

A Study on the Effect of Covid Pandemic on Employee Empowerment in Indian Automotive Industry

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Abstract: The COVID-19 Pandemic enforced the obligation for multiple changes within the organizations, necessarily required to ensure the business continuity and survival of the business in the tough situation. Employee empowerment and satisfaction proved to be a vital and important factor for ensuring such continuance of the business, through its dominance on the business performance. Handling and mitigating the tough challenges proved to be critical to success factor during the Covid pandemic. Bad impact of the pandemic on the social factors which affects the employees creates a negative impact on the performance of the employees, causing stress and fear of job security. The automotive companies in the country implement multiple strategies to rationalize the impact of pandemic and create a positive environment within the organisation, which supports in reviving the business growth and employee empowerment. The aim of this paper is to study the impact of Covid pandemic on the automotive companies in terms of production, sales and how employee empowerment affects organizational efficiency during the Covid-19 pandemic. The study also establish a conceptual relationship framework between organisational performance and employee empowerment.

Key Words: Covid Pandemic, Organisational performance, Employee empowerment, Supply Chain, Manufacturing, HR practices etc.

1. INTRODUCTION:

Coronavirus disease was originated in Wuhan, China in 2019. The livelihoods of everyone across the globe was affected by the corona virus and declared as a pandemic situation by World Health Organisation (WHO). Covid 19 is a communicable disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Symptoms of this acute disease are fever, cough, headache, fatigue, breathing difficulties, and loss of smell and taste. Symptoms may begin from one to fourteen days after exposure to the virus and are distributed from mild to severe illness. As per the WHO data, out of total affected persons, 81% develop only mild to moderate symptoms (up to mild pneumonia), while 14% develop severe symptoms (dyspnoea, hypoxia, or more than 50% lung involvement on imaging) and 5% of patients suffer critical symptoms (respiratory failure, shock, or multi-organ dysfunction).

With the sudden rise of Covid cases across the globe, the havoc like situation is created with fear of uncertainty of how to overcome the situation. As soon as the virus start spreading from China to other countries, as a situation of emergency, Countries started declaring the travel restrictions and nation-wide lockdown for controlling the spread of virus. The sudden actions of the government puts the country and the economy at a halt.

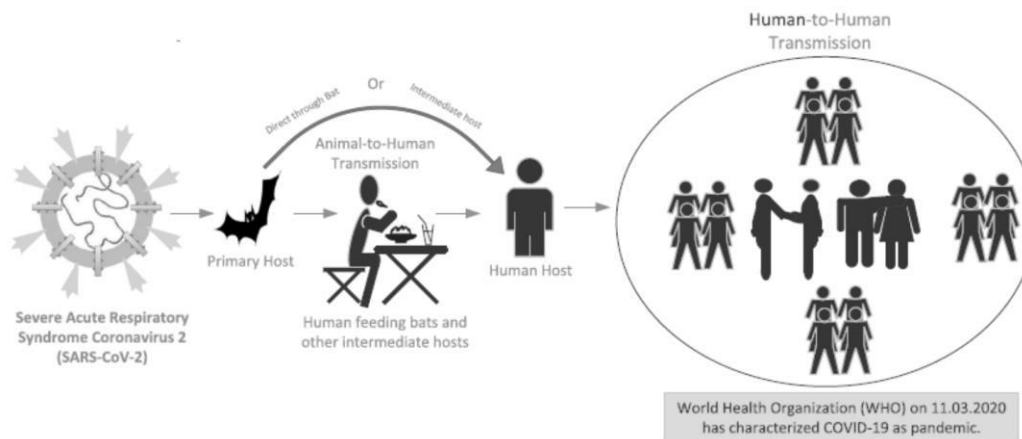


Figure 1: Transmission of COVID-19

Covid pandemic hit the global economies and markets because of the slowdown and country wide lockdown, because of which the economic transactions came to a halt. Year 2020 was a miraculous and arduous year for the global economy and industries. The global automotive industry has witnessed a slump and tight period of slowdown, leading to the dip in revenue generation and major impact on the vehicle cost due to disruption in supply chain, semi-conductor shortages and higher commodity prices. The pandemic created a crisis condition where the mobility solution become a challenge to overcome. Multiple modes of transportation is not accessible to the common people due to country-wide lockdowns. The Covid pandemic hit the global automotive sector significantly since the start of 2020. The vehicle sales declined by 13.8% in 2020 wrt 2019. The total sales stood at 78 million in 2020 vs 90.4 million in 2019.

For prevention of Corona virus spread, the lockdown was implemented in four phases in India. Phase 1 for 21 days from 25th March 2020 to 14th April 2020, Phase 2 for 19 days from 15th April 2020 to 03rd May 2020, Phase 3 for 14 days from 04th May 2020 to 17th May 2020 and Phase 4 for 14 days from 18th May 2020 to 31st May 2020. During the lockdown there were strict restrictions on social, religious, cultural and entertainment related activities, only essential services like bank, medical services, and grocery stores were allowed to operate for a defined time. In India, the lockdown has brought a sudden halt to all the economic transactions. According to the Ministry of Statistics, Government of India, the countries growth fell to 3.1% in the 4th quarter of FY 2020. Over 140 million people lost their job and the rate of unemployment has raised to the level of 26% in April 2020 vs 6.7% just before nation-wide lockdown in March 2020. For the overall lockdown period, countries' economic loss prediction was in the tune of \$2.8trillion.

The automotive sector in India is one of the prominent sectors of the overall Manufacturing segment with the presence of major auto giants and their ancillaries. The automotive companies' value chain scope is from Design to production and later marketing, sales and after sales of the vehicles. India has become the 4th biggest automotive market in 2019 and at that moment Covid pandemic hit the ever rising sector in India which is marking its print on the global automotive market. Indian Automobile Industry is a key driver of economic growth in the country. It is the largest sector within manufacturing, contributing to more than one-third of the manufacturing GDP in the country. The automotive sector contributing over 7% in the overall GDP of the country. The economic condition of the country is deeply inter-connected and inter-related with the condition of automotive sector, whereby the sector itself generated the employment to over 37 million people. With such a huge gamut of economic contribution, Covid has hit the automotive industry badly at the time when automotive companies were in a phase of technological advancement by shifting from BS4 to BS6.

With the ease of nation-wide lockdown, organisations start to open up with a robust revival plan in place, but with the uncertainty in the country the demand was less. During the tiring time, industries faced multiple issues related to revenue growth, employee health and wellness & employee motivation, which resulted into the substantial impact on the employee empowerment.

The VUCA (Volatile, Uncertain, Complex and Ambiguous) environment created an aura of recession, fear of job security, fear of ill health, de-motivation of employees. Organisations took multiple actions to ensure the business continuity and establish practices to maintain the health and wellness of the employees.

The main purpose of the study is to understand the effect of the covid pandemic on employee empowerment in Indian automotive companies. The study is conducted using the secondary data and collecting the situational facts during covid

waves. Since the effect covid is on humans and being the key resource of the organisation, it is important to study the effect of the virus spread on the employee's behaviour, motivation and empowerment in the automotive industry. Furthermore, the research is using the qualitative evidence and establish a relationship between employee empowerment and organizational growth during crisis condition of Covid pandemic.

2. LITERATURE REVIEW:

In the following section, literature review was carried out in association with the Indian automotive industry, its growth, employee empowerment and effect of Covid pandemic.

Raj and Kumar (2021) identified the significant problem faced due to slow down in economy/gross domestic in automobile industry. Researcher analysed the market using sales/production data collected from the organization. The challenges faced by autonomous vehicles with reference to camera and processing of captured image/video processing were discussed. Analysis of automobile Sales/Production shows the connection between market and GDP/economy.

Kumar and Kumar (2017) studied to determine effect of employee empowerment strategy which is executed by organization. The research was descriptive in nature. Survey method was adopted for data collection to find out the factors. The researcher used this research design is to know about the respondent's attitude and opinion about employee empowerment. Data was analyzed by using Cronbach's Alpha, Simple percentage method, Chi-square method, ANOVA method and Correlation method in SPSS software. The study evaluated the effects of various strategies adopted by the management for employee empowerment.

Sharma and Bhati (2017) analysed the relationship between empowerment and organisation commitment example personal growth, job satisfaction and organisational trust. The main objective of this paper was to examine the relation between organisational factor of motivation, empowerment and organisation commitment. For factor identification, factor analysis was used. The result revealed that 3 organisational factors of motivation viz operational autonomy, open communication and organisational support have positive influence on individual choice to stay in an organisation.

Shaju and Subhashini (2017) investigated the impact of job satisfaction level of employee working in automobile industry on job performance. The research was exploratory in nature. They carried correlation technique to find out the relationship between job satisfaction and performance evaluation. The outcome of this research is that there is a strong correlation between the level of job satisfaction and performance of employee. It was also revealed that employee with more job experience possess a higher degree of satisfaction w the employee with less work experience.

Singh Jatinder (2014) analysed that the Indian automotive industry has performed major shuffle after the industrial reforms started in 1991. Auto industry contributes to 8% of countries GDP. Economic reforms in the country helped the people to buy the two-wheelers and cars on easy loan schemes, showing the rapid growth in the country.

Jimmy Corton Gaddam (2013) investigated that growth of Indian economy and salaries in the countries enabled the higher consumer requirement. This helps automotive industries to increase their production to meet the market and consumer demand. The study also focussed on the low penetration of the industry and substantial future potential.

Lokhande, et.al (2013) explained about the effect of liberalization in 1990 which supported the Indian automotive industry to open up and become highly competitive. For making the effective outcome of the liberalization, industry needs to inculcate the innovative practices and being creative in their marketing strategies.

El-Chaarani (2021) examined and explained that Covid-19 pandemic is the one of the key contributor of affecting the organization's services and manufacturing operations.

M. Krishnaveni, et.al (2015) analysed that the Indian automotive industry has been growing on a regular basis with high level of production and exports year on year. The increase in foreign direct investment (FDI) has contributed for the rise of automotive sector in the country.

Roy A.(2016) investigated and explained that the increase in the automotive sector in India has also contributed to the climate changes and increase in average temperature of the cities. The study was conducted in Kolkata and New Delhi.

3. OBJECTIVES OF THE STUDY:

- To analyse the sales of automotive industries during the pre-covid and covid pandemic.
- To analyse the effect and challenges of the Covid pandemic on the automotive industry and employee empowerment.
- To establish a conceptual relationship framework between organisational growth and employee empowerment during crisis condition of covid pandemic.

4. METHODOLOGY & DISCUSSION:

The present study is conceptual in nature, based on secondary data. The study was undertaken to identify the effect and challenges of covid pandemic on the automotive companies and to establish a conceptual relationship framework between organisational growth and employee empowerment during crisis condition of covid pandemic. The Secondary data have been used to attain the objectives of the study and have been collected from published articles, reviews, reports and websites.

Sales of Automotive Industries during Pre-covid and Covid Pandemic

Covid pandemic disrupted the whole automotive industry putting an addition stress on the global supply chain and the end to end dealer management affecting the sales volumes. The industry has experienced a demand shock due to unprecedented situation and uncertain effect of the covid pandemic. Because of the nation-wide lockdown, the automotive industry shut down its operations and dispatches. This has actually put extra pressure on the top-line and bottom-line of the organisation. The liquidity and cash-flow is badly impacted due to no revenue generation.

The impact of sudden surge of covid is clearly visible on the production and sales volumes of the Indian automotive industry. The production and sales data is analysed in different categories of the vehicles like:

- Passenger Vehicles
- Commercial Vehicles
- Three Wheelers
- Two Wheelers
- Quadricycles

The production trend of the Indian automotive industry is analysed and tabulated below.

Table 1: Production Trends – Indian Automotive Industry

Production Trends – Indian Automotive Industry							
Category	UOM	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	Nos	3,801,670	4,020,267	4,028,471	3,424,564	3,062,280	3,650,698
Commercial Vehicles	Nos	810,253	895,448	1,112,405	756,725	624,939	805,527
Three Wheelers	Nos	783,721	1,022,181	1,268,833	1,132,982	614,613	758,088
Two Wheelers	Nos	19,933,739	23,154,838	24,499,777	21,032,927	18,349,941	17,714,856
Quadricycles	Nos	1,584	1,713	5,388	6,095	3,836	4,061
Grand Total	Nos	25,330,967	29,094,447	30,914,874	26,353,293	22,655,609	22,933,230
YOY Growth	%age		15%	6%	-15%	-14%	1%

The above production trend clearly demonstrated the impact of covid pandemic on Indian automotive industry. The data is shown for the last 6 financial years so as to assess the clear difference between the pre-covid and covid duration production volume. The above data shows that in 2017-18, the year-on year growth wrt 2016-17 stood at 15%, whereas in 2018-19, the year-on year growth wrt 2017-18 stood at 6%. Both the years the production volumes shown a significant growth. But during the year when Covid pandemic hit India, the production volume shown a significant drop wrt earlier

years. In 2019-20, the production has been de-grown by -15% wrt 2018-19 and in the next year 2020-21, the production is further de-grown by -14% wrt 2019-20. In 2021-22, production is almost similar to the level of 2020-21. The domestic sales trend of the Indian automotive industry is analysed and tabulated below.

Table 2: Domestic Sales Trends – Indian Automotive Industry

Domestic Sales Trends – Indian Automotive Industry							
Category	UOM	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	Nos	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457	3,069,499
Commercial Vehicles	Nos	714,082	856,916	10,07,311	717,593	568,559	716,566
Three Wheelers	Nos	511,879	635,698	7,01,005	637,065	2,19,446	260,995
Two Wheelers	Nos	17,589,738	20,200,117	21,179,847	17,416,432	15,120,783	13,466,412
Quadricycles	Nos	0	0	627	942		124
Grand Total	Nos	21,863,281	24,981,312	26,266,179	21,545,551	18,620,233	17,513,596
YOY Growth	%age		14%	5%	-18%	-14%	-6%

The above domestic sales trend clearly demonstrated the impact of covid pandemic on Indian automotive industry. The data is shown for the last 6 financial years so as to assess the clear difference between the pre-covid and covid duration domestic sales volume. The above data shows that in 2017-18, the year-on year growth wrt 2016-17 stood at 14%, whereas in 2018-19, the year-on year growth wrt 2017-18 stood at 5%. Both the years the domestic sales volumes shown a significant growth. But during the year when Covid pandemic hit India, the domestic sales volume shown a significant drop wrt earlier years just like the drop in production volumes. In 2019-20, the domestic sales has been de-grown by -18% wrt 2018-19 and in the next year 2020-21, the domestic sales is further de-grown by -14% wrt 2019-20. In 2021-22 also the domestic sales has been de-grown by -6% wrt 2020-21.

Effect and challenges of the Covid pandemic on the automotive industry

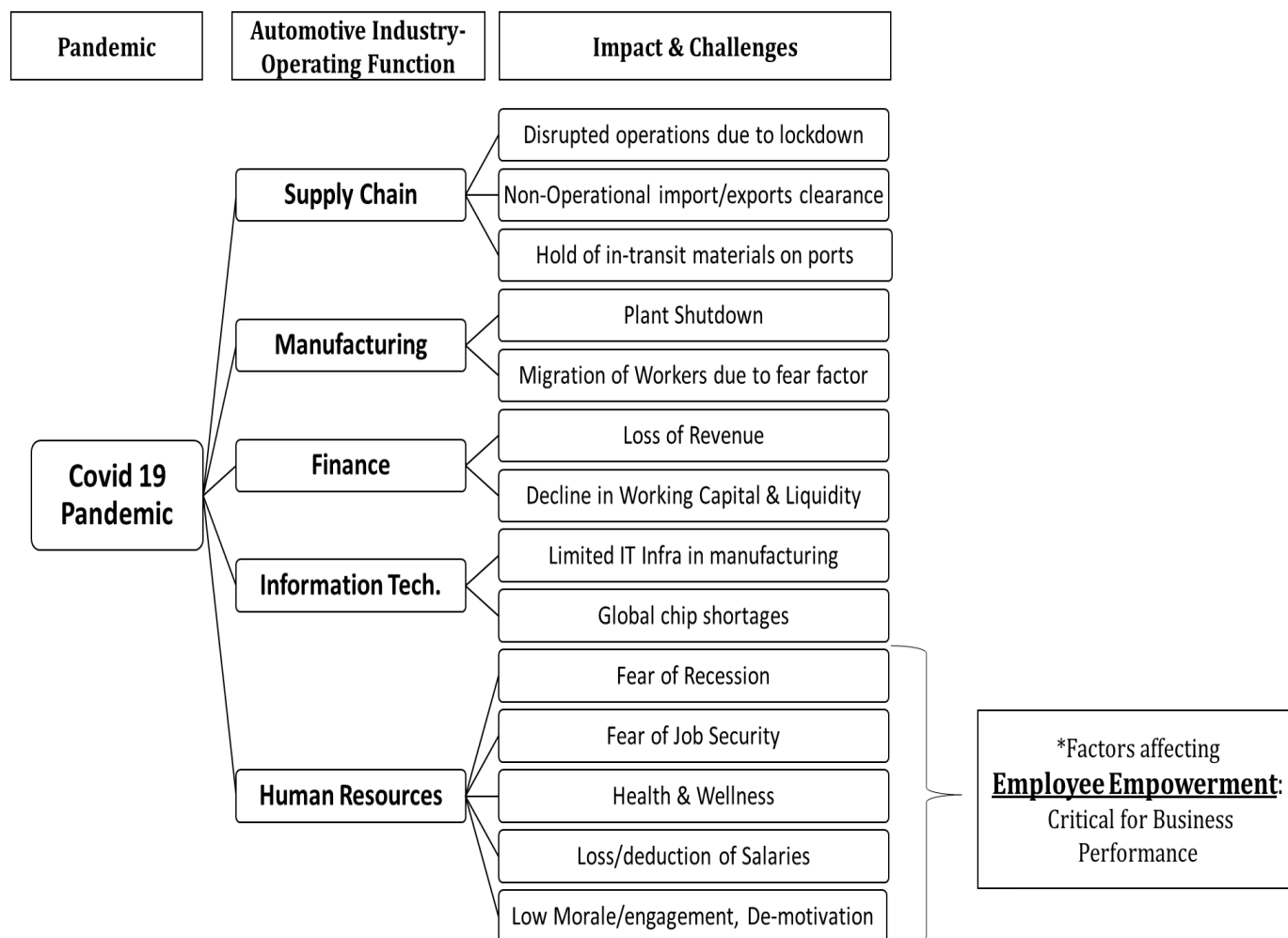
The global automotive industry suffered from the Covid 19 pandemic and that in India too. Indian GDP dropped to the substantial low. Since the automotive industry is one of the largest contributor in the Indian GDP, it is affected to the greater extent. There are various effect and challenges that occurred due to the Covid, which is explained in the form of a logic tree in the Figure 2.

The operating functions have been effected and possesses the challenges in the smooth operations and thus the automotive industries are forced and bound to face these challenges impacting the organisational performance and business growth.

Challenges arises in Supply Chain operations due to global lockdown, hold of in-transit materials on ports and non-operational import/exports clearance. Manufacturing is impacted by migration of workers to their native places due to fear of virus spread and shutdown of manufacturing plants due to lockdown. Loss of revenue and decline in working capital & liquidity impacted the finance operations in automotive industry.

The major effect and challenges which were faced by automotive companies is on account of human resource management, where factors affecting employee empowerment take a back seat and impacted the employee performance to a larger extent. Fear of recession, job loss, health and wellness, loss or deduction of salaries lead to de-motivation of the employees, low employee engagement and morale.

Figure-2 – Impact & Challenges Faced by Indian Automotive Industry

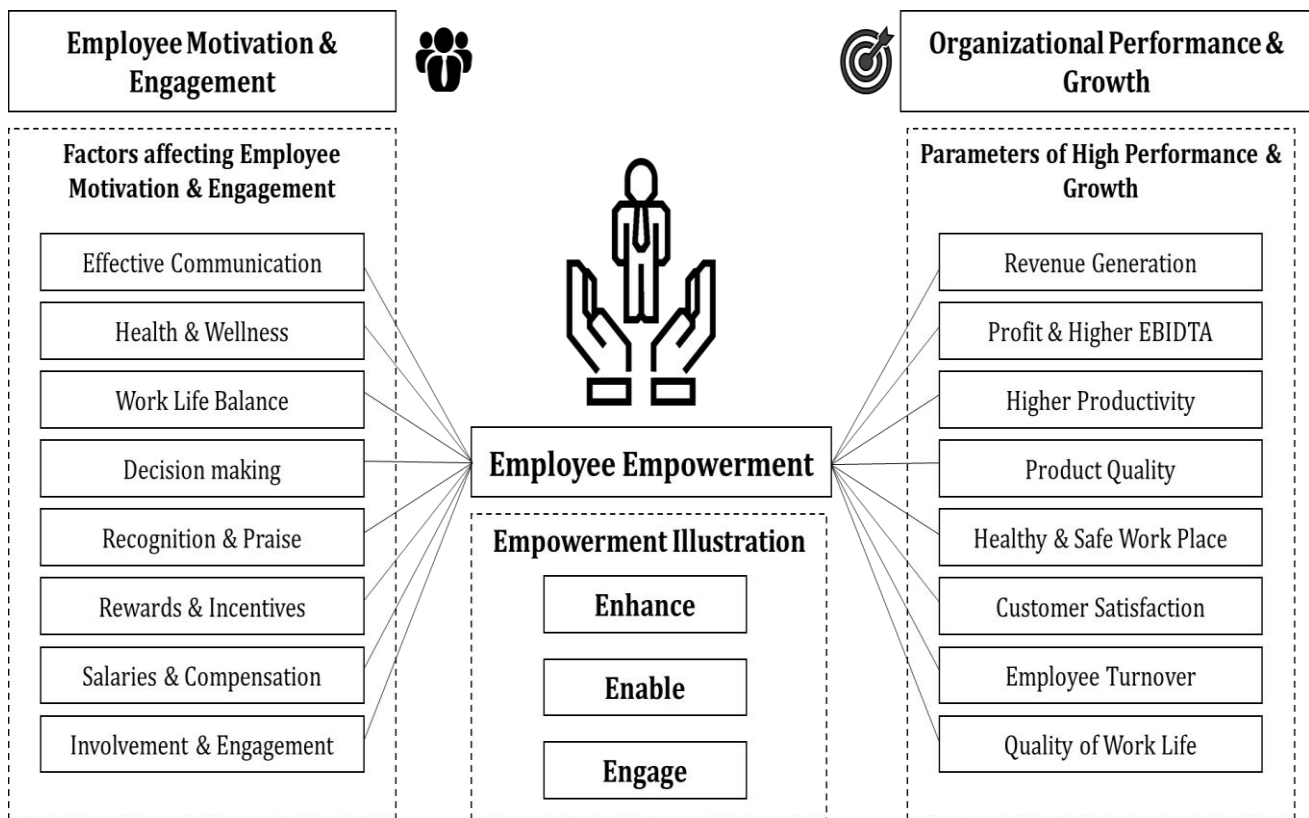


Conceptual Relationship Framework between Organisational Growth and Employee Empowerment

For overcoming the effect of Covid pandemic on Indian automotive industry the organisations need to take effective measures by working on the various challenges arises due to the pandemic and effectively engaging the employees during the tough and uncertain time. Since the employees engagement have decreased as a result of the covid pandemic, which impacts the employee empowerment and organizational performance. Employee engagement hold a critical to success factor in order to overcome the setback of Covid pandemic. In order to build an atmosphere that supports the employee to engage with commitment, organisation needs to take critical steps toward employee motivation and engagement, which will help the eco-system to establish a condition where the employee is enables to enhance his performance through positive engagement. Factors such as effective communication, health and wellness, work life balance, decision making, rewards and recognition, salaries & compensation and employee involvement and engagement are of prime focus for employee motivation and engagement.

Organizational growth is directly proportional to the employee motivation, engagement and empowerment. If the workforce of the industry is aligned towards the common goal and business objectives, the parameters defined as a measure of organisational growth are achieved with flying colors such as Revenue growth, higher profit margins/EBIDTA, higher productivity, product quality, customer satisfaction, employee turnover and quality of work life is managed well.

Figure-3 – Conceptual Relationship Framework between Organisational Growth and Employee Empowerment



5. CONCLUSION :

Covid pandemic disrupted the global industries and economic scenario. The automotive industry is significantly impacted due to nation- wide lockdown, disruption in global supply chain, demand shock due to unprecedented situation and decline in production and sales. The lockdown has actually put extra pressure on the top-line and bottom-line of the organisation. The impact of Covid pandemic impacted the on the production and sales volumes of the Indian automotive industry. The production declined by 15% and sales dropped by 18% in 2020-21 wrt last year.

The automotive industry took a back seat on account of multiple challenges in supply chain, manufacturing operations, financial conditions, limited IT infrastructure and deeply impacted human resource management, where factors affecting employee empowerment shook the employee performance to a larger extent. Fear of recession, job loss, health and wellness, loss or deduction of salaries lead to de-motivation of the employees, low employee engagement and morale were the factors which in-turn plays a significant role in organisational performance and business growth. Employee empowerment is the significant need of any organization for its success, where the employee contributes towards accomplishments of the business objectives. The limitation of this study can be further taken up in future research. Since this study is being done with secondary data and in one industrial sector. Further research can be done considering the multiple sectors and data point to assess the effect of Covid pandemic on business growth and employee empowerment.

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