THE IMPACT OF HUMAN RESOURCE PRACTICES ON FIRM PERFORMANCE: ISSUES AND EVIDENCES

By

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Abstract

This study takes a viewpoint that the impact of Human Resource Management (HR) practices on firm performance is complex in nature. The complexity of the relationship is contingent on the context in which an organization is situated. The context may be an outcome of external conditions operant on an organization. It may also result from factors that are internal and idiosyncratic to an organization such as the evolution of the organization over the time horizon, founder's philosophy, demographic profile of the organizational members and so on. At another level, the impact of HR practices is through favourable employee attitudes and positive employee behaviours, and the contribution that HR practices make towards shaping the desirable employee attitudes and behaviours. At the same time, how employees perceive these HR practices in the context is also an important determinant of their subsequent attitudes and behaviours. The result is a complex relationship that exists between HRM and firm performance that at present is the predominant debate in the field of human resource management.

In order to test the above said assertion, the present research was carried out in a high-performing pharmaceutical organization based in Western India. The research strategy used was directed at two levels. Firstly, the context, internal as well as external, for the organization was explored by collecting primary data through interviews and from company documents like HR manual, news letters, annual reports and information uploaded on the organization's website, and secondary data from published sources and databases such as PROWESS. At another level,

perceptions of employees, of various HR practices being implemented in the organization, their attitudes, behavioral intentions, and behaviours were collected through survey questionnaire. The sample size was 277 drawn from the executive population of different strategic business units in the organization. The data analysis included testing the difference in mean scores on all variables among the different units, correlation analysis and regression analysis.

The findings of the present study suggest that at the macro level, context plays an important role in determining the overall effectiveness of HR practices. HR practices also play an important role in shaping employee attitudes and behaviour by how they are perceived by the employees, at the micro level. But at the same time, the context has an important influence in determining how the employees perceive the HR practices.

The findings also suggest that a holistic view of HR practices should be taken, and there should be internal consistency amongst the HR practices. Secondly, it was found that there was difference in "intended" HR practices and "realized" HR practices. The "realized" HR practices were to some extent aligned with the business strategy.

Chapter 1: Human Resource Management and Firm Performance

1.1. Introduction:

For many years, researchers have sought to account for the performance of entire organizations. Despite this, why some organizations attain higher performance than other organizations remains an intriguing, and only partially answered question (Lenz, 1980).

It has also been recognized that performance in the context of organization, is not only a broad concept which has been used synonymously with productivity, efficiency, effectiveness etc, it has also been a subject of study for social scientists from a wide range of disciplinary perspectives (Cooke, 2001). There is a also a consistent view in the literature that there is little agreement on basic definitions of and approaches on organizational performance (Georgopoulus & Tannenbaum 1957, Steers 1975, Katz & Kahn 1978, Kanter and Brinkerhoff 1981). Kanter (1981), in a review of literature on organizational performance argued that the most interesting questions in this area are not technical but conceptual. The question is not how to measure effectiveness, but what to measure, how definitions and techniques are chosen and how they are linked to other aspects of an organization's structure, functioning and environmental relations, especially if we consider the "political" model of organization, which views organizations as battlegrounds for stakeholders, both inside and outside, who compete to influence the criteria for effectiveness so as to advance their own interests.

Further, several models of organizational effectiveness have been put forward by researchers. On one side, we have the goal attainment model which focuses on accomplishment of goals as the ultimate criterion for measuring performance, on the other side, organizational adaptation and survival in the long run is viewed as the hallmark of effectiveness. There is a third viewpoint which adopts the system model approach to suggest that being able to acquire the resources that it requires, process them to produce the desired outputs, is the yardstick by which effectiveness of an organization should be gauzed.

Different theoretical frameworks rooted in various disciplines such as industrial economics etc have been used as the conceptual tools to account for firm performance. More recently, efforts have been made by human resource management (HRM) theorists to establish a casual link between HRM and performance (Cooke, 2001). This has led to growing number of studies which examine the potential contribution that good human resource policy can make to improve organizational performance so much so that the impact of human resource management on performance has become the dominant research issue in the field (Guest, 1999).

The current emphasis on HRM-performance relationship has also stemmed from the thinking resulting from increased competitive situation globally that suggests investments made on human resource management should tell on the bottomlines of the organization. From the academic point of view, some studies have found that the contribution of organizational factors is almost twice to economic factors in explaining organization performance (Hansen et al. 1989, Tvorik et al. 1997).

Hansen et al. (1989) differentiated between the economic model of firm performance and the organizational model of firm performance. According to them, in case of latter the implicit assumption is that managers can influence the behaviours of their employees(and thus the performance of the organization) by taking into account factors such as the formal and informal structure, the planning, reward, control and information systems, their skills and personalities and the relation of these to the environment. That is managers influence organizational outcomes by establishing “context”, and that context is the result of complex set of psychological, sociological, and physical interactions.

Another fact that has been recognized in this discussion on relationship between HRM and firm performance is that there are many other variables that impact on organizational performance, such as general economic conditions and government policies that finding any clear relationship between human resource management and financial performance may be difficult (Fletcher et al. 1996). In a similar vein, Dyer (1995) opined that HR strategies are most likely to have direct effects on human resource outcomes, followed by organizational outcomes, financial outcomes and finally stock market performance.

1.2. HRM and Firm Performance: The Strategic Human Resource management Debate

The debate in the literature is on how strategic human resource management (SHRM) is different from human resource management. The proponents of SHRM argue that strategic human resource management has a macro or strategic perspective in comparison to human resource management that has a tradition of micro-analytic research (Delery et al, 1996). Wright et al. (1992) have defined SHRM as the pattern of planned human resource deployment and activities intended to enable an organization its goals. Various theoretical frameworks have been advanced to counter the criticism that SHRM is atheoretical, prominent among them are the resource based view of the firm, role theory, and human capital theory.

Many researchers have developed typologies of strategic human resource management, for example the defender-prospector-analyzer typology given by Miles et al. have been used to describe what HR strategy should match with what kind of stance taken by the organization. Similarly, using Porter's framework of competitive advantage, typologies of HR practices have been made that should go with one of the strategies i.e. cost effectiveness, differentiation, and innovation.

The critics of SHRM observe that there is fragmented thinking in the field because of the way researchers have defined "strategic" in their research work (Chadwick, 1999). According to him, SHRM research usually attempts to do either of the following: (a) include HR practices in performance models predicting organizational outcomes, often incorporating concepts of internal synergies; (b) include organizational strategies in models predicting sets of HR practices; and (c) use the degree of fit between HR practices and organizational strategy to predict organizational outcomes.

Basically, the debate is on the issue of fit, internal as well as external. Delery et al. (1996), distinguished three dominant models of theorizing in the literature on strategic human resource management: universalistic, contingent and configurational. But, serious conceptual problems plague this classification i.e. what HR practices should be included in the best HR practices list, what set of HR practices should go with what strategy, what HR practices should be bundled together to form the different equally effective configurations.

1.3. Empirical Evidence on HRM-Performance Relationship: Issues

The empirical evidence on HRM-performance relationship has done little to sort out the conceptual problems in strategic human resource management as cited above. It in turn has added many issues based on methodological consideration, in the over all debate.

The dominantly used research design to test the relationship between human resource management and firm performance is survey based wherein the sample could include all industry, or one specific industry. The criteria for measuring performance are usually financial, taken from secondary sources, or in some of the studies, it is the measurement is perceptual, and taken from the respondent, who also responds on the HR practices being implemented in his/her organization. Mostly proxies are used for measuring HR practices, for example number of training hours is the proxy for training, deployment of formal appraisal system is the proxy for performance appraisal system, selection ratio is proxy for selective hiring, and so on. We may call the measurement variables as proxies for the actual HR practices, as they are unable to represent the qualitative aspect of these practices. The most vocal criticism raised is that these studies are limited by their reliance on a single informant in each organization, and their emphasis on financial performance at the expense of a broader range of outcomes (Truss, 2001). Also, the fact remains that most of these studies have been unable to shed any light on the issue of internal fit amongst the HR practices and the external fit between HR practices and the strategy of the organization.

1.4. The Mediating Hypothesis: The Missing Link

Most of the theoretical, and also empirical work on HRM-performance relationship has recognized the importance of employee skills, attitudes and behaviours in causing the organizations to perform. The notion of human resources being the strategic assets of the organization rests on the complex way in which the skills possessed by the employee, their attitudes and behaviour may manifest themselves, that may prove to be inimitable for the competitors.

As Cooke (2001) has commented that although there has been no consensus across the field as to what constitutes a HRM system (the universalistic versus contingent best HR practices debate), there is a wider argument that "HRM practices can improve company performance by: (a) skills and abilities; (b) promoting positive attitudes and increasing motivation; and (c) providing employees with expanded responsibilities so that they can make full use of their skills and abilities. Similarly, Huselid (1995), in his well cited article, and other articles on the same subject has emphasized on the discretionary efforts made by the employees as the reason for organizational performance.

But, most of these studies have failed to test the mediating hypothesis that proclaims that employee skills, attitudes and behaviours mediate the relationship between HR practices and firm performance. In this regard, Mowday (1998) has opined, "Although the evidence linking human resource management systems, employee commitment and organizational performance is perhaps the most exciting new direction for research, it is limited and thus more research is needed."

In a similar vein, Meyer et al. (1997) suggested, "although the amount of research conducted from a systems approach (i.e. taking HR practices all together, and not simply taking individual HR practices) is admittedly limited, the findings do support for the argument that organizations using HRM practices foster commitment will have lower turnover rates, more productive employees, and greater overall success. However missing from this research is an assessment of employee commitment. Consequently, we cannot conclude with certainty that the HRM practices intended to foster commitment actually did so and that the impact of these practices on turnover and productivity is attributable to the increase in commitment."

Clearly, organizational commitment has been recognized as an important employee attitude that should result into productive behaviour shown by the employees that are also aligned with the requirements of the organization. Also, it has been recognized that Organizational commitment is a multi-dimensional construct, and the different components of organizational commitment may have different set of antecedents, and different set of consequences.

1.5. Human Resource Outcomes and Firm Performance:

Employee turnover has been considered as an important consequence of organizational commitment. It has been suggested in the literature and also tested that organizational commitment is negatively related to employee turnover.

There also is a debate in the field if employee turnover is necessarily detrimental for the organization. The concept of functional and dysfunctional turnover has been put forward wherein the turnover is functional when poor performers leave the organization and vice versa. Recently, Dess et al. (2001) proposed a supplemental perspective based on organizational social capital for examining the voluntary turnover-organizational performance relationship. Social capital is a resource reflecting the character of social relations within the organization, realized through member's levels of collective goal orientation and shared trust. According to the authors, in a knowledge based industry the negative effect of voluntary employee turnover is more a function of loss in the social capital than human capital, and this loss is exponential in nature.

Job performance, Motivation and Extra role behaviour are the other important HR outcomes of the broader construct of firm performance.

1.6. Context of the present study:

The Indian Pharmaceutical industry is a sunsrise industry in the economy as it has been growing at over 10 % annually for the last 10 years, which is well above the average industrial growth in India (Govindraj et al., 2002). The context of this study is a high performance organization in the Indian Pharmaceutical industry. The objective of the study is to explore what are the HR practices being implemented in a high performance organization, in a highly competitive and growth oriented industry, How these HR practices are perceived by the different categories of employees in the organization, and finally an attempt has been made to test the “mediating hypothesis”. Though, the multi-level issues inherent in the research problem posed when we explore the HRM-performance relationship, have been recognized in the review of literature, these issues have not been tackled in the present study. On one level, there is a qualitative analysis of the performance of the organization from different perspectives i.e. financial performance, survival from a major upheaval in the organization’s history, and the subsequent growth path that the organization has taken. At the other level, the mediating hypothesis has been tested using the HR outcomes as measures of firm performance.

1.7. Schematization of the study:

In the subsequent chapter, review of literature is presented. Chapter three deals with the research design, presentation of research objectives, hypotheses to be tested and the variables used in the study. Chapter four has discussion on data analysis and interpretation.

Finally, in the last chapter, findings and implications are presented. Limitations of the present study and future direction for research has also been discussed in the final chapter.

Chapter 2: Review of Literature

2.1 Firm Performance:

In the literature, the terms firm performance; organizational performance and organizational effectiveness have been often used synonymously. Chakravarthy (1986) has asserted that organizational performance and organizational effectiveness are but two labels under which aspects of strategic performance have been researched. Similarly, in their review on organizational performance, Kanter and Brinkerhoff (1981) take the position of considering effectiveness and performance as general and interchangeable terms. In this literature review, the terms firm performance; organizational performance and organizational effectiveness will be used interchangeably.

There are two issues involved when we deal with the concept of firm performance. First, how to we define firm performance and from whose perspective should it be considered. And secondly, what are the possible determinants of firm performance. In other words, what results into firm performance? So, at the first level the issue is definitional, and at another level the issue is of approach.

There is a consistent viewpoint in the literature that there is little agreement on basic definitions of and approaches on organizational performance (Georgopoulus & Tannenbaum 1957, Steers 1975, Katz & Kahn 1978, Kanter and Brinkerhoff 1981).

Cambell (1973, c.f. Steers 1975), in a review of various effectiveness measures identified 19 different variables that have been used in the research literature. According to him, the most widely used of these univariate measures were: (a) overall performance, measured by employee or supervisory ratings; (2) productivity, measured typically with the actual data; (3) employee satisfaction, measured by self-reports questionnaires; (4) profit or rate of return, based on accounting data; and (5) withdrawal, based on archival turnover and absenteeism data.

According to Steers (1975), with few exceptions, models of organizational effectiveness have taken a decidedly macro approach, focusing their attention exclusively on such organization-wide variables as profit and productivity and so on. The dynamic relationships between individual behaviour and organizational effectiveness have been largely ignored, which may be the reason behind little convergence in the findings of these models. The issue of univariate versus multivariate model of organizational effectiveness also becomes crucial in terms of integrating the findings, wherein multivariate models are more comprehensive and attempt to account for greater proportion of the variance in effectiveness.

In their study, the researcher highlighted the problems associated with the construct of organizational effectiveness by reviewing 17 multivariate models of organizational effectiveness in terms of their primary evaluation (i.e. what constitutes a valid set of effectiveness measure, and is the approach static or dynamic), their normative or descriptive nature (i.e. what should an organization do to be effective or describing the characteristics of effective organizations), their generalizability (i.e. how valid the model is for all kinds of settings, that is universalistic in prediction or how much these models allow the scope of contingency in their prediction of organizational effectiveness), and their derivation (i.e. is the derivation is by following the deductive method or the inductive method).

The problems in measuring organizational effectiveness were also discussed by the researcher, which included the problems of construct validity (are all the purported measures of organizational effectiveness measuring the same phenomenon), criterion validity (are the measure stable over the time), time perspective (is the criteria defined are being governed by short term, intermediate or long tem concerns), multiple criteria (the contradiction that exists), precision of measurement (quantitative measurement vs. qualitative measurement), generalizability of the model, theoretical relevance (do the models enhance theory development), and level of analysis (macro vs. micro level) . The evaluation criteria for effectiveness included in these studies were: adaptability-flexibility, productivity, satisfaction, profitability, resource acquisition, absence of strain, control over environment, development, efficiency, employee retention, growth, integration, open communications, survival and so on.

Kanter (1981), in a review of literature on organizational performance argued that the most interesting questions in this area are not technical but conceptual. The question is not how to measure effectiveness, but what to measure, how definitions and techniques are chosen and how they are linked to other aspects of an organization’s structure, functioning and environmental relations, especially if we consider the “political” model of organization, which views organizations as battlegrounds for stakeholders, both inside and outside, who compete to influence the criteria for effectiveness so as to advance their own interests.

According to her, the models that recognize the complexities of these issues tend to differentiate at least three kinds of “effectiveness” (a) task effectiveness or goal attainment, including outputs, results, efficiency rates, etc; (b) appropriate organizational structure and process, including organizational characteristics, member satisfaction, motivation, communication links, internal conflict resolution, absence of strain between subgroups etc; (c) environmental adaptation, including flexibility in the face of change, resource acquisition, longer term adaptation and survival.

Quinn et al. (1983), in an empirical study developed a spatial model of organizational effectiveness with the aim to integrate the findings in the literature on organizational effectiveness. They also cited the previous attempts made by other scholars: Scott (1977), Seashore (1979) and Cameron (1979). Scott (1977), suggested that organizational effectiveness can be reduced to three basic models: (a) rational system model (emphasizes on productivity, efficiency etc.); (b) natural system model (emphasizes on production function as well as the activities required for the unit to maintain itself such as morale of the employees and cohesion; (c) open systems model (emphasizes on system-elaborating as well as system-maintaining activities such as adaptability and resource allocation). Seashore (1979), suggested also three models: (a) goal model; (b) natural system model; and (c) decision process model. Cameron (1979), suggested four models:

(a) goal; (b) system resource; (c) internal processes; and (d) participant satisfaction or the strategic constituency model wherein the effective organization must satisfy each constituency enough that continued transactions are assumed.

In their own study, Quinn et al. (1983) focused on the cognitive structure of organizational theorists and not on the operational structure of the organization. They used a two-staged process to identify the effectiveness criteria to contain only singular constructs pertaining to performance evaluations of organizational units. This list of criteria was subjected to multi-dimensional scaling, and three dimensions emerged, that were focus (internal-external), structure (flexibility-control), and organizational outcomes (means-ends).

Thus, they defined four models of effectiveness: (a) human relations model which emphasizes on flexibility and internal focus, cohesion and morale are the means and human resource development is the end; (b) open system model emphasizes on flexibility and external focus, flexibility and readiness are the means, and growth, resource acquisition and external support are the ends; (c) rational goal model which emphasizes on control and external focus, planning and goal setting are the means, and productivity and efficiency are the ends; (d) internal process model which emphasizes on control and internal focus, information management and communications are the means, and stability and control are the ends.

Lenz (1981) in his review of literature on organizational performance made a reflection that though several theoretical frameworks address the topic of organizational performance, few of these have been used in their entirety to guide studies upon whole enterprises. According to him, research has generally proceeded under the direction of more restricted formulations associated with a particular academic discipline or research traditions which though advantageous for theory building, has also led to fragmentation and difficulty in discerning the cumulative implications of findings growing out of different disciplines.

Further, he identified six groups of research in the field of determinants of organizational performance. They are: (a) environment and performance; (b) environment, organizational structure and performance; (c) organizational structure and performance; (d) strategy, organizational structure and performance; (e) environment, strategy and performance; (f) administration and performance. The basic premise when environment and performance are taken together is that various structural characteristics of environments account for firm performance. It is the structure of the market that influences the conduct of firms within it, and their conduct in turn, affects performance. Market structures are typically assessed with summary measures intended to capture the overall configuration of a competitive setting (e.g. sales concentration ratios, the rate of growth, the advertising-to-sales ratio). But, research evidence suggests that the relationship between environment and firm performance is modest. Two reasons are given to account for this fact, one, the heterogeneity of the firms (relative competitive position of the firm within the industry, and the strategic choice of the firm), and two, assumptions about the casual relationships between market structures and firm performance (is it unidirectional, emanating from market structures, or bi-directional in nature).

When environment, organizational structure, and performance are taken together, the basic premise is that a contingent fit between environment and structure will lead to performance. The research evidence for this hypothesis is tenuous, and it is argued that a firm may face multiple contingencies (both "inside" a firm at the subunit level and "outside" the firm at a strategic level, which may influence the structure and performance) instead of the contingency. The third group of research concentrates on whether structural characteristics of the organization influence the performance. One factor is the size of the organization. But, research evidence suggests that this relationship between size and performance is moderated by other factors such as the industry type and the relative share of the firm in the market. The issue is what kind of organizational structure an organization adopts given a set of contingencies, and whether the firms placed under the same set of contingencies will have similar structure, and is it the dissimilarity in the structure that will account for the variance in performance. In this respect, research evidence show that firms can have different structures for the same situation. The necessary condition is that there should be "internal consistency" of demands that a structure imposes upon organizational participants.

When we take strategy, organizational structure, and performance together, the basic premise is it is the fit between strategy and structure that leads to performance. In case of environment, strategy, and performance taken together, the basic premise is that it is the fit between the environment and strategy that leads to performance that is how well an organization is able to exploit the opportunities available in the environment through its strategies. Here, the discretion available to the management of the firm to operate decides whether the environment or the strategy has greater influence on the performance. Finally, the last research group operates on the premise that it is the level of motivation and skills of the administrators that impacts the performance of the firm. In conclusion, the researcher suggested that the empirical evidence on organizational performance has produced fragmented and, in a few instances, directly contradictory results.

Hansen et al. (1989), in a study decomposed the inter-firm variance in profit rates into economic and organizational components, in an attempt to have an integrated examination of firm profitability which was taken as the measure of firm performance. According to them, the focus on organizational performance in the literature can be divided into two streams. The economic perspective emphasizes the importance of external market factors such as the firm's competitive position. The other perspective that is the organizational one that builds on behavioural and sociological paradigms and their fit with the environment. Most often, in the economic tradition, the factors internal to the firm have been disregarded, as they have been considered difficult to measure.

They developed three models of performance: (a) the economic model, they used variables such as industry profitability, relative market share and firm size; (b) the organizational model, they used the variables, emphasis on human resources (the perceptions of employees of how concerned the organization is with his welfare, work conditions etc, and emphasis on goal accomplishment (employees' perception of relative emphasis on achieving aggressive goals or objectives); and (c) an integrated model, which had both the economic factors and the organizational factors. Their results suggested that the explained variance in case of the economic model was just 14.1 per cent, but the model was significant. In case of the organizational model, the explained variance was 37.8 per cent and the model was highly significant. It was the integrated model which explained the maximum variance in the dependent variable out of the three models. The explained variance in this case was 45. 7%, and organizational factors explained about twice as much variance in firm profits rates as economic factors.

Tvorik et al. (1997) in a study attempted to develop an integrative, analytical and dynamic model of firm performance that was holistic and synergistic. They cited the representative framework of strategy given by Andrew (1971) that suggests that both organizational and economic factors are determinants of firm performance. The researchers for their own study, after conducting a content analysis on the literature they had identified, dealing with the issue of firm performance, proposed a model with five structural segments: (a) organizational alignment and culture (b) organizational capabilities and learning (c) industry structure and strategic groups (d) organizational resources (e) leadership and vision.

Then, they defined financial ratios as proxies for these organizational performance determinants. Using the past literature as the guiding principle, they suggested that organizational alignment may be measured by the return on sales ratio; organizational capabilities and routines by return on assets; industry structure and strategic group influences by Altman Z; organizational resources by return on investment; and leadership and vision by return on invested capital. The dependent variable for this study was a proxy of tobin’s q, that is the ratio of market value of equity to book value of equity. Their results showed that organizational factors (i.e. ROA and ROI) impact firm performance roughly twice as much as economic factors (i.e. ROS, Altman-Z, ROIC).

2.1.1 Summary:

Review of literature on firm performance/ organizational performance/ organizational effectiveness till date is full of debate, and there is little consensus on how it should be defined and measured. Quinn et al. (1983) contended that effectiveness is not a concept but a construct. A concept is an abstraction from observed events, the characteristics of which are either directly observable or easily measured. Some concepts, however, cannot be so easily related to the phenomena they are intended to represent. They are inferences, at a higher level of abstraction from concrete events, and their meaning cannot be easily conveyed by pointing to specific occurrences. Such higher-level abstractions are sometimes identified as constructs, since they are constructed from concepts at a lower level of abstraction. The problem is that no one is sure which concepts are to be included in the construct of effectiveness.

Secondly, there is little consensus on what are the possible determinants of firm performance. Many of the perspectives that dominated the early thinking concerning firm performance have their roots in traditional economic theory, with an emphasis on markets power and industry structure as determinants of performance (Tvorik et al., 1997). Recently, alternative perspectives on firm performance have been advocated, prominent being the resource based view of the firm.

Another interesting development is the emergence of literature on human resource management as an important determinant of firm performance. This literature has been given the nomenclature of strategic human resource management. This emergent field has its own debates, controversies and pitfalls. The highly debatable question is if there is anything with the semblance of strategic human resource management, and can it guide the academia and the practitioners in understanding how human resource management influences organizational performance. Secondly, whenever we talk of human resource management and firm performance, does it has to necessarily fall under the purview of strategic human resource management as defined by its advocates. The next section reviews literature on human resource management and firm performance.

2.2. Human Resource Management and Firm Performance:

The role that human resources in an organization play in contributing to firm performance has become a topic of much interest to both academia as well as practitioners. Early attempts to link human resource management with organizational performance relied on the common-sense belief that improving the way people were managed inevitably led to enhanced firm performance without seeking to justify this linkage in theoretical terms (Ulrich, 1997). Guest (1995), in a discussion paper opined that the impact of human resource management on performance has become the dominant research issue. However, he also suggested that in order to really understand how HRM impacts firm performance we need to have a theory about HRM, a theory about performance and a theory about how they are linked.

2.2.1. Discussion on Human Resource Management and Firm Performance

One of the early discussions on how HRM influences the organizational outcomes has been a contribution by Beer et al. (1984). According to them, HRM policies are influenced by two major considerations: (a) situational factors (laws and societal values, labour market conditions, unions, work-force characteristics, business strategies, management philosophy, and task technology); and (b) stakeholders interest (shareholders, management, employees, unions, community and government). HRM policies affect certain intermediate consequences and have long-term consequences. Policy choices made by the managers affect the overall competence of the employees, the commitment of the employees, the overall congruence between the goals of the employees and those of the organization, and the overall cost effectiveness of HRM practices. Further, in the long run, striving to enhance all four Cs will lead to favourable consequences for individual well-being, societal well-being, and organizational effectiveness that is the capacity of the organization to be responsive and adaptive to its environment. They suggested that human resource management should have broader consequences than short term consequences like last quarter’s profit or last year’s return on equity.

Devanna et al. (1984), in their framework for strategic human resource management for a firm embedded in a turbulent environment, presented basic element of mission and strategy, formal structure, and human resource management as interrelated systems. According to them, designers of human resource systems in an organization should make a decision on the following elements: (a) nature of the employment contract (emphasizes extrinsic motivation or intrinsic motivation); (b) degree of participation in decision making;(c) internal versus external labour markets; and (d) group versus individual performance. A decision on these elements will reflect the management's basic philosophy about people, and can help the management designing its human resource system. The dependent variable in this case is the behaviour according to a dominant value and the system is ideally designed to have an impact on performance at both the individual and organizational levels.

According to them, performance is a function of all the human resource components: selecting people who are best able to perform the jobs defined by the structure, appraising their performance to facilitate equitable distribution of rewards, motivating employees by linking rewards to high levels of performance, and developing employees to enhance their current performance at work as well as to prepare them to perform in positions they may hold in future. All these components should be strategic in implementation.

Another early attempt to relate strategy with human resource management was a contribution from Miles et al. (1984). They related different approaches to HRM depending on the strategy an organization is following. A defender organization "build" human resources, a prospector organization "buys" human resources, and an analyzer organization both "makes and buys" human resources.

Schuler et al. (1987), using the Portor's competitive strategy framework developed three archetypes of competitive strategy-HRM practices combinations. They gave "needed" role behaviours as the rationale behind linking different HRM practices set with different competitive strategies such as innovation strategy, quality enhancement strategy and cost reduction strategy.

In an attempt to counter the criticism that SHRM has no theoretical foundation, Wright et al. (1992), in a paper discussed the various theoretical perspectives for strategic human resource management. They began their discussion with explaining the difference between human resource management and strategic human resource management. According to them, all the components of HRM such as selection, appraisal, training and rewards have evolved in relative isolation from each other, and HRM as a field represents the sum total of technical knowledge on these components that has got accumulated over the years. But, the linkage of these individual components with organizational goals, and with each other is missing. SHRM takes a broader view, considers the organizational goals, and also the inter-linkages between the various HRM components.

They further define SHRM as the pattern of planned human resource deployment and activities intended to enable an organization to achieve its goals. The various theoretical perspective that the researchers provided for SHRM included: (a) resource based view of the firm, which suggests that the competitive advantage of a firm lies in the resources that it hold adding positive value to the firm, being rare, imperfectly imitable by the competitors, and unsubsitutible by any other resource by the competitors, and human resource can be developed to become such a resource that it becomes the competitive advantage of the firm; (b) the behavioural perspective which suggests that the primary function of HRM is to elicit desirable roles, attitudes and behaviours from the employees so that they are in alignment with the strategy of the organization; and (c) cybernetics system which suggests that HR behaviours of the employees are the throughput, Knowlegde, skills and abilities are the inputs, and productivity, satisfaction, turnover etc are the outputs of the open system that an organization is. The firm strategy is influenced by the outputs, and it in turn influences the inputs and the throughput.

Another theoretical perspective offered for strategic human resource management is the human capital theory. In the economics literature, human capital refers to the productive capabilities of people (c.f. Jackson & Schuler, 1995; Becker 1964). Skills, experience and knowledge have economic value to organizations because they enable it to be productive and adaptable; thus people constitute the organization's human capital (Jackson & Schuler, 1995). But, the potential of human capital can be realized only with the cooperation of the person under consideration. Therefore, all costs related to eliciting productive behaviours from employees-including those related to motivating, monitoring, and retaining them –constitute human capital investments made in anticipation of future returns (Flamholtz & Lacey, 1981 c.f. Jackson & Schuler, 1995).

In human capital theory, contextual factors such as market conditions, unions, business strategies, and technology are important because they can affect the costs associated with alternative approaches to using HRM to increase the value of the organization's human capital and the value of the anticipated returns such as productivity gains (Boudreau & Berger 1985, Russell et al 1993). At the same time, human capital theory also emphasizes relationship between HR practices. While this theoretical perspective highlights the importance of training for jobs that require specific human capital, training should also be accompanied by a policy of "promotion from within": A merit-based reward structure is at least implicitly assumed because the employee and employers must share the costs of training in earlier periods and the benefits of improved productivity in later periods (Ichniowski, 1990).

But, Guest (1997) has criticized these earlier attempts of linking human resource management with performance on several grounds. According to him, the strategic theories of HRM, represented by the works of Miles et al. (1984) and Schuler et al. (1987), fail to specify the process whereby HRM is linked to performance. They just suggest that those firms achieving fit between business strategy and HRM strategy will have superior performance. Similarly, descriptive theories of HRM represented by the of Beer et al. (1984), provide no clear focus for any test of the relationship between HRM and performance, and provide just the conceptual map of the content of HRM and of the range of outcomes. The normative theories of HRM, represented by the works Walton (1985) and Pfeffer (1995)**,** suggests that specific practices and specific HRM goals will always be superior, has its own set of problems, in the sense that they focus predominantly on the internal characteristics of HRM at the expense of broader strategic issues.

Walton (1985) suggested two approaches of managing the workforce by an organization. The choice is between the strategy of imposing control on the workforce and the strategy of eliciting commitment from the workforce. The control strategy focuses on fixed jobs, deskilling job design, measured standards that define the minimum acceptable performance, structure that is layered with top-down controls, coordination and control rely on rules and procedures, status symbol distributed to reinforce hierarchy, compensation is variable, employees are considered variable costs, employee input is allowed on relatively narrow agenda, and the labour-management relations are adversarial. In case of commitment strategy, the concept of job is broader, emphasis is on higher "stretch" objectives, organizational structure is flat with mutual influence system, coordination and control is based on shared goals, values, and traditions, minimum status differential, variable rewards, employment security, employee participation encouraged and mutuality in employee relations.

Pfeffer (1998), pruned his list of sixteen best practices to seven which included employment security, selective hiring, self-managed teams, compensation contingent on performance, extensive training, reduced status barriers and extensive sharing of financial and performance information throughout the organization.

Guest (1997) himself suggested linking HRM with performance by explaining a series of linkages to performance, both at the broader strategy level, and at the more specific level of HRM practices for example by using the expectancy theory at this level. So, the proposition that could be tested is that high performance at the individual level depends on high motivation plus possession of the necessary skills and abilities and an appropriate role and understanding of that role.

Delery et al. (1996) distinguished three dominant modes of theorizing in the literature on strategic human resource management: universalistic, the contingent and the configurational. The universalistic perspective argues for the “best practices” approach. It assumes that the relationship between dependent variable (organizational performance) and independent variables (HR practices) is universal across the population of the organization. In contingent perspective, the arguments imply interactions than the simple linear relationships. The relationship between the dependent variable and the relevant independent variables will be different for different levels of the critical contingency variable, strategy being an important one. Configurational perspective suggests that it is actually bundles of HR practices that synergistically add together and influence the firm performance. This perspective also suggests that various bundles are equally effective in influencing firm performance given that the HR practices bundled together are consistent with each other.

Brewster (1998), in his paper argued that there are different paradigms underlying the analysis of SHRM that are the reasons behind different research traditions witnessed in the literature. According to him, one of the paradigms is the universalistic paradigm (popular in US) which assumes that the purpose of HRM, or for that matter, SHRM is to improve the way that human resources are managed strategically within organizations, with the ultimate aim of improving organizational performance, as judged by its impact on the organization’s declared strategy, the customer and the shareholder. The advantage of following this paradigm is the simplicity of the focus, but the disadvantage is narrowness of research objectives and ignoring other stakeholders in the process. Methodologically, the mechanism generally used to research this form of SHRM is deductive. The emphasis is on how “best practices” relate to organizational performance.

In contrast, the contextual paradigm (popular in Europe, Australia, New Zealand) is idiographic and searches for an overall understanding of what is contextually unique and why, and it is the explanations that matter most than any linkages between HRM and performance. Methodologically, the research mechanisms used are inductive. The emphasis of this research tradition is to understand the context in which typical organizations operate.

The differences of the two paradigms become prominent in respect to their respective assumptions about nature of HRM, level of analysis, and the actors. Universalist paradigm believes in “good” HRM as manifested by best HR practices/high performance practices, the level of analysis is organizational and actors are the top management, HRM implementers. While, contextual paradigm the issues taken up in the ambit of HRM are broader, the level of analysis is beyond organizational boundaries, and actors include employees on whom there is a possibility that HRM practices may have a deleterious effect, transcending further into communities and nations.

2.2.2. Summary on discussion on Human Resource Management and Firm Performance:

As it is evident from the literature review, there is a lot of conceptual debate in the emergent field of strategic human resource management. According to Chadwick et al. (1999), the SHRM research usually attempts to do either of the following: (a) include HR practices in performance models predicting organizational outcomes, often incorporating concepts of internal synergies across practices; (b) include organizational strategies in models predicting sets of HR practices; and (c) use the degree of fit between HR practices and organizational strategy to predict organizational outcomes. These three approaches with all together different meaning of “strategic” attached to the approach, has resulted in fragmented thinking in the field.

A further review of empirical literature on HR-performance relationship will help in understand the pertinent methodological issues.

2.2.3. Empirical Evidence on HR-Performance Linkage:

The empirical evidence on HR-Performance linkage is generally in two streams. The first stream documents the impact of individual HR practices on firm performance. The other stream documents the impact of HR system as whole on firm performance.

2.2.3.1.Effects of Individual HR Practices on firm performance

Research focusing on the effects of individual HR practices on firm performance has appeared frequently since the mid-1980s.

First, research on the effects of employee training on firm performance shows positive results. Russell, Terborg, and Powers (1985), found that training was positively correlated with store performance. They used archival data on 62 stores belonging to the same international merchandising firm, in their study and explored the relations among organizational support variables, training, and organizational performance, in an answer to the point raised by Wexley that more work is needed “to better understand in what way organizational climate variables facilitate and impede various training interventions”. Taking the position that training is less likely to affect the behavior if the organization fails to provide a supportive context, they also tested the interaction effects due to training and organizational support variable on organizational performance. They found that training and organizational support was significantly correlated with organizational performance. The relationship between training and organizational performance was stronger. They did not find significant interactions between training and support variables.

Bartel (1994) focusing on the effect of employee training on labour productivity in the manufacturing sector, found that the implementation of formal employee training programs could enable businesses which were previously operating at below-expected levels of labour productivity.

Second, the effects of staffing practices on firm performance have also been reported to be positive. Terpstra and Rozell (1993)**,** using correlational analysis, investigated whether firms using more effective staffing practices (i.e. follow-up studies of recruiting sources, validation studies of predictors, the use of structured interviews for selection, the use of cognitive aptitude and ability tests, the use of biographical information blanks or weighted application blanks) had higher levels of profitability and sales growth than firms using fewer of them. They found a significant positive relationship between firms use of effective staffing practices and both annual profit and profit growth. In addition, they found that the strength of the relationship between the use of staffing practices and firm performance varied by industry. The relationship was found to be stronger in the service industry, which was thought of as a more labour intensive industry.

Third, there is extensive research on the effects of compensation policies on firm performance. Gerhart and Milkovich (1990)**,** using longitudinal data from approximately 14,000 top and middle-level managers from 200 firms, reported a positive relationship between contingent pay and subsequent financial performance of firms. Shepard (1994) also reported that profit sharing resulted in improvements in productivity.

Fourth, the impact of industrial relations on firm performance has also received attention in the literature. Katz et al. (1985), in a study assessed the effects of industrial relations systems and efforts to improve the quality of working life on organizational effectiveness. Their measure of organizational effectiveness included direct labour efficiency and quality of product. The researchers took the conflict management systems operating in the organizations as manifestation of the industrial relations systems. The variables measured under this label were grievance rate and disciplinary action rate. Under the individual attitudes and behaviours, variables measured were attitudinal climate, absenteeism rate and participation in suggestion schemes. It was hypothesized that conflict management systems and individual attitudes and behaviour will be correlated with each other, and together they will impact the organizational effectiveness variables.

The results were supportive of the hypothesis. Grievance rate, absenteeism rate and disciplinary action rate were positively and significantly correlated with each other. Salaried workers attitudes were negatively and significantly correlated with grievance rate, absenteeism rate and disciplinary action rate. Participation in suggestion schemes was negatively and significantly correlated with grievance rate, QWL-program involvement negatively and significantly correlated with grievance rate and disciplinary action rate. Grievance rate, absenteeism rate and disciplinary action rate negatively and significantly correlated with direct labour efficiency and quality of product (except in case of absenteeism). Salaried workers attitudes, Participation in suggestion schemes and

QWL-program involvement correlated positively and significantly with direct labour efficiency and quality of product.

Icchniowski (1986) developed a production function that included a plant's grievance filling rate as determinant of productivity. He found that the more the grievance that were filled, the lower the productivity in unionized mills. Cutcher-Gershenfeld (1991) found that work areas with transformational labour-management relations, characterized by increased cooperation and improved dispute resolution, fared better than work areas with traditional labour-management relations, rooted in adversarial assumptions. Specifically, the work areas with traditional labour-management relations had higher costs, more scrap, lower productivity, and a lower return to direct labour hours worked

2.2.3.2. The Effects of HR Systems on Firm Performance

There is another stream of research that emphasizes that it is the comprehensive systems of HR practices rather than isolated individual practices that mainly contribute to firm performance.

Arthur (1994), in a study tested the hypothesis that employee turnover and manufacturing performance are differentially associated with the two types of HR systems, which he labeled as "control" and "commitment" respectively, with manufacturing performance being higher in the steel plants having commitment human resource system and employee turnover being high in the plants having control human resource system. Manufacturing performance was measured by labour efficiency and scrap rates. The results of the study were supportive of the hypotheses.

Macduffe (1995), in a study tested the hypotheses that "innovative/high commitment" HR practices affect performance when they are bundled together in an internally consistent way in a system, and the contribution to assembly plant productivity and quality is most when this bundle of HR practices are integrated with the manufacturing policy under the "organizational logic" of a flexible production system. "Innovative/high commitment" HR practices included careful selection, compensation contingent on performance, non-existence of status barrier between workers and managers, level of training provided to new employees (production workers, supervisors and engineers), and the level of ongoing training provided to experienced production workers, supervisors and engineers. The results of the study showed that flexible production plants with team-based work systems, “high-commitment” HR practices, and low inventory and repair buffers consistently outperformed mass-production system.

Huselid (1995), in his widely cited study assessed the impact of human resource practices on turnover, productivity, and corporate financial performance. According to him, the study done was a departure from the previous empirical work done on the relationship between HR practices and firm performance in three ways (a) adoption of a strategic perspective instead of a functional one (b) inclusion of both intermediate employment outcomes and firm-level measures of financial performance (c) testing of the hypothesis that internal fit between the HR practices and external fit between the HR practices and the competitive strategy of the firm, moderates the relationship between HR practices and firm performance.

The researcher developed a scale consisting of the HR practices which have been cited in the previous literature to impact the firm performance, and factor analyzed the initial scale to derive two factors which were labeled as “Employee skills and organizational structure” scale and “Employee motivation” scale. The first factor included a broad range of practices intended to enhance employees’ knowledge, skills, and abilities and there after provide a mechanism through which employees can use those attributes in performing their roles, such as formal information sharing programme, formal job analysis, attitudinal assessment, participation in programs like quality of work life and quality circles, access to incentive plans/ profit sharing plans, formal grievance procedure and use of employment test for selection. The second factor included practices designed to recognize and reinforce desired employee behaviour, such as use of formal performance appraisals, linking those appraisals with employee compensation, and focus on employee merit in promotion decisions. The dependent variables were employee turnover and productivity, which are the intermediate outcomes. The measurement was subjective, taken from the HR manager responding to the questionnaire. Corporate financial performance was measured by tobin’s q and gross rate of return on capital.

Results showed that the employee skills and organizational structure scale was negatively related to turnover while both scales were positively related to productivity and corporate financial performance. Results also did not provide any conclusive evidence for either internal fit or external fit moderating the relationship between Hr practices and firm performance.

Youndt et al. (1996) argued that the universal perspective and the contingency perspective on HR-firm performance relationship are actually complementary to each other. Following this argument, they conducted a study with the objectives: to (a) determine the extent to which HR systems directly enhance performance, (2) analyze the moderating effects of manufacturing strategy on the relationship between HR and operational performance, and (c) assess the extent to which particular manufacturing strategies and HR systems are actually used in conjunction with one another. They tested the hypothesis that a human-capital enhancing human resource system will be positively associated with operational performance and manufacturing strategy will moderate this relationship.

Under the label of human-capital enhancing HR practices they included selective staffing focused on technical skills and problem solving skills, comprehensive training focused on technical skills and problem solving skills, performance appraisal behaviour based and focused on development, and compensation that is skill-based, has group incentives and external equity. The other cluster of HR practices that they labeled as “Administrative” HR practices was more policy based. The researchers also hypothesized that administrative HR practices will be in conjunction with cost manufacturing strategy whereas human-capital enhancing HR practices will be in conjunction with quality manufacturing strategy and flexibility manufacturing strategy. The dependent variables were customer alignment, employee productivity, and equipment efficiency.

The results indicated that supported the hypothesis that human-capital enhancing HR practices contribute to manufacturing performance. Support was also founfd for the moderating effect of manufacturing strategy in the relationship between HR systems and manufacturing performance.

Wright et al. (1999) in a study examined the impact of human resource (HR) practices (selection, training, compensation and appraisal) and participation on the financial performance of US petro-chemical refineries. The researchers argued that the previous research on the subject has not examined the intervening mechanisms through which the practices are hypothesized to impact on performance: employee skills and employee motivation. They tested the hypotheses that HR practices should be positively related to skills and motivation of the workforce; HR practices should be positively related to organizational performance; employee participation will be positively related to organizational performance; and employee participation will moderate the relationship between HR practices and organizational performance.

The measures of HR practices were taken from the HR managers in the refineries. The focus of these measures was on “selective staffing”, “equitable compensation”, “developmental appraisal” and “comprehensive training”. The measures of organizational performance were also given by the operations managers of the refinery, such as profit margin of a year 1993, average annual profit growth during the five year period 1988-93, and average sales growth during the five year period 1988-93, in percentage terms. The measures of operator skills and operator motivation were obtained from HR managers as well as the operations managers. The results were partially supportive of the hypotheses framed in the research study. The first hypothesis received partially support whereas other hypothesis did not receive support from the results.

2.2.4. Summary of discussion on Empirical Evidence on HR-Performance Linkage

Most of these empirical studies have conceptualized firm performance as goals that the organization has to accomplish. Financial performance has been considered the ultimate criterion of firm performance given the argument that ultimately the contribution of HRM should tell on the bottom line of the organization. These studies, though, argue that it is the skills and the discretionary effort of the employees that will result into firm performance, most of these studies fail to test this mediating hypothesis. In the literature, some more concerns about the conceptual and methodological issues have been raised, which are cited in subsequent paragraphs.

In a review of studies exploring HR-performance linkage, Dyer et al. (1995) opined that for organizational effectiveness, there are several types of outcomes that might apply. According to them, these are: (1) human resource outcomes such as absenteeism, turnover and individual or group performance; (2) organizational outcomes such as productivity, quality and service; (3) financial or accounting outcomes such as return on investment or return on assets; and (4) stock-market performance as measured by stock value. Further, the face validity of these outcomes is in the order of their listing. HR strategies are likely to have their most direct effects on human resources outcomes, followed by other outcomes as they have been listed in the sequence.

Ferris et al. (1998) argued that instead of being guided by simplistic assumption that doing HR well will somehow result in organization performing well, we should explain just how HRM systems affect firm performance. Making a case for theoretical development, he added that that further development and evolution of the program of research on HRM and organization effectiveness is dependent upon better theory development followed by carefully crafted empirical research that tests the full range of antecedent, intermediate linkage, and outcome variables. In the model proposed by them, organizational culture is the antecedent condition for development of the HRM system in the organization, which in turn influence the organizational climate of the organization. They further argue that HRM systems influence employee attitudes and behaviour through employee interpretations of the features of the work climate. Further, HRM systems influence organizational effectiveness through employee behaviour. The collective behviour of employees is a critical and necessary condition. Attachment and organizational citizenship behaviour also make contributions to organizations operating more effectively.

In a similar vein, Gardner et al. (2000) argued that theoretical models in strategic human resource management research commonly include employee attitudes and behaviours as key mediating links between human resource practices and firm performance. However, almost all empirical SHRM work to date has ignored the mediating hypothesis and merely examined the direct relationship between HR practices and firm outcomes. In their own study, they took absenteeism and turnover as two key behaviors, mediated by job satisfaction and organizational commitment, in the relationship between HR practices and employee behaviours.

Ostroff et al. (2000) argued that a multilevel perspective should be applied to understand linkages between HR and firm effectiveness. According to them, the assumption that attention to human resources and adherence to technically superior HR practices will result in more productive, motivated, satisfied and committed employees, who in turn will promote an effective firm, is based on multilevel issues.

Truss (2001) argued that the HRM-performance linkage is complex and the simplistic research design adopted by the majority of studies is unable to explore this complexity of the relationship. Instead of following the predictable route of arguing that there is a set of best HR practices that explain performance, the researcher inverted the question to ask what the HR practices operant in a successful organization, is there any difference in the stated HR practices and the enacted HR practices, how these HR practices are experienced by the employees and what are the individual and organizational outcomes of these HR practices. They adopted a longitudinal case study research design. The results suggested that outcomes at the individual level and the organizational level are complex, and often contradictory. The role of the informal organization in the process and implementation of HR should be considered while exploring the relationship between HRM and firm performance.

In conclusion, we can say that there is some evidence to indicate that human resource management influences firm performance. But, as noted by Mowday (1998), in the research linking human resource management with organizational performance, there is a missing linkage that would clearly establish the importance of organizational commitment, and there is a need for more comprehensive studies that investigate linkages between human resource management practices, employee commitment, and performance outcomes at both the organizational level and individual levels of analysis. The next section reviews literature on the concept of organizational commitment.

2.3. Organizational Commitment: Review of Concept and Empirical Evidences

The literature on organizational commitment has consistently been dominated by two views on the subject. Is organizational commitment an attitude towards the organization or is it a behavioural construct. These views have been simultaneously been mirrored in the literature, and there has been little consensus on the subject till Meyer et al. (1990) came out with their three component conceptualization of organizational commitment in an effort to integrate the two streams, but in the process they defined organizational commitment as a psychological state of mind of an employee. The chronological review of the literature on the subject has been cited in the subsequent paragraphs so that we can look at the issue from a temporal perspective.

Becker (1960) in his widely cited article had reasoned on the issue of how could the consistent human behaviour be explained without committing the “tautological sin” of equating commitment with consistent human behaviour. Further, he suggested that we must specify the characteristics of “being committed” independent of the behaviour commitment will serve to explain.

In an attempt to resolve the issue, he proposed the concept of “side bets”. According to it, individuals consciously and also unconsciously make side bets in the form of prior actions to actual committed behaviour. As a result, over a period of time certain costs accrue to the individual that makes it difficult for the person to disengage from a course of activity, such as working for a particular organization or pursuing a certain occupational career. The greater the costs and investments which accrue the more difficult disengagement becomes (Shoemaker et al., 1977). The unconscious side bet making is structurally arranged by the society or the organization in which one lives and works through the mechanisms of “generalized cultural expectations”, “Impersonal bureaucratic arrangements”, and “individual adjustments to social positions” (Shoemaker et al. 1977, Becker 1960).

According to Etzioni (1961, c.f. Porter et al. 1982), organizational commitment is the involvement of an employee with his/her organization and can take any of the three forms: (a) moral involvement that is a positive and intense orientation toward the organization that is based on the internalization of the organization’s goals, values, and norms and on an identification with authority (b) calculative involvement that represents a less intense relationship with the organization that develop between members and the organization (c) alienative involvement that represents a negative orientation towards the organization because of constrained individual behaviour in the organization.

Kanter (1968, c.f. Porter et al. 1982), considered commitment as the function of behavioural requirements imposed on members by the organization. Her conceptualization of commitment also had three forms: (1) Continuance commitment, which is the dedication that a member has to the survival of the organization, as the member realizes the costs, investments and sacrifices that he has made when joining the organization and remaining with it. So, for the sake of these costs/investments/sacrifices the member would like the organization to survive which will result in a commitment to the organization (2) Cohesion commitment, which is caused by the social identification mechanism within the organization, the mechanism which let a new member shed his outsider status and become a part of the organization by adoption of the existing norms (3) Control commitment, which makes the member see the norms and vales propagated by the organization as an important guide to suitable behaviour, he should exhibit. The member is attached to these norms and values as following them get him the approval from the organization. Kanter views her three approaches to commitment as being highly interrelated that is the organization may simultaneously use all the three approaches to develop member commitment.

These early thoughts on the concept of commitment were followed by studies, which aimed at testing these conceptualizations.

Following the logic given by Becker, Ritzer and Trice(1969, c.f. Alutto et al., 1973) tested the utility of the side-bets by asking their respondents if they would definitely not change employing organizations given (a) no, (b) a slight, or (c) a large increase in (1) pay, (2) freedom, (3) status, (4) responsibility, and (5) opportunity to get ahead. Responses to each question within the five inducement subsets resulted in a score from 1 to 5, with an index of commitment obtained by summing all scores, resulting in an index ranging from 5 to 25. As, the analysis yielded few significant relationships with variables central to the side-bet theory, they concluded that "the side-bet theory of commitment should be rejected". They then offered an alternative conception of commitment, which emphasized social psychological factors affecting identification.

Sheldon (1971) in her study tested the hypothesis and found support for it, that investments in a utilitarian organization will produce commitment to the organization and social involvement will enhance the organizational commitment, thus, reinforcing the effects of investment. Her conceptualization of organizational commitment was attitudinal, which attaches the identity of the person to the organization, which results in positive evaluation of the organization by the employee and an intent to work toward the goals of the organization by the employee. Investments, according to her, were in terms of age, length of service in the organization and position.

Hrebiniak et al. (1972), in their study on a sample of school teachers and registered nurses examined the relationship between personal factors i.e. sex, age, marital status and intentions to seek advanced formal education, personality traits .e. interpersonal trust and authoritarianism and role-related factors i.e. professional role conflict, role tension and ambiguity, and dissatisfaction, and commitment to the employing organization. Their concept of commitment was attitudinal dealing with the perceived utility of continued participation in the employing organization based on exchange notions and also as a structural phenomenon affected by time. They found that age was positively related to organizational commitment, females exhibited higher organizational commitment, single respondents showed lesser organizational commitment, and respondents with intentions to seek advanced formal education showed lesser organizational commitment. Interpersonal trust was positively related to organizational commitment. In role related factors, dissatisfaction and role tension were negatively related to organizational commitment.

In a similar study conducted by Alutto et al. (1973), the researchers found by using a modification of Ritzer and Trice measure, significant and positive relationship between age and organizational commitment, a strong positive relationship of years total experience with organizational commitment. The results also suggested that females exhibited higher levels of commitment than males. Plans for advancement was taken as a proxy for education in this study, and it was found that the lack of plans for advanced formal education was associated with positive organizational commitment. Similarly, people with single marital status were found to have lesser organizational commitment than people who were married. In conclusion, study done by Alutto etal. (1973) provided support for the “side-bets” hypothesis given by Becker.

In a further attempt to shed light on the divergent findings of the above-cited studies, Shoemaker et al. (1977), using the modified commitment measure used by Alutto et al. in their study, on a sample of 120 forest and park rangers, found a partial support for Becker’s side-bet hypothesis as applied to organizational commitment. They also used social psychological factors and found them to be better predictors of organizational commitment, thus supporting the contention given by Ritzer and Trice.

Weiner (1982) in a theoretical paper, broadened the concept of organizational commitment by including in addition to organizational identification (i.e. the process by which an individual accepts the organizational goals and values and integrates them into a system of personal goals and values , generalized values of loyalty and duty (i.e. the belief held by an individual that he has a moral obligation to engage in a mode of conduct reflecting loyalty and duty in all social situations in which he has a significant personal involvement), as immediate determinants of the construct. This conceptual extension of the construct underscored the position that commitment is viewed as a function of both situational-organizational factors and personal dispositions.

According to him, in the organizational context, organizational identification can be affected by practices of selection and organizational socialization. Loyalty and duty, however, may be affected only by selection process, as commitment-oriented recruitment may rely strongly on expressive communications and appeals to values and beliefs, and commitment-oriented selection may focus on assessment of values and beliefs, and on the degree of their congruency with organizational values.

Ferris et al. (1983) compared the predictive effectiveness of the two widely used scales, organizational commitment questionnaire by Porter et al.(1974) and the scale developed by Hrebiniak et al. (1972), with respect to intended turnover and actual turnover.. According to them, OCQ represented moral commitment whereas the other scale tapped on the calculative commitment. Age, gender, marital status, number of children, organizational tenure, perceived job alternatives, professional commitment, job satisfaction and perceived organizational-professional conflict were taken as the determinants of organizational commitment.

The results indicated that professional commitment, job satisfaction and perceived organizational-professional conflict were the common predictors for both the scales. Alternative employment opportunity had a significant and negative beta coefficient in case of organizational commitment measured by OCQ. The demographic variables were differentially related to the two scales. With respect to intended turnover, the Porter et al. measure of commitment had significantly greater predictive ability than did the H & A measure. In case of actual turnover, there was no significant difference in the predictive ability of the two scales. The researchers also concluded that socio-psychological and work experience variables were more strongly related with both the scales than the demographic and background variables.

Meyer et al. (1984) conducted two studies with the aim to demonstrate that both the instruments used to measure commitment i.e. Ritzer et al. (1969) and Hrebiniak et al. (1972), and the side-bet indexes i.e. age and tenure used in the previous studies were inappropriate to test the "side-bet" theory as conceptualized by Becker. They developed two measures in the study which they suggested measured affective commitment and continuance commitment. Based on the correlation results, they argued that the scales used in previous studies were measuring affective (value) commitment and not continuance commitment as they correlated positively with the others measures of affective commitment available in the literature, and did not correlate significantly with their self-developed measure of continuance commitment. They also concluded that age and tenure, which have been previously used as index for measuring "side-bets" were not appropriate as they did not correlate with their continuance commitment scale.

O'Reilly et al. (1986), in their study conceptualized organizational commitment as the psychological attachment felt by the person for the organization which reflects the degree to which the individual internalizes or adopts characteristics or perspectives of the organization. According to them, the basis for this psychological attachment to the organization may be predicted on three independent foundations: (a) compliance or instrumental involvement for specific, extrinsic rewards; (b) identification or involvement based on a desire for affiliation; and (c) internalization or involvement based on congruence between individual and organizational values. They further proposed that extra role behaviour is predicted by commitment based on identification and internalization and not with compliance based commitment whereas in-role behaviour is predicted by all forms of commitment; turnover is lower among employees whose commitment is based on identification and internalization. The results were supportive of the propositions made in the study.

Luthans et al. (1987) in a study examined person-demographic variables including locus of control, Organizational relationship variables i.e. Leader initiating structure behaviour, and satisfaction with the supervisor, Person-organization fit variable which was an interaction between Locus of control and Leader initiating structure behaviour, as antecedents to organizational commitment. They followed Porter et al.'s conceptualization of organizational commitment.

The results showed that demographic variables, internal locus of control and high initiating leadership behaviours were positively related to organizational commitment. Leader initiating structure behaviour moderated the relationship between locus of control and organizational commitment. Satisfaction with supervisor was positively related to organizational commitment after controlling for all variables and the moderating effect of leader initiating structure behaviour.

DeCotiis et al. (1987) argued for applying a revised concept of organizational commitment in research as they cited the problems with the content of either approach, behavioural as well as attitudinal. According to them, it is not always an action-beliefs loop that results in a consistent behaviour as the behavioural approach may make us believe in. In case of attitudinal approach, the concept has been unduly expanded by the inclusion of "willingness to exert efforts" and "desire to maintain the membership" as is the case with the definition given by Porter et al (1974). According to them, willingness to act on behalf of the organization may more appropriately be viewed as a correlate and a likely consequence, than as an element of commitment. The same logic can be applied to "desire to stay" notion of commitment.

Their revised concept of organizational commitment basically focused on the acceptance and internalization of organization goals and values by the individual that results in his contributions to those goals and values apart from any personal instrumentalities that may attend his or her contributions. Other than the demographic variables, they also considered structural variables i.e. formalization, centralization, role ambiguity, and role conflict; Human resource process variables i.e. decision-making, leadership, communications, compensation, promotion base, and feedback; organizational climate variables i.e. autonomy, trust, cohesiveness, support, pressure(reversed), recognition, innovation and fairness. The outcome variables were organizational commitment, job performance, motivation, job satisfaction, organizational effectiveness, morale, and turnover.

The results of the study indicated significant but weak correlations between demographic variables and organizational commitment, significant and negative association between organization structure variables and organizational commitment except for formalization, significant and positive correlations between human resource process variables and organizational commitment, significant and positive correlations between organizational climate variables and organizational climate. In case of outcome variables, results suggested strong association of commitment with individual motivation, desire to leave, turnover, and objective measures of job performance, but not to supervisory ratings of performance, in the expected direction.

Mottaz (1988) in a study, using an exchange perspective based on work rewards and work values, examined the relative influences of the various factors i.e. demographic factors, work rewards, and work values on organizational commitment. The conceptualization of organizational commitment was that of Porter et al. (1974). The argument given in the study was that organizational members develop commitment to the organization to the extent the work rewards they receive match up with the work values that they hold. So, development of organizational commitment essentially becomes a matter of person-environment fit.

Their list of variables that come under work rewards and work values was same (i.e. task autonomy, task significance, task involvement, supervisory assistance, Co-worker assistance, working conditions, salary, promotional opportunities and fringe benefits). When the organization delivered these conditions of job, they were work rewards, and when the organizational members desired of these job conditions, they became work values. They further classified work rewards as intrinsic rewards, extrinsic social rewards and extrinsic organizational rewards.

Their results suggested that work rewards are the key determinant of organizational commitment, and intrinsic rewards (i.e. task autonomy, task significance, and task involvement) were more powerful determinants as they accounted for a greater proportion of the explained variance on organizational commitment than all other rewards combined. Extrinsic social rewards (i.e. supervisory assistance and co-worker assistance) were the second most important determinants, and in case of extrinsic organizational rewards, only promotional opportunities and pay were found to have positive effect on commitment. Their results also suggested that work values have a substantial negative influence on organizational commitment when the effects of work rewards are held constant.

They interpreted the results to suggest that given the same level of intrinsic and extrinsic rewards, organizational commitment tends to be lower among workers with high work values, especially those who assign great importance to intrinsic rewards. Regarding demographic variables i.e. gender, education, marital status, job tenure and family income, they found that all these variables had a statistically significant relationship with commitment in the positive direction, but this relationship diminished when work rewards and work values variables were entered into the regression equation suggesting that the relationship is indirect in nature.

In a meta-analysis of studies that have examined the usefulness of “Side-bets” theory approach to organizational commitment, Cohen et al. (1990) explored if there were meaningful relationships between side-bet variables and organizational commitment and were they strong enough to support Becker’s theory. They identified 50 studies from the past literature that included 58 independent samples. They identified 11 “Side-bets” considered in these studies: age, tenure, education, marital status, number of children, level in the organization, number of jobs in the organization, skill level, perceived job alternatives, and pay.

The results of the meta-analysis did not support the side-bet theory. The corrected mean correlations for the “side-bet” variables were low, the highest that being for age equal to

0.204. Cohen et al. based on the results concluded that there is little support for "side-bets" theory in the empirical literature. They also accepted the argument given by Meyer et al. (1984) that the instruments used in tests of the side-bet theory may not be measuring commitment as Becker conceptualized it.

In another meta-analysis, Mathieu et al. (1990), identified 174 independent samples from 124 independent studies, and they meta-analyzed correlation between 48 variables and organizational commitment. They grouped these variables into antecedent variables, correlates and consequences. The antecedent variables included personal characteristics, role states, job characteristics, group/leader relations and organizational characteristics. Correlates of organizational commitment were motivation and job satisfaction. Consequences included job performance, intention to leave, turnover etc.

In case of demographic variables, they found that age was significantly more related to attitudinal than to calculative commitment. There was no consistent relationship between gender and organizational commitment. Education was significantly stronger (negatively) for altitudinal commitment than calculative commitment. Organizational tenure was more positively related to calculative commitment than attitudinal commitment.

Meyer et al. (1991), in a discussion paper elaborated on their three-component model of organizational commitment, the proposed antecedents and consequences of each component. According to them, the attitudinal approach to organizational commitment has focused on identifying the antecedents to organizational commitment whereas the behavioral approach to it has focused on identifying conditions under which a behaviour, once exhibited, tends to be repeated, as well as on the effects of such behaviour on attitude change. The authors in this article aimed at expanding the concept of organizational commitment to include desire, need, and obligation to remain with the organization. They described organizational commitment as a psychological rather than an attitude.

According to them, there have been three general themes emerging out of the theoretical and empirical work on the concept of organizational commitment, that is organizational commitment is based on affective attachment, or perceived costs, or obligation. They also reasoned that though Becker's conceptualization of "side-bets" has been treated as behavioural commitment, but it is more consistent with the attitudinal approach as it requires a conscious recognition on the part of the employee that such "side-bets" exist.

Further, they described organizational commitment as consisting of three components: affective commitment which refers to the employee's emotional attachment to, identification with, and involvement in the organization; continuance commitment refers to an awareness of the costs associated with leaving the organization ; and normative commitment reflects a feeling of obligation to continue with the employment. They also proposed differential antecedents and consequences for the three components of organizational commitment.

In case of affective commitment, work experience that enhance the comfort level and competence level of an employee are stronger antecedents in comparison to personal characteristics and structural variables. For continuance commitment, the proposed antecedent may include anything that enhances the perceived costs of leaving the employment with the organization. It may include loss of seniority, time and effort spent on acquisition of non-transferable skills, lose of attractive benefits, disruption caused in personal life due to uprooting etc. In case of normative commitment, familial or cultural socialization, organizational socialization and "rewards in advance" provided by the organization may build up the feeling of obligation in an employee.

The researchers also argued that employee's willingness to contribute to organizational effectiveness will be influenced by the nature of the commitment that they experience. Hence, effort and performance will be more strongly related to affective commitment than either continuance commitment or normative commitment.

Hackett et al. (1994), in their study assessed the construct validity of the three-component model conceptualized by Meyer et al. (1991). They recognized the proposition given by Meyer at al. (1991) and Dunham et al. (1990) that the three components of commitment will have differential antecedents and differential consequences. Other than demographic variables, they took general job satisfaction and motivation as antecedents, being proxy for work experiences. The consequences that they considered were job performance and intent to quit.

They found different results in the two samples that they studied. They found that work experience related most strongly with affective commitment in both the samples. Age and tenure were positively related to all the three components in one sample whereas to only CC in another sample. Similarly, intention to quit was significantly correlated in the negative direction with all the three components, AC showing the strongest correlation. Though, they were unable to conclude definitely on the differential effect of the three components on job performance.

Dunham et al. (1994), reported results from a series of nine studies (N=2,734) wherein they tested the construct validity of the three-dimensional conceptualization of organizational commitment. They also tested if the organizational commitment questionnaire converged with the affective commitment scale and diverged from the normative commitment scale and continuance commitment scale. The researchers also examined the relationships between the various dimensions of organizational commitment and the antecedents based on the findings of previous research.

The antecedents examined for AC included the perceived job characteristics of task autonomy, task significance, task identity, skill variety, and supervisory feedback, organizational dependability; and the perceived participatory management, age and tenure. The proposed antecedents for NC included coworker commitment, organizational dependability, and participatory management. The antecedents examined for CC included age, tenure, career satisfaction, and intent to leave.

The results provided strong support for the three-dimensional construct definition of OC. They also showed that the OCQ items loaded with the AC items on a single factor. Also, Ac was positively related to organizational dependability, participatory management practices, and the five job design dimensions. NC was positively related to organizational dependability and participatory management practices. In case of CC, of the four variables hypothesized to be the antecedents none proved to be consistently related to it.

Benkhoff (1996), in her study argued that the reason for disappointing results on the relationship of organizational commitment with its proposed antecedents and also proposed consequences may be due to the conceptualization error of the concept. Citing, Porter et al. Organizational Commitment Scale (OCQ) as the “market leader” in the research of organizational commitment, she questioned the notion of homogeneity of this conceptualization of organizational commitment.

According to her, the overlap between employees who identify, those who work particularly hard and those who do not want to leave is probably not very large since each variable is influenced further by a set of separate conditions. Hence, there is little theoretical reason to assume that the three presumed aspects of commitment can be measured in a single homogeneous scale. They validated their assertion by empirical results showing that the three aspects of organizational commitment indeed have different sets of correlates.

Allen et al. (1996), in an attempt to examine the construct validity of the three component model given by Meyer et al (1991), reviewed the studies which have used this conceptualization. They identified 40 employee samples covering 16,000 employees. They found support for the hypothesis that desirable work experiences such as supportive and dependable supervisors, challenging work and fair treatment correlated strongly with affective commitment and rather modestly with normative commitment. Continuance commitment correlated with those experiences that “tie” individuals to the organization, such as recognizing a paucity of alternatives or learning organization-specific skills. They also found that self-reports of on-job-performance and extra-role behaviours consistently correlated positively with affective commitment, correlated less consistently with normative commitment, and were either unrelated or negatively related to continuance commitment. They also found that the pattern seen with self-reports was similar in case of independent assessment on-job-performance and extra-role behaviours.

Jaros (1997), in a study examined the relationships of the three components of organizational commitment i.e. affective, normative and continuance commitment with turnover intentions. According to him, some of the recent earlier studies which had examined the issue had taken just one facet of turnover intentions that is intent to quit or intent to remain, which may be the reason why results in some of these studies have no association between continuance commitment and intent to stay/quit. The turnover intentions construct has more than one facet that include whether the employee thinks of quitting, searches for another employment or forms an intention to quit. It is not a "proxy" for actual turnover behaviour but an observed analogue of the latent "withdrawal cognitions" variable identified in the recent structural equation research as the direct precursor of turnover behaviour. It reflects a combination of specific withdrawal-related attitudes (i.e., thinking of quitting, search intentions, intent to quit) identified by Mobley et al. (1978).

The results of this study suggested that all the three components of organizational commitment were significantly and negatively correlated with turnover intentions. The strength of association was strongest for affective commitment, and there was no significant difference in the strength of correlations of continuance commitment and normative commitment. Affective commitment was the only significant predictor of turnover intentions. In one of the sample studies in the research, neither the two-way interaction block nor the three-way term added to the prediction of turnover intentions. In another sample, the normative-commitment term added significantly to the prediction of turnover.

Using the two sub-scales of the continuance commitment i.e. high sacrifice and low alternative subscales, it was found that high-sacrifice sub-scale was a significant predictor of turnover intentions in both concurrent and longitudinal study for one sample, but not in case of longitudinal study for the other sample. The low-alternative subscale was not a significant predictor for both kind of research design and for both samples.

Shore et al. (1997), in their study constructed a 32-item measure of Becker's original side-bet theory of organizational commitment and evaluated it for construct validity, with the contention that existing measures of side-bets don't fully reflect Becker's ideas and that both conceptual and measurement problems with existing scales have limited research in this area. Arguing against labeling Becker's theory of organizational commitment as calculative commitment only, they reasoned that only "impersonal bureaucratic arrangements and adjustment to social positions" are calculative as they focus on economic issues. "Generalized cultural expectations and self-presentation concerns" are non-calculative in nature but no due attention has been given to these side-bets in the literature.

In another study by Wallace (1997), there was an attempt to broaden the nature of variables that have traditionally represented "side-bets". Three more direct measures of side-bet were proposed and tested in this study: acquisition of firm-specific skills, the degree of participation in firm decisions and the number of hours worked per week. The results indicated that the proposed side-bet measures of firm-specific skills and firm participation are important predictors and they greatly improve the understanding of organizational commitment.

Mayer et al (1998), in their study conceptualized organizational commitment as having two dimensions, value commitment that is the belief in and acceptance of organizational goals and values and a willingness to exert considerable effort on the part of the organization, and continuance commitment that is the desire of an individual to remain a member of the organization. The results indicated that turnover was more strongly related to continuance commitment and performance was more strongly related to value commitment.

Meyer et al. (2002) with an objective to meta-analyze the findings of empirical work done using the three-component conceptualization of organizational commitment by Meyer at al. (1991), identified 155 studies involving 50,146 subjects. Their meta-analytical results suggested that amongst demographic variables, age and tenure correlated positively, albeit weakly with all three components of commitment. Correlations involving work experience variables, which included organizational support, organizational justice, were stronger than those involving personal characteristics. These variables correlated most strongly with affective commitment, and in all cases, the sign of the correlation involving continuance commitment was opposite to that for affective commitment and normative commitment.

The results also indicated that all three forms of organizational commitment correlated negatively with withdrawal cognition, turnover intention, and turnover. With the other work behaviours i.e. attendance, job performance, organizational citizenship behaviour, affective commitment had the strongest correlations, followed by normative commitment whereas continuance commitment was either unrelated or negatively related to these behaviours.

2.3.1. Summary of literature review on organizational commitment:

Implicit in the discussion on organizational commitment is the notion of exchange between the organization and the employees. Exchange may be economic in nature; it may be social in nature.

Social exchange theories deal with how people form relationships and how power is dealt within those relationships (Konovsky, 2000). Blau (1964, c.f. Konovsky, 2000) posited that relationship formation is one of the basic problems of social interaction that must be resolved for society to remain stable. Blau contrasted economic exchange with social exchange as the basis for relationships. Social exchange refers to relationships that entail unsuspected future obligations. Like economic exchange, social exchange generates an expectation of future return for contributions; however, unlike economic exchange, the exact nature of that exchange is unspecified.

Most of the conceptualizations of organizational commitment are based on either the notion of social exchange (i.e. affective commitment and normative commitment, or value commitment/moral commitment) or the notion of economic exchange (i.e. continuance commitment or calculative commitment). It is also well recognized now that organizational commitment is a multi-dimensional construct. The three-component conceptualization given by Meyer et al. (1991) has found acceptance in the literature. It has also been recognized that the three components have differential antecedents and differential consequences. The following section reviews the proximal antecedents of organizational commitment.

2.4. Proximal Antecedents of Organizational Commitment:

Several proximal antecedents of organizational commitment have been recognized in the literature. The following sub-sections reviews the literature on them.

2.4.1. Perceived organizational support:

Eisenberger et al. (1986) developed the Survey of Perceived Organizational Support originally consisting of 36 statements representing various possible evaluative judgments of the employees by the organization and discretionary actions the organization might take in diverse situations to benefit or harm the employee. The researchers, in a series of studies, tested the hypotheses that (a) employees form global beliefs concerning the extent to which the organization values their contributions and cares about their well being (b) such perceived organizational support reduces absenteeism (c) the strength of the relation between perceived organizational support is greater for employees with a strong exchange ideology than those with a weak exchange ideology. The results supported the three hypotheses.

Eisenberger et al. (1990), in another series of studies, examined the relationship of perceived organization support with job attendance and performance. They also argued that perceived organizational support is positively related to both affective commitment and calculative involvements of an employee. According to them, perceived organizational support would also enhance calculative involvement by creating trust in the employees that the organization will take care to fulfill its exchange obligations of noticing and rewarding efforts made by employee on its behalf. Results supported the positive relationship of perceived organizational support with attendance and job performance. Similarly, perceived organizational support was found to be positively related to affective commitment as well as calculative involvement in terms of performance-rewards expectancies, which were related to pay and promotion, and also to approval, recognition and influence.

Shore et al. (1991), in a study examined the construct validity of survey of perceived organizational support. The results provided support for the unidimensionality of SPOS as a measure of perceived organizational support. Furthermore, it was established that perceived organizational support is empirically as well as conceptually different from affective commitment and continuance commitment. The results also showed that perceived organizational support is strongly correlated with affective commitment but not related to continuance commitment. This finding was in contrast to the finding of Eisenberger (1990) that organizational commitment is related to both affective as well as calculative attachments.

Eisenberger et al. (1997), tested the hypotheses that when favorable job conditions are a result of discretionary action by the organization, they are going to contribute to perceived organizational support as felt by employees. But, favourable job conditions on which an organization has little control will not enhance the perceived organizational support felt by employees. The results supported their hypotheses.

O' Driscoll et al. (1999), in a study examined the relationship between perceived organizational support with affective commitment and continuance commitment. They found that perceived organizational support was positively related to affective commitment and is also a significant predictor of affective commitment. Results also indicated that perceived organizational support was negatively related to continuance commitment and was also a significant predictor for continuance commitment.

Rhoades et al. (2001), conducted a series of studies with the objective to examine (a) the mediating role of perceived organizational support in the association between favorable work experiences and affective commitment (b) the causal direction of the association between perceived organizational support and affective commitment (c) the mediating role of affective commitment in the association of perceived organizational support with voluntary employee turnover. They included organizational rewards, procedural justice and supervisor support as the favorable work experiences.

The results from structural equation modeling validated their hypotheses that perceived organizational support is a mediator in the association between favorable work experiences and affective commitment. In another study, they employed a longitudinal design and collected data on perceived organizational support and affective commitment. They found that perceived organizational support was positively related to the temporal change in affective commitment but not vice versa.

In the third study, using a longitudinal design, the researchers colleted data on perceived organizational support and affective commitment at one point of time, and on actual turnover after six months of the initial data collection. The results supported the hypotheses that affective commitment mediates the negative association between perceived organizational support and employee turnover.

Eisenberger et al. (2001), tested the hypotheses that felt obligation on the part of the employee is the reason why perceived organizational support is positively associated with affective commitment. According to them, the reciprocity norm that operates in a social-exchange situation, when one person treats another well, the other person is obliged to return the favourable treatment (Gouldner, 1960), may also apply to employee-employer relationships, obliging employees to recompense advantageous treatment that they receive from their work organizations. Accordingly, workers are motivated to compensate beneficial treatment by acting in ways valued by the organization. Their results supported the hypotheses under test.

In a meta-analysis, Rhoades et al. (2002) identified 73 studies on perceived organizational support that examined the antecedents of perceived organizational support, consequences of perceived organizational support, or both the antecedents and consequences. The antecedents identified in the meta-analysis were categorized in five categories: fairness, supervisor support, organizational rewards and job conditions (Recognition, Pay, and Promotion; Job security; Autonomy; Role stressors; Training; and organizational size), personality characteristics (Positive affectivity, Conscientiousness) and demographic characteristics. The consequences of perceived organizational support identified in the meta-analysis are organizational commitment, over-all job satisfaction, job involvement, performance, strains, desire to remain, and withdrawal behaviour (absenteeism and tardiness).

The results suggested that fairness, supervisor support, organizational rewards and job conditions had strong relationship with perceived organizational support whereas personality characteristics and demographic characteristics were weakly related to it. In respect to consequences, perceived organizational support had strong relationships with affective commitment, job satisfaction, positive mood at work, desire to remain with the organization in the positive direction, and with turnover intentions in the negative direction. Perceived organizational support had medium relationships with job involvement, strains, withdrawal behaviours, and extrarole behaviour directed toward the organization. The relationship of perceived organizational support with performance, continuance commitment and turnover was small but statistically significant.

Allen et al. (2003), in a study examined the role of supportive HR practices as being an antecedent to development of perceived organizational support. They also examined the influence of perceived organizational support on turnover intentions and actual turnover rates in two samples, one cross-sectional and other longitudinal, mediated by affective organizational commitment (measured by OCQ) and global job-satisfaction. Perceived organizational support was conceived to be an important mediator in the relationship of supportive HR practices with organizational commitment and global job satisfaction. The model proposed by the researchers had supportive HR practices as the most distal antecedents to turnover rates, mediated by perceived organizational support, organizational commitment and global job satisfaction, and turnover intentions in each subsequent step of a causal model. The supportive HR practices that they included in this study were “participation in decision making”, “fairness of rewards” and “growth opportunity”, taking them as suggestion of an organization’s investment in employees and recognition of employees contribution. The empirical results supported their model. Supportive HR practices were positively related to perceived organizational support, which in turn was positively related to organizational commitment and global job satisfaction, which in turn were negatively related to turnover intentions and actual turnover rates.

2.4.2.Organizational Justice:

Theorists have distinguished between conceptualizations of justice that focus on content i.e. the fairness of the ends achieved (distributive justice approaches) and those that focus on the process i.e. the fairness of the means used to achieve those ends (procedural justice approaches) (Greenberg, 1990b).

Greenberg (1986), argued that the beliefs about fair performance evaluations may also be based on the procedures by which evaluations are determined apart from the ratings received, which was where the emphasis was put following the traditional views of justice in organizational settings. In an exploratory study he identified procedural justice determinants and the distributive justice determinants of fair performance appraisal. The procedural justice determinants included soliciting input prior to evaluation and using it, two-way communication during interview, ability to challenge/rebut evaluation, rater familiarity with ratee’s work, and consistent application of standards. The distributive justice determinants included receipt of rating based on performance achieved and recommendation for salary/promotion based on rating.

Greenberg (1987) in a laboratory study addressed the issue of relatedness of reactions to outcome distributions with the procedures from which they are derived. Another issue addressed in the study was how do the outcomes that are received influence the perceived fairness of the procedures by which they were determined. An attempt was also made to determine whether the reactions to procedural injustices would be moderated by their underlying causal basis i.e. individual or organizational. The argument followed in this study was that reward allocation procedures are considered fair if they are consistent across person and over time, free from bias, based on accurate information, correctable, representative of all recipient's concerns, and based on prevailing moral and ethical standards.

The results suggested that subjects perceived medium and high outcomes to be fair regardless of the procedure used i.e. fair or unfair procedure. But, in case of low outcomes, the result was considered fair only if the procedure to determine it was perceived to be fair. It was also found that the victims of unfair procedures were more likely to take action directed at redressing the injustice when they believed the unfair procedure followed from an organizational policy than when it was an individual decision.

McEnrue (1989), in a study opined that researchers have not looked at the organizational justice issues in regard to promotion practices. According to her, the effects of perceived promotion system unfairness on the attitudes or the behaviour of employees has not been systematically researched. She also cited the findings from some previous research that suggest that perceived inequity in promotion system reduces teamwork, job satisfaction, work attendance, and organizational commitment.

In her own study, she considered factors that lead to an evaluation of the promotion system being fair by the employee. According to her, there are three procedural variables (1) whether employees observe that the company has a structured system of advancement with clearly-defined promotion paths for the employees (2) whether employees report they receive information about the opportunities, requisite qualifications and the procedure necessary to be considered, and (3) whether they perceive that the criteria used to make promotion decisions are competency-based. The three outcomes necessary for promotion system being perceived fair by the employees are (1) the number of times an employee has been promoted (2) whether an employee has been passed over for promotion (3) whether the employee has an opportunity to advance in future. Fairness of promotion system was the dependent variable for the study.

The results of the study indicated that the employees' judgments regarding procedural components contributed a significant increment in predicting perceived promotion system fairness over and above the contribution of distributive variables.

Folger et al. (1989), in a study demonstrated that procedural justice and distributive justice have differential outcomes in the organizational context. Further advancing the work of Greenberg (1986) that examined the antecedents of procedural and distributive justice, the researchers extended the scope by examining the effect of these two components of organizational justice on organizational commitment, trust in supervisor and satisfaction with pay raise.

The results showed that feedback, a component of procedural justice, significantly correlated with organizational commitment and with trust in supervisor. The distributive index and feedback were significantly related to satisfaction with pay raises. The results also suggested that perceptions of distributive justice are uniquely associated only with satisfaction regarding an individual's own outcomes whereas only perceptions about the procedures used in determining pay raises make a unique contribution to organizational commitment and trust in supervisor.

Greenberg (1990a), in a study explored the issue of employee theft as a reaction to underpayment inequity. The researcher cited the finding of a large-scale survey and interview study done by Hollinger and Clark in the year 1983 to explore the issue of employee theft and possible explanations to it, that employee attitudes were the best predictor of employee theft: "When employees felt exploited by the company…these workers were more involved in acts against the organizations as a mechanism to correct perceptions of inequity or injustice". Also, an argument made by Kemper (1960) that employee theft may be the result of "reciprocal deviance," that is, employees' perceptions that their employers defaulted on their obligations to them, thereby encouraging them to respond with similar acts of deviance, has been cited by the researcher in order to frame his own hypotheses for the study.

The hypothesis tested in this research study was that employees' feelings of payment inequity, and attempts to reduce that inequity by thefts would be reduced when adequate explanations are given to account for pay reduction. The dependent variables of the study were: actuarial data on employee theft, and self-report on familiarity with the basis on which pay is established, and perceived payment equity. The results supported the hypotheses. Another interesting result of this study was that employee turnover was greater among employees who experienced inadequately explained pay reduction.

Newman et al. (1990), in a discussion paper opined that there was a general dearth of empirical research about the importance of procedural justice in compensation. According to him, the competitive reality of present has made it necessary to pay more attention to the elements of procedural justice in compensation, as organizations are no longer in the position to ensure justice in compensation by paying higher rewards which are traditionally considered as fair by the employees. The procedural justice elements in traditional compensation practices can be broken down into three components (1) determination of internal job worth by job analysis and job evaluation (2) determination of job value in the external labor market by salary surveys and determination of competitor wages for designated jobs; and (3) determination of individual worth by evaluation of employee performance with specific jobs and allocation of pay increases. According to the authors, organizations have generally failed in building up these safeguards in their compensation practices.

In another discussion paper, Greenberg et al. (1990c) stressed the importance of pay communication so that the perceptions of pay being fair can be enhanced among the employees. According to them, the information on pay-differential is not enough; information on how this pay-differential was arrived at is also crucial. Another important aspect is how the information is communicated to the employees so that there is an element of interactional justice in compensation.

Konowsky et al. (1991), in a study tested the perceived fairness of an organizational policy i.e. employee drug-testing from an organizational justice perspective, and its effect on employee attitudes (job satisfaction, organizational commitment, and management trust) and employee behaviour (turnover intentions and job performance). The researchers hypothesized that procedural justice would be positively related to management trust and affective commitment. They also hypothesized that continuance commitment will be unrelated to any of the justice measures. Regarding job satisfaction, the hypothesis tested was that job satisfaction would be more strongly related to distributive justice than procedural justice. Turnover intentions were hypothesized to be negatively correlated to both the justice measures. Employee performance was hypothesized to be positively correlated to both the justice measures.

The results showed that affective commitment was positively correlated with both procedural justice and distributive justice whereas continuance commitment was uncorrelated to both the justice measures. Hypothesis regarding job satisfaction and turnover intentions was fully supported, but regarding job performance was partially supported as distributive justice was found to be uncorrelated to job performance.

In another study, Dailey et al. (1992), examined distributive justice and procedural justice as antecedents to job dissatisfaction and intent to turnover. Their results suggested that procedural justice has an independent effect on intent to turnover whereas distributive justice operates indirectly with job dissatisfaction and organizational commitment acting as mediators. According to the researchers, ineffective performance appraisal and planning systems contribute to their perceptions of unfairness. The researchers also concluded that these results are significant and particularly important in organizations with professional or technically skilled employees who may have high job mobility.

Gililand (1993), in a theoretical paper proposed a justice model of applicant's reactions to employment-selection system. According to him, though there have been attempts to model social issues involved in the selection process, but these models have just catalogued the possible determinants of the fairness perceptions without indicating how the various determinants combined to form perceptions of fairness.

The researcher cited as an example model given by Schuler (1993) which suggested that four factors influence the perceived acceptability of selection situation (a) the presence of job-relevant information that can aid job acceptance decisions (b) participation or representation in the development of the selection process (c) understanding of the evaluation process and the task relevance of the selection process (d) content and form of feedback. Similarly, in another example of a model proposed by Arvey et al. (1993), perceived fairness of the selection process was predicted to be a function of (a) content of the selection system (job relatedness, thoroughness of KSA coverage, invasiveness of questions, ease of faking answers) (b) an understanding of the system-development process, (c) the administration of the selection process (consistency, confidentiality, opportunity for reconsideration, and prior information) and (d) the organizational context (the selection ratio).

In the model that Gilliland (1993) proposed, perceptions of procedural justice and distributive justice are formed based on the extent to which certain procedural rules and distributive rules have been satisfied or violated. The situations such as test type, human resource policy and behaviour of the human resource personnel influence the applicant's perceptions of the procedural justice of the selection system in terms of formal characteristics, explanation, and interpersonal treatment. In case of distributive justice, the test outcome or the hiring decision outcome, influence the perceptions of equity of the applicant. A final part of the model deals with the relationship between fairness perceptions and individual and organizational outcomes. The outcomes common for both accepted and rejected candidates are job-application decisions, test motivation, self-esteem, self-efficacy, and endorsement of the organization's products. A variable specific to rejected applicants is future job search intentions. The outcomes specific to the accepted candidates are job-acceptance decisions, job satisfaction, performance, organizational citizenship behaviour, organizational commitment and organizational climate.

Lease (1998), in her review of literature on work attitudes and outcomes, identified many key constructs, organizational justice being one of them. She reviewed seven studies under the category of “just and flexible procedures and policies”. In one of the studies by Martin et al. (1996), the conclusion reached was that procedural fairness predicted organizational commitment and to a lesser extent job satisfaction while distributive justice strongly predicted job satisfaction. Similarly, in another study done by Randall et al. (1995), the researchers reported that both procedural and distributive justice evaluations are related to increased job-satisfaction, organizational commitment, and greater intent to stay. Schappe (1996), concluded in his study that procedural justice mediated the relations between knowledge of the organization’s procedures and work attitudes i.e. evaluation of supervisors, organizational commitment and job satisfaction.

Dulebohn et al. (1998), in a study examined what factors contribute to an employee perception of the distributive justice of compensation outcomes. According to them, there are different distribution rules i.e. equity, equality and need that govern an individual’s perception of whether the resource allocation has been fair or not, as cited in the literature. They also argued that the differences between employees on the factor of pay satisfaction would influence their perceptions about the distributive justice of subsequent pay raise decisions. Their results suggested that pay satisfaction was strongly and positively related to perceptions of distributive justice. They also found that organizational commitment was not related to the perceptions of distributive justice.

Konovsky (2000), in a theoretical paper reviewed the procedural justice literature published since 1990. The antecedents discussed in this review include structural elements such as organizational policies and rules, including providing advanced notice for decisions or opportunities for voice. The quality of interpersonal treatment with regard to the dignity and respect given during enactment of organizational procedures and providing adequate information regarding decision making were the other antecedents discussed in respect to interactional justice and informational justice. The consequences of procedural justice include organizational commitment, trust and organizational citizenship behaviour.

Konovsky also discussed procedural justice effects in the context of organizational change and human resource management. According to the discussion, the social fairness perceptions with regard to selection practices can have important consequences for the organization in terms of refusal of potential applicants to apply for the job, refusing to accept a job, and a future commitment to a job. The most frequent procedural justice element associated with positive selection outcomes is open and honest communication from the organization. In case of performance appraisals, due process being followed contributes to the overall procedural justice perceptions.

Drawing on justice literature, Tepper (2000) examined the consequences of abusive supervisor behaviour on subordinates behaviour such as voluntary turnover. They found that subordinates who perceived their supervisors were more abusive were more likely to quit their jobs. For subordinates who remained with their jobs, abusive supervision was associated with lower job and life satisfaction, lower normative and affective commitment, and higher continuance commitment, and organizational justice mediated most of these effects.

In a study, Masterson (2001) developed and tested a trickledown model of organizational justice that hypothesized that employee's perceptions of fairness should affect their attitudes toward the organization, subsequently influencing their behaviours toward customers, which in turn will cause customers to react positively to employees as well as the organization because of being interpreted as fair treatment of the employees and organization toward them by the customers. Materson in the study hypothesized that procedural justice and distributive justice impact the affective commitment of the employee, which is the first step of the model. The results supported the model.

Cohen-Charash et al. (2001) conducted a meta-analysis on studies done on organizational justice. They examined the correlates of distributive, procedural, and interactional justice using 190 studies, and covering 64,757 respondents. They categorized the correlates of organizational justice into (a) outcomes one receives from the organization (b) organizational practices (procedures and quality of interactions) (c) characteristics of the perceiver i.e. demographic variables, personality variables such as negative affectivity and self esteem. In the outcomes of justice perceptions, they included variables such as work performance, organizational citizenship behaviour, counterproductive behaviour and withdrawal behaviour, attitudinal and affective responses toward organization and the supervisor.

Their results suggested the demographic characteristics of the perceiver were unrelated to the three type of organizational justice. Organizational practices and outcomes were related to the three type of organizational justice. In case of organizational commitment as an outcome, the results indicated that affective commitment was significantly more strongly related to procedural justice than to distributive justice or to interactional justice. Continuance commitment was negatively related to procedural justice and interactional justice. General job satisfaction was found to be positively and highly related to all the three types of organizational justice.

In another meta-analytic study, Coloquitt et al. (2001) reviewed 183 justice studies. The results of this meta-analysis suggest that distributive justice has a corrected population correlation of 0.51 with organizational commitment and a corrected population correlation of 0.56 with job satisfaction. Procedural justice has a corrected population correlation of 0.57 with organizational commitment and a corrected population correlation of 0.62 with job satisfaction.

Aryee et al. (2002), tested a social exchange model of employee work attitudes and behaviours. The results of their study indicated that trust in organization fully mediates the relationship between the three dimensions of organizational justice i.e. procedural justice, distributive justice and interactional justice and organizational outcomes such as organizational commitment, job satisfaction and turnover intentions.

2.4.3.Supervisor support:

Gaertner et al. (1989) measured the construct of relationship with supervisor as the quality of instrumental relationship between the supervisor and the subordinate. They found a positive correlation between relationship with the supervisor and commitment of the employee.

Arnold et al. (1999) measured the construct of relationship with supervisor as the extent to which the supervisor has supported the graduate and given feedback about how well he or she is performing. They found positive correlation between relationship with the supervisor and organizational commitment of the employee.

Kidd et al. (2001), in a study investigated the relationships between supervisor support activities and organizational commitment of the subordinates. Supervisor support activities included giving trust and respect to the subordinate, interpersonal skills and commitment (the extent to which the supervisor encourages good communication and provide general support to the subordinates), feedback and goal setting, and career promotion. The findings of this study suggested that there were significant relationship between supervisor support activities such as feedback and goal setting, trust and respect, and organizational commitment.

2.4.4. Summary

In conclusion, we can say that it is the work climate variables such as perceived organizational support, organizational justice, supervisory support and participation that are proximal antecedents of organizational commitment. All these antecedents are differentially associated with the three components of organizational commitment. Employee's perceptions of HR practices will influence their perceptions of perceived organizational support, organizational justice, supervisory support and participation in the organization. In the nest section, the literature is reviewed on HR practices as distal antecedents of organizational commitment.

2.5. ***HR Practices as Distal Antecedents of Organizational Commitment:***

Ogilive (1986) argued that organizational commitment is a global attitude that results from environmental mastery, a sense of support, and a feeling that one's efforts are acknowledged and reciprocated by the organization, and HRM policies are practices are one set of factors that are global in nature and should influence organizational commitment. Employees' perceptions of HR practices reflect a sense of reciprocity and the level of concern that the organization appears to have for employees. As HR practices are concrete and tangible programs, they can be a practical and applied approach to developing commitment in contrast to the more abstract, job-oriented concepts such as task identity and significance.

The researcher in his study hypothesized that HR practices will be positively related to organizational commitment, and furthermore, they will make greater contributions to the prediction of commitment than demographic, job characteristics, supervisory, and work group factors. Measures of HR practices included perceptions of compensation, pay-performance contingency and fairness in promotions. The results of the study supported the hypotheses tested in the study. Merit-rating accuracy, promotions, tenure and task identity were significant predictors of organizational commitment.

Gaetner el al. (1989), in a study examined the relationships among career experiences, perceptions of company employment practices and the psychological commitment of an employee to the organization. The conceptualization of psychological commitment was basically affective rather than instrumental. The career experiences included in the study were extent of promotion from within, training and development, and employment security. The results indicated that these career experiences were more strongly related to commitment that the characteristics of the work context that included participation, supervisory relationship and instrumental communication.

Iles et al. (1990) in a review and discussion on organizational commitment noted that selection procedures may differ in the extent to which they are perceived as valid, accurate and fair by candidates, and these perceptions may have a significant impact on employee commitment. Similarly, met expectations on the job enhances organizational commitment as the congruence reinforces feelings of reliability toward the employee and correctness of original choice, which in turn induces loyalty.

Caldwell et al. (1990), in study tested the hypotheses that recruitment processes which provide individuals with a realistic sense of what is expected, and which provide opportunities for individuals to choose not to join should be related to higher levels of commitment based on internalization, identification but not compliance; socialization processes which emphasize on strong organizational values should be associated with higher level of commitment based on internalization and identification; socialization processes that rely on formal control and reward systems should be related to higher levels of compliance-based organizational commitment and lower levels of commitment based on internalization and identification.

The results of the study demonstrated that the two components (i.e. identification and internalization) of the O'Reilly et al. (1986) organizational commitment construct collapsed into one factor that the researchers labeled as normative commitment. The results showed a significant positive relationship between strong organizational recruitment and socialization practices and individual commitment. When firms have well-developed recruitment and orientation procedures and well defined organizational value systems, organizational members manifest higher levels of commitment based on internalization and identification, to the organization. Well articulated reward systems are positively related to instrumental based commitment.

Fletcher et al. (1996), in a study examined the extent to which the main elements of performance management systems are associated with positive attitudes like organizational commitment and job satisfaction. The elements of performance management system considered in the study were: (a) the extent to which individuals are able to see how their goals fit with organizational level planning and objectives (b) Effective internal communications (c) the degree to which individual goals are perceived as both clear and challenging (d) the level of participation in goal setting (e) the amount of performance feedback received (f) the links employees see between effort and performance, and between performance and reward (7) the avoidance of an excessively short-term perspective on performance and of promoting counter-productive levels of competitiveness amongst peers. Organizational commitment was assessed in the form of attitudinal commitment using organizational scale developed by Cook et al. (1980) which has three components: organizational identification, organizational involvement and organizational loyalty.

Results suggested that participation, feedback, specificity of goals, strategic relevance of performance, effort-performance-reward linkage, and organizational communications in terms of the employee being made aware of the organizational performance contributed significantly and positively to the prediction of organizational commitment. More aspects of performance management entered into the regression equation when the dependent variable was job satisfaction (especially intrinsic job satisfaction) than when it is organizational commitment.

Arnold et al. (1999), in a study examined graduate's work experiences as predictors of organizational commitment. The work experiences variables included "Intrinsic work characteristics" (the extent to which work involves decision making, significant impact on others, use and development of skills, variety and autonomy), "Career development" (the extent to which future career paths were attractive and clearly specified, and the favourability of career progress so far), "Organizational dependability", "Relationship with supervisor", "Relationship with colleagues", "Equal opportunities", and "Pay and Benefits" (the extent to which graduates perceived that their pay and benefits have been a fair return for their efforts and comparable with competitor organization). The results indicated that intrinsic work characteristics and career development were the experiences that had most impact on organizational commitment.

Mayer et al. (2000) in a study examined the mechanisms involved in observed relations between human resource management practices and employee commitment. Their measures on HR practices included perceptions of employees on performance appraisal benefits, training and career development. The results indicated that employee's evaluations of HR practices and their affective and normative commitment were largely mediated by perceptions of organizational support and procedural justice. In case of continuance commitment, though only demographic variables gender and age were found to be related to it, the researchers argued that it would be wrong to conclude that HR practices do not influence continuance commitment based on these results.

Bartlett (2001), in a study examined the relationship between employee attitudes toward training and organizational commitment among a sample of 337 registered nurses from five hospitals. According to her, the relationship between employees perceptions regarding training provided by the employers and their individual commitment is potentially valuable in exploring the outcomes of training. The research question posed in the study was to what degree are perceptions of training related to organizational commitment.

The results showed that affective commitment was positively related to access to training, support for training from colleagues, support for training from senior staff, training motivation, personal related benefits of training, and career-related benefits of training. Continuance commitment was positively related to support for training from senior staff and negatively related to career-related benefits of training. Normative commitment was positively related to training frequency, support for training from colleagues, support for training from senior staff, training motivation, personal related benefits of training, career-related benefits of training, and job related benefits of training. .

2.6. Demographic Variables as Antecedents of Organizational Commitment:

The results on demographic variables as antecedents of organizational commitment have been mixed and not too consistent. Demographic variables such as age, tenure, education and gender have been used as "side-bets" in case of predicting the continuance commitment. There has been debate in the literature on how appropriately these demographic variables represent the "side-bets" as conceptualized by Becker.

2.7. Consequences of Organizational Commitment:

In the literature several consequences of organizational commitment have been mentioned. The following sub-sections review literature on them.

2.7.1. Employee Turnover:

Turnover research has been a consistent theme in the human resources and organizational behavior literature for over 30 years (Campion, 1991). Turnover has been defined in the literature as "the movement of members across the boundary of an organization" (Price, 1977). Aside from studies on the calculation of turnover rates and survival curves, the measurement of turnover has generally been approached in two distinctly different ways. The most frequent approach has been to treat turnover as an instance of motivated individual choice behaviour to be predicted through models of various antecedents. The second approach has been to focus on the consequences of turnover for the organization (Campion, 1991).

In the first approach, a distinction is made between voluntary turnover and involuntary turnover. Voluntary turnover reflects the motivated individual choice behaviour while involuntary turnover reflects the organization's choice in terminating the employment relationship. This distinction is necessary so that the appropriate measurement of turnover is taken into account. Campion (1991) has suggested that voluntary nature of turnover decision may be better conceived as a continuum ranging from completely voluntary (e.g. the employee takes a better job) through mutual agreement (e.g., the employee agrees to quit because of disagreements with management) to completely involuntary (e.g., the organization lays off the employee as part of a reduction in force). Most of the empirical literature on employee turnover relates demographic, psychological, and economic data to instances of turnover, turnover being considered as a voluntary decision on the part of individuals to leave an organization (Staw, 1980).

Price (2000), in a review paper offered reflections on the determinants of voluntary turnover. According to him, if the widely held belief that a high amount of voluntary turnover adversely influences organizational effectiveness is true, then organizational manpower planners must concern themselves with the determinants of voluntary turnover. In the model proposed in the paper, three categories of variables have been considered as the determinants of turnover: environmental, individual and structural. Environmental factors include alternative job opportunities and kinship relationships. Individual factors are general training, job involvement, positive affectivity and negative affectivity. Structural factors include autonomy, justice, promotional chances, stress, pay, routinization and social support. Lastly, there are four intervening variables: job satisfaction, organizational commitment, search behaviour and intent to stay which along with the environmental factors are the determinants of voluntary turnover.

In the second approach, the consequences of turnover for the organization are the focus of discussion and investigation. It takes into consideration the consequences of turnover as dichotomies of avoidable-unavoiadable turnover and functional-dysfunctional turnover, and utility analysis of turnover.

Staw (1980), in a discussion paper focused upon the consequences of turnover for organizations. According to him, turnover may have negative as well as positive consequences for an organization. The negative consequences may be in terms of the recruitment and selection costs, training and development costs, operational disruption costs that accrue to the organization when employees voluntarily leave the organization. Turnover may also cause demoralization of organizational membership. Though, some conditions such as tightness of labour market, level and complexity of job to be filled, and whether inside or outside succession is followed in the organization may moderate the effect of turnover cost for the organization. The benefits of turnover for organization may be in terms of increased performance by new members due to their motivation and possession of better skills and training, increased morale because of opening of advancement channels o\for employees who are still with the organization, innovation and change in the organization due to changed organizational demographic profile, and reduction in conflict because one party to conflict may be the leaver.

McElroy et al. (2001), in a study examined the effects of employee turnover on organizational subunit performance. According to them, earlier studies on the effects of employee turnover have been from the individual's point of view rather than from the organization's point of view. Also, the research evidence suggests a curvilinear relationship between turnover and performance at the individual level. The researchers argued that the relationship between turnover and organizational performance is a function of the nature of the turnover i.e. involuntary, voluntary, or downsizing. The organizational performance indicators in this were profitability, productivity, customer satisfaction and cost per loan. Results suggested that turnover has undesirable consequences for organizational performance.

Dess et al. (2001) proposed a supplemental perspective based on organizational social capital for examining the voluntary turnover-organizational performance relationship. Social capital is a resource reflecting the character of social relations within the organization, realized through member's levels of collective goal orientation and shared trust. According to authors, the relationship between voluntary turnover and organizational performance has been viewed from two perspectives: cost or cost benefit approach and secondly, human capital approach. In cost or cost benefit approach the relationship is positive in a restricted range between zero and an optimal level, but negative thereafter. In case of human capital approach, there is a direct negative relationship between voluntary turnover and organizational performance as the loss is measured in terms of diminished productivity and the inability of the organization to realize the investments made on building up this human capital.

According to the authors, in a knowledge based industry the negative effect of voluntary employee turnover is more a function of loss in the social capital than human capital, and this loss is exponential in nature. The authors also argued that organizational performance should be viewed in a broader context and take the "balance-card" approach and should not be limited to narrow criteria such as efficiency and productivity. According to them, outcomes of social capital could be both instrumental (e.g. improved decision quality) and affective (e.g. commitment).

2.7.2. Withdrawal Intentions:

The most comprehensive efforts at modeling the turnover process have been conducted by Mobley et al. in the two models that they proposed (Mowday et al., 1984). Mobley (1977, c.f. Mowday, 1984), highlighted variables that link job attitudes with actual turnover behaviour. This model was less concerned with the determinants of job attitudes relevant to turnover than with their consequences for the turnover decision. A major contribution of this work was to suggest that job attitudes are most directly related to withdrawal cognitions associated with the decision to leave and only indirectly related to actual turnover behaviour. Mobley's second model (Mobley et al., 1979) more comprehensively attempted to identify the broad range of factors that can initiate the desire to leave an organization.

Mowday et al. (1984), in a study attempted to extend Mobley's intermediate linkages model of turnover decision process and to examine its validity within a cross-validation design in two diverse samples. They also incorporated several measurement refinements in the study. They included organizational commitment as an attitude measure rather than job satisfaction. They also included a measure of perceived ease of mobility along with age and tenure to reflect on the probability of finding an acceptable alternative job by an employee.

Citing the previous literature (Miller et al., 1979; Michaels et al., 1982; Dalessio et al., 1981; Dailey et al., 1982; Spencer et al., 1983), the researchers agreed with the evidence that withdrawal cognitions were the best predictor of actual turnover. Their results indicated that the best predictor of turnover among the employees studied was the intention to stay in the organization, and the influence of organizational commitment on turnover was indirect through its impact on withdrawal cognitions.

Steel et al. (1984), in a meta-analysis, examined the magnitude of intent-turnover relationships. According to them, following Fishbein and Ajzen's (1975) theory of attitudes that postulates that the best single predictor of an individual's behaviour will be a measure of his intention to perform that behaviour", research on intent-turnover relationship has been based on the assumption that intent to quit represents the single best indicator of turnover. So, attitudes are presumed to have a direct impact on behaviour operating through their more immediate influence upon behavioural intentions. The results of the meta-analysis indicated that behavioural intentions to more predictive of turnover than overall job satisfaction, satisfaction with the work itself, or organizational commitment.

In the recent literature, many studies have found negative relationship between affective organizational commitment and turnover intentions (Arnold, 1999). Several reviews report consistent negative correlations between organizational commitment and both employee intention to leave the organization and actual turnover. Although correlations are strongest for affective commitment, significant relations between commitment and turnover variables are found for all the three conceptualizations of commitment (Meyer et al., 1997).

2.7.3. Job Performance:

Meyer et al. (1989), in a study examined the relationship of supervisor-rated job performance with affective commitment, continuance commitment and job satisfaction. According to them, the research has focused more on turnover as the behavioural outcome of organizational commitment, and little attention has been paid to other work-relevant behaviours. They cited findings from previous research studies. According to them, evidence exists on positive relationship between affective commitment and job performance in the literature wherein affective commitment has often been measured by organizational commitment questionnaire.

They cited findings by Allen and Smith (1987) and Meyer and Allen (1986) that there were negative correlations between continuance commitment and self-report measures of motivation and performance. They concluded that the employees who indicated that it would be costly for them to leave their current employers described themselves as contributing less to organizational effectiveness than those who perceived lower costs associated with leaving. In their own study, they found that affective commitment correlated positively and significantly with performance ratings by the supervisor (specific dimensions of job, overall performance ratings, and promotability ratings) whereas continuance commitment correlated negatively and significantly with them. Job satisfaction did not correlate significantly with the performance ratings.

In a study by Konovsky et al. (1991), affective commitment was positively and significantly related to supervisor rated job performance whereas continuance commitment was negatively and significantly related to it. Hackett et al. (1994), in a study examined the relationships of affective commitment and continuance commitment with job performance. The results did not find differential relationships involving rated performance. Commendation was found to be negatively correlated to continuance commitment.

In another study by Somers et al. (1998) however, both affective commitment and continuance commitment were found to be unrelated to job performance as rated by the supervisor. In this study, the researchers took a broader concept of job performance that included supervisor-rated task proficiency; performance not tied to formal reward systems that benefit organizations; and performance that is detrimental to organizations.

The meta-analysis done by Meyer et al. (2002) reported that affective commitment and normative commitment correlated positively with job performance whereas continuance commitment correlated negatively with job performance.

Riketta (2002), in a meta-analysis of studies that examine the relationship between attitudinal organizational commitment and job performance, identified 93 such studies covering 111 individual samples (n=26,344). The results of the study indicated a weak but statistically significant relationship between affective organizational commitment and job performance. Secondly, affective organizational commitment related significantly more strongly with extra-role behaviour than to in-role behaviour.

2.7.4. Extra Role Behaviour:

The extra-role or organizational citizenship construct has been defined and operationalized in various ways. Most scholars agree, however, that it includes work-related behaviour that "goes above and beyond" that dictated by organizational policy and one's job description. Results have shown that there is significant relationship between affective commitment and extra role behaviour. The relationship between normative commitment and extra role is weaker than that between affective commitment and extra role behaviour. The relationship between continuance commitment and extra role behaviour is either negative or unrelated (Meyer et al., 1997)

2.8. Summary of Literature Review:

The research on human resource management and firm performance and potentially challenging as there are many conceptual and methodological issues involved in exploring this relationship. As, it is clear from the literature review, there is little consensus on how firm performance may be defined. At another level, the issue is how should we explore this relationship. Should we take the universalistic perspective, contingency perspective or configurational perspective? When we concentrate on organizational commitment as an important employee attitude it is recognized that it is a multi-dimensional construct. Perceived organizational support and organizational justice have been recognized as important proximal antecedents of organizational commitment. Turnover intentions, job performance and extra role behaviour have been identified as important HR outcomes at individual level of organizational commitment.

Chapter 3: Research Design

3.1. Need for Research

As it is evident from the literature review that there is a growing interest in the field on the contribution that human resource management makes to the firm performance. Several issues emerge when we look deep into the debate. Foremost of them is how should we look at the relationship between HRM and performance. Is there any relationship between the two? What is the casual direction? Should we depend on large-scale surveys across the industry to give us evidence on the existence of the relationship, wherein the firm performance is measured in terms of financial performance, and the hypothesis that it is through employee skills, attitudes and behaviours that HRM is able to influence firm performance not tested. How should we measure HR practices? Do we go by the notion that there is a set of HR practices (in the literature, they have been labeled as High Performance Practices, High Involvement Practices etc) that will be effective in all cases? If that is the case which HR practices should be included in the ambit of best HR practices? Is the notion of internal fit amongst the HR practices and external fit between HR practices and strategy valid? Is the equifinality that the configurational approach suggests valid?

The research agenda is big enough to create confusions that are readily evident in the literature. There are methodological issues involved, as well. Many researchers have raised the multi-level issues involved in testing the relationship between human resource management and firm performance, and at the same time they have accepted that addressing the multiple levels in one research study is a challenging task to do.

Mowday (1998) has opined, “Although the evidence linking human resource management systems, employee commitment and organizational performance is perhaps the most exciting new direction for research, it is limited and thus more research is needed.” Though, he stressed that the focus of such research should be on financial indicators of organizational performance.

In a similar vein, Meyer et al. (1997) suggested, “although the amount of research conducted from a systems approach (i.e. taking HR practices all together, and not simply taking individual HR practices) is admittedly limited, the findings do support for the argument that organizations using HRM practices foster commitment will have lower turnover rates, more productive employees, and greater overall success. However missing from this research is an assessment of employee commitment. Consequently, we cannot conclude with certainty that the HRM practices intended to foster commitment actually did so and that the impact of these practices on turnover and productivity is attributable to the increase in commitment.”

Meyer et al. (1997) also commented that the amount of empirical research that examines the impact of HRM and other management practices on commitment is limited.

3.2. Research objectives

In view of the research gaps suggested in the literature, and also the methodological issues involved in testing the relationship between HRM and firm performance, this research study take the point of view forwarded by Truss (2001) that the relationship between HRM and firm performance is not so straight forward and how the HR practices get implemented has important consequences for the outcomes at individual and organizational level.

This research intends to explore the HRM-Performance relationship through a case study of a high performance organization. The questions that this research intends to explore are:

1. What are the HR practices being implemented in a High-performance organization? Are they in congruence with the High-performance HR practices being cited in the literature
2. How are the different groups of employees in the organization experiencing these HR practices?
3. How do HR practices impact firm performance?

The first two questions are exploratory in nature. There is no a priori expectation that the HR practices being followed in the organization are what have been described as the best HR practices in the literature. There is also no a priori expectation on how different groups of employees experience these HR practices.

For the third research question, taking guidance from the existing literature, hypotheses will be drawn and tested.

3.3.Scope of the present study:

The scope of the present study is limited to the context of a single organization, which is a high performance organization. The scope is to trace the performance i.e. financial as well as market performance of a high performance organization over the years; to trace the HR practices in the organization; and study the perception of different groups of employees of these practices, their job attitudes, behavioural intents and behaviour which may impact the organizational performance wherein the unit of analysis is the individual employee in the organization.

The scope of the present study precludes the strategic human resource management debate on which HR practices should be included in the ambit of best HR practices; is the notion of internal fit amongst the HR practices and external fit between HR practices and strategy valid; and is the equifinality that the configurational approach suggests valid. The study does not address multilevel issues.

Firm performance in this study has been taken as the HR outcomes at the individual level i.e. behavioural intents and behaviour.

3.4. Conceptual Framework for the third research question:

The model being tested in this research has been adapted from Meyer et al. (1997)**.** The diagrammatic representation of the model is given below.

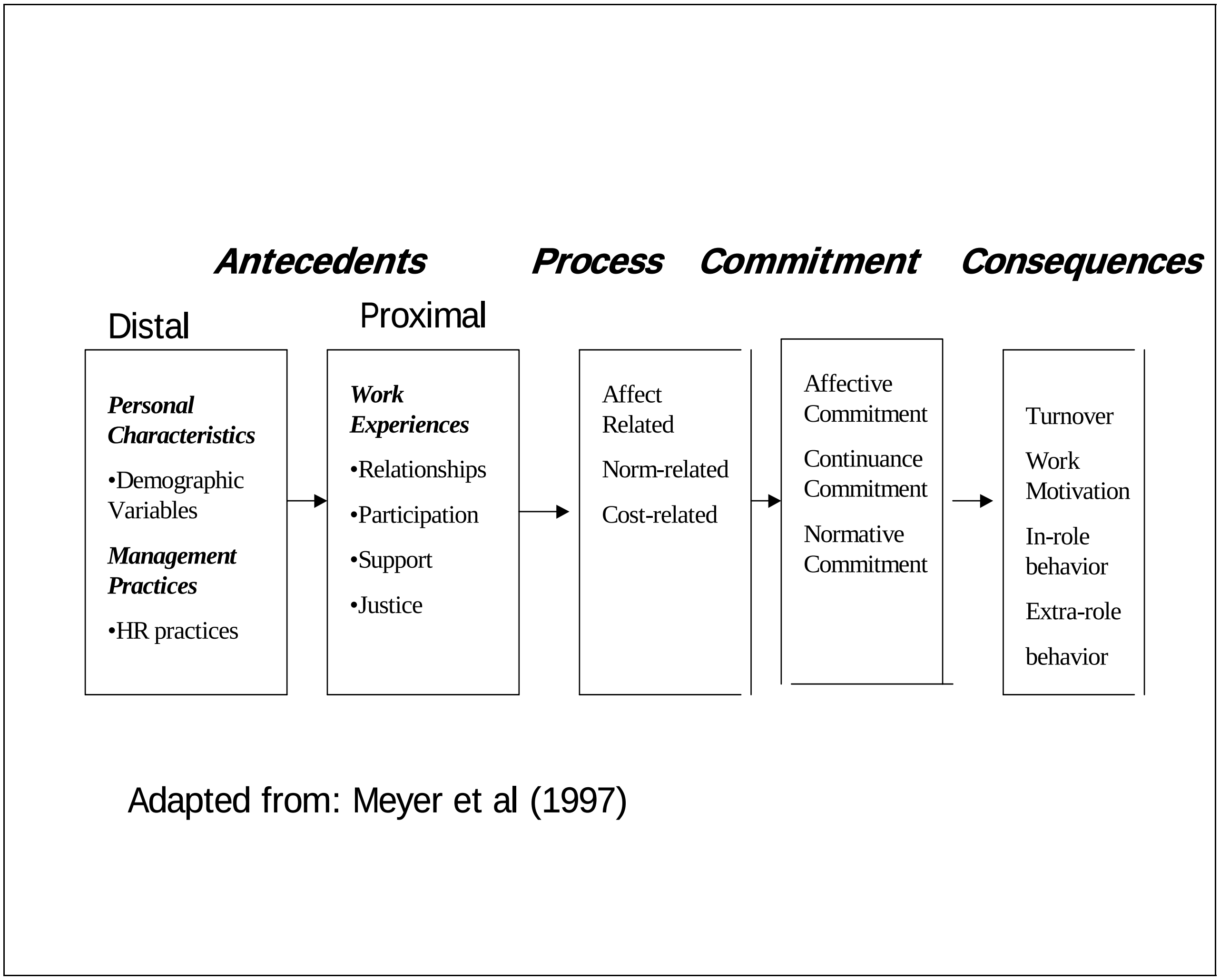

Figure 1: Conceptual Framework

In this model, many factors are implicated in the development of commitment. Distinction has been made between proximal and distal causes of commitment. Among the more proximal causes are employee's work experiences. The more distal causes include personal characteristics and management practices. These distal causes exert their influence on commitment through their influence on the more proximal causes.

3.4. Variables for Research

In this study, as distal causes of organizational commitment, demographic variables and employee perceptions of HR practices have been taken, and as proximal causes, Organizational justice, perceived organizational support, Relations with supervisor and Participation in decision making have been taken. Meyer et al. (1997) argued that we really know little about the process variables that are the mechanisms through which the antecedent variables are presumed to operate, as they are difficult to operationalize and measure correctly. In this study, no process variable is being included, and the direct relationship between distal and proximal causes of organizational commitment and organizational commitment is being tested. Other than the demographic variables, all the other variables are being measured by multi-item five point Likert-type scales. All multi-item scales are summed and averaged to create a scale score. All the multi-item scales are scored such that a high score reflects a favourable perception/evaluation of that variable. All the scales have been taken from the existing literature/research work. A brief description of the variables and the source from where a particular scale has been taken is given below.

Table 3.1: Description of variables used in the study

Category: Distal Antecedents	**Variable**	**Description**	**Source**
Demographic Variables	Gender	Coded as 0 for female and 1 for male	
	Age	Coded as 1 for 20-24 years, 2 for 24-28 years, 3 for 28-32 years, 4 for 32-36 years, 5 for 36-40 years, 6 for more than 40 years	
	Education	Coded 0 for diploma holders, 1 for graduates, 2 for post graduates, 3 for PhDs	
	Total Work Experience	Coded 1 for less than 2 years, 2 for 2-4 years, 3 for 4-6 years, 4 for 6-8 years, 5 for 8-10 years, 6 for more than 10 years	

	Tenure	Coded 1 for less than 2 years, 2 for 2-4 years, 3 for 4-6 years, 4 for 6-8 years, 5 for 8-10 years, 6 for more than 10 years	
Management Practices- (Perceptions of HR Practices)	Selection	It measures perceptions of employees on whether they were given a realistic preview of the job during selection, and the selection process used is appropriate and rigorous for right selection decision. The number of items is 4.	Mukerjee J., (1997)
	Performance Appraisal	It measures employees' perception on whether performance appraisal is fair and useful. It also measures employee perception of feedback received and his/her satisfaction with the performance appraisal system. The number of items is 25.	Smith, C. A. (1995), Levy et al. (2000)
	Career Development & Promotion	It easures perceptions of employees on whether employees are promoted within, the promotion system is fair, employee is aware of his career path, and organization takes interest in his/her development. The number of items is 8.	Gaertner et al. (1989), Smith, C. A. (1995)
	Training	It measures employees' perception on whether the training is useful, he/she is satisfied and happy with the training opportunities provided, and the importance given to training by the organization. The number of items 9.	Gaertner et al. (1989), Smith, C. A. (1995)

	Satisfaction with Compensation	It measures employees' satisfaction with various facets of compensation. The number of items is 16.	Heneman et al. (1985)
Category: Proximal Antecedents			
	Perceived Organizational Support	It measures perception of employee on how committed the organization is to him/her. The number of items is 8.	Eisenberger et al. (1986)
	Procedural Justice	It measures employees' perception of workplace fairness when day-to-day decisions are made about employee responsibilities, schedules, rewards and general treatment. The number of items is 12.	Moorman, R. H. (1991)
	Distributive Justice	It measures employees; perception of fairness in amount and allocation of rewards among individuals. The number of items is 6.	Price et al. (1986)
	Relations with supervisor	It is a six-item scale measuring the quality of instrumental relationship between supervisor and subordinate	Gaertner et al. (1989)
	Participation	It is two item scale measuring an employee's perception of participation in decision making	Gaertner et al. (1989),

Category: Job Attitudes	Organizational Commitment: Affective, Continuance and Normative	It measures the degree to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. The number of items is 18.	Meyer et al. (1993)
	Over all job satisfaction	It measures overall general feeling that an employee has towards his/her job. The number of items is 4.	Quinn et al. (1979)
Category: Behavioural Intents	Intent to quit	It measures whether an employee thinks of quitting, searches for other employment, forms an intention to quit. The number of items is 3.	From the literature
	Motivation to perform	It measures an employee's willingness to perform for the organization. The number of items is 2.	Mowday et al. (1979)
Behaviour	Job Performance	An employee's self report of the overall evaluation they received from their supervisor on their most recent performance appraisal. The number of items is one.	Meyer et al. (1993)
	Extra Role Behaviour	It measures whether an employee takes interest in helping other new employees, colleagues, and in company's affairs. The number of items is 3.	From the literature

3.5 Hypotheses:

In respect to the third research question, following hypotheses have been put to test in this study, on the basis of the literature review done.

3.5.1.HR practices and Work Climate variables

Eisenberger et al. (1986) in a series of studies, found that employees form global beliefs concerning the extent to which the organization values their contributions and cares about their well being that they termed as perceived organizational support. Further, they tested the hypotheses that when favorable job conditions are a result of discretionary action by the organization, they are going to contribute to perceived organizational support as felt by employees. But, favourable job conditions on which an organization has little control will not enhance the perceived organizational support felt by employees (Eisenberger et al. (1997). Similarly, organizational rewards, Recognition, pay, promotion, training, growth opportunity, and participation in decision-making have been identified as the antecedents of perceived organizational support (Rhoades et al. 2001, Rhoades et al. 2002, Allen et al. 2003).

Similarly, organizational justice (procedural justice as well as distributive justice) have been proposed and found to be positively related to selection, performance appraisal, compensation, promotions (Gililand 1993, Greenberg 1986, Newman 1990, Greenberg 1990c, McEnrue 1989).

Kidd et al. (2001), in a study investigated the relationships between supervisor support activities and organizational commitment of the subordinates. Supervisor support activities included giving trust and respect to the subordinate, interpersonal skills and commitment (the extent to which the supervisor encourages good communication and provide general support to the subordinates), feedback and goal setting, and career promotion. The findings of this study suggested that there were significant relationship between supervisor support activities such as feedback and goal setting, trust and respect, and organizational commitment.

Based on the evidences from the literature it is hypothesized that:

H1: Employee's favourable perceptions of HR practices will be positively related to work climate variables.

The hypothesized relationships have been shown in the following table.

Table 3.2: Hypothesized relationships of HR practices with work climate variables

Work Climate /HR Practices	*Perceived Organizational Support*	*Procedural Justice*	*Distributive Justice*	*Relations with Supervisor*	*Participation*
Selection	(No evidence from the literature)	Positive	Positive	(No evidence from the literature)	(No evidence from the literature)
Performance Appraisal	Positive	Positive	Positive	Positive	Positive
Training	Positive	(No evidence from the literature)	(No evidence from the literature)	Positive	(No evidence from the literature)
Career Development & Promotion	Positive	Positive	Positive	Positive	(No evidence from the literature)
Satisfaction with Compensation	Positive	Positive	Positive	(No evidence from the literature)	(No evidence from the literature)

3.5.2. HR Practices and Organizational Commitment, Overall Job Satisfaction

Ogilive (1986) argued that organizational commitment is a global attitude that results from environmental mastery, a sense of support, and a feeling that one's efforts are acknowledged and reciprocated by the organization, and HRM policies are practices are one set of factors that are global in nature and should influence organizational commitment. Employees' perceptions of HR practices reflect a sense of reciprocity and the level of concern that the organization appears to have for employees. As HR practices are concrete and tangible programs, they can be a practical and applied approach to developing commitment in contrast to the more abstract, job-oriented concepts such as task identity and significance.

Research studies in the past have shown that HR practices influence the three-components of organizational commitment differentially. Affective commitment (measured by affective commitment scale and also organizational commitment scale) is positively related to perceptions of compensation (Ogilive 1986, Meyer et al. 2000) promotion within & fairness of promotion (Gaetner el al. 1989, Ogilive 1986, Arnold et al. 1999, Mottaz 1988, DeCotiis 1987, Iverson et al. 1999), training and development (Gaetner el al. 1989, Meyer et al. 2000, Bartlett 2001, Luchak et al. 2001), selection and met expectations (Iles et al. 1990,Caldwell 1990), performance appraisal (Fletcher et al. 1996, Meyer et al. 2000).

The development of continuance commitment has received less research attention than the development of affective commitment. Empirical evidence suggests that continuance commitment is related to employee’s perceptions about the transferability of their skills and their education to other organization. Hence employees who thought that their educational or training investments were less easily transferable elsewhere expressed stronger continuance commitment (Meyer et al. 1997, Luchak et al. 2001). Similarly, investments in terms of monetary gains from the employment with the present organization also increase the continuance commitment in the employees (Luchak et al. 2001).

Of the three forms of commitment described in the three-component model, least is known empirically about the development of normative commitment. Though, on the basis of several studies, it appears that many of the work experiences that predict affective commitment are also related albeit less strongly to normative commitment (Meyer et al. 1997).

In the literature, overall job satisfaction has been recognized as a correlate (positive) of organizational commitment (Meyer et al 2002).

Based on the evidences from the literature it is hypothesized that:

H2: Employee's favourable perceptions of HR practices will be Differentially related to the three components of organizational commitment and overall job satisfaction.

Table 3.3: Hypothesized relationships of HR practices with Organizational commitment, and Over all Job Satisfaction

Attitudes /HR Practices	***Affective Commitment***	***Continuance Commitment***	***Normative Commitment***	***Overall Job Satisfaction***
Selection	Positive	(No evidence from the literature)	Positive	Positive
Performance Appraisal	Positive	(No evidence from the literature)	Positive	Positive
Training	Positive	Positive	Positive	Positive
Career Development & Promotion	Positive	Positive	Positive	Positive
Satisfaction with Compensation	Positive	Positive	Positive	Positive

3.5.3.Work Climate Variables and Organizational Commitment, Overall Job Satisfaction

Perceived organizational support has been found to be positively related to affective commitment (Eisenberger et al 1990, Shore et al. 1991, O'Driscoll et al. 1999, Randell et al. 1999, Rhoades et al. 2002, Allen et al. 2003); positively related to continuance commitment (Eisenberger et al 1990), unrelated to continuance commitment (Shore et al. 1991), negatively related to continuance commitment (O'Driscoll et al. 1999, Randell et al.). Perceived organizational support is positively related to normative commitment (Meyer et al. 2000).

Procedural justice is positively related to affective commitment (Tepper 2000, Cohen-Charash 2001, Coloquitt et al. 2001, Masterson 2001, Aryee et al. 2002). It is negatively correlated with continuance commitment and positively related to normative commitment (Tepper 2000) and job satisfaction (Tepper 2000, Coloquitt et al. 2001).

Distributive justice is positively related to affective commitment (Tepper 2000, Cohen-Charash 2001, Coloquitt et al. 2001, Masterson 2001, Aryee et al. 2002). It is negatively correlated with continuance commitment and positively related to normative commitment (Tepper 2000) and job satisfaction (Tepper 2000, Coloquitt et al. 2001).

Supervisory support is positively related to affective commitment (Arnold et al. 1999, Ogilvie 1886, Dunham et al. 1984, Mottaz 1988, DeCotiis 1988, Iverson 1999). It is not related with continuance commitment (Dunham et al. 1984), negatively related with continuance commitment (Iverson, 1999). It is positively related to normative commitment (Dunham et al. 1984).

Based on the evidences from the literature it is hypothesized that:

H3: Work climate variables will be differentially related to the three components of organizational commitment and overall job satisfaction.

Table 3.4: Hypothesized relationships of Work climate variables with Organizational commitment, and Over all Job Satisfaction

Attitudes /Work Climate variables	***Affective Commitment***	***Continuance Commitment***	***Normative Commitment***	***Overall Job Satisfaction***
Perceived organizational support	Positive	Mixed evidence	Positive	Positive
Procedural justice	Positive	Negative	Positive	Positive
Distributive justice	Positive	Negative	Positive	Positive
Supervisory support	Positive	Mixed evidence	Positive	Positive
Participation	Positive	Positive	Positive	Positive

3.5.4 Demographic Variables and Organizational Commitment

The results on demographic variables as antecedents of organizational commitment have been mixed and not too consistent. Demographic variables such as age, tenure, education and gender have been used as "side-bets" in case of predicting the continuance commitment.

Age is positively related to affective commitment (Hackett et al. 1994, Ogilvie 1986, Mathieu et al. 1990, Dunham et al. 1994, DeCotiis 1987); positively related to continuance commitment (Hackett et al. 1994, Mathieu et al. 1990); positively related to normative commitment (Hackett et al. 1994, Dunham et al. 1994).

The relationship between gender and the three components of organizational commitment is mixed and inconsistent. Education is negatively related to affective commitment and continuance commitment (Mathieu et al. 1990). Tenure is positively related to affective commitment and continuance commitment (Mathieu et al. 1990).

H4: Demographic variables will be differentially related to the three components of organizational commitment and overall job satisfaction.

Table 3.5: Hypothesized relationships of Organizational commitment, and Over all Job Satisfaction with demographic variabes

Attitudes /Demographic Vraiables	***Affective Commitment***	***Continuance Commitment***	***Normative Commitment***
Age	Positive	Positive	Positive
Gender	Mixed Evidence	Mixed Evidence	Mixed Evidence
Education	Negative	Negative	Negative
Tenure	Positive	Positive	Positive

3.5.5. Organizational Commitment, Overall Job Satisfaction and Outcome Variables

Turnover intentions are negatively related to affective commitment (stumpf et al. 1984, Aryee et al. 2002, Arnold et al. 1999, Clugston 2000, Michaels et al. 1982, Mowday et al.

1984, Dunham et al. 1994); negatively related to continuance commitment (Dunham et al. 1994, Iverson et al. 1994); negatively related to normative commitment (Clugston 2000, Dunham et al. 1994, Iverson et al. 1994).

Job performance is positively related to affective commitment (Meyer et al. 1989, Konovsky 1991, Meyer et al 2002). It is negatively related to continuance commitment (Meyer et al. 1989, Konovsky 1991, Meyer et al 2002). There is no empirical evidence on relationship between job performance and normative commitment.

Empirical results have shown that there is significant relationship between affective commitment and extra role behaviour. The relationship between normative commitment and extra role is weaker than that between affective commitment and extra role behaviour. The relationship between continuance commitment and extra role behaviour is either negative or unrelated (Meyer et al., 1997).

In the literature, overall job satisfaction has been recognized as a correlate (positive) of organizational commitment (Meyer et al 2002).

H5: three components of organizational commitment and overall job satisfaction will be differentially related to the outcome variables.

Table 3.4: Hypothesized relationships of Organizational commitment, and Over all Job Satisfaction with HR outcome variables

Attitudes /Demographic Vraiables	***Turnover Intentions***	***Job Performance***	***Motivation***	***Extra Role Behaviour***
Affective commitment	Negative	Positive	Positive	Positive
Continuance commitment	Negative	Negative	Negative	Negative
Normative commitment	Negative	Positive	Positive	Positive
Overall job satisfaction	Negative	Positive	Positive	Positive

3.5.6. Test of the overall model:

Test of the overall model takes into consideration HR practices variables, work climate variables and attitudes as predictors of firm performance.

H6: HRM practices impact firm performance through their influence on job attitudes such as organizational commitment and overall job satisfaction.

The aim is also to find out the relative contribution of HR practices variables in comparison to the work climate variables in explaining organizational commitment and overall job satisfaction that in turn predict the behavioural intentions and behaviour at the individual level.

3.6 Methodology:

In the following subsections the methodology followed for the study is delineated.

3.6.1. Basic Approach of the Study:

The basic objective of the study is to explore the HRM-Performance relationship through a case study of a high performance organization. In order to achieve this objective, a triangulation technique was used to study the research problems identified earlier. Both primary and secondary data was collected. The following methods were used for data collection:

- Study of HR manual, company news-letters, archival news reports, information uploaded on the official website
- Interviews with employees in the organization
- Questionnaire survey administered to the employees at different units of the organization, in order to measure their perceptions of HR practices, their attitudes, behavioral intentions and behaviours.

3.6.2.Selection of the Organization

Cadila Healthcare Limited, an organization based in Ahmedabad was selected for the study. The criterion for selection was the high performance shown by the organization in the past, and also the readiness of the organization to have such a study conducted.

3.6.3. Organizational Synopsis:

3.6.3.1. The Indian Pharmaceutical Industry:

The Indian Pharmaceutical market that consists of almost 20,000 manufacturers was valued in 1999 at US $ 7.2 billion, or only 1.1 % of the global manufacturers. However, in value terms, it ranks as the world's third largest market. The industry has been growing at over 10 % annually for the last 10 years, which is well above the average industrial growth in India (Govindraj et al., 2002).

The government policy of over two decades has shaped the Indian Pharmaceutical industry to its present form. The government policy strategies in the time period of 1970-1990 were:

- Imposition of various restrictive regulatory controls on MNCs
- Protection and subsidization of the domestic drug industry
- Strictly enforced system of drug price-control
- Change from product patent to process patent regime

The implications of these policy measures were strengthening of the position of Indian Pharmaceutical companies vis-à-vis the multinational corporations. The process patent regime was instrumental in development of valuable process engineering skills and manufacturing capabilities from the basic stages in the Indian pharmaceutical industry.

Post GATT agreement, the situation has changed for the Indian Pharmaceutical Industry. As a co-signatory to the GATT agreement, the Indian government gave a commitment to enact an enforceable system of product patents by 2005. With the introduction of new, strict patent laws in 2005, the Indian pharmaceutical industry will no longer be in a position to take the advantage of the reverse engineering that has been its strength. For Indian companies, the challenge is to adapt to new global patent norms. On the structural front, there has been a spate of mergers, acquisitions and alliances.

3.6.3.2. Cadila Healthcare Limited:

Cadila Health Care Limited is one of the prominent Indian companies in the Indian pharmaceutical industry with ambitious plans to grow both domestically as well as internationally.

Historical Background[1]:

Cadila Healthcare Limited has a curious tale. In its present incarnation, it is a post-liberalization born organization, reconstructed after a vertical split in Cadila Limited in the year 1995.

The original organization, Cadila Limited was an entrepreneurial venture of two friends, Mr. Raman Bhai Patel and Mr. Indravadan Modi, founded in the year 1952. . At that time, the pharmaceutical industry was dominated by multinationals. The founders of the organization took it as a challenge to establish an indigenous company that could prove innovative formulations and research-based, quality products. They wanted to make Cadila become synonymous with quality medicinal and thus emerged the slogan 'Cadila for Quality'.

The beginnings were humble and the track was paved with challenges for the two entrepreneurs. After finding a suitable location to set up operations, soon, the team of handful people who called themselves “Cadilians” launched their first product. They introduced Livirubra, containing Vitamin B 12 that was a recent discovery and other medicinal ingredients. Livirubra was a novel idea and no one had manufactured such a product in the country until then. But, launching the product was not enough, there were marketing challenges before the team that had to be met. The doctors had never heard of Cadila before, and they had to be convinced to write prescriptions for Livirubra. As it has been documented in Raman Bhai Patel’s reminiscences:

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[1] This introduction to the organization is based on various secondary sources including information uploaded on the official website of the organization, The Economic Times, Business India, Prowess, company’s newsletters, and from reflective narration of experiences by employees during interviews with them.

"The task of course wasn't that simple. The doctors had never heard of Cadila before. Once on a visit to one of the leading doctors of Ahmedabad, I realised that he was politely listening to what I had to say but never seemed much interested in the conversation. After the first three calls, I decided to change my stance. On my next visit, I started engaging the doctor on a conversation, seeking his opinions on my hypothesis. As the conversation became more interactive, a rapport was established. This in turn helped in increasing, the doctor's confidence in our products. It was also an important exercise in communication that helped us gain credibility."[2]

Slowly, the two partners were able to build the image of the company. The number of employees increased with the increase in operations and launching of new innovative products in the market. In 1963, the company started exporting its products to Uganda. By 1971, the organization had entered the South Asian markets of Singapore and Malaysia.

In 1969, a full-fledged R&D centre was set up with recognition from the Department of Science and Technology, Govt. of India, keeping with the philosophy of the founders of introducing innovative products in the market. These efforts put were recognized and rewarded by the government of India and also by Indian Drug Manufacturers' Association. The organization received the National Award for import substitution in 1973. It received the award for excellence in Quality from Indian Drug Manufacturers' Association in 1985. In 1993, the organization was ranked second in the Indian pharmaceutical industry.

Vertical Split in the Organization:

1995 was the year of major upheaval for the organization when the organization was vertically split into two parts. At the time of the split, Cadila Limited was the sixth largest pharmaceutical company in the country with one of the largest field strength in the industry, and about 4,000 people on its roll. It also had a strong distribution network and

[2] Taken from the official website

a strategically positioned configuration of products, which enabled it to reach its position of pre-eminence in the industry[3].

The organization split into two new companies, Cadila Healthcare Limited, to be owned by Raman Bhai Patel, and Cadila Pharmaceuticals to be owned by Indravadan Modi. Many analysts for many reasons hailed this split as unique. First of all, it showed that a successful partnership between two friends gets vulnerable when the second generation enters into the management of the organization[4]. The major reason behind split was the growing dichotomy in the management style in the organization beginning from 1990, when the second generation was inducted into the organization[5].

Internal hassles slowed down Cadila to a snails pace. With the exception of Cadila Hospital Products Ltd, a small company making surgical equipment, the group companies remained private. While other pharmaceutical companies like Torrent, Ranbaxy and Cipla went public and raised large sums from the capital markets for their growth, Cadila remained hamstrung by the growing tensions between the two families. The 1980s and 1990s were wasted years for the company when it failed to capitalize on the growth opportunities in the pharmaceutical industry[6]. The company had been growing at a steady rate of 20 per cent each year for five years before 1993-94, when it did not do well. The group witnessed some set-back in 1993-94 when its growth declined to just 6 per cent from the previous year's 23 per cent[7].

The bifurcation was worked out through an arbitrator. The assets of the company at Ahmedabad and Ankleshwar were divided equally between the two groups. The bifurcation was also unique in the way it was done without any acrimony from either side on how the assets should get divided, as one of employees remembered it:

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[3] "*Parting Ways*", Business India, June 19 – July 2, 1995

[4] 28 Aug, 1995, Economics Times, Ahmedabad

[5] "*Parting Ways*", Business India, June 19 – July 2, 1995

[6] 28 Aug, 1995, Economics Times, Ahmedabad

[7] "*Parting Ways*", Business India, June 19 – July 2, 1995

“A lot of homework was done so that the assets get equally divided between the two groups. The arbitrator evaluated all the equipments and machinery for their value, and the division was done in such a way that both groups acquired the same of equipments and machinery in value terms. Teams were formed representing each group, which would physically inspect the machinery and equipments on the shop floor, and divide it. For example if there were two machinery/equipment of a kind, each was given to both the groups. In case of an odd number of machinery/equipment, one group was given the odd numbered machinery/equipment, the other group was compensated for the value of that machinery/equipment. Both the groups tried to maintain harmonious relations by not fighting over who should get what. The spirit of both the group was let the other group have the machinery/equipment it wishes to have, and we will buy a new one for us. So, the division took place, from heavy machinery to small things like test tubes, everything was divided equally between the two groups.” Walls were built to divide the factories into two parts at Ahmedabad and Ankleshwar. For the next two years, both the companies operated from the same premises while both the groups were building the new premises at different locations.

But, the division was not only of physical assets; there was a division of manpower, too. The workers, the field force and the administrative staff was also divided equally into two parts. Two lists were prepared which were comparable to each other in terms of the seniority of people on the lists, their work experience, qualifications etc. The two parties were asked to choose either of the two lists. In this way, the manpower excluding the executives employees were divided wherein the employees were not given the choice to select the organization for which they wanted to work.

In case of executives, the division of manpower took place in a different way as explained by the Senior Vice President (HR & CC), of Cadila Health Care Limited:

“For executives, list was drawn. The people they would like to have, and the people we would like to have. Common names on the list were asked whom they wanted to join. The condition was also that the side, which will get more of wanted people, would have to take also the people who were not wanted by either side. So, we ended up getting more people than the other side."

The product portfolio was also divided into two lists in the presence of the arbitrator. One group prepared the two lists and the other group had the right to choose one of them. This is how the vertical split was carried out in the organization.

After the vertical split:

The split brought new challenges of rebuilding the organization, improving market share and put in place the infrastructure. As a result of the split, ranking of Cadila Healthcare was down to 15th place (ORG July-1995) in the domestic formulation market. The organization reached a stage where they lost all the registrations in the overseas market and sales became half in one shot. Consolidating marketing and distribution network was one of the major challenges in front of the management apart from improving efficiency level across the board.

Meanwhile, the manufacturing plant was commissioned at Moraiya on the outskirts of Ahmedabad across 40 acres of land, keeping in line with goals of an increase in scale, a progressive reduction in cost and the benchmarking of production standards with those in developed geographies. It is the largest single location pharmaceutical plant in India, with the state-of-the-art facility designed in line with current good manufacturing practices(cGMP).

The relocation of operations to the new manufacturing site was a necessity that had to be completed with speed. The two companies for two years operated from the same premises, and this was posing difficulties to the independent operations. But, there were more challenges involved with shifting as described by a management consultant associated with the Cadila Healthcare during those years.

" There was anxiety among workers regarding the adjustment to the new workplace. They were also anxious about the extra commuting time that the change of workplace would entail. They saw it as an extension in their working hours without being compensated for those hours. There was also the issue of social adjustment in case a change of workplace results in a change in residence. This would mean a major upheaval in the social life of the workers who had developed social relations in the neighbourhood where they lived. In community living, economic transactions are governed by the social relationships community members have with each other. The grocery shop gives monthly ration on credit. Shifting to a new neighbourhood would devoid the workers of the social aspects of such economic transactions. Associated problems like disruption in schooling of children, dispensary, losing contact with relatives etc added to the anxiety of the workers toward the change."

According to the management consultant:

"Several measures were taken by the management in order to reduce the anxiety of the workers before the change was implemented. These measures included:

- Holding cultural programmes like garba, Diwali celebration, health weeks etc at the new place even before it got constructed so that workers may start identifying with the new place.
- Management also helped the workers in matters related to education of their children. It established contacts with primary schools, which would admit these children without any donation.
- The management also established contacts with primary health centers which would provide healthcare to its workers.
- Training was provided to workers so that they get acclimatized to the new workplace."

Later on, Zydus Research Centre (ZRC)[8], the research arm of Zydus Cadila, located at Moraiya, was established on January 24, 2000 to support research activities of the company. The state-of-the-art research centre has a built up area of about 1,80,000 square feet, spread over an area of 80,000 square meters. ZRC has been recognized by the

[8] From the official website www.zyduscadila.com

Department of Science and Industrial Research (DSIR), Government of India. Presently, over 150 research scientists are actively engaged in research, in various disciplines of Medicinal Chemistry, Pharmacology, Biotechnology, Cell Biology, Molecular Biology, Microbiology, Analytical Research, Clinical Research, Process Research and Drug Delivery. The centre is equipped with modern equipments and infrastructure, necessary to carry out research in modern drug discovery and development.

Strategic initiatives taken after the split:

Cadila Healthcare has set for itself an ambitious vision. The company envisions being among the top three pharmaceutical companies in India, by 2005. It wishes to be leading Asian Pharma Company by 2010, and a Global Pharma player by 2020.

Cadila Healthcare has adopted the mergers and acquisitions as a strategy for growth. In recent times, it has acquired brands and companies, and also entered into joint ventures and co-marketing arrangements with other pharmaceutical companies in order to grow and enhance value. The important milestones on the strategic route that the organization has taken are:

- Joint venture with Byk Gulden in 1998
- Acquisition of Recon Limited in 2000
- Animal heath joint venture with Ambalal Sarabhai Enterprises in 2000
- Acquisition of German Remedies Limited in 2001
- Acquisition of Aten (Brand) in 2001
- Acquisition of Banyan Chemicals in 2002

The German Remedies Limited acquisition was the largest Merger and Acquisition transaction in India. The motive behind embarking on the strategic route of mergers and acquisition is to achieve size, and scales of operations. Many reasons have been cited such as more profitable alliances with international companies, more favourable transactions with vendors, manufacturing economies, better recruitment and enhanced capability to attract talent. The opinion held by the top management is that organic growth should be reinforced with a strategy of inorganic acquisition when size needs to be achieved with speed[9].

The other key initiative taken by the company is giving more emphasis and attention to Research and Development in the organization. The emphasis is on strong research orientation by investing 5% of the group's turnover on research. The focus areas for R & D are new drug discovery, identification of new molecules, and new drug delivery systems.

The organization has identified four focus areas for long-term growth.

- Boosting strength in domestic formulations market
- Innovation being research driven
- International markets, special focus on lucrative regulated markets
- Generics, APIs, formulations

Structure of the organization :

The vertical split initiated a change in structure, also. According to the Senior Vice President (HR & CC):

"The restructuring brought in many challenges. One of them was to give meaningful task to employees who had opted for our organization, how to gainfully employ them. Structural intervention was used and dual command structure was formed in the form of SBUs."

The present structure SBU oriented. There are following SBUs in the organization.

- Domestic formulations – manufacturing
- Domestic formulations – marketing
- Active Pharmaceutical Ingredients
- SBU International
- Zydus Research Centre
- SBU consumer division

[9] Annual report 2002-2003

- SBU service division

SBU domestic formulations –marketing has further marketing divisions in its fold. They are:

- Zydus Cadila
- Zydus Medica
- Zydus Alidac
- Zydus Biogen
- Zydus Neurosciences
- Zydus Pathline

The command structure incorporated the SBU Chiefs reporting to the Executive Director, who in turn reports to the CMD. Some of the staff functions such as Information Technology, Management Audit, International Regulatory Affairs etc report directly to the CMD while others such as Corporate Finance, Human Resources and Corporate Communications, Company Affairs & Administration report to the Executive Director. The number of employees during the data collection period was around 3000 including research scientists, medical advisors and trained plant personnel.

Style of management:

The major reason behind split was the growing dichotomy in the management style in the organization beginning from 1990, when the second generation was inducted into the organization. Earlier the management style was more like an extended family. As it has been documented in Raman Bhai Patel's reminiscences[10]:

"The key to my success, which continues even today, is the team we have at Cadila. This phenomenon did not occur overnight. There was no consultant telling us how to build a team. It was the spirit of working together that brought us close and brought out the best in us. In the very first year there was no question of hiring a team. The operations were small and we managed to complete all the work with just one assistant. As time went by,

[10] from the website

more people joined us and I knew each one of them by name. Even when the number increased to 90, I knew all their names.

If I had to get something done, I would always sit beside them and work. So they accepted me as one of their own. It was the level of involvement that helped in team building. If there was anything wrong in production or packaging I was there to help. In fact, I even had a tool bag handy in my office. If anything were to go wrong I could even help them set it right. I was always at their side as a worker, maintenance man, production head and a marketing representative. This involvement, I think, was crucial in building a team."

With the induction of the new generation into the organization, the clash became of "extended family" style of management versus the "American style of management". The second generation of Patel family believed in the former whereas the second generation of Modi family believed in latter. During the division of manpower, most of the employee who had been given a choice to decide which company they wish to join opted for Cadila Healthcare.

HR practices:

Zydus Cadila's[11] HR vision is enshrined in the line "We build people to build our business". The company's HR policy is to help people perform their best by being able to conceptualize and internalize the most competitive HR practices. The company sees HR management as critical to the achievement of its core objectives. For instance its HR initiatives are directed to assist the company outperform the industry's growth in the domestic market, build the team to expand the company's international presence, upgrade skills through training and build a pool of knowledge workers to spearhead ite research programmes.

Zydan strengths and competencies:

- Workforce with diverse competencies in regulatory compliances, research, marketing and technical expertise

[11] Annual report 2002-03

- An increased recruitment of PhDs, pharma graduates, management graduates and chartered accountants
- An organizational stability marked by long average tenure of service among the senior management
- An aggressive delegation and a relatively flat decision making structure.

A brief description of the HR practices implemented in the organization is as follows:

Selection[12]:

The organization has a well-documented recruitment policy in place. The objective of the recruitment policy is to attract best talent with no discrimination on the basis of sex, caste, creed or religion. Recruitment is done only when there is a vacancy in the approved structure. Outside recruitment is restored to in a situation where recruitment for a vacancy cannot be met/filled within the company. The recruitment and selection is carried out on at least two-tier basis by duly constituted panels. All candidates for managerial positions up to the level of Sr. manager will have to be finally interviewed by SBU chief/corp. chief and Sr. V.P. (HR & CC). Candidates in managerial positions DGM and above are finalized by SBU Chief/Corp Chief, Sr. V.P. (HR & CC) and President collectively.

In the recruitment policy, it is clearly stated that for filling up the required positions of staff and supervisors, the internal/existing employees shall be given preference and would be examined by way of making realistic assessment of their past performance and potential suitability before restoring to the external sources.

The process for recruitment and selection is also clearly stated. For all vacant positions, irrespective of the category or levels of employees, a standard requisition form is forwarded to HR dept under authorization of concerned SBU/Corp chief. The Sr. V.P. (HR & CC) then goes into the details of the requirements, discusses it with the concerned dept./SBU/Corp. Chief and then initiates for final approval of the requisition of MD. On receipt of the approved manpower requisition, the HR dept attempts to locate suitable

[12] from HR Manual of the organization

person from existing manpower inventory or available databank. In case of non-availability of suitable candidates from such internal sources, external sources like advertisement recruitment, agencies, institutes, personal contacts are used for suitable head hunting.

The two tier panel has been defined for various category of employees as specified below:

Table 3.6: Nature of Panels for selection

Positions	***Panel of preliminary interviews***	***Panel for final interviews***
Supervisor	Concerned dept. head/concerned SBU-HR executive	SBU chief,Corp chief, GM (HR)
Managerial positions upto Sr. manager	Corp./Sbu Chief, GK (HR)	Sr. V. P. (HR & CC)
Managerial positions DGMs and above	Corp./SBU chief Sr. V.P. (HR & CC)	President

Performance planning, review and development[13]:

The organization has a well-developed performance appraisal system in place, which is known as performance planning, review and development system (PPRD). The objective is to cultivate a development oriented and value based culture in the organization and there by giving an opportunity to the performers to improve their competencies, their potential and also strengthen the bond of mutual trust and cooperation between the superior and the performer leading to higher job achievements. It also emphasizes standards of ethical behaviour and an objective basis for career planning.

The objective is also to provide a system and factual base for assessing performance so that every executive knows what is expected of him and where he stands. The system aims at providing opportunity for open minded dialogue and feedback between the superior and his subordinate for improving performance and work satisfaction. The ultimate idea is to shift emphasis from judgment of personality to empowerment for

[13] from HR Manual of the organization

performance (i.e. shift from trait oriented assessment to task oriented review and development). The coverage of the system is all employees working in the management cadre and the effective date of implementation is from 1st January, 1996.

PPRD in Zydus is an open system and is meant to be a human process requiring sensitivity and skill on the part of the superior. It recognizes that none can be totally objective in appraisal. Further, the more data based and objective the exercise, the better is likely to be the outcome of PPRD exercise. PPRD in Zydus is geared towards the open and mutual exploration of performance not only of the performer but also of superior. Apart from being a process for performance evaluation and feedback, it is also an important vehicle for development. The effectiveness of PPRD is only if feedback given does not give a surprise at the end of the year. Round the year communication and feedback between the performer and his superior is essential and should be made integral through periodical reviews.

Performance period in PPRD consists of one year followed by midyear review. The mid year review periods are October to March, and April to September. These two review periods are put together to form one complete performance period. This half yearly review is to focus on the facilitating and constraining factors affecting the performance to re-orient resources or to string their support for achievement of pre-set targets.

All components used in performance planning, review and development systems are discussed below:

1. Performance Planning that includes defining KPAs for role clarity and objectives/targets for accountability, and identifying the KPA and the time bound objectives related to each KPAs by the performer in consultation with his supervisor. A common understanding is arrived as to how the performers performance will be assessed and what assistance may be expected from the superior.

2. Performance Dimension –I (Mid Term Review I & II), which recognizes that the PPRD is an annual event of stock taking occurring just after the end of the performance year. It is a very special and a focused session between the performer and the supervisor at the end of the performance period. Hence, it requires that both the supervisor and the subordinate should adequately prepare themselves for the review. The performer should collect relevant inputs to complete the self-appraisal exercise as suggested in the PPRD form. It is desirable on the part of the supervisor to do adequate homework before he initiates the review discussion with the performer to analyze the performance of the entire year. The supervisor is required to initiate a detailed two-way discussion with the performer during which the feedback is not only given but also received. It is up to the superior to be open to reviewing his views regarding performer and his performance based on the discussion.

HR personnel in the organization play a supportive role as it is recognized that the performance data is a sensitive subject and must be understood in its context. The context of performance is best held by the superior and the performer and not by HR.

In the PPRD, there is also a provision that in case there are any sharp differences of opinion about the evaluation, the performer may arrange a meeting among the performer, the superior and the reviewer (SBU/Corp. Chief) to try to resolve the difference. In such a case, the reviewer decision shall be final and binding. HR may be consulted in difficult cases.

Training*[14]*:

Zydus Cadila attributes its success to the commitment and total involvement of its people. To this end, the company believes that consolidating the knowledge base of the people is of utmost importance. To enhance the capabilities of its people and help build a learning organisation, the company has a unique learning model, which draws on competencies from its internal pool. The knowledge sharing forum draws subject experts from within

[14] From the official website

the group to conduct training programmes on specialized areas like product management, supply chain management, credit controls etc. Besides bringing in the much needed organizational perspective to the training sessions, this learning model also helps identity and motivate the company's knowledge assets.

To make GMP an inherent part of the work culture at the manufacturing plant, ongoing training programmes have been organized. In all, over 15 GMP programmes were organized for all the members across the manufacturing plant during the year.

Compensation:

The organization is not a market leader while compensating its employees. The guiding philosophy is that more than compensation, training, career development, participation and employee involvement should make employee loyal to the organization.

In case of rewards, the incentives given to the employees are based on their individual performance as well as the performance of the strategic business unit.

Performance of the Organization:

In its very first year the group launches 23 new products. It improved its ranking from the 16th position to the 9th position amongst the top pharmaceutical companies in India. It registered the fastest growth amongst the top 80 Indian pharma companies in 1997. It entered the new millennium with a compounded annual growth rate of 17.85% in its turnover and 91.94% in its profit after tax since 1995. Cadila Healthcare Limited acquired German Remedies Ltd., in 2001, in what was the largest M&A in the Indian Pharmaceutical Sector and became the 4th largest group in the Indian pharma industry.

The financial results for the four year period from 1998 to 2002 are given below:

Table 3.7: financial results for the four year period from 1998 to 2002

Particulars	*1998-99*	*1999-00*	*2000-01*	*2001-02*
Sales	3614	4778	5088	5808
PBIDT	466	714	844	1003
PBT	363	452	708	734
Net Profit	304	377	656	672
EPS (Face Value Rs. 5 each)	6.75	6.28	10.97	11.27
DPS (Face Value Rs. 5 each)	2.00	2.32	3.00	3.50
Total Assets	2854	8357	6921	9675
Net Worth	849	4925	5433	5515
Key Ratios				
Sales Growth (Y-Y) (%)	18.3	32.2	6.5	15.7
PBIDT Growth (Y-Y) (%)	21.1	53.4	18.2	18.7
PBIDT Margin (%)	12.9	14.9	16.6	17.0
PBT Margin (%)	10.0	9.5	13.9	12.5
Net Profit Margin (%)	8.4	7.9	12.9	11.4
Total Asset Growth	50.4	192.8	(17.2)	39.8
Debt Equity Ratio	1.65	0.47	0.10	0.49

The organization has received regulatory approvals from the competent authorities in countries like UK, South Africa, Philippines, Romania and Brazil. It plans to get approvals from USFDA and from TGA-Australia, in near future. Performance in R & D has been demonstrated by filing more than 25 patents in India till March, 2003.

Future Strategies and goals[15]:

Over the next decade, as a number of products with sales of over $ 40 bn go off patent, and a huge generic manufacturing opportunity is likely to occur. The organization has embarked on a number of initiatives to capitalize with an increasing presence in the large and lucrative regulated markets, that includes commissioning of a US-based 100% owned subsidiary to market active pharmaceutical ingredients (API), identification of four markets in Europe-France, Spain, Italy and Germany, and commissioning of a subsidiary in Brazil.

[15] From the annual report 2002-03

To institutionalize cost awareness and extend the cost-advantage into a sustainable business strategy, the company commissioned a programme called "PRISM" in January 2003. This programme, conducted in consultation with an internationally reputed consultant was directed to generate a quantum profitability improvement through the optimization of the company's entire non-labour cost structure. This exercise is being conducted in three waves of three months each and has already identified over 1000 cost-saving opportunities. The cost saving levers in "PRISM" are improving purchase efficiency, improving process efficiency, standardization and optimization, outsourcing, and using cost effective technology.

HR initiatives taken in the past:

The organization has taken many HR initiatives in the past, and plans to take up more of them in future, as well. Training has been a focus area for the organization as since the restructuring, as it is clearly documented.

"Soon after the restructuring in 1995, training was geared to bridge the competency gaps and develop SBU/Corporate role holders to take up new roles. The training needs at that point of time were well defined i.e. to make generalists out of specialists and improve the inter-functional linkages between the strategic and corporate role holders. The needs were well-diagnosed and Indian Institute of Management, Ahmedabad became instrumental in catering to the identified needs. As training activities were well aligned with business objectives, the result was high Return on Investment and great impact. Aeeing the success of training in 1995-97, Training Need Identification survey was conducted across the organization in 1998-99 with an objective to get relevant and need based training inputs."[16]

In December 2002, a brainstorming session was conducted in the organization after the realization within the organization that training has lost its focus. An action-agenda was set, and as a result another Training Need Analysis exercise was carried out in March, 2003. It was visualized that the training will have five dimensional focus: Attitudes,

[16] From an internal note

Motivation, Acquiring new skills, Knowledge and Competence building at all the levels across the organization.

Other than training, other HR initiatives have been attempts to use psychometric tests for selection, formation of knowledge sharing forum in the organization, employee suggestion schemes etc.

Conclusion:

The Indian Pharmaceutical Industry is one of the sunrise industry in the present economic scenario. It has, in the past, has shown tremendous progress in terms of infrastructure development, technology base creation and a wide range of production. But, the changing economic environment has brought in new challenges. Cadila Healthcare Limited is one of top performers in the industry. The organization's HR vision is enshrined in the line "We build people to build our business". The moot question is how far this HR vision has been accomplished. Does it get reflected in the attitudes and morale of the employees?

3.6.4. Sample for the Questionnaire Survey:

The sample for the questionnaire survey was the executive employees of the organization spread across the different SBUs. The rationale for taking executive employees as sample for study is that the HR practices are applicable for them , and thus their perceptions of these HR practices can help in exploring how HR practices contribute to organizational commitment. Secondly, in any pharmaceutical organization, this category of employees are essentially the knowledge workers, and thus they are the human capital which will ensure firm performance.

3.6.5. Validation of the Questionnaire:

The face validity of the survey questionnaire was ascertained by asking two doctoral students of the institute to fill up the questionnaire. Advice of two HR specialist management educators was also sought. A pilot study was done wherein the students of the evening programme of the institute, and another set of executives who were participants of a programme at Ahmedabad Management Association, were asked to fill up the question. The respondents were later on asked to give their feedback on the format and the contents of the questionnaire. The suggestions made wherever applicable were incorporated into the survey instrument.

3.6.6. Description of the sample of respondents from the organization:

The data was collected from the manufacturing plant, research centre, various marketing divisions and the corporate office in the organization, in phases, as these units are geographical dispersed.

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In the first phase, data was collected at the research centre. There are 165 employees at the research centre out of which 140 fall into the targeted population. There are 100 regular employees and 40 trainees. The difference between the two groups is regular employment status for the regular employee and probationary status for the trainees. Questionnaires were circulated to the whole population at the research centre. 68 regular employees and 30 trainees responded leading to a response rate of 68% and 75%. The total response rate from the research centre was 70%.

In the next phase, data was collected from the manufacturing plant. The eligible population in the manufacturing plant was approximately 250. With the help of HR department at the manufacturing plant, 150 respondents were randomly selected and given the questionnaire out of which 91 response leading to a response rate of 60.66%.

In the next phase, 150 questionnaires were distributed to the product management team, and field staff i.e. regional business managers and area business managers of the different marketing divisions. After consulting the divisional heads, the appropriate number of questionnaires was given to administrative incharge in each division who circulated the questionnaires. 72 responses came back leading to a response rate of 48%.

In the corporate office, 40 questionnaires were circulated with the help of the corporate HR department. 17 responses came back leading to a response rate of 42.5%.

In all except at the manufacturing plant, questionnaires were circulated to the relevant population in each unit/division. The total number of respones received was 278. One response had missing demographic information, which reduced the effective sample size to 277.

3.6.6.1.Description of the total sample:

Out of the 278 respondents, 254 were males and 24 were females.

7.2% of the respondents were in the age group 20-24 years, 24.8% were in the age group 24-28 years, 23% were in the age group 28-32 years, 19.8% were in the age group 32-36 years, 9.7% were in the age group 36-40 years and 15.1% were more than 40 years in age. There was one missing case, thus, making the effective sample size equal to 277.

2.9% of the respondents in the sample were diploma holders, 38.8% were graduates, 54% were post-graduates and 4% had doctorates. There was one missing case, thus, making the effective sample size equal to 277.

19.1% respondents had a total work experience of less than 2 years, 9.7% had total work experience of 2-4 years, 9% had a total work experience of 4-6 years, 11.6% had a total work experience of 6-8 years, 9.7% had a total work experience of 8-10 years, 40.8% had a total work experience of more than 10 years.

42.1% respondents had a tenure of less than two years, 14% had a tenure of 2-4 years, 8.3% had a tenure of 4-6 years, 7.9% had a tenure of 6-8 years, 4.3% had a tenure of 8-10 years and 23% had a tenure of more than 10 years.

3.6.6.2.Description of the manufacturing sub sample:

Out of the 91 respondents, 87 were males and 4 were females.

13.2% were in the age group 24-28 years, 19.8% were in the age group 28-32 years, 25.3% were in the age group 32-36 years, 13.2% were in the age group 36-40 years and 28.6% were more than 40 years in age.

3.3% of the respondents in the sample were diploma holders, 53.8% were graduates, 39.6% were post-graduates and 3% had doctorates.

5.5% respondents had a total work experience of less than 2 years, 6.6% had total work experience of 2-4 years, 6.6% had a total work experience of 4-6 years, 11% had a total work experience of 6-8 years, 7.7% had a total work experience of 8-10 years, 62.6% had a total work experience of more than 10 years.

38.5% respondents had a tenure of less than two years, 8.8% had a tenure of 2-4 years, 3.3% had a tenure of 4-6 years, 6.6% had a tenure of 6-8 years, 2.2% had a tenure of 8-10 years and 40.7% had a tenure of more than 10 years.

3.6.6.3.Description of the Research sub sample:

Out of the 98 respondents, 82were males and 16 were females.

19.4% of the respondents were in the age group 20-24 years, 46.9% were in the age group 24-28 years, 16.3% were in the age group 28-32 years, 8.2% were in the age group 32-36 years, 5.1% were in the age group 36-40 years and 4.1% were more than 40 years in age.

5.1% of the respondents in the sample were diploma holders, 13.3% were graduates, 73.5% were post-graduates and 8.2% had doctorates.

44.9% respondents had a total work experience of less than 2 years,1 9.4% had total work experience of 2-4 years, 7.1% had a total work experience of 4-6 years, 8.2% had a total work experience of 6-8 years, 7.1% had a total work experience of 8-10 years, 13.3% had a total work experience of more than 10 years.

57.1% respondents had a tenure of less than two years, 20.4% had a tenure of 2-4 years, 9.2% had a tenure of 4-6 years, 3.1% had a tenure of 8-10 years and 10.2% had a tenure of more than 10 years.

3.6.6.4. Description of the Marketing sub sample:

Out of the 72 respondents, 82were males and 16 were females.

Due to missing demographic information on one respondent the effective sample size was 71.

11.1% were in the age group 24-28 years, 38.9% were in the age group 28-32 years, 31.9% were in the age group 32-36 years, 11.1% were in the age group 36-40 years and 5.6% were more than 40 years in age.

58.3% were graduates, 40.3% were post-graduates.

2.8% respondents had a total work experience of less than 2 years, 1.4% had total work experience of 2-4 years, 15.5% had a total work experience of 4-6 years, 18.3% had a total work experience of 6-8 years, 16.9% had a total work experience of 8-10 years, 45.1% had a total work experience of more than 10 years.

31.9% respondents had a tenure of less than two years, 13.9% had a tenure of 2-4 years, 13.9% had a tenure of 4-6 years, 18.1% had a tenure of 6-8 years and 10.2% had a tenure 8-10 years and 15.3% had a tenure of more than 10 years.

3.6.6.5. Description of the corporate sub sample:

Out of the 17 respondents, 15 were males and 2 were females.

5.9% of the respondents were in the age group 20-24 years, 17.6% were in the age group 24-28 years, 11.8% were in the age group 28-32 years, 5.9% were in the age group 32-36 years, 11.8% were in the age group 36-40 years and 47.1% were more than 40 years in age.

23.5% of the respondents in the sample were graduates, 76.5 were post-graduates.

11.8% respondents had a total work experience of less than 2 years, 5.9% had total work experience of 2-4 years, 5.9% had a total work experience of 4-6 years, 5.9% had a total work experience of 6-8 years, 5.9% had a total work experience of 8-10 years, 64.7% had a total work experience of more than 10 years.

17.6% respondents had a tenure of less than two years, 5.9% had a tenure of 2-4 years, 5.9% had a tenure of 4-6 years, 17.6% had a tenure of 6-8 years, 17.6% had a tenure of 8-10 years and 35.3% had a tenure of more than 10 years.

3.6.7. Internal Consistency of the measures:

Internal consistency of the measures was ascertained by calculating the cronbach α. The reliability of the measures for the total sample is given in the next table. The internal consistency of all the measures is above 0.70 except for Continuance commitment participation, and extra role behaviour for the total sample.

Table 3.8: Internal consistency of the sales used in the study

Variables	(n=278)
Affective Commitment	0.838
Continuance Commitment	0.575
Normative Commitment	0.790
Overall Job Satisfaction	0.798
Perceived Organizational Support	0.840
Procedural Justice	0.914
Distributive Justice	0.922
Participation	0.663
Relations with superior	0.872
Selection	0.723

Performance Appraisal	0.948
Career Development and Promotion	0.882
Training	0.915
Satisfaction with Compensation	0.929
Intentions to Stay	0.901
Extra Role Behaviour	0.614

Chapter 4: Data Analysis and Interpretation

4.1. Overview of analysis employed:

For the first research question, the data analysis done was qualitative. It was comparing the HR practices implemented in the organization with what have been described as the best HR practices in the literature, using evidence from the secondary sources and from interviews to come to the conclusion regarding the role these HR practices are playing/ought to play in order to ensure firm performance.

Data for the second and third questions were collected by the means of questionnaire. The data were analyzed in three steps. In the first step, descriptive statistics were obtained for the sub-samples. The comparison of mean scores between groups was done using ANOVA and t test. In the second step, zero-order correlations were computed to examine the pattern of relations among the variables in the study. In the third and final step, hierarchical multiple regression analysis was performed to test the hypothesized relations. All multi-item scales were summed and averaged to create a scale score. All the multi-item scales were scored such that a high score reflects a favourable perception of that variable. Data analysis packages such as SPSS verion 10 and Systat version 8.0 were used for data analysis.

4.2. Comparison of HR practices being implemented at Cadila Healthcare Limited with the Best HR practices cited in the literature:

Pfeffer (1998) has suggested employment security, selective hiring of new personnel, self managed teams and decentralization of decision making, compensation contingent on organizational performance, extensive training, reduced status differentials, and extensive sharing of financial and performance information as the seven practices of successful organizations.

In a similar vein, Huselid (1995) suggested that use of formal performance appraisal, linking appraisals with employee compensation, focus on employee merit in promotion decisions, information sharing, selective hiring are some of the high performance work practices. Harel et al. (1999) identified selective selection, existence of internal labour market, training, participation, incentive compensation, grievance procedures as some of the HR practices that influence organizational performance. In conclusion, it can be said that some common HR practices which have been identified in the literature are: selective hiring, formal appraisal system, comprehensive training, internal labour market, information sharing and incentive compensation.

The HR practices being implemented at Cadila Healthcare Limited match with most of the best HR practices list cited above. The following sub-section highlights the features of these HR practices as observed by the researcher, and the perceptions of the key role holders i.e. SBU chiefs in the organization regarding the efficacy of these practices.

Selection:

The organization has listed in its strengths and competencies the contribution of its human capital. It views the employees of the organization as a pool of diverse competencies in regulatory compliance, research, marketing and technical expertise.

Over the years, there has been an increased recruitment of PhDs, pharma graduates, management graduates and chartered accountants in the organization. Importance is given to who is selected and how, especially in case of external recruitment as explained by senior VP (HR & CC).

" When we scrutinize the biodata, we outrightly reject people who have either changed jobs too many times, or never changed it at all over their all work experience. "

In Zydus Research Centre, selection includes a written selection test on subject knowledge of the candidate, and then an interview with the departmental head along with the HR personnel, and a final interview with the President of ZRC.

At the manufacturing plant, selection is two staged process. The first stage is scrutinizing of biodatas that the organization keeps in its record of potential candidates for recruitment (many of these biodatas are unsolicited, and not in response to any advertisement). In the second stage, an interview is held with the candidate wherein the departmental head and the HR manager at the manufacturing unit are the panelists. Finally, the SBU chief along with the general manager (HR) makes the final selection decision.

As it is clear from the evidence cited above, the organization gives a lot of attention to its recruitment and selection. But, the various SBUs face different kind of labour market situation and with it the efficacy of selection practices vary, as it is highlighted by senior VP (marketing) of one of the divisions:

"There is a dearth of right kind of talent being available to the organization. The attractiveness of the company is low and one has to pick the best out of the mediocre lot available for recruitment and that is how the company ends up hiring the mediocre people."

Another area of concern that he highlighted was:
“The total recruitment process i.e. the field manager's capabilities and skills to recruit people is bad. The entire recruitment process is driven by short-term objectives. There is no futuristic orientation in the recruitment effort. There is a dire need to equip the area business mangers and regional business managers with interviewing skills. At the same time, the selection process is not scientific. There is a need to have structured interviews and to reassess the formats used for selection interviews. We should go through a scientific way in selecting people especially if we take a person for life.”

Another key role holder raised a similar concern:
“My division has a high attrition rate. Somewhere the expectations from the managers are higher than what brand managers can actually accomplish. As no scientific tools for selection are used, there is a mismatch between the expectations of the organization from the job incumbent and the ability that he has with him/her.

The concerns were raised regarding the special manpower needs of speciality divisions, as the key role holder of a specialist division said:

“Medica is a specialist division; hence, it requires certain attributes in its people that are different from the attributes required in general pharma division. They should not be a people of mediocre caliber, they should be the best amongst the lot. If in case, the best people are not allotted to the division, a differential training should be provided to the people in the division."

In the SBU manufacturing, the labour market situation has put forth challenges that did not exist few years ago. Today, the demand for certain skills outmatches the supply of these skills. There is tremendous demand for qualified manpower in certain areas such as formulation and development, quality assurance etc as in the post liberalization scenario, these skills have become critical for success for any pharmaceutical organization. The result is that there is a constant shift of manpower from one organization to another organization depending on the pull factors. This particular manpower is highly skilled and extremely mobile. The dilemma before the HR department in the SBU manufacturing is two fold: how to retain this skilled manpower and secondly should they hire people coming from their competitor organizations looking for better prospects. What is the guarantee that people who join this organization after leaving the competitor organization will not repeat his/her act for more gainful employment in terms of compensation and other perks?

The SBU Research centre also faces a similar situation as described by the HR manager at the centre:

“Last year the division had recruited 80 people. This year about 43 employees have left, although not everyone belongs to the said lot. But, the figure of 43 itself shows that there is a high turnover of employees.”

The HR manager at SBU research centre also shared an incident wherein a senior scientist who left the organization, took away with him, his whole team.

From the above discussion it is clear that within the framework of selective hiring, there are micro-level issues involved that mark the overall efficacy of the practice.

Training:

The organization has emphasized on training at all levels starting from the days of the vertical split. In the span of seven years the organization has conducted three training need identification exercises at different points of time, which reflects the attention that the organization gives to its training and development activities.

The brainstorming exercise within the corporate HR department in December 2002, identified the problem areas in the training function as articulated in an internal note:

"The present phenomenon is that training activities are on but to the extent to which they contribute to business remains a question. The situation has arisen because focus of training was not clearly articulated. Training at present is not working in tandem with and the result is low return on investment. The impact of training has not helped in the growth of the organization."

Induction training provided to new employees was another area of concern as explained by senior VP of a marketing division:

"Induction is another area of concern. Soon after the 21 day induction programme, the incumbent is given the responsibilities and handed over the targets even before he is inducted well into the field. The premature process leads to attrition or bad performance. The process of induction should be professionalized, and the new recruit should not be handed over the territory as if he is a veteran of the field."

In continuation, he further said that the challenges faced on the selection front have its effect on training.

"The competency level of the employees is low. We select mediocre people and then do not invest sufficiently to upgrade their knowledge base. In order to raise the competency level, the organization will have to invest a lot on training and development activities."

“For whom are we training”, was another issue raised by many key role holders, as it is clear from the statements made by a senior VP at Zydus Research Centre:
“For most of them (employees at research centre), it is their first job, so they don’t value it. When we recruit them, their market value is around 1 lakh, but after getting trained with us, their market value jumps. There has been cases where our competitors have poached on our employees by giving them just the double salary (4 lakhs) of what they were getting here.”

Senior VP of one of the marketing divisions, said:
“We have to invest a lot in training and development. But, there is an associated danger doing such an investment. We loss our trained people to competition. In the past, MNCs have taken up our people.”

The organization has a comprehensive training system on place, still there are issues involved which are unique to the organizational context.

Career Development and Promotion:
The organization prides itself for the internal labour market it has managed to create. It considers the fact to be a strength leading to organizational stability marked by long average tenure of service among the senior management. Some of the senior most managers in the organization started their career from the entry point positions in the organization. The preset exeutive director of the organization started his career as a medical representative, and over the 25 years of his service has become the second person in command in the organization. This maxim is true for many of the senior managers in the organization who have grown with the growth of the organization.

But, this does not mean that the system is foolproof. It has its own set of issues and complexities as noted in an internal note:
“The second important issue is on the **people front i.e. Career Progression**. People excelling in area are given as reward the total or the higher responsibilities without sufficient training. The result is that the individual who was a star performer in his/her

respective function becomes a mediocre performer in the larger role. Hence, it is very important that the individual who is identified as a promotable person should be adequately groomed with the help of training interventions in general management before the individual can effectively take up the new role/assignment."

Similar concerns were raised by other key role holders:
"The major concern right now is that Area Business Managers (ABM) in the division are working as super Business Officers (BO), and Regional Business Managers (RBM) are working as super Area Business Managers. In effect, most of them are working at one level lower than what is required of their roles. This competency gap needs to be bridged"

Another key role holder said:
"For the ABMs, this is the first managerial assignment that they have after being promoted from BO level. Hence, it becomes very essential that they undergo at least 10 days training to acquire the new skills to perform better in their new role. Such training is not provided presently and the outcomes is that they have to learn from their own experiences"

There is also the issue of succession planning at the top, as was highlighted by Executive Officer to the Chairman & Managing Director (CMD):
"There is a need to look at who are the people who are going to manage on the top. Who is going to be the second line of managers, in command"

Similar sentiments were echoed by another key role holder:
"There is no growth path articulated for people in the senior management positions. There is no second line. We (the senior management) are still in operations and doing the firefighting , and there is no exposure to cross-functional skills required for the top job. The organization had to hire a CEO from outside to lead another company that it has acquired because it could not spare people from its own top cadre for the job."

The internal labour market created in the organization has its own benefits as well. The benefit as articulated by a prominent key holder:

"Over the years, we have formed a strong team at the top. We have good rapport with each other, and so any conflicting situation can be resolved easily and informally so much so that at times the conflicts are not even visible. The CMD can easily go on a vacation without worrying about what is happening back home".

Compensation:

Compensation has an important role to play in attraction and retention of qualified manpower. According to senior VP (HR & CC):

"The challenge is also to maintain equity in the compensation structure. Here employees get increment in slabs. But a person coming from outside knows his market value and demands rise above it."

According to a senior VP, in one of the marketing divisions:

" Rewards are attached with strings. We are not good pay masters, and we rank 20th, in the list of best pay masters in the industry."

Another key role holder commented:

"There is a shortage of professionals in Ahmedabad. The companies based in Delhi and other metros pay 20% premium on the compensation when someone relocates. So, people are not ready to come to Ahmedabad to work. The organization will have to make a decision whether it wants to make people or buy them."

Performance Appraisal:

Performance appraisal is the most visible HR practice in the organization. There are well developed performance appraisal formats for employees at junior executive level (i.e. from officers to deputy managers), middle level mangers, and senior most managers.

The behavioural criierion for performance as measured by these performance appraisal forms, for the these three categories of managerial employees is given below:

Table 4.1: The behavioural criierion for performance three categories of managerial employees

Dy. Managers, Sr. Executives and Officers	***Dy. General Managers, Sr. Managers, Managers***	***SBU Chiefs, Corp/Functional/Divisional Heads, Sr. VPs, VPs & GMs***
Job Knowledge	Job Knowledge	Communication processes
Work Rate	Planning ability	Team leadership
Work Quality	Organizing ability	Merit rating and subordinate development
Reporting	Control	Learning, creativity and innovation
Record Keeping	Ability to sustain pressure	Decision making and problem solving
Learning, creativity and innovation	Learning, creativity and innovation	Strategic/visionary
Initiative	Initiative	Managerial leadership
Communication skills	Communication Skills	Corporate citizenship
Interpersonal Skills	Interpersonal Skills	Customer focus(Internal/External)
Compliance to Procedure & Discipline	Compliance to Procedure & Discipline	Achievement orientation
Adaptability	Problem solving and decision making	Quality Orientation
Dependability	Cost conscious	Managing time and task
Attendance	Leadership skills	Business appreciation/acumen

But as the HR manager at SBU research centre pointed out:

"Performance appraisal has been designed well, the implementation is not so effective. The people who use it, do not have the required knowledge about how to use it. So, it becomes a job done in haste at the end of the year. In case of self-appraisal, employees fill in their KPAs after they have done the activity, so that the criteria of the activity being time bound does not have any sense. The way KPAs are decided is not scientific enough."

In conclusion, we can say that the implementation issues of HR practices are different from the formulation issues. Though, from the policy perspective, the HR practices may coincide with the best HR practices, it is the implementation issues that ensure how effective these practices are in achieving the objectives for the purpose they are framed.

4.3. Analysis of mean scores:

The mean scores and the standard deviation for the four sub-samples have been given in the table below:

Table 4.2: Descriptives for all the five sub-samples

Variables	**Manufacturing (n=91)**	**Research Centre Regular Employees (n=68)**	**Research Centre Trainees (n=30)**	**Marketing (n=72)**	**Corporate (n=17)**
Affective Commitment	3.683 (0.767)	3.457 (0.561)	3.247 (0.521)	4.301 0.533)	4.069 (0.687)
Continuance Commitment	2.989 (0.651)	3.006 (0.670)	3.131 (0.488)	3.063 (0.633)	3.365 (0.613)
Normative Commitment	3.509 (0.692)	3.402 (0.586)	3.115 (0.581)	3.993 (0.562)	3.725 (0.656)
Overall Job Satisfaction	3.701 (0.727)	3.540 (0.685)	3.414 (0.836)	3.906 (0.698)	3.970 (0.635)
Perceived Organizational Support	3.559 (0.610)	3.278 (0.615)	3.292 (0.500)	3.786 (0.577)	3.507 (0.662)
Procedural Justice	3.428 (0.655)	3.250 (0.518)	3.271 (0.473)	3.569 (0.636)	3.559 (0.811)
Distributive Justice	3.228 (1.012)	3.042 (0.865)	3.304 (0.793)	3.413 (0.881)	3.353 (1.019)
Participation	3.692 (0.816)	3.640 (0.722)	3.617 (0.611)	3.632 (0.814)	3.882 (0.697)
Relations with superior	3.940 (0.6850)	3.699 (0.599)	3.794 (0.809)	3.979 (0.608)	4.137 (0.695)
Selection	3.887 (0.718)	3.740 (0.684)	3.592 (0.684)	4.003 (0.584)	3.956 (0.601)
Performance Appraisal	3.589 (0.678)	3.343 (0.622)	3.471 (0.490)	3.618 (0.581)	3.753 (0.853)
Career Development and Promotion	3.474 (0.754)	3.338 (0.622)	3.417 (0.574)	3.450 (0.640)	3.662 (0.727)
Training	3.753 (0.813)	3.779 (0.655)	3.985 (0.577)	4.056 (0.705)	3.583 (0.762)
Satisfaction with Compensation	3.155 (0.719)	2.893 (0.625)	3.005 (0.604)	3.146 (0.657)	3.066 (0.578)
Intentions to Quit	2.520 (0.956)	2.803 (0.870)	2.76 (0.90)	1.99 (0.737)	2.31 (0.820)
Self Motivation to perform	4.4066 (.57693)	4.1176 (.70244)	3.8621 (.72986)	4.569 (0.526)	4.235 (0.903)
Organization Motivates to perform	3.6044 (1.02067)	3.2647 (.92426)	3.3448 (.99224)	3.944 (0.837)	4.000 (0.935)
Self report of Supervisor’s	3.5181	3.2273	3.2692	3.639	3.941

evaluation of Performance	(1.10917)	(1.19446)	(.81188)	(0.954)	(1.088)
Extra Role Behaviour	4.070 (0.734)	3.846 (0.670)	3.460 (0.804)	4.227 (0.647)	3.902 (1.033)

In order to test if there were differences in the perceptions of HR practices amongst the four sub-samples, their attitudes, behavioural intents and behaviour, one-way ANOVA was conducted.

4.3.1. Difference between mean scores: One way ANOVA

There was a significant difference in mean scores on all the variables except for Continuance commitment, Distributive justice, Participation, Selection, and Career Development & Promotion, between the four groups i.e. manufacturing (n=91), research (n=98), marketing (n=72) and corporate (n=17). Further analysis was done using t-test.

Table 4.3: One Way ANOVA

Variables	F	Sig.
Affective Commitment	**30.130**	**.000**
Continuance Commitment	1.694	.169
Normative Commitment	**16.552**	**.000**
Overall Job Satisfaction	**5.296**	**.001**
Perceived Organizational Support	**8.471**	**.000**
Procedural Justice	**4.057**	**.008**
Distributive Justice	1.464	.225
Participation	.598	.617
Relations with superior	**3.371**	**.019**
Selection	3.291	.021
Performance Appraisal	**3.190**	**.024**
Career Development and Promotion	1.129	.338
Training	**3.254**	**.022**
Satisfaction with Compensation	**2.349**	**.073**
Intent to Quit	**12.065**	**.000**
Self Motivation to perform	**10.523**	**.000**
Organization Motivates to perform	**7.773**	**.000**
Self report of Supervisor's evaluation of Performance	**3.312**	**.021**
Extra Role Behaviour	**7.115**	**.000**

4.3.2. **Difference between mean scores: t test**

4.3.2.1.Regular employees and Trainee employese at Research Centre

The regular employees (n = 68) and the trainees (n = 30) at the research centre differed on Normative commitment and Extra Role Behaviour. On the rest of the variables the difference between the mean scores of the two groups was not significant. So, concluding that the two groups belong to the same population, they were pooled together for further analysis.

Table 4.4: Difference in mean scores between regular research employees and trainee research employees

Variables	Research Centre Regular Employees (n=68)	Research Centre Trainees (n=30)	t-value	Sig. (2-tailed)
Affective Commitment	3.4559	3.2471	1.733	0.086
Continuance Commitment	3.0059	3.1310	-0.920	0.360
Normative Commitment	3.4118	3.1149	**2.267**	**0.026**
Overall Job Satisfaction	3.5404	3.4138	0.787	0.433
Perceived Organizational Support	3.2776	3.2917	-0.110	0.912
Procedural Justice	3.2500	3.2708	-0.654	0.851
Distributive Justice	3.0417	3.3036	0.152	0.160
Participation	3.6397	3.6167	-0.188	0.879
Relations with superior	3.6985	3.7944	-1.416	0.515
Selection	3.7395	3.5917	0.986	0.327
Performance Appraisal	3.3421	3.4707	-0.992	0.324
Career Development and Promotion	3.3382	3.4167	-0.589	0.557
Training	3.7794	3.9852	-1.485	0.141
Satisfaction with Compensation	2.8934	3.0046	-0.820	0.414
Intent to Quit	2.8039	2.7598	0.229	0.819
Self Motivation to perform	4.1176	3.8621	-0.387	0.700
Organization Motivates to perform	3.2647	3.3448	1.640	0.104
Self report of Supervisor's evaluation of Performance	3.2273	3.2692	-0.175	0.861
Extra Role Behaviour	3.8458	3.4598	**2.451**	**0.016**

4.3.2.2. Employees at manufacturing plant and employees at Research Centre

The difference in the mean scores of the two groups, employees at manufacturing plant and employees at research centre was significant for Self motivation to perform ($p<0.001$), Affective commitment, Perceived organizational support, , and Extra role behaviour ($p<0.01$), Normative commitment, Procedural justice, Relations with supervisor, Performance appraisal, Satisfaction with compensation, Organization motivates to perform and Intent to quit ($p<0.05$), Over all job satisfaction, Selection , and Self report of supervisor's evaluation of performance ($p<0.10$). The difference was insignificant for Continuance commitment, Distributive justice, Participation, Career development and promotion and training. The mean scores of employees at manufacturing plant were higher than those of employees at research centre except for the variables Continuance commitment and Intentions to quit.

Table 4.5: Difference in mean scores between employees at research centre and employees at manufacturing plant

Variables	**Employee at Research Centre (n=98)**	**Employees at Manufacturing plant (n=91)**	**t-value**	**Sig. (2-tailed)**
Affective Commitment	3.3920	3.6832	**3.006**	**.003**
Continuance Commitment	3.0356	2.9341	-.597	.551
Normative Commitment	3.3141	3.5018	**1.987**	**.048**
Overall Job Satisfaction	3.5017	3.7005	**1.872**	**.063**
Perceived Organizational Support	3.2819	3.5591	**3.204**	**.002**
Procedural Justice	3.2564	3.4277	**2.025**	**.044**
Distributive Justice	3.1218	3.2285	.787	.432
Participation	3.6327	3.6923	.545	.586
Relations with superior	3.7279	3.9396	**2.151**	**.033**
Selection	3.6943	3.8874	**1.893**	**.060**
Performance Appraisal	3.3814	3.5891	**2.248**	**.026**
Career Development and Promotion	3.3622	3.4735	1.122	.263
Training	3.8424	3.7534	-.842	.401
Satisfaction with Compensation	2.9274	3.1552	**2.342**	**.020**
Intent to Quit	2.7904	2.5201	**-2.029**	**.044**
Self Motivation to perform	4.0394	4.4066	**3.861**	**.000**
Organization Motivates to perform	3.2892	3.6044	**2.209**	**.028**
Self report of Supervisor's evaluation of Performance	3.2401	3.5181	**1.740**	**.084**
Extra Role Behaviour	3.7264	4.0704	**3.212**	**.002**

4.3.2.3. Employees at manufacturing plant and Marketing employees

The difference in the mean scores of the two groups, employees at manufacturing plant and marketing employees was significant for Affective commitment, Normative commitment and Intent to quit (p<0.001), Organization motivates to perform and Training (p<0.05), Perceived organizational support, Overall job satisfaction and Self Motivation to perform (p<0.10). The difference was insignificant for Continuance commitment, Procedural justice, Distributive justice, Participation, Relations with supervisor, Selection, Performance appraisal, Career development and promotion, Satisfaction with compensation, Self report of supervisor's evaluation of performance and Extra role behaviour. The mean scores of marketing employees were higher than those of employees at manufacturing plant except for the variables Participation, Career development and promotion, Satisfaction with compensation, and Intent to quit.

Table 4.6: Difference in mean scores between employees at manufacturing plant and employees in marketing divisions

Variables	**Employees at Manufacturing plant (n=91)**	**Marketing employees (n=72)**	**t-value**	**Sig. (2-tailed)**
Affective Commitment	3.6832	4.3007	**-5.811**	**.000**
Continuance Commitment	2.9890	3.0633	-.732	.465
Normative Commitment	3.5092	3.9930	**-4.806**	**.000**
Overall Job Satisfaction	3.7005	3.9063	**-1.826**	**.070**
Perceived Organizational Support	3.5591	3.7364	**-1.882**	**.062**
Procedural Justice	3.4277	3.5694	-1.390	.167
Distributive Justice	3.2285	3.4131	-1.224	.223
Participation	3.6923	3.6319	.470	.639
Relations with superior	3.9396	3.9792	-.385	.701
Selection	3.8874	4.0035	-1.112	.268
Performance Appraisal	3.5891	3.6178	-.285	.776
Career Development and Promotion	3.4735	3.4497	.214	.831
Training	3.7534	4.0556	**-2.498**	**.014**
Satisfaction with Compensation	3.1552	3.1465	.080	.936
Intent to Quit	2.5201	1.9907	**3.869**	**.000**
Self Motivation to perform	4.4066	4.5694	**-1.860**	**.065**
Organization Motivates to perform	3.6044	3.9444	**-2.283**	**.024**
Self report of Supervisor's evaluation of Performance	3.5182	3.6389	-.733	.465
Extra Role Behaviour	4.0699	4.2269	-1.433	.154

4.3.2.3. Employees at manufacturing plant and corporate employees:

The difference in the mean scores of the two groups, employees at manufacturing plant (n =91) and corporate employees (n=17) was significant for only two variables Continuance commitment ($p<0.05$), Affective commitment ($p<0.10$).

Table 4.7: Difference in mean scores between employees at manufacturing plant and employees at corporate office

Variables	**Employees at Manufacturing plant (n=91)**	**Corporate employees (n=17)**	**t-value**	**Sig. (2-tailed)**
Affective Commitment	3.6832	4.0686	**-1.932**	**.056**
Continuance Commitment	2.9890	3.3647	**-2.204**	**.030**
Normative Commitment	3.5092	3.7255	-1.192	.236
Overall Job Satisfaction	3.7005	3.9697	-1.427	.156
Perceived Organizational Support	3.5591	3.5074	.317	.752
Procedural Justice	3.4277	3.5588	-.729	.468
Distributive Justice	3.2285	3.3529	-.465	.643
Participation	3.6923	3.8824	-.900	.370
Relations with superior	3.9396	4.1373	-1.090	.278
Selection	3.8874	3.955	-.370	.712
Performance Appraisal	3.5891	3.7529	-.877	.382
Career Development and Promotion	3.4735	3.6618	-.950	.344
Training	3.7534	3.5833	.799	.426
Satisfaction with Compensation	3.1552	3.0662	.482	.631
Intent to Quit	2.5201	2.3137	.834	.406
Self Motivation to perform	4.4066	4.2353	1.018	.311
Organization Motivates to perform	3.6044	4.0000	-1.485	.141
Self report of Supervisor’s valuation of Performance	3.5182	3.9412	-1.447	.151
Extra Role Behaviour	4.0699	3.9020	.812	.419

4.3.2.4. Employees at research centre and marketing employees

The difference in the mean scores of the two groups, employees at research centre and marketing employees was significant for Affective commitment, Normative commitment, Over all job satisfaction, Perceived organizational support, Procedural ***justice, Intent to*** quit, Self motivation to perform, Organization motivates to perform, and Extra role behavior (p<0.001), Selection (p<0.01), Distributive justice, Relations with supervisor, Performance appraisal, Training, Satisfaction with compensation, and Self report of supervisor's evaluation of performance (p<0.05. The difference was insignificant for Continuance commitment, Distributive justice, Participation, and Career development and promotion. The mean scores of marketing employees were higher than those of employees at research centre except for the variable Intent to quit.

Table 4.8: Difference in mean scores between employees at research centre and employees in marketing divisions

Variables	**Employee at Research Centre (n=98)**	**Marketing employees (n=72)**	**t-value**	**Sig. (2-tailed)**
Affective Commitment	3.3920	4.3007	**-10.720**	**.000**
Continuance Commitment	3.0356	3.0633	-.197	.844
Normative Commitment	3.3141	3.9930	**-7.335**	**.000**
Overall Job Satisfaction	3.5017	3.9063	**-3.630**	**.000**
Perceived Organizational Support	3.2819	3.7364	**-5.046**	**.000**
Procedural Justice	3.2564	3.5694	**-3.583**	**.000**
Distributive Justice	3.1218	3.4131	**-2.177**	**.031**
Participation	3.6327	3.6319	.006	.995
Relations with superior	3.7279	3.9792	**-2.518**	**.013**
Selection	3.6943	4.0035	**-3.096**	**.002**
Performance Appraisal	3.3814	3.6178	**-2.599**	**.010**
Career Development and Promotion	3.3622	3.4497	-.907	.365
Training	3.8424	4.0556	**-2.062**	**.041**
Satisfaction with Compensation	2.9274	3.1465	**-2.224**	**.027**
Intent to Quit	2.7904	1.9907	**6.278**	**.000**
Self Motivation to perform	4.0394	3.9444	**-5.308**	**.000**
Organization Motivates to perform	3.2892	4.5694	**-4.697**	**.000**
Self report of Supervisor's evaluation of Performance	3.2401	3.6389	**-2.487**	**.014**
Extra Role Behaviour	3.7264	4.2269	**-4.601**	**.000**

4.3.2.5. Employees at research centre and corporate employees:

The difference in the mean scores of the two groups, employees at research centre (n =98) and corporate (n=17) was significant for Affective commitment ($p<0.001$), Self motivation to perform ($p<0.01$), Normative commitment, Over all job satisfaction, Perceived organizational support, Procedural justice, Relations with supervisor, Performance appraisal, Intent to quit and Self report of supervisor's evaluation of performance ($p<0.05$), Continuance commitment, and Career development and Promotion ($p<0.10$)). The difference was insignificant for Perceived organizational support, , Distributive justice, Participation, Selection, Satisfaction with compensation, Organization motivates to perform and Extra role behaviour. The mean scores of marketing employees were higher than those of employees at research centre except for the variables Training and Intent to quit.

Table 4.9: Difference in mean scores between employees at research centre and employees in corporate office

Variables	**Employee at Research Centre (n=98)**	**Corporate employees (n=17)**	**t-value**	**Sig. (2-tailed)**
Affective Commitment	3.3920	4.0686	**-4.472**	**.000**
Continuance Commitment	3.0356	3.3647	**-1.970**	**.051**
Normative Commitment	3.3141	3.7255	**-2.497**	**.014**
Overall Job Satisfaction	3.5017	3.9697	**-2.475**	**.015**
Perceived Organizational Support	3.2819	3.5074	-1.450	.150
Procedural Justice	3.2564	3.5588	**-2.069**	**.041**
Distributive Justice	3.1218	3.3529	-1.006	.317
Participation	3.6327	3.8824	-1.381	.170
Relations with superior	3.7279	4.1373	**-2.321**	**.022**
Selection	3.6943	3.955	-1.480	.142
Performance Appraisal	3.3814	3.7529	**-2.239**	**.027**
Career Development and Promotion	3.3622	3.6618	**-1.826**	**.070**
Training	3.8424	3.5833	1.505	.135
Satisfaction with Compensation	2.9274	3.0662	-.863	.390
Intent to Quit	2.7904	2.3137	**2.091**	**.039**
Self Motivation to perform	4.0394	4.2353	**-2.877**	**.005**
Organization Motivates to perform	3.2892	4.0000	-.999	.320
Self report of Supervisor's	3.2401	3.9412	**-2.453**	**.016**

evaluation of Performance				
Extra Role Behaviour	3.7264	3.9020	-.851	.397

4.3.2.6. Marketing employees and corporate employees

The difference in the mean scores of the two groups, marketing employees (n =72) and corporate (n=17) was significant for Training and Self motivation to perform ($p<0.05$), Continuance commitment, and Normative commitment ($p<0.10$)).

Table 4.10: Difference in mean scores between employees in marketing divisions and employees at manufacturing plant

Variables	**Marketing employees (n=72)**	**Corporate employees (n=17)**	**t-value**	**Sig. (2-tailed)**
Affective Commitment	4.3007	4.0686	1.524	.131
Continuance Commitment	3.0633	3.3647	**-1.775**	**.079**
Normative Commitment	3.9930	3.7255	**1.708**	**.091**
Overall Job Satisfaction	3.9063	3.9697	-.343	.733
Perceived Organizational Support	3.7364	3.5074	1.423	.158
Procedural Justice	3.5694	3.5588	.059	.953
Distributive Justice	3.4131	3.3529	.246	.806
Participation	3.6319	3.8824	-1.170	.245
Relations with superior	3.9792	4.1373	-.938	.351
Selection	4.0035	3.955	.301	.764
Performance Appraisal	3.6178	3.7529	-.783	.436
Career Development and Promotion	3.4497	3.6618	-1.197	.235
Training	4.0556	3.5833	**2.446**	**.016**
Satisfaction with Compensation	3.1465	3.0662	.463	.644
Intent to Quit	1.9907	2.3137	-1.585	.116
Self Motivation to perform	4.5694	4.0000	**2.021**	**.046**
Organization Motivates to perform	3.9444	4.2353	-.241	.810
Self report of Supervisor's evaluation of Performance	3.6389	3.9412	-1.144	.256
Extra Role Behaviour	4.2269	3.9020	1.643	.104

4.4. Correlation Analysis:

4.4.1. Test of Hypothesis 1:

H1: Employee's favourable perceptions of HR practices will be positively related to work climate variables.

The zero-order correlation matrix for the HR practices variables and Work Climate variables for the total sample is given below. We find that the results support the hypothesis given that Employee's favourable perceptions of HR practices will be positively related to work climate variables.

Table 4.11: Correlation matrix for Hypothesis 1

Work Climate /HR Practices	***Perceived Organizational Support***	***Procedural Justice***	***Distributive Justice***	***Relations with Supervisor***	***Participation***
Selection		.532**	.415**		
Performance Appraisal	.640**	.643**	.540**	.675**	.505**
Training	.733**			.604**	
Career Development & Promotion	.540**	.534**	.403**	.459**	
Satisfaction with Compensation	.603**	.529**	.614**		

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

4.4.2. Test of Hypothesis 2:

H2: Employee's favourable perceptions of HR practices will be differentially related to the three components of organizational commitment and overall job satisfaction.

The zero-order correlation matrix for the HR practices variables and three components of organizational commitment and overall job satisfaction for the total sample is given below. We find that the results support the hypothesis given that Employee's favourable perceptions of HR practices will be differentially related to the three components of organizational commitment and overall job satisfaction, partially, as we find significant correlations between perceptions of HR practices (other than training and satisfaction with compensation) and continuance commitment that were not hypothesized.

Table 4.12: Correlation matrix for Hypothesis 2

Attitudes /HR Practices	***Affective Commitment***	***Continuance Commitment***	***Normative Commitment***	***Overall Job Satisfaction***
Selection	.392**	.125*	.294**	.469**
Performance Appraisal	.480**	.144*	.419**	.499**
Training	.482**	.133*	.467**	.560**
Career Development & Promotion	.387**	.177**	.370**	.424**
Satisfaction with Compensation	.378**	.174**	.337**	.451**

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

4.4.3. Test of Hypothesis 3:

H3: Work climate variables will be differentially related to the three components of organizational commitment and overall job satisfaction.

The zero-order correlation matrix for the work climate variables and three components of organizational commitment and overall job satisfaction for the total sample is given below. We find that the results support the hypothesis given Work climate variables will be differentially related to the three components of organizational commitment and overall job satisfaction , partially, as we find significant positive correlation between continuance commitment and distributive justice.

Attitudes /Work Climate variables	***Affective Commitment***	***Continuance Commitment***	***Normative Commitment***	***Overall Job Satisfaction***
Perceived organizational support	.561**	.137*	.471**	.589**
Procedural justice	.467**	.114	.418**	.498**
Distributive justice	.279**	.200**	.242**	.430**

Supervisory support	.451**	.137*	.426**	.520**
Participation	.318**	.180**	.333**	.483**

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

4.4.4.

H4: Demographic variables will be differentially related to the three components of organizational commitment and overall job satisfaction.

The zero-order correlation matrix for the HR practices variables and three components of organizational commitment and overall job satisfaction for the total sample is given below. We find that the results support the hypothesis given Demographic variables will be differentially related to the three components of organizational commitment and overall job satisfaction, partially, as we find no significant positive correlation between continuance commitment and age.

Table 4.14: Correlation matrix for Hypothesis 4

Attitudes /Demographic Vraiables	***Affective Commitment***	***Continuance Commitment***	***Normative Commitment***
Age	0.246**	.092	0.226**
Gender	0.112	0.061	0.1418
Education	-0.164**	-0.102	-0.074
Tenure	0.222**	0.145*	0.118*

4.4.5. Test of Hypothesis 5:

H5: three components of organizational commitment and overall job satisfaction will be differentially related to the outcome variables.

The zero-order correlation matrix for the three components of organizational commitment and overall job satisfaction, and outcomes variables for the total sample is given below. We find that the results support the hypothesis given the three components of organizational commitment and overall job satisfaction will be differentially related to the outcome variables.

Table 4.15: Correlation matrix for Hypothesis 5

Attitudes /Demographic Vraiables	***Turnover Intentions***	***Job Performance***	***Organization Motivates to perform***	***Extra Role Behaviour***
Affective commitment	-0.539**	0.311**	0.513**	0.331**
Continuance commitment	-0.145*	0.085	0.133*	-0.036
Normative commitment	-0.551**	.0300**	0.463**	0.275**
Overall job satisfaction	-0.477**	0.372**	0.523**	0.175**

4.4.5. Test of Hypothesis 6:

Test of the overall model takes into consideration HR practices variables, work climate variables and attitudes as predictors of firm performance.

H6: HRM practices impact firm performance through their influence on job attitudes such as organizational commitment and overall job satisfaction.

Regression analysis was done to test this hypothesis. Regression analysis was done in two phases. First, hierarchical multiple regression analysis was performed to test the hypothesized relations in case of the three components of organizational commitment and over all job satisfaction. As the research sought to examine the relative contribution of each of the antecedent sets to the explained variance in the three components of organizational commitment and over all job satisfaction, hierarchical multiple regression was used. Regarding the order of entry, gender, education, and tenure were entered as control. In the next step, employee perceptions of HR practices variables were introduced into the regression equation. The work climate variables were introduced into the equation in the third and final step.

In the next phase, the three components of organizational commitment along with over all job satisfaction were taken as independent variables. Gender, education, and tenure were introduced as control variables. All the variables were introduced simultaneously into the equation and the various outcomes variables were taken as the dependent variable in a set of regression equations.

4.5. Regression Analysis for Total Sample:

Affective Commitment as Dependent variable: In the first step, none of these three variables were significant predictors, though the direction of the relationship with the dependent variable “Affective commitment” was positive. . The explained variance in Affective commitment by these three variables was approximately 6 %.

In the next step, Tenure and Performance appraisal turned out to be significant predictors ($p<0.01$). Career Development and promotion ($p< 0.05$) was also a significant predictor of Affective commitment. The increment in explained variance at the second step was 26%, which was highly significant ($p<0.001$). All the HR practices variables had positive betas.

In the third and final step, perceived organizational support was the most significant predictor ($p<0.001$), followed by tenure ($p<0.01$), Relations with supervisor, participation ($p<0.05$) and Distributive justice ($p<0.10$). The direction of relationship of Participation and of Distributive justice with Affective commitment was negative. Procedural justice, though was not a significant predictor, had a positive beta. The increment in explained variance at the third step was 7.1%, which was highly significant ($p<0.001$).

The over all explanatory power of the final model was 39.2%. Adjusted R2-value was 36.2%. The coefficient of Determination R2 was highly significant as indicated by the F statistics ($p<0.001$).

Table: 4.16

Hierarchical Regression Analysis with Affective Commitment as Dependent Variable (n=277)

Variables	Model 1		Model 2		Model 3	
	B	***Beta***	***B***	***Beta***	***B***	***Beta***
Demographic Variables						
Gender	0.190	0.073	6.631E-02	0.026	4.159E-02	0.016
Education	-9.232E-02	-0.078	-2.729E-02	-0.023	1.383E-02	0.012
Tenure	6.430E-02	0.180*	6.040E-02	.169***	5.024E-02	0.141***
Human Resource Practices Variables						
Selection			8.716E-02	0.081	5.971E-02	0.055
Performance Appraisal			0.238	0.210***	.122	0.108
Career Development & Promotion			0.186	0.172**	5.840E-02	0.054
Training			0.101	0.101	5.167E-02	0.052
Satisfaction with Compensation			6.390E-02	0.058	3.954E-02	0.036
Work Climate Variables						
Perceived Organizational Support					0.431	0.366****
Relations with Supervisor					0.179	0.164**
Participation					-0.148	-0.155**
Procedural Justice					7.709E-02	0.066
Distributive Justices					-9.232E-02	-0.117*
Constant/Intercept	3.551****		1.168****		0.750**	
F-value (d.f)	5.905 (3,273)***		15.836 (8,268) ****		13.047 (13,263) ****	
R^2-value	0.061		0.321		0.392	
Adjusted R^2-value	0.051		0.301		0.362	
R^2 Change	0.061***		0.260****		0.071****	
Durbin-Watson = 1.713						

p<0.10 **p<.0.05 ***p<0.01 ****p<0.001

Continuance Commitment as Dependent variable: In the first step , Tenure was the only significant predictor ($p<0.10$). The beta coefficient of Education was negative and that of Gender was positive. The explained variance in Continuance commitment by these three variables was approximately 2.4 %.

In the next step, only Tenure turned out to be significant predictors ($p<0.10$). The beta coefficients of all the HR practices variables were positive except for Career development and promotion. The increment in explained variance at the second step was 2.8%, which was significant ($p<0.10$).

In the third and final step. Distributive Justice and Tenure were the only significant predictors ($p<0.05$). Perceived organizational support, Procedural Justice and Relations with supervisor had negative beta coefficients. Participation had a positive but insignificant beta coefficient. The increment in explained variance at the third step was 2.4%, which was not significant.

The over all explanatory power of the final model was 8.7%. Adjusted R2-value was 4.2%. The coefficient of Determination R2 was significant as indicated by the F statistics ($p<0.05$).

Table: 4.17

Hierarchical Regression Analysis with Continuance Commitment as Dependent Variable (n=277)

Variables	Model 1		Model 2		Model 3	
	B	***Beta***	***B***	***Beta***	***B***	***Beta***
Demographic Variables						
Gender	8.070E-02	.036	5.060E-02	0.022	5.288E-02	0.023
Education	-4.702E-02	-0.046	-1.528E-02	-0.015	-1.310E-02	-0.013
Tenure	3.793E-02	.122*	3.807E-02	0.122*	4.138E-02	0.133**
Human Resource Practices Variables						
Selection			2.589E-02	0.028	3.020E-02	0.032
Performance Appraisal			3.434E-02	0.035	2.270E-02	0.023
Career Development & Promotion			-6.218E-02	-0.066	-7.878E-02	-0.084
Training			9.753E-02	0.112	9.717E-02	0.112
Satisfaction with Compensation			0.122	0.127	8.325E-02	0.087
Work Climate Variables						
Perceived Organizational Support					-0.100	-0.098
Relations with Supervisor					-1.063E-02	-0.011
Participation					0.105	0.126
Procedural Justice					-5.532E-02	-0.054
Distributive Justices					0.109	0.160**
Constant/Intercept	2.975****		2.190****		2.200****	
F-value (d.f)	2.282 (3,273)*		2.235 (8,266) **		1.929 (13,263)* *	
R^2-value	0.024		0.063		0.087	
Adjusted R^2-value	0.014		0.035		0.042	
R^2 Change	0.024*		0.028*		.024	
Durbin-Watson = 1.731						

* p<0.10 **p<.0.05 ***p<0.01 ****p<0.001

Normative Commitment as Dependent variable: In the first step, Gender was the only significant predictor ($p<0.05$). Education had a negative beta coefficient while Tenure had a positive but insignificant beta coefficient. The explained variance in Normative commitment by these three variables was approximately 2 %.

In the next step, Career development & promotion ($p<.01$), Performance appraisal and Training ($p<.05$), and Gender ($p<.10$) turned out to be significant predictors. All the HR practices variables had positive beta coefficients except for Selection. The increment in explained variance at the second step was 23.1%, which was highly significant ($p<0.001$).

In the third and final step, Perceived organizational support, and Relations with supervisor were the significant predictor ($p<0.05$), followed by Career development & Promotion ($p<0.10$). The direction of relationship of Participation and of Distributive justice with normative commitment was negative. Procedural justice, though was not a significant predictor, had a positive beta. The increment in explained variance at the third step was 4.1%, which was significant ($p<0.05$).

The over all explanatory power of the final model was 30.2%. Adjusted R2-value was 26.7%. The coefficient of Determination R2 was significant as indicated by the F statistics ($p<0.05$).

Table: 4.18

Hierarchical Regression Analysis with Normative Commitment as Dependent Variable (n=277)

Variables	**Model 1**		**Model 2**		**Model 3**	
	B	***Beta***	***B***	***Beta***	***B***	***Beta***
Demographic Variables						
Gender	0.299	0.124**	.222	0.092*	0.203	0.084
Education	-1.630E-02	-0.015	2.836E-02	0.026	5.381E-02	0.049
Tenure	3.153E-02	0.095	2.281E-02	0.068	1.398E-02	0.042
Human Resource Practices Variables						
Selection			-5.090E-02	-0.051	-6.644E-02	-0.066
Performance Appraisal			0.173	0.164**	6.242E-02	0.059
Career Development & Promotion			0.273	0.271***	0.168	0.167*
Training			0.134	0.144**	9.312E-02	0.100
Satisfaction with Compensation			2.156E-02	0.021	2.303E-02	0.023
Work Climate Variables						
Perceived Organizational Support					0.233	0.212**
Relations with Supervisor					0.179	0.176**
Participation					-5.543E-02	-0.062
Procedural Justice					8.856E-02	0.081
Distributive Justices					-8.327E-02	-0.114
Constant/Intercept	3.240****		1.326****		0.956***	
F-value (d.f)	2.772 (3,273)**		11.806 (8,268) ****		8.749(13,263) ****	
R^2-value	0.030		0.261		0.302	
Adjusted R^2-value	0.019		0.239		0.267	
R^2 Change	.030**		0.231****		0.041**	
Durbin-Watson = 1.418						

* p<0.10 **p<.0.05 ***p<0.01 ****p<0.001

Over all Job Satisfaction as Dependent variable: In the first step, Gender was the only significant predictor ($p<0.10$). Education had a negative beta coefficient while Tenure had a positive but insignificant beta coefficient. The explained variance in Over all job satisfaction by these three variables was approximately 4.8 %.

In the next step, Career development & promotion ($p<.01$), Selection ($p<0.05$), Satisfaction with compensation ($p<0.10$) and Tenure ($p<0.10$) were the significant predictors. All the HR practices variables had positive beta coefficients. The increment in explained variance at the second step was 33.7%, which was highly significant ($p<0.001$).

In the third and final step. Relations with supervisor ($p<0.01$), Perceived organizational support and Selection ($p<0.05$ were the significant predictors. The direction of relationship of Participation, Procedural justice and of Distributive justice with Over all job satisfaction was positive but insignificant. The increment in explained variance at the third step was 5.6%, which was highly significant ($p<0.001$).

The over all explanatory power of the final model was 44%. Adjusted $R2$-value was 41.3%. The coefficient of Determination $R2$ was significant as indicated by the F statistics ($p<0.001$).

Table: 4.19

Hierarchical Regression Analysis with Over All Job Satifaction as Dependent Variable (n=277)

Variables	**Model 1**		**Model 2**		**Model 3**	
	B	***Beta***	***B***	***Beta***	***B***	***Beta***
Demographic Variables						
Gender	0.275	0.106*	0.109	0.042	8.375E-02	0.032
Education	-0.119	-0.100	-4.597E-02	-0.039	-2.895E-03	-0.002
Tenure	3.831E-02	0.106	3.488E-02	0.097*	2.712E-02	0.075
Human Resource Practices Variables						
Selection			0.165	0.152**	0.143	0.132**
Performance Appraisal			0.106	0.093	-5.889E-02	-0.052
Career Development & Promotion			0.292	0.268***	0.108	0.099
Training			9.419E-02	0.094	3.400E-02	0.034
Satisfaction with Compensation			0.121	0.109*	5.193E-02	0.047
Work Climate Variables						
Perceived Organizational Support					0.235	0.198**
Relations with Supervisor					0.205	0.187***
Participation					7.154E-02	0.074
Procedural Justice					3.942E-02	0.033
Distributive Justices					5.452E-02	.069
Constant/Intercept	3.529****		0.827***		0.354	
F-value (d.f)	4.576 (3,273)***		20.951 (8,268) ****		15.920(13,263) ****	
R^2-value	0.048		0.385		0.440	
Adjusted R^2-value	0.037		0.366		0.413	
R^2 Change	0.048***		0.337****		0.056****	
Durbin-Watson = 1.831						

* p<0.10 **p<.0.05 ***p<0.01 ****p<0.001

Regression Analysis with Outcome Variables as Dependent Variables for the total sample:

Three demographic variables Gender, Education and Tenure along with the three components of Organizational commitment i.e. Affective Commitment, Normative Commitment, Continuance commitment, and Over all job satisfaction were entered into the regression equation.

Intentions to Quit as Dependent variable: Normative commitment and Over all job satisfaction were highly significant predictors of Intent to quit ($p<0.001$), followed by affective commitment and Tenure ($p<0.05$). All the four significant predictors had negative beta coefficients. Continuance commitment also had a negative beta coefficient while Education and Gender had positive beta coefficients. The over all explanatory power of the model was 39.4%. Adjusted R2-value was 37.8%. The coefficient of Determination R2 was highly significant as indicated by the F statistics ($p<0.001$).

Organization Motivates to perform as Dependent variable: Over all job satisfaction ($p<0.001$), and affective commitment ($p<0.01$) were highly significant predictors of Organization Motivates to perform. All the independent variables had positive beta coefficients except for Gender. The over all explanatory power of the model was 36.6%. Adjusted R2-value was 34.9%. The coefficient of Determination R2 was highly significant as indicated by the F statistics ($p<0.001$).

Self Report of Supervisory Evaluation of Performance as Dependent variable: Over all job satisfaction ($p<0.001$) was the only significant predictor of Self Report of Supervisory Evaluation of Performance. All the independent variables had positive beta coefficients except for Gender. The over all explanatory power of the model was 17.5%. Adjusted R2-value was 15.4%. The coefficient of Determination R2 was highly significant as indicated by the F statistics ($p<0.001$).

Table: 4.20

Regression Analysis with Outcome Variables as Dependent Variables

Variables	**Intent to Quit**		**Organization Motivates to Perform**		**Self Report of Supervisory Evaluation of Performance**	
	B	***Beta***	***B***	***Beta***	***B***	***Beta***
Demographic Variables						
Gender	-1.751E-02	-.004	0.232	0.432	0.159	0.029
Education	8.136E-02	.053	-0.146	-0.178	-0.159	-0.088
Tenure	-7.482E-02	-.180	6.570E-02	0.050	-5.330E-02	-0.110
Attitude Variables						
Affective Commitment	0.109	0.087	0.360	-3.494E-02	-1.453E-02	-0.010
Continuance Commitment	-7.955E-02	-0.054	6.856E-02	-0.200	-0.178	-0.104
Normative Commitment	-.422	-0.306**	0.152	0.463**	0.428	0.267*
Overall Job Satisfaction	-0.501	-0.381***	0.446	0.501***	0.471	0.309**
Constant/Intercept	5.855****		0.610		1.115	
F-value (d.f)	8.024 (7,83)****		8.512(7,83)****		4.607(7,269)****	
R^2-value	0.404		0.418		0.219	
Adjusted R^2-value	0.353		0.369		0.154	
Durbin-Watson	1.284		1.790		1.976	

* p<0.10 **p<.0.05 ***p<0.01 ****p<0.001

Self Motivation to Perform as Dependent variable: Affective commitment ($p<0.001$), Education ($p<0.01$) and Gender ($p<0.05$) were the only significant predictor of Self Motivation to Perform. All the independent variables had positive beta coefficients except for Education, Tenure and Continaunce Commitment. The over all explanatory power of the model was 25.8%. Adjusted R^2-value was 23.8%. The coefficient of Determination R^2 was highly significant as indicated by the F statistics ($p<0.001$).

Extra Role Behaviour as Dependent variable: Affective commitment ($p<0.01$) was the only significant predictor of Extra Role Behaviour. All the independent variables had positive beta coefficients except for Education, Continuance Commitment and Over all job satisfaction. The over all explanatory power of the model was 11.9%. Adjusted R^2-value was 9.6%. The coefficient of Determination R^2 was highly significant as indicated by the F statistics ($p<0.001$).

Table: 4.21

Regression Analysis with Outcome Variables as Dependent Variables

Variables	**Self Motivation to Perform**		**Extra Role Behaviour**	
	B	***Beta***	***B***	***Beta***
Demographic Variables				
Gender	0.333	0.140**	9.039E-02	.034
Education	-0.180	-0.165***	-4.848E-02	-.039
Tenure	-7.343E-03	-0.022	9.342E-03	.025
Attitude Variables				
Affective Commitment	0.308	0.334****	.259	.250***
Continuance Commitment	-1.351E-02	-0.013	-8.302E-02	-.070
Normative Commitment	4.788E-02	0.048	.103	.092
Overall Job Satisfaction	7.088E-02	0.077	-6.478E-04	-.001
Constant/Intercept	2.757****		2.859****	
F-value (d.f)	13.339 (7,268)****		5.190 (7,268)****	
R^2-value	0.258		0.119	
Adjusted R^2-value	0.238		0.096	
Durbin-Watson	1.808		1.945	

* p<0.10 **p<.0.05 ***p<0.01 ****p<0.001

Chapter 5: Findings and Implications

5.1. Introduction:

This study attempted to explore the relationship between Human Resource practices and firm performance in context of a high performance organization. In the study, due recognition was given to the argument that the relationship between HR practices and firm performance is not as simplistic as the current thinking in the field of strategic management may lead us to believe in.

The study had three research questions:

1. What are the Human Resource practices being implemented in a high performance organization? Are they in congruence with the high performance HR practices cited in the literature?
2. How are the different groups of employees experiencing these HR practices?
3. How do HR practices impact firm performance?\

Firm performance is an extremely debated upon topic in the field. There is no consensus on how should it be measured. Kanter (1981) has recognized three kinds of firm performance/organizational effectiveness models: (a) task effectiveness or goal attainment including outputs, results, efficiency rates etc; (b) appropriate organizational structure and process including organizational characteristics, absence of strain between sub-groups; and (c) environmental adaptation, including flexibility in the face of change, resource acquisition, long term adaptation and survival.

Most of the empirical studies on HRM-performance relationship have emphasized on goal attainment especially in terms of financial performance as the criterion for firm performance. Some studies like Huselid (1995) have included both intermediate employment outcomes and firm-level measures of financial performance, but the employment outcomes like employee turnover and organizational commitment were perceptions of the HR managers, and not assessment of organizational commitment at the individual level. How far taking financial performance as criterion, an appropriate measurement for measuring firm performance is an issue being constantly debated in the literature. According to Dyer (1995), the HR practices are likely to have their most direct effects on human resources outcomes, followed by organizational outcomes, financial outcomes and stock market performance, in sequence as listed.

In this study, HR outcomes were taken as the measure of firm performance. At the same time, a qualitative analysis was done, on the organizational performance, in terms of how the organization was able to overcome a major upheaval in the past.

5.2. Research Question 1: Findings

We find that most of the Human Resource practices that have been cited in the literature as best practices have been implemented in the organization. How far this application is a result of strategic thinking is another issue for investigation. More than strategy, the organization has over the period of time, with trial and error approach, put into place these practices.

The organization is particular about selecting the right person for the right job. In recent years, there has been an increased effort to recruit professionals possessing skills that are most critical for any pharmaceutical organization in the post liberalization era. The organization follows the principle of selective hiring and has a multi-stage selection procedure on place. Before the recruitment for any position is done, an approval has to be taken from senior VP (HR & CC) and with that request complete information on why this position has to be filled through external recruitment, what the job incumbent should possess in terms of knowledge, skills and experience, what is going to be the role of the job incumbent is given. So, an attempt is made to find the right person for the right job.

At the same time, the concerns raised by some of the key role holders suggest that the labour market situation also affect the kind of people that the organization is able to acquire. The organization has in fact cited "to be able to attract talent" as one of the reasons behind following the strategy of mergers and acquisition. Here, the criterion for organizational effectiveness is whether the organization is able to acquire resources for itself. The organization is putting best efforts on this front, but as the perceptions of key role holders suggest, the organization has still a long way to go before it becomes effective in acquiring the human resources it wishes to acquire.

The organization puts a great emphasis on training. In the SBU manufacturing, every year 15-16 training programmes are conducted on current good manufacturing practices. Recently, the organization conducted its third training needs identification exercise in order to align its training initiatives with the strategic initiatives. In the empirical literature, comprehensive training has been measured by either "number of hours" of training, or the "coverage of training" in terms of number of employees and the levels covered. The qualitative aspects of training in terms of type of training have not been measured. As the research findings suggest, induction training is an important issue especially for the marketing divisions. Secondly, the outcome of training is another issue of concern. How much emphasis should the organization put on its training and development efforts if it is going to be coupled with high employee turnover? There is also an issue of whether the training efforts should be geared towards providing general skills to the employees or providing firm specific skills to them. An employee trained in general skills can always transfer his skills to employment situation in another organization.

The organization has been following the policy of recruitment from within as it has also been clearly stated in the recruitment policy. Most of the senior managers in the organization have been with the organization for over 25 years now. In the literature, existence of internal labour markets has been identified as one of the best HR practices. But in the organization, the existence of internal labour market is not coupled with clear statement of career paths and succession planning. The fact is whoever performs better in the present job is promoted to the next job. The issue of training being imparted on promotion came up in the interviews with the key role holders in the organization. Then, there is also an issue of whether the organization should "make" or "buy" the human resources it requires, as is reflected in the statement made by one of the key role holders:
" One reason that I think is responsible for such situation is we are expanding very fast. In comparison, the development of people has lagged.”

In case of performance appraisal, the issue of how well equipped the user (appraiser as well as the appraisee) is in use of the system, comes up. The issue of fairness also becomes important as one of key role holder suggested:

"It is important that the senior should not only be fair with his subordinates, but should be seen as fair to them. Performance appraisal should help in identifying the training needs of the subordinates."

There was also an issue of how performance should be measured for employees at SBU research centre as the kind of work that they do is entirely different from the kind of work that is done at the manufacturing plant and the marketing divisions. It is more qualitative in nature, and there should be a different mechanism by which the performance of research scientists should be measured.

Compensation is an issue in the organization the key role holders themselves admit. It becomes more crucial as the organization, now, is restoring more on external recruitment to match the pace at which it is growing. Bring people from outside at non-entry positions (mainly by poaching) creates imbalance in the compensation structure, as the organization is realizing.

5.3. Research Question 2: Findings

The analysis in the earlier section was at macro-level, taking the organization as a whole. The analysis of mean scores and standard deviation of all the variables measured using the structured questionnaire gives us information at the unit level.

The findings are as following:

- The mean score on all the variables except for continuance commitment is highest for the marketing sub-sample and lowest for the research sub-sample when a comparison is made amongst the three sub-samples i.e. marketing, research and manufacturing. The mean score for the manufacturing sample lie between the mean scores of marketing sub-sample and research sub-sample.
- Continuance commitment is highest for the corporate subsumable.

- Turnover Intentions are highest for regular employees of SBU research centre and lowest for employees in the marketing division.
- The mean score on "self motivation to perform" is higher than the mean score on “organization motivates to perform" for all the four sub-samples.
- On some variables like "Distributive Justice", "Intentions to quit", "Organization motivates to perform", "Self report of supervisor's evaluation of performance" have larger standard deviation in comparison to other variables such as "Performance appraisal", "Selection", "Career Development and Promotion", " Perceived organizational support", "Overall job satisfaction" , "Procedural justice" , "Satisfaction with compensation" etc. which suggests that on the former set of variables there is more variation in responses within the groups than on the latter set of variables.
- The lowest mean score is on "Satisfaction with compensation" and "Distributive Justice" for all the sub-groups.
- There was a significant difference in mean score on all the variables except for "continuance commitment", "distributive justice", "participation”, “selection", and "career development & promotion" for all the four sub-samples
- The regular employees and trainees at the research centre differed on just two variables "normative commitment" and "extra role behaviour".

These findings suggest that there are differences in the perceptions of HR practices, attitudes, behavioural intents and behaviours amongst the employees at different units. This difference was also apparent during the researcher's data collection work at different units when the employees at the different units told the researcher that the results should be presented to the top management unit wise as manufacturing plant is totally different from the research centre and vice versa.

There may be several reasons underlying these perceptual differences. If we analyze the demographic profile of each sub-sample we find that in case of SBU manufacturing 41.8 % employees in the sample have their age more than 36 years, 62.6 % of them have total work experience of more than 10 years, and 42.9 % of them have an organizational tenure of more than 8 years. But, in case of the research sub-sample only 9.2% of employees are older than 36 years, 13.3% have a total work experience of more than 10 years, and 13.3 % have an organizational tenure of more than 8 years. In case of marketing sub-sample, 16.7% are older than 36 years, 45.1% have total experience of more than 10 years, and 25.3 % have an organizational tenure of more than 8 years. In case of corporate sub-sample, 58.9% are older than 36 years, 64.7% have a total work experience of more than 10 years, and 52.9 % have tenure of more than 8 years.

We find that in all the sub-samples other than the research sub-sample more than 25 % of the employees have been with the organization before the vertical split, have witnessed the turbulent times of the vertical split, and by all chances have opted to be with this group when a choice was given to them regarding which group they wished to join. In contrast, Zydus research centre is a new organization, not at all tied to the past, the employees are young, professionals and extremely qualified. This may be a reason why compared to other sub-samples, employees at research centre feel lesser of affective commitment and normative commitment to the organization. In case of marketing sub-sample, the percentage of employees who have been with the organization is lesser in comparison with the manufacturing sub-sample and the corporate sub-sample. But, the results show that the marketing sub-sample have the most positive perceptions, attitudes, behavioural intents and behaviour. Cadila Healthcare Limited is prominently a marketing driven organization. Today, in the top management, it is mostly people from marketing who have risen from the ranks to reach those positions. Marketing is the dominant force in the organization as it an be made out from the coverage that it gets in the company newsletter. So, it is not surprising that employees in the marketing divisions will show most positive perceptions, attitudes, behavioural intents and behaviour.

The continuance commitment is low for all the groups except for corporate sub-sample. This result is not at all surprising keeping in mind how attractive the labour market situation is for people working in the pharmaceutical industry, whether they belong to manufacturing, research or marketing fields. There is no dearth of alternatives for these categories of employees. In contrast, people in the corporate office who basically perform staff function such as HR, finance, management audit and information technology, labour market is not so attractive, which may be the reason why these employees have a higher continuance commitment.

The intention to quit is comparatively low for all the samples including the research sub-sample (though, it is the highest for the research sub-sample). A comparatively higher score on affective commitment and normative commitment may be the reason behind it as they must have neutralized the effect of lower continuance commitment.

Among the HR practices, all the subgroups have similar perceptions of selection and career development & promotion. The clearly visible existence of internal labour market, and the efforts that the organization is making on the selection front, may be the reasons behind an unequivocal message that is getting communicated to the employees of the organization irrespective of the unit that they may belong to. But, other HR practices are being perceived differentially by employees at different unit of the organization.

Among the work climate variables, about distributive justice and participation, employees in different units have similar perceptions. The participative values that have been the legacy of the organization may be the reason for similar perceptions of participation in the organization. Similarly, low positive evaluation of satisfaction with compensation may be the reason for similar perceptions of distributive justice.

5.4. Research Question 3: Findings

Research question three was framed to test the relationship between various variables as derived from the past literature on the subject.

Following are the findings of data analysis:

- The results show that employee's favourable perceptions of HR practices are positively related to work climate variables. Perceived organization support is strongly related to all the HR practices variables. Distributive justice is strongly related to satisfaction with compensation. Supervisory support is strongly related to performance appraisal.

- The results also indicate that employee's favourable perceptions of HR practices are positively related to all the three components of organizational commitment, and over all job satisfaction. Though, in the literature training and compensation have predominantly been proposed to be related to continuance commitment. We find that perceptions of selection, performance appraisal, and career development & promotion are also positively related to continuance commitment, though the magnitude of correlation is smaller in comparison to the magnitude of correlations that affective commitment and normative commitment have with these HR practices variables. Affective commitment have the strongest correlations with the HR practices variables amongst the three components of organizational commitment. Over all job satisfaction has the stronger correlations than all the three components of organizational commitment.

- Work climate variables are mostly positively related to the three components of organizational commitment. Procedural justice is not at all related to continuance commitment. Continuance commitment is positively related to perceived organizational support, distributive justice, supervisory support, and participation. There is little empirical evidence on the relationship between continuance commitment and distributive justice, and whatever evidence is there suggests that the relationship should be negative. But, this research study has found a positive relationship between the two variables.

- Though, age has been considered as one of the important "side-bets" in the literature, it I not correlated with continuance commitment, in the study. The only demographic variable significantly correlated with continuance commitment is tenure. Age is positively correlated with affective commitment and normative commitment. Education is negatively correlated with affective commitment.

- Turnover intentions are negatively correlated with the three components of organizational commitment, and over all job satisfaction. The strongest correlation is with affective commitment followed by normative commitment, over all job satisfaction, and continuance commitment. Affective commitment is strongly correlated with extra role behaviour.

- The results also indicate:
    - In case of affective commitment, in the final step of hierarchical regression, perceived organizational support, supervisory support, participation and distributive justice are the significant predictors.. The increment in explained variance at the second step at which HR practices are introduced in the model is 26%, which is highly significant. The increment in explained variance at the final step was 7.1%, which is also highly significant. The over all explanatory power of the final model is 39.2%, which was highly significant.

    - In case of continuance commitment, in the third and final step, distributive justice and tenure are the only significant predictors. The over all explanatory power of the final model is 8.7%. The coefficient of Determination R^2 is significant as indicated by the F statistics ($p<0.05$).

    - For normative commitment, in the final step of hierarchical regression, perceived organizational support, supervisory support, career development & Promotion are the significant predictors. The increment in explained variance at the second step at which HR practices were introduced in the model is 23.1%, which is highly significant .The increment in explained variance at the third step was 4.1%, which is significant. The over all explanatory power of the final model is 30.2%, which is highly significant.

    - For overall job satisfaction, in the final step of hierarchical regression, supervisory support, perceived organizational support and selection are the significant predictors. The increment in explained variance at the second step is 33.7%, which is highly significant. The increment in explained variance at the third step is 5.6%, which was highly significant .The over all explanatory power of the final model is 44%.

- In case of Intentions to Quit as dependent variable, normative commitment and over all job satisfaction were highly significant predictors followed by affective commitment and Tenure. All the four significant predictors had negative beta coefficients. The over all explanatory power of the model was 39.4%. Adjusted R^2-value was 37.8%, which is highly significant.

- In case of Organization Motivates to perform as dependent variable, over all job satisfaction and affective commitment are highly significant predictors. The over all explanatory power of the model was 36.6%, which is highly significant.

- In case of Self Report of Supervisory Evaluation of Performance as dependent variable, over all job satisfaction is the only significant predictor. All the independent variables had positive beta coefficients except for Gender. The over all explanatory power of the model was 17.5%, which is significant.

- In case of Self Motivation to Perform as dependent variable, affective commitment, Education and Gender are the only significant predictors The over all explanatory power of the model was 25.8%. The coefficient of Determination R^2 is highly significant as indicated by the F statistics ($p<0.001$).

- In case of extra role behaviour as dependent variable, affective commitment is the only significant predictor The over all explanatory power of the model was 11.9%. The coefficient of Determination R^2 was highly significant as indicated by the F statistics.

5.5. Conclusions

From the research findings, we may draw conclusions from two perspectives: (a) academic; and (b) organizational.

We can draw several conclusions from the academic perspective, using the qualitative as well as the quantitative inferences. First of all, we may conclude that the relationship between human resource management practices and firm performance is complex. There is a lag between the strategic initiatives and the human resource management initiatives taken by the organization, as it is evident from studying the human resource management practices at Cadila Healthcare Limited. Though, the organization has taken the route of mergers and acquisition, the HR policy document still reflects the old philosophy of "making" people. The top management team recognizes this dichotomy, as the senior VP (HR & CC) said:

"There has been a change in the value system. Earlier, not having changed a job was seen as virtue. Most of us, in the senior management positions have had this organization as the only organization we have worked for. Today, the norm is that the employee stays on with the organization for 3-5 years, contributes to it's performance and then moves on. The concept of life long employment is no longer there. Earlier, we used to celebrate the occasion of more than 25 years of service being rendered by the employees, which may not happen in the future."

Hence, we may conclude that vertical fit between HR practices and strategic initiatives taken by the organization may not always be the case. Secondly, the organization is at the same time is following altogether different strategies. On one hand, it has chosen the route of M & A for quick inorganic growth, on the other hand, it wishes to optimize on costs, and also follow innovation strategy so that R&D may become the growth lever in the future. In such a situation, how far can we suggest that HR practices should be contingent on the strategy being followed by the organization so that the necessary and appropriate role inputs can be elicited from the employees.

As it is clear from the qualitative analysis of the perceptions of key role holders in the organization about the efficacy of HR practices in inducing organizational performance, we may conclude that the implementation issues have greater role to play than just putting these practices on place. Also, there is little internal consistency amongst the HR practices being practiced by the organization. Promotions are not linked with training, performance appraisal is not linked with training as based on performance evaluation, promotion is given but no accompanying training is imparted. Compensation is not aligned with other HR practices.

The quantitative data helps us in concluding that HR practices influence organizational commitment. The influence is differential for the three components of organizational commitment. The most consistent results obtained are for affective commitment, followed by normative commitment. In case of continuance commitment, we get partially support for “side-bets” hypothesis, as only tenure along with distributive justice turns out to be a significant predictor. Also, the reliability of the scale is lower then .70 that indicates the conceptual problems in definition of the construct.

Secondly, the relative contribution of HR practices in predicting organizational commitment is more than the work climate variables. This finding is consistent with the earlier findings in the literature (Gaetner et al. 1989).

Thirdly, the three components of organizational commitment are differentially related to the various HR outcomes studied in the study. The results are consistent with the past literature.

We can draw some conclusions from the organizational perspective also. First of all, the perceptions are more on the positive side of the scale except for continuance commitment, satisfaction with compensation and distributive justice on which perceptions are close to being neutral. This may be a positive result for the organization. But, at the same time, we should recognize that employees at different units perceive HR practices differentially. The least favourable perceptions are of employees at the SBU research centre. This finding may be a reason for concern for the organization especially when it considers innovative R & D as the strategic lever for performance in the future.

5.6. Limitations:

There are several limitations of the present research study, both conceptual as well as methodological.

The exploration of HRM practices-performance relationship is essentially a multi-level research problem. The present research study recognized the multi-level issues involved, but did not tackle them. Though, to overcome this problem, data at the organizational level was collected by interviewing the key role holders in the organization, recording their perceptions and drawing inferences out of them. Data was also collected from secondary sources such as news reports, company's news letters, and information uploaded on the website, so that the macro-level issues could be explored.

In case of methodological limitations, first of all, the research design was cross-sectional. Hence the casual effect cannot be definitely established. Secondly, the individual performance measure taken was subjective and was a self-report by the respondent.

5.7. Direction for future research

There is large scope for future research work on the topic as it is still emerging. First of all, the study can be replicated using a longitudinal design so that the causal effects can be firmly established. Secondly, one can take objective job performance measures, and thus improve upon the present study.

One can also investigate the lag that exists between strategic initiatives taken and the HR strategy followed. Future research can attempt to find out whether such lag exists, if it does then what are the reasons behind it, and what is the effect of the lag on firm performance.

Researchers interested to work on the concept of organizational commitment, can further examine the construct domain of continuance commitment. Either the construct or the scale needs refinement. Similarly, little work has been done to identify the antecedents of normative commitment. Future research work can explore what are the possible antecedents of normative commitment.

Appendix A

A Research Study on "Impact of Human Resource Practices on Firm Performance: Issues and Evidences"

Dear Respondent,

1 The present research is aimed at studying the Human resource practices being followed in your organization.

2 This study is a part of the researcher's doctoral work at Nirma Institute of Management, Ahmedabad and is totally an independent work of the researcher.

3 There are two sections in this questionnaire:

4 **Section A** contains statements about employee perceptions of various Human Resource Practices being followed in their organizations. You, as an employee, are required to respond to what extent do you agree with each statement. Please remember that this questionnaire is not to test any of your abilities, but only to see what is happening in your organization in terms of how you view the Human Resource Practices being followed in your organization. **Section B** seeks some personal information which are purely for analytical purposes

5 Please answer all questions.

6 There are five responses to each question. Please answer by checking (√) the response you think is true of what happens in your organization.

7 Your responses shall be kept confidential.

8 Thank you very much for your cooperation.

Section A

Selection

The following statements represent perceptions that you may have of selection procedure in your organization. Please mark your responses according to the scale provided.

Strongly disagree = SD
Disagree = D
Neither agree nor disagree = (N)
Agree = A
Strongly agree = SA

1.	The selection procedure in my organization indicates that it is committed to selecting the right people for the job.	(SD) (D) (N) (A) (SA)
2.	I was given a true picture of the organization during the selection procedure.	(SD) (D) (N) (A) (SA)
3	In this organization, the selection procedure did not test my knowledge, skills and/or abilities.	(SD) (D) (N) (A) (SA)
4	I was given an accurate understanding of the job content during the selection procedure.	(SD) (D) (N) (A) (SA)

Performance Appraisal

The following statements represent perceptions you may have of Performance Appraisal in your organization. Please mark your responses according to the scale provided.

Strongly disagree = SD
Disagree = D
Neither agree nor disagree = (N)
Agree = A
Strongly agree = SA

1.	The performance appraisal system in my organization does a good job of indicating how an employee has performed in the period covered by the review.	(SD) (D) (N) (A) (SA)
2.	The performance appraisal system in my organization provides a fair and unbiased measure of the level of an employee's performance.	(SD) (D) (N) (A) (SA)
3.	My supervisor knows what is involved in my job well enough to assess my performance fairly.	(SD) (D) (N) (A) (SA)
4.	The feedback given to me is specific enough to be useful to me.	(SD) (D) (N) (A) (SA)
5.	I think I get enough feedback during my performance appraisal meeting.	(SD) (D) (N) (A) (SA)
6.	My supervisor does a fair and realistic appraisal of my performance.	(SD) (D) (N) (A) (SA)
7.	My supervisor prepares sufficiently for my performance appraisal meeting.	(SD) (D) (N) (A) (SA)

8.	I get rewarded fairly for my work effort when compared to my coworker's efforts and their rewards.	(SD)	(D)	(N)	(A)	(SA)
9	I learned a lot from the performance appraisal.	(SD)	(D)	(N)	(A)	(SA)
10.	I get "informal" feedback from my supervisor in between formal performance appraisal meetings.	(SD)	(D)	(N)	(A)	(SA)
11.	I have a clear idea of what my supervisor expects from me because of the performance appraisal.	(SD)	(D)	(N)	(A)	(SA)
12.	My supervisor considers my input at performance appraisal meetings.	(SD)	(D)	(N)	(A)	(SA)
12.	The feedback I receive is useful to me.	(SD)	(D)	(N)	(A)	(SA)
14.	The performance appraisal helped me learn how I can do my job better.	(SD)	(D)	(N)	(A)	(SA)
15.	The performance appraisal helped me understand my mistakes.	(SD)	(D)	(N)	(A)	(SA)
16.	When doing performance appraisals, my supervisor appropriately compares my performance (in terms of how well I actually perform the required tasks, and quality of the outcome of those task) to the accepted performance standards for my job.	(SD)	(D)	(N)	(A)	(SA)

17.	I am satisfied with my organization's performance appraisal system overall.	(SD)	(D)	(N)	(A)	(SA)
18.	My supervisor is always open and honest when dealing with me.	(SD)	(D)	(N)	(A)	(SA)
19.	I get enough feedback overall.	(SD)	(D)	(N)	(A)	(SA)
20.	My supervisor knows my performance well enough to assess my job performance accurately.	(SD)	(D)	(N)	(A)	(SA)
21.	Pay increase that I receive are related to my performance.	(SD)	(D)	(N)	(A)	(SA)
22.	My supervisor and I set specific performance goals for my next evaluation period.	(SD)	(D)	(N)	(A)	(SA)
23.	In general, I feel the organization has an excellent performance appraisal system.	(SD)	(D)	(N)	(A)	(SA)
24.	During my performance appraisal, there is a productive two way communication between me and my supervisor.	(SD)	(D)	(N)	(A)	(SA)
25.	I get feedback on various aspects of my performance.	(SD)	(D)	(N)	(A)	(SA)

Training

The following statements represent perceptions that you may have of training in your organization. Please mark your responses according to the scale provided.

Strongly disagree = SD
Disagree = D
Neither agree nor disagree = (N)
Agree = A
Strongly agree = SA

1.	Training is regarded as a way to improve performance in job in my organization.	(SD)	(D)	(N)	(A)	(SA)
2.	In my organization training is necessary for advancement in career.	(SD)	(D)	(N)	(A)	(SA)
3.	I think my organization places the right amount of emphasis or importance on training.	(SD)	(D)	(N)	(A)	(SA)
4.	There is a supportive climate for training in this organization.	(SD)	(D)	(N)	(A)	(SA)
5.	I think the training provided to me by my organization will help me in my career in this organization.	(SD)	(D)	(N)	(A)	(SA)
6.	The training provided to me by my organization was useful to me.	(SD)	(D)	(N)	(A)	(SA)
7.	I am happy with the training opportunities provided for me in this organization.	(SD)	(D)	(N)	(A)	(SA)
8.	I am satisfied with the training I have received so far.	(SD)	(D)	(N)	(A)	(SA)
9.	I have been well trained by my organization for my job.	(SD)	(D)	(N)	(A)	(SA)

Compensation

The following statements represent perceptions that you may have of Compensation in your organization. Please mark your responses according to the scale provided.

Very dissatisfied	dissatisfied	undecided	satisfied	very satisfied
(VD)	(D)	(N)	(S)	(VS)

1.	My take-home pay	(VD)	(D)	(N)	(S)	(VS)
2.	My benefit package	(VD)	(D)	(N)	(S)	(VS)
3.	My most recent increment	(VD)	(D)	(N)	(S)	(VS)
4.	Influence my supervisor has on my pay	(VD)	(D)	(N)	(S)	(VS)
5.	Amount the company pays toward my benefits	(VD)	(D)	(N)	(S)	(VS)
6.	The increments I have typically received in the past	(VD)	(D)	(N)	(S)	(VS)
7.	My organization’s pay structure	(VD)	(D)	(N)	(S)	(VS)
8.	Information the organization gives about pay issues of concern to me.	(VD)	(D)	(N)	(S)	(VS)
9.	My overall level of pay	(VD)	(D)	(N)	(S)	(VS)
10.	The value of my benefits	(VD)	(D)	(N)	(S)	(VS)
11.	Pay of other jobs in the organization	(VD)	(D)	(N)	(S)	(VS)
12.	Consistency of the organization’s pay policies.	(VD)	(D)	(N)	(S)	(VS)
13.	The number of benefits that I receive	(VD)	(D)	(N)	(S)	(VS)
14.	How my increments are determined	(VD)	(D)	(N)	(S)	(VS)
15.	Differences in pay among jobs in the organization	(VD)	(D)	(N)	(S)	(VS)
16.	How the organization administers pay	(VD)	(D)	(N)	(S)	(VS)

Career Development and Promotion

The following statements represent perceptions that you may have of Career Development and Promotion in your organization. Please mark your responses according to the scale provided.

Strongly disagree = SD
Disagree = D
Neither agree nor disagree = (N)

Agree = A
Strongly agree = SA

1. I am aware now of my career options in the organization. (SD) (D) (N) (A) (SA)

2.. I think I am or will be given the opportunity to develop to my full potential in my organization. (SD) (D) (N) (A) (SA)

3. I think my organization's promotion policy is fair. (SD) (D) (N) (A) (SA)

5. My organization provides me with sufficient challenge. (SD) (D) (N) (A) (SA)

6. When I started working here, I was given an accurate view of my career path options. (SD) (D) (N) (A) (SA)

7. My organization takes an interest in my development or advancement. (SD) (D) (N) (A) (SA)

8. I think that overall the promotion system here is fair. (SD) (D) (N) (A) (SA)

9. My organization usually promotes people from within the organization (as opposed to hiring new people) (SD) (D) (N) (A) (SA)

Work Climate

The following statements represent perceptions that employees might have about Work Climate in their organization. Please mark your responses according to the scale provided.

Strongly disagree = SD
Disagree = D
Neither agree nor disagree = (N)
Agree = A
Strongly agree = SA

1.	I am satisfied with my opportunity to participate in the organization.	(SD)	(D)	(N)	(A)	(SA)
2.	My supervisor lets me know how well I am performing.	(SD)	(D)	(N)	(A)	(SA)
3.	I respect my supervisor's judgment on most issues.	(SD)	(D)	(N)	(A)	(SA)
4.	My supervisor lets me know what is expected of me.	(SD)	(D)	(N)	(A)	(SA)
5.	My supervisor shows how to improve my performance.	(SD)	(D)	(N)	(A)	(SA)
6.	My supervisor encourages me to give my best efforts	(SD)	(D)	(N)	(A)	(SA)
7.	I have the opportunity to participate in decisions	(SD)	(D)	(N)	(A)	(SA)
8.	I can communicate well with my supervisor.	(SD)	(D)	(N)	(A)	(SA)

Perceived Organizational Support

Listed below is a series of statements that represent feelings that individuals might have about the organization where they work. Consider your own feelings about your organization and what it does for you, and indicate how strongly you agree or disagree with the following. Circle the corresponding number beside each statement

Strongly disagree = SD	Agree = A
Disagree = D	Strongly agree = SA
Neither agree nor disagree = (N)	

1.	The organization values my contribution to its well being.	(SD)	(D)	(N)	(A)	(SA)
2..	The organization fails to appreciate any extra effort from me.	(SD)	(D)	(N)	(A)	(SA)
3.	The organization strongly considers my goals and values.	(SD)	(D)	(N)	(A)	(SA)
4.	The organization would ignore any complaints from me.	(SD)	(D)	(N)	(A)	(SA)
5	Help is available from the organization when I have a problem.	(SD)	(D)	(N)	(A)	(SA)
6	The organization really cares about my well being	(SD)	(D)	(N)	(A)	(SA)
7.	The organization tries to make my job as interesting as possible.	(SD)	(D)	(N)	(A)	(SA)
8.	The company takes pride in my accomplishments	(SD)	(D)	(N)	(A)	(SA)

Procedural Justice

The purpose of this section is to examine your perceptions about workplace fairness. In answering the following questions, think about the day-to-day decisions made about employee responsibilities, schedules, rewards, and general treatment. For each statement, please indicate your degree of agreement or disagreement by circling the appropriate response.

Strongly disagree = SD	Agree = A
Disagree = D	Strongly agree = SA
Neither agree nor disagree = (N)	

This organization -------

1.	uses procedures designed to collect accurate information for making decisions.	(SD)	(D)	(N)	(A)	(SA)
2.	has a procedure in place that provides opportunities to appeal or challenge decisions.	(SD)	(D)	(N)	(A)	(SA)
3.	applies objective standards so that decisions can be made in a consistent manner.	(SD)	(D)	(N)	(A)	(SA)
4.	employs procedures designed to provide useful feedback regarding any decision.	(SD)	(D)	(N)	(A)	(SA)
5	allows for requests for clarification or additional information about decisions.	(SD)	(D)	(N)	(A)	(SA)
6	uses procedures designed to hear the concerns of all sides affected by a decision.	(SD)	(D)	(N)	(A)	(SA)

7. Management decision makers at this organization suppress their personal biases. (SD) (D) (N) (A) (SA)

8. Management decision makers at this organization provide adequate explanation for their decisions. (SD) (D) (N) (A) (SA)

9. Management decision makers at this organization deal with you in an honest and truthful manner when making decisions. (SD) (D) (N) (A) (SA)

10. Management decision makers at this organization adequately consider your viewpoint in making decisions. (SD) (D) (N) (A) (SA)

11. Management decision makers at this organization provide timely feedback on decisions and their implications. (SD) (D) (N) (A) (SA)

12. Management decision makers at this organization treat you with respect and dignity in making decisions. (SD) (D) (N) (A) (SA)

Distributive Justice

Please answer the following using the scale below

Very unfairly	unfairly	undecided	fairly	very fairly
(VU)	(U)	(N)	(F)	(VF)

To what extent are you fairly rewarded

1. considering the responsibilities that you have (VU) (U) (N) (F) (VF)
2. -taking into account the amount of education and training that you have had. (VU) (U) (N) (F) (VF)
3. in view of the amount of experience that you have (VU) (U) (N) (F) (VF)
4. for the amount of effort that you put

froth (VU) (U) (N) (F) (VF)

5. for the work that you have done well (VU) (U) (N) (F) (VF)

6. for the stresses and strains of your job. (VU) (U) (N) (F) (VF)

Organizational commitment

The following statements represent feelings that people might have about their organization. Please mark your responses according to the scale provided.

Strongly disagree = SD   Agree = A
Disagree = D   Strongly agree = SA
Neither agree nor disagree = (N)

1. This organization deserves my loyalty. (SD) (D) (N) (A) (SA)

2. I do not feel like "part of the family" at my organization. (SD) (D) (N) (A) (SA)

3. Right now, staying with my organization is a matter of necessity as much as desire. (SD) (D) (N) (A) (SA)

4. I would feel guilty if I left my organization now. (SD) (D) (N) (A) (SA)

5. I do not feel "emotionally attached" to this organization. (SD) (D) (N) (A) (SA)

6.. One of the few negative consequences of leaving this organization would be the scarcity of available alternatives. (SD) (D) (N) (A) (SA)

7.. This organization has a great deal of personal meaning for me. (SD) (D) (N) (A) (SA)

8. It would be very hard for me to leave my organization right now, (SD) (D) (N) (A) (SA)

even if I wanted to.

9.	Even if it were to my advantage, I do not feel it would be right to leave my organization now.	(SD)	(D)	(N)	(A)	(SA)
10.	I would not leave my organization right now, because I have a sense of obligation to the people in it.	(SD)	(D)	(N)	(A)	(SA)
11.	If I had not already put so much of myself into this organization I might consider working elsewhere.	(SD)	(D)	(N)	(A)	(SA)
12.	I do not feel any obligation to remain with my current organization.	(SD)	(D)	(N)	(A)	(SA)
13.	I do not feel a strong sense of "belonging" to my organization.	(SD)	(D)	(N)	(A)	(SA)
14.	I owe a great deal to my organization.	(SD)	(D)	(N)	(A)	(SA)
15.	I really feel as if this organization's problems are my own.	(SD)	(D)	(N)	(A)	(SA)
16.	I feel that I have too few options to consider leaving this organization.	(SD)	(D)	(N)	(A)	(SA)
17.	I would be very happy to spend the rest of my career with this organization.	(SD)	(D)	(N)	(A)	(SA)
18.	Too much in my life would be disrupted if I decided I wanted to leave my organization now.	(SD)	(D)	(N)	(A)	(SA)

Job satisfaction:

The following statements represent the employee's overall level of job satisfaction.. Please mark your responses according to the scale provided.

Strongly disagree = SD	Agree = A
Disagree = D	Strongly agree = SA
Neither agree nor disagree = (N)	

1.	If a good friend of mine told me that he/she was interested in working in a job like mine I would strongly recommend it.	(SD) (D) (N) (A) (SA)
2.	All in all, I am very satisfied with my current job.	(SD) (D) (N) (A) (SA)
3.	In general, my job measures to the sort of job I wanted when I took it .	(SD) (D) (N) (A) (SA)
4.	Knowing what I know now, if I had to decide all over again whether to take my job, I would.	(SD) (D) (N) (A) (SA)

Intentions to quit:

The following statements represent employees' intentions to continue his/her employment with the organization. Please mark your responses according to the scale provided.

Strongly disagree = SD	Agree = A
Disagree = D	Strongly agree = SA
Neither agree nor disagree = (N)	

1	I intend to search for another job.	(SD) (D) (N) (A) (SA)

2	I am thinking of quitting my job in this organization.	(SD) (D) (N) (A) (SA)
3	I intend to quit my job in this organization.	(SD) (D) (N) (A) (SA)

Motivation to perform:

The following statements represent employees' intentions to perform in his/her job in the organization. Please mark your responses according to the scale provided.

Strongly disagree = SD	Agree = A
Disagree = D	Strongly agree = SA
Neither agree nor disagree = (N)	

1.	This organization really inspires the best in me by way of job performance.	(SD) (D) (N) (A) (SA)
2.	I am willing to put in a great deal of extra effort than normally expected in order to help this organization to be successful.	(SD) (D) (N) (A) (SA)

Performance Evaluation:

Please indicate evaluation of your performance according to the scale provided.

Very Poor = VP	Good = G
Poor = P	Very Good = VG
Fair = F	

1	The overall evaluation that I have received from my supervisor in the last	(VP) (P) (F) (G) (VG)

performance appraisal.

2	My own assessment of my overall performance for last performance appraisal.	(VP) (P) (F) (G) (VG)

Extra Role Behaviour

Please respond to the following statement according to the scale provided.

Very often = (VO)
Often = (O)
Moderate = (M)
Less = (L)
Very Less = (VL)

1.	I regularly read the organization's newsletter.	(VO (O) (M) (L) (VL)
2.	I volunteer to help the new employees in the organization in understanding their work, company rules and regulations etc.	(VO (O) (M) (L) (VL)
3.	I volunteer to help my co-workers when they are overloaded with work in comparison to my workload.	(VO (O) (M) (L) (VL)

Section B

Demographic Information:

1. Gender:

Male Female

2. Age

☐	☐	☐	☐	☐	☐
20-24 yrs	24-28 yrs	28-32 yrs	32-36 yrs	36-40 yrs	more than 40yrs

3. Educational Qualification (Graduate/Post Graduate/PhD.):

4. Status of employment (Regular/ Trainee):

5. Designation or place in the hierarchy of the organization (if regular employee):
(You may indicate the grade in which you are placed in the organization)

6. Total years of experience:

☐	☐	☐	☐	☐	☐
0-2 yrs	2-4 yrs	4-6yrs	6-8yrs	8-10yrs	more than 10 yrs

7. Years of experience in the organization:

☐	☐	☐	☐	☐	☐
0-2 yrs	2-4 yrs	4-6yrs	6-8yrs	8-10yrs	more than 10 yrs

8. Years of experience in the current position:

☐	☐	☐	☐	☐	☐
0-2 yrs	2-4 yrs	4-6yrs	6-8yrs	8-10yrs	more than 10 yrs

Appendix B

Demographic profile of the manufacturing sub-sample

Gender	*Age*	*Education*	*Total experience*	*Tenure*
87 Males		3.3% (Diploma Holder)	5.5% (Less than 2 years)	38.5% (Less than 2 years)
4 Females	13.2% (24-28 years)	53.8% (Graduate)	6.6% (2-4 years)	8.8% (2-4 years)
	19.8% (28-32 years)	39.6% (Post Graduate)	6.6% (4-6 years)	3.3% (4-6 years)
	25.3% (32-36 years)	3% (Doctorate)	11 % (6-8 years)	6.6% (6-8 years)
	13.2% (36-40 years)		7.7% (8-10 years)	2.2% (8-10 years)
	28.6% (More than 40 years)		62.6% (More than 10 years)	40.7% (More than 10 years)

Demographic profile of the research sub-sample

Gender	***Age***	***Education***	***Total experience***	***Tenure***
82 Males	19.4% (20-24 years)	5.1% (Diploma Holder)	44.9% (Less than 2 years)	57.1% (Less than 2 years)
16 Females	46.9% (24-28 years)	13.3% (Graduate)	19.4% (2-4 years)	20.4% (2-4 years)
	16.3% (28-32 years)	73.5% (Post Graduate)	7.1% (4-6 years)	9.2% (4-6 years)
	8.2% (32-36 years)	8.2% (Doctorate)	8.2 % (6-8 years)	
	5.1% (36-40 years)		7.1% (8-10 years)	3.1% (8-10 years)
	4.1% (More than 40 years)		13.3% (More than 10 years)	10.2% (More than 10 years)

Demographic profile of the marketing sub-sample

Gender	***Age***	***Education***	***Total experience***	***Tenure***
70 Males			2.8% (Less than 2 years)	31.9% (Less than 2 years)
2 Females	11.1% (24-28 years)	58.3% (Graduate)	1.4% (2-4 years)	13.9% (2-4 years)
	38.9% (28-32 years)	40.3% (Post Graduate)	15.5% (4-6 years)	13.9% (4-6 years)
	31.9% (32-36 years)		18.3 % (6-8 years)	18.1 % (6-8 years)
	11.1% (36-40 years)		16.9% (8-10 years)	10.2% (8-10 years)
	5.6% (More than 40 years)		45.1% (More than 10 years)	15.3% (More than 10 years)

Demographic profile of the corporate sub-sample

Gender	*Age*	*Education*	*Total experience*	*Tenure*
15 Males	5.9% (20-24 years)		11.8% (Less than 2 years)	17.6% (Less than 2 years)
2 Females	17.6% (24-28 years)	23.5% (Graduate)	5.9% (2-4 years)	5.9% (2-4 years)
	11.8% (28-32 years)	76.5% (Post Graduate)	5.9% (4-6 years)	5.9% (4-6 years)
	5.9% (32-36 years)		5.9 % (6-8 years)	17.6 % (6-8 years)
	11.8% (36-40 years)		5.9% (8-10 years)	17.6% (8-10 years)
	47.1% (More than 40 years)		64.7% (More than 10 years)	35.3% (More than 10 years)

Appendix C

Mean scores and standard deviation fthe sub samples

Variables	Manufacturing (n=91)	Research Centre Regular Employees (n=68)	Research Centre Trainees (n=30)	Marketing (n=72)	Corporate (n=17)
Affective Commitment	3.683 (0.767)	3.457 (0.561)	3.247 (0.521)	4.301 0.533)	4.069 (0.687)
Continuance Commitment	2.989 (0.651)	3.006 (0.670)	3.131 (0.488)	3.063 (0.633)	3.365 (0.613)
Normative Commitment	3.509 (0.692)	3.402 (0.586)	3.115 (0.581)	3.993 (0.562)	3.725 (0.656)
Overall Job Satisfaction	3.701 (0.727)	3.540 (0.685)	3.414 (0.836)	3.906 (0.698)	3.970 (0.635)
Perceived Organizational Support	3.559 (0.610)	3.278 (0.615)	3.292 (0.500)	3.786 (0.577)	3.507 (0.662)
Procedural Justice	3.428 (0.655)	3.250 (0.518)	3.271 (0.473)	3.569 (0.636)	3.559 (0.811)
Distributive Justice	3.228 (1.012)	3.042 (0.865)	3.304 (0.793)	3.413 (0.881)	3.353 (1.019)
Participation	3.692 (0.816)	3.640 (0.722)	3.617 (0.611)	3.632 (0.814)	3.882 (0.697)
Relations with superior	3.940 (0.6850)	3.699 (0.599)	3.794 (0.809)	3.979 (0.608)	4.137 (0.695)
Selection	3.887 (0.718)	3.740 (0.684)	3.592 (0.684)	4.003 (0.584)	3.956 (0.601)
Performance Appraisal	3.589 (0.678)	3.343 (0.622)	3.471 (0.490)	3.618 (0.581)	3.753 (0.853)
Career Development and Promotion	3.474 (0.754)	3.338 (0.622)	3.417 (0.574)	3.450 (0.640)	3.662 (0.727)
Training	3.753 (0.813)	3.779 (0.655)	3.985 (0.577)	4.056 (0.705)	3.583 (0.762)
Satisfaction with Compensation	3.155 (0.719)	2.893 (0.625)	3.005 (0.604)	3.146 (0.657)	3.066 (0.578)
Intentions to Quit	2.520 (0.956)	2.803 (0.870)	2.76 (0.90)	1.99 (0.737)	2.31 (0.820)
Self Motivation to perform	4.4066 (.57693)	4.1176 (.70244)	3.8621 (.72986)	4.569 (0.526)	4.235 (0.903)
Organization Motivates to perform	3.6044 (1.02067)	3.2647 (.92426)	3.3448 (.99224)	3.944 (0.837)	4.000 (0.935)
Self report of Supervisor's evaluation of Performance	3.5181 (1.10917)	3.2273 (1.19446)	3.2692 (.81188)	3.639 (0.954)	3.941 (1.088)
Extra Role Behaviour	4.070 (0.734)	3.846 (0.670)	3.460 (0.804)	4.227 (0.647)	3.902 (1.033)

Appendix D: *Glossary of Terms*

Affective Commitment	It is the employee's emotional attachment to, identification with, and involvement in the organization.
Continuance Commitment	It is awareness in the employee of the costs associated with leaving the organization.
Distributive Justice	It deals with the perceived fairness of outcomes.
Extra Role Behaviour	It includes work-related behaviour that "goes above and beyond" that dictated by organizational policy and one's job description
Normative Commitment	It reflects a feeling of obligation to continue with the employment
Organizational Commitment	It is relative strength of an individual's identification with and involvement in a particular organization characterized by (a) a strong belief in and acceptance of the organization's goals and values; (b) s willingness to exert considerable effort on the behalf of the organization; and (c) a strong desire to maintain membership in the organization.
Perceived Organizational Support	It is the global belief that employees have regarding the extent to which the organization values their contributions and cares about their well-being.
Procedural Justice	It is defined as the fairness of the process by which outcomes are determined.

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