HUMAN RESOURCES PRACTICE AND ITS IMPACT ON EMPLOYEE SATISFACTION OF AUTOMOBILE INDUSTRIES IN CHENNAI

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ABSTRACT - This research explores how human resource practices impact employee job satisfaction and organizational commitment in the corporate industry. The field of human resource management is evolving at a rapid pace, necessitating significant advancements in this area to address organizational challenges. People working within an organization are increasingly being recognized as a critical resource for creating value.

The objective of this study is to examine how effective human resource practices can contribute to retaining both regular employees and top performers, by positively influencing their commitment to the organization, which is a strong predictor of employee turnover. In addition, the study aims to evaluate the satisfaction levels of employees regarding human resource practices and explore the relationship between HRM practices and HR outcomes in the automotive sector, while also considering demographic variables and gender differences between male and female employees. The data, which included 260 employees from different organizations, was analyzed using an Analysis of Variance (ANOVA) test of correlation coefficient. The results of the study showed that there was no significant difference between male and female employees' perception of HR practices across various variables.

Key words: Selection & recruitment, Training, Performance appraisal, Grievance handling system, employee’s satisfaction.

I. INTRODUCTION

Human resource is considered to be the utmost valuable asset in any organization. It is the sum of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed persons who comprise executives, supervisors and the rank and file employees. Human resource should be employed to the maximum possible extent, in order to achieve individual and organizational goals. It is thus the employee performance, which ultimately decides and attainment of goals.

Satisfaction does mean the simple feeling state accompanying the attainment of any goal recognising the impact of retention of the performers on organizational performance, human resource management literature has recently agreed that it is necessary to understand: how HR practices influence the retention of high performing valuable employees besides addressing their effects on organizational commitment and overall retention.

One can conceptualize Human Resource Practices in various ways, labelling a different combination of human resource practices as high commitment, high performance or high involvement of human kind. Organizational commitment states that a strong belief in and acceptance of the organization’s goals and values, the preparedness to apply considerable effort on behalf of the organization and a positive desire to maintain organizational membership” (Porter et al. 1974).

II. Human Resource Practices:

The effectiveness of Human Resources practices in improving competencies, fostering commitment, and building organizational culture can be evaluated through various measures. HR practices may encompass a system, process, activity, norm, rule, accepted or expected habit, or simply a way of carrying out tasks.

The thirteen variables relating to Human Resource Practices which were studied are as under

a) The process of planning b) Recruitment and selection procedures c) Training and development initiatives d) Performance appraisal protocols e) Career planning strategies f) Fringe benefits policies g) Reward and recognition programs h) Statutory welfare activities i) Policies related to safety, health, and environment j) Suggestion schemes for employee feedback k) Promotion and transfer policies l) Protocols for employee exits.

Job satisfaction refers to an employee's overall feelings towards their job. A satisfied employee is likely to have a positive attitude towards their work, while a dissatisfied employee is likely to have a negative attitude. Negative attitudes are typically associated with personality traits that make an individual more prone to feelings of nervousness, tension, worry, and distress. Conversely, a positive attitude is generally linked to a sense of happiness with oneself, colleagues, and job responsibilities.

The level of contentment or enjoyment individuals derive from their work is commonly referred to as job satisfaction. Personal factors, such as an individual's needs and aspirations, along with group and organizational factors, such as relationships with coworkers and supervisors, working conditions, and compensation, all contribute to an individual's attitude towards their job. An employee who is content with their work tends to have fewer absences, make positive contributions, and remain with the
organization. The impact of job satisfaction is not limited to the organizational setting. Satisfied employees are more likely to be contented citizens who hold a positive attitude towards life in general, contributing to a more psychologically healthy society.

Job satisfaction is a condition where individuals are motivated to perform their work efficiently and effectively, convinced to remain in the organization, able to handle uncertainties with competence, willing to embrace changes without resistance, and promote the image of the organization. The level of job satisfaction is determined by multiple factors, including personal needs and aspirations, relationships with colleagues and superiors, working conditions, compensation, and opportunities for growth and development.

III. NEED OF THE STUDY

Job satisfaction is influenced by various factors, including an individual's value system and the organizational culture that supports it. However, certain factors have a significant impact on employee job satisfaction. These factors include:

a) Selection & Recruitment
b) Training & Development practices
c) Performance evaluation practices
d) Career Planning
e) Promotion Practices
f) Compensation & Social benefits
g) Grievance’s handling system
h) Employee satisfaction/ Motivation
i) Employee Retention:
j) Employee commitment

IV. OBJECTIVES OF THE STUDY

1. To understand the relationship between HRM practices and HR outcomes in auto sector
2. To highlight the impact of HRM practices and HRM outcomes on performance of employees.
3. To assess the level of satisfaction of employees regarding the human resource policies.
4. To suggest some measures to enhance the HR practices in order to get greater level of employee satisfaction.

V. REVIEW OF LITERATURE

Al Mala, Wassim, How COVID-19 Changes the HRM Practices (November 24, 2020). The impact of the COVID-19 pandemic on organizations and companies has highlighted the significance of Human Resources Management (HRM) and the challenges that come with it. The uncertain future, possible job losses, and salary reductions have made employees seek more support from their employers. Hence, employers rely on their HR department to create effective strategies to confront the new challenges posed by the pandemic. This article explores the problems faced by HR professionals while implementing new HR strategies to deal with various pandemic-related challenges such as increasing unemployment rates, psychological stress on employees, remote work management, working hours, and social distancing. However, a major issue in applying new HR practices is that they may not be suitable for all employees. For instance, many families struggle with managing work while their children are at home during school closures. Therefore, HR strategies need to be flexible and adaptable to cater to the diverse needs of employees affected by the pandemic.

Singh, Sanjeet et.al, A Study of Employee Retention in ITeS Industry (2010), the retention of knowledge worker has become extremely critical for the success of any organization in the present scenario especially in the service sector. HR department has to play a key role in designing the policies, practices and strategies, which can enable an organization to retain the human resources conducive significantly to the business. The present study examines the phenomenon of Employee Retention in the ITeS sector in the Tri-City of Chandigarh, Mohali and Panchkula in order to develop appropriate strategies, which can help the organizations in this sector to retain their valuable talent. The major objectives of the research are to study: employee retention strategies followed in the ITeS industry in the Tri-city of Chandigarh, Mohali and Panchkula; meaning of select HR practices in the attainment of job satisfaction among the employees of the industry; extent of employee attrition prevalent; significance of individual, organizational and industry related factors in determining employee retention; correlation between job satisfaction and employee retention; prevalence of Talent Management System and identify different strategies adopted to reduce the monotony of work for the executive positions. The t-test, chi square test and correlation test is used for evaluation of the data.

Kassahun Tilaye (2005) in his study asserted that the contribution of personal characteristics to a total variation in organizational commitment is very minimal (almost negligible). Interesting hint to managers and personnel officers that commitment can be engendered through pro-employee management practices, such as providing a great deal of freedom to employees to decide on their work, a high level of managerial support accorded to employees even to the extent of going out of its way to share personal problems of employees, ensuring fairness of work-related outcomes both content-wise and procedurally, and so forth.

Sheth Hiral (2005) in his study about human capital that provided a deep insight into the issues related to HR practices. He was observed that the human resource team is more active and takes care of employee needs in an emerging or upcoming market than in a maturing or developing market. According to that the build strategy is a better option in the long term, than buy talent strategy.

Ramesh T (2005) in has study about the changes happening in human resource management in today’s era. In his study, he observed that HR functions are concerned with a variety of activities that significantly influence almost all areas of an organization. The success of an organization depends on a large extent on the existence of a favourable HRD climate a combination of various factors such as openness, team spirit, trust, autonomy, cooperation, integrity, recognition, participation, fair compensation, counselling, problem solving, valuing the assets, and respect for the individual. It is the human intellect, human energy and human inventiveness, which accomplish excellence for the firm. A good leader can always turn the worst to the best because he/she can really get the employees to work and motivate them to perform better.

Berry Mike (2005) studied that, average levels of job satisfaction among women workers have been falling for 15 years, despite greater equality in the workplace and flexible working laws. Research based on about 25,000 British women employees examined that women worker used to have significantly higher levels of job satisfaction than men in the UK, but now they have almost the same level as male workers. The results seem to be a sign of growing pressures on women in the workplace, as women compete increasingly with men for better jobs. The study demonstrates the satisfaction among women, who work part-time, has fallen more dramatically than among the full-timers.
Suman Shikha (2006) studied about the knowledge players in organizations. Any successful companies effectively manage their human resources to create and market new products and services. Human resource management (HRM) strategies have the likely to fuel innovation and creativity in the organization. The four dimensions in which the HRM strategies that can push innovation and creativity are: human resource planning, Performance appraisal, Reward system & motivator the motive is to maximize productivity and minimize turnover. The test lies in balancing team rewards with individual rewards. Managing employees careers to provide them a well-rounded professional experience. Innovation has as much to do with the environment that is created as the creative types that are employed to support the R&D activities of the organizations.

Chabria Vishal (2006) observed in his study that the fringe benefit tax (FBT) has been a bone of contention ever since it was included in 2005-2006 fiscal year’s budget. His study confirms that FBT is here to stay. The reason is that tax had made the exchequer richer by few thousand crores in the very first year of imposition. Today FBT has been softened in the following areas, superannuating fund, airlines and shipping industries, transport expenses under sales and promotion publicity head.

According to Hanif Khaki (2006), modern business owners recognize the significance of hiring HR professionals with expertise. Companies have realized the importance of establishing positive relationships with their employees, who in turn value organizations that prioritize their well-being and reward their contributions appropriately. Besides financial benefits, health benefits are also highly valued by employees, and the HR department is generally receptive to addressing these concerns in the workplace.

Nunes Joseph C. and Xavier Drèze (2006) are of the opinion that employee loyalty programs, when designed and executed well, are ingenious marketing tools. Making sure that a company’s loyalty program will carry its weight and begins with clarifying what the program is expected to do. Possibly more than anything, an optimistic program depends on competent and consistent execution. Even with all of this, true loyalty might be too much to expect, but companies will likely have longer-term relationships with happier employee. And that, sounds like the best kind of competitive advantage.

Vanitha, V, et al. (2006) analyses the organizational commitment and stress among the information technology (IT) professionals. The demographic variables and Gender differences between the male and female IT professionals on organizational commitment and stress were also examined. An Analysis of Variance (ANOVA) test was used to analyse the data, which consisted of 76 IT professionals. Based on results, the study of various variables, revealed that there was no significant difference between the male and female IT professionals.

Alam Sageer, Dr. Sameena Rafat, Ms. Puja Agarwal (2010) Employee satisfaction is the terminology used to describe whether employees are happy, contented and fulfilling their desires and needs at work. Several measures support that employee satisfaction is a factor in employee motivation, employee achievement and positive employee morale in the work place. Mostly, employee satisfaction is a measure of how happy workers are with their job and working environment.

BriekendAziri (2011) Employee Satisfaction represents one of the most complex areas facing today’s managers when it comes to managing their employees. Many studies have demonstrated an unusually large impact on the job satisfaction on the motivation of workers, while the level of motivation has an impact on productivity, and hence also on performance of business organizations.

VI. RESEARCH METHODOLOGY

The data required for the study is collected from the employees, through well-structured questionnaire. Analysis and interpretation have been done by using the statistical tools and data presented through tables and charts.

a) Research design:

The researcher adopted three stages methodology. Pre-test stage, Pilot study and Main study. In the Pre-test stage the research instruments and their respondents have been subject to reliability and validity. Cronbach’s alpha method is applied to check the reliability of the questionnaire by measuring the individual and the total variance of variable in research instruments.

b) Sampling Design

The data has been collected from the selected Auto industries and around Chennai. Using structured questionnaire. Convenience sampling method is adopted for the study, it is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher, five auto industries in and around Chennai were selected for the study 260 were taken as a sample. The data thus collected is content analyzed in a descriptive way using simple statistics to arrive at inferences on the role of competencies in human resource management in Indian organizations.

c) Tools used for analysis:

Descriptive statistics, ANOVA, Test of correlation coefficient and T Test.

VII. DATA ANALYSIS AND INTERPRETATION

The profile of the respondents collected in terms of gender, designation and Years of work experience. Majority of the respondents were male (56%) and females were about (44%). A good number of respondents were executive level (47%) followed by managers (19%). Maximum respondents came in the experience range of 1 to 5 years (40%) following the range of 5 to 10 years (31.460%). Thus, the profile is majorly male from the executive group in the experience range of 1 to 5 years. Almost all the respondents rated their employee’s awareness on the competencies as positive (100%).

(i) SELECTION AND RECRUITMENT

Applicants are fully informed about the qualification required to perform the job before being hired. It is found that 56% of the employees said that they are fully informed about the qualification required to perform the job before being hired, 32% of employees strongly agreed for the same, and 54% of the employees said that they undergo structured interviews, 34% of employees strongly agreed for the same. Also 12% of employees said that they neither agree nor disagree the same. Whereas 0% of the employees disagrees with this comment.

(ii) TRAINING AND DEVELOPMENT

It is clearly understood that 60% of the employees said that they had training opportunities to learn and grow, 30% of employees strongly agreed for the same. Also 8% of employees said that they neither agree nor disagree the same. Whereas only 2% of the employees disagrees with this comment.

It is found that 52% of the employees said that the available training match with their job, 30% of employees strongly agreed for the same. Also 14% of employees said that they neither agree nor disagree the same. Whereas only 4% of the employees disagrees with this comment.
(iii) PERFORMANCE EVALUATION

From the analysis, it is found that 48% of the employees said that their good work is acknowledged by the manager, 22% of employees strongly agreed for the same. Also 24% of employees said that they neither agree nor disagree the same. Whereas only 5% of the employees disagrees with this comment.

It is clearly understood that 58% of the employees said that they are informed about the performance evaluation process, 24% of employees strongly agreed for the same. Also 16% of employees said that they neither agree nor disagree the same. Whereas only 2% of the employees disagrees with this comment.

From the analysis, it is clearly understood that 50% of the employees said that they receive feedback of performance evaluation, 20% of employees strongly agreed for the same. Also 16% of employees said that they neither agree nor disagree the same. Whereas only 14% of the employees disagrees with this comment.

It is inferred that 48% of the employees said that their performance rating is done in fair manner, 24% of employees strongly agreed for the same. Also 18% of employees said that they neither agree nor disagree the same. Whereas only 10% of the employees disagrees with this comment.

(iv) CAREER PLANNING

It can be inferred that around 46% of the employees said that the manager provides mentoring and guidance periodically, 38% of employees strongly agreed for the same. Also 14% of employees said that they neither agree nor disagree the same. Whereas only 2% of the employees disagrees with this comment.

It is evident that 46% of the employees said that the periodic one on one meeting with the manager helps them to improve their performance, 38% of employees strongly agreed for the same. Also 8% of employees said that they neither agree nor disagree the same. Whereas only 8% of the employees disagrees with this comment.

(v) PROMOTION

It can be inferred that 44% of the employees said that the job promotions are fair and equitable, 18% of employees strongly agreed for the same. Also 18% of employees said that they neither agree nor disagree the same. Whereas only 20% of the employees disagrees with this comment.

It is clearly understood that 22% of the employees said that the priority is given for seniority in promotion decision, 30% of employees strongly agreed for the same. Also 26% of employees said that they neither agree nor disagree the same. Whereas only 22% of the employees disagrees with this comment.

It can be inferred that 30% of the employees said that they are satisfied with their professional development/progression, 20% of employees strongly agreed for the same. Also 18% of employees said that they neither agree nor disagree the same. Whereas only 12% of the employees disagrees with this comment.

(vi) COMPENSATION & SOCIAL BENEFITS

As per the response, it is clearly understood that 54% of the employees said that the available benefits are appropriate for their needs, 22% of employees strongly agreed for the same. Also 16% of employees said that they neither agree nor disagree the same. Whereas only 8% of the employees disagrees with this comment.

From the analysis, it is clearly understood that 44% of the employees said that the amount of vacation is sufficient, 16% of employees strongly agreed for the same. Also 14% of employees said that they neither agree nor disagree the same. Whereas only 26% of the employees disagrees with this comment.

It is found that majority of (34%) the employees said that the amount of sick leave is sufficient, 18% of employees strongly agreed for the same. Also 24% of employees said that they neither agree nor disagree the same. Whereas only 24% of the employees disagrees with this comment.

It is clearly understood that 32% of the employees said that their salary is fair for their designation, 18% of employees strongly agreed for the same. Also 22% of employees said that they neither agree nor disagree the same. Whereas only 28% of the employees disagrees with this comment.

It is inferred that 38% of the employees said that the company provides a professional and friendly environment, 38% of employees strongly agreed for the same. Also 14% of employees said that they neither agree nor disagree the same. Whereas only 10% of the employees disagrees with this comment.

It is clearly understood that 52% of the employees said that the company provides flexible work hour to accommodate their personal needs, 12% of employees strongly agreed for the same. Also 20% of employees said that they neither agree nor disagree the same. Whereas only 16% of the employees disagrees with this comment.

(vii) GRIEVENCES HANDLING SYSTEM

From the study about grievances handling system, it is found that around 24% of the employees said that there are formal procedures for handling grievances, 26% of employees strongly agreed for the same. Also 36% of employees said that they neither agree nor disagree the same. Whereas only 18% of the employees disagrees with this comment.

It is inferred that 34% of the employees said that manager handles their work-related issues satisfactorily, 14% of employees strongly agreed for the same. Also 22% of employees said that they neither agree nor disagree the same. Whereas only 30% of the employees disagrees with this comment.

From the study, it is clearly understood that 32% of the employees said that the manager is available to them when they are in need, 40% of employees strongly agreed for the same. Also 12% of employees said that they neither agree nor disagree the same. Whereas only 16% of the employees disagrees with this comment.

(viii) EMPLOYEES SATISFACTION

The company offers a pleasant working environment, including suitable space, lighting, seating arrangements, and air conditioning.

It is found that 26% of the employees said that the company provides comfortable working environment, 38% of employees strongly agreed for the same. Also 26% of employees said that they neither agree nor disagree the same. Whereas only 10% of the employees disagrees with this comment.
It is clearly understood that 26% of the employees said that they are satisfied with the yearly increment in pay, 16% of employees strongly agreed for the same. Also 18% of employees said that they neither agree nor disagree the same. Whereas only 40% of the employees disagrees with this comment.

It is found that 36% of the employees said that the company gives enough recognition for good work, 26% of employees strongly agreed for the same. Also 18% of employees said that they neither agree nor disagree the same. Whereas only 20% of the employees disagrees with this comment.

To assess the relationship between Employee Retention and Job Satisfaction based on Fair-Competitive Salaries as a component of Employee Retention, and Fair Compensation as a component of Work Environment, the Karl Pearson's Coefficient of Correlation was calculated. The statistical inference from the calculation shows that there is a very weak positive correlation between Employee Retention and Job Satisfaction, based on Fair-Competitive Salaries and Compensation.

(ix) EMPLOYEE RETENTION

From the analysis of employee’s retention, it is found that 42% of the employees said that they are satisfied with the loyalty programmes, 34% of employees strongly agreed for the same. Also 22% of employees said that they neither agree nor disagree the same. Whereas only 2% of the employees disagrees with this comment.

It is clearly understood that 32% of the employees said that they are satisfied with the benefits programmes, 42% of employees strongly agreed for the same. Also 16% of employees said that they neither agree nor disagree the same. Whereas only 10% of the employees disagrees with this comment.

It is found that 46% of the employees said that they really care about the future of the company, 18% of employees strongly agreed for the same. Also 20% of employees said that they neither agree nor disagree the same. Whereas only 16% of the employees disagrees with this comment.

According to the survey results, 40% of employees expressed comfort in sharing their views and suggestions during meetings, with 34% strongly agreeing. 14% of employees neither agreed nor disagreed, while only 12% disagreed.

Additionally, 36% of employees reported being involved in formal participation processes such as problem-solving groups and decision making, with 34% strongly agreeing. 14% of employees neither agreed nor disagreed, while only 16% disagreed. It should be noted that these results are based solely on the perceptions of the employees surveyed and not on any factual data collected by the researcher.

Statistical Inference: Based on the Karl Pearson's coefficient of correlation, it was found that there is a very weak negative correlation between Employee Retention and Job Satisfaction, with Nature of Supervision and Work Environment as factors influencing Employee Retention.

Statistical Inference: In addition, the calculated t-value was found to be less than the standard table value. As a result, H1 was rejected and Ho was accepted. With a 95% confidence level, it can be inferred that there is no significant relationship between Job Satisfaction and Employee Retention, and that the two variables are independent of one another.

VI. SUGGESTIONS

 Employee attitudes are often a reflection of the company's values. For jobs that involve customer service and sales, it is crucial to have happy employees as they represent the company to the public.
   Job satisfaction is not only dependent on salary. While providing better benefits may improve employee satisfaction in the short term, small, low-cost changes can have a lasting effect.
   Based on the study, many employees are not satisfied with the yearly increment in the pay. So, I suggest organization to improve their policies about the increment.
   And other practices like grievance handling system, compensation & social benefits and promotion practices also have a greater number of dissatisfied employees.
   Organization has to improve their policies in the following practices,
    ✓ Promotion practices
    ✓ Compensation & social benefits
    ✓ Grievance’s handling system
    ✓ Employee motivation practices

In order to get higher level of employee satisfaction and improves employee performance.

Hypothetical Solution/ Recommendation

This study aims to examine the influence of HR practices on employee satisfaction within the automotive industry in Chennai. The findings highlight the importance of appropriate HR practices in enhancing employee job satisfaction and strengthening their commitment to the organization. As the link between human resource practices and employee satisfaction becomes increasingly well-understood, organizations can benefit from cultivating a skilled, motivated, and dedicated workforce that generates superior value for the organization. Empirical studies in Human Resource Management have emphasized the positive impact of effective HR practices on employee satisfaction, which can ultimately lead to increased organizational commitment and decreased turnover.

IX. CONCLUSION

This study has provided some useful insights into the HR practices and procedures in the Indian context. It revealed that a beginning is thus made in the Indian organizations in Auto sector. It is understood that the competence-based HR functions adds value to the overall organization, helps in better human asset management and helps in better HR management.

The organization has initiated the implementation of competence management, which includes competence-based recruitment, training, performance appraisal, and learning. This shows an increasing awareness of HR practices aimed at developing quality human resources, generating trust and learning, empowering employees, analyzing training and development needs, rating employees, increasing job satisfaction, boosting productivity, and enhancing employee engagement among both employees and employers.
References: