

INNOVATIVE HUMAN RESOURCE PRACTICES AND EMPLOYEE OUTCOMES IN SOFTWARE FIRMS IN INDIA

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Introduction

According to National Association of Software and Services Companies (NASSCOM) Strategic Review 2012 published very recently, global uncertainties, natural disasters and low consumer confidence in 2011 did not affect global spending on technology and demand for global sourcing for Information Technology (IT) and Business Process Out Sourcing (BPO) services remained strong. In the face of the volatility in business environment, 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4 per cent over 2010. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion which is 63 per cent of the total spend.

Aggregate revenue for the Financial Year (FY) 2012 is expected to cross USD 100 billion for IT and BPO services. Aggregate revenue for IT software and services (excluding hardware) is estimated at USD 88 billion. During this year, direct employment is expected to reach nearly 2.8 million, an addition of 230,000 employees, while indirect job creation is estimated at 8.9 million. As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 7.5 per cent in FY2012 (NASSCOM Strategic Review, 2012). According to NASSCOM Strategic Review 2012, "IT services segment is the fastest growing at 19 per cent over FY2011 with export revenue of USD 40 billion, accounting for 58 per cent of total exports. This sector has seen the emergence of full service players offering traditional services like application development and maintenance to testing, infrastructure, consulting and system integration, and also niche providers offering end-to-end services in particular verticals or customer segments. This sector is now focusing on moving further up the value chain by positively impacting business outcomes and customer revenues". People in these types of firms make the difference in revenues among them.

Importance of human resource management in software firms

It's no secret that business success today revolves largely around people, not capital. This is of great significance especially in 'people businesses' like software companies with relatively high people costs and low capital costs. According to Barber & Strack, (2005) people businesses are those companies with relatively high employee costs, a high ratio of employee costs to capital costs, and limited spending on activities, such as R&D aimed at generating future revenue. The question of where and how value is being created or squandered could be identified in people-intensive businesses by looking into metrics of productivity of people rather than of capital.

The critical resources are employees a software company hires, motivates and retains. While occasionally, the value employees create in some software companies does take the form of intangible assets like intellectual property, brands, and the like, most employees in people businesses like IT services and products concentrate more on creating short-term value directly

for customers, month for month and year for year, without the intermediary step of creating an intangible asset.

The distinct but generally unappreciated economics of people-intensive businesses like software call not only for different metrics but also for different management practices. Even slight changes in employee productivity in software companies have a significant impact on shareholder returns. In such cases "human resource management" is no longer a support function but a core process for line managers. It goes without saying that managing people is a key task for any company. But in a people business, this task becomes central to success because employees represent both the major cost and the major driver of value creation, People-management measures that lead to even small changes in operational performance can have a major impact on returns (Barber & Strack, 2005).

Given the high financial stakes, people management needs to be a core operational process and not solely a support function run by the Human Resource department. Line managers have a vital role to play in improving employee productivity, in terms of both business issues (such as whether to concentrate on large or small accounts) and management issues (such as how to create an organization and work environment that foster productive output). If success in a capital-intensive business comes primarily from making the right investment decisions, success in a people-intensive business comes from hiring the right people and putting in place processes and an organization that makes them productive (Barber & Strack, 2005). Managers also need to ensure that employees' interests are aligned with a company's business objectives and their execution. It is crucial to keep employees engaged and productive.

The existing business environment requires companies as well as their HR teams to think out-of-the-box, and come up with innovative approaches to survive the downturn and hold employees together. Innovative approaches would motivate the employees in software companies to utilize their set of skills and knowledge through discretionary effort realizing firm's business strategy. This approach to human resource management is likely to contribute to improved economic performance of the firm. Innovative arrangements also have the potential to increase employee morale, thereby improving performance through reduction in grievances and through greater effort and diligence. Research have shown that HRM innovations not only result in tangible organisational results but also assist organizations in developing innovative solutions as the need arises.

On the contrary, there are at times HRM innovations fall short of expectations to achieve outcomes such as favorable employee attitude and behavior. Research evidence on the relationship of Innovative Human Resource Practices with employee attitudes are still very limited (Agarwala, 2002). Hiltrop (1996) provides some evidence indicating that best practices encouraged employee attitudes and behaviour towards strengthening the competitive strategy of an organization.

This study tries to focus on whether the importance, introduction and satisfaction of innovative human resource practices lead to favorable or unfavorable outcomes among the employees in the software firms in India. To put it tersely, the researcher attempts to study the attitudes and behaviour of software professionals resulting from the innovative human resource practices of their respective firms.

The people factor has been very important for the growth of the Indian software services industry, because the industry works on the human resources (HR) augmentation mode (Upadhyaya & Vasavi, 2006). This means that the revenue of an organization is directly related to the number of projects executed and number of people working on a project (TSchang, 2001). In other words, the number of software workers is an indication of the revenue of the organization. Human Resource is life and blood of software companies as skillful talents are the source for competitive advantage in these industries. The dynamic nature of the software industry due to the innovative methods of work culture like virtual office and virtual migration shows the need for different HR practices to this fastest growing industry. The characteristic of work is also very different from other sectors as there is high attrition rate, lack of job satisfaction, job hopping of the employees, flexibilization and individualization are common phenomenon in the industry which is major concern for the software companies. So companies are using different strategies like direct and indirect controls to manage the issues faced by the organization (Upadhyaya, 2009).

Software companies are employing innovative human resource practices which are different from the brick and mortar companies to manage their human resources. The HR practices in Indian software companies like employee sourcing and human resource development initiatives are remarkably different from the manufacturing and other service sector companies. The researcher in this study tries to find out the answer for research question does the various innovative HR practices in software firms bring out human resource outcomes like job satisfaction, organisational commitment and organizational citizenship behavior among its employees.

Rationale for the study

Adopting and sustaining progressive human resource management programs is a critical issue faced by many organisations today. There is still much to be understood about when innovations in human resource management practices successfully take hold and when they do not. Although innovative personnel programs are frequently adopted to improve the workplace, many organisations fail to systematically evaluate their effectiveness after the implementation. Despite the fact that HRM innovations are typically introduced to achieve outcomes such as favorable employee attitudes and behavior, they generally fall short of management expectations. This study views adoption and sustenance of innovations in human resource management practices as part of HR strategy and examines the relationship between the innovative HR practices and certain selected HR outcomes.

The promise of many new human resource management programs can be attributed to an emphasis on invention over systematic implementation, and a rationale spurring their adoption. Organisations prone to faddishness may initiate HRM innovations to appear more legitimate in their environments (DiMaggio and Powell, 1983). The prime impetus for the introduction of a personnel practice may be because competitors have already done so, or because the practice is the latest panacea being touted by the local management-consulting group. Adopting and sustaining progressive human resource management programs is a critical issue faced by many organisations today. There is still much to be understood about when innovations in human resource management successfully take hold and when they do not. Although innovative personnel programs are frequently adopted to improve the workplace, many organisations fail to systematically evaluate their

effectiveness after implementation. Despite the fact that HRM innovations are typically introduced to achieve outcomes such as favorable employee attitude and behavior, they generally fall short of management expectations. The problems of adopting and sustaining progressive HR practices have important organisational significance, and this study attempts to understand the conditions fostering HR Outcomes by successful introduction, implementation and satisfaction of new HRM initiatives.

A key problem adopting and sustaining human resource management innovations stems from the difficulties that often arise from the attitude of employees. HRM innovations may have been very well designed, but the question of its effectiveness cannot be answered as it might take days, months and years to find it. In addition, responses to questions of effectiveness will differ greatly between organisational members. A key assumption here is that acceptance of HRM innovation is a necessary but insufficient condition for effectiveness and the employees accept HRM innovation only when they have a favorable attitude towards it. Attitudinal acceptance is measured through the possession of favorable reactions to the innovation. Acceptance of innovation can be measured for individuals, groups, and organisations. An individual employee's attitude toward an innovation can be easily measured. Acceptance of innovation also can be differentiated by the general attitudes and behaviors of employees (Kossek, 1989).

There has often been little concern with the quality of adoption and the differential impact of adoption on organisational members (Kossek, 1987). By studying HRM innovations adopted in IT firms, the study intends to study the relationship between acceptance and its impact on employees. It is believed that some HRM innovations have a more central impact on the quality of employee working life than others. Some affects their day-to-day working where as others do not. It is important to note that the consequences of implementation of innovative HR practices are difficult to measure, because their assessment is subjective and value laden and is often confounded with other effects. Hence outcomes may vary according to the characteristics of the HRM innovations. This study views adoption and sustenance of innovations in human resource management programs as part of HR Strategy and examines the relationship between the innovative HR Practices and HR Outcomes.

Other than C. T. Argyris's (1964) work on T-groups and W. F. Whyte's (1961) observations on the group effects of incentive systems, most of the research has focused on the mechanics of designing and administering a single innovation and has been very narrow in its examination of the impact of new human resource programs (Kossek, 1989). Some HRM innovations are adopted merely to promulgate the position of the personnel department; there are obvious ramifications for organisational acceptance.

In summary, the human resource management literature has concentrated on the mechanics of designing and administering specific innovations like a new performance appraisal or compensation program. By doing so, however, it often has neglected to study the politics of implementing human resource innovations, the degree to which innovations receive acceptance over an extended period of time, and their relation to other personnel programs and the overall work relations system. Also, the glaring issue that personnel departments traditionally have poor images in their firms and the reality that most top managers are tangentially involved with human resource issues has received cursory attention. This gap can be partially attributed to the lack of interest by researchers in studying the entire continuum of personnel practices, which has

historically been focused only on major innovations such as interventions involving worker participation in decision-making.

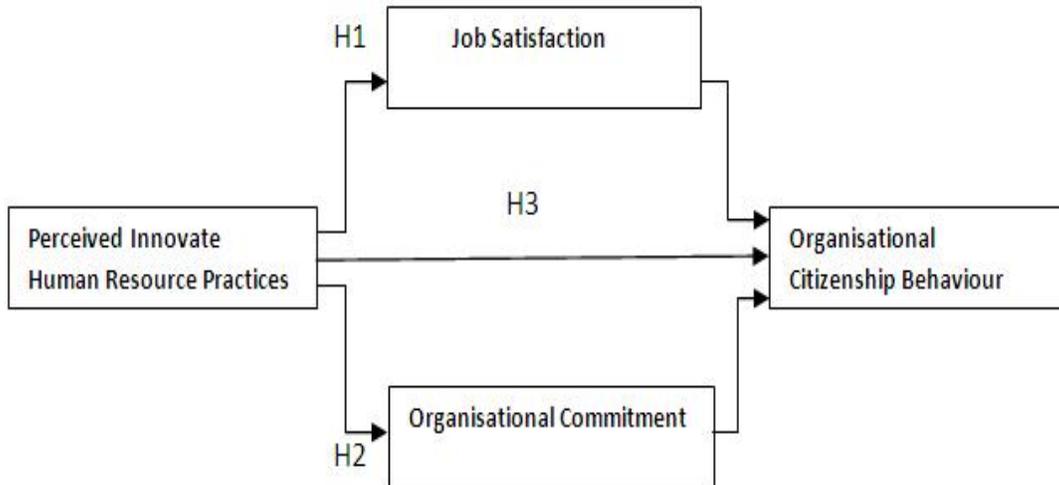
Conceptual focus of the study

The intentional introduction and application of any previously unused concept, practice, process or system is designed to influence or adapt the behaviour of employees with the aim of achieving improved organisational performance, identified and implemented by human resource practitioners. New economic realities have put pressure on the human resource function to demonstrate how it can add value to the firm's bottom line. Early conceptualizations often questioned the function's relevance to organisational effectiveness, mainly for the fact that HR was seen to hold a primarily a reactive, administrative role. Moreover, a typically theoretical approach to HRM has made it difficult in the past to articulate how the HR function could actually influence strategic level objectives. This has been aided by a substantial body of evidence linking innovative approaches to human resource management with various indicators of organisational success, and by theoretical developments based on to the resource-based view of the firm. These developments have helped shift attention squarely on the importance of people in achieving competitive advantage. Innovative HR practices are divided into 14 different categories like employee acquisition strategies, employee retention strategies, compensation and incentives, benefits and services, rewards and recognition, technical training, management development, career planning and development practices, performance appraisals, potential development, employee relations with a human face: treating employees with concern, employee exit and separation management, adopting responsibility for socially relevant issues.

The substantial volume of research on the link between HRM and organisational performance in the last 15 years has paid little attention to the causal chain linking policy inputs to performance outcomes (Boselie & Boon, 2005). In this 'HRM black box' the critical link is how HR practices influence employee attitudes and improve worker performance in ways which are beneficial to the employing organisation. This focuses on their perceptions of HR practices and establishing correlations with their commitment to the organisation and their job satisfaction. This is then related in the causal model to employee discretionary behaviour, sometimes referred to as organisational citizenship behaviour (OCB). While some HR policies may impact on employees directly, most rely on line manager action or support, and the quality of the relationship between employees and their immediate line managers is liable, too, to influence perceptions not only of HR practices but of work climate, either positively or negatively. The extent and nature of this discretionary behaviour will be influenced by the design and range of HR practices they are expected to implement. Where an extensive range of HR policies exist and are well known, managers are provided with the tools, techniques and procedures to use in people management. These then can be expected to modify or influence the relationship between managers and their subordinates. Employee commitment to the organisation will be influenced by their perceptions of these practices as well as their relationship with their managers.

The conceptual focus adopted for this study can be visualized as shown below:

Fig. 1-Diagrammatic Representation of the Conceptual Model



Objectives

Based on the conceptual focus highlighted in the above section, the study proceeds to inquire into the set of objectives and test the hypotheses framed as under:

Major objective

To explain and establish the human resource outcomes in software firms in Kerala as consequences of Innovative Human Resource Practices (IHRP).

Specific objectives

- [1] To study the perception regarding innovative HR practices among the employees in software firms in Kerala in terms of:
 - i. Importance of innovative HR practices for achieving the objectives of the organisation,
 - ii. The extent of introduction of innovative HR practices and,
 - iii. The extent of satisfaction with the innovative HR practices implemented in the organisation.
- [2] To bring out the human resource outcomes reflected by their levels of job satisfaction, organisational commitment and organisational citizenship behaviour.
- [3] To ascertain the relationship between innovative HR Practices and the human resource (HR) outcomes among the employees in software firms in Kerala.

- [4] To develop and statistically validate a model linking innovative HR practices and the HR outcomes.

Innovative HR Practices and its relationship to HR Outcomes-Job Satisfaction, Organizational Commitment and OCB

Earlier research on the HRM and performance link which focused exclusively on a count of HR policies in place and the proportion of employees covered by such policies had the danger of giving an erroneous impression that it was the number and mix of policies that was important. Once the model of the causal chain is proposed hypothesizing the steps between intended practices and performance outcomes, it is clear that the crucial link is between the employee experiences of IHR Practices, the formation or modification of attitudes towards the employing organisation and the job and the inducement these provide to engage in certain types of discretionary behaviour. From the review of literature it was decided to study the proximal outcomes of innovative HR practices like job satisfaction, organisational commitment and organisational citizenship behaviour.

Innovative HR practices were proposed by (Arnett and Obert 1995; Dessler 1999; Pfeffer and Veiga 1999) to enhance effectiveness in organisations and to retain talented employees in the organisation. While some HR policies may impact on employees directly, most rely on line manager action or support, and the quality of the relationship between employees and their immediate line managers is liable, too, to influence perceptions not only of HR practices but of work climate, either positively or negatively. The extent and nature of this discretionary behaviour will be influenced by the design and range of HR practices they are expected to implement. Where an extensive range of HR policies exist and are well known, managers are provided with the tools, techniques and procedures to use in people management. These then can be expected to modify or influence the relationship between managers and their subordinates. Employee commitment to the organisation will be influenced by their perceptions of these practices as well as their relationship with their managers.

Actual practices are those IHRP that are implemented and are satisfied by the employees. It is these practices and the way they are implemented in people management that employees perceive and react to. Each IHR practice and the way it is applied will have a functional purpose and employees can judge each in terms of utility or satisfaction to them as well meeting standards of fairness or legitimacy. The group or bundle of IHRP as perceived by employees constitute an important element in overall organisational climate (Bowen and Ostroff, 2004) and have causal powers different from the functional purpose of each practice.

Job satisfaction is one of the most prominent correlates of Innovative HR Practices (Bateman & Organ, 1983, Puffer, 1987, Organ & Konovsky, 1989). It inculcates in employees a positive state of mind (Smith, 1983) which in turn motivates them to repay their organisation through OC (Schnake et. al., 2003). Implicit in the cause of OC as argued by Smith et al. (1983) is the existence of some baseline of satisfaction required to trigger altruistic behaviors in the organisation. Studies have revealed that a significant relationship exists between job satisfaction and IHRP (Organ and Lingl, 1995). Bateman and Organ found that job satisfaction as measured by the Job Descriptive Index did correlate with the extent of IHRP as independently rated by supervisors.

Employee reactions are typically assessed attitudinally in levels of job satisfaction and affective organisational commitment. Employee outcomes are observable responses seen in task behaviour, discretionary behaviour as a form of OCB and attendance (or turnover and absence). It is these behaviors which influence organisational effectiveness, however defined, and ultimately, firm financial or economic performance (see Ostroff and Bowen, 2000; Gerhart, 2005; Fulmer et al., 2003).

This focuses attention on the need to include in the research specification assessments on levels of organisational commitment, especially affective rather than continuance commitment, and job satisfaction. It is better to separate behaviour from attitudinal components (commitment and job satisfaction) because discretionary behaviour both on the job and off the job (Adler et al., 1999) is the critical factor in linking employee responses to performance and is different from performance improvements coming via better knowledge, skill and ability.

The link between employees' experience of actual IHR Practices and their attitudes towards the firm, seen in affective commitment, is suggested by social exchange theory. Here, employees' Perceived Organisational Support (POS) embodied in HR practices applied or open to them is reciprocated by higher OCB and retention/ attendance (Eisenberger et al., 2002). The central assumption is that 'HRM practices are viewed by employees as a "personalized" commitment to them by the organisation which is then reciprocated back to the organisation by employees through positive attitudes and behaviour' (Hannah and Iverson, 2004: 339). A possible unwholesome practice by a management to tide over a seemingly critical situation in the organization, though termed as 'innovative' by its proponents, once revealed would fail to generate the expected positive reciprocation from the employees and would not live up to IHRP in the context of the line of thought. POS may be linked to particular policies of salience to employees, but it is the overall effect, the 'strength' of the HR system (Bowen and Ostroff, 2004), and employees' broader conceptions of the employment relationship which is critical (Hannah and Iverson, 2004: 338). Organisational commitment (OC) is defined as the relative strength of an individual's identification with and involvement in an organisation. . Meyer and Allen (1997) say that employees with a strong personal attachment and identification to the company continue employment. This is called affective commitment. Other factors which foster commitment are obligation due to social pressures i.e., continuance commitment, and associated costs with leaving the organisation i.e. normative commitment. Research studies by Igarria and Guimaraes (1992) show a negative relationship between affective commitment and turnover intentions. Salary has been found to be positively related to organisational commitment (Igarria & Greenhaus, 1992).

Organisational Citizenship Behaviour (OCB) consists of behaviour which is neither described nor prescribed by the organisation; a common set of performance standards for rating organisational citizenship behaviour does not exist. MacKenzie, Podsakoff and Fetter (1991) suggest that a manager's view of subordinate performance is broader than the formal appraisal system due to inclusion of OCB. This idea has been further supported by Werner. Katz and Kahn (1978) distinguished between job-related behaviors which are labeled as in-role and extra-role. IRB has been defined as behaviour that is required or expected as part of the responsibilities assigned to one (Barksdale & Werner, 2001). On the other hand, ERB comprises discretionary behaviour which goes beyond existing role expectations (Van Dyne et al., 1995). These categories have also been labeled as "core" and "discretionary" behaviors.

Taken together, the whole bundle of practices can be judged as the ‘strength of the HRM system’ to use Bowen and Ostroffs (2004: 209) term. They suggest that ‘a strong HRM system may foster stronger relationships among HRM climate and performance’ more than either by itself. The satisfaction with IHR practices will foster a stronger relationship with employee attitudes to their job and their organisation than either by itself. The study seeks to test the following hypotheses.

Based on the theoretical framework and deducing from the conceptual focus adopted for this study the following hypotheses have been proposed for this study.

- H₁** Higher the perceived importance, extent of introduction of Innovative HR Practices and extent of satisfaction with the Innovative HR practices, higher is the employee level of Job satisfaction.
- H₂** Higher the perceived importance, extent of introduction of Innovative HR Practices and satisfaction with the Innovative HR practices, higher is the Organisational Commitment.
- H₃** Perceived importance, extent of introduction of Innovative HR Practices and satisfaction with the Innovative HR practices are positively related to the level of Organisational Citizenship Behavior.

Basic research design

Methodologically the study falls into a descriptive cum explanatory framework. The study is descriptive in that it seeks to depict the distribution of employees who have differential levels of perception regarding the importance, extent of introduction and satisfaction levels in respect to the innovative HR practices in their respective firms and the distributions in terms of the criterion factors of HR outcome variables. Study proceeds to seek the precedent outcome linkages among the factors of both IHRP and HR outcome variables. Further the data were used to achieve the most appropriate fit among the factors of the independent and dependent variables using Structural Equation Modeling (SEM) and is thus explanatory in character.

Tools of Data Collection

Questionnaire on Innovative HR Practices

This tool was designed by the Agarwala, T (2003) to assess employee perception of the innovative HR practices of certain selected organisations along the three dimensions of importance, introduction and satisfaction. The final version of the scale consisted of three parts, A, B and C, each having 14 items, the total number of items being 42. The fourteen items in each part of the questionnaire referred to fourteen HR practice categories, each HR practice category being broad enough to incorporate a number of innovative techniques. These techniques were given as examples for each respective category. Each part of the questionnaire used a 4-point rating scale with 1 indicating a poor perception and 4 indicating a good perception for each dimension of innovative HR practice. The range of scores possible for each part (dimension) of the scale was 14 to 56.

The split-half reliability coefficient for Part A (introduction), Part B (importance) and Part C (satisfaction), using the Spearman-Brown formula, was found to be 0.80, 0.85 and 0.81 respectively.

HR Outcomes

The HR variables measured included Job Satisfaction, Organisational Commitment and Organisational Citizenship Behaviour.

Job Satisfaction

This was measured using 14 item questionnaire by Hatfield (1985). It comprises of Satisfaction with job security, compensation, personal growth satisfaction, satisfaction with coworkers and satisfaction with supervisor. Respondents were asked to indicate their agreement or disagreement with each of the items listed in the questionnaire using a 7-point scale ranging from “extremely satisfied” through “extremely dissatisfied”. The reliability scores of the Cronbach’s alpha values for different aspects are satisfaction with work (0.81), satisfaction with pay (0.90), satisfaction with coworker (0.83), satisfaction with supervisor (0.82) and overall job satisfaction is (0.68).

Organizational Commitment

It was measured using a ten items questionnaire to construct the commitment scale derived from the instrument developed by Meyer and Allen (1990) it has two dimensions the affective commitment and continuance commitment. Each dimension had 5 items each. Respondents were asked to indicate their agreement or disagreement with each of the items listed in the questionnaire using a 7-point scale ranging from “strongly disagree” through “strongly agree” with a midpoint labeled “neither agree nor disagree.” The reliability cronbach’s alpha scores of the two dimensions of the organisational commitment are affective commitment (0.81) and continuance commitment (0.78) with a split half coefficient of 0.77 and 0.76 respectively.

Organizational Citizenship Behavior

OCB was measured using a 12-item Scale made by Paré, Tremblay, and Lalonde, which was adopted from Podsakoff et al. (1990) and Williams and Anderson (1991). Citizenship behaviors can be directed at the organisation (OCBO) (e.g., carrying out role requirements well beyond minimum required levels) and/or they may benefit specific individuals (OCBI) (e.g., helping a specific other person with a relevant task).

Williams and Anderson’s (1991) seven-item OCBO and seven-item OCBI scales took most of the measures representing these constructs from previous research by Bateman and Organ (1983), Graham(1986a), Organ (1988) and Smith et al.(1983).

The internal consistency reliability of the OCBI Scale was 0.88 and the internal consistency reliability of the OCBO Scale was 0.75. Estimates of internal consistency reliability of the OCBI Scale averaged 0.85 across the studies conducted by Williams and Anderson (1991), Turnley et al. (2003), and Randall et al. (1999), ranging from a low of 0.80 to a high of 0.88. The internal

consistency reliability estimates for OCBO in these studies averaged 0.76, ranging from a low of 0.70 to a high of 0.83. Overall the scale appears to be highly reliable (Organ et al 2006). Respondents were asked to indicate their agreement or disagreement with each of the items listed in the questionnaire using a 7-point scale ranging from “strongly disagree” through “strongly agree” with a midpoint labeled “neither agree nor disagree.” There were three reverse coded items in OCBO scale like take undeserved work breaks, great deal of time spent with phone conversations and Complains about insignificant things at work.

Table 1. Multivariate regression analysis results for the factors of Innovative HR practices and dependent variables (job satisfaction, organizational commitment and organizational citizenship behavior)

Effect		Type III Sum Of Squares	df	Error df	Mean Square	F	Sig.
Importance of IHRP	Job satisfaction	8.456	18	2.498	.470	2.576	.032*
	Organizational Commitment	6.439	18	1.689	.380	3.848	.047*
	Organizational Citizenship Behaviour	17.923	18	1.762	.996	7.052	.049*
Introduction of IHRP	Job satisfaction	13.333	21	3.446	.635	4.497	.000*
	Organizational Commitment	18.334	21	2.604	.873	8.836	.002*
	Organizational Citizenship Behaviour	10.595	21	2.604	.505	2.766	.001*
Satisfaction of IHRP	Job satisfaction	21.675	23	3.446	.942	3.655	.000*
	Organizational Commitment	21.894	23	3.874	.952	1.156	.000*
	Organizational Citizenship Behaviour	11.717	23	3.671	.509	5.156	.000*

(* indicates items significant at 5% significance level)

Discussion

Regression analysis in Table No 1 conveyed that the perceived importance of innovative HR practices, perceived extents of introduction and satisfaction levels of IHRP contribute towards the creation of job satisfaction. Generally spoken, Innovative HR practices have positive effect on the creation of job satisfaction among the employees. The hypothesized relation between the sub dimensions of the independent variable and the dependent variable is supported. Perceived importance, extent of introduction and satisfaction of innovative HR Practices have strong positive relation on the job satisfaction of the employees.

To quote similar other observations, Mohr (1969) contends that willingness to innovate is not enough; individuals must be impelled to innovate and resources for innovation need to be available.

This suggests that even if resources are available, there must be congruence between the innovation and the individual's attitude toward it. In a more recent study, Sillince & Harindranath (2001) found some empirical support for the argument that garnering acceptance for radically new working practices requires congruence between the innovation and the employee's attitude toward the innovation. Acceptance of human resources management innovations may also be affected by perceptions about the benefits of the innovation to the employees themselves as well as to the organization. Some researchers maintain that innovative practices that are congruent with employee needs and values will aid the acceptance of the human resource management innovation implemented (Dowling & Schuler, 1989; Gilbert, 1994; Rousseau, & Wade-Benzoni, 1994; Van Buren & Leana, 2000).

Earlier studies have also revealed that a significant relationship exists between IHRP and job satisfaction (Organ & Lingl, 1995). The literature additionally underlines the fact that there is strong positive relation for IHRP with employees' job satisfaction in software companies. It says that Job satisfaction is one of the most prominent correlates of HR Practices (Bateman & Organ, 1983, Preffer, 1987, Organ & Konovsky, 1989). An HR practice inculcates in employees a positive state of mind (Smith, 1983) which in turn motivates them to repay their organization (Schnake et. al., 2003). Only positive beneficial actions directed at employees by the organization create an impetus for employees to reciprocate in positive ways through their attitudes and/or behaviors (Coyle et al. 2004) which result in the increased job satisfaction level. Thus the finding of the present study is supported very well by the findings of earlier researches and existing literature.

Analysis of the study in Table 1 shows that the perceived importance of innovative HR practices, perceived extent of introduction and satisfaction levels of IHRP contribute towards creation of organisational commitment. Thus innovative HR practices have positive effect on the creation of organisational commitment among the employees. The hypothesis that higher the perceived introduction, extent of importance and extent of satisfaction of the innovative HR practices higher Organisational Commitment among the employees is supported.

Meyer and Allen (1990) found that employees with a strong personal attachment and identification with the company continue in the employment. This is 'affective commitment' that arises from the obligation due to social pressures constitute continuance commitment and both give rise to Organisational Commitment which is strongly related to Innovative HR Practices. Studies show that employees' commitment to the organization is a function of their perception of the people orientedness of the organisation. The perception that the organisation was action-oriented with respect to the extent of introduction of HR innovations is likely to enhance employee beliefs about the commitment of the management of their organisation to the human resources of the organisation. This, in turn, is likely to lead to higher identification with the values of their organisation. By promoting new HR practices, an organisation provides the signal that its human resources are worthy of the firm's investment, attention and time (Gilley, 2001).

Hiltrop (1994) suggests measures to evaluate the effectiveness of HR practices and that one way could be via the positive impact of HR on commitment. Zomitsky (1995) stated that HR practices contributed to the economic success of an organisation through enhanced employee commitment and satisfaction. Benkhoff (1997) conducted a study to explore the proposed link between HRM

characteristics and their relationships to employee satisfaction, intention to stay and organisational performance. Organisational commitment emerged as the central variable that was closely related to work satisfaction and intention to stay and, most important, made a significant contribution to performance of the firm. Thus the finding of the present study is also supported very well by the findings of earlier research and existing literature.

As in the case of earlier instances, the findings of the present study reveals that the perceived importance of innovative HR practices, perceived extent of introduction and satisfaction levels of IHRP do contribute towards creation of organisational citizenship behavior. Thus, as per the current study, innovative HR practices have a positive effect on the creation of organisational citizenship behaviour among the employees.

The initial hypothesis that there is positive relation between the sub dimensions of the independent variable and the dependent variable has been proved. Perceived importance of innovative HR practices, extent of introduction and satisfaction of innovative HR Practices have a strong positive relation on organisational citizenship behaviour of the employees.

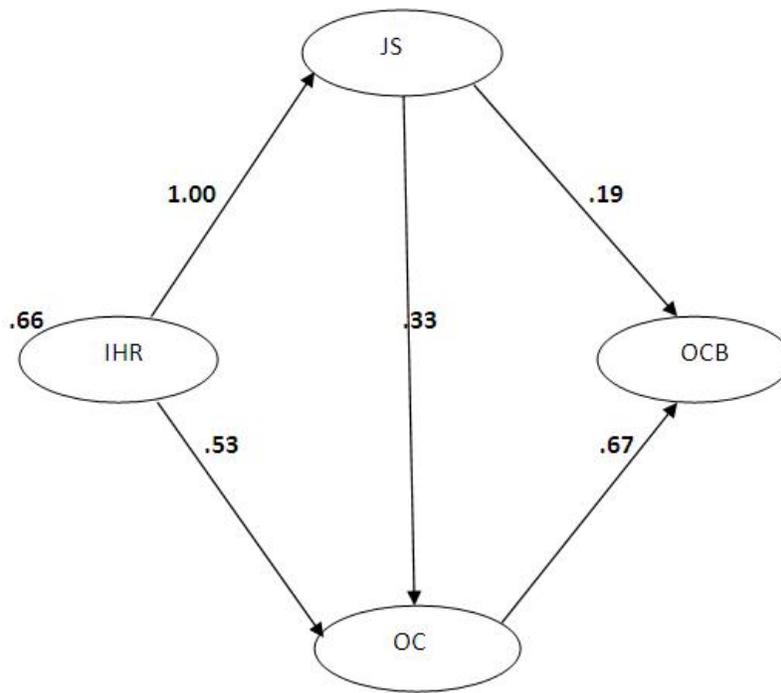
Podsakoff et al. (2000) show that levels of citizenship performance tend to be enhanced in organizations that set group goals, demonstrate a high degree of justice, design jobs to be intrinsically satisfying and have leaders who provide a supportive environment and who themselves exhibit a citizenship behaviour. According to Moorman (1991), OCB consists of a great variety of behaviors, only some of which may be performed within the view of the supervisor. Therefore it becomes even more difficult for supervisors to exactly know what enhances citizenship behaviour among their subordinates. This result linking IHRP and OCB will therefore be of great use to them. Several researchers have begun to recognize that individuals may engage in OCB for different reasons or motives because they want to promote the welfare of others, or the organization, or that they may do so as a form of political influence in an effort to help them. This study underlines the involvement of innovative HR practices for enhancing the organisational citizenship behaviour that will be very much helpful for every organisation.

Structural Equation Modeling (SEM) procedures justify the model linking innovative HR practices and the HR Outcomes.

Table 2: Fit Values for the Final Model

Normed Chi-Square	1.664	Very Good
GFI	0.695	Moderate
AGFI	0.674	Moderate
CFI	0.755	Moderate
RMSR	0.072	Good
RMSEA	0.05	Very Good
PRatio	0.96	Very Good

Fig 2-Final Structural Equation Model (SEM) Model involving Innovative HR Practices, Job Satisfaction, Organisational Commitment and Organisational Citizenship Behaviour



Legend of the terms used in model

IHR: - Innovative HR practices

JS: - Job Satisfaction

OC: - Organisational Commitment

OCB: - Organisational Citizenship Behaviour

From Figure 2 above it shows that job satisfaction and organizational commitment are acting as the intervening variables unlike visualized in the initial conceptual framework adopted for the study. The direct relationship between Innovative HR Practices (IHRP) and Organisational Citizenship Behaviour (OCB) imagined earlier in the default model was found to be insignificant in the hybrid model. But IHRP-OCB linkage assumes meaning and significance when organisational commitment and job satisfaction are interposed. The SEM analysis thus established the intervening effects of organisational commitment and job satisfaction in the overall explanation.

Conclusions

New economic realities have put pressure on the human resource function to demonstrate how it can add value to the firm’s bottom line. Early conceptualizations often questioned the function’s relevance to organizational effectiveness, mainly for the fact HR was seen to hold a primarily a reactive, administrative role. This research truly reflects the wide scope of innovative HR practice (from functional activities to wide ranging strategic initiatives) as well as its capability to affect

the entire social structure of an organization. Importantly, it also attempts to transfer ownership and responsibility for the Innovative HR Practices process to HR professionals. Thus through this study a wide influence of Innovative HR Practices on the HR outcomes has been brought out.

Implications to Management Theory

In this study the relationship between innovative HR practices and selected HR outcomes is investigated. The current study represents a unique attempt to study the effects of innovative HR practices, with job satisfaction, organisational commitment and organisational citizenship behaviour considered as the consequent variables. Results have affirmed the role of intervening variables such as job satisfaction and organisational commitment in establishing the link between IHRP and OCB obliterating any direct relation between IHRP and organisational citizenship behaviour.

This finding may enable researchers in the human resource management to develop more robust understandings of the positive effects of innovative HR practices on HR outcomes. Thus the present study provides the obvious contribution of weaving up yet another linkage between the two complimentary disciplines of Human Resource Management and Organisational Behaviour.

The present study also contributes to the understanding of OCB by exploring its antecedents and extending the intervening role of job satisfaction and organisational commitment. The findings indicate that a higher level of introduction / initiation and satisfaction of innovative HR practices produces high job satisfaction and organisational commitment which lead to OCB. The researcher drew upon the perception–attitude–behaviour model to further realise the expected relationship among innovative HR practices, job satisfaction, organizational commitment and organisational citizenship behaviour. consequently, this study makes a contribution to the broader organisational citizenship behaviour literature by manifesting the extended relationship path from innovative hr practices to organisational citizenship behaviour, and demonstrating that innovative hr practices at the organizational level has an effect on employee attitudes and behaviours as well.

Implications for Managerial Practice

This study offers practical implications for employers seeking to motivate employees, and provides insights into why the employees are willing to engage in extra role behaviours in organizations. The IHRP- OCB model will enable the management to identify the paths that lead to OCB and chalk out strategies for making it more effective.

Providing innovative HR practices help organizations convey an impression of employee-orientation through the use of motivational practices that are closely related to the immediate interests of employees, and which are aimed at influencing employee perceptions and attitudes. Moreover, the levels of perceived satisfaction with the innovative HR practices by the employees also encourage employees to be unselfish and altruistic. This turns their emotions into a willingness to engage in extra-role behaviors that are not immediately related

to their jobs but are beneficial to their organizations. This would make the organizations more effective in managing human resources especially the firms which are team based.

Scope for Further Research

- Further studies may focus on identifying and comparing the perception of HR managers, line managers and software professionals on innovative HR practices of the company.
- To achieve better refracted and to widen the spectrum of the present set of findings, researchers may also look into the HRM practices and HR outcomes of the software firms based on classification in terms of product-oriented and project or service oriented companies.
- Studies can also focus on innovative HR practices and HR outcomes with reference to life cycle stages of the organisation.
- As longitudinal study affords a better insight into causal relationship, it would be advisable to go for a longitudinal study in further researches in the field where additive and interactive effects of various innovative HR practices on HR outcomes could be unearthed.

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