

## EVALUATING PAYROLL SOFTWARE AND HUMAN RESOURCE FUNCTIONS IN PAYROLL ADMINISTRATION: A CASE STUDY OF CLUSTOR COMPUTING PVT. LTD.

**Dr. Priyanka A. Nanotkar**

*Ph.D., MBA (HRM & MM), B.Sc. Comp. Science*

*HOD, MBA & Academic Dean for PG Courses*

*Suryodaya College of Engineering & Technology, Vihirgaon, Nagpur*

### Abstract

The increasing adoption of digital technologies has transformed payroll administration, making payroll software an essential component of efficient human resource management. This study, titled “Evaluating Payroll Software and Human Resource Functions in Payroll Administration: A Case Study of Clustor Computing Pvt. Ltd.”, examines the effectiveness of payroll software systems and the role of HR functions in ensuring accurate, compliant, and timely payroll processing within Clustor Computing Pvt. Ltd. The primary objective of the study is to evaluate the performance, reliability, and usability of payroll software while analyzing the extent of HR involvement in payroll-related activities such as data management, compliance, employee communication, and grievance handling. A descriptive and analytical research design is adopted, utilizing both primary and secondary data. Primary data were collected through structured questionnaires and interviews with HR personnel and employees, while secondary data were sourced from organizational records, academic literature, and industry reports. Statistical tools were applied to assess the relationship between payroll system efficiency and HR effectiveness. The findings indicate that payroll software significantly enhances accuracy, reduces manual errors, ensures statutory compliance, and improves overall operational efficiency. However, the role of HR remains critical in monitoring system outputs, managing employee queries, and ensuring adherence to legal and organizational policies. The study also highlights that the integration of payroll software with HR functions leads to improved transparency, employee satisfaction, and trust in payroll processes. The study concludes that while payroll software streamlines administrative tasks, effective HR involvement is indispensable for achieving optimal payroll management. It recommends continuous system upgrades, employee training, and stronger coordination between HR and IT functions to maximize the benefits of payroll automation. This research provides valuable insights for organizations seeking to enhance payroll efficiency through technological and human resource integration.

### Introduction

In today’s rapidly evolving digital era, organizations across the globe are increasingly relying on advanced technologies to enhance efficiency, improve decision-making, and gain a competitive advantage. The integration of technologies such as Artificial Intelligence (AI), Machine Learning (ML), Cloud Computing, and Data Analytics has transformed traditional business models into more agile and data-driven systems. As a result, companies are actively seeking innovative IT solutions that can streamline operations, reduce costs, and improve customer experiences.

Clustor Computing is one such emerging organization in the Information Technology sector that focuses on delivering cutting-edge technological solutions to modern business problems. The company specializes in areas like AI, ML, Data Science, Cloud Computing, and application development, offering customized solutions tailored to client requirements. With a strong emphasis on innovation and quality, Clustor Computing aims to support businesses in their digital transformation journey.

### Objectives of the Study

The main objectives of this study are:

- To study the existing payroll system at Clustor Computing.
- To understand the process of salary calculation and deductions
- To identify problems and challenges in payroll management
- To evaluate the accuracy and efficiency of the payroll system
- To assess employee satisfaction regarding payroll processing
- To suggest improvements for better payroll management

### Hypothesis

#### Null Hypothesis (H<sub>0</sub>):

The payroll system at Clustor Computing is effective and efficient.

#### Alternative Hypothesis (H<sub>1</sub>):

The payroll system at Clustor Computing is not effective and needs improvement.

### Scope of the Study

The present study focuses on analysing the payroll system of Clustor Computing Nagpur. Payroll

management is an important function of the Human Resource and Finance departments, and this study aims to examine how effectively this function is carried out within the organization. The scope of the study includes a detailed understanding of the payroll process such as salary calculation, wages, allowances, incentives, and deductions like Provident Fund (PF), Employee State Insurance (ESI), and income tax. It also covers the method of maintaining employee attendance, leave records, and their impact on salary processing. The study further evaluates the efficiency and accuracy of the existing payroll system. It analyses whether the system ensures timely payment of salaries and whether it complies with statutory and legal requirements. The role of technology in payroll processing, including the use of tools like MS Excel or other software, is also considered within the scope. In addition, the study includes an assessment of employee satisfaction regarding payroll practices. It examines whether employees are satisfied with salary accuracy, payment timeliness, and transparency in deductions. However, the scope of the study is limited to Cluster Computing and does not cover other companies or industries. It mainly focuses on the HR and Finance departments and the employees working within the organization during the study period.

### 1.7 Limitations of the Study

1. One of the major limitations is the restricted access to confidential payroll data. Since payroll information is sensitive in nature, complete details regarding salaries, bonuses, and employee records were not fully available, which limited the depth of analysis.
2. Another limitation is the limited time period available for conducting the study. Due to time constraints, it was not possible to conduct a long-term or in-depth analysis of the payroll system and its performance over a longer duration.
3. The study is also limited to a single organization, which means the findings cannot be generalized to other companies or industries. The results are specific to Cluster Computing only.
4. The sample size of employees selected for the study is relatively small. This may not fully represent the views of all employees in the organization.
5. There is also a possibility of biased or inaccurate responses from employees during data collection. Some respondents may not have provided complete or honest information due to personal reasons or fear of disclosing internal matters.
6. Lastly, the study mainly focuses on basic payroll processes and does not include advanced analytical tools or software due to limited resources and data

availability.

### Review Of Literature

The review of literature is an important part of the research study as it provides an understanding of previous research work and theoretical concepts related to payroll management. It helps in identifying the gap in existing knowledge and provides a foundation for the present study.

Payroll management is a key function of Human Resource Management (HRM) that deals with employee compensation, including salary calculation, wages, bonuses, and statutory deductions.

According to **Gary Dessler (2017)**, payroll is a systematic process of paying employees for their work and ensuring compliance with legal and organizational policies. An efficient payroll system contributes to employee satisfaction and organizational performance.

**K. Aswathappa (2018)** states that payroll management is not only about salary distribution but also involves maintaining records, handling employee benefits, and ensuring compliance with government regulations such as Provident Fund (PF), Employee State Insurance (ESI), and income tax.

He emphasizes that proper payroll management helps in avoiding legal issues and maintaining transparency within the organization.

According to **C.B. Mamoria and S.V. Gankar (2016)**, payroll is closely linked with employee motivation and morale. Timely and accurate payment of salaries plays a crucial role in improving

employee satisfaction and productivity. Any delay or error in payroll processing may lead to dissatisfaction and reduced performance. IN recent years, many researchers have highlighted the importance of automation in payroll systems. Modern payroll systems use software and digital tools to reduce manual work, improve accuracy, and ensure efficiency. Automated payroll systems help organizations save time, minimize errors, and maintain proper records.

### Research Methodology

#### Research Design

The research design adopted for this study is **descriptive in nature**. It focuses on describing the Existing payroll system of Cluster Computing, and analysing its effectiveness. This design helps in understanding the current practices, identifying problems, and suggesting improvements.

### Type of Research (Descriptive / Exploratory / Analytical)

The present study includes the following types of research:

- **Descriptive Research:**  
Used to describe the payroll processes, salary structure, and employee satisfaction.
- **Analytical Research:**  
Used to analyse the efficiency of the payroll system and identify issues such as errors or delays.
- **Exploratory Research (Limited):**  
Used to explore new ideas for improving payroll management and adopting better systems.

### Data Sources (Primary & Secondary)

The study is based on both primary and secondary data sources.

#### Primary Data:

Primary data was collected directly from employees of the organization through:

- Questionnaires
- Personal interactions

#### Secondary Data:

Secondary data was collected from:

- Company records and documents
- HR policies
- Books, journals, and websites

### Sampling Design

The study uses a **non-probability sampling method**, specifically **convenience sampling**. Employees

who were available and willing to participate were selected for the study. This method is simple and suitable due to time and resource constraints.

### Sample Size

A total of **50 employees** from different departments of Clustor Computing were selected as the sample size for the study. This sample size is sufficient to understand the general perception of employees regarding the payroll system.

### Data Collection Instruments

The following tools were used for collecting data:

- **Structured Questionnaire:**  
A set of questions was prepared to collect responses from employees regarding payroll accuracy, timeliness, and satisfaction.
- **Personal Interviews:**  
Informal discussions were conducted with HR staff and employees to gain deeper insights.
- **Observation Method:**  
The payroll process was observed to understand practical functioning.

### Tools & Techniques Used (SPSS / Excel / Regression / ANOVA etc.)

The collected data was analysed using the following tools and techniques:

- **MS Excel:**  
Used for data entry, calculation, and creating charts.
- **Percentage Analysis:**  
Used to interpret employee responses in percentage form.
- **Graphical Representation:**  
Pie charts and bar graphs were used for better visualization.
- **Basic Statistical Methods:**  
Simple analysis techniques were used to interpret the data effectively.

### Hypothesis Testing – Conclusion

The hypothesis testing conducted in this study aimed to analyse the effectiveness of the payroll system at Clustor Computing Nagpur.

Based on the data analysis, it is observed that the payroll system followed by the company is efficient,

accurate, and reliable. Most employees are satisfied with salary processing, timely payments, and

transparency in payroll calculations. The use of computerized payroll systems has significantly improved accuracy and reduced manual errors. Additionally, timely salary disbursement and proper record maintenance contribute positively to employee satisfaction. However, some areas such as handling discrepancies, improving system automation, and enhancing employee awareness about payroll components need further improvement. In conclusion, the payroll system is effective but can be further strengthened by adopting advanced payroll technologies and improving communication.

### Statistical Results

The statistical analysis of the collected data shows the following results:

1. The majority of employees are satisfied with the payroll system.
2. The organization mainly uses a computerized payroll system.
3. Salary payments are made on time in most cases.
4. The payroll system is considered accurate and reliable by employees.
5. The HR department plays an important role in managing payroll activities.

**Conclusion:**

The analysis indicates that the payroll system followed by Clustor Computing Nagpur during 2024–2025 is effective and contributes positively to employee satisfaction and organizational efficiency.

**Findings and Discussion**

This chapter presents the major findings derived from the analysis of data collected from employees. Regarding the payroll system followed by Clustor Computing Nagpur. The findings are based on responses obtained through questionnaires and analysed using percentage methods.

**Major Findings**

Based on the data analysis and interpretation in Chapter 4, the following key findings have been observed:

1. **Majority of Employees are Male**  
The study shows that 64% of respondents are male and 36% are female, indicating a male-dominated workforce in the organization.
2. **Young Workforce in the Organization**  
Most employees (44%) belong to the age group of 20–30 years, which indicates that the company has a young and energetic workforce.
3. **Moderate Work Experience Level**  
A large proportion of employees (40%) have 2–5 years of experience, reflecting a workforce with moderate experience and skills.
4. **Adoption of Computerized Payroll System**  
The majority of respondents (60%) confirmed that the company uses a computerized payroll system, showing a shift towards digitalization.
5. **Positive Employee Satisfaction with Payroll System**  
Most employees (52%) are satisfied and 24% are highly satisfied with the payroll system, indicating overall positive employee perception.
6. **Accuracy in Payroll Processing**  
About 80% of employees believe that the payroll system is accurate, suggesting reliability in salary calculations.
7. **Timely Salary Payments**  
A significant majority (84%) of employees reported that salaries are paid on time, reflecting efficiency in payroll management.
8. **Effective Payroll System**  
The hypothesis testing reveals that 86% of respondents consider the payroll system

effective, leading

to the acceptance of the alternative hypothesis.

9. **Role of HR Department**

The HR department plays a crucial role in managing payroll activities, ensuring proper salary processing, record maintenance, and compliance.

10. **Scope for Improvement**

Despite overall satisfaction, a small percentage of employees (10–16%) expressed dissatisfaction regarding delays, errors, or lack of clarity, indicating areas for improvement.

**Conclusion and Recommendations**

This chapter summarizes the overall results of the study and provides suggestions for improving the payroll

system in the organization. It also highlights the scope for future research in this area.

**Conclusion**

The present study titled “Payroll System Analysis at Clustor Computing Nagpur (2024–2025)”

Was conducted to understand the payroll practices followed in the organization and to analyse employee satisfaction with the payroll system.

The study was based on primary data collected from 50 employees through structured questionnaires.

The analysis revealed that the organization follows a systematic and structured payroll process. Most employees reported that the company uses a computerized payroll system, which helps in maintaining accuracy and efficiency in salary calculations.

The results show that a majority of employees are satisfied with the payroll system, as salaries are generally paid on time and payroll records are properly maintained. The HR department plays a vital role in managing payroll activities such as salary calculation, deductions, bonuses, and record keeping.

However, the study also indicates that there are certain areas where improvements can be made, such as increasing transparency in payroll components, improving communication with employees regarding salary details, and adopting more advanced payroll technologies.

Overall, the payroll system of Clustor Computing, is effective and contributes positively to employee satisfaction and organizational efficiency. With further improvements and modernization, the system can become even more efficient and reliable.

## Recommendations

Based on the findings of the study, the following recommendations are suggested to improve the payroll system of the organization:

1. **Adoption of Advanced Payroll Software**  
The organization can adopt more advanced payroll software to further improve efficiency, accuracy, and automation.
2. **Improved Transparency in Payroll Components**  
Employees should be provided with clear information about salary structure, deductions, and benefits through detailed salary slips.
3. **Regular Payroll Audits**  
Conducting periodic payroll audits will help in identifying errors and ensuring accuracy in payroll processing.
4. **Employee Awareness Programs**  
The company can organize training sessions or awareness programs to educate employees about payroll policies and salary components.
5. **Improved Communication System**  
A proper communication channel should be established so that employees can easily raise payroll-related queries or issues.
6. **Integration with HR Systems**  
Integrating payroll software with other HR systems such as attendance and leave management can improve payroll efficiency.

## Scope for Future Research

Although the present study provides useful insights into the payroll system of Cluster Computing there is scope for further research in the following areas:

1. Future studies can be conducted with a larger sample size to obtain more comprehensive results.
2. Comparative studies can be carried out between payroll systems of different companies in the Software sector.
3. Researchers can analyse the impact of payroll systems on employee motivation and job satisfaction.
4. Future research can also examine the role of digital payroll systems and HR analytics in improving payroll management.
5. A detailed study on compliance with government regulations related to payroll, taxation, and employee benefits can also be conducted.

## References

### Books

1. Dessler, Gary (2017). *Human Resource Management*. Pearson Education.
2. Kothari, C.R. (2014). *Research Methodology: Methods and Techniques*. New Age International Publishers.
3. Gupta, S.P. (2016). *Statistical Methods*. Sultan Chand & Sons.
4. Aswathappa, K. (2017). *Human Resource Management: Text and Cases*. McGraw Hill Education.
5. Bhatia, S.K. (2018). *Human Resource Management and Labour Relations*. Deep & Deep Publications.

### Journals & Research Papers

6. Sharma, R. (2020). "A Study on Payroll Management System in Organizations." *International Journal of Management Studies*.
7. Patel, M. & Verma, S. (2019). "Employee Satisfaction towards Payroll System." *Journal of HRM Research*.
8. Singh, A. (2021). "Impact of Payroll System on Employee Performance." *International Journal of Business Research*.

### Websites

9. Government of India – Ministry of Labour & Employment  
<https://labour.gov.in>
10. Income Tax Department of India  
<https://www.incometax.gov.in>
11. HR and Payroll Information Portal  
<https://www.hrhelpboard.com>
12. Corporate Finance Institute (Payroll Basics)  
<https://corporatefinanceinstitute.com>
13. <https://www.kpi.com>
14. <https://salarybox.in>

### Company Sources

13. Internal records and payroll data of Cluster Computing Nagpur.
14. Discussion with HR Manager and Employees of the Company.

### Others

15. Questionnaire filled by employees (Primary Data)