

## A STUDY OF HR ISSUES AND CHALLENGES OF GLOBAL AUTO COMPONENT INDUSTRIES

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### ABSTRACT

*Auto and auto component industry is of great importance to any country due to its high contribution to the GDP and generation of direct and indirect employment opportunities. Given the global nature of the industry, HR plays a vital role in the growth of the industry. The industry is grappled with typical HR issues such as talent management, employee turnover, communication and moreover, faces the challenges posed by covid-19 pandemic. Talent management is the most important issue which ensures retention of high-quality resources which in turn result in the competitiveness of the firms. The recent covid-19 pandemic has posed new challenges like never before. Keeping the distant workforce motivated and engaged remains the key challenge for the HR. Lastly, the HR needs to drive sustainability through initiatives such as CSR and Green HRM.*

**Keywords:** Covid-19, Talent management, Compensation, Employee turnover, Green HRM

### Introduction

The Indian auto-components industry has encountered sound development in the course of the most recent couple of years. The auto-components industry expanded by a CAGR of 6% over FY16 to FY20 to arrive at US\$ 49.3 billion in FY20. The industry is expected to reach at US\$ 200 billion by FY26. Because of high development prospects in all portions of the vehicle industry, the auto component sector is expected to grow by double digits in FY22.

Auto-components industry represent 2.3% of India's Gross Domestic Product (GDP) and utilizes as numerous as 1.5 million individuals directly and indirectly. A steady government framework, increased purchasing power, huge homegrown market, and an always increasing development in infrastructure have made India a great destination for investment (ibef.org, 2021).

Given the global nature of the business (around 25% sales derived from exports), HR plays a vital role in the auto components industry. The industry is grappled with typical HR issues such as talent management, employee turnover, communication and moreover, the challenges posed due to covid-19 pandemic.

### Literature Review

There is limited literature available on the topic of HR issues and challenges in the Auto Component industry. Below are a few abstracts.

Sahoo (2020), has posited that, the reason for this paper is to investigate the situation with lean manufacturing in the Indian automotive sector, component manufacturing industries as far as lean adoption, benefits, motivation, and challenges of implementing lean manufacturing practices. The examination destinations were accomplished by conducting a qualitative multi-case study approach. Fourteen Indian automotive component manufacturing little and medium-sized enterprises (SMEs) were picked dependent on their distinctive item offerings just as differing approaches to the introduction and execution of lean initiatives. Information was gathered through in-depth, semi-structured interviews upheld by shop-floor perceptions. The findings from the current study recommend that a portion of the participating automotive component manufacturing SMEs have a generally decent understanding of lean ideas and reasoning. In any case, there is space for additional improvement for most SMEs. Significant top five lean practices being carried out were observed to be cellular manufacturing, total productive maintenance, 5S, work standardization, and quality management practices. Additionally, leadership and organizational culture were observed to be vital elements for the achievement of lean manufacturing.

Singh and Pandey (2020), have argued that, lately, Green Human Resource Management,

Green HRM has come up generally and is viewed as an integral piece of organizations. The viable execution of it relies upon the far and wide adoption of Green HRM by its employees. This examination paper means to dissect the Green HRM practices impacting employee engagement in the auto clusters in Delhi/NCR. The auto clusters in Delhi/NCR are very competitive and resourceful however as of now facing a great deal of challenges because of industry 4 changes. The main objectives are - i) to identify and extract the key Green HRM practices in the auto clusters, and ii) to examine the relationship between Green HRM practices and employee engagement. For this, the quantitative cross sectional study design approach was embraced, and information produced from 300 employees from the auto groups were dissected using exploratory factor analysis (EFA) and multiple regression analysis, in SPSS. The study results uncovered the critical indicators of employee engagement as-Green Recruitment and Selection, Green Employee Relations, Green Induction, Green Training and development. Notwithstanding, Green Performance Management was not a prominent dimension impacting employee engagement.

Kulkarni (2017), has opined that, performance management is the current popular expression and is the need in the current times of cutthroat competition and the organizational battle for leadership. Performance management is a lot more extensive and a confounded capacity of HR, as it includes exercises, for example, joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programs and rewarding achievements. The course of performance management begins with the joining of another incumbent in a framework and closures when an employee quits the firm. Performance management can be viewed as a methodical interaction by which the general performance of an organization can be improved by improving the performance of individuals within a team framework. It is a method for promoting predominant performance by communicating assumptions, defining jobs within a necessary skill framework and establishing reachable

benchmarks. For this study auto organizations in Nagpur city are picked. In request to gather information structured questionnaire was prepared. The findings of this exploration are drawn based on responses got from the survey. According to Kurbetti and Maheshkar (2020), today organizations are drawing in themselves in giving back to the society. They are widening their vision to foster a sound and wise nation alongside the business. CSR drive makes a huge effect on the society. This action is brought through corporate engagement and partnerships. Organizations are understanding the significance of CSR drives and are effectively pacing towards it. The exploration paper illuminates the interaction continued in Auto Component industry in Pune industrial belt. In light of the different practices took on by significant organizations, the researcher has studied the current role of HR and its issues and challenges. This investigation will attempt to discover significant areas of CSR in Auto Component industry. By understanding the appropriate areas of CSR, organizations can unite organization worker volunteers and serve the society in a superior manner. It can propel its representatives to serve the country as mindful resident. This paper is absolutely founded on the secondary information and reactions from experts which are reflected. Analyst has assessed the accessible information, literature accessible and cooperation with key individuals in association and society.

According to Sheriff (2013), staffing or acquisition of efficient manpower is the imperative task of HR department. Recruitment and selection are the quintessential steps involved in staffing process. As a consequence of globalization, organizations across the world witnessed vigorous development and tremendous expansion. This necessitated Indian auto-component firms to embrace e-technological tools with their recruitment and selection practices in order to create a huge pool of talented workforce to meet ever-increasing demand. E-recruitment sources like intranet, job portals, company websites and Social Networking Sites (SNS) have been assuming a predominant part in appealing the prospective employees and animating them to go after the position and E-Selection

techniques then again have simplified the process of selection and have made it profoundly effective. This paper manifests the manner by which auto-component firms have been leveraging e-technological tools to increase the efficiency and effectiveness of their recruitment practices by reducing-cost and cycle time of recruitment and by increasing candidate volume. It additionally explores the ramifications of e-recruitment on process consistency and auditability of recruitment practices.

Moreover, Kurtkoti (2018), Geetha (2017) and Jordaan (2008) have dealt with various aspects of HR challenges wrt Auto Component industry.

### **HR Issues and Challenges**

1) Talent availability: All significant HR studies have indicated that there is a basic shortage of ability in both the technical and commercial levels in the Auto industry. The deficiency is very high. Because of the inaccessibility of appropriate ability, the organizations are now and again forced to think twice about the quality of abilities. Additionally, there has been an absence of earnestness from the industry side to resolve this issue. There is an earnest need from the bottom of the industry to resolve this issue.

2) Compensation: Compensation is another area, where the industry is facing an issue. The yearly increase in compensation in the Auto industry is much more modest than in the manufacturing industry. The attrition has ascended from 8% – 10% prior to around 13%-14%. However, of late, there has been an acknowledgment of the requirement for intense new thinking, initiatives, original examination, product development, and an increased spotlight on people issues.

3) Communication gaps: It is obvious that in many organizations there is an inherent mismatch between the organizational initiatives reported by the top management and those that are perceived by the CXO and sub CXO professionals. There is a communication gap in the Automobile industry as the strategies of the top leadership to enthuse the future leaders are not getting properly communicated. The professionals can't comprehend and appreciate the activities, with which the core

benefits of the organization are related. This eventually prompts unfulfilled professional aspirations (Talentpro India, 2019).

4) COVID-19: The pandemic has posed new challenges like never before. The pandemic has forced lockdowns and WFH situations. Keeping the employees engaged and motivated remains a key HR challenge. A part of the workforce is likely to continue to work from home and HR needs to be ready for this new normal.

5) Sustainability: One of the most important issue facing the HR is Green HRM and CSR. As the organizations become large and global, sustainability assumes great importance. Employees need to be engaged with the Green HRM initiatives, which will then become an organization wide change.

### **Conclusion**

Auto and auto component industry is of great importance to any country due to its high contribution to the GDP and generation of direct and indirect employment opportunities. It drives the economy by fueling growth in the steel, chemicals, electronics, rubber, plastics and other allied industries. Given the global nature of the industry, HR plays a vital role in the growth of the industry. The industry is grappled with typical HR issues such as talent management, employee turnover, communication and moreover, faces the challenges posed due to covid-19 pandemic. Talent management is the most important issue which ensures retention of high-quality resources which in turn result in the competitiveness of the firms. Low compensation is another issue which if not handled properly will result in high employee turnover and higher training costs. The recent pandemic has posed new challenges like never before. Keeping the distant workforce motivated and engaged remains the key challenge for the HR. Last but not the least is to drive sustainability through initiatives such as CSR and Green HRM. As the organization matures it needs to play its role in sustainable development and these issues assume great importance. Summarily, the auto components industry is facing a lot of challenges and HR needs to play a vital role in addressing them.

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