

**A Comparative Study of Human Resource (HR)  
Practices in Selected Tyre Companies**



**A Synopsis**

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## **Introduction**

Tyre industry is the large field of Indian revolution. At present time 40 listed companies in the tyre sector in India. In 2007 the largest turnover in tyre industry is \$ 130 billion. Tyre industry is important - it indirectly total cost of production with raw material accounting is 70 percent and total production of tyre in all categories is 811 lakh. Current level of realization includes 95 percent for all passengers' car tyres, 12 percent for light commercial vehicles and 3 percent for heavy vehicles. Total value of tyre exports from India is approximately Rs. 3000 crore. Major factors affecting the demand of tyres includes the level of tyres includes the level of industrial activity, availability and cost of credit, transportation volumes and network of roads, execution of vehicle loading rules.

- Tyre industry is political - A dozen global players dominate the industry.
- Tyre industry is toxic - At present it is adding to pollution and global warming but it is making massive efforts to reduce those effects.

**Financial year** - Tyre industry of Indian turnover is Rs. 25000 crores and the tyre production is all categories is 971 lakh. Number of tyre companies: 36 industries.

Concentration 10 large tyre companies account for over 95 percent of total tyre production.

Major tyre industries are MRF, JK Tyres, Apollo tyres and CEAT which account for 63 percent of the organized tyre market. Other players are Modirubber, Kesoram Industries and Goodyear India, with 11 percent, 7 percent and 6 percent share respectively. Dunlop, Falcon, Tyre Corporation of India Limited, TVS-Srichakra, Metro tyres, Balkrishna tyres are some of the other significant players in industry.

## **MRF**

MRS is the leading company in the tyre industry. Company has benefited from better productivity and operational efficiency. The company is also renowned for its exports which have also been witnessing positive growth. Company has recently entered the radial tyre segment and has met with positive response. Performance of the company could further improve with the revival of the auto industry. MRS Ltd. can be expected

to retain its position in this segment, however, industries can move out of the scrip, considering the outlook for the industry as a whole.

### **CEAT**

CEAT is the second largest in India with a market share of 14.6 percent, CEAT caters. Primarily to the replacement market due to the strong growth in the Original Equipment Manufacturer (OEMs) sector, the share of the replacement market in the total revenue of the company has fallen, the production growth in the automobile sector over the past few years should provide a boost to the replacement markets in the coming year and CEAT could be a major beneficiary thereof with the advent of multinationals like Goodyear, Michelin, Bridgestone and Continental, a major share-out in the industry is imminent and the same could result in CEAT which is already operating on thin margins, being heaved of as a joint venture with Goodyear, in collaboration with CEAT has already promoted South Asia Tyre for manufacturing radial tyres in India. With a modest track record on the financial front.

### **Apollo Tyres Ltd.**

Apollo is the famous tyre manufacturing company in India. In truck tyre it has more than 30 percent market share. A slow-down in the tyre market and rubber procurement at high prices has put the brakes on Apollo Tyres Limited. The company has traditionally been the market leader in the truck and bus tyre segments. ATL caters to the replacement segment of the domestic market. ATL has conversion agreement for small tyres with TCIL, Stallino Tyres and Rodo. Its exports are routed through Apollo International to the US, Germany, Brazil, Sudan, Egypt etc. At the current price level the scrip has emerged as an attractive buy; thus accumulate its shares in small lots.

### **JK Tyres**

JK Tyre is the leading corporate entity. The company started manufacturing tyres in 1977. JK Tyre has five state-of-the-art plants strategically located in India, in the states of Rajasthan, Madhya Pradesh and Karnataka. The company is known for manufacturing India's leading tyre brands - JK Tyres, Vikrant and Tarnel in Mexico, for all categories of four wheelers JK Tyre is the 22<sup>nd</sup> largest tyre manufacturer in the world. JK Tyre exports its tyres to over 80 countries across 6 continents and enjoys a

premium brand status in various sophisticated markets including the Americas. The company also outsources tyres from China and other low cost countries for its international markets.

Rapid globalization has made companies realize people are the key to growth, the only strategic resource that only enterprise truly needs. This has led to companies routinely using their innovative HR practices their USP to keep up with the lines in the wake of a rapidly changing labor landscape. Companies now recognize that a 'Highly engaged employees' are the key to success, across business sectors. Mainly organizations facing the challenges for the employee motivation in workplace. A strong team needs individuals who are dedicated to giving their best at work. Highly self-motivated, committed, ambitious employees give the most to their company and get the most from their work. But if company is lacking employee motivation in the workplace the effects call be dramatic. Low team morale, lack of initiative, lack of energy, mistakes and high staff turnover are just some of the clues that motivation is all issues.

Now India becomes a player in the global stage. Everyone wants to do business with us this charge has given lots of opportunities to our country to grow further but if based lots of challenges, we have already discussed but after that we are facing many challenges in front of us like Indian companies gained confidence to acquire foreign giant companies and try to establish themselves very competitive than the foreign companies at the sometime we have to give emphasis on the various gap before us like the gap between people in the corporate would and those in the rural areas is becoming serious concern and the wage differentials between good communication skills and education getting more chance in the job market than other people lessor than, them, attrition levels are all time high in India for example BPO facing problems with talent retention.

Why are employees in some companies happy to stick with the company while others look for a change? The reason is that some companies know how to take good care of their employers and provide a working environment that helps them retain their identity, while providing themselves and growing along with the company.

Here are some of the best **HR practices** that helps in the creation of a highly satisfied and motivated work force.

## **Work Environment**

A safe and happy workplace makes the employees feel good about being there. Each one is given importance and provided the security that gives them the motivation and incentive to stay. This is usually achieved through internal surveys to find out whether they are satisfied and if not what they think need to be changed.

## **Open Management**

Employees don't like the feeling of being kept in the dark about what is happening in the company. They feel motivated and develop enthusiasm only when the management opens up to them and discusses the company policies, sales, clients. Contract, goals and objectives. This encourages participative management. Asking them for ideas how to improve will get their creative juices flowing. Being open about everything related to the company will help in building trust and motivating the employees. This policy of open management can be practiced using several tools.

## **Performance Incentives**

Every good performances is appreciated in the form of a pat on the back bonuses or giving some other compensation for a job well done. Organization that struggle to keep up with the attrition rate are mostly those that think employees are "just" doing their job. Even if it is the employees job, completion in an appreciable manner calls for an incentive can be implemented at the individual as well as the team level and it has been seen that this works wonders in getting in mind that these bonuses should not be given without a reason, unless it is a commitment for annual bonuses or some such thing.

## **Performance feedback**

Performance feedback in one of the method that is being followed by many organizations feedback is not only taken from the boss, but also from other senior and subordinates. Previously appreciation was only sought from the immediate boss or the management, but now organizations understand the importance of collecting performance feedback from several quarters. Opinion of everyone matters, especially for someone who is in a leadership rate at any level. Each person in team is responsible for giving constructive feedback. This kind of system helps in identifying

people who can perform well as leaders at higher levels in the Organization. Even the senior level managers can use this system to their advantage as a tool to improve.

### **Employee Evaluation**

Every company has an employee evaluation system in place but a good system links individual performance to the goals and priorities of the organization. This works well when achievements are tracked over on year. For a fair review of each employees, the evaluation apart from being done by the boss, should be done by another person at a higher level, for whom the employee's contribution is important. Ratings can also be obtained by other employees.

### **Sharing of Knowledge**

Knowledge sharing is a wonderful strategy that helps in the betterment of the employees and their work keep all the knowledgeable information in central database that can be accessed by each and every employee.

### **Publicize Good Performances**

Every company has some employees who outperform others. Such performances should be highlighted and displayed where other employees can look at them; such as on the display boards and internet etc. This will encourage others to give their best. A proper system should be set up to make a list of high performance at specific times in a year.

### **Discussions**

Successful organizations nurture ideas and they understand that employees who are actually working and know the business can provide the best ideas. The management should have discussions with employees to get these ideas out of them. There can also be suggestion boxes to capture these ideas. Through this system, managers can find talented employees and develop them.

### **Reward**

Recognition of talent is highly important, this recognition has to be made public and what better way than holding ceremonies and announcing to the whole world [the employees] the achievements of a fellow employees.

## **The Surprise Factor**

Who doesn't like a surprise? Surprise deserving employees - when they are least expecting it. It could be a gift certificate or a small reward of some sort. This surprise doesn't have to be limited to the best performances, but it can be randomly given to others as a motivating factor too. Anyone can be given this surprise reward.

## **Objectives**

- (1) Try to fulfill the services, schemes and satisfaction to the customer and employees.
- (2) To know the employees longitudinal study of HR practices related to the particularity of present scenario.
- (3) To know the importance of HR practices in tyre industries.
- (4) To know the number of suggestions generated by the employees to managing their productivity.
- (5) To find out the effectiveness of research parameters.
- (6) To find out whether the employees are satisfied with the tyre industries HR policy.
- (7) To get suggestions for improvement, or change in the service of tyre industries.

## **Review of Literature**

Cristina M. Giannantonio' and Amy E. Hurley' Chapman University, USA I July 2002.

Over 1100 human resource (HR) executives responded to a survey concerning their perceptions of the HR issues their companies are facing, the role of HR in their organization, the skills HR employees should possess, and the substantive HR knowledge that graduates of HR programs should be able to demonstrate. Results suggest the most important issue facing HR executives today is managing change. Executives felt it was extremely important for HR professionals to be able to create a recruitment program in today's labor market. The results of this research provide several implications for the design and the delivery of HR educational programs.

- Centre for Business Performance, Cranfield School of Management
- From the HR field Armstrong and Baron highlight the importance of performance management being strategic, integrated (vertical, functional, HR integration and integration of individual needs), concerned with performance imp Literature Review and Research Agenda', International Journal of Operations and Production
- Strategy Formulation, determining what the objectives of the organization are and how the organization plans to achieve them.
- Manage the strategy implementation process, by examining whether an intended strategy is being put into practice as planned.
- Challenge assumptions, by focusing not only on the implementation of an intended strategy but also on making sure that its content is still valid.
- Check position, by looking at whether the expected performance results are being achieved.
- Comply with the non-negotiable parameters, by making sure that the organization is achieving the minimum standards needed, if it is to survive (e.g. legal requirements, environmental parameters, etc.).
- Communicate direction to the rest of the employees, by passing information about what are the strategic goals individuals are expected to achieve.
- Communication with external stakeholders
- Provide feedback, by reporting to employees how they are, their group and the organization as a whole is performing against the expected gains.



- Evaluate and reward behavior, in order to focus employees' attention on strategic priorities; and to motivate them to take actions and make decisions, which are consistent with organizational goals.
- Benchmark the performance of different organizations, plants, departments, teams and individuals.
- Inform managerial decision-making processes.
- Encourage improvement and learning

"Herzberg" defines in their book 'two factors of motivation'

#### A Comparison of Employees' Performance Reward Preferences in Germany and the USA

Starting from the 1960s researchers has shown great interest in motivation. Along with research in areas such as Human Resource Management and Organizational Behavior employee motivation has become a fascinating research topic also for Management academics. The research focus has been placed on the motivation process of employees as well as on the rewards which individuals find motivating. Further, some research has been conducted on finding out the differences in employee motivation in different countries.

## **Justification/Importance of Study**

Tyre industry is the large field of Indian revolution. Such healthy HR practices encourage the growth of the organization as employees after all play a major role in the well-being of a company. Making an employee feel like a million dollars pays in the form of the success of an organization.

Why tyre industries need evaluation of HR practices?

In India tyre industry, capacities are concentrated in the hands of a few large players with top four tyre companies as MRF, CEAT, APOLLO, JK Accounting 77 percent of industry market share. These all companies playing major role in the economic growth of India and the demand and growth of tyre industry depends on primary factors like agriculture as well as production and growth of vehicle demand. If they do not have an energetic and motivated employees than they cannot complete to their target of large players. That's why they are always providing to their employees best HR practices as better work environment, innovative HR practices as Recruitment and Selection, Learning and development, reward and recognition, compensation and benefits performance management, leadership and development, organizational structure etc.

With the help of SWOT analysis of JK tyres their HR making more innovative in their HR practices. Especially for JK tyres one saying is very identifiable that their corporate culture is very healthy they are providing to their employees a healthy communication with their superiors and if employees feeling bed for anything then they can talk to their HR manager personally. These types of practices makes a healthy environment and motivating to the employees.

In JK tyres recruitment and selection is according to the norms of the company which person fulfilling the requirements and that persons will be selected. In new figure of employees in this company 30,000 employees working.

They are always providing training programmes to the new entrants and refresher training for their performance enhancement. In this company their employees always having long term goal for their retainment because their policies is not so much liberal but in favour of employees. They are giving many chances to their employees.

## **Employee's Turnover and Retention**

One of the challenges of the growing economy like ours is nurturing and retention of talent. Area of case values of JK tyres is "caring for people". In Pursuit of this objective your company has launched several new initiatives to develop leadership and nurture talent at all levels by blending company goals with growth aspirations of the individuals.

## **However, Tyre companies face immense competition**

Together with price and cost pressures. Pricing pressures, from Original Equipment Manufacturer [OEMs] because of their high bargaining power and in the replacement market due to huge competition, are existent dampeners. Companies are now giving emphasis to innovation in product and process technology and operational efficiencies. Tyre companies would if prices remain at these levels, profitability would improve. It would be highly dependent on prices of major raw materials like rubber, carbon black and NTC fabric which are highly volatile. The continuously rising trend witnessed in the prices of raw materials remains an area of concern. The trend is very volatile and the future pundits expects the prices to go upwards from the current levels.

## **Methodology**

### **Objective of the Study**

The objective of the study is to identify the impact upon employees of implication of their HR practices and their business performance with the help of HR practices.

### **Data Collection**

Primary data - Primary data will be collected through a questionnaire, with personal information.

Secondary data - Secondary data from various journals, survey reports of business and academics and through internet.

### **Research Methodology**

The research Methodology using in this that is statistical tool which available for the academic purpose. In research methodology observation, questionnaire, population for survey, sample size, location and sample design are the most important sort.

### **Sample size and method of selection sample**

It is very difficult to collect information from every member of a population as time and casts are the major limitations that the researcher faces.

A sample of 40 was taken the sample size of 40 individuals were selected on the basis of convenient sampling technique. The individuals were selected in the random manner to form sample and data were collected from them the research study.

### **Sampling Technique**

Random sampling technique was used in the survey method.

### **Research Design**

The study intends to test following null hypothesis

Hypothesis 1: Recruitment and selection does not have any significant impact upon organizational commitment.

Hypothesis 2: Training and development relationship between supervisor and subordinate.

Hypothesis 3: There is a relationship of commitment between employees and management with compensation and benefits.

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