

A Study on Payroll Management System and Statutory Compliance Practices at Motherson, Pondur

Vinnarasi S¹ | Dr. Amutha G^{2*}

¹Student, Department of Management Studies, Vels Institute of Science, Technology & Advanced Studies, Chennai, Tamil Nadu, India.

²Associate Professor and Research Supervisor, Department of Management Studies, Vels Institute of Science, Technology & Advanced Studies, Chennai, India, Chennai, Tamil Nadu, India.

*Corresponding Author: amuthag.sms@velsuniv.ac.in

Citation: Vinnarasi, S. & Amutha, G. (2026). A Study on Payroll Management System and Statutory Compliance Practices at Motherson, Pondur. International Journal of Education, Modern Management, Applied Science & Social Science, 08(02(I)), 49–53. [https://doi.org/10.62823/IJEMMASSS/8.2\(I\).8841](https://doi.org/10.62823/IJEMMASSS/8.2(I).8841)

ABSTRACT

Every company requires effective management of a payroll system because it ensures employees receive proper pay checks, meets legal requirements, and provides employee satisfaction. The payroll management system used at Motherson, Pondur and the statutory compliance procedures related to that payroll are major areas of focus for this report. The study evaluates how efficient payroll is, how accurate wage calculations are, how well the organization meets required deductions such as Professional Tax (PT), Employee State Insurance (ESI), and Provident Fund, and how well they comply with Basic Income Tax regulations. To obtain the data that was collected for this study, a structured questionnaire was designed for use with 20 HR staff members. This descriptive research method used convenience sampling to select the respondents. Data from the structured questionnaire were analysed using statistical analysis techniques, such as Kruskal-Wallis analysis, One Sample Wilcoxon Signed-Rank analysis and percentage analysis. The findings of the research indicate that payroll management systems that use automation are more accurate and efficient. Employees are satisfied with the payroll system and report being very pleased with the overall administration of the payroll process. The biggest problem related to payroll management is compliance. Additionally, the results reveal significant differences in payroll accuracy and regulatory compliance awareness between the respective salary and age groups. The author's conclusion is that Motherson, Pondur's payroll system performs well in providing accurate payroll and compliance; however, continued improvements can be made by providing employee training, developing awareness programs, and conducting regular audits for increased compliance and performance of the payroll system.

Keywords: Payroll Management, Statutory Compliance, Payroll Automation, Employee Satisfaction, PF, ESI, Income Tax, HR Payroll System.

Introduction

Payroll administration is an essential component of human resource management because it ensures that employees receive accurate and timely payment while complying with statutory requirements. In today's business environment, automated payroll systems are typically used to manage payments, bonuses, deductions, and mandatory deductions such as income tax, PT, ESI, PF, and so forth. Such automated systems also assist with financial planning, improve operating efficiency, reduce errors, and increase transparency.

Payroll administration is also a very important function in a labor-intensive industry such as automotive manufacturing. Effective payroll administration has been shown to enhance employee discipline, productivity, and confidence.

The objective of this research study is to examine the impact of the payroll administration system and statutory compliance practices of the Motherson Group in Pondur on employee productivity and job satisfaction.

Review of Literature

According to Kumar and Singh (2020), computerized payroll systems improve overall business performance, as they increase employee satisfaction, decrease compliance error rates, and result in greater accuracy in payroll processing.

Further, Sharma and Verma (2020) state that the automation of payroll processing is important in ensuring continued legal compliance and reducing the risk of non-compliance.

Ahmed et al. (2023) found that automated payroll solutions significantly reduce payroll calculation errors and increase the efficiency of payroll administration when they compared web-based payroll management systems to traditional manual payroll processing methods.

Objectives of the Study

- **Primary Objective**
 - To investigate and evaluate the payroll management system and laws of Motherson, Pondur.
- **Secondary Objectives**
 - To assess the accuracy of calculating and paying salaries using payroll management system.
 - To review the compliance of payroll management system; includes income tax, PT, ESI, PF.
 - To differentiate between automated and manual payroll systems for employees.

Research Methodology

Descriptive research was used to evaluate Motherson, Pondur's Payroll Administration and Statutory Compliance.

Sample Size

There were a total of 20 human resources employees that handle payroll and compliance duties as the sample for this study.

Sampling Technique

Convenience sampling was used to select respondents based on their availability and accessibility.

Data-Collection method

Primary data was collected by utilizing a standardized questionnaire that contained demographic data, payroll effectiveness, compliance with statutes, payroll issues, and employee satisfaction ratings.

Statistical Tools Used

- Analysis of Proportions
- Wilcoxon Signed-Rank Test, One Sample
- Kruskal-Wallis Test

Data Analysis and Interpretation

• **Demographic Analysis**

Of the 40% of the people that responded have an age of 36 - 45 years. Of the 40% of the total response pool, 55% of all respondents were male full or part-time employees, and 45% of all responders were female full or part-time employees. The overwhelming majority of the respondents have experience working for one to five years and have an undergraduate degree (45% of the respondents).

- **Payroll System Analysis**

In reviewing the payroll systems data, 25% of the respondents utilize a manual system to prepare payroll while 75% of the respondents utilize a computerized payroll system. This indicates that the company has a substantial bias for using automated payroll systems.

- **Challenges in Payroll Management**

70% of the respondents cited issues around statutory compliance as their greatest obstacle, followed by 30% who cited data management difficulties.

- **Employee Suggestions**

Employees offered three suggestions to assist in improving payroll efficiency and compliance. They collectively suggested an employee training program (25% of responders), upgrading the payroll automation system (35% of responders), and more frequent audits (40% of responders).

Statistical Analysis

Analysis Output Tables

- **One-Sample Wilcoxon Signed-Rank Test**

Particulars	Value
Test Used	One-Sample Wilcoxon Signed-Rank Test
Test Value	3.000
Significance (p-value)	0.000
Decision	Reject Null Hypothesis

Interpretation

According to the p-value being below 0.05, there is a large difference between the way employees feel about the payroll system as to whether it is neutral; therefore, they also feel positively about how effective the payroll system is.

- **Kruskal–Wallis Test (Age Group vs Payroll Accuracy)**

Test Statistics

Test Statistic	Value
Chi-Square	14.166
Degrees of Freedom	2
Asymp. Sig. (p-value)	0.001

Interpretation

There are significant differences between age groups for payroll accuracy as indicated by the p-value (0.001); therefore, employees from different age groups are very likely to have different opinions about the accuracy of payroll processing.

- **Kruskal–Wallis Test (Salary Range vs Awareness of Statutory Compliance)**

Test Statistics

Test Statistic	Value
Chi-Square	13.765
Degrees of Freedom	4
Asymp. Sig. (p-value)	0.008

Interpretation

Statistically significant differences exist between pay categories for statutory compliance knowledge as indicated by the p-value (0.008); therefore, employees from different pay categories would likely have differing levels of knowledge about statutory compliance.

Statistical Analysis

- **One-Sample Wilcoxon Signed-Rank Test**

The degree of employee satisfaction relative to payroll effectiveness was determined using a One-Sample Wilcoxon Signed-Rank Test.

The null and alternative hypotheses were stated as follows:

H0: 3 (median) is the median level of satisfaction of employees.

H1: 3 (median) is NOT the median level of satisfaction of employees.

The estimated p-value (.000) for this test was below the level of significance (.05), and thus, the null hypothesis was rejected and the alternative hypothesis was supported.

Interpretation

It can then be concluded that employees are generally satisfied with the payroll system used by the organization.

Kruskal-Wallis Test (Age vs Payroll Accuracy)

A Kruskal-Wallis test was performed to assess differences in payroll accuracy between groups of different ages.

The p-value obtained from this analysis was less than 0.05 with a value of 0.001.

Interpretation

According to survey responses; there are significant differences in how people view payroll accuracy between age groups. Older employees tended to report that they were more satisfied with payroll accuracy than are younger employees.

Kruskal-Wallis Test (Salary Range vs Statutory Awareness)

A Kruskal-Wallis test was performed to assess differences in awareness of compliance with statutes according to salary rate.

The p-value found from this analysis was less than 0.05 with a reported value of 0.008.

Interpretation

As the salary increased so did the likelihood of having knowledge about what must be deducted for statutory purposes; for example: Income Taxes, Professional Tax (PT), Employee State Insurance (ESI), Provident Fund (PF).

Findings

- There seems to be strong evidence that 75% of the surveyed organization have an automated payroll system (or automated payroll) which indicates the need for automation in order to have increased efficiency in payroll processing and less chance of human error.
- Employee satisfaction with the payroll administrative system from the One-Sample Wilcoxon Signed Rank Test analysis was reported to be very high.
- According to the Kruskal-Wallis Test, the accuracy of the payroll system appears to vary greatly between different age groups, with older employees feeling more satisfied than the younger employees.
- There is a clear difference in awareness of PF, ESI, PT, and Income Tax from one salary group to another.
- Compliance has been identified by 70% of those surveyed as the main obstacle in payroll administration.

Suggestions

- Updating payroll automated systems will help reduce human mistakes and improve how effective their payroll is processed.
- Employees need to receive regular training and information campaigns related to statutory tax deductions like income tax, PF, ESI and PT.
- To ensure employment laws are followed properly and avoid potential legal issues, the company should regularly conduct payroll audits.
- Young workers should be given more information regarding payroll processes and what is contained in their wages.

Conclusion

The payroll administration system and legal compliance process for Motherson Group, Pondur, were evaluated as part of this research effort. According to the findings from this report, the automated (computerised) payroll system has had a large positive impact on how employees perceive payroll. Efficiency, accuracy, and transparency, which all of these attributes lead to an overall satisfaction with the payroll administration system. A factor that was found to be a major challenge is that of managing compliance.

Furthermore, by performing statistical analyses on the data collected throughout the study, employee perceptions of payroll accuracy were found to differ by employee age, whereas employee awareness of statutory compliance is directly attributed to their level of pay. Employees earning higher wages typically had more knowledge of statutory deductions than those employees earning lower wages.

The overall research findings suggested that Motherson Group's payroll administration system was efficient and had a positive impact on the overall performance of Motherson Group. As recommendations to improve payroll administration and ensure continued legal compliance, the study recommended that Motherson Group provide current and ongoing training to all employees, and establish initiatives to promote awareness of compliance issues, maintain records of payroll audits, and automate the payroll process to further increase efficiencies in payroll administration.

References

1. Ahmed, A. M., Muhammed, C. N., & Ahmad, A. M. 2023. System Design and Evaluation of an Online Payroll Management System
2. N. M. Alsharari (2020). Cloud-Based Financial Compliance and Payroll Management Systems
3. Jain, R. & Bhatia, S. 2023. Integration of Payroll with Indian Income Tax And GST Laws
4. Choudhary, M. And Tripathi, R. 2022. Challenges with Payroll Administration And Labour Law Compliance
5. Kounain, N. And Divya, V. 2025. Organizational Automation of Payroll and Compliance with Regulatory Requirements.

