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CHAPTER 1
INTRODUCTION

1.1. Title of the research study

The topic of Ph.D. thesis entitled as “A study of Human Resource Management practices & policies at selected passenger cars automobile dealerships in Pune and Pimpri - Chinchwad areas”

1.2. Background of the research study

The Indian automobile manufacturing and dealership industry is going through an exciting period with rapid growth in all segments of the industry viz. two and three wheelers, cars, commercial vehicles and tractors. The presence of big global brands like GM, Ford, Toyota, Honda, Hyundai, Suzuki, Yamaha, Mercedes etc and many new brands like Renault, Volks Wagon, Audi, Nissan are planning to enter the country, establishing global standards for automobile dealerships and creating huge employment opportunities with complex Human Resource Management related issues.

In the recent years, India has emerged as one of the major bases for manufacturing small passenger cars. At present the Indian automotive industry boasts of being the 3rd largest manufacturer of small cars. According to the car statistics almost 70 % of the cars sold in this country come under the segment of small cars. Some important statistics about cars also include dealership business statistics, automobile insurance statistics, automobile finance statistics, and automobile accessories/spares statistics. All these data and statistics help in framing the state, national and international policies and issuing the guidelines to different auto manufacturers and dealers. As per the car manufacturers reports, export of passenger cars from India have also grown considerably over the last decade

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Previously automobile dealership was considered as a proprietary firm or owner's firm where owner could only do business according to his discretion, but scenario is changing now. It is considered as a biggest market. People like to be mobile person, so having vehicle is becoming priority or necessity. Due to high salary, buying capacity of people is increasing day by day. Current situation is best for the dealership to grow as industry and it is indeed growing as an industry. Quality required as an employee in dealership is also increasing. New concepts of HR are introduced in dealership and importance of effectiveness of HR activities is increased. Dealerships have now understood the importance of HR practices and policies. Very less study has been done in the HR practices and policies in the automobile dealership area, so this area needs to be studied.

Now HR personnel at automobile dealerships have to deal with the fast changing profile of frontline employees. From the highly unionized factory workers of the past, they now deal with a highly mobile knowledgeable worker with attitudes and values that are so different and difficult to handle.

At present automobile dealership culture become a lot more open, transparent, and performance-oriented. This has made the job of the HR function a lot more important. Most important, there is improvement in the image and status of the HR function and the profession at automobile dealerships. From the situation that existed in the mid-1980s across the industries, when HR practices and policies has to fight for acceptance and justify their existence, HR practices and policies are now very central to the automobile dealerships and its business success.

1.3. Objectives of the research study

Objectives are predetermined goals to which individual or group activity in automobile dealership is directed. Objectives of human resource department at automobile dealership are influenced by dealership
objectives and individual, social goals. The automobile dealerships are instituted to attain certain specific objectives. The objectives of automobile dealerships are mostly to earn profit. However, the fundamental objective of any automobile dealership is survival. Automobile dealerships are not just satisfied with goal but further, the goal of the most of the automobile dealerships is development and growth.

The overall objective of the study is to analyze Human Resource Management practices and policies at selected passenger car automobile dealerships in Pune and Pimpri Chinchwad areas. The automobile dealerships procure and manage various resources including human to attain the specified objectives. Thus, human resources are managed to divert and utilize their resources towards and for the accomplishment of dealership objectives. Therefore, basically the objectives of the research study are drawn from and to contribute to the accomplishment of the dealership objectives. The other objectives of the research study are to meet the needs aspirations, values and dignity of individual employees and having due concern for the socio-economic problems of the community and the country.

At automobile dealership level objectives are benchmarks against which actions of human resource department is evaluated. The specific objectives of the study are:-

1. To study the existing human resource practices and policies at automobile dealerships and to know up to what extent they are aligned with business strategies.
2. To understand the problems of implementing the effective HR practices and policies and to analyze whether the HR practices and policies really attract and motivate employees.
3. To study the impact of HR practices and policies on Employees, working environment & overall business strategies to build a value based automobile dealership.

4. To identify the issues related to inadequacy of HR practices and Policies and to suggest restructuring, redesigning if required.

5. To set the parameters and measure the performance of HR department and its impact on the overall dealership business.

6. To design and develop HR Balanced Score Card (BSC) for Automobile dealerships.

1.4. **Hypothesis of the research study**

"Human resource management practices and policies at selected passenger cars automobile dealerships in Pune and Pimpri-Chinchwad areas are adequate but still there is scope for improvement"

Automobile dealerships need to be efficient, flexible, and adaptable to the changing environment in order to survive and grow. How to build flexible and successful automobile dealerships is the need of hour and restructure the existing human resource practices and policies is the only option to sustain. The well established concept of 20-70-10, i.e. keep dealership’s 20% performers delighted, retain 70% potential performers and slash 10% low performers should apply to dealerships human resource practices and policies also. Some good human resource management practices should be continued and other should be changed dramatically or some should be stopped immediately according to the changing contacts and business needs. Thus, the need of hour is to institute human resource management practices and policies to retain talent, need to manage employees’ careers and to align individual visions of career success to that of business goals and objectives. Unless human resource management practices and policies at automobile dealerships
trained to acquire and continuously enhance their competencies in commitment, credibility, creativity, communication, their contribution to the dealership will become useless and ineffective.

While drafting and finalizing the hypothesis the researcher has kept in mind the above concepts and latest trends in automobile manufacturing and dealership industry. From preliminary survey, discussions and meetings with human resource personnel at automobile dealerships foundation for hypothesis has been prepared. In the next phase, structured questionnaire as well as series of meetings, discussions etc. have been done to collect more concrete and accurate data in support of hypothesis.

1.5 A) Research Methodology

According to the objectives of the study, the researcher made an attempt to review various HR practices and policies implemented in automobile dealership by referring the HR Manual, Personnel Manual, Report of Federation of Automobile Dealers Association (FADA), Automobile related Magazines and Annual Reports of Automobile Dealership and various cites developed by the automobile manufactures and dealers. For literature review, referred books, journals and reports and materials form different libraries were collected. For assessing trends in HR practices and policies at automobile dealership, reference was made to the secondary data from above publications. For analysis of problems in successful implementation of HR practices and policies, information was gathered by developing a structured questionnaire which is also useful to arrive at the conclusion in certain points. In conducted survey, persons holding responsible positions in automobile dealerships were expressed their opinion regarding the common points raised in the questionnaire. A sample of 30 automobile dealerships with their 50 outlets was adopted on
random basis. Information collected through interviews and discussions helped in identifying issues concerning HR practices and policies of automobile dealership and offer several suggestions.

1.5) B) Research Design/ Source of Data

(i) Primary Data

Researcher consulted with personnel who are directly responsible for development & implementation of human resource management practices and policies for collection of data. Data is collected through primary as well as secondary sources. For the collection of primary data researcher conducted the interview with different grade employees of the organization. This option was selected to ensure higher rate of response, to improve the quality of replies and to get better feel of the situation with respect to policies and practices and its implementations or maintenance. Pattern adopted by and large was structured interviews – a fixed logical format of questions decided in advance. On a few cases the respondents spoke in topic or matter and automatically covered all aspects. Appointments were taken where respondents did not have spare time when contacted initially.

(ii) Secondary Data

The secondary data is collected by the means of journals, magazines, sites of automobile manufactures and dealers and well-known books on human resource management. The data about various automobile dealerships was collected from annual reports, personnel/ employee manuals, office orders, bulletins, internet, in house journals, magazines published by respective dealership and parent manufacturing industries.
The available data facilitate to scrutinize the HR related policies and practices at automobile dealership. The objective is to understand the style and to get in depth knowledge on research matter. Details of assessed resources are given in appendix.

1.5 C) Selection criteria of automobile dealerships

Out of forty dealers and around sixty outlets, the researcher has selected about 30 automobile dealers and their 50 outlets for the research study. Certain criteria’s has been applied for choosing the above dealerships, which is as below:-

1. Dealership should be situated in Pune and Pimpri-Chinchawad area

2. Dealership should be in authorized automobile dealership business.

3. Dealership should be full fledged, with all activities what today’s customer required under one roof. Dealership should have 3’S facility - Sales, Service, and Spares.

4. There should be at least 100+ employees in each dealership working in Pune or Pimpri-Chinchwad areas.

5. Dealership should have completed all the pre-determined terms and conditions of principal employer and should have amended its rules and regulations as and when required.

1.6. Review of Literature

Review of literature places a research study in its proper perspective by showing the amount of work already carried out in the related areas of study. Any effective research must be based upon past knowledge and that helps to eliminate the duplication of what has already been done and provides useful and important points for research. A brief review of some selected studies with their scope and objectives may be useful for understanding the present scenario of Human Resource
Management practices and policies at automobile dealerships. The previous studies made in the area of Human Resource Management practices and policies at automobile dealerships are limited in number and are not directly related to the topic.

In the area of Human Resource Management several books, research papers and huge data is available on internet. Several books are already written in the above subject from last so many years. The well-known authors such as C.B. Memoria, Dr. K. Ashwathappa, Dr. P. Subba Rao, Dr. S.K. Gupta, R.S. Dwivedi, B.L. Maheshwari as well as Peter Drucker, Keith Davis, Edwin B. Filippo, R.S. Kaplan and D.P. Norton, Reymond Noe Douglas Mcgregor, etc. have written several books in the area of Human Resource Management. The huge research work has been done on the topics such as hiring and recruitment, training and development, organizational behaviour and development, change management, performance appraisals, conflicts, industrial relations, quality circles, balanced score card etc. has been done by the above and other authors. The researcher has referred the above literature for writing this thesis. The references in the thesis from the above books were given in the chapters as well as in bibliography.

However, there is no authentic book has been found in the area of exclusive Human Resource practices and policies at automobile dealership to the researcher. The Federation of Automobile Dealers Association (FADA) and National Automobile Dealers Association (NADA), USA has published certain articles in their reports/magazines which help the researcher a lot while writing this thesis. The Indian automobile manufacturers and dealers have also prepared manuals for internal circulation in the above area. The researcher has taken the references and the guidelines while writing the thesis of above manuals.
1.7 **Scope and Limitations of the research study**

The study addresses the effectiveness of HR practices and policies as well as the inadequacy in implementing the HR practices and Policies. An attempt is also made to set the parameters of performance of HR department and its impact on overall dealership business. Further it also attempts to offer suggestions regarding:

1. Meaningful assessment of HR practices and policies.
2. Effectiveness of HR practices and policies.
3. Newly introduced & innovative HR practices and policies.
4. Develop and Design HR Balanced Score Card (BSC) for automobile dealerships.

This research is limited to study the effectiveness of human resource management practices and policies on automobile dealership. Since this is carried out mainly for academic purpose time and financial constraints were the limitations of this research. Due to confidentiality on the part of management, some relevant and additional data was not available. Even though the scope is wide spread the researcher has chosen the Pune, Pimpri- Chinchawad area only.

Though there are various departments and respective department’s has their own policies and practices the research is limited to HR to department only. Boundaries that researcher deemed fit for further understanding in the subject has led to choose only to authorized automobile dealerships, regional offices of respective manufactures, regional training centers and some private institutes or bodies working in this field.
1.8 Importance of the research study

Human resources are more important at automobile dealerships than the other resources like material, machines and money used by the dealership. HRM understands the individuals differ from each other and so they need individual attention. At Pune and Pimpari-Chinchawad area there are more than 30 automobile dealerships having their 50 outlets. More than 10000 people were directly and indirectly employed because of automobile dealerships. Human values and needs are given more importance in HRM. For the growth and development of any dealership, management of available manpower, as well as HR related practices and policies are very important. As betterment of not only those who were working at the automobile dealerships but also for the society, this subject was important. That is why researcher has chosen this subject for the research.

1.9 Chapter Scheme

1. Chapter 1 : Introduction


3. Chapter 3 : Scenario of automobile industry , HRM practices and policies in automobile dealerships at Pune – an overview

4. Chapter 4 : Data analysis and interpretation

5. Chapter 5 : HR balanced score card for automobile dealerships

6. Chapter 6 : Summary of findings

7. Chapter 7 : Suggestions and Recommendations

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