

Employee Engagement and its Effects in Automobile Industry with Special Reference to Chennai, Tamil Nadu

S. Lakshminarayanan¹ and P. Ezhilarasi²

¹Assistant Professor, ²Student, MBA Final Year, School of Management Studies,
Surya Group of Institutions, Vikiravandi, Villupuram, Tamil Nadu, India.

E-Mail: nagasiva07@gmail.com, ezhil6594@gmail.com

(Received 2 July 2017; Revised 23 July 2017; Accepted 17 August 2017; Available online 23 August 2017)

Abstract - Employee Engagement is indeed an effective tool to rejuvenate the workforce and keep them stress-free. An engaged employee is a productive resource to the organisation where he/she works. It is believed that the disengaged employee is more susceptible to stress and consequently, switchover to an organisation where he/she is actively engaged. This paper attempts to study the Employee Engagement and its effects on Employee Retention in Automobile Industry. The study - descriptive in nature - was conducted among the employees working in various Automobile Companies in and around Chennai. The sample size of 100 employees chosen based on purposive sampling technique. The Primary data was collected from those 100 employees using a structured questionnaire containing Closed-end questions pertaining to the study. The data gathered so was processed and analysed using various statistical tools such as Descriptive analysis, Correlation and Chi-Square. The study has established that there is a strong positive relationship between employee engagement and employee retention and loyalty towards the organisation. The study has also identified some factors that propel the Employee Engagement in Automobile sector - Effective Communication (between superiors and subordinates), Career Development, and Recognition.

Keywords: Employee Engagement, Employee Retention, Effective Communication, Career Development, Recognition

I. INTRODUCTION

Indian Automobile Industry is one among the fast growing Industries in India and one of the largest in the world with an annual production 25.30 million vehicles during the financial year 2016-17 India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, the Government of India and the major automobile players in the Indian market have taken various initiatives to make India a leader in the Two Wheeler and Four Wheeler market in the world by 2020.

For any Industry, Human Resources has always been a key growth driver including the automobile industry. To meet the customer expectations, the employees with creativity, innovative ideas, and expertise in different areas have become an asset and in huge demand these days. Despite the fact that India has a vast pool of talented and skilled professionals, the country needs initiatives to make these resources to excel in all areas of the industries. A total of 19 million people are – directly and indirectly employed in Automobile sector. Further, it is estimated that the auto

industry will be in need of 15 million skilled employees by 2022.

A. Manufacturing Facilities in and Around Chennai

Two wheelers

1. Royal Enfield – Chennai
2. India Yamaha Motor – Oragadam

Passenger vehicles

1. BMW India – Chengalpattu
2. Ford India Private Limited – Maraimalai Nagar
3. Hyundai Motor India Limited – Sriperumbudur
4. Mitsubishi – Tiruvallur
5. Renault Nissan Automotive India Private Limited
6. Nissan Motor India Private Limited – Oragadam
7. Renault India Private Limited – Oragadam

Commercial vehicles

1. T-90S Bishma Tank's engine manufactured by Engine Factory Avadi, Chennai
2. Heavy Vehicles Factory, Avadi
3. Engine Factory Avadi, Avadi
4. BharatBenz – Oragadam [74]
5. TAFE Tractors – Chennai

Employee engagement is defined as the extent that an employee believes in the mission, purpose, and values of an organisation. It demonstrates commitment through their actions as employees and their attitude towards the employer and customers (Stockley, 2007:1).

Employees who are engaged want to contribute, have a sense of belonging, defend the organisation, work hard and are not interested in moving to other employers. Employees, who are not engaged, caused a gap between employees' effort and their organisational effectiveness (Does your organisation have an "Engagement Gap"?, 2007:8). This significantly affects an organisation's financial performance (Minton- Eversole, 2007:20).

II. REVIEW OF LITERATURE

Effective organisational communication is regarded as a significant driver of employee engagement (Parsley 2006:10). Part of making communication more effective is enhancing the communication skills of managers, and making communication of performance against goals part of their daily job.

Communication becomes an even more critical resource under uncertain and stressful circumstances. The role of leadership is to talk frequently and specifically to employees about how their contributions are meaningful for mission accomplishment (Wallace and Trinko, 2009:10).

According to Wallace and Trinko (2009:10), the leadership of an employee's immediate manager is the most important organisational driver of employee engagement. In the words of Wildermuth and Pauken (2008:206) the engagement occurs naturally when leaders are inspiring. Employees feel engaged when their work is considered important and meaningful. The task of leadership is therefore to ensure that employees see how their specific task contributes to the overall business success. Recruitment Policies

Richman, Civian, Shannon, Hill, and Brennan (2008:195) concluded that an organisation's flexible work-life policies have a significant positive impact on employee engagement. The study carried out by Pitt-Catsouphes and Matz-Costa (2008:225) found that in general, employees who have the flexibility they need are significantly more engaged than those who do not have the flexibility they need, across all age groups.

Training and development of employees bears a significant influence of employee engagement (Vance 2006:13). He also found that employees who enhance their skills through training are more likely to engage fully in their work, because they derive satisfaction from mastering new tasks.

By recognising contributions that employees make to sustain the future of the organisation, the behaviour is reinforced and the employee would want to repeat this improvement. This enhances the employees' engagement (Townsend and Gebhardt, 2008:22).

A study by Saks and Rotman (2006:612) revealed that recognition and rewards are significant antecedents of employee engagement. When employees receive rewards and recognition from their organisation, they will feel obliged to respond with higher levels of engagement (Saks and Rotman, 2006:605).

Reliability

Leedy (1997:35) defines reliability as the consistency with which a measuring instrument performs. Cronbach's alpha coefficient was used to assess the reliability of the questionnaire in this study and it is 0.948.

III. STATEMENT OF THE PROBLEM

The growth of any business organisation purely depends on the way it manages its employees and infuses in them a sense of belongingness. Managing employees is not an easy task as it requires complete understanding of their characteristics. In this context, to engage employees actively is relatively complex but essential one. It is learned that the engaged employees turn out to be very efficient and are reluctant to leave organisation where he/she currently works. Before resorting to engaging employees, it is important to understand the drivers of employee engagement. This paper discusses the propelling factors of employee engagement and also its effects.

IV. OBJECTIVES OF THE STUDY

1. To identify the key drivers of Employee Engagement in Automobile Industry
2. To find out the effects of Employee Engagement

V. RESEARCH METHODOLOGY

The data required for this study are both primary and secondary data. Primary data was collected using a structured questionnaire from the employees working in Automobile Industry. Secondary data was collected from various articles, journals, magazines and books relevant for research work.

Sample Size: A sample of 100 employees chosen from the collective workforce of the various Automobile Companies in and around Chennai (population) by adopting purposive sampling technique.

Statistical tools used

- a. Descriptive analysis
- b. Chi Square test
- c. Correlation Analysis

Limitation

The present study covered only in and around Chennai City. Hence utmost care is exercised while generalizing the result.

VI. DATA ANALYSIS AND INTERPRETATION

TABLE I DEMOGRAPHIC PROFILE OF THE EMPLOYEES

Demographic Variables	No. of Respondents	Percentage	
Age Group	18-25	25	25.0
	26-33	33	33.0
	34-41	20	20.0
	42-49	22	22.0
	50-58	0	00.0
Gender	Male	76	76.0
	Female	24	24.0
Experience	Less than or =2 yrs	38	38.0
	3-6 yrs	34	34.0
	7-10 yrs	28	28.0
Annual Income	Less than 200000	31	31.0
	200001-400000	22	22.0
	400001-600000	32	32.0
	600001-800000	15	15.0
Educational Qualification	SSLC	1	01.0
	ITI/Diploma	34	34.0
	Graduate	55	55.0
	Post Graduate	10	10.0

The Table 01 depicts the demographic variables of the employees taken for the study. More than half of the employees surveyed are in between the age of 18 and 33 representing the young (Gen Y) generation. Three-fourth of

the employees is male - showing the Auto Industry is a male dominant. Majority of the employees are degree-holders followed by ITI/Diploma.

TABLE II OPINION OF THE RESPONDENTS ON VITAL FACTORS OF EMPLOYEE ENGAGEMENT

5 – Point Scale (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)						
Variables		N Valid	Mean	Median	Mode	Std. Deviation
Drivers	Communication with Superior is effective	100	3.92	4.00	5.00	0.95
	Support for Career Development	100	3.96	4.00	4.00	0.63
	Coaching and Mentoring are effective.	100	3.84	4.00	4.00	1.00
	Pay-benefits	100	3.84	4.00	5.00	1.14
	Recognition for good work	100	3.90	4.00	4.00	1.00
Effects	Performance improved	100	3.95	4.00	4.00	0.92
	Consider leaving the Organisation	100	2.12	2.00	2.00	1.12
	Will never Leave the Organisation	100	3.91	4.00	4.00	1.05

From the above Table (No. 02), it is understood that most of the respondents agree that Career Development, Communication, Recognition and Mentoring all play a vital role in engaging employees as the mean and mode value of

all factors is near to 4 and 4 respectively. It is also very clear that the employees are reluctant to leave the organization as a result of employee engagement.

TABLE III DRIVERS OF EMPLOYEE ENGAGEMENT

Variables		Employee Engagement
Communication	Pearson Correlation	.797**
	Sig. (2-tailed)	.000
	N	100
Leadership	Pearson Correlation	.762**
	Sig. (2-tailed)	.000
	N	100
Pay Benefits	Pearson Correlation	.846**
	Sig. (2-tailed)	.000
	N	100
Career Development	Pearson Correlation	.910**
	Sig. (2-tailed)	.000
	N	100
Recognition	Pearson Correlation	.806**
	Sig. (2-tailed)	.000
	N	100

It is inferred from the table 03 that Career Development (r=.910) is the biggest driver of employee engagement followed by Pay –benefit, Recognition, Communication and Leadership. All the variables are positively correlated with employee engagement. It is very clear that the employees are actively engaged if there is scope for career development in the organization. Apart from that pay-benefits and recognition also play a vital in engaging employees.

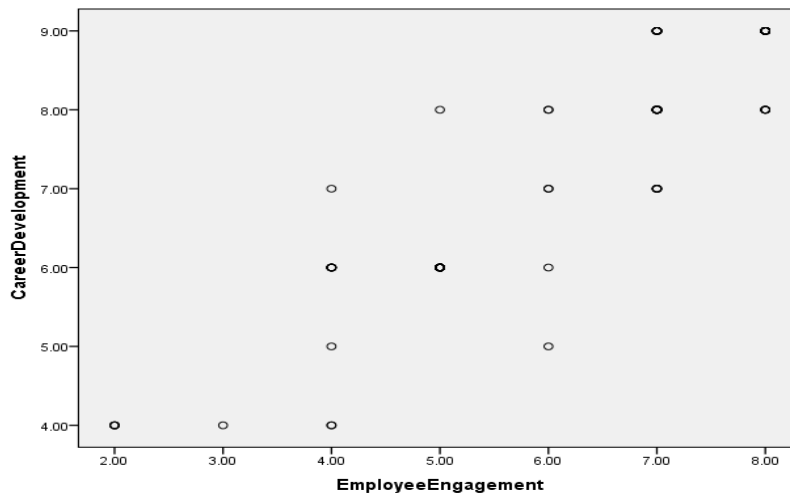


Fig.1 Simple Scatter Diagram depicting the relationship between Career Development and Employee Engagement

TABLE IV EMPLOYEE ENGAGEMENT AND ITS EFFECTS

		Job Satisfaction	Productivity	Employee Retention
Employee Engagement	Pearson Correlation	.815**	.745**	.857**
	Sig. (2-tailed)	.000	.000	.000
	N	100	100	100

From the above table (04), it is understood that employee engagement highly leads to employee retention. In other

words, engaged employees are most likely to be retained by the Management.

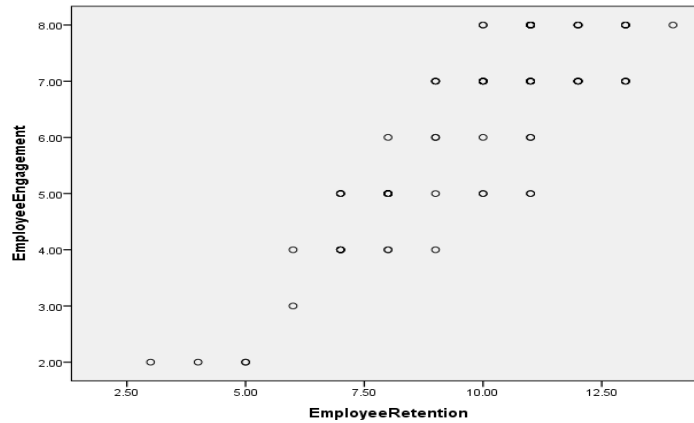


Fig.2 Scatter Diagram representing the relationship between Employee Engagement and Employee Retention:

H₀: There is no significant association between Recognition for work done and Active Employee Engagement

TABLE V RECOGNITION - EMPLOYEE ENGAGEMENT

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	152.460 ^a	42	.000
Likelihood Ratio	156.436	42	.000
Linear-by-Linear Association	62.726	1	.000
N of Valid Cases	100		

The above table (05) indicates that the p-value is (0.000) less than the significance level ($\alpha = 0.05$), so, the null hypothesis is rejected. Hence, it is concluded that there is an

association between recognition by the management for the work done well and employee engagement.

H₀: There is no significant association between Effective (two-way) Communication with Superior and Level of Employee Engagement

TABLE VI EFFECTIVE COMMUNICATION –EMPLOYEE ENGAGEMENT

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	185.155 ^a	48	.000
Likelihood Ratio	138.667	48	.000
Linear-by-Linear Association	62.898	1	.000
N of Valid Cases	100		

It is inferred from the above table (06) that the Null hypothesis is proved to be untrue as the p-value (.000) is less than the significance level (a .05). Thus, the effective

communication with superiors would pave way for active employee engagement.

H₀: There is no significant association between Level of Employee Engagement and Looking for Job opportunities somewhere

TABLE VII EMPLOYEE DISENGAGEMENT – SEEKING JOB OPPORTUNITIES SOMEWHERE

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	262.656 ^a	66	.000
Likelihood Ratio	153.144	66	.000
Linear-by-Linear Association	72.744	1	.000
N of Valid Cases	100		

From the above table (08), it is known that p-value (is 0.000) is less than the significance level (a= 0.05). Therefore, the Null hypothesis is rejected, which implies

that the employees would look for job opportunities in case they are disengaged.

TABLE VIII RANKING OF DRIVERS OF EMPLOYEE ENGAGEMENT ACCORDING TO THE OPINION OF THE EMPLOYEES

Very Significant for Employee Engagement	No. of Respondent	Rank
Career Development	91	1
Recognition	85	3
Pay & Benefits	87	2
Two-way Communication	82	5
Inspiring Leadership	84	4

It is understood from the Table 09 that all the six variables are effectively driving employees towards engagement as each variable attracts more than 80% of the respondents. Of all those variables, Career Development is the predominant factor that keeps employees engaged followed by Pay-benefits and Recognition.

VII. FINDINGS

1. Most of the employees taken for the study are youngsters – between the age group of 18 to 33 labeled as Gen Y. What mostly makes them engaged is Self-development. It is the biggest driver of employee engagement but not up to employees’ expectations. They are desperately looking for learning opportunities.
2. It is found that the recognition bears a positive impact on employee engagement. Since there is a significant relationship between Recognition and Employee Engagement. Recognized employees are unlikely to disengage.
3. The study has detected a close relationship between Effective communication and Employee engagement. Open and wide communication encourages employees to be more engaged.
4. It is known that engaged employees especially aged above 34 (years) develop a sense of loyalty towards the organization and unwilling to leave.
5. It is known that the disengaged employees are very less in number but they mull over leaving the organisation and are actively searching job opportunities in somewhere.

VIII. SUGGESTIONS

1. All the companies in Automobile Industry need to reconsider their mentoring practices and make an effective career development programmes for their employees.
2. Succession planning should be there in place, as it would be very helpful to the organisation in engaging employees and ultimately, save time and cost of recruitment while filling vacancies at top-level.

3. Communication is vital for the development of organisation. Any obstacles in the flow of information upward and downward would certainly stifle the creativity of the employees and makes them disengaged. Hence, the people at the helm of affairs should ensure that free flow of information is encouraged in the organisation.
4. Gen Y Employees never confine to a comfort-zone. Instead, they like challenging tasks in a supportive work environment. So, the companies in Automobile Industry should understand and make the work environment conducive for nurturing creative minds.
5. It is fact that engaged employees are productive resource for the organisation. Hence, the companies should explore every possible way to make them engaged.

IX. CONCLUSION

Of all resources in an Organization, Human Resource is a unique as it exploits resources for the betterment of the organization. For effective utilization of human resource, it (HR) must be right focused, engaged and channelized towards achieving organizational as well as personal goal. But engaging employees is not as easy a task as managing them. It is right to say that engaging employees actively is an art and relatively hard to master by all. Employee engagement kindles the interest of the employees in creative and productive works and eventually contributes to the overall growth of the organization. This study has identified some factors such as effective communication, career development, and recognition as key drivers of employee engagement in Automobile Industry. Moreover, this study has ascertained that employee engagement helps the organization retain employees. All the companies - in Automobile Industry - have to focus on career development as it fortifies and reaffirms the commitment of the employees.

REFERENCES

[1] M. Alan Saks, "Antecedents and consequences of employee engagement," *Journal of Managerial Psychology*, Vol. 21 Issue: 7, pp.600-619, 2006.

- [2] S.L. Albrecht, "Handbook of Employee Engagement: Perspectives," Issues, Research and Practice. Cheltenham: Edward Elgar Publishers, 2010.
- [3] S. Bates, "Getting engaged", *HR Magazine*, Vol. 49 No. 2, pp. 44-51, 2004.
- [4] R. Baumruk "The missing link: the role of employee engagement in business success," *Work span*, Vol. 47, pp. 48-52, 2004.
- [5] Cristina de Mello , e Souza Wildermuth and Patrick David Pauken, "A perfect match: decoding employee engagement – Part II: engaging jobs and individuals," *Industrial and Commercial Training*, Vol. 40, Issue: 4, pp.206-210, 2008.
- [6] F.D. Frank, R.P. Finnegan, and C.R. Taylor, "The race for talent: retaining and engaging workers in the 21st century," *Human Resource Planning*, Vol. 27, No. 3, pp. 12-25, 2004.
- [7] R. J. Joshi, and J. S. Sodhi, "Drivers of Employee Engagement in Indian Organizations," *The Indian Journal of Industrial Relations*. Vol. 47 ,No. 1, 2011.
- [8] C.R. Kothari, "Research Methodology: Methods and Technique," New Age International Publication, 2004.
- [9] N. Kress, "Engaging your employees through the power of communication," *Work span*, Vol. 48 No. 5, pp. 26-36, 2005.
- [10] P. Little and B. Little, "Employee engagement: conceptual issues," *Journal of Organizational Culture, Communications and Conflict*, Vol. 10, No.1, pp. 111-120, 2006.
- [11] A. Richman, *Everyone wants an engaged workforce how can you create it?*, *Work span*, 49, pp. 36-39, 2006.
- [12] K.Shaw, "An engagement strategy process for communicators," *Strategic Communication Management*, Vol. 9 No. 3, pp. 269, 2005.