A STUDY ON PAYROLL ADMINISTRATION AND SALARY STRUCTURE AT HERITAGE

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Abstract:

Payroll is easily one of the most sensitive functions inside any company. It sits right at the meeting point of finance, human resources, and statutory compliance, and it touches the household budget of every single employee on the rolls. A wrong figure on a payslip, a salary credit that lands a day late, or a deduction that nobody bothered to explain can quietly damage the trust between an employer and its people in ways no town hall or engagement drive can easily repair. This project takes a close look at Heritage Foods Limited to understand how the company runs its payroll function, how its salary structure is put together, the way it handles statutory obligations, and most importantly, how employees themselves experience the monthly pay cycle in terms of accuracy, fairness, and transparency.

The work follows a descriptive research design that brings together both secondary and primary information. Secondary inputs were drawn from the company's annual reports, internal HR manuals, and published industry material, while the primary data came from a structured questionnaire circulated among 120 employees cutting across departments and levels. A stratified convenience sampling method was used so that the final sample reflected the voices of plant workers, field sales staff, and head-office employees rather than any single group.

The findings indicate that Heritage Foods Limited maintains a salary structure that is broadly aligned with prevailing market practice and is reasonably tax-friendly for its workforce. Statutory dues are paid on time and the supporting documentation is in order.

Keywords: Payroll administration, salary structure, Heritage Foods Limited, statutory compliance, employee perception, variable pay, labor codes, HRIS, take-home pay, compensation management

1. INTRODUCTION:

Money remains one of the most sensitive topics in any professional setting. Even though people rarely talk about it openly, it drives nearly every major career move they make. The moment a candidate gets an offer, the salary structure is usually the first thing they scrutinize. At the other end of the cycle, when someone quits, the final settlement becomes the primary focus of their exit. Everything that happens between these two milestones monthly pay checks, yearly hikes, performance bonuses, tax deductions, and expense claims falls under the umbrella of payroll administration.

Payroll administration involves the systematic calculation, recording, and distribution of wages and salaries to an organization's workforce. This process must strictly align with legal requirements, internal company policies, and specific employment contracts. The workflow covers several critical steps: tracking attendance, enforcing leave policies, calculating gross earnings, and handling deductions for taxes and statutory contributions. It also includes generating pay slips, transferring salaries to bank accounts, filing government returns, and keeping organized records audits.

Salary structure serves as the blueprint for dividing the total cost to company (CTC) into various slabs like basic pay, allowances, perks, retirement benefits, and variable incentives. Designing this framework effectively helps an organization achieve three critical objectives simultaneously. First, the package needs to be competitive enough to keep top talent from leaving. Second, it must be tax-efficient to ensure employees get the highest possible take-home pay under current laws. Finally, the costs have to be sustainable for the company's long-term finances. Finding this middle ground is increasingly difficult now, especially as teams become more diverse across different age groups, locations, and personal goals.

Incorporated back in 1992, Heritage Foods Limited has evolved into a prominent dairy brand in South India. The company manages a massive operations network, spanning across processing units, chilling center's sales offices, and distribution hubs. This scale creates a fairly complicated payroll landscape. The workforce is diverse, ranging from corporate managers and shop-floor workers on rotating shifts to field sales teams earning performance-linked incentives and third-party contract staff. While each group follows distinct compensation structures and rules, they all share a common expectation: getting their pay exactly right and on time. For these employees, a smooth payroll process isn't just about the money; it is vital for their financial stability and trust in the organization.

NEED OF THE STUDY

Even though payroll is critical for day-to-day operations, management research rarely treats it as a comprehensive subject. Academic projects usually stick to high-level compensation strategy or get bogged down in specific statutory details like PF and income tax. There is a clear gap for a study that connects the technical frameworks, legal requirements, and the human side of payroll. This research aims to bridge those areas by testing them against the actual experiences of employees within a functional organization.

SCOPE OF THE STUDY

To ensure the research remains thorough rather than superficial, I have kept the scope quite specific. Geographically, the data collection is limited to Heritage Foods Limited's head office and its key processing plants located in the Hyderabad region. In terms of the workforce, the study focuses on permanent staff members from divisions like Production, Quality, Sales, Finance, IT, and HR. However, any contract workers hired via external agencies have been left out of this analysis.

OBJECTIVES OF THE STUDY

- To study the structure and composition of the salary package offered to employees at Heritage Foods Limited.
- To understand the process flow of monthly payroll administration in the organization.
- This study focuses on auditing how a company handles statutory compliances like PF, ESI, Professional Tax, and Income Tax within its payroll system. The goal is to verify that these legal deductions are being calculated accurately and managed according to current regulations.
- To assess employee perception regarding the fairness, accuracy, and timeliness of payroll administration.

LIMITATIONS OF THE STUDY

To begin with, the study focuses only on one organization, Heritage Foods Limited. This means the results might not apply directly to other sectors or dairy firms that have a completely different size and geographic presence. Additionally, the sample size is limited to 120 respondents. While this number works for descriptive analysis, it is still relatively small and relied heavily on the employees' willingness to join in during a particularly busy quarter.

2. REVIEW OF LITERATURE:

Kumar and Singh (2018) In their study on payroll practices in the Indian manufacturing sector, the authors found that timely salary disbursement and accuracy of statutory deduction were the two strongest predictors of employee satisfaction with the HR function, more powerful than even the absolute level of pay.

Patel (2019) Patel examined the compensation structures of mid-sized FMCG companies in Western India and concluded that organizations which allowed employees a degree of flexibility in structure their own pay reported higher engagement scores, especially among employees in the twenty-five to thirty-five age grouping.

Mehta and Joshi (2020) This study focused on the impact of payroll outsourcing on small and medium enterprises in Gujarat. The authors observed that outsourcing reduced operational errors and freed in-house HR teams to focus on strategic work, but also created a perception of distance between employees and the company on payroll matters

Banerjee (2023) Banerjee studied the perception of fairness of variable-pay schemes in private banks in eastern India. The study showed that the perception of fairness was more strongly correlated with the clarity of the formula and the manager's communication than with the absolute amount of variable pay received.

Government of India, Annual Report on Wages (2023) The Ministry of Labor and Employment publishes annual data on wages and statutory contributions which provide useful benchmarks for sectoral comparison. The report for the year under review highlighted a steady increase in PF subscriber base and TDS collections, indicating broadening of formal employment.

RESEARCH GAP

This research focuses on the intersection of payroll design and employee experience. By analyzing the salary structures and payment workflows at Heritage Foods Limited, the study compares organizational intent with how staff actually perceive these systems. It also evaluates if the current setup can handle upcoming legal and regulatory shifts in the industry. Ultimately, the goal is to provide practical insights that contribute to the existing body of work on payroll management.

3. RESEARCH METHODOLOGY:

A solid research methodology is the backbone of any study, separating professional analysis from mere guesswork. It essentially maps out how a researcher defines the problem, handles data collection, and picks the specific tools needed for analysis. By outlining this framework, you give the reader a clear view of how the findings were interpreted. More importantly, having a transparent methodology lets others verify if the results are actually reliable or if the entire study can be recreated under similar conditions to get the same results.

RESEARCH DESGIN

This study uses a descriptive research design. Unlike exploratory or experimental approaches, descriptive research works best for answering "what" and "how" questions instead of focusing on the "why." Using both primary and secondary data, the main goal is to provide an accurate picture of the current state of payroll administration.

SOURCES OF DATA

I collected primary data using a structured questionnaire shared with 120 employees from various departments and seniority levels at Heritage Foods Limited. This survey included both demographic questions and Likert-scale items to gauge their satisfaction and perceptions. In cases where staff felt more comfortable speaking rather than writing, I manually recorded their verbal responses directly onto the questionnaire forms.

To collect secondary information, I relied on Heritage Foods Limited's annual reports from the past three financial years. I also used the company's internal HR policy manual, which was shared under confidentiality agreements. Additional data points were gathered from official government portals like the EPFO and ESIC websites, along with the Income Tax Department's online resources. For a broader perspective, I referred to prominent business magazines and newspapers, as well as the variety of academic journals and books cited in the bibliography.

TOOLS USED FOR ANALYSIS

The data collected through the questionnaire was tabulated in Microsoft Excel and analyzed primarily through descriptive statistics, including frequency distributions, percentages, mean scores, and standard deviations. Where appropriate, simple charts have been used to present the results visually.

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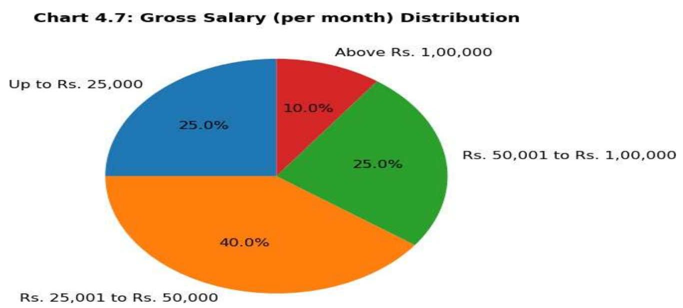
For inferential interpretation, the study uses comparison of mean scores across demographic subgroups. More advanced techniques such as factor analysis or regression were considered but were not adopted because the size and design of the sample did not justify them. The aim of the analysis is descriptive clarity rather than statistical sophistication.

4. DATA ANALYSIS AND INTERPRETION

4.1 Monthly gross salary range of respondent

The responses collected from the one hundred and twenty respondents on this item are summarized in the table below, followed by a brief description and interpretation.

Gross Salary (per month)	No. of Respondents	Percentage
Up to Rs. 25,000	30	25%
Rs. 25,001 to Rs. 50,000	48	40%
Rs. 50,001 to Rs. 1,00,000	30	25%
Above Rs. 1,00,000	12	10%
Total	120	100%



INTERPRETATION:

The salary spread reflects the typical structure of a manufacturing and FMCG organization, with the bulk of employees in the twenty-five thousand to one lakh band. The thresholds for ESI coverage, PF wage ceiling, and income-tax slabs all run through this band, which makes payroll design particularly delicate.

4.2 Awareness about components of salary structure

The responses collected from the one hundred and twenty respondents on this item are summarized in the table below, followed by a brief description and interpretation.

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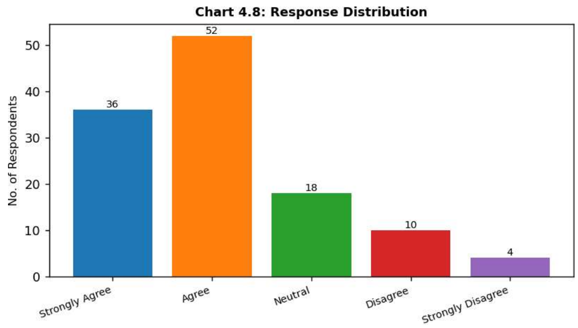
Response	No. of Respondents	Percentage
Strongly Agree	36	30%
Agree	52	43%
Neutral	18	15%
Disagree	10	8%
Strongly Disagree	4	3%
Tota	120	100%



INTERPRETATION:

Seventy-three per cent of respondents agree or strongly agree that they understand the components of their salary. This is a healthy figure but also indicates that close to one in four employees is either neutral or unclear. A short, structured "reading your pay slip" guide could move many of these into the confident category.

4.3 Satisfaction with basic pay components

The responses collected from the one hundred and twenty respondents on this item are summarized in the table below, followed by a brief description and interpretation.

Response	No. of Respondents	Percentage
Highly Satisfied	18	15%
Satisfied	56	47%
Neutral	26	22%
Dissatisfied	14	12%
Highly Dissatisfied	6	5%
Total	120	100%

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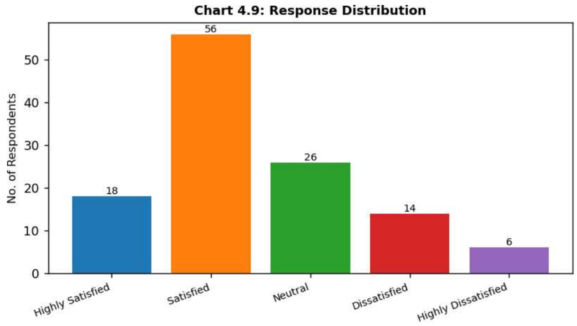


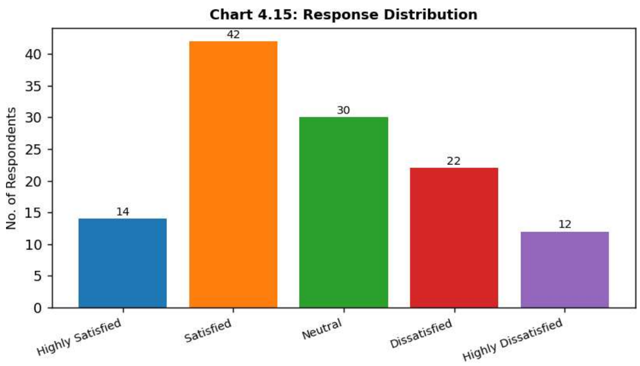
INTERPRETATION:

Sixty-two per cent of respondent's express satisfaction with the basic pay component. Given that basic pay is the foundation on which most other components are built, this level of satisfaction is encouraging. The seventeen per cent who are dissatisfied tend to come from the lower designation brackets, suggesting that periodic external benchmarking of entry-level basic pay would be worth the effort.

4.4 Satisfaction with bonus and variable pay

The responses collected from the one hundred and twenty respondents on this item are summarized in the table below, followed by a brief description and interpretation.

Response	No. of Respondents	Percentage
Highly Satisfied	14	12%
Satisfied	42	35%
Neutral	30	25%
Dissatisfied	22	18%
Highly Dissatisfied	12	10%
Total	120	100%



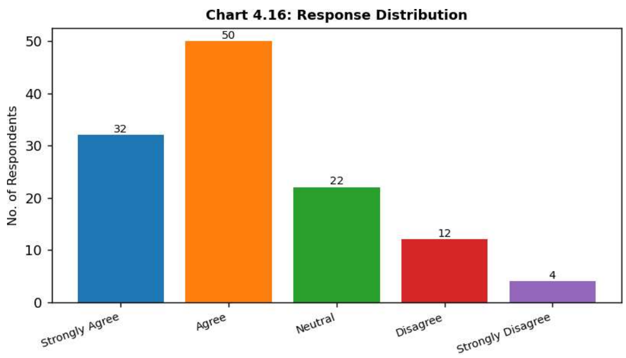
INTERPRETATION:

Variable pay records the lowest satisfaction in the entire study. The dissatisfied share approaches thirty per cent, and the neutral share is large. The qualitative comments accompanying this question consistently mention lack of clarity on how variable pay is calculated. This is a clear improvement area for the organization.

4.5 Clarity of monthly pay slip

The responses collected from the one hundred and twenty respondents on this item are summarized in the table below, followed by a brief description and interpretation.

Response	No. of Respondents	Percentage
Strongly Agree	32	27%
Agree	50	42%
Neutral	22	18%
Disagree	12	10%
Strongly Disagree	4	3%
Total	120	100%



INTERPRETATION:

Sixty-nine per cent of respondents find the monthly pay slip clear. The remaining thirty-one per cent who are neutral or in disagreement is not a trivial number, especially given how often the pay slip is consulted. Simplifying the pay slip and adding a one-page legend may yield disproportionate benefits.

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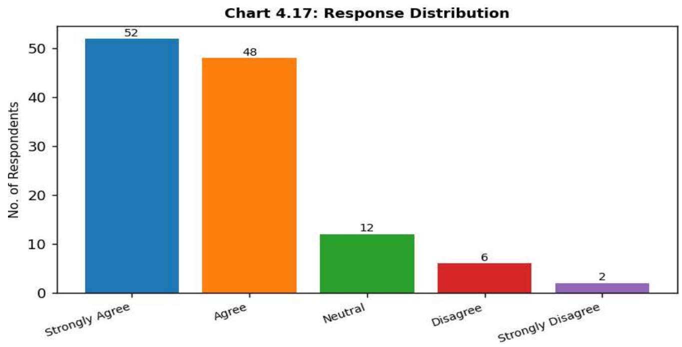
4.6 Timeliness of monthly salary credit

The responses collected from the one hundred and twenty respondents on this item are summarized in the table below, followed by a brief description and interpretation.

Response	No. of Respondents	Percentage
Strongly Agree	52	43%
Agree	48	40%
Neutral	12	10%
Disagree	6	5%
Strongly Disagree	2	2%
Total	120	100%



INTERPRETATION:

Eighty-three per cent of respondents are positive about the timeliness of salary credit. This is a strong endorsement of the payroll team and the banking arrangements. Maintaining this discipline must be treated as a non-negotiable, since any drop in this metric would erode confidence rapidly.

5. FINDINGS / SUGGESTIONS AND CONCLUSION

FINDINGS

Finding 1. The salary structure at Heritage Foods Limited is broadly aligned with industry practice. It is built around a base of Basic Salary and Dearness Allowance, augmented by House Rent Allowance, Conveyance, Special Allowance, statutory retirals, and a layer of variable pay that varies in weight by function and grade.

Finding 2. Statutory compliance is timely and well-documented. PF, ESI, Professional Tax, and TDS challans are filed within the prescribed due dates, and the company maintains an internal audit trail that supports both statutory and management audit requirements.

Finding 3. Employees are highly satisfied with the timeliness of salary credit, with eighty-three per cent of respondents expressing positive views. The accuracy of payroll calculations also enjoys an eighty per cent positive rating.

SUGGESTIONS

Suggestion 1. Introduce a transparent variable-pay calculator on the Employee Self Service portal. Each employee should be able to see how his or her variable pay is constructed, with simple visualizations of the targets, achievements, and resulting payout. Transparency, more than amount, drives perceived fairness.

Suggestion 2. Run a quarterly "pay slip literacy" module as part of the in-house learning calendar. Short, practical sessions on reading the pay slip, understanding PF and ESI, and choosing between the old and new tax regimes will materially improve financial confidence among employees.

Suggestion 3. Form a small cross-functional task force, drawn from HR, Finance, IT, and Legal, to map the existing salary structure to the wage definitions in the four labor codes. This will reveal the structural changes that may be needed once the codes are fully operational and will avoid last-minute scrambles.

CONCLUSION

Payroll administration is one of those quiet, repetitive functions whose value becomes visible only when it fails. At Heritage Foods Limited, the function does not fail. Salaries reach bank accounts on time, calculations are accurate, statutory deposits go in on the due date, and grievances are rare. Behind this stability is a combination of disciplined process, a competent payroll team, and sustained investment in technology. Beyond the specific recommendations, the study underscores a broader truth: the salary slip is the most frequently and intimately consumed document in the entire HR universe. Every other communication can be missed; this one cannot. Every other event is occasional; this one repeats every month. To treat it merely as an accounting output is to undervalue it.

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