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**JOB SATISFACTION IN AUTOMOBILE SECTOR
DURING ECONOMIC RECESSION – WITH
SPECIAL REFERENCE TO TWO-WHEELER
INDUSTRY IN INDIA**

Job Satisfaction in Automobile Sector during Economic Recession – With Special Reference to Two-Wheeler Industry in India

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Abstract: *In the current competitive environment, human resources management is a complex activity that determines, to a large extent, the organizational effectiveness. The main purpose of this article is to analyze attitudes of staff towards their job in case of economic recession; many financial rewards mainly generate short-term boosts of energy, which can have damaging unintended consequences. Indeed, the economic crisis, with its imperative to reduce costs and to balance short- and long-term performance effectively, gives business leaders a great opportunity to reassess the combination of financial and nonfinancial incentives that will serve their companies best through and beyond the downturn. As industry moves forward in deploying lean concepts, it is important to recognize the potential benefit for attacking waste in above-the-shop-floor processes. This paper attempts to analyze the impact that recession has on motivation and job satisfaction level of employees in automobile sector as well as the attempts made by organizations to keep employees satisfied and retain the best talent in troubled times.*

Key words: Job satisfaction, Lean, automobile sector, retention, economic recession etc.

INTRODUCTION

The economic crisis of 2007 presents substantial challenges. It has exposed the flaws in the global economy operations all over the world and has developed a need to work for the reform of international financial architecture. The impact of the global crisis on economy became visible during the last quarter of 2008 when the real GDP growth rate starts showing downward trends. Almost each sector in the economy, including Automobile sector, which is the leading sector, registered negative growth rates.

The end of World War I saw a quantum change in the way industry and industrialization across the world was perceived. Many new economies and markets emerged and also many markets got redesigned according to the effects on those countries across the course of the War. It was very interesting to see these economies, which belong to countries, suffering badly from the war; shape out after all the violence and get back on track to avoid suffering from bankruptcy and poverty. It is a surprising fact that those very countries that were affected really badly in the war, that sprung back in a leading the industrial revolution today. The first World War took place when the industrial revolution was established and the IInd world war took place in a completely industrialized world but by the end of the IInd World war, It was seen that new economies were emerging and there was a radical change in the economies affected by the War; in fact it would be more appropriate to say that the world now

no longer had the USSR as the clear leader in terms of economic standing as also; military might was fast becoming less viable way of showing a country's progress on the world stage; economies started in believing in the power of industrialization and the benefits brought in by the industrial age as their paths to progress; many war torn states like Japan and Germany took fore seat in post WW-II manufacturing efficiencies and overtook many countries successful in the War too . Also the aftermath of the War saw economic downturns in many of these countries as they couldn't simply sustain the economic strain put by the war. India, Spain and Brazil were three new economies reborn after the War period and waiting to see the light of the day. Today also India is recovering from an Economic Recession, and the topic of study is very befitting.

PROBLEM STATEMENT:

The crisis impacted firms at the micro level. This research will be conducted to find out the effect of economic down turn on the job security and motivation of employees working in the automobile sector in India the existing literature supports the view that the sensitivity of employee motivation and job security level magnifies during economic downturn. Previous studies conducted by CIPD have also supported this relationship. Present research work is to apply the model in the context of Indian automobile sector.

OBJECTIVE:

Main objective of the research will be to study the

- * Impact of economic downturn on Job Security
- * Impact of economic downturn on Job Motivation
- * To find the underlying causes of sensitivity of employee satisfaction level to financial crises.

SIGNIFICANCE OF STUDY:

In the current global economic scenario, virtually few research studies have been conducted on the dimension of job security and job motivation in the context of economic downturn. The current study will be conducted to find out the relationship between economic distress & employee satisfaction of automobile sector industries of India during the economic crises. This study is important to company employees as it will show how the economic/financial crises can disturb their jobs.

LITERATURE REVIEW:

The Global Economic Crises has an effect on all the regions of the world. It is evident from the past that a crisis has always created problems for all the sectors of the economy and negatively affected the performance of the industries.

The relationship between economic distress and employee performance has been examined in various studies during diverse periods of economic downturn, recession or crises. In a study conducted by the researcher Claessens, to test the relationship between economic distress and employee performance during the Asian Economic Crisis of 1997-1998, he studied eight East Asian economies using a sample of 277 firms.

Despite the recession, the CIPD has reported a rise in job satisfaction in the UK.

According to a new study by the Chartered Institute of Personnel and Development (CIPD), job satisfaction among UK employees has surprisingly increased despite the economic downturn.

In a survey of more than 3,000 employees, the CIPD found that the net proportion of people satisfied with their job had risen considerably since 2006. The proportion of people whose jobs make them cheerful has also seen a significant rise.

However the CIPD suggests that the rise could be attributed to the fact that people are more likely to adopt a "grin and bear it" attitude during the economic crisis.

The survey also suggests that there are some underlying problems that could cause weakened

morale in the near future. 75% of respondents have stated that their organization has been affected by the recession with half of them reporting an increase in work-related stress as a consequence.

The global downturn has given some employees cause for concern with the proportion of people who say their job makes them worried or tense rising from 2006 figures. In addition, nearly six out of ten employees state that they are worried about the future.

Ben Willmott, Senior Public Policy Adviser at the CIPD, said: "Job satisfaction may have edged up -- but this could be the employee opinion survey equivalent of a fixed grin.

"Employees grateful to have a job at all are less likely to grumble, and more likely to see scorched earth rather than greener grass on the other side of the fence."

Mr. Willmott goes on to state that the "survey highlights the impact the recession is having on the workplace" and warns employers of potential problems associated with the downturn.

He said: "Without action to tackle some of the stresses and strains that are clear in our survey, employers could find employee health and wellbeing deteriorating, and employee engagement tailing off at precisely the time they need all hands to the pump to survive the recession and thrive in the recovery."

Similar studies have been conducted on a regional basis, and in a report compiled by the World Bank, the impact of Asian economic crisis has been studied pertaining to its effect on Malaysian Production Industry. In the result of the survey conducted, it was observed that all the firms faced a reduction in output resulted in reduction in employment level. Another study by United Nations Economic and Social Council Economic Commission for Africa discussed about the impact of economic crises on Africa.

The impact of economic distress on the employee's performance has been tested. The study conducted by Bergstrom and Sundgren (2002), has negated this relation in light of restructuring of the firms. According to Bergstrom and Sundgren, the effects of economic distress on employees are negligible. They further studied the changes in performance after the reorganization of firms along with the costs and benefits of economic distress on Swedish firms and found no significant impact on employee after reorganization.

Various models have been used as proxy for employee's satisfaction and determining its relation with economic distress. One such study has been conducted by Sori (2006), to test the employee's satisfaction in economically distressed firms in Malaysia due to the Asian Economic Crisis of 1997. He made use of Multiple Discriminant Analysis

(MDA) to ascertain the discriminating power of the variables, particularly to test the corporate distress for Malaysian companies. John, in his article presented a model to manage economic distress. Mechanisms to deal with economic distress involved restructuring the financial contract, asset restructuring, private debt restructuring. Another model of financial restructuring used was, to raise additional current liquidity by issuing new financial claims against future cash flows generated by the assets, which may avoid or reduce premature liquidation of these assets.

Additionally, it was observed that economic distress did not obstruct the satisfaction level of the employee, which was as efficient prior to reorganization as after, and that the economic distress is not particularly costly in the sense that it may affect the performance of firms.

Studies conducted by Bergström and Sundgren (2002), have negated this relation in light of restructuring of the firms. According to Bergstrom and Sundgren, the effects of economic distress on employee's satisfaction level are negligible. They further studied the changes in performance after the reorganization of firms along with the costs and benefits of economic distress on Swedish firms and found no significant changes in performance after reorganization. Additionally, it was observed that economic distress did not obstruct the performance of the employee, which was as efficient prior to reorganization as after.

Several models have been designed to test the potential failure of countries during the economic crisis. One such study has been conducted by Sori (2006), to test the economically distressed firms in Malaysia due to the Asian Economic Crisis of 1997. He made use of a model, which he developed to test the corporate distress for Malaysian companies. The study found that the final variables used in the model and the variables which have been used by most of the researchers are strongly correlated.

Another study by United Nations Economic and Social Council Economic Commission for Africa discussed the impact of economic crises on Africa. It was observed that the crisis has affected all the economies of the region irrespective of their economic condition; either they are rich, poor having fragile political conditions, small or large economy or oil or non-oil producing and exporting country.

In the study conducted by Smith & Liou (2007), the impact of economic sector in response to economic distress is analyzed. As a matter of evidence, several studies have proven the negative impact caused by the economic distress on employee job motivation and job security level. Sori (2006) noticed a strong relationship between the final variables in the

prediction model. Further studies have also proven similar results.

Another study has focused on the economic crises & how does the firms can rectify the situation. This study is conducted by Kose John (2007). This article presents a model to manage economic distress, mechanisms to deal with economic distress involve restructuring the financial contract, asset restructuring, private debt restructuring.

The purpose of this research was to analyze the impact of economic crises on the job motivation and job security of financial industry, using regression statistical methods. The relationship between economic distress and employee performance has been examined in various studies during diverse periods of economic downturn, recession or crises. This research will be conducted to check the impact of Economic Crises on the job security and job motivational level of firm's employee as per following model

METHODOLOGY

Research in common parlance refers to a search for knowledge. Once can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

The method of data collection for this research will be through a constructive questionnaire distributed to the employees of automobile sector in India. 70 questionnaires will be circulated among employees. The sample will comprise of 50 respondents. Following will be the research questions used in conceptual framework,

HYPOTHESIS

Ho : Economic Crises has a negative impact on the employee's job security and job satisfaction

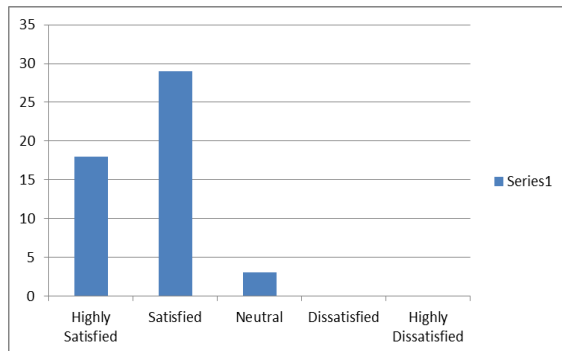
Ha: Economic Crises has no impact on employee's job security and job satisfaction

ANALYSIS AND INTERPRETATION:

DESCRIPTIVE STATISTICS

1. **Do you think that HR department extends adequate support?**

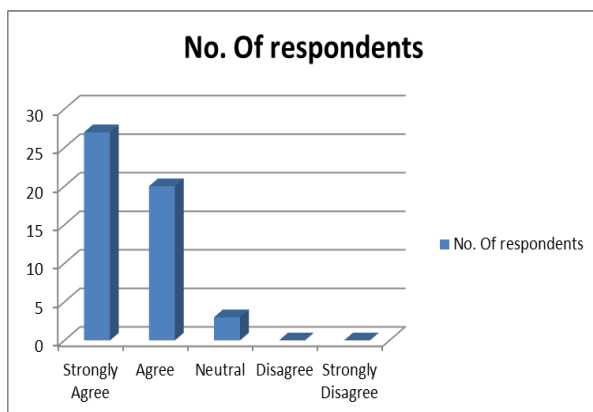
Sr. No.	Particulars	No.of respondents	Percentage
1	Highly Satisfied	18	36
2	Satisfied	29	58
3	Neutral	3	6
4	Dissatisfied	0	0
5	Highly Dissatisfied	0	0
Total		50	100



As depicted in above figure, 94% of the employees are satisfied with the support extended by HR department. There were no respondents who were dissatisfied by the support given by HR department.

2. Do you think that management is interested in motivating employees during Economic Recession?

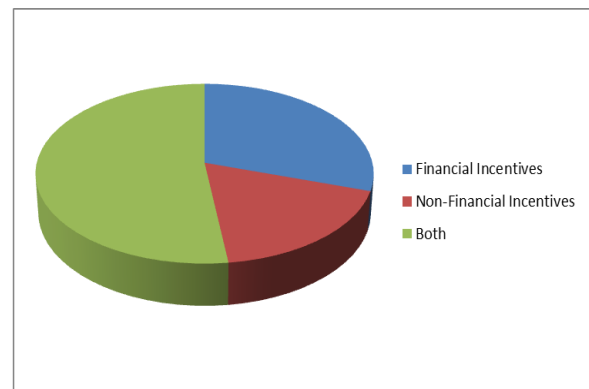
Sr. No	Particulars	No. Of respondents	Percentage
1	Strongly Agree	27	54
2	Agree	20	40
3	Neutral	3	6
4	Disagree	0	0
5	Strongly Disagree	0	0
Total		50	100



Result shows that 54% employees strongly agree with the motivation being provided by the management during economic recession and 0% disagree that management is interested in motivating employees.

3. What are the kinds of Incentives that has resulted in your satisfaction?

Sr. no.	Particulars	No.of respondents	Percentage
1	Financial Incentives	15	30
2	Non-Financial Incentives	9	18
3	Both	26	52
Total		50	100



Result shows that 52% of the respondents were satisfied with the financial and non financial incentives prevailing in the organization in the period of economic recession.30% of the respondents were satisfied with the financial incentives and 18% were satisfied with the non financial incentives prevailing in the organization.

4. Do you think that economic crisis has had an impact on your motivational level:

- No Significant impact
- Very Low impact
- To some Extent
- High Impact
- Very High impact

Sr.no.	Particulars	No.of respondents	Percentage
1	No significant Impact	25	50
2	Very Low Impact	21	42
3	To some Extent	4	8
4	High Impact	0	0
5	Very High Impact	0	0
Total		50	100

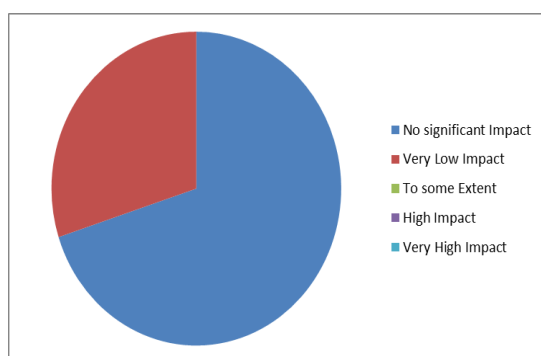


Result shows that 92% of the respondents believe that their motivation levels were not impacted by economic recession or has very minimal impact.

Q5. Do you think that economic crises has had an impact on Job Security

- No Significant impact
- Very Low impact
- To Some Extent
- High Impact
- Very High impact

Sr. no	Particulars	Respondents	Percentage
1	No significant Impact	35	70
2	Very Low Impact	15	30
3	To some Extent	0	0
4	High Impact	0	0
5	Very High Impact	0	0
Total		50	100



Result shows that financial crisis has no impact on the Job security of the Employees.

INFRENTIAL STATISTICS

Ho: Economic Crises has a negative impact on the employee's job security and job satisfaction

Ha: Economic Crises has no impact on employee's job security and job satisfaction

Mean	
Job Security	Motivational Level
4.7	4.4

Rated on 1 to 5 scale, with 1 very high impact and 5 no impact

Motivational Level (4.4)

Job Security (4.7)

Inferences: Since the means are 4.7 (Job Security) and 4.4 (Motivational Level) the null hypothesis i.e. **Economic Crises has a negative impact on the employee's job security and job satisfaction** is rejected and alternative hypothesis is framed i.e. **Economic Crises has no impact on employee's job security and job satisfaction**

RESEARCH FINDINGS

The information gathered has been used to evaluate different scenarios. Based on the findings of this research study, the following repercussions have been drawn regarding the impact of global economic crisis on automobile two wheeler sector of India with special reference to two wheeler players in the industry.

The employees who worked in both scenarios i.e. before crisis and after crisis environment strongly feel that the crisis has not affected their motivation level. The employees who worked in both scenarios i.e. before crisis and after crisis environment feel low threat to job security. Further, Employees having only post crisis job experience had shown high satisfactory results as they didn't work in a pre-crisis environment. Therefore, their response was highly positive regarding job motivation and job security.

DISCUSSION & RECOMMENDATIONS

The current research focused on exploring the impact of global economic crises on Job security and Job motivation of automobile sector employees with special reference to two wheeler industry. The global crisis has not impacted the job security and job motivation. The employees in the automobile sector are highly motivated and dedicated towards their job if they find their job secure and long lasting. Job

security is observed to be the important ingredient for keeping an employee loyal, affiliated and motivated.

The success of the automobile sector depends on the policy strategy developed for the human resource despite the recession; the CIPD has reported a rise in job satisfaction in the UK.

According to a new study by the Chartered Institute of Personnel and Development (CIPD), job satisfaction among UK employees has surprisingly increased despite the economic downturn.

In a survey of more than 3,000 employees, the CIPD found that the net proportion of people satisfied with their job had risen considerably since 2006. The proportion of people whose jobs make them cheerful has also seen a significant rise.

However the CIPD suggests that the rise could be attributed to the fact that people are more likely to adopt a "grin and bear it" attitude during the economic crisis.

. As pointed out by Ehasan, Danish & Usman (2010) that in the automobile sector, employees attachment with their organization is increased if they found their parent organization supportive and protective. Therefore, this study also supports the findings of Ehasan, Danish & Usman (2010).

The result of this study also support the findings of Joseph & Chang (2010; pp. 151) that "interesting work; good pay; full appreciation of work done and job security are outstanding drivers for employee motivation". Employees will feel highly affiliated and try to be the part of their organization if their organization is providing them secure and long term job opportunities. Generally, the automobile sector's outlook depends on the policies which it adopted in response to the economic crisis. Due to the global impact of the crisis, it is imperative to take corrective measures in the form of bailout packages and global coordination to break the vicious circle of failing capital market, increasing job losses, drying-up of credits and rapidly declining confidence that decreases the output and lowers the employment, which resultantly reduces the confidence.

LIMITATIONS & FUTURE RESEARCH

* In the current condition of automobile sector the respondents are very reluctant to respond the questionnaires.

* A limited set of parameters have been used to define the motivation and security level, although the research had got support from the findings, however, detailed parameters would have put forward the significant facts. For this purpose a comprehensive research is proposed to be conducted.

* Apart from above the "Time Factor" was also one of the limitations for this study.

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Questionnaire

Name:

Age:

Designation

How long have you been working with your Current employer: -----Years

Q1. Do you think that HR department extends adequate support? (Please tick the appropriate)

- ☐ Highly Satisfied
- ☐ Satisfied
- ☐ Neutral

- ☐ Dissatisfied
- ☐ Highly Dissatisfied

Q2. Do you think that management is interested in motivating employees during Economic Recession? (Please tick the appropriate)

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

Q3. What are the kinds of Incentives that has resulted in your satisfaction (Please tick the appropriate)

- ☐ Financial
- ☐ Non Financial
- ☐ Both

4. Do you think that economic crisis has had an impact on your motivational level? (Please tick the appropriate)

- ☐ No Significant impact
- ☐ Very Low impact
- ☐ To Some Extent
- ☐ High Impact
- ☐ Very High impact

Q5. Do you think that an economic crisis has had an impact on Job Security? (Please tick the appropriate)

- ☐ No Significant impact
- ☐ Very Low impact
- ☐ To Some Extent
- ☐ High Impact
- ☐ Very High impact