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The level of efficiency of the payroll process system in the city government of Naga

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Abstract:

This study aimed to evaluate the payroll process system within the Human Resource Management of the City Government of Naga, focusing on improving payroll accuracy and efficiency, ensuring regulatory compliance, and enhancing employee satisfaction. The study sought to answer key questions regarding the level of efficiency of payroll processing practices, identifying challenges in payroll management, and examining the relationship between efficiency and the challenges faced. Specifically, it looked at the efficiency in terms of accuracy, timeliness, system coverage, and reporting, while also exploring challenges related to payroll implementation, technological limitations, and human resource management. The study utilized a descriptive- correlational design, employing statistical tools such as correlation analysis to assess the relationships between variables. A total of 48 respondents, comprising HR personnel and payroll management staff, participated in the study. The findings revealed that the payroll system's efficiency was rated highly effective in accuracy, timeliness, and coverage, while challenges were primarily linked to payroll implementation and technological limitations. The analysis showed a significant positive correlation between the level of efficiency and challenges in payroll management, with strong to very strong relationships identified between different payroll system components and management challenges. Based on these findings, the study recommends the implementation of more advanced payroll systems, continuous staff training, and the development of a comprehensive Payroll Process Manual to standardize procedures and improve payroll operations.

Keywords:

Payroll Process System, Payroll Management.

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INTRODUCTION

Effective payroll management is essential for organizations, as it ensures accurate compensation, compliance with regulations, and contributes to workforce satisfaction and retention. Research emphasizes the challenges organizations face in adapting payroll systems to meet evolving industry demands and diverse employee needs, while also promoting fairness and operational efficiency (Hindarto & Nurfaizi, 2023). The global shift towards automated, cloud-based payroll systems offers significant benefits, particularly for large organizations, by reducing errors, enhancing security, and streamlining processes (Mahajan, Shukla, & Soni, 2022). Furthermore, studies such as the one presented at the 2022 4th International Conference on Advances in Computing, Communication Control and Networking highlight that despite the critical role of payroll, it is often underexplored compared to other organizational transaction systems, such as sales and purchasing. Research on employee satisfaction and HR's involvement in payroll processing further underscores the importance of aligning payroll systems with organizational goals and technology to ensure efficiency and employee well-being (Swathi, 2020). This global perspective reflects the increasing importance of efficient, equitable payroll systems across industries.

Payroll management in the global arena involves a complex interplay of diverse regulations, technologies, and organizational practices, reflecting the varying legal, cultural, and economic environments across countries. Multinational organizations must navigate different tax laws, labor regulations, and compliance requirements in each jurisdiction where they operate, making payroll processing a highly dynamic and multifaceted task. In addition to adhering to local rules, companies are increasingly leveraging advanced technologies like cloud-based payroll systems, artificial intelligence, and automation to streamline processes, reduce errors, and ensure timely payments. The global workforce's diversity further requires payroll systems to accommodate various currencies, work schedules, benefits, and tax structures, while also meeting employee expectations for transparency and accuracy. Efficient payroll management on a global scale is crucial for maintaining employee satisfaction, ensuring compliance, and optimizing operational performance across borders.

In the Philippines, several studies have explored the development of automated payroll systems to address inefficiencies and improve accuracy. Vibar (2012) focuses on the creation of a web-based payroll information system at Bicol University, designed to automate payroll calculations and report generation, eliminating errors in manual processing. Similarly, Samson et al. (2018) examine a web-based payroll system implemented at Golden Crest Management System, Inc., which aims to reduce data duplication and errors by automating payroll processes. Additionally, Revilla et al. (2020) present a payroll system tailored for sub-contractual employees at Ibiden Philippines, incorporating time-keeping features to enhance payroll accuracy. These studies highlight the growing trend of automating payroll systems in the Philippines to improve efficiency, accuracy, and data management in various sectors.

In Camarines Sur, studies relevant to developing a comprehensive payroll process manual emphasize the need for structured systems and operational procedures. Rosal's (2019) research on records management at Camarines Sur Polytechnic Colleges focuses on creating a system and operational manual that aims to improve efficiency through process automation, which aligns with the goal of optimizing payroll processes in local government offices. The purpose of this study is to highlight the value of standard operating procedures and offer practical advice for creating a payroll process manual. Furthermore, Project SMILE with a HEART in Camarines Sur investigates the creation of operational standards to improve administrative systems, which may be useful in forming more general frameworks within local government entities, such as payroll procedures.

Tracing back the challenges in the payroll system reveals several critical issues that have hindered its efficiency. These include delays in data submission due to fragmented workflows, errors arising from manual data entry, and a lack of integration between payroll and other HR or financial systems. Technological limitations, such as outdated software and system downtimes, further exacerbate these problems, slowing down payroll operations and increasing the risk of inaccuracies. Additionally, high staff turnover and inadequate training for payroll officers have led to knowledge gaps, compounding operational inefficiencies. These challenges highlight the need for comprehensive solutions, including system automation, workflow standardization, and continuous staff development, to build a robust and reliable payroll management system.

The study intends to create a Comprehensive Payroll Process Manual for the City Government Office of Naga. Naga City's Computerization Program has played a vital role in modernizing local governance, including the implementation of an integrated payroll system within its Management Information System (MIS). This initiative aims to improve administrative efficiency, support informed decision-making, and ensure compliance with regulations. The development of a Comprehensive Payroll Process Manual aligns with these goals, focusing on global best practices to enhance payroll accuracy, increase employee satisfaction, and streamline operations. By adopting a systematic payroll approach, the City Government of Naga is working to reduce administrative costs and foster greater collaboration among stakeholders, ensuring effective payroll management. This progressive initiative has earned recognition, including awards like the Galing Pook, highlighting Naga's innovative strategies for enhancing public sector management. The manual will serve as a key communication tool, providing clear recommendations and tailored practices that align all involved parties in the city's payroll strategy (City Government of Naga, 2024; Galing Pook, 2020).

The legal bases for this study are rooted in various labor laws and regulations governing payroll systems and human resource management in the Philippines. These include the Labor Code of the Philippines, which mandates the timely and accurate payment of wages, allowances, and benefits to employees, as well as compliance with statutory deductions. Additionally, Republic Act No. 11032, or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, emphasizes the need for efficient and

streamlined processes within government offices, including payroll management. Furthermore, the study aligns with Executive Order No. 292 (Administrative Code of 1987), which outlines the responsibilities of government agencies in ensuring compliance with regulations and improving public service efficiency. By adhering to these legal frameworks, the study aims to evaluate and enhance the payroll processing system of the City Government of Naga, ensuring accuracy, timeliness, and compliance with all relevant laws and regulations.

The significance of this study lies in its potential to enhance the payroll process system within the Human Resource Management of the Local Government of Naga City. By evaluating the efficiency of payroll practices in terms of accuracy, timeliness, system coverage, and reporting, the study aims to identify key challenges such as payroll implementation issues, technological limitations, and human resources like special rate for talent and skills. The findings will provide valuable insights into the factors that hinder optimal payroll performance, offering actionable recommendations for improvements. Additionally, the study will contribute to the development of a comprehensive Payroll Process Manual, which will standardize procedures, ensure regulatory compliance, and empower HR professionals to streamline operations. Ultimately, this research aims to improve payroll efficiency, employee satisfaction, and organizational compliance, benefiting both the local government and its employees.

The rationale for this study stems from the growing need for efficient and accurate payroll management within the Local Government of Naga City, as it plays a crucial role in ensuring timely employee compensation, compliance with regulations, and overall administrative efficiency. The payroll process, being inherently complex, is often challenged by issues such as system limitations, inconsistent implementation, and human resources issues, all of which can lead to errors, delays, and employee dissatisfaction. Despite the importance of effective payroll management, there has been limited research on its specific challenges and opportunities for improvement within the context of local government operations. By investigating these aspects, this study seeks to provide actionable insights to enhance payroll accuracy, streamline processes, and foster regulatory compliance, ultimately contributing to a more effective and transparent HR system in Naga City.

Research Questions

The study aimed to evaluate the payroll process system in Human Resource Management of the City Government of Naga to improve payroll accuracy and efficiency, ensure regulatory compliance, and enhance employee satisfaction.

Specifically, it seeks to answer the following questions:

1. What is the level of efficiency of the payroll processing practices in the City Government Office of Naga along with:
 - a. Accuracy,

- b. Timeliness,
 - c. Coverage of the system, and
 - d. Reports?
2. What are the challenges in payroll management in terms of:
 - a. Payroll implementation,
 - b. Technological limitations, and,
 - c. Human Resources?
3. What is the significant relationship between the level of efficiency and the challenges in payroll management?
4. To design a comprehensive Payroll Process Manual for standardized procedures, compliance guidelines, and checklists of the City Government of Naga.

Theoretical Paradigm

This study on the Development of Enhanced Events Management Framework for Naga City is anchored on three relevant theories: Systems Theory, Contingency Theory and the Technology Acceptance Model (TAM). Checkland's Systems Theory by Peter B. Checkland (2019) provides a framework for analysing complex organizational processes, emphasizing holistic thinking and the interrelationships among components within a system. Applied to payroll management, the theory highlights the importance of viewing payroll as an interconnected system involving data input, processing, compliance, and employee satisfaction. It recognizes that changes in one part of the system, such as legislative updates or automation of payroll calculations, can impact other areas, including workflow efficiency and accuracy. Using this approach, a payroll system is not just a technical process but a dynamic socio-technical system that integrates people, technology, and policies, requiring regular feedback loops and adaptation to maintain alignment with organizational goals and external requirements. The theory is highly relevant to studying the level of efficiency of the payroll process system in the local government of Naga City, as it provides a holistic lens to analyze and improve the system. The theory views the payroll process not as an isolated function but as a dynamic socio-technical system comprising people, technology, policies, and external regulations. By applying this theory, the study can identify how different components, such as employee data management, compliance with government mandates, and technological tools, interact to influence overall efficiency. Inefficiencies in one subsystem, like manual data input, can create bottlenecks that impact timeliness and accuracy, while robust feedback mechanisms could help adapt to regulatory changes swiftly. Also, it encourages examining not only the technical aspects but also the human and organizational factors and stakeholder communication, to understand and enhance the efficiency of the payroll system in Naga City holistically.

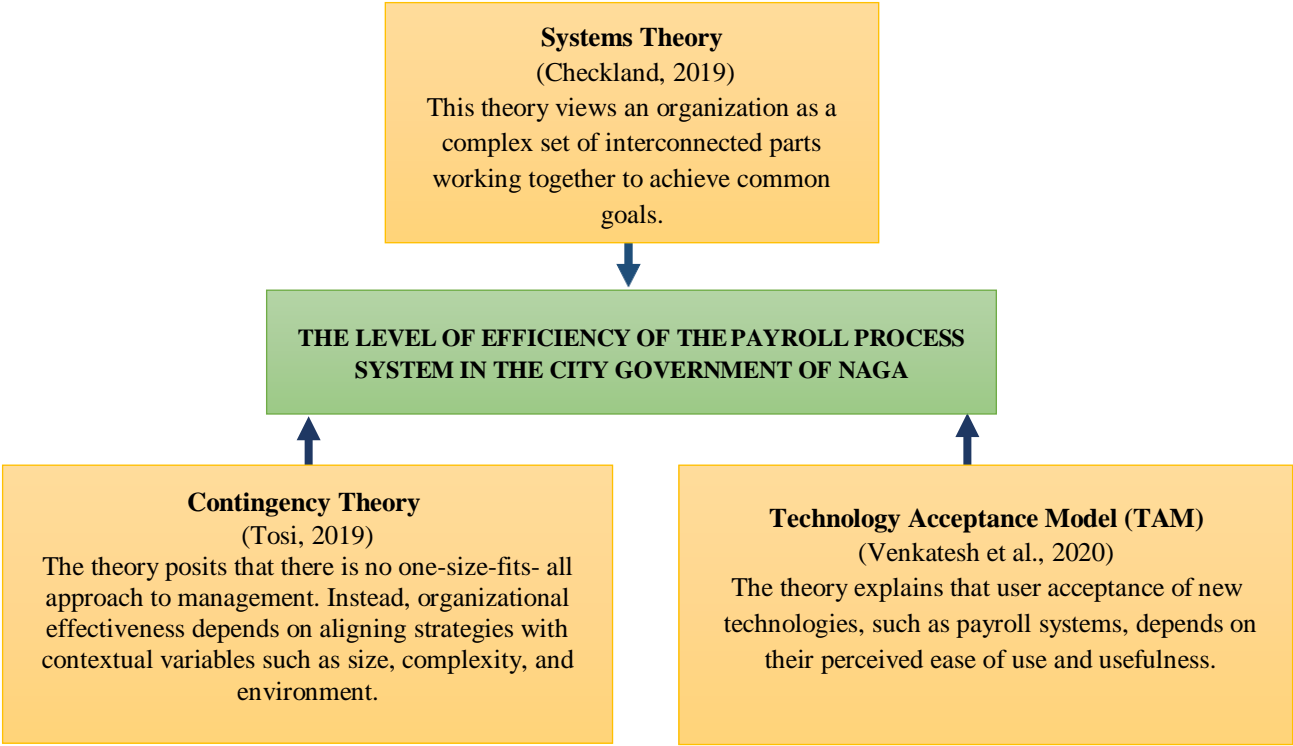


Figure 1. Theoretical Paradigm

The second theory, the Contingency Theory by Henry L. Tosi (2019), posits that there is no one-size-fits-all approach to organizational processes; instead, the optimal system design depends on the specific circumstances and environment in which it operates. Applied to payroll management systems, this theory suggests that the structure and processes of payroll should align with factors such as the size of the organization, complexity of payroll regulations, technological capabilities, and workforce diversity. For instance, a small organization may efficiently manage payroll manually, while a large government body, such as a municipal office, may require sophisticated, automated systems to handle intricate computations and compliance requirements. The theory emphasizes adaptability, highlighting that payroll systems must evolve to meet changes in organizational needs, such as scaling operations or responding to new labor laws, ensuring alignment with both internal and external contingencies for maximum effectiveness.

In this study, it emphasizes that the design and effectiveness of a system should be contingent upon various internal and external factors. In the context of Naga City, the efficiency of its payroll system is influenced by several variables, such as the size of the local government workforce, the complexity of the payroll regulations, technological infrastructure, and the specific needs of the employees. The payroll system must adapt to the local government's unique challenges, including the integration of local ordinances, changes in national tax laws, and the need to accommodate a diverse range of employees. The theory suggests that no single solution fits all situations, so the system must be designed to align

with these factors, ensuring that the payroll process remains efficient and scalable. By applying Contingency Theory, the study can explore how the local government's payroll system may need to evolve or be optimized in response to these dynamic and contextual factors, achieving better efficiency.

The Technology Acceptance Model (TAM) by Venkatesh et al. (2020) helps to explain how users come to accept and adopt new technologies, emphasizing two key factors: perceived ease of use and perceived usefulness. In the context of a payroll management system, TAM suggests that employees and payroll administrators are more likely to embrace and effectively use the system if they perceive it to be easy to use and beneficial in simplifying tasks such as payroll calculation, compliance, and reporting. If the payroll software is intuitive, reduces manual work, and ensures timely and accurate payments, users are more likely to accept it. Additionally, the model highlights the importance of system usability and its alignment with organizational goals, as payroll systems that improve efficiency, accuracy, and compliance are deemed useful. Therefore, applying TAM to a payroll management system can provide insights into factors that influence user adoption and overall system success, helping organizations optimize their payroll systems to achieve better acceptance and greater effectiveness.

The theory is closely related to the study of the level of efficiency of the payroll process system in the local government of Naga City, as it provides a framework for understanding how the adoption of technology influences the system's overall efficiency. The model's key components—perceived ease of use and perceived usefulness—are particularly relevant in assessing how effectively payroll employees and administrators engage with the system. If the payroll management system in Naga City is perceived as easy to use and beneficial, it is more likely to be adopted and effectively utilized. The study can explore how these factors influence the efficiency of the payroll process, considering how the local government employees' acceptance of the system impacts the overall speed, accuracy, and compliance of payroll processing. TAM can thus offer insights into potential barriers to adoption, such as system complexity or lack of training, and highlight areas for improvement to increase the efficiency of the payroll system in Naga City.

Conceptual Paradigm

The conceptual framework for this study is designed to explore the key factors influencing the efficiency of the payroll process system in the Local Government of Naga City. By integrating relevant theories and addressing specific challenges, this framework aims to provide a structured approach to evaluating payroll practices, including accuracy, timeliness, system coverage, and reporting. It connects the identification of challenges, such as payroll implementation issues, technological limitations, and human resources issues, to the overall efficiency of the system. Through this, the study aims to provide a clear path for addressing inefficiencies and ensuring a more effective payroll system in the Naga City Government.

The conceptual framework of this study explores the interconnected factors that influence the efficiency of the payroll process system in the Local Government of Naga City, with the goal of improving payroll accuracy, timeliness, compliance, and employee satisfaction. It begins by identifying the challenges in payroll management, which include payroll implementation issues, technological limitations, and human resources issues. These challenges are considered independent variables that impact the overall efficiency of the payroll system. The level of efficiency of the payroll system, which is the dependent variable, is evaluated across four dimensions: accuracy, ensuring correct payroll calculations; timeliness, ensuring that payroll is processed and paid on schedule; system coverage, indicating the system's integration with other HR functions; and reports, ensuring accurate and comprehensive payroll reports for compliance and decision-making. The framework suggests that addressing these challenges will improve the payroll system's efficiency. The ultimate aim is to develop a Comprehensive Payroll Process Manual that includes standardized procedures, compliance guidelines, and checklists for HR professionals, offering a structured approach to resolving issues and improving operational practices. By improving these key areas, the payroll system can better meet the needs of the employees and comply with regulatory requirements, thereby increasing overall system effectiveness and organizational performance.

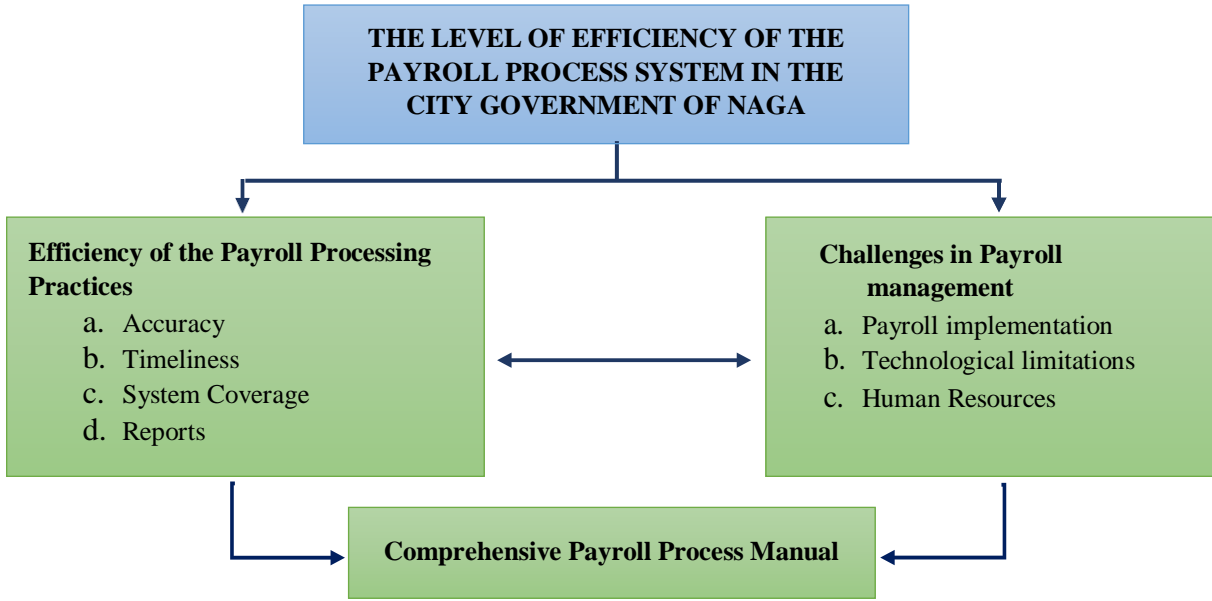


Figure 2. Conceptual Paradigm

Literature Review

Digital payroll solutions have transformed municipal payroll management worldwide, improving efficiency, accuracy, and security. Digital systems minimize administrative costs and human errors, making salary processing faster and more accurate, according to Johnson (2021). Williams (2020) notes that Canada and Australia use digital payroll solutions to improve operational transparency and employee satisfaction. Technology in payroll systems simplifies complex processes and ensures prompt payments, according to Davis (2022).

According to Peterson (2021), payroll system automation minimizes errors and improves tracking and reporting, which is crucial for public sector accountability. Baker and Rudd (2020) also explore how digital payroll solutions correlate with global public administration digital transformation trends, allowing local governments satisfy efficiency and transparency needs.

Initiatives to upgrade payroll systems inside local government units (LGUs) have been a part of more general administrative reforms inside the Philippines. The Department of the Interior and Local Government (DILG, 2020) emphasizes particularly the need of improving payroll management to ensure fair and timely compensation for government employees. Argues Lopez (2021), employee discontent resulting from payroll inefficiencies in LGUs could have an impact on general public sector performance. Cruz (2021) emphasizes how outdated payroll methods and insufficient employee training have limited LGU's ability to satisfy contemporary demands for precision and effectiveness. Fernandez (2022) recommends that standardized procedures and enhanced payroll staff competencies can facilitate the development of comprehensive payroll manuals to address these challenges. These modernization initiatives aim to improve both payroll processes and the overall efficiency of local government public service delivery.

The modernization of payroll systems inside local government units (LGUs) in the Philippines has been essential to complete administrative changes. The Department of the Interior and Local Government (DILG, 2020) underscored the imperative of improving payroll management to ensure fair and timely compensation for government employees. Lopez (2021) observes that payroll inefficiencies in local government units might result in employee unhappiness, thus impacting total public sector productivity. Cruz (2021) contends that outdated payroll methods, together with inadequate staff training, have hindered many LGUs from meeting contemporary standards for accuracy and efficiency. Fernandez (2022) asserts that the development of comprehensive payroll manuals can alleviate these challenges by establishing standardized procedures and enhancing the skills of payroll staff. These changes, through modernization initiatives, seek to enhance both payroll processes and the overall efficacy of public service delivery in local governments.

Developing a Payroll Process Manual is essential for tackling the payroll issues encountered by the City Government of Naga. Smith (2019) contends that a meticulously organized Payroll Manual can enhance openness, accountability, and employee trust by explicitly delineating compensation policies and practices. Johnson (2021) asserts that these guides offer employees a dependable reference, hence minimizing uncertainty and conflicts over payroll matters. Baker and Rudd (2020) assert that establishing a consistent payroll procedure facilitates adherence to legal obligations and mitigates the risk of financial malfeasance. Furthermore, Lopez (2021) emphasizes that an effective payroll system can enhance employee morale and productivity by guaranteeing prompt and precise remuneration. Davis (2022) state that incorporating global best practices into the payroll process will improve operational efficiency and integrate local government processes with worldwide norms, hence enhancing public administration outcomes.

Despite the fact that there have been significant advancements in digital payroll solutions for public administration, there are still a number of research gaps that need to be filled. This is particularly true for Local Government Units (LGUs) in the Philippines, such as the City Government of Naga, where in the advantages of digital payroll systems in terms of efficiency and transparency are currently being discussed in studies that are currently being carried out. However, these studies rarely address the specific implementation issues that local government units (LGUs) face, such as limitations in infrastructure and skills gaps among payroll staff. These studies are currently being carried out. In addition, there is a need for research that investigates the influence that standardized payroll manuals and ongoing training practices have on the effectiveness of the system. This presents a daunting obstacle to overcome. Additionally, despite the fact that it is suggested to follow best practices from around the world, there has been a very limited amount of research undertaken on how these strategies can be effectively integrated to the context of the Philippines. This is despite the fact that it is encouraged to follow best practices from across the world. The localization of digital payroll improvements requires additional research on how the modernization of payroll affects employee satisfaction, productivity, and public accountability within local government units (LGUs), notably in Naga. This research is necessary in order to better inform the process.

METHODS

The study adopted a descriptive-correlational research design, aimed to evaluate the level of efficiency of the payroll process system in the Human Resource Management of the Local Government of Naga City. This design allowed for an in-depth examination of payroll processing practices and the identification of challenges within the system. By assessing key factors such as accuracy, timeliness, system coverage, and reporting, the study described the current state of the payroll system. Additionally, the correlational aspect of the design explored the relationship between the identified challenges (payroll implementation, technological limitations, and human resources) and the efficiency of the payroll system. The study's results served as the basis for designing a comprehensive Payroll Process Manual, incorporated standardized procedures and compliance guidelines to enhance payroll efficiency in the Naga City Government.

Data were collected using a combination of quantitative and qualitative methods which provided a comprehensive understanding of the payroll process system's efficiency. A structured survey questionnaire was administered to the city's LGU HR staff and personnel within the City Government Office of Naga, focused on aspects such as payroll accuracy, timeliness, system coverage, and reporting. The survey also gathered insights into the challenges faced by the HR department regarding payroll implementation, technological constraints, and human resources matters. Additionally, interviews were conducted with key HR personnel to explore these challenges in greater depth. Document analysis of payroll reports, policy manuals, and previous audit reports were utilized to validate the data collected from surveys and interviews. The combination of these data collection methods ensured a holistic view of the payroll process and the factors affecting its efficiency.

The data were analyzed using both descriptive and inferential statistical methods. Descriptive statistics, such as mean scores and percentages, were used to assess the level of efficiency in terms of accuracy, timeliness, system coverage, and reporting, as perceived by the HR professionals. A correlation analysis was conducted to explore the relationship between the identified challenges (payroll implementation, technological limitations, and human resources issues) and the level of efficiency in payroll processing. This helped identify significant patterns and associations between variables. Qualitative data from the interviews were analysed through thematic analysis, identifying common themes and insights related to the challenges faced by HR professionals in managing payroll. The findings from both quantitative and qualitative data were triangulated which developed recommendations for the design of the comprehensive Payroll Process Manual, which ensured that it addressed both the technical and organizational factors affecting payroll efficiency.

The study involved 48 administrative payroll officers as participants, selected from various offices within the Local Government Unit (LGU) of Naga City. These participants primarily consisted of Human Resource Management personnel, payroll administrators, and other relevant staff directly involved in payroll processing and management. They were chosen based on their specific roles and responsibilities within the payroll system, ensuring that they had the necessary knowledge and experience to provide meaningful insights into the efficiency and challenges of the system. The study utilized a purposive sampling technique to select participants who met these criteria, as their direct engagement with payroll operations made them highly suited to addressing the study's objectives. This focused approach ensured that the data collected was both relevant and accurate, capturing the system's current state effectively and enabling a thorough evaluation of the payroll process and the development of actionable recommendations.

RESULTS AND DISCUSSION

Profile of LGU Naga Administrative Payroll Officers

Table 1. Profile of administrative payroll officers

Profile	F	%	Rank
Age			
21 - 30	15	31	1
31 - 40	13	27	2
41 - 50	10	21	3
51 - 60	8	17	4
More than 61 - 70	2	4	5
Total	48	100	
Gender	F	%	Rank
Male	32	67	1
Female	16	33	2
Total	48	100	
Employment Background	F	%	Rank
Casual	12	25	2
Contractual	9	19	3.5

Job Order	18	38	1
Permanent	9	19	3.5
Total	48	100	
Department	F	%	Rank
Health and Social Services	14	29	1
Infrastructure and Development	8	17	3
Government Administration and Services	12	25	2
Public Safety and Risk Management	4	8	4
Economic Development and Trade	4	8	4
Technology and Innovation	4	8	4
Education, Culture, and Sports	2	4	5
Total	48	100	

Table 1 presents the profile of the administrative payroll officers of LGU Naga, highlighting the age, gender, employment background, and department distribution. The highest percentage of officers, 31%, falls within the 21-30 age group, while the lowest percentage, 4%, are in the 61-70 age range. In terms of gender, males dominate the workforce, making up 67%, with females representing 33%. Regarding employment background, job order employees comprise the largest group at 38%, whereas both contractual and permanent employees each account for 19%, tying for the lowest percentage. The highest percentage of payroll officers (29%) work in Health and Social Services, while the departments of Education, Culture, and Sports, and Economic Development and Trade each have the lowest representation at 4%.

The table outlines the diverse profile of LGU Naga administrative payroll officers, revealing a youthful workforce, with most officers falling in the 21–30 age range, while older age groups are less represented. Gender distribution indicates male dominance, suggesting a potential gender imbalance. Employment backgrounds are varied, with Job Order positions being the most common, pointing to a significant number of non-permanent roles. Departmental distribution reflects a highly decentralized workforce, with personnel spread evenly across numerous offices, highlighting the breadth of administrative functions within the LGU.

The results from the LGU Naga administrative payroll officers' profile align with Johnson's (2021) study on payroll manuals as tools to reduce employee uncertainty and conflict by emphasizing the importance of clear structures and roles. The diverse employment backgrounds, wide age range, and even departmental distribution in LGU Naga suggest a complex organizational environment where consistent policies, like those found in payroll manuals, could streamline processes and address potential challenges related to temporary employment statuses, gender imbalances, and workforce decentralization. By providing clarity, these manuals could mitigate misunderstandings and conflicts, fostering a more cohesive administrative system.

Accuracy of Payroll System

Table 2.1 Efficiency of the payroll system in terms of accuracy

Parameters	WM	Rank	Interpretation
Ensuring accurate payroll amounts (<i>e.g., salary, deductions, allowances</i>).	3.52	2	HE
Accounting the correct data absences and reflects them in payroll adjustments.	3.60	1	HE
Applying correct rates for salaries and benefits (<i>e.g., overtime, bonuses, allowances</i>).	3.46	3	HE
Maintaining up-to-date employee records, including tenure, position, and salary grade.	3.19	5	ME
Ensuring accurate prorated salary computations for newly hired employees or those who have resigned or retired within the payroll period.	3.25	4	ME
Average Weighted Mean	3.40		HE

Note: 3.26 – 4.00 - Highly Effective (HE); 2.51 – 3.25 - Moderately Effective (ME); 1.76 – 2.50 - Somewhat Effective (SE); 1.00 – 1.75 - Not Effective (NE).

Table 2.1 evaluates the accuracy of the payroll system, with the highest-rated parameter being "Accounting the correct data absences and reflecting them in payroll adjustments" (WM=3.60, HE), indicating it is highly effective. Conversely, "Maintaining up-to-date employee records, including tenure, position, and salary grade" received the lowest rating (WM=3.19, ME), suggesting it is moderately effective. The overall average weighted mean is 3.40, classifying the payroll system as highly effective in ensuring accuracy, though some aspects, such as record maintenance and prorated salary computations (WM=3.25, ME), need improvement.

The table assesses the payroll system's accuracy, highlighting its overall high effectiveness in critical areas like reflecting absences and adjustments and ensuring correct payroll amounts. However, it reveals moderate effectiveness in maintaining updated employee records and prorating salaries, suggesting potential areas for refinement. These findings indicate that while the payroll system performs well in operational accuracy, there is room for improvement in handling dynamic employee data and special cases, which are crucial for fostering fairness and trust among employees.

The results from the table align with Cruz's (2021) findings on the challenges of modernizing payroll systems within LGUs, as both highlight areas requiring improvement, particularly in maintaining up-to-date employee records and handling complex payroll adjustments. Cruz emphasizes the difficulty of integrating modern technologies and processes in decentralized and multifaceted organizations like LGUs. Similarly, the table shows that while the payroll system is highly effective in ensuring accuracy in standard operations, challenges persist in managing dynamic employee data and special payroll computations. These parallels underscore the need for LGUs to prioritize system upgrades and staff training to address these limitations effectively.

Timeliness of Payroll System

Table 2.2 Efficiency of the payroll system in terms of timeliness

Parameters	WM	Rank	Interpretation
Generating and releasing payroll within established deadlines to ensure employees receive their compensation on time.	3.25	4	ME
Incorporating changes such as salary adjustments, benefits, and tax updates in a timely manner.	3.27	2.5	HE
Automating payroll processes to reduce processing time and ensure timely preparation and distribution of salaries.	3.46	1	HE
Addressing payroll discrepancies or corrections to avoid delays in salary disbursement.	3.23	5	ME
Coordinating with relevant departments to quickly gather necessary data, such as attendance records and approval for overtime, to meet payroll schedules	3.27	2.5	HE
Average Weighted Mean	3.30		HE

Note: 3.26 – 4.00 - Highly Effective (HE); 2.51 – 3.25 - Moderately Effective (ME); 1.76 – 2.50 - Somewhat Effective (SE); 1.00 – 1.75 - Not Effective (NE).

Table 2.2 evaluates the timeliness of the payroll system, with "Automating payroll processes to reduce processing time and ensure timely preparation and distribution of salaries" rated the highest (WM=3.46, HE), indicating high effectiveness. The lowest-rated parameter is "Addressing payroll discrepancies or corrections to avoid delays in salary disbursement" (WM=3.23, ME), suggesting moderate effectiveness. The overall average weighted mean of 3.30 classifies the system as highly effective in timeliness, with strengths in automation and timely incorporation of changes, but it highlights the need for improvement in resolving discrepancies and ensuring prompt payroll generation within deadlines (WM=3.25, ME).

The table assesses the payroll system's timeliness, showing that it is generally effective, particularly in leveraging automation to reduce processing time and incorporating updates like salary adjustments and benefits promptly. However, areas such as addressing payroll discrepancies and adhering to deadlines for payroll generation are only moderately effective, indicating room for improvement. These findings suggest that while the system excels in using technology to streamline processes, challenges remain in ensuring consistent timeliness, especially in handling errors and finalizing payroll on schedule. This balance highlights the system's potential for optimization to achieve greater reliability.

The findings from Revilla et al. (2020) on developing a payroll system with timekeeping reports for sub- contractual employees at Ibiben Philippines highlight the benefits of automation in payroll processes. Their study emphasizes that automating payroll functions can enhance efficiency and accuracy, aligning with the observations in Table 2.2, where automation was rated as highly effective (WM=3.46) in reducing processing time and ensuring timely salary distribution. This correlation suggests that implementing automated systems can address timeliness challenges in payroll management, particularly in complex organizational settings.

Coverage and Reporting of Payroll System

Table 2.3 Efficiency of the payroll system in terms of coverage and reporting

Parameters	WM	Rank	Interpretation
Including all employees, regardless of employment status (e.g., regular, contractual, probationary), to ensure equitable payroll processing and compliance with labor standards.	3.48	1	HE
Capturing all compensable items, such as salaries, overtime, allowances, bonuses, and other benefits, within the payroll system.	3.40	3	HE
Handling unique payroll situations (e.g., retroactive adjustments, leave without pay) efficiently.	3.29	4	HE
Generating detailed payroll reports for management review, including breakdowns of salaries, deductions, and net pay for transparency and accountability.	3.25	5	ME
Maintaining accurate payroll records and reports for auditing purposes and as a basis for employee inquiries or disputes.	3.42	2	HE
Average Weighted Mean	3.37		HE

Note: 3.26 – 4.00 - Highly Effective (HE); 2.51 – 3.25 - Moderately Effective (ME); 1.76 – 2.50 - Somewhat Effective (SE); 1.00 – 1.75 - Not Effective (NE).

Table 2.3 evaluates the payroll system's coverage and reporting, with the highest-rated parameter being "Including all employees, regardless of employment status, to ensure equitable payroll processing and compliance with labor standards" (WM=3.48, HE). The lowest-rated parameter is "Generating detailed payroll reports for management review, including breakdowns of salaries, deductions, and net pay for transparency and accountability" (WM=3.25, ME). The overall average weighted mean of 3.37 indicates the system is highly effective, particularly in ensuring comprehensive employee coverage and maintaining accurate payroll records, though it could improve its reporting functions for better transparency and accountability.

The table highlights the payroll system's efficiency in terms of coverage and reporting, showing that it performs very well in including all employees, regardless of employment status, and in maintaining accurate records for auditing purposes. These areas are crucial for ensuring fairness, compliance, and transparency within the payroll system. However, while the system captures most compensable items and handles unique payroll situations effectively, its reporting capabilities, particularly in generating detailed reports for management review, are seen as slightly less effective. This suggests that while the system excels at comprehensive coverage and record-keeping, improvements could be made in enhancing transparency through more detailed reporting mechanisms.

The findings from Swathi (2020) on payroll management systems align closely with the results presented in Table 2.3 regarding the efficiency of payroll systems in terms of coverage and reporting. Swathi emphasizes the importance of including all employees in payroll processing and ensuring accurate record-keeping, which resonates with the highly

effective ratings for "Including all employees, regardless of employment status," and "Maintaining accurate payroll records" in the table. Both studies highlight the need for fairness, compliance, and transparency in payroll systems. Additionally, Swathi's focus on HR's role in ensuring accurate payroll processing complements the results, which suggest that while the system is efficient in covering all employees and maintaining records, improvements in reporting could be beneficial. This connection underscores the need for both technological and managerial support to enhance the effectiveness of payroll systems.

Table 2.4 summarizes the efficiency of the payroll system, with the highest-rated parameter being "Accuracy" (AWM=3.40, HE), indicating that the system excels in ensuring precise payroll processing. The lowest-rated parameter is "Timeliness" (AWM=3.30, HE), though still highly effective, suggesting that the system is somewhat less efficient in terms of meeting deadlines compared to other areas. The overall average weighted mean of 3.36 classifies the payroll system as highly effective across all parameters, demonstrating strong performance in accuracy, timeliness, and coverage/reporting, with minor room for improvement in timeliness.

Summary on the Efficiency of the Payroll System

Table 2.4 Summary on the efficiency of the payroll system

Parameters	AWM	Rank	Interpretation
Accuracy	3.40	1	HE
Timeliness	3.30	3	HE
Coverage and Reporting	3.37	2	HE
Over-all Average Weighted Mean	3.36		HE

Note: 3.26 – 4.00 - Highly Effective (HE); 2.51 – 3.25 - Moderately Effective (ME); 1.76 – 2.50 - Somewhat Effective (SE); 1.00 – 1.75 - Not Effective (NE).

The table provides an overview of the payroll system's efficiency, highlighting that the system is highly effective across all evaluated parameters. "Accuracy" is the strongest aspect, indicating that the system performs exceptionally well in ensuring payroll correctness. "Timeliness," although still highly effective, is the area with slightly lower performance, suggesting that while the system is generally good at meeting deadlines, there may be occasional delays. Overall, the system demonstrates robust effectiveness in terms of accuracy, coverage, and reporting, with timeliness being the only aspect that could benefit from further optimization to achieve even greater consistency.

The findings from Williams (2020) on digital payroll systems in Canada and Australia align closely with the results from Table 2.4, particularly in terms of efficiency, accuracy, and transparency. Williams emphasizes the role of digital systems in enhancing payroll accuracy and improving employee satisfaction by providing transparent and timely compensation processing, which resonates with the high ratings for "Accuracy" and "Coverage and Reporting" in the table. Both studies suggest that highly effective payroll systems ensure accurate calculations and detailed reporting, contributing to employee trust and satisfaction.

Additionally, Williams highlights the challenges in timeliness, particularly with digital systems, which is mirrored in the slightly lower rating for "Timeliness" in Table 2.4. This connection underscores the importance of technological advancements in improving payroll systems, while also recognizing the need for continuous improvements in meeting deadlines consistently.

Implementation of Payroll Management

Table 3.1 Challenges in payroll management in terms of payroll implementation

Parameters	WM	Rank	Interpretation
Ensuring the accuracy of payroll data, including salaries, deductions, and statutory contributions, to avoid errors in employee compensation.	3.40	2	HC
Managing system integration challenges, such as linking payroll software with attendance systems and financial databases, for seamless operations.	3.38	3	HC
Addressing delays in data submission, such as attendance records or overtime approvals, which can affect payroll timelines.	3.08	5	MC
Navigating compliance with frequently changing labor laws and government regulations to ensure payroll processes remain up-to-date.	3.29	4	HC
Training employees to use payroll systems and adapt to automated processes to minimize errors and inefficiencies.	3.52	1	HC
Average Weighted Mean	3.33		HC

Note: 3.26 – 4.00 - Highly Challenging (HC); 2.51 – 3.25 - Moderately Challenging (MC); 1.76 – 2.50 - Somewhat Challenging (SC); 1.00 – 1.75 - Not Challenging (NC).

Table 3.1 highlights the challenges in payroll management related to its implementation. The highest-rated challenge is "Training employees to use payroll systems and adapt to automated processes" (WM=3.52, HC), indicating that training is the most difficult aspect of implementing an efficient payroll system. On the other hand, the lowest-rated challenge is "Addressing delays in data submission, such as attendance records or overtime approvals" (WM=3.08, MC), which is moderately challenging. The overall average weighted mean of 3.33 places all the challenges in the "Highly Challenging" category, suggesting that payroll implementation involves significant difficulties, particularly in ensuring system integration, accuracy, and compliance with regulations.

The table outlines the various challenges faced in payroll management implementation, with the most significant difficulty being training employees to effectively use payroll systems and adapt to automation. This reflects the importance of ensuring that staff is well-prepared to handle new technologies and processes, which can be a major barrier to smooth payroll operations. Other challenges, such as system integration, accuracy in payroll data, and navigating labor law compliance, are also prominent but slightly less challenging. The least challenging issue, though still significant, is managing delays in data

submission, which can impact payroll timelines. Overall, the data suggests that while payroll implementation is complex and demanding, the focus needs to be on overcoming the obstacles related to training and adapting to automated systems.

The findings from Smith (2019) on the role of payroll process manuals in enhancing organizational transparency relate closely to the challenges highlighted in Table 3.1. Smith emphasizes that clear and well- documented payroll processes can significantly reduce errors, improve accuracy, and ensure compliance with regulations, all of which align with the challenges identified in the table, such as "Ensuring the accuracy of payroll data" and "Navigating compliance with frequently changing labor laws." Both the study and the table underscore the importance of having structured processes in place to address issues like training, system integration, and data submission delays. Smith's research suggests that implementing detailed payroll process manuals could help alleviate many of the challenges highlighted in the table, particularly in terms of training employees and ensuring consistent payroll data accuracy, thus enhancing overall transparency in payroll management.

Technological Limitations of Payroll Management

Table 3.2 Challenges in payroll management in terms of technological limitations

Parameters	WM	Rank	Interpretation
Internet connectivity.	3.38	2.5	HC
Dependence on manual data entry.	3.38	2.5	HC
IT support and expertise within the organization.	3.48	1	HC
Customization options in payroll software.	3.31	4	HC
System downtime or technical glitches in payroll software.	2.98	5	MC
Average Weighted Mean	3.30		HC

Note: 3.26 – 4.00 - Highly Challenging (HC); 2.51 – 3.25 - Moderately Challenging (MC); 1.76 – 2.50 - Somewhat Challenging (SC); 1.00 – 1.75 - Not Challenging (NC).

Table 3.2 presents the challenges in payroll management related to technological limitations, with the highest-rated challenge being "IT support and expertise within the organization" (WM=3.48, HC), indicating that the lack of proper IT support is the most significant technological barrier. The lowest-rated challenge is "System downtime or technical glitches in payroll software" (WM=2.98, MC), which is moderately challenging but less critical compared to the other issues. The overall average weighted mean of 3.30 places all challenges in the "Highly Challenging" category, reflecting that technological limitations, such as internet connectivity, manual data entry dependence, and customization options in payroll software, pose substantial difficulties in effective payroll management.

The table highlights several technological challenges in payroll management, with the most significant issue being the lack of IT support and expertise within the organization. This challenge reflects the need for specialized technical knowledge to manage and maintain efficient payroll systems. Other major challenges include internet connectivity and the reliance on manual data entry, both of which can hinder smooth payroll operations. While system downtime or technical glitches are still a concern, they are considered less impactful

than the other challenges. Overall, the table suggests that while technological limitations in payroll management are substantial, the primary focus should be on improving IT support and reducing dependency on manual processes to enhance system reliability and efficiency.

The findings from Johnson (2021) on payroll manuals as a tool for reducing employee uncertainty and conflict are closely related to the technological challenges identified in Table 3.2. Johnson emphasizes that clear, standardized payroll procedures outlined in manuals can help reduce confusion and errors, which aligns with the challenges of dependence on manual data entry and the need for IT support and expertise. Both the study and the table suggest that having structured systems in place, such as detailed payroll manuals, can mitigate technological limitations by streamlining processes and reducing the reliance on inconsistent or outdated practices. Johnson's research supports the idea that addressing technological issues through clear documentation and improved IT infrastructure can enhance payroll accuracy, reduce conflicts, and make the payroll process more transparent and efficient.

Human Resources: Employee Retention in Payroll Management

Table 3.3 Challenges in payroll management in terms of human resources: employee retention

Parameters	WM	Rank	Interpretation
Retaining skilled HR staff for payroll management.	3.48	1.5	HC
Managing staffing gaps.	3.48	1.5	HC
Developing succession planning strategies for key HR positions in payroll management.	3.46	3	HC
Ensuring continuity in payroll processes during employee turnover or transition.	3.35	5	HC
Developing strategies to retain experienced payroll personnel amidst industry competition for talent.	3.38	4	HC
Average Weighted Mean	3.43		HC

Note: 3.26 – 4.00 - Highly Challenging (HC); 2.51 – 3.25 - Moderately Challenging (MC); 1.76 – 2.50 - Somewhat Challenging (SC); 1.00 – 1.75 - Not Challenging (NC).

Table 3.3 outlines the challenges in payroll management related to human resources and employee retention. The highest-rated challenges are "Retaining skilled HR staff for payroll management" and "Managing staffing gaps" (both with WM=3.48, HC), indicating that keeping experienced and skilled staff in payroll management roles is a significant concern. The lowest-rated challenge is "Ensuring continuity in payroll processes during employee turnover or transition" (WM=3.35, HC), which, while still highly challenging, is considered slightly less critical than the others. The overall average weighted mean of 3.43 places all the challenges in the "Highly Challenging" category, reflecting the significant difficulty in managing and retaining skilled personnel in the payroll management process.

The table highlights the significant challenges related to human resources in payroll management, particularly focusing on the retention of skilled personnel. Retaining experienced HR staff and managing staffing gaps emerge as the most pressing concerns, emphasizing the difficulty of maintaining a capable workforce in payroll management roles.

Other challenges, such as developing succession plans and retaining payroll personnel amid industry competition, also reflect the broader issue of workforce stability. While ensuring continuity during employee turnover is also a concern, it is seen as slightly less critical. Overall, the data suggests that organizations face considerable challenges in maintaining a skilled payroll team, and addressing these issues is essential for ensuring smooth and efficient payroll management.

The findings from Cruz (2021) on the challenges of modernizing payroll systems within Local Government Units (LGUs) closely align with the issues highlighted in Table 3.3, particularly in terms of human resources and employee retention. Cruz's study emphasizes the difficulties faced by LGUs in managing skilled personnel during system modernization, which directly connects to the challenges in retaining HR staff for payroll management and handling staffing gaps as identified in the table. Both the study and the table underline the importance of maintaining continuity in payroll processes, especially during periods of transition or employee turnover. Cruz's research suggests that in the process of modernizing payroll systems, LGUs face significant challenges in ensuring the retention of experienced staff and managing workforce gaps, which is reflected in the high ranking of these issues in Table 3.3. Thus, both sources highlight the need for effective human resource strategies to support payroll system changes and ensure long-term stability in payroll management.

Summary of Challenges in Payroll Management

Table 3.4 Summary table on the challenges in payroll management

Parameters	AWM	Rank	Interpretation
Payroll Implementation	3.33	2	HC
Technological Limitations	3.30	3	HC
Human Resources: Employee Retention	3.43	1	HC
Over-all Average Weighted Mean	3.36		HC

Note: 3.26 – 4.00 - Highly Challenging (HC); 2.51 – 3.25 - Moderately Challenging (MC); 1.76 – 2.50 - Somewhat Challenging (SC); 1.00 – 1.75 - Not Challenging (NC).

Table 3.4 presents a summary of the challenges in payroll management, with the highest-rated challenge being "Human Resources: Employee Retention" (AWM=3.43, HC), indicating that managing and retaining skilled HR staff is the most difficult aspect of payroll management. The lowest-rated challenge is "Technological Limitations" (AWM=3.30, HC), though still highly challenging, it ranks slightly lower than employee retention. The overall average weighted mean of 3.36 places all challenges in the "Highly Challenging" category, reflecting that payroll implementation, technological limitations, and human resources concerns are all significant obstacles in effective payroll management.

The table summarizes the major challenges in payroll management, emphasizing that human resources and employee retention are the most critical issues faced by organizations, particularly in retaining skilled HR personnel. This highlights the difficulty in maintaining a

stable and experienced payroll team, which is essential for smooth operations. Technological limitations, while still significant, are ranked slightly lower, pointing to the challenges associated with adapting to new technologies and ensuring system efficiency. Payroll implementation also remains a key challenge, but it is seen as slightly less pressing than the human resources concerns. Overall, the data underscores that while all areas of payroll management present considerable obstacles, the greatest focus should be on strategies to retain qualified staff and ensure continuity in payroll functions.

The findings from Fernandez (2022) on standardizing payroll procedures in Local Government Units (LGUs) align closely with the challenges highlighted in Table 3.4, particularly regarding human resources and employee retention. Fernandez's study emphasizes the importance of standardized procedures to enhance efficiency and reduce errors in payroll management, which directly relates to the challenges identified in the table, such as retaining skilled HR staff and managing staffing gaps. By standardizing payroll processes, LGUs can address many of the human resources concerns, ensuring smoother payroll implementation and reducing the impact of turnover. Fernandez also highlights the technological limitations and need for better integration, which ties in with the technological challenges presented in the table. Both the study and the table suggest that addressing human resources issues and improving payroll systems are crucial for enhancing overall efficiency in payroll management within LGUs.

The data in Table 4 illustrates the relationship between the level of efficiency and the challenges in payroll management across three dimensions: payroll implementation, technological limitations, and human resources. In terms of accuracy, a very strong relationship was found with human resources ($r(46) = .829$, $p < .001$), while strong relationships were observed with payroll implementation ($r(46) = .747$, $p < .001$) and technological limitations ($r(46) = .608$, $p < .001$). Timeliness showed a very strong relationship with payroll implementation ($r(46) = .847$, $p < .001$), a strong relationship with human resources ($r(46) = .614$, $p < .001$), and a moderate relationship with technological limitations ($r(46) = .432$, $p = .002$). For coverage and reporting, very strong relationships were seen with human resources ($r(46) = .843$, $p < .001$) and technological limitations ($r(46) = .82$, $p < .001$), while a strong relationship was noted with payroll implementation ($r(46) = .744$, $p < .001$). Overall, the results highlight that human resources consistently exhibited the strongest ties to payroll efficiency, particularly in accuracy and coverage.

Relationship between the Level of Efficiency and the Challenges in Payroll Management

Table 4 Relationship between the level of efficiency and the challenges in payroll management

	Payroll Implementation	Technological Limitations	Human Resources: Employee Retention
Accuracy	$r(46) = .747$, $p < .001^{***}$	$r(46) = .608$, $p < .001^{***}$	$r(46) = .829$, $p < .001^{***}$
	strong	strong	very strong
Timeliness	$r(46) = .847$, $p < .001^{***}$	$r(46) = .432$, $p = .002^{***}$	$r(46) = .614$, $p < .001^{***}$
	very strong	moderate	strong
Coverage and Reporting	$r(46) = .744$, $p < .001^{***}$	$r(46) = .82$, $p < .001^{***}$	$r(46) = .843$, $p < .001^{***}$
	strong	very strong	very strong

Note: *** p is significant ($p < 0.05$, r (degrees of freedom) = the r statistic, p = p value.

Note: 1.0 – Perfect Relationship; 0.80-0.99 – Very Strong Relationship; 0.60-0.79 – Strong Relationship; 0.40- 0.59 – Moderate Relationship; 0.20-0.39 – Weak Relationship; 0.01-0.19 – Very Weak Relationship; 0 – No Relationship.

The results highlight the interconnectedness between the level of payroll system efficiency and the challenges in payroll management. Across all parameters—accuracy, timeliness, and coverage and reporting—human resources emerged as having the strongest and most consistent relationships, especially in ensuring accuracy and maintaining comprehensive reporting, which indicates its critical role in mitigating challenges. Payroll implementation also showed a strong influence, particularly on accuracy and timeliness, suggesting that streamlined and effective procedures directly enhance these aspects. Technological limitations displayed varying degrees of influence, from moderate on timeliness to very strong on coverage and reporting, emphasizing the need for robust technological integration to improve the system. Overall, the findings underscore that addressing human resource challenges, optimizing implementation processes, and enhancing technological support are pivotal to improving payroll efficiency.

The results in Table 4 align closely with the findings of Davis (2022), which emphasize the pivotal role of technological innovations in streamlining payroll systems to ensure timely and accurate compensation. Davis highlighted how robust technological frameworks minimize errors and reduce the administrative burden, which is reflected in the strong and very strong relationships observed between technological limitations and the efficiency parameters in Table 4. Similarly, the study's emphasis on human resources resonates with Davis's findings that integrating skilled HR management with technological solutions simplifies complex processes and supports efficient payroll systems. These parallels underscore the interconnected nature of human resource management, technology, and systematic implementation in achieving payroll efficiency.

Framework Component of the Comprehensive Payroll Process Manual

The Framework Component of the Comprehensive Payroll Process Manual for the City Government of Naga is designed to enhance payroll accuracy, timeliness, and compliance with labor regulations, ultimately improving operational efficiency and employee satisfaction. The framework is structured into three core components: Input, Process and Output.

A. Input

The input phase gathers essential data for payroll processing:

1. **Employee Data Collection:** Includes employment contracts, personal information (e.g., tax numbers, bank details), attendance and overtime logs, leave applications, and benefits information.
2. **Regulatory Data:** Covers statutory deductions (taxes, social security, health insurance) and compliance updates from government agencies.
3. **Payroll System Infrastructure:** Utilizes software tools, IT support, and internet connectivity to handle data efficiently and accurately.

B. Process

This phase transforms raw data into actionable payroll outputs through systematic workflows:

1. **Data Preparation:** Verifying attendance, leave, and overtime records for accuracy.
2. **Payroll Computation:** Calculating gross pay, deductions, and net salaries, including prorated computations for new or departing employees.
3. **Approval Workflow:** Reviewing payroll calculations through HR and Finance for accuracy and compliance.
4. **Salary Disbursement:** Coordinating with banks for timely salary payments and distributing detailed payslips electronically or physically.
5. **Report Generation:** Creating payroll summaries for management and compliance reports for audits.
6. **Error Handling:** Identifying and resolving payroll discrepancies and addressing employee inquiries.

C. Output

The output phase delivers accurate salary payments and transparent reporting:

1. **Employee Compensation:** Ensures timely and accurate salary disbursements, allowances, and detailed payslips.
2. **Compliance and Reporting:** Maintains adherence to labor laws and provides accurate records for audits and organizational transparency.
3. **Improved Employee Satisfaction:** Builds trust in the payroll process by reducing conflicts and grievances, fostering a positive organizational culture.

This framework serves as a blueprint for a robust payroll management system, aligning organizational operations with regulatory standards. It emphasizes accuracy,

compliance, transparency, and employee-centric practices to enhance satisfaction and maintain organizational integrity.

COMPREHENSIVE PAYROLL PROCESS MANUAL

The Comprehensive Payroll Process Manual for the City Government of Naga serves as a systematic guide designed to enhance payroll management efficiency and accuracy. Introduction outlines the manual's purpose to standardize procedures, minimize errors, ensure legal compliance, and address employee concerns, thereby improving organizational performance and satisfaction. The Objectives focus on achieving accurate and timely salary processing, streamlining workflows, adhering to labor laws, and fostering transparency and trust among employees.

I. Key Features of the manual include:

1. **Standardized Procedures:** Clear workflows and uniform templates for consistency and error reduction.
2. **Automation Integration:** Utilization of payroll software to minimize manual input and enhance processing speed.
3. **Compliance Framework:** Guidelines to ensure adherence to labor laws and regular updates on statutory requirements.
4. **Training Modules:** Comprehensive training for payroll staff on modern systems and regulatory changes.
5. **Feedback and Monitoring System:** Mechanisms for addressing employee grievances and conducting periodic audits.

II. The Implementation Steps detail a structured approach

1. **Data Collection and Verification:** Maintaining accurate employee data, attendance records, and compliance information.
2. **Payroll Calculation:** Precise computation of salaries, deductions, and net pay.
3. **Validation and Approval:** Reviewing payroll data for discrepancies and obtaining necessary approvals from the Accounting Department.
4. **Salary Disbursement:** Coordinating with banks for timely salary payments and notifying employees with detailed payslips.
5. **Reporting and Documentation:** Generating management and compliance reports, and securely archiving payroll records.
6. **Handling Challenges:** Addressing issues in payroll implementation, technological limitations, and human resources through system upgrades, workflow improvements, and staff training.
7. **Employee Feedback and Grievance Resolution:** Establishing systems for feedback collection and prompt resolution of payroll discrepancies.
8. **Continuous Improvement and Monitoring:** Conducting regular audits, updating systems, and providing ongoing training to ensure sustained efficiency.
9. **Evaluate and Refine:** Utilizing data and feedback to continuously improve the

payroll process manual.

III. Roles and Responsibilities are clearly defined to ensure accountability and smooth operation

- Human Resource Department: Manages employee data and addresses payroll-related concerns.
- Payroll Officers: Handle salary computations, deductions, and payslip distribution while ensuring compliance.
- Accounting Department: Reviews and approves payroll summaries, authorizes payments, and maintains records for audits.
- IT Department: Provides technical support, ensures system security, and resolves technical issues.
- Employees: Responsible for timely submission of attendance and leave information and reporting any discrepancies.

Overall, the manual provides a comprehensive framework to ensure the City Government of Naga's payroll system operates with high accuracy, efficiency, and transparency, thereby enhancing employee satisfaction and organizational effectiveness.

VI. Challenges and Mitigation

Payroll management often faces challenges such as data discrepancies, technical glitches, and compliance updates. This manual addresses these issues by implementing regular audits, maintaining IT support, and staying informed about regulatory changes. Training programs and feedback mechanisms further support a proactive approach to mitigating challenges.

VII. Benefits of the Manual

The manual offers numerous benefits, including enhanced efficiency through automation and minimized errors through standardized procedures. It ensures compliance with legal standards and fosters trust by providing transparent salary breakdowns. Ultimately, the manual supports employee satisfaction and positions the City Government of Naga as a model for payroll excellence.

CONCLUSIONS AND RECOMMENDATIONS

Level of Efficiency of the Payroll Processing Practices in the City Government Office of Naga along with Accuracy, Timeliness, Coverage of the System, and Reports

The study highlights that while the payroll processing practices of the City Government Office of Naga are largely efficient, there is room for optimization, particularly in task allocation and system improvements. It is recommended to assign risk-related tasks to job order personnel, allowing them to handle moderate operational risks such as preliminary data validation and document preparation. This delegation will help distribute the workload effectively without exposing them to high-stakes responsibilities.

Conversely, high-risk tasks, including final payroll approvals, compliance verification, and handling discrepancies with significant financial or legal implications, should be delegated to permanent employees who possess the institutional knowledge and experience necessary to manage such critical roles effectively. Additionally, low-risk tasks like basic data entry and record maintenance can be assigned to job order personnel, ensuring efficient use of manpower while allowing permanent employees to focus on complex tasks.

To further enhance payroll efficiency, the integration of automated reporting tools is highly recommended to reduce manual effort and improve the clarity and accessibility of payroll reports. This will help build employee confidence and trust in the system, particularly in resolving discrepancies and conducting audits. Ongoing training programs for payroll officers should be implemented, focusing on both technical skills and compliance with payroll regulations, while the adoption of modern payroll software can streamline processes and ensure timely, accurate compensation for employees. By aligning task delegation with the nature of risk involved and prioritizing technological upgrades, the City Government Office of Naga can maintain its strong payroll performance while addressing areas for improvement. These efforts will result in a more resilient and transparent payroll system, fostering employee satisfaction and organizational success.

The Challenges in Payroll Management in Terms of Payroll Implementation, Technological Limitations, and Human Resources

The study highlights significant challenges in payroll management related to implementation, technological limitations, and human resources, necessitating targeted solutions and task delegation to improve efficiency. To address these challenges effectively, it is recommended to assign risk-related tasks to job order personnel, such as initial data validation, document preparation, and preliminary reviews. These tasks involve moderate risks and can be effectively managed by job order staff, freeing up permanent employees to focus on high-stakes responsibilities. High-risk tasks, including final approvals, compliance checks, and resolving complex discrepancies, should be delegated to permanent employees due to their expertise and in-depth understanding of organizational processes. This ensures that critical aspects of payroll management are handled with the required attention and reliability. Meanwhile, low-risk tasks, such as routine data entry and filing, can be efficiently assigned to job order personnel, optimizing workforce utilization while minimizing exposure to errors in sensitive areas.

To further enhance payroll system efficiency and overcome technological limitations, upgrading to modern, integrated payroll software is crucial. This upgrade will facilitate seamless integration with other HR and financial systems, reducing delays and improving the accuracy of payroll processing. Additionally, strengthening human resource management through competitive compensation packages and continuous training programs will help retain skilled payroll staff and enhance their capability to address system inefficiencies.

Streamlined workflows for data submission and cross-departmental collaboration should also be developed to mitigate delays in payroll implementation. Introducing standardized protocols will ensure timely approvals and reduce bottlenecks. By addressing

these challenges through strategic task allocation, technological upgrades, and enhanced HR practices, the City Government of Naga can build a resilient payroll system that ensures timely, accurate, and efficient processing, ultimately improving employee satisfaction and organizational reliability.

The Significant Relationship between the Level of Efficiency and the Challenges in Payroll Management

The study revealed a significant relationship between the level of efficiency in payroll management and the various challenges faced in payroll implementation, technological limitations, and human resources. Strong correlations were observed between efficiency and challenges such as the accuracy of payroll data and delays in data submission, indicating that issues like system inefficiencies, technological barriers, and HR management problems have a direct impact on payroll performance. Specifically, the challenges in payroll implementation were strongly linked with delays in payroll processing, which in turn affected the overall accuracy and timeliness of payments. Technological limitations, such as system downtime and inadequate software, were found to have a moderate to strong relationship with payroll efficiency, underlining the importance of reliable and modern technological tools in maintaining high payroll standards.

The relationship between challenges and efficiency suggests that addressing the root causes of payroll inefficiencies can lead to substantial improvements in performance. Enhancing technological infrastructure, providing better training for HR staff, and streamlining payroll processes are essential steps to improve the system's effectiveness. By tackling these challenges, the City Government of Naga can enhance payroll accuracy, reduce delays, and ensure timely, accurate, and efficient processing. Furthermore, aligning technological upgrades with human resource development will foster a more resilient payroll system capable of adapting to future demands and challenges. Consequently, a more efficient payroll system will contribute positively to employee satisfaction and organizational success.

The payroll system's efficiency is heavily influenced by its technological infrastructure, making IT-related problems a critical concern. Issues such as outdated software, unreliable internet connectivity, and insufficient IT support can lead to delays, errors, and disruptions in payroll processing. These challenges hinder data accuracy, system integration, and timely salary disbursements, ultimately affecting employee trust and satisfaction. Addressing these problems requires regular system upgrades, robust IT support, and the adoption of modern payroll software to ensure seamless operations and reduce dependence on manual interventions. By prioritizing IT infrastructure improvements, the payroll system can maintain reliability and efficiency while adapting to future organizational needs.

Based on the findings of the study, several recommendations can be made to improve the payroll system in the City Government of Naga. First, there is a need for ongoing training and development for payroll officers, particularly in the areas of accuracy and efficiency, to minimize errors and streamline processes. This could be achieved through regular workshops and courses on the latest payroll software, legal compliance, and best practices. Second,

technological upgrades should be prioritized to address system limitations and automate manual processes, reducing the chances of delays and errors while improving overall efficiency. Implementing a more robust payroll software solution would also aid in better data integration and real-time tracking. Third, to address the human resources challenges, it is essential to develop strategies for retaining skilled payroll officers by offering competitive compensation packages, creating career development opportunities, and fostering a supportive work environment. Moreover, the study suggests that a standardized Payroll Process Manual should be developed to guide the payroll officers, ensuring consistent practices across departments and enhancing compliance with relevant regulations. Lastly, it is recommended that regular audits and feedback mechanisms be introduced to monitor the payroll system's performance, identify potential issues early on, and make adjustments as needed to maintain a smooth and transparent payroll process.

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