

INFLUENCE OF DIGITALIZATION ON EMPLOYEE PERFORMANCE IN AUTOMOBILE INDUSTRY

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KEYWORDS

Digitalization,
Digital HRM,
Digital
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Employee
Performance.

ABSTRACT:

Digitalization is an important aspect of the visionary development of companies in general environment. Digitalization enables organizations to provide better services to customers while providing new opportunities for value creation. The research attempts to identify the influence of digitalization on employee performance in automobile industry. The data has been collected from 132 employees of automobile industry in Chennai. Hence, it is concluded that analysis found that the digitalization (Digital HRM and digital workplace) significantly influences employee performance and employee performance among the employees in automobile industry. The analysis revealed that the employee retention significantly influences employee performance among the employees in automobile industry. Automobile industry management should provide necessary management support to promote digitalization, employee development and recognition and rewards to foster employee retention with the organization.

INTRODUCTION

In recent years, the buzzword digitalization has been frequently used from the organizational level to departments, ministries and countries. The impact of digital transformation has become an issue of anxiety for most business managers in recent years. In the modern era, digitalization is enabling organizations to proactively respond to problems. Digitalization in the workplace has the necessary impact on workplace design to adapt to technology adoption (Khuong, 2019). The transformation of work functions represents the future of digital transformation.

Digitalization is an important aspect of the visionary development of companies in general environment. Digitalization enables organizations to provide better services to customers while providing new opportunities for value creation. The automobile industry is embracing digitalization and providing services. Also, it has undertaken overall digitization to achieve comprehensive transformation in its market position. The automobile industry drive to innovate and interoperability with the help of digitalization is successfully operating with a tremendous shift in capital flows through the global economy.

Overall employee job performance enables organizations to be interested in individual skills, normal delivery and job performance at all levels of their workforce. Job performance is a strong condition and an indication that the HR department is doing their job significantly. Also, companies are all human resource based. The productivity of an organization can be improved only through the good performance of the employees. Of course, good job performance increases the reputation of the business. It is essential not only to consumers and stakeholders, but also to powerful customers and powerful new employees beyond the firm's efforts. Hence, the research tries to identify the influence of digitalization on employee performance in automobile industry.

REVIEW OF LITERATURE

Muhamad Ekhsan, et al. (2023) found that the higher the level of digital capabilities and skills possessed by employees, the more likely they are to stay with the company. Employees' engagement

at work and their relationships with coworkers, management, and the company as a whole play an important role in linking digital talent with employee retention.

Sophia Xiaoxia Duan (2023) discovered that that using digital technologies can enhance job performance through improved coordination, communication, knowledge sharing and decision-making.

Ebnezer and Krishna Priya (2022) incorporating digital HR will allow the organizations to accelerate to cloud hosted HR applications and platforms. The technology can intervene to improve the employee’s way of work, improve the employee’s productivity and satisfaction by retention.

Indrihastuti Sulistianingtiyas and Indi Djastuti (2022) found that digitization in the workplace has a positive and significant effect on employee performance which is mediated by employee engagement.

Buthina Alobidyeen, et al. (2022) found that positive correlation between digitalization and employee performance at the significance level. It also indicated a positive moral effect of digitalization on employee performance in Greater Tafila Municipality.

Rishab Chauhan (2022) discovered that there is influence of social media usage on employee retention and job performance through organizational commitment and knowledge sharing. Chong and Lee (2017); Scroggins (2008) discovered that job performance was influenced by employee retention.

Cuong Nguyen and An Duong (2021) discovered that there is a positive correlation between training and development and employee retention. Job satisfaction was positively affected by employee retention. Finally, the research discovered that job performance was positively affected by employee retention.

Elingua Kuume and Nikodemus Angula (2021) found that there is impact of technology on operational costs, retention of IT employees is imperative. The retention rates among IT employees affect individuals, families, communities, organizations, and the economy.

H1: Digitalization (Digital HRM and Digital Workplace) has significantly influences employee retention.

H2: Digitalization (Digital HRM and Digital Workplace) has significantly influences employee performance.

H3: Employee retention has significantly influences employee performance.

FRAMEWORK

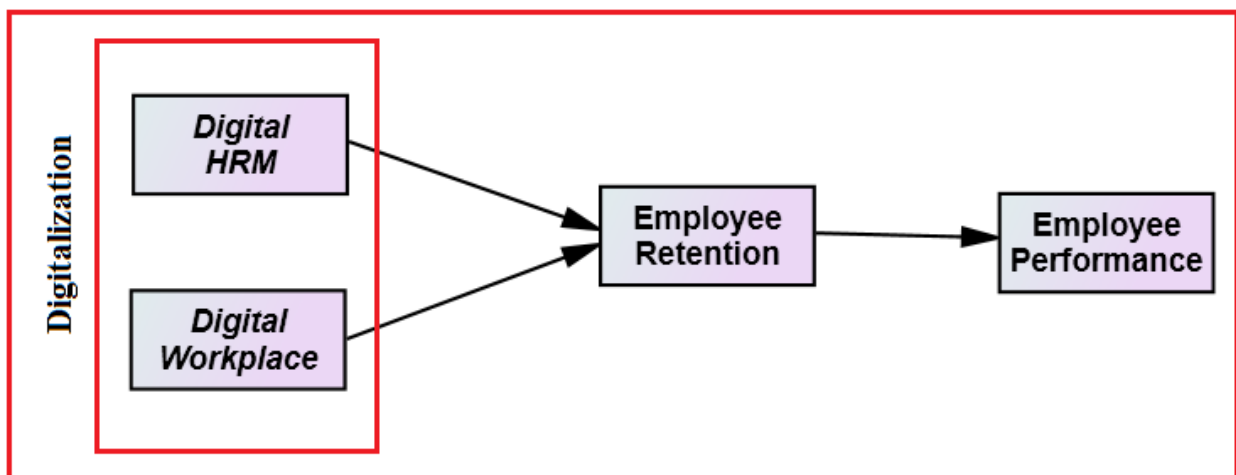


Figure 1: Conceptual framework

NEED FOR THE STUDY

The findings of this study will help automobile industry authorities and policy makers. This study will help the influence of digitalization (Digital HRM and Digital Workplace) on employee performance in automobile industry.

OBJECTIVES

- To discover the influence of digitalization (Digital HRM and Digital Workplace) on employee retention among the employees in automobile industry.

- To find out the influence of employee retention on employee performance among the employees in automobile industry.

RESEARCH DESIGN

In order to explore the influence of digitalization (Digital HRM and Digital Workplace) on performance among the employees in automobile industry a descriptive research design is employed by the researcher. Data is collected from employees of automobile industry in Chennai through a structured and standard questionnaire. This descriptive research design is employed to explore the relationship between digitalization (Digital HRM and Digital Workplace), employee retention, and employee performance.

QUESTIONNAIRE DESIGN

Data is collected from employees of automobile industry in Chennai through a well-designed questionnaire. The questionnaire construction for this study is divided into four parts. The first part of the questionnaire is arranged in such a way to know the demographics profile of employees, the second part is digitalization (Digital HRM and Digital Workplace), the third part is employee retention and the fourth part is employee performance. Except first part, all the four sections are constructed with multiple choice questions. The first part is set up as a category and the other three as a measuring scaling technique.

Table 1: Questionnaire Construction

S.No.	Variable	Items	Author
I	Demographic Profile	8	---
II	Digitalization	13	Self Design
	Digital HRM	8	
	Digital Workplace	5	
III	Employee Retention	20	Self Design
IV	Employee Performance	5	Chen, et al. (2019)

RELIABILITY

Pilot study was done to confirm that the results of this study questionnaire are reliable. The questionnaires are verified by involving 132 employees of automobile industry in Chennai. Based on the employees of automobile industry opinion, some changes are made in the questionnaire. Cronbach's alpha tool is employed to test the reliability of the research variables. All the variables of this questionnaire are above 0.70 which shows that it is reliable. This means that the set of questionnaire has a high reliability value. Based on this result, it is statistically recommended that the questionnaire set can be implemented for final data collection of the research.

Table 2: Reliability of the research

S.No.	Variable	Items	Cronbach's Alpha
I	Digitalization	13	0.89
	Digital HRM	8	0.87
	Digital Workplace	5	0.91
II	Employee Retention	20	0.89
III	Employee Performance	5	0.80

SAMPLING TECHNIQUE

In this study, convenience sampling technique has been applied to collect the primary data from the employees of automobile industry in Chennai. In this way 132 employees of automobile industry are approached to collect the primary data in Chennai.

STATISTICAL TOOLS

Path analysis is used to estimate model by probing the relationship between digitalization (Digital HRM and Digital Workplace), employee retention, and employee performance. The researcher has employed the path analysis for impact of digitalization (Digital HRM and Digital Workplace) on employee performance with respect to employee retention.

RESULTS AND DISCUSSION

The table 3 presents the mode summary of influence of digitalization on employee employees in automobile industry. The path model presented, along with mode summary to verify the model fitness. The Chi-square statistic is 1.041 with $p < 0.05$. The table illustrates the model fit statistics such as RMSEA, RMR, NFI, CFI, AGFI and GFI. RMR and RMSEA are within than the recommended limit i.e., RMR and RMSEA is less than 0.08 (Indra, Balaji and Velaudham, 2020; Velaudham and Baskar, 2016). AGFI and GFI are within than the recommended limit i.e., AGFI and GFI values are greater than 0.90 (Kantiah Alias Deepak and Velaudham, 2019; Velaudham and Baskar, 2015). All the model fit statistics imply a moderately model fit (Premapriya, et al. 2016; Victor and Velaudham, 2020) NFI and CFI values are greater than 0.90 (Reena, et al. 2019; Velaudham & Baskar, 2015).

Table 3: Model fit indication

S.No.		Model Fit Indicators	Suggested standards (Premapriya, et al. 2016)	Calculated Values
1	Chi-Square Test	Chi-Square	---	1.041
		p	> 0.050	0.782
2	Goodness Fit	GFI	> 0.90	0.999
		AGFI		0.999
		CFI		1.000
		NFI		1.000
3	Badness Fit	RMR	< 0.080	0.001
		RMSEA		0.001

Source: Primary data

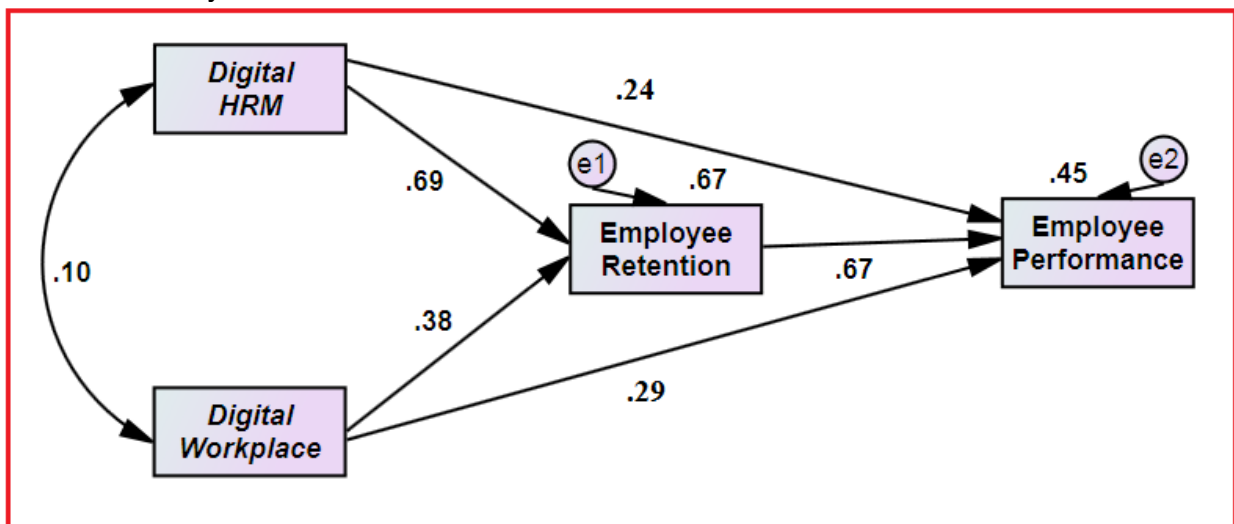


Figure 2: Influence of Digitalization on Employee Performance

Table 4: Regression Weights

DV		IV	Estimate	S.E.	C.R.	Beta	P Value
Employee Retention	<---	Digital HRM	0.732	0.186	33.586	0.685	0.001
Employee Retention	<---	Digital Workplace	0.423	0.269	18.779	0.383	0.001
Employee Performance	<---	Digital Workplace	0.392	0.676	6.376	0.290	0.001
Employee Performance	<---	Digital HRM	0.363	0.604	5.264	0.241	0.001
Employee Performance	<---	Employee Retention	0.726	0.074	14.653	0.670	0.001

Source: primary data

H₁: Digital HRM significantly influences employee retention among the employees in automobile industry.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 33.586; β value is 0.685 and p value is significant. The value of β is 0.685 that digital

HRM explains 68.5 percent of the employee retention in automobile industry. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the digital HRM significantly influences employee retention among the employees in automobile industry. Ebenezer and Krishna Priya (2022) discovered that employee retention was influenced by digitalization.

H₂: Digital workplace significantly influences employee retention among the employees in automobile industry.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 18.779; β value is 0.383 and p value is significant. The value of β is 0.383 that digital workplace explains 38.3 percent of the employee retention in automobile industry. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the digital workplace significantly influences employee retention among the employees in automobile industry. Ebenezer and Krishna Priya (2022) discovered that employee retention was influenced by digitalization.

H₃: Digital workplace significantly influences employee performance among the employees in automobile industry.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 6.376; β value is 0.290 and p value is significant. The value of β is 0.290 that digital workplace explains 29 percent of the employee performance in automobile industry. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the digital workplace significantly influences employee performance among the employees in automobile industry. Indrihastuti Sulistianingtiyas and Indi Djastuti (2022) found that digitization in the workplace has a positive and significant effect on employee performance.

H₄: Digital HRM significantly influences employee performance among the employees in automobile industry.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 5.264; β value is 0.241 and p value is significant. The value of β is 0.241 that digital HRM explains 24.1 percent of the employee performance in automobile industry. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the digital HRM significantly influences employee performance among the employees in automobile industry. Indrihastuti Sulistianingtiyas and Indi Djastuti (2022) found that digitization in the workplace has a positive and significant effect on employee performance.

H₅: Employee retention significantly influences employee performance among the employees in automobile industry.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 14.653; β value is 0.670 and p value is significant. The value of β is 0.670 that employee retention explains 67 percent of the employee performance in automobile industry. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the employee retention significantly influences employee performance among the employees in automobile industry. Chong and Lee (2017) identified that job performance was influenced by employee retention.

FINDINGS

- It is demonstrated that the digital HRM significantly influences employee retention among the employees in automobile industry. Ebenezer and Krishna Priya (2022) discovered that employee retention was influenced by digitalization.
- The research identified that the digital workplace significantly influences employee retention among the employees in automobile industry. Ebenezer and Krishna Priya (2022) discovered that employee retention was influenced by digitalization.
- The analysis found that the digital workplace significantly influences employee performance among the employees in automobile industry. Indrihastuti Sulistianingtiyas and Indi Djastuti (2022) found that digitization in the workplace has a positive and significant effect on employee performance.
- It is discovered that the digital HRM significantly influences employee performance among the employees in automobile industry. Indrihastuti Sulistianingtiyas and Indi Djastuti (2022) found that digitization in the workplace has a positive and significant effect on employee performance.

- The analysis revealed that the employee retention significantly influences employee performance among the employees in automobile industry. Chong and Lee (2017) identified that job performance was influenced by employee retention.

SUGGESTIONS

- Automobile industry management should provide necessary management support to promote digitalization, employee development and recognition and rewards to foster employee retention with the organization.
- Employee engagement improves when recognition and creating a positive digital work environment. This will not only increase the retention of talented employees but also improve their overall performance.
- Automobile industry management creates a positive digital work environment where employees are motivated, valued and engaged which leads to increased productivity and organizational success.
- Automobile industry management should invest in improving employee retention through training programs, seminars and online courses to improve digital skills.
- Automobile industry management should provide employees with the flexibility to adapt the digital workplace based on employee preferences, roles and workflow requirements.

CONCLUSION

The research attempts to identify the influence of digitalization on employee performance in automobile industry. The data has been collected from 132 employees of automobile industry in Chennai. Hence, it is concluded that analysis found that the digitalization (Digital HRM and digital workplace) significantly influences employee performance and employee performance among the employees in automobile industry. The analysis revealed that the employee retention significantly influences employee performance among the employees in automobile industry. Automobile industry management should provide necessary management support to promote digitalization, employee development and recognition and rewards to foster employee retention with the organization.

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