



An analysis of reasons for accepting third-party payroll employment by management students.

Avinash Bhagwan Hande¹, Manisha Purohit²

Research Scholar, Lotus Business School, Pune, Maharashtra, India¹,

Research Guide & Associate Professor, Lotus Business School, Pune, Maharashtra, India²

Abstract: Third party payroll employment refers where employee works for principle employer but while all legal liabilities & job profile assigned through Third party agency which provides manpower to principle employer. This type of employment is modern version of Contractual employment. This study sought to examine various reasons for accepting third party payroll employment by management students. Here we find out & studied various reasons of acceptance of Third party payroll employment & role of job profile in decision making process of acceptance/rejection. The study is descriptive and the sample size is 32, the reliability test is performed on data showing that Cronbach's Alpha is a 0.945 analysis of the adjustment that shows that there is a correlation between the characteristics and acceptance of third-party work. This study will helps to find out key reasons of acceptance of third party payroll recruitment & also provides input for formation of policies for this new kind of employment type.

Keywords:- Third Party Payroll Employment, Management Students, Management Education, Acceptance

INTRODUCTION:

Third party payroll employment is a new and innovative approach made in India. It's kind of a career novel. It focuses on providing multiple career opportunities with quality competition among job seekers. It's gaining popularity among companies because of low risk profile employment type especially in term of legal compliances. As it involves three different entities i.e. Employee, Employment Agency & Principle Employer crucial kind of relations emerges in this employment. Many organisations are looking towards it as preferable source of recruitment/employment type due to its nature & supporting regulations. Earlier this type of employment was only seen in employment of Blue collar employees but as competition for job increases, trend of Third party payroll employment also entered in employment of Engineers & Management students. Even Government has made their policies & regulations suitable for encouragement to such kind of employment; National Employability Enhancement Mission (NEEM) is one of the good examples of it. Organisations nowadays are giving preference to Third Party Payroll recruitment for positions of lower level management & Fresher graduates are having perfect match to fulfil such positions. They possess required level of skill set for this kind of opportunities.

Benefits of Third Party payroll to Organisations:-

- 1) It reduces Cost to recruitment & Hiring
- 2) Reduces part of legal compliances towards employees.
- 3) Higher level of flexibility
- 4) Less liabilities
- 5) Less supervision (In some cases)

Management education is having history from 18th century, from 18th century to current date it comes with many changes in forms & structure of it. Aims, Objectives & even stakeholders of management education changed in nature. Management education is suffering from modern challenges in terms of employability opportunities after getting education. Scenario of employment for management graduates became more complex day by day. Government comes with many initiatives including skill development, credit based courses, On-job trainings (Internship), Employment schemes etc. but still there is a big gap in no. of students passed out & suitable employment opportunities for management students.

Currently many organisations prefer for Third party payroll recruitment due to many reasons but still there is a mix type of response to such vacancies from fresh management graduates. Perception of graduates towards Third Party Payroll recruitment is depends upon various factors and these factors play a vital role towards acceptance / rejection of job offer. Even after joining with this kind of job, retention function always questioned. Many times uncertainty becomes foundation in such kind of job agreement & sometime chances of mental & economic harassment may observe.



Purpose of study is helps to find out answers to questions rise of perception of Employee & Employer. The current study focuses on various reasons for accepting the employment on third-party payroll by management students. A variety of factors are identified that encourage management students to seek such kind of employment and prefer to enter in a sound career option with organization.

The first question that comes to the student's mind is Job's safety. In many cases, Third-party payments did not support limited job security and companies hired people on a project basis. After the completion of the project the employees became the debtors of the company, the employer's debt is very limited. The offer letters contain pre-defined terms and conditions. Many times employees are temporarily terminated without compensation.

LITERATURE REVIEW:-

Bindhu Ann Thomas & Dr. K. V. Unninarayanan (2018)¹ in their study entitled "A STUDY ON EMPLOYABILITY SKILLS OF MBA STUDENTS FROM THE MANAGEMENT INSTITUTES IN THE STATE OF KERALA" The main objective of this study was To study and understand the important variables of employability skills of MBA students. They stated that "Management institutions must make greater efforts to help students acquire the employability skillset the levels as required by many organizations & industry for the entry level jobs. All Universities and academic institutions should revise and update their MBA course curriculum with inbuilt provisions for the development of appropriate employability skills to ensure that their management students come out from such institutions with appropriate employability skills as demanded by employers & industry"

Nawaz, Nishad & Reddy, Dr. (2013)² in their study entitled "ROLE OF EMPLOYABILITY SKILLS IN MANAGEMENT EDUCATION: A REVIEW" concluded that "Human resources, in terms of quality and quantity, are India biggest assets. A favourable demographic structure (with about 50 percent of the population below 25 years of age) adds to this advantage. However, to capitalize fully on this opportunity and not face the possibility of a skills-shortage, it is essential to gear up the education system through innovative initiatives."

Bose, Indranil & Sampath, Sredharran. (2015)³ in their study entitled "An Evaluation of Industry Expectations from Academia: An Empirical Study in the Context of Contemporary Post-Graduate Graduate Management Education in Kolkata, India." They surveyed 70 management students & revealed that "there is ample gap between the academic output and industrial requirement. In the study, 12 factors (namely-soft skills, leadership qualities, suitability, analytical power, ethical component, dressing sense, language, appearance, manageability, training needs, industry's view and professional commitment) have emerged. Out of these factors, soft skill was found as the most important contributing factor. The gap between academic output and industrial requirement must be bridged to improve the employability of the students and enhancing the quality of post graduate management education."

Rigotti, Thomas & De Cuyper, Nele & De Witte, Hans & Korek, Sabine & Mohr, Gisela. (2009)⁴ in their study entitled "Employment prospects of temporary and permanent workers: Associations with well-being and work related attitudes" concludes that "These constructive views may signal a new approach vis-a-vis temporary employment; an approach that has accepted temporary employment as a reality that is here to stay and that searches for mechanisms to reconcile the sometimes conflicting perspectives of employees and employers. This new approach is, in our view, promising. Nevertheless, we acknowledge that researchers should also account and create awareness about potential and sometimes less visible drawbacks associated with temporary employment, for example drawbacks as pointed out by Allen (2011) in terms of social isolation or negative implications for career success"

Objectives:-

- 1) To study the key factors influencing acceptance/rejection of Third party payroll employment
- 2) To Study & analyze role of job profile in acceptance/rejection of Third party payroll employment
- 3) To study & understand the new policies/regulations involved in Third party payroll employment

RESEARCH METHODOLOGY

Research Methodology is the specific procedures used to identify, select, process, and analyse information about a topic. In this research paper, the methodology section various test performed to study's overall validity and reliability.

This paper addresses both types of primary and secondary data

- a) Primary Data - data collected directly for research purposes, data is collected from 32 HR and Managers form various companies.
- b) Secondary Data - means data collected by another person then the user. Information collected from various sources such as books, magazines, and building materials, reports, etc. Various details on this subject and another topic are extracted from various sources and stored. Successful interviews with hired student's details of third-party payroll providers and information collected that benefited the most from data usage; Questionnaire is a key data collection tool.



The descriptive Statistical type is used for data analysis and the sample type is used for the random Sample method.

Sample Size:

A sample size of 32 HR Managers from various companies was considered as respondents.

Population:

Total of 168 Companies where students were employed.

Data Analysis

A sample size of 32 respondents was taken from a total of 168 HR Manager to implement a third-party payment process. Information is collected from statistical instrument such as Questionnaires and informal interviews with respondents and HR of Companies.

Hypothesis

H1: There is correlation between the key factors influencing acceptance/rejection of Third party payroll employment

H2: There is correlation between the roles of job profile in acceptance/rejection of Third party payroll employment

Reliability

Case Processing Summary			
		N	%
Cases	Valid	32	100.0
	Excluded ^a	0	.0
	Total	32	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.945	40

The alpha coefficient for the forty items is .945, suggesting that the items have relatively high internal consistency. Reliability coefficient which is greater than of .70 is considered "acceptable"

Descriptive Statistics

	Mean	Std. Deviation	N
Agreeable	49.9688	6.26555	32
Accept	55.0625	10.88336	32

Correlations			
		agreeable	accept
Agreeable	Pearson Correlation	1	.685**
	Sig. (2-tailed)		.000
	N	32	32
Accept	Pearson Correlation	.685**	1
	Sig. (2-tailed)	.000	
	N	32	32



Correlations			
		agreeable	accept
Agreeable	Pearson Correlation	1	.685**
	Sig. (2-tailed)		.000
	N	32	32
Accept	Pearson Correlation	.685**	1
	Sig. (2-tailed)	.000	
	N	32	32

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

Interpretation:

Compute variable is calculated from the key factors that influence the student to agreeableness on various factors like working condition, welfare measures, and social security “agreeable” and second compute variable is calculated from the key factors that influence students to reject third party payroll is “accept”. From the given statistical table in this sample, positive correlation is observed, there is enough evidence to suggest that there is correlation exist is 0.685 in the population with significance value 0.000 which is less than 0.05 significance level.

SUGGESTION

From the above analysis, the researcher attempted to set some points to highlight the risks involved in third-party payroll recruitment, job security is a major problem. At any time the company requests to resign. For some time the unfair management is recorded with the employees, as the employees do not work on direct payments with the company. Documents issued by paying companies are often ineffective or incomplete, affecting subsequent hiring. Some companies are reluctant to hire those who work with a third-party contract/payment mode. Some of the companies are not registered in that case the documents provided by them are not allowed to do the following work. Some companies do not provide official payslips, letter of appointment, nomination letters, Form 16 or any other official letter indicating referrals to the customer company. Sometimes policies are not explicitly stated in the letter of appointment regarding the leaves, notice period, and other employment policies. There is a charge for their services when you work with outside employers. Communication problems, lack of control.

CONCLUSION

The paper identifies some of the key factors that influence students' decision to accept or reject third-party payments. Third-party payment services are ready for renewal & ready to hire without knowledge. Salary processing is fast, easy to get into a big organization or any modern technology. Pay scale is usually high, get permanent employment in the company of their customers if their performance is good. There are a few barriers to services such as job security, which have been cut off for no apparent reason. Other cases of unfair treatment are being recorded because employees do not pay direct payments. Employees are struggling to get a payslip and a provident fund. Statistically, it is proven that there is a positive correlation between factors that influence the acceptance or rejection of third party wage management.

BIBLIOGRAPHY :

1. Bindhu Ann Thomas & Dr. K. V. Unninarayanan, “A Study on Employability Skills of MBA Students from the Management Institutes in the State of Kerala”, International Journal of Current Research and Modern Education, Volume 3, Issue 1, Page Number 318-324, 2018.
2. Nawaz, Nishad & Reddy, Dr. (2013). ROLE OF EMPLOYABILITY SKILLS IN MANAGEMENT EDUCATION: A REVIEW. 3.
3. Bose, Indranil & Sampath, Sredharran. (2015). An Evaluation of Industry Expectations from Academia: An Empirical Study in the Context of Contemporary Post-Graduate Graduate Management Education in Kolkata, India. SSRN Electronic Journal. 10.2139/ssrn.2604430.
4. Rigotti, Thomas & De Cuyper, Nele & De Witte, Hans & Korek, Sabine & Mohr, Gisela. (2009). Employment prospects of temporary and permanent workers: Associations with well-being and work related attitudes. Journal Psychologie des Alltagshandelns. 2. 22-35.
5. Kumar, Sanjeev & Dash, Manoj. (2011). Management education in India: Trends, issues and implications. Research Journal of International Studies. 18. 16-26.
6. Atkinson, J., Rick, J., Morris, S., Williams, M. (1996), Short term Employment and the Labour Market, Report No. 311, The Institute For Employment Studies, Brighton,



7. Bergstöm, O. (2001), "Externalization of employees: thinking about going somewhere else", *International Journal of Human Resource Management*, Vol. 12 No.3, pp.373-88.
8. Engelland, A. & Riphahn, R. T. (2005). Temporary contracts and employee effort. *Labour Economics*, 12, 281-299.
9. Nardone, T., Veum, J., Yates, J. (1997), "Measuring job security", *Monthly Labor Review*, Vol. 120 No.6, pp.26-33.
10. Thorsteinson, T. J. (2003). Job attitudes of part-time vs. full-time workers: A meta-analytic review. *Journal of Occupational and Organizational Psychology*, 76, 151-177.
11. Valverde, M., Tregaskis, O., & Brewster, C. (2000). Labor flexibility and firm performance. *International Advances in Economic Research*, 6, 649-661.
12. Voudouris, I. (2004), "The use of flexible employment arrangements: some new evidence from Greek firms", *International Journal of Human Resource Management*, Vol. 15 No.1, pp.131-46.
13. <https://www.wisdomjobs.com/careeredge/why-is-third-party-payroll-good-or-bad-for-employee-career-3130>
14. Mr. Ragimol; Sudha A. G.; Peterkumar F. J. "Effective Workforce Management using HR Analytics". *International Research Journal on Advanced Science Hub*, 3, Special Issue 6S, 2021, 82-86.