

A STUDY OF FACTORS AFFECTING EMPLOYEE ENGAGEMENT IN AUTOMOBILE SECTOR IN INDORE.

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ABSTRACT

Employee engagement is one of the key areas in HR that helps an organization to develop engaged and committed employees that provide a competitive edge in today's business environment. Employee engagement has some key features like motivation, commitment, loyalty and trust; these factors collectively make employees engaged towards their work and organization. For an employee to play his part effectively and efficiently he needs to be engaged, motivated and committed to his work, an engaged employee is positive, energetic and persistent about his work. The paper focuses on how employee engagement is a precursor of job involvement and what the automobile sector should do to create an atmosphere that keep employees engaged. Tower Watson's study of 50 firms spanning over a year concluded that there was a 19% increase in operating income and about 28% earnings per share (EPS) as a consequence of high employee engagement.

Key Words: Employee engagement, automobile sector, work culture, work life balance

INTRODUCTION

In the contemporary business scenario, employees are a crucial and critical component to drive productivity, contribute towards talent retention and meet the demands of the customers. Employee engagement is a major component in this direction. Engaged employees are determined, enthusiastic, vigorous and committed to achieve success. Employees today are unlikely to get pleased with the benefits and incentives a company provides them, noticeably, they look for real-time opportunities, flexible work culture, developmental programs that can enhance their capabilities to excel and shape their careers. Organization which keeps their employees engaged have more committed and

satisfied employees. This in turn, facilitates better services and more productivity which leads to high customer satisfaction. All these factors are likely to increase sales and yield higher profits that lead to increased shareholder's wealth. As the former Campbell's Soup CEO, Doug Conant, once said, "To win in the marketplace you must first win in the workplace.

Employee Engagement

The term first came into view in management theory in 1990s and has since become a part of management practice. Over the course of its evolution employee engagement became synonymous with employee satisfaction and employee experience. William Kahn, first author who defined employee engagement as "The harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances".

Trends in Employee Engagement:

- Non-monetary benefits & perk becomes more attractive and motivates employees to outperform.
- Employees are looking for agile and flexible working environment.
- Employees want to work in organization where they can make difference with their work and can fulfill corporate social responsibility.
- Organizational culture should be flexible, transparent, flatter hierarchy and employee involvement in decision making process.
- Challenging assignments and continuous growth opportunities.

Automobile sector in India

The first car that dashed on Indian roads as early as 1857 and the first Indian to own a car was Jamshedji Tata in 1901. In 1942, at the time of pre-independence era, Hindustan Motors was the first company to manufacture automobiles in India. The automobile sector formally commenced its operations in 1952 when the Government appointed its first tariff commission with the aim of expanding the industry. In the same year, passenger cars were also introduced in the country and automobile leaders like Hindustan Motors, Premier Automobiles and Standard Motors also came into the limelight. In mean time, insurance for vehicles was made compulsory with the passing of Motor Vehicles Act, 1988. Post liberalization India has seen huge FDIs from companies like Toyota, Suzuki and Hyundai.

Maruti Suzuki was the first company to export the vehicles to the major European markets in 2000s. During the same decade, to control and reduce the menace of pollution The Government of India introduced mandatory emission norms. Based on European norms, government introduced standards for emissions and pollution control known as Bharat Stage for major Indian cities. Currently, Delhi (NCR), Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Surat, Kanpur, Lucknow, Solapur, and Agra are the cities under the implementation of Bharat Stage IV. Over the years, India has come forward as a hub for automakers and the Indian market has seen tremendous growth and advancement with more competitors entering the domestic market and setting up their manufacturing units in the country. India is one of the largest markets of automobiles in terms of production and sales worldwide, ranked 4th in manufacturing cars and 7th in manufacturing commercial vehicles as per 2019 reports. India witnessed a growth of 6.26% with the production of 30.91 million vehicles in 2019 and expected to grow as the third largest manufacturer of passenger vehicles by 2021 worldwide. Indian automotive sector is world's largest manufacturer of tractors, second largest in bus manufacturing and third largest in manufacturing trucks.

REVIEW OF LITERATURE

Sirota, Mischkind & Meltzer (2005) conducted a study on 920000 employees from 28 MNCs to understand the impact of engaged employees and concluded that share prices rose by 16% as compared to industry prices when employees are motivated, enthusiastic and engaged.

Chamorro-Premuzic, Garrad & Elzinga (2018) in their study conducted 114 individual surveys on 45000 employees to understand degree to which people differ in engagement because of their personality traits and the result was 50% of variability in engagement can be predicted by personality. They therefore, suggested management to focus on what employees think about the organization and consider EQ and self-awareness as the critical factors.

Buhlam & Thomas H. Lee (2019), conducted a study in the healthcare sector to understand how the patients' experience and employee engagement are correlated. When a patient receives better services and polite behavior from staff the business outperforms because staff is responsible for providing good experience to the patients. The results showed that every 5 point rating increases 1% of organizations profit margins and shows improvement in the perception and experience of both patient and caregivers/staff.

Zenger & Folkman (2017), in their study of 360⁰ assessment conducted on 60000 leaders to understand their ability to manage business results & engagement simultaneously found that 13% leaders actually fit the profile. The results showed that young leaders are more likely to manage effectively compared to adult or older ones.

Lakshminarayanan & Ezhilarasi (2017), in their study concluded that employee engagement has been a key pillar towards employee retention, employee productivity and uplifting creativity among the employees. Companies that focus on employee engagement have demonstrated higher performance and growth. Effective communication, reward and recognition and career development opportunities are few factors that underline employee engagement.

Joshi & Sodhi (2011), propounded in their study that continuous and clear communication, challenging assignments and working autonomy have been the front seat drivers in employee engagement. These factors motivate employees to work diligently while keeping them self-engaged.

Goyal, Gupta & Rastogi (2013), the study states that organizational behavior (culture, team dynamics, and relationships) have a pivotal role in engaging employees. A positive and supportive workplace culture along with fair team dynamics boost the engagement levels of the employees.

RATIONALE OF THE STUDY

In the last decade, The Indian automobile industry has undergone multiple shifts in working culture due to increase in competitiveness, technological advancements, new entrants in the market and shift in consumer behavior. Due to this shift, the organizations are at war for talent- talent acquisition, talent engagement and talent retention.

It has been observed that talent engagement is the foundation for both acquisition and retention. Given such a dynamic landscape, the study aims to determine the factors critical to talent engagement (employee engagement) in automobile industry understanding how the companies are managing and engaging their workforce and outperforming.

OBJECTIVE OF THE STUDY

1. To determine factors related to employee engagement in the automobile sector.

RESEARCH METHODOLOGY

The Study: The study is exploratory in nature that aims to identify the factors that determine employee engagement in Automobile Sector.

The Sample: Non- Probability Judgment sampling technique was used for data collection. Non-probability sampling is defined as a sampling technique in which the researcher selects samples based on the subjective judgment of the researcher rather than random selection. Non-probability sampling is a sampling method in which not all members of the population have an equal chance of participating in the study, unlike probability sampling. Within non probability sampling the study used purposive or judgmental sampling for selection of respondents. In the judgmental sampling method, researchers select the samples based purely on the researcher's knowledge and credibility. In other words, researchers choose only those people who they deem fit to participate in the research study. A final sample of 100 is considered for the study.

Tools for Data Collection: The data will be collected through primary sources by preparing Self-Structured Questionnaire and through secondary sources from various journals, articles, websites and e-books.

Tools for Data Analysis: Factor Analysis was used for analyzing the data by using KMO-Bartlett's Test as a precursor.

RESULTS AND INTERPRETATION

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.744
Bartlett's Test of Sphericity	Approx. Chi-Square	2.143E3
	Df	435
	Sig.	.000

Table 1 shows Kaiser–Meyer–Olkin measure of sampling adequacy and Bartlett's test of Sphericity. The result show that factor analysis is appropriate for this data, KMO measure = 0.744, and Bartlett's test of Sphericity is 0.000.

Table 2: Factor Analysis Table

Factor Name	Item	Item Load	Factor Load	Variance %	Σ Variance %
Personal & Professional Growth	15	.775	3.967	12.056	12.056
	18	.749			
	16	.733			
	17	.689			
	20	.546			
Work Environment	21	.475	2.325	11.249	23.305
	3	.867			
	5	.773			
Organizational Culture	1	.685	3.073	10.915	34.220
	7	.807			
	28	.691			
	14	.589			
	26	.509			
Employee Empowerment	9	.477	2.952	10.617	44.837
	6	.843			
	4	.573			
	30	.558			
Workplace Wellness	19	.551	2.042	7.900	52.738
	8	.427			
	11	.833			
Employee Engagement	13	.633	2.094	7.687	60.425
	12	.578			
	29	.825			
Work Life Balance	27	.648	2.315	7.671	68.096
	25	.621			
	22	.849			
	23	.824			
	24	.642			

FACTORS IDENTIFIED

Factor 1: Personal & Professional Growth

The highest factor loading of 3.967 in automobile sector is Personal & professional growth of the employees as it plays the most important role in sustaining employee engagement. The items falling under this are: alignment with company goals, job role correlates with company success, career development and challenging job role with item loads of .775, .749, .733, .689, .546, and .479 respectively. . This is validated with the

conclusions of Hynes' study (2012) in which all the participants declared that career growth is a crucial determinant of job performance and engagement.

Factor 2: Work Environment

The second factor is Work Environment with a load of 2.325 which comprises of statements like: positive & motivating vibes, proud to be part of company and looking forward to go work each morning. The item loads are .867, .773 and .685 respectively. This is in tune with the study of (Schramm et al., 2013) that organizations that have a vigorous and favorable workplace environment are more viable than their competitors.

Factor 3: Organizational Culture

The third factor with third highest factor loading of 3.073 is Organizational Culture with 5 items with loads of .807, .691, .589, .509 and .477. The underlying statements are: socially responsible organization, respectful culture, good peer relationships. This is supported by (Kompaso & Sridevi, 2010) study that states that organizations are required to provide a psychologically safe workplace to increase employee engagement. They explained that engaged employees tend to have an emotional connect with the organization. This factor is further substantiated by (Asplund et al., 2007; Corporate Executive Board, 2004; Kahn, 1990; O'Neal & Gebauer, 2006; Paradise, 2008) that healthy relationships between supervisors and employees bolstered the feeling of security that employees experienced, especially during sharing of their thoughts and ideas.

Factor 4: Employee Empowerment

The fourth factor is Employee Empowerment with a load of 2.952. The statements under this factor are: empowered employees, provided all resource to perform job, trust in management and diversity and inclusions with item loads of .843, .573, .558, .551 and .427 respectively. This is in tune with the findings of Hynes (2012) that employees who feel empowered to perform their jobs and are aware of more opportunities for advancement exhibit enhanced employee engagement.

Factor 5: Workplace Wellness

The fifth factor is Workplace wellness with a factor load of 2.042. The items falling under this are: physical & mental wellbeing, health policies & fitness initiatives and hygienic canteen with item loads of .833, .633 and .578. This factor is corroborated by a study conducted in Great Britain after surveying 10,000 NHS, Institute of Employment Studies (Robinson et al., 2004) underlining that a feeling of being valued and involved was a major motivating force behind employee engagement. Factors such as involvement in decision making, the degree to which employees feel that they are able

to share their ideas, the likelihood of growing in their jobs and the extent to which the organization is concerned for health and well-being of employees.

Factor 6: Employee Encouragement

The sixth factor with a factor loading of 2.094 is Employee Encouragement. The items falling under this are: ideas/opinions are welcomed, employee opinions are valued and comfortable giving feedback to supervisors with factor loads of .825, .648 and .621 respectively. Researches and studies by CIPD, Aon Hewitt, Gallup, IES (see chapter 3), Society for Human Resource Management (SHRM), Corporate Leadership Council (CLC) and Mercer demonstrate that employee engagement factors consist of supervisors and co-workers relationships, along with confidence in their skill sets for effective discharge of their jobs and organizational contribution.

Factor 7: Work-life Balance

The factor loading for Work-life-balance is 2.315 with item loads of .849, .842 and .642 comprising of the statements- I am not stressed with deadlines & workloads, I am not working on weekend & holidays and I get significant time to spend with my friends & family respectively. This is endorsed by Susi.S et al (2011) in their work where they highlighted that work-life balance and employee engagement are crucial yardsticks for high performing firms. Organizations that are acknowledged as a 'best place to work' or an 'employer of choice' tend to garner advantages related to profits and reputation. As per Klun (2008) "Generations X and Y are keeping the pressure on companies to devise flexible, innovative options that give high performing employees more choice and control in managing the competing demands of work and family" (Klun 2008)

CONCLUSION

The findings of the present study assert the value of employee engagement in the automobile sector. The factors majorly impacting the employee engagement in automobile sector are: Personal & professional growth, work environment, organizational culture, workplace wellness, employee empowerment, communication and work-life balance. Employee engagement interventions are essential and desirable in the contemporary business scenario as employers try to find modes to enhance employee motivation and to develop committed employees. Organizations that look beyond monetary compensation, and are able to provide career progression, non-monetary benefits, environment of flexibility and stimulating job profiles and roles are sought after especially by the newer generation.

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