

**PAYROLL PROCESSING: OUTSOURCE OR DO IT IN-HOUSE**

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## ABSTRAK

Objektif utama kajian ini ialah menilai keberkesanan kos untuk kumpulan Jabatan Gaji Intel Malaysia dan proses kerja yang dilakukan oleh penganalisa gaji. Ia bertujuan untuk membuat perbandingan kaedah yang berbeza sekiranya digunakan dalam memproses gaji samada untuk menggunakan khidmat pihak kedua atau memproses sendiri bagi gaji awal bulan. Kaedah manakah yang dapat memberi penjimatan kos yang lebih berkesan. Selain itu, perbandingan dua kaedah ini digunakan bagi melihat proses manakah yang dapat menjimatkan masa memproses gaji dan mengurangkan langkah-langkah dalam memproses gaji supaya lebih berkesan.

Untuk mencapai matlamat kajian, kaedah kuantitatif analisis digunakan dan data dikutip melalui instrumen kajian yang digunakan dengan kaedah temu bual secara tidak langsung dan juga mengakses pangkalan data. Model khidmat pihak kedua digunakan dalam kajian ini bagi menganalisa situasi dalaman dan situasi khidmat pihak kedua. Sistem telah dibina bagi membantu menganalisa kedua-dua kaedah ini. Data dimasukkan kedalam sistem untuk menghasilkan output samada kaedah khidmat pihak kedua atau memproses sendiri lebih baik. Analisis kos akan dilakukan untuk mengetahui pulangan pelaburan samada positif atau negatif. Dapatan kajian menunjukkan memproses gaji sendiri dapat memberi penjimatan kos dan juga perbandingan kedua kaedah menunjukkan penjimatan masa dan mengurangkan langkah-langkah memproses gaji dapat diperolehi dengan memproses gaji sendiri untuk gaji awal bulan.

Kesimpulannya, kajian mendapati bahawa memproses gaji sendiri dapat menjimatkan kos. Ini bermakna ia dapat memberi pulangan keuntungan pada jangka masa yang panjang. Selain itu, dengan menggunakan kaedah memproses gaji sendiri, ia dapat menjimatkan masa pemprosesan serta dapat mengurangkan langkah-langkah dalam pemprosesan gaji. Oleh itu, kerja penganalisa gaji akan lebih efisyen and efektif. Seterusnya, melalui kajian ini didapati bahawa pihak Jabatan Gaji Intel disarankan agar menyemak setiap tahun bagi mengetahui kuantiti gaji diproses dan kos operasi bagi memastikan kos tetap dan harga kontrak berada dalam keadaan yang berpatut dengan perkhidmatan yang diberikan. Diharapkan agar Jabatan Gaji Intel dapat mengadakan mensyuarat tahunan untuk mengurangkan kos kontrak.

## ABSTRACT

The main objective of the study is to evaluate cost efficiency for GAR HR SSC for payroll department in Intel Malaysia and the payroll analyst's work efficiency. This is to see which methods could bring cost saving. Other than that, comparison of the two methods will be used to evaluate which process is effective for payroll processing in terms of time saving and efficiency.

In order to meet the objectives, quantitative approach was used for data collection. Research instrument for this study is unstructured interview with payroll analyst and retrieved information from database. For this research, system has been built by using closed loop outsourcing decision model to do internal and vendor assessment. It has been used to help in making assessment for this study. Input will be entered into the system to get output whether to outsource or in-house advance pay processing. The cost analysis will be used to get return of investment either positive or negative. The result show that in-house advance pay processing could bring cost saving and comparison of the two methods show that in-house can save time and eliminate some processes in completing payroll processing for advance pay.

In summary, research show that in-house processing for advance pay could bring cost saving. This means, it can give positive return of investment in the long term. Other than that, by using in-house processing it can shorten processing time and eliminating unnecessary waste in processing advance pay. With that, payroll analyst's work will be more efficient and effective. Thus, Intel GAR HR SSC for payroll department should continuously revisit annually for GAR pay slip volume, process simplicity and operation cost to assure overhead and contract price stay competitive with quality services if they would consider with outsourcing. Suggest that human resource to conduct yearly operations review on reducing contracted cost with payroll vendor.

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## LIST OF ABBREVIATIONS

ADP	Automated Data Processing
ADV	Advance Payment
C/B	Cost-benefits
C/E	Cost-effectiveness
GAR	Greater Asian Region
GENI	Human Resource Employee Database
HR	Human Resource
IM	Intel Microelectronic
IP	Intel Product
IP	Internet Protocol
MTHEND	Month End Payment
NPV	Net Present Value
PDM	Payroll Data Management
PHP	Hypertext Preprocessor
PMR	Payroll Manager's Report
ROI	Return of Investment
SMG KL	Intel SMG KL
SSC	Shared Services Centre
T3	Intel Technology

## CHAPTER 1

### INTRODUCTION

#### 1.0 INTRODUCTION

In today's situation where organization are moving towards globalization, they started to look on finding the ways in processing a day to day activities that can be performed in a different way which can provide return of investment to the organization especially on cutting cost. Thus, outsourcing is becoming the norm for every organization to explore in achieving organizational goals.

Global outsourcing has received considerable attention in the popular and business press over the last few years. These are due to changing circumstances, upsizing, downsizing, rightsizing and prompt many organizations to rethink whether their initial reasons for outsourcing still make sense or some combination of outsourcing and in-house processing might be a more optimal solution in today's situation (Payroll Manager's Report, 2006).

Most companies view outsourcing as business strategy for cutting costs, accessing new skills and capabilities, and achieving greater financial flexibility (Linder, 2004). Now outsourcing is one of the most

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