

THE IMPACT OF PROFESSIONAL DEVELOPMENT ON THE ENGAGEMENT AND PERFORMANCE OF EMPLOYEES IN THE AUTOMOBILE INDUSTRY IN INDIA

S.A. Saha, I. Sil, S. Deokota
Dr. D. Y. Patil B-School, Pune, MH, India
sonali.saha@dpu.edu.in

ABSTRACT

With the rise of people analytics, understanding an organization's employees has risen to new levels. The review of literature on the related area reveals that even among employees who aren't offered professional development opportunities, an extraordinary amount believes they're a big deal. Professional development opportunities are a great benefit for modern companies seeking to increase the performance of their employees. The performance of the employee increases as employees get more engaged at their work. The current study presents an analysis of the impact of professional development on employee performance. The study considers a sample of 213 employees from the Automobile Manufacturing organizations in Mumbai, Maharashtra. The study considered the following key variables: frequency of professional training, number of professional training opportunities and the level of support offered to employees for professional training. The results of the study indicate that frequency of professional training, number of professional training opportunities and the level of support offered by the organization towards professional development are positively correlated with the performance and work engagement of the employees.

Keywords: professional development opportunities, employee retention, employee performance, Indian automobile industry, employee engagement.

1. Introduction

When it comes to staff retention, it's a big deal all over the world. As a general rule, most businesses are rated on the performance of their employees. The total success and longevity of a company is primarily dependent on the performance of its employees. In order to keep their best workers, high-performance organisations create environments where each person may perform at or above his or her maximum potential.

1.1 Professional Development and the Indian Automobile Industry

The Indian Automobile industry is vast, with the size of the domestic market being estimated to be more than 100 million consumers. This industry continues to grow at a rate of 12% per year.

There are many reasons to provide professional development opportunities for employees. One reason is that it helps increase the job skill and competency of the employees, which then increases their performance and productivity. Professional development opportunities can help grow and foster creativity through workshops and other methods, as well as help with problem-solving skills.

Professionally developed employees also have a greater respect for themselves and others by having a better understanding of themselves as individuals with multiple roles in life. They also often feel more valued by employers when they offer such professional development opportunities.

Professional development is often tied to an organization's mission and goals. Many business people believe that professional development affords companies the opportunity to better serve their customers.

While if an organization has a mission statement, mission statements are usually short and don't provide much detail about how the organization hopes to accomplish its objectives. This results in many employees not receiving any professional development opportunities outside of what is outlined in the mission statement; providing the opportunity for employees receive professional development opportunities outside of their focus on their official responsibilities can be difficult. However, this can be addressed by offering specific professional development opportunities—in other words, by providing certain opportunities for employees to learn specific skills or knowledge that could contribute to their success (or failure) at work.

Building a system of professional development is not simply an undertaking by themselves. Their needs must be incorporated into work redesign and other organizational practices; they must be integrated into business plans; they need to be integrated into performance appraisal and compensation systems. They also need to work hand in hand with other important aspects of strategic planning such as strategic alignment, people issues, and change management.

There are many reasons why an organization should incorporate professional development opportunities into its workplace:

While the benefits listed above, specifically those that help increase job performance and growth, can generally be achieved through informational and awareness-raising professional development opportunities, there are some benefits that only come with the creation of new job skill or competency based programs or initiatives. New job skill or competency based programs or initiatives can help improve customer service, increase employee productivity, and ensure that employees meet company standards.

In the Indian Automobile industry, there are various courses offered to the employees. These courses vary from the basic ones to the advanced ones. The difference between these two types of courses is that basic courses are intended for all employees whereas advanced ones are limited to only those who work in an off-road vehicle department. All other departments follow the same general rules and treat their employees similarly, or almost so, with regards to pay or benefits distribution.

The amount of time devoted by employers (or managers) towards professional development varies considerably according to different factors such as the sectorial area in which they operate, their organizational structure and size.

In most organizations, especially in the public sector, managers do not have a great deal of control over how much they can spend on professional development activities. In fact, most managers have to work with limited resources and often have to prioritize different departments in the organization according to the kinds of needs that they have.

This means that in order to create a sustainable and effective system of professional

development in a company, it is fundamental that all elements in the system are focused on ensuring meaningful learning experiences for the individual employees among the various different professionals that make up their organization. Furthermore, the learning needs of each individual should be assessed on a regular basis to ensure that they are being met. Because of the vastness of the Indian Automobile industry, it is not possible to discuss its entire employee retention scenario, however some pioneering steps have been taken by various companies.

For example, Maruti Suzuki has started a project called the Career Growth Program (CGP) to retain employees. The project was initiated because of a growing attrition rate in Maruti Suzuki which was affecting their business.

They have devised a process through which employees are kept engaged under professional development opportunities which are designed to meet each individual's needs and aspirations. So far this program has proven to be very successful.

Professional development is often financially rewarded by many employers through their existing programs that reward income growth or salary increases. These are some examples of the ways in which employers are providing professional development opportunities for their employees.

1.2 Professional development programs and incentives offered in the Indian Automobile Sector

Some of the most common programs are:

a. Incentive-based programs Incentive-based programs usually offer rewards in the form of money to employees who participate in professional development courses offered by the company. These programs can be offered to all employees, or to a select few based on performance.

b. Bonus plans.

These plans reward companies that provide a larger rate of increase in revenue or profits, and is usually given in the form of a bonus that is paid out at the end of a fiscal year.

c. Merit-based pay increases. A merit-based pay increase rewards employees for their hard

work and dedication towards their job, and it is often implemented as part of an individual's performance appraisal plan.

d. Individual job performance incentive plans. These plans are offered by organizations to employees who perform consistently well in their roles and can be an effective way to reward good workers, while also encouraging others to work harder.

e. Group incentives. Group incentive programs usually reward specific teams or departments within an organization or company for achieving goals set out by the organization.

f. Team Incentive Plan (TIP) This plan is usually offered to employees who make up a particular team within an organization, and is designed to encourage collaboration among the members of this team towards a common goal or objective

g. Community service The Indian Automobile industry being so vast, often has an impact on the local communities in which it operates. Many employers have started offering volunteer opportunities to employees in order to help nurture a sense of community and responsibility towards their surroundings.

h. Leadership development programs leadership development programs intended to train and prepare employees for leadership roles within their organization, so they can become more effective and efficient within the firm and contribute towards better business results

i. Maternity/paternity leave: Employers sometimes extend the existing maternity/paternity leave policy of the organization for employees who are participating in professional development activities, such as training courses or volunteer work.

2. Literature Review

Studying the influence of training on organisational commitment in multinationals of the Chinese service sector (Newman et al., 2011), researchers found that staff turnover can be reduced by training. A total of 437 Chinese employees from five different Chinese corporations participated in the research. These specific individuals emphasised the role

training plays in strengthening an employee's bond with the company. As a result of their education, individuals have a better understanding of their value to the company.

According to Bashir et al. (2009), the employees of any organisation are the most significant because they are the ones who generate or provide their products or services. Employees that remain in their positions for an extended period of time will help the organisation. As an employer, it is critical to know how an employee can stay in the organisation, and this information is crucial. According to prior research, there are a number of elements that contribute to employee retention. Career possibilities, work atmosphere, and work-life balance all play a role in employee retention. When people take pride in their work, they are more likely to put in extra effort. When it comes to whether or not an employee decides to stay with an organisation, factors like work atmosphere, compensation, advancement opportunities, and a healthy work-life balance come into play.

Making employees happy and retaining them in the workplace is the responsibility of human resources professionals (HR professionals). Opportunities for advancement within the organisation and for employees to upgrade their skills through training and education are provided. Due to lack of training and promotion chances, high-performing staff decided to depart.

Every firm that wishes to remain competitive in this era of rapid technological change must provide their personnel with training to keep up with the ever-changing technologies. They need to improve the abilities of their workers. The planned intervention that aims to improve the factors that influence a person's job performance is what we mean by "training." In order to determine whether or not further training is required, a company must first undertake an analysis and evaluation to determine whether or not this is the case. For this, the organisation will need to conduct performance assessments that will reveal whether or not more training is necessary and, if so, what specific areas will benefit from it. Various HRM techniques, such as on-the-job training, vocational training, general and specific training, all rely heavily on training as

a component for employee retention and growth.

According to Villegas (2006), employee performance has a clear correlation with training. A reduction in employee absenteeism and an improvement in productivity can both be facilitated by training. Employees perceive that their employers are providing them with opportunities for progress in their careers when they participate in professional training. Employees appreciate the fact that their company values them highly and is willing to make a significant investment in them as a result. As a result, employees are more motivated, and they produce better work.

In his article, Samganakkan (2010) explores the impact of HR policies like training, evaluation, and professional growth chances on employees' desire to stay and motivation. Professional growth, according to his findings, has a significant impact on both staff output and motivation. In order to demonstrate that it is a good employer and to succeed in the long term, the company must provide professional development opportunities for its personnel. Professional development, according to him, is an essential element in retaining and maximising the productivity of personnel.

3. Methodology

1. The study focused on the effects of professional development on employee performance in 10 Automobile manufacturing units that have their offices in the Mumbai Metropolitan Region.

2. 213 white collar employees were chosen for the purpose of the study, using convenience sampling. (The employees were selected from: Mahindra, Eicher, Ashok Leyland, Mahindra Renault and Honda, approximately 45 employees from each)

3. The researcher designed and validated a 10-point each questionnaire for assessing the impact of professional development on:

- a. Employee Engagement
- b. Employee Performance

5. Checked the questionnaire for validity using Cronbach's Alpha.

d. Seek responses on a 5-point Likert Scale to gauge the level of impact (From "no impact at all" influential to maximum impact)

6. Conducted the survey

7. Summarized the responses, and analysed the results

Hypothesis:

H1: Number of professional development opportunities are positively correlated with the employee performance and employee engagement.

H2: Level of support offered to the employees for professional development is positively correlated with the employee performance and employee engagement.

The study was conducted across automobile manufacturing organizations who have offices in the Mumbai Metropolitan Region.

Scheme formed for testing of hypotheses

1. Responses were collected under 3 sections:
 - a. Professional development (Frequency and Level of support offered)
 - b. Employee Engagement
 - c. Employee Performance

For b. and c above, of the questionnaire on a 5-point scale (No impact at all, Less Impact, Average Impact, High Impact and Maximum Impact). However, level of support was judged on a 5 point likert scale that begun with 1= no support at all, 2= less support, 3=average support, 4 = Substantial Support and 5 = Full Support.

b. The Likert responses were considered for calculating the mean values and correlation analysis was used.

c. Since the researcher has used non-parametric data for a parametric test (One Sample T test), a more stringent alpha level of 0.01 was chosen (Murray, 2013).

d. In order to check the internal validity of the questionnaires, Cronbach alpha values were calculated.

4. Results

1. Firstly, the Cronbach's Alpha values were calculated for the 3 items under consideration. Following were the results:

Table 1 Reliability Statistics

Item	Cronbach's Alpha	N of Items
Professional Development: Number of programmes and opportunities	.834	6
Professional Development: Level of Support offered by the organization	.798	12
Employee Engagement	.881	10
Employee Performance	.801	10

Table 2. Correlation Analysis

		Employee Engagement	Employee Performance
Professional Development: Number of programmes and opportunities	Pearson Correlation	.809**	.831**
	Sig. (2-tailed)	.000	.000
	N	213	213
Professional Development: Level of Support offered by the organization	Pearson Correlation	.820**	.819**
	Sig. (2-tailed)	.000	.000
	N	213	213

The above table shows that:

Professional Development: Number of programmes and opportunities has a highly significant positive correlation with the employee engagement and employee performance and

Professional Development: Level of Support offered by the organization has a highly significant positive correlation with the employee engagement and employee performance.

5. Conclusion

The Indian Automobile industry is vast, with the size of the domestic market being estimated to be more than 100 million consumers, and around 8000 new car models produced annually. This industry continues to grow at a rate of 12% per year.

The industry is highly competitive with many companies competing for share within the limited number of customers available. Global brands are aligning their operations in India in order to gain an advantage over their competitors. They are bringing their global expertise, investment and technology but also have created local market leaders that have taken advantage of this opportunity by remaining close to their markets while providing superior product quality, style and customer experience which has become consistent with global best practice standards.

Most of the employees working in this industry are entry-level and mid-level professionals with only a few managerial positions available. This is very different from western industries, since most of the workers in foreign countries such as America and Canada belong to management and professional positions.

There are now many training programs that serve to educate these employees about how they can use their skills to be more effective at their job, what they need to do to advance within their organization and what courses must be taken in order for them to qualify for promotion. This is a positive sign since it shows that Indian companies recognize the importance of having well trained employees and the benefits that come with it.

Professional development is often mentioned as a means to increase job performance, but this can be difficult to show on financial statements. Financial metrics must be clearly defined, with goals that are measurable and achievable. Professional development costs need to be tied into these goals or metrics to show ROI or return on investment. Having a clear path to implementation of goals will increase the likelihood that staff will invest time and energy into their goals.

References

1. Anis, A., Rehman, I., Nasir, A., Safwan, N., (2010). Employee retention relationship to training and development: African journal Business management.
2. Bashir, S., Tirmizi, S. R., Noor, A., & Shoaib, M. (2009). Determinants of Employee Performance in Telecom Sector of Pakistan.

3. Holtom, B. C., Mitchell, T. R., Lee, T. W., & Inderrieden, E. J. (2005). Shocks as Causes of Employee Performance: What they are and How Organizations can Manage them.
4. Kumar, A. (2012). Measuring the Women's Involvement in Purchase Making Decisions. *International Journal of Marketing and Technology*, 2(2), 255-276.
5. Kumar, A., & Brar, V. (2012). Intrinsic Reward System & Motivation: A Study of Management Teachers Perspective. *International Journal of Human Resource Management and Research*, 2(4), 33-44.
6. Kumar, A., Walke, S. G., & Shetiya, M. M. (2018). Evaluation of ESOPs as a reward management practice in the Indian IT industry. *International Journal of All Research Education and Scientific Methods*, 6(7), 46-50.
7. Newman, A., Thanacoody, R., & Hui, W. (2010). The Impact of Employee Perceptions of Training on Organisational Commitment and Performance Intentions: A Study of Multinationals in the Chinese Service Sector.
8. Rana, T. M., Salaria, M. R., Herani, G. M., & Amin, M. A. (2009). Identifying Factors Playing Important Role in the Increasing Employee Performance. *Indus Journal of Management and Social Sciences*, 2(3).
9. Samganakkan, S. (2010). mediating role of organizational commitment on HR practices and turnover intention among ICT professional. *management research*.
10. Villegas, R. (2006). Training is not enough. Retrieved June 2017, from Saipan Tribune: [http://www.saipantribune.com/newsstory.aspx?newsID=62172 &cat=3](http://www.saipantribune.com/newsstory.aspx?newsID=62172&cat=3).