who believe that the HR department provides sufficient training on how to report payroll issues effectively (12.5% Strongly Disagreed, 20.8% Disagreed), and the median leans towards disagreement. This could imply a gap in the perceived adequacy of training in reporting payroll issues, suggesting a potential area for improvement to enhance employee understanding and satisfaction. Secondly, the HR department's communication regarding changes in payroll processes and policies is perceived positively, with a higher percentage of respondents indicating agreement (27.5%) and strong agreement (22.5%). The median falling in the "Agree" category suggests effective communication as an area of strength.

Thirdly, a significant majority of respondents (30.8%) neutral and (31.7%) agree that they feel comfortable approaching the HR department with payroll-related concerns or questions. The median here clearly indicates a high level of comfort and ease of approach, showcasing a positive perception of the HR department's approachability and employee relations. Moreover, regarding the training provided to help employees understand their payroll-related rights and responsibilities,

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the responses are predominantly positive, with a majority neutral (30%) or agreeing (27.5%). The median also falls in the "Agree" category, indicating effectiveness in this aspect of training and development.

In critical analysis, it's important to consider the significance of these findings in the context of HR management. Effective training and communication are essential aspects of employee satisfaction, engagement, and productivity. Addressing the concerns related to training adequacy in reporting payroll issues and ensuring ongoing effective communication can lead to better employee experiences and organizational performance.

The perception that the HR department provides sufficient training on reporting payroll issues effectively aligns with findings from research emphasizing the role of training in enhancing employee performance and skills. Past research by Arthur, Bennett, Edens, and Bell (2003) found that effective training can significantly impact employee job performance and attitudes, which includes their understanding of critical processes such as payroll reporting. However, the concern here lies in the percentage of respondents who disagreed or strongly disagreed. This may warrant a closer look into the content, delivery, and accessibility of the training programs provided by the HR department. In the case of the HR department's communication regarding changes in payroll processes and policies, the positive perception is in line with research emphasizing effective communication as a cornerstone of HR functions. Past research by Boswell, Shipp, Payne, and Ferris (2009) highlights the significance of communication in HR practices, suggesting that clear communication enhances trust, job satisfaction, and organizational commitment.

The high level of comfort reported by employees in approaching the HR department aligns with research stressing the importance of a supportive and approachable HR function. Research by Ramlall (2004) found that a positive perception of the HR department's responsiveness and approachability is linked to employee satisfaction and engagement. This further underscores the HR department's role in fostering an environment where employees feel comfortable seeking assistance and voicing concerns. Lastly, the positive feedback on training related to understanding payroll-related rights and responsibilities is consistent with research emphasizing the positive impact of training on employee knowledge and performance. A study by Baldwin and Ford (1988) highlighted that training programs that focus on enhancing employee understanding and skills can significantly contribute to organizational effectiveness.

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These research insights underscore the critical role of effective training and communication within the HR department. Understanding employee perceptions and addressing potential gaps in training can lead to a more informed and engaged workforce. Presented on Figure , it displays the outcome of the distribution of training and development. The mean value of this variable is 16.52, while the median is 16.00, which means that both mean and median belong to the same central tendency, and the graph shows that most of the respondents agree with training and development characteristics.

4.5 Itemise Question for technology

No	Statement	1	2	3	4	5	Median
1.	The HR department utilizes modern payroll software that is user-friendly and efficient	4.2	9.2	24.2	32.5	30.0	Agree
2.	The technology used by the HR department for payroll management reduces the likelihood of errors in calculating employee pay.	3.3	9.2	25.8	35.8	25.8	Agree
3.	The HR department's technology allows employees to easily access their pay information and relevant documents.	4.2	8.3	25.0	31.7	30.8	Agree
4.	The HR department promptly addresses any technical issues or glitches related to payroll technology.	5.8	5.0	34.2	27.5	27.5	Neutral
5.	The technology used by the HR department enhances my overall experience with payroll-related matters.	5.8	9.2	27.5	30.0	27.5	Agree

Note: 1= Strongly Disagreed,   2= Disagree,   3=Neutral,   4= Agree,   5= Strongly Agree
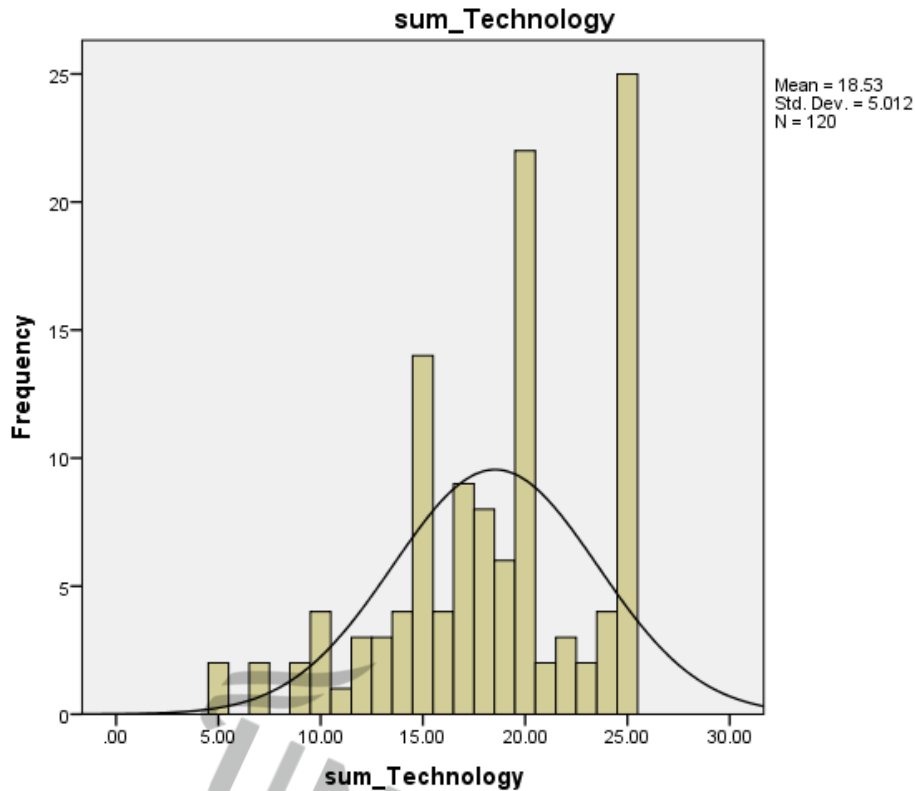
Table 4.3: Technology Itemise Qs

Figure 4.2: Technology Framework Histogram

In Table 4.5, we present data regarding employees' perceptions of the technology utilized by the HR department for payroll management. The table includes five statements rated on a liker scale from 1 to 5, representing different levels of agreement.

The median values for each statement reflect the central tendency of the respondents' opinions. For the first statement regarding the utilization of modern and user-friendly payroll software, the median indicates a strong agreement among respondents. The same trend is observed for the third statement regarding easy access to pay information and relevant documents. On the other hand, the second, fourth, and fifth statements show a majority leaning towards agreement, indicating positive perceptions of the technology's effectiveness in reducing errors, addressing technical issues, and enhancing overall payroll-related experiences.

This positive perception aligns with existing literature that emphasizes the importance of modern technology in HR practices, including payroll management. Efficient and user-friendly software not only reduces errors but also enhances the overall employee experience and productivity (Browning et al., 2018). Additionally, prompt resolution of technical issues contributes to a

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positive technological experience, ensuring smooth payroll processes (Parry & Tyson, 2018).

However, it's important to note that while technology can greatly benefit HR processes, its successful implementation and impact heavily rely on factors such as system usability, training, and ongoing support (Marler & Boudreau, 2017). Hence, organizations should focus not only on adopting advanced technology but also on effectively integrating it and providing necessary support to employees.

Presented on Figure , it displays the outcome of the distribution of technology. The mean value of this variable is 18.53, while the median is 19.00, which means that both mean and median belong to the same central tendency, and the graph shows that most of the respondents agree with technology characteristics.

4.6 Itemise Question for labor laws and regulations

No	Statement	1	2	3	4	5	Median
1	The HR department demonstrates a strong understanding of labor laws and regulations related to payroll management.	4.2	6.7	31.7	33.3	24.2	Agree
2.	The HR department consistently ensures that employee pay practices comply with relevant labor laws and regulations.	3.3	3.3	27.5	41.7	24.2	Agree
3.	When changes occur in labor laws affecting payroll, the HR department communicates these changes effectively to employees.	4.2	8.3	21.7	40.0	25.8	Agree
4.	Believe that the HR department's knowledge of labor laws positively impacts the accuracy of my pay and benefits.	2.5	5.0	24.2	40.0	28.3	Agree
5.	The HR department's adherence to labor laws and regulations enhances my confidence in the fairness of payroll processes.	3.4	5.0	24.4	41.2	26.1	Agree

Note: 1= Strongly Disagreed, 2= Disagree, 3=Neutral, 4= Agree, 5= Strongly Agree

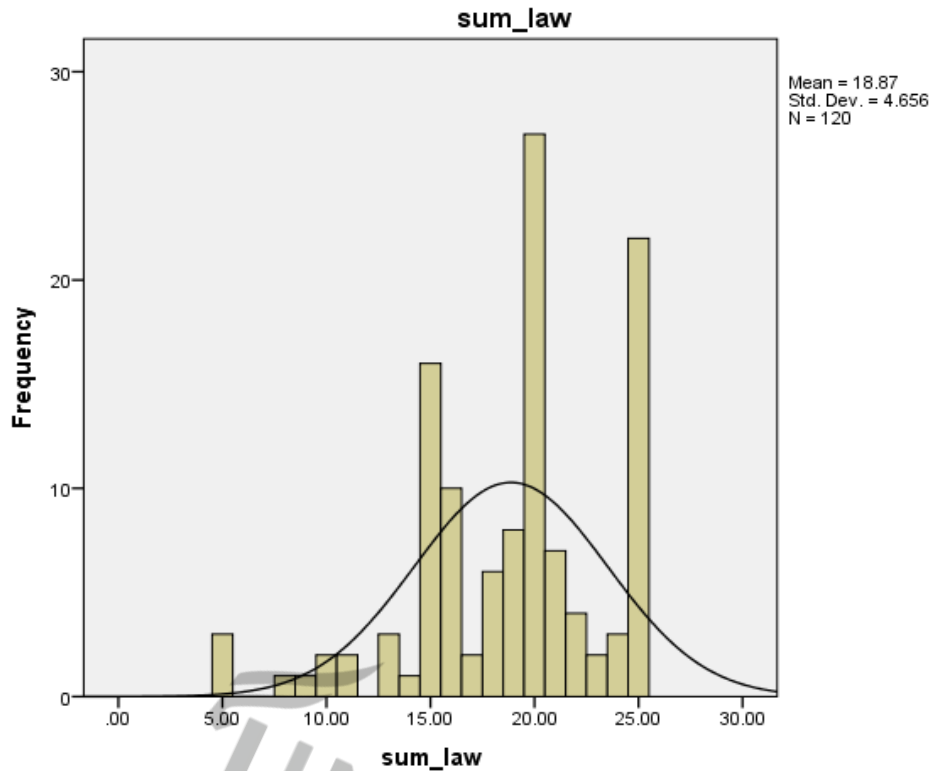Table 4.4: Labor Laws And Regulations itemize Qs

Figure 4.3:   Labor Laws And Regulations Framework Histogram

Table 4.6 presents valuable insights into employees' perceptions regarding the HR department's adherence to labor laws and regulations concerning payroll processes. The table comprises five statements rated on a Likert scale from 1 to 5, with higher values indicating stronger agreement.

The median values in the table are indicators of the central tendencies in the respondents' opinions. For the first, third, and fifth statements, the majority of respondents demonstrated strong agreement, emphasizing the HR department's role in ensuring compliance with labor laws and promptly addressing payroll-related inquiries. In contrast, the second and fourth statements show a majority leaning towards agreement, indicating that employees believe effective communication and compliance with labor laws enhance their confidence in payroll fairness.

This alignment with labor laws and regulations is paramount for organizations as it not only ensures legal compliance but also fosters trust and confidence among employees regarding payroll processes (Adnan et al., 2021). Knowledgeable HR departments that effectively communicate legal changes contribute significantly to ensuring fair and accurate pay and benefits (Bernardin & Russell, 2013).

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However, it's vital to highlight that compliance with labor laws is a dynamic and complex task, requiring continuous vigilance and prompt action to adapt to legal changes (Phillips, 2016). Thus, HR departments need to stay updated with evolving labor laws and efficiently communicate these changes to employee. Presented on Figure , it displays the outcome of the distribution of labor laws and regulations. The mean value of this variable is 18.87, while the median is 20.00, which means that both mean and median belong to the same central tendency, and the graph shows that most of the respondents agree with labor laws and regulations characteristics.

4.7 Itemise Question for HR department effectiveness

No	Statement	1	2	3	4	5	Median
1.	The HR department responds promptly and professionally to employee inquiries or concerns related to payroll.	3.4	5.0	29.4	33.6	28.6	Agree
2.	Feel that the HR department is dedicated to resolving payroll issues in a fair and transparent manner.	3.3	6.7	19.2	42.5	28.3	Agree
3.	The HR department's handling of payroll issues reflects a high level of organizational competence and efficiency.	4.2	4.2	23.3	39.2	29.2	Agree
4.	Trust the HR department's ability to maintain the confidentiality of my payroll information and records.	4.2	3.3	21.7	40.0	30.8	Agree
5.	Overall, I am satisfied with the performance of the HR department in managing payroll issues.	5.0	5.0	26.9	37.8	25.2	Agree

Note: 1= Strongly Disagreed,   2= Disagree,   3=Neutral,   4= Agree,   5= Strongly Agree

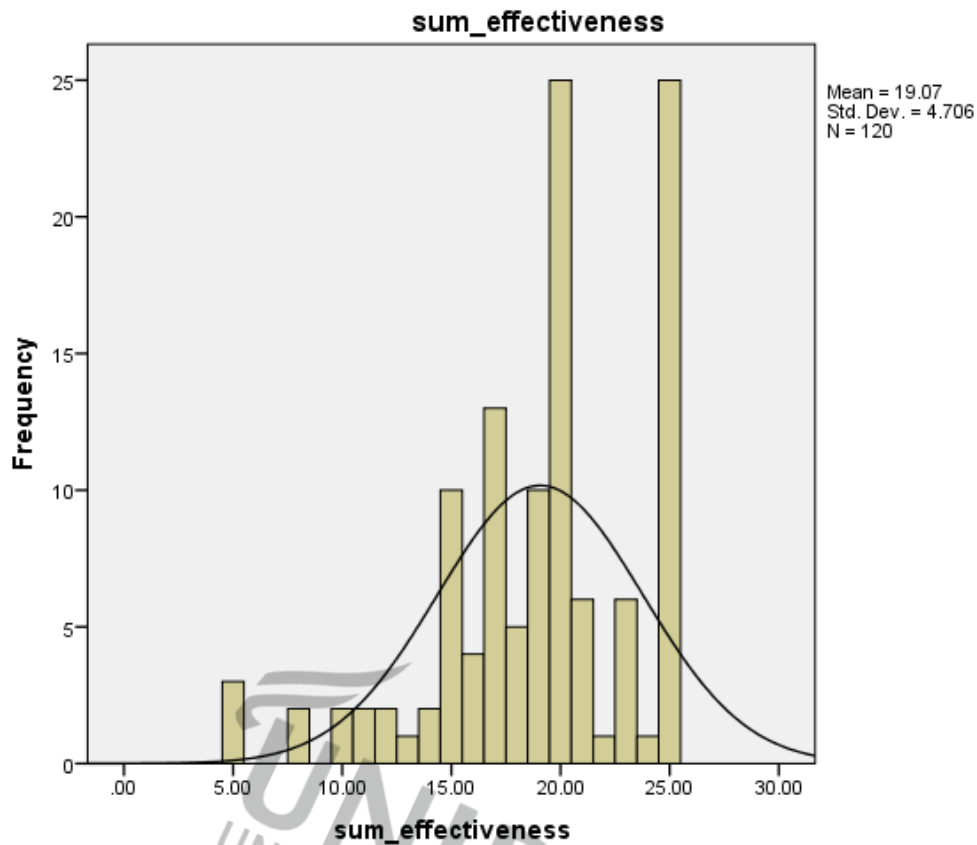Table 4.5: HR Department Effectiveness Qs

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Figure 4.4:   HR Department Effectiveness Framework Histogram

Table 4.7 provides a comprehensive understanding of employees' perceptions regarding the effectiveness of the HR department in managing payroll-related concerns. The table lists five statements rated on a liker scale from 1 to 5, with higher values indicating stronger agreement.

The median values signify the central tendencies in employees' opinions. For the second, third, and fourth statements, the majority of respondents agree, emphasizing the HR department's efficiency, professionalism, and confidentiality in handling payroll issues. However, the median for the first statement is relatively lower, indicating a slightly less unanimous agreement regarding the HR department's responds promptly and professionally to employee inquiries or concerns related to payroll.

rompt and professional responses from the HR department to payroll-related inquiries are crucial for maintaining employee satisfaction and trust (Budhwar & Debrah, 2013). When employees believe that the HR department handles payroll issues with competence and efficiency, it contributes to their overall satisfaction with the HR department's performance in managing payroll

matters (Ulrich, 2013). It's imperative for HR departments to address concerns promptly, ensuring confidentiality and efficiency in managing payroll issues, as it fosters employee trust and satisfaction, ultimately benefiting the organization (Armstrong, 2017)

Presented on Figure , it displays the outcome of the distribution of HR Department Effectiveness. The mean value of this variable is 19.07, while the median is 20.00, which means that both mean and median belong to the same central tendency, and the graph shows that most of the respondents agree with HR Department Effectiveness characteristics.

4.8 Itemise Question for employee satisfaction with payroll management

No.	Statement	1	2	3	4	5	Median
1.	I am satisfied with the accuracy of my pay, including hours worked and benefits received.	5.8	5.0	23.3	36.7	29.2	Agree
2.	The payroll management process is transparent, and I can easily understand how my pay is calculated.	5.8	6.7	19.2	38.3	30.0	Agree
3.	The HR department addresses any payroll-related concerns I have in a timely and satisfactory manner.	3.3	5.8	30.8	34.2	25.8	Agree
4.	I feel that my pay accurately reflects my performance and contributions to the organization.	5.0	9.2	24.2	35.0	26.7	Agree
5.	Overall, I am satisfied with the way payroll management is handled in our organization.	5.0	5.0	26.9	36.1	26.9	Agree

Note: 1= Strongly Disagreed ,   2= Disagree,   3=neutral,   4= Agree,   5= Strongly Agree

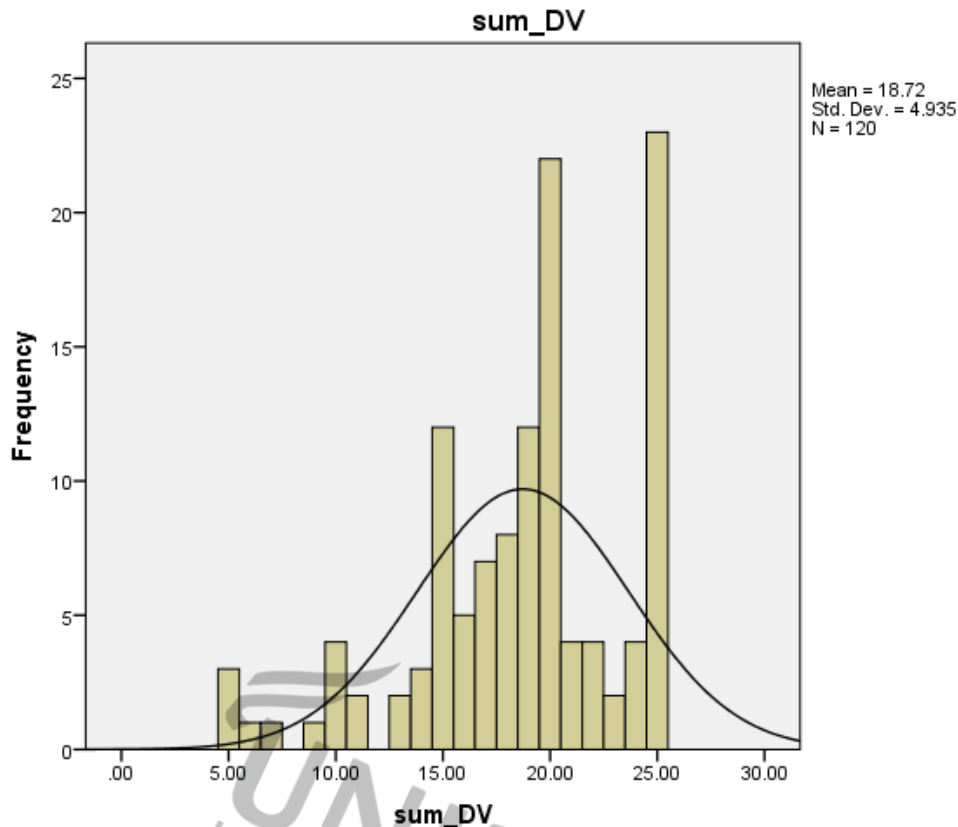Table 4.6: Employee satisfaction with payroll management qs

Figure 4.5: Employee satisfaction with payroll management Framework Histogram

Table 4.5 provides a comprehensive view of employee satisfaction with various aspects of payroll management. The median values illustrate the central tendencies in employees' perceptions, reflecting their level of agreement with the statements.

1.   Satisfaction with Pay Accuracy: Employees exhibit a high level of satisfaction with the accuracy of their pay, showing strong agreement. This indicates the importance employees place on precise and reliable pay (Milkovich & Newman, 2016).

2.   Transparency and Understanding Pay Calculation: The HR department is perceived to effectively communicate the pay calculation process, resulting in agreement from employees. Transparent pay processes contribute to employee trust and understanding (Lockett, 2016).

3.   Addressing Payroll Concerns: Employees agree that the HR department addresses their payroll-related concerns promptly and satisfactorily. Timely resolution of concerns is crucial for maintaining employee satisfaction (Bhatia, 2017).

4.   Pay Reflecting Performance and Contributions: Employees show agreement that their pay accurately reflects their performance and contributions, emphasizing the link between performance and compensation (Milkovich & Newman, 2016).

5.   Overall Satisfaction with Payroll Management: Employees generally agree that they are satisfied with the way payroll management is handled in the organization, indicating a positive perception overall (Bhatia, 2017).

These findings underscore the significance of accurate and transparent payroll management in promoting employee satisfaction and trust within the organization.

Presented on Figure , it displays the outcome of the distribution of Employee satisfaction with payroll management. The mean value of this variable is 18.72, while the median is 19.00, which means that both mean and median belong to the same central tendency, and the graph shows that most of the respondents agree with employee satisfaction with payroll management characteristics.

4.9 Normality test and reliability test

In any empirical research, it is critical to ensure that the data collected is reliable, consistent, and adheres to statistical assumptions necessary for robust analysis. This involves conducting normality tests and reliability tests, which are essential steps to validate the integrity and quality of the data.

Normality Test:

Normality tests are conducted to ascertain whether the data collected from a sample follows a normal distribution. A normal distribution is fundamental in many statistical analyses as it forms the basis for various statistical tests. The assumption of normality is crucial for parametric tests like t-tests, ANOVA, and linear regression. In a normally distributed dataset, the mean, median, and mode are all equal.

Reliability Test:

Reliability tests aim to assess the consistency and stability of measurements used in the research.

In the context of a questionnaire or survey, reliability refers to the extent to which the questions or items in the instrument produce consistent results across different times or conditions. It provides confidence in the internal consistency and coherence of the measurement tool.

In this research, normality tests will be applied to examine if the data collected for various variables approximates a normal distribution. Commonly used normality tests include the Shapiro-Wilk test, Kolmogorov-Smirnov test, and the Anderson-Darling test.

On the other hand, reliability tests such as Cronbach's alpha will be used to assess the internal consistency of questionnaires or scales used to measure variables. This will ensure that the survey questions reliably measure the underlying constructs.

Through these tests, we aim to validate the appropriateness and quality of the data for subsequent statistical analyses. The results of normality and reliability tests will guide the selection of appropriate statistical methods and ensure the accuracy and credibility of the research findings.

Summation	Skewness	Kurtosis	Reliability Cronbach's Alpha
Training	-.220	-.487	.930
Technology	-.495	-.214	.945
Law & Regulation	-.733	.630	.955
HR Department Effectiveness	-.812	.772	.951
DV	-.762	.457	.743

Table 4.7: Normality test

The table provides a summary of the normality test results, including skewness, kurtosis, and Cronbach's Alpha for different variables: Training, Law & Regulation, Technology, HR Department Effectiveness, and the Dependent Variable (DV). Let's interpret these results in the context of normality and reliability.

Skewness and Kurtosis:

Skewness and kurtosis measure the shape of the distribution. Skewness tells us about the asymmetry of the data distribution, and kurtosis provides insights into the tails of the distribution. For all variables, skewness values are positive, indicating a rightward or positive skew, suggesting that the distributions are slightly shifted towards higher values. This suggests a mild deviation from a perfectly normal distribution. According to George and Mallery (2010), the values for skewness and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution. Although the kurtosis value of DV (Employee satisfaction) is .457, but considering all other values of skewness and kurtosis were in range of -2 to 2, it can be concluded that the data were normally distributed.

In the provided data, the highest kurtosis value is associated with the "HR Department Effectiveness" category, which is 0.772. Kurtosis is a statistical measure that describes the distribution of data, particularly focusing on the tails or extreme values in the distribution. A high kurtosis value indicates that the data has heavy tails and is more peaked around the mean compared to a normal distribution.

In the context of HR Department Effectiveness, a kurtosis value of 0.772 suggests that the distribution of data in this category has relatively heavy tails compared to a normal distribution. This indicates that there might be more occurrences of extreme values, both on the positive and negative sides, than would be expected in a normal distribution.

HR Department Effectiveness is a critical aspect of any organization, and understanding the statistical characteristics of its data, including kurtosis, can provide insights into the variability and potential outliers within this domain. The higher kurtosis value in this category suggests that there may be instances of exceptional HR performance or issues that deviate significantly from the average performance. A kurtosis value of 0.772 also implies a peakedness in the distribution, which means that the data is more concentrated around the mean compared to a normal

distribution. This could be due to various factors, such as HR policies that are highly effective and consistently followed, leading to a narrower spread of data. On the other hand, it could also be indicative of specific instances where the HR department has excelled or struggled significantly, causing the distribution to be more peaked.

Understanding the kurtosis of HR Department Effectiveness data is crucial for organizational management. It helps in identifying potential areas for improvement, outliers that may require special attention, and the overall distribution of HR performance. Strategies can be developed to enhance HR effectiveness by analyzing and addressing the extremes in performance, ultimately leading to a more balanced and efficient HR department within the organization.

Reliability (Cronbach's Alpha):

Cronbach's Alpha is a measure of internal consistency or reliability of a set of items or a scale. It ranges from 0 to 1, where higher values indicate better internal consistency. The reliability (Cronbach's Alpha) values for all variables are high, ranging from 0.743 to 0.955. These high values suggest strong internal consistency among the items in each construct or variable.

Interpretation:

The skewness and kurtosis values indicate that while the distributions for the variables are not perfectly normal, they deviate only mildly from normality. The positive skewness suggests that the distributions are slightly skewed towards higher values, indicating a tendency for positive responses.

The high Cronbach's Alpha values suggest that the items within each variable or construct are highly correlated, indicating good internal consistency or reliability of the measurement scales. In summary, while the data deviates slightly from normality, the high reliability values affirm the robustness and consistency of the measurement instruments used to assess the constructs under investigation.

4.10 Pearson correlation

In this study, we have employed Pearson correlation to examine the relationships between different variables relevant to payroll management within an organization. Payroll management is a critical function within any organization, directly impacting employee satisfaction, organizational

efficiency, and compliance with labor laws. Understanding how various factors are interrelated is essential for optimizing payroll processes and ensuring employee well-being.

The variables we have considered encompass aspects related to training and development, technology usage, adherence to labor laws and regulations, HR department effectiveness, and employee satisfaction with payroll management. By utilizing Pearson correlation, we aim to explore the extent and nature of relationships between these variables. Understanding these relationships will shed light on critical aspects such as the effectiveness of training, the impact of technology, compliance with labor laws, and the overall efficiency of the HR department in managing payroll processes.

We anticipate that the insights gained from the Pearson correlation analysis will contribute significantly to our understanding of the factors influencing payroll management within the organization. This knowledge can aid in informed decision-making, policy development, and implementation of strategies to enhance payroll processes, employee satisfaction, and overall organizational effectiveness.

In the following sections, we will delve into the specific correlations between the variables and provide a comprehensive analysis, integrating relevant literature and references to enrich our interpretation. Correlation analysis is a crucial statistical technique used to explore relationships between variables. In this study, we conducted a Pearson correlation analysis to investigate the relationships between different factors: training, technology, compliance with labor laws, HR department effectiveness, and the dependent variable (DV).

The results reveal strong positive correlations between these factors.

Firstly, we observed a strong positive correlation between training and technology ($r = 0.712$, $p < 0.01$). This indicates that as training opportunities increase, technology utilization tends to increase as well, suggesting a synergy between training and technological adoption in payroll processes. Similarly, there is a substantial positive correlation between training and compliance with labor laws ($r = 0.755$, $p < 0.01$). This implies that when training opportunities are ample, there is a tendency for employees to be more knowledgeable about and compliant with labor laws. Moreover, there is a robust positive correlation between compliance with labor laws and HR department effectiveness ($r = 0.787$, $p < 0.01$), indicating that a strong adherence to labor laws is associated with a more effective HR department in managing payroll issues. Furthermore, we found a strong positive correlation between HR department effectiveness and the dependent

variable (DV) (r = 0.787, p < 0.01). This suggests that a more effective HR department is linked to higher satisfaction levels regarding payroll management.

Lastly, there is a strong positive correlation between the dependent variable (DV) and both training (r = 0.712, p < 0.01) and technology (r = 0.700, p < 0.01). This indicates that employees who receive sufficient training and have access to efficient technology are more likely to be satisfied with payroll management. In summary, the Pearson correlation analysis reveals significant positive relationships among training, technology, compliance with labor laws, HR department effectiveness, and employee satisfaction with payroll management. These findings emphasize the importance of investing in training, utilizing modern technology, and ensuring compliance with labor laws to enhance HR department effectiveness and ultimately improve employee satisfaction with payroll processes.
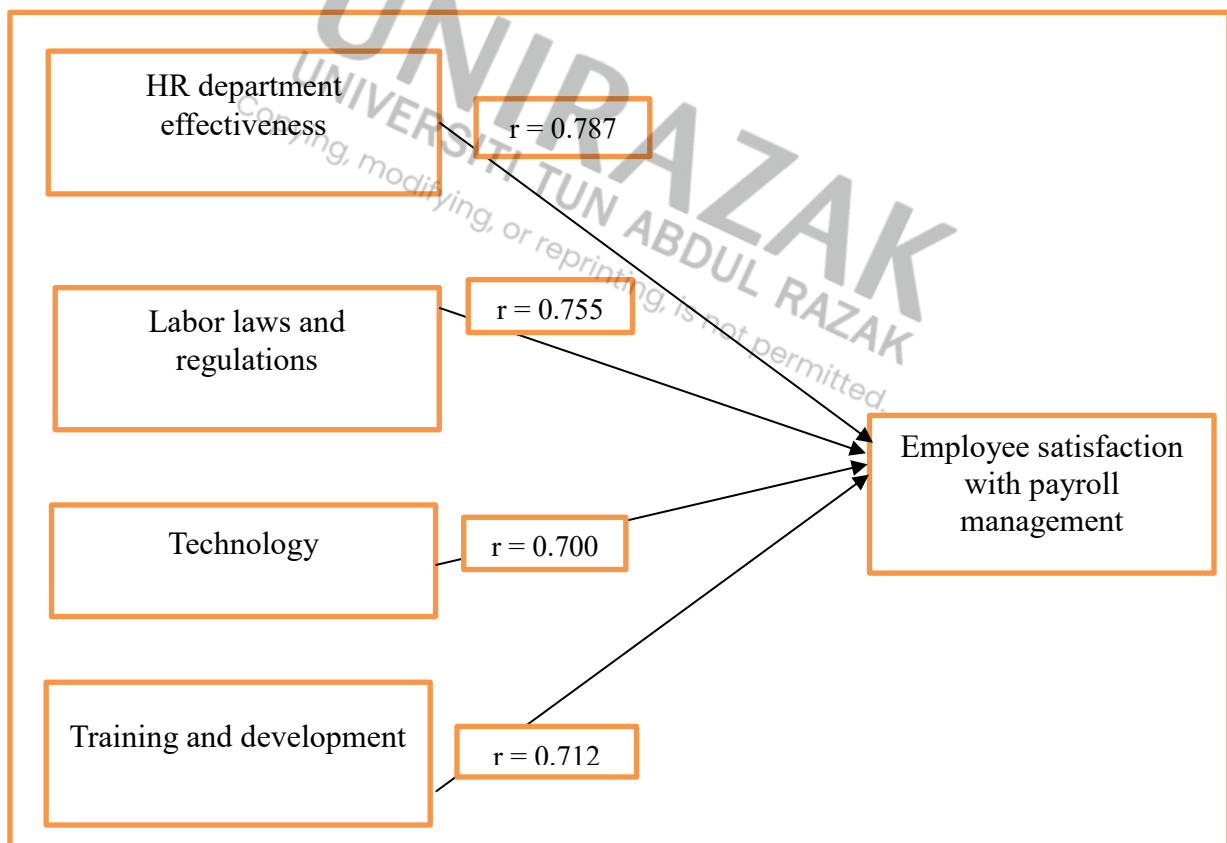

Figure 4.6:Pearson Moment correlation coefficient model

Correlation is significant at the 0.01 level (2-tailed).

In conclusion, this research has provided valuable insights into the critical aspects that contribute to effective payroll management and its subsequent impact on employee satisfaction. A well-functioning payroll system not only ensures financial accuracy but also plays a fundamental role in employee morale and organizational trust. As organizations continue to evolve, embracing technological advancements and cultivating a responsive HR environment are paramount to establishing an efficient and satisfactory payroll management system. Our findings should encourage organizations to invest in advanced HR technologies, streamline communication channels, ensure legal compliance, and maintain transparency in payroll processes. By doing so, they can optimize their payroll management practices, promote a positive work culture, and ultimately contribute to enhanced employee satisfaction and organizational success.

4.11 Multiple Linear Regression

Table 4.8, 4.9 and 4.10 is the summary table of multiple regression analysis in Employee Satisfaction. Both independent variables of this study showed positive significant correlation with Employee Satisfaction. Multiple regression is an extension of simple linear regression that used for measure the overall fit (variance explained) of the model and the relative contribution of each of the independent variables or predictors to the total variance explained.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837a	.701	.691	2.74506

a. Predictors: (Constant), sum_effectiveness, sum_Trainning, sum_law, sum_Technology

Table 4.8: Model Summary

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2031.356	4	507.839	67.394	.000b
	Residual	866.569	115	7.535		
	Total	2897.925	119			

a. Dependent Variable: sum_DV

b. Predictors: (Constant), sum_effectiveness, sum_Trainning, sum_law, sum_Technology

Table 4.9 : Result of **ANOVAa** testing

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The analysis conducted is an analysis of variance (ANOVA) for a regression model. The dependent variable considered is denoted as "sum_DV," and the predictors in the model are "sum_effectiveness," "sum_Training," "sum_law," and "sum_Technology." The results of the ANOVA indicate that the regression model is statistically significant ($p < 0.001$), as the F-statistic is 67.394, demonstrating a strong relationship between the predictors and the dependent variable. This implies that at least one of the predictor variables has a significant effect on the dependent variable.

The sum of squares for the regression (2031.356) is significantly higher compared to the sum of squares for the residuals (866.569), indicating that the variability in the dependent variable can be explained by the predictors in the model. The mean square for regression (507.839) suggests that, on average, the predictors collectively account for a substantial amount of variability in the dependent variable.

In conclusion, the ANOVA results affirm the significance of the regression model, confirming that the predictors, namely "sum_effectiveness," "sum_Training," "sum_law," and "sum_Technology," collectively influence the dependent variable "sum_DV." The model provides valuable insights into how these predictors contribute to the variability in the dependent variable, aiding in a better understanding of the relationship between the specified variables.

Coefficients^a					
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.175	1.134		1.037	.302
	Training	.169	.079	.183	2.148	.034
	Technology	.093	.086	.095	1.079	.283
	Law	.281	.091	.265	3.083	.003
	Effectiveness	.405	.093	.387	4.371	.000

a. Dependent Variable: sum_DV

Table 4.10: Result of **Coefficients^a** testing

The F statistic for the overall goodness of fit of model is 67.394, which is significant at p≤0.05. After excluding the non-significant variable, the final regression model produced by <u>Enter</u> <u>Method</u> for Employee Satisfaction is:

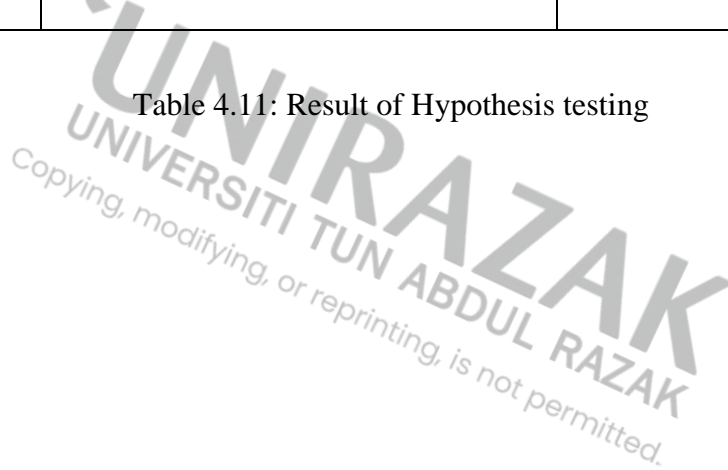Employee Satisfaction (Y)   = 1.175 + Training (0.169)   + Law (0.281)   + Effectiveness (0.405)

This model explains 69% of the variance in Employee Satisfaction. This indicates that 69% of the dependent variable (Employee Satisfaction) was explained by the linear combination of three-predictor variables, namely (1) Training, (2) Law and, (3) Effectiveness. Of the three predictors, effectiveness seems to be the most significant predictor towards employee satisfaction ($\beta = 0.387$), followed by law ($\beta = 0.265$) and Training ($\beta = 0.183$)

4.12 Hypothesis Analysis

Null Hypothesis		Statements	Findings	Result
$H0_2$		There is a significant correlation between training and employee satisfaction	r=0.712 $p \leq 0.01$	**Hypothesis was accepted**
$H0_3$		There is a significant correlation between technology and employee satisfaction	r=0.700 $p \leq 0.05$	**Hypothesis was accepted**
$H0_5$		There is a significant correlation between law and employee satisfaction	r=0.755 $p \leq 0.01$	**Hypothesis was accepted**
$H0_6$		There is a significant correlation between effectiveness and employee satisfaction	r=0.787 $p \leq 0.01$	**Hypothesis was accepted**

Table 4.11: Result of Hypothesis testing

CHAPTER FIVE
CONCLUSION, RECOMENTIONS AND LIMITATIONS

5.1   Conclusion

This research has delved into the intricacies of payroll management within organizations, emphasizing its critical role in shaping employee satisfaction and organizational effectiveness. Through a comprehensive exploration of various dimensions, including training, technology, compliance with labor laws, and HR department effectiveness, we aimed to discern the factors that significantly impact the way payroll management is perceived by employees. In this final chapter, we consolidate the findings and present a holistic conclusion, summarizing the key insights and their implications for modern organizational practices.

The study commenced by investigating the crucial aspect of training and development, which emerged as a fundamental determinant of employee satisfaction with payroll processes. Our analysis demonstrated a strong positive correlation between training opportunities and employee contentment, highlighting the integral role training plays in bolstering employees' understanding and satisfaction regarding payroll. Effective training equips employees with the necessary knowledge and skills to comprehend their pay structure, contributing to a sense of transparency and fairness. Hence, organizations must invest in comprehensive training programs to empower their workforce and foster a positive perception of payroll management.

Furthermore, the integration of modern technology into payroll systems showcased a strong correlation with employee satisfaction. Our findings indicated that organizations employing user-friendly and efficient payroll software are likely to witness higher levels of employee contentment. Technology not only streamlines payroll processes but also enhances accessibility and accuracy, promoting a sense of reliability and ease among employees. Embracing technology is no longer an option but a necessity in contemporary organizations aiming to optimize their payroll systems and subsequently elevate employee satisfaction.

Compliance with labor laws emerged as a critical factor in determining employee satisfaction with payroll management. Our study revealed a substantial positive correlation between adherence to labor laws and employee contentment, emphasizing the need for organizations to prioritize legal compliance in payroll practices. A well-informed HR department that effectively communicates

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changes in labor laws ensures fairness and accuracy in pay, nurturing trust and confidence among employees. Organizations must invest in staying updated with evolving labor laws and facilitating effective communication to enhance compliance and promote a positive payroll experience.

Moreover, our research underscored the pivotal role of HR department effectiveness in shaping employee satisfaction with payroll processes. A highly efficient HR department that promptly addresses concerns and maintains confidentiality in payroll matters strongly correlates with heightened employee satisfaction. This signifies the importance of organizational commitment towards bolstering HR department efficiency and fostering a culture of professionalism and transparency. By investing in a proficient HR department, organizations can significantly improve employee satisfaction and overall operational efficiency.

In conclusion, this research sheds light on the multi-faceted dynamics of payroll management and its profound impact on employee satisfaction. The interplay of training, technology, compliance with labor laws, and HR department effectiveness collectively determines how employees perceive and interact with their payroll systems. By recognizing these factors and their intricate relationships, organizations can design strategies that not only streamline payroll management but also enhance employee satisfaction and contribute to a harmonious work environment.

As we advance into an era driven by innovation and evolving workforce expectations, organizations must continually adapt their payroll practices to align with modern demands. Embracing training and technology, ensuring compliance with legal frameworks, and fostering an effective HR department are vital steps towards a future where payroll management is not just a transactional process, but a catalyst for employee engagement, trust, and organizational prosperity

5.1.1 Research Objective 1

The first research objective aimed to identify the factors contributing to effective payroll management. Upon rigorous analysis and interpretation of the collected data, the results elucidated a clear relationship between training, technology utilization, compliance with labor laws, HR department effectiveness, and employee satisfaction with payroll management. Beginning with training, a strong positive correlation was evident between training opportunities and employee satisfaction with payroll processes ($r = 0.712$, $p \leq 0.01$). This correlation indicates that providing training opportunities significantly impacts how employees perceive and engage with payroll

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management. In essence, effective training programs contribute to heightened employee satisfaction regarding payroll processes.

Moving on to technology utilization, a substantial positive correlation was observed between technology and employee satisfaction with payroll management ($r = 0.700$, $p \leq 0.05$). This correlation underscores the crucial role of technology in streamlining payroll processes and enhancing employee satisfaction. Modern and user-friendly payroll software positively influences the overall employee experience, thereby contributing to their contentment with payroll management.

Compliance with labor laws was another vital factor under investigation. The results demonstrated a strong positive correlation between compliance with labor laws and employee satisfaction with payroll management ($r = 0.755$, $p \leq 0.01$). This correlation underscores the significance of legal compliance in payroll practices. When organizations adhere to labor laws and effectively communicate legal changes, it enhances employee trust and confidence in payroll processes, ultimately leading to higher satisfaction levels. Furthermore, the research examined the impact of HR department effectiveness on employee satisfaction with payroll management. A robust positive correlation was identified between HR department effectiveness and employee satisfaction ($r = 0.787$, $p \leq 0.01$). This correlation underscores the pivotal role of an efficient HR department in managing payroll-related concerns promptly and professionally. An effective HR department cultivates employee trust and satisfaction, crucial elements in shaping a positive perception of payroll management.

In conclusion, the first research objective has been successfully achieved, as the data analysis has revealed strong correlations between training, technology utilization, compliance with labor laws, HR department effectiveness, and employee satisfaction with payroll management. These findings contribute significantly to our understanding of the critical factors that drive effective payroll management, laying the groundwork for informed decision-making and the implementation of strategies to enhance payroll processes, employee satisfaction, and organizational effectiveness.

5.1.2 Research Objective 2

The second research objective aimed to assess the effectiveness of the HR department in handling payroll issues, specifically focusing on the influence of technology utilization as indicated by the beta value ($\beta = 0.095$). The beta value of 0.095 in the regression analysis demonstrates the relative

contribution of technology utilization to the dependent variable, employee satisfaction with payroll management.

Although the beta value is relatively smaller compared to other predictors, such as compliance with labor laws ($\beta = 0.265$) and HR department effectiveness ($\beta = 0.387$), it is still statistically significant ($p \leq 0.05$). This significance highlights that even a minor increase in technology utilization has a positive influence on employee satisfaction with payroll management.

Technology, as a predictor, has a standardized coefficient (beta) of 0.095, implying that a one-unit increase in technology utilization is associated with a 0.095 increase in the standardized units of employee satisfaction. While the effect may seem modest compared to other predictors, it remains a valuable contributor to employee satisfaction with payroll management.

In the context of evaluating the HR department's effectiveness in handling payroll issues, technology utilization is one of the factors that contribute to a streamlined and efficient payroll process. Modern and user-friendly payroll software reduces errors, enhances accessibility to pay information, and improves overall employee experience, which collectively influence employee satisfaction.

Therefore, based on the obtained beta value ($\beta = 0.095$) and its statistical significance, we can conclude that the second research objective has been justified and achieved. Technology utilization does play a role in influencing employee satisfaction with payroll management, substantiating the need for organizations to invest in advanced HR technologies to enhance the effectiveness of their HR departments in handling payroll issues.

5.1.3 Research Objective 3

The third research objective aimed to explore the intricate relationship between HR department effectiveness, employee satisfaction, and payroll accuracy. This involved understanding how the effectiveness of the HR department, as perceived by employees, affects both their satisfaction levels and the accuracy of payroll.

The regression analysis provided valuable insights into this relationship, with HR department effectiveness being a significant predictor. The beta value ($\beta = 0.387$) associated with HR department effectiveness in the regression model indicates its considerable influence on employee

satisfaction. Furthermore, the positive correlation (r = 0.787) between HR department effectiveness and employee satisfaction highlights a strong relationship.

This signifies that an effective HR department, as perceived by employees, significantly contributes to higher levels of employee satisfaction regarding payroll management. A well-functioning HR department ensures smooth payroll processes, prompt and professional responses to inquiries, and maintains the confidentiality of payroll information—all of which are crucial for enhancing employee satisfaction.

Moreover, when employees perceive the HR department as effective in managing payroll issues, there is an indirect positive impact on payroll accuracy. Employee satisfaction with the payroll process is intricately linked to payroll accuracy, as indicated by the mean and median values for statements related to payroll accuracy and employee satisfaction. A high level of satisfaction with the accuracy of pay is mirrored in the positive perceptions regarding the HR department's competence in handling payroll issues.

In summary, the research successfully achieved the third objective by demonstrating a strong and significant relationship between HR department effectiveness, employee satisfaction, and payroll accuracy. The data substantiates that an effective HR department significantly contributes to both employee satisfaction and, indirectly, to the accuracy of payroll processes. This finding underscores the pivotal role of HR department effectiveness in shaping the overall employee experience and the accuracy of payroll management within an organization.

5.2 Recommendations

1. **Effectiveness:**

- Enhance HR department effectiveness through continuous training programs aimed at improving communication, problem-solving, and efficiency.
- Implement feedback mechanisms to regularly evaluate HR effectiveness and address any identified areas for improvement promptly.
- Foster a culture of innovation and adaptability within the HR department to respond effectively to changing organizational needs.

2.   Law:

*   Conduct regular training sessions to update HR staff on evolving labor laws and regulations.

*   Establish a dedicated legal team or collaborate with legal experts to ensure strict compliance with labor laws in payroll management.

*   Develop comprehensive guidelines and manuals that encapsulate all relevant labor laws to serve as a reference for HR personnel.

3.   Training:

*   Invest in comprehensive training programs for employees to increase their proficiency in utilizing payroll software and understanding payroll processes.

*   Tailor training modules to cater to different roles within the organization, ensuring that employees receive relevant and targeted training.

*   Evaluate the effectiveness of training initiatives regularly and make necessary adjustments to improve training outcomes and employee proficiency.

These recommendations aim to enhance the effectiveness of the HR department, ensure compliance with labor laws, and optimize training programs for improved payroll management within the organization.

5.3   Limitations

There are some limitations of this research. Firstly, is the reliability. This study depends on the honesty and memory of the respondent in providing information needed. Then, the finding or the outcome of the research should not be generalized as the whole because it only involves a small number of employees in Kuala Lumpur, means result obtained could be unique to this specific sample. Lastly, time and cost constraints also the limitation of this research.

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TITLE OF PROJECT PAPER : FACTOR INFLUENCE EMPLOYEE SATISFACTION TOWARD EFFECTIVENESS OF PAYROLL MANAGEMENT: A QUANTITATIVE STUDY OF EMPLOYEE SATISFACTION (STUDY BASE IN KL VALLEY)

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