



A STUDY ON IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR (WITH REFERENCE TO SOFTWARE EMPLOYEES OF HYDERABAD CITY, TELANGANA STATE)

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Abstract

The resources like material, money and machinery are idle unless the right efforts and direction of human resources. Employees work in right direction and also rightly put their efforts if employees engage in their work. What makes the employees to engage in the organization is the critical question for human resource management. The present research addresses this question and also explores the organisational citizenship behaviour of employees. Further, the research assesses the impact of performance appraisal and rewards & welfare practices on employee engagement and organisational citizenship behaviour.

Keywords: Employee Engagement, Human Resources, Human Resource Management Practices, Organisational Citizenship Behaviour, Machinery, Material, Money.

Introduction

American Compensation Association (1996) defines Performance Management as “an effective performance management system aligns individual performance with the organization’s mission, vision and objectives”. According to Flippo, “Performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in matter’s pertaining to his present job and his potential for a better job”. Contrast between actual and standard performance specify the performance gap of the employee. Biased appraisals makes employee uninterested and it leads to under performance. Hence, organization must create confidence for employees before implementing the performance appraisal.

Rewards administration is one of the most multifaceted and dynamic functions of human resource management. Self-esteem achieves the employees through rewards. Compensation is the remuneration given to the employee in return for their contribution. ¹Rigid payments contribute to employee demotivation. Because employee anticipate regular rewards irrespective of performance outcomes. Further, fringe benefits and perquisites boost employee performance.

Organisations decide the compensation after analysis of job description. It acts as a primary step in rewards administration. Job evaluation judges the worth of a job compared to the other jobs. Finally, market conditions, govt. policies, demand, and supply of employees, etc. also influence the compensation of employees.

The entire compensation structure can be divided into two category financial and non-financial compensation. Non-financial compensation comprises of work-life balance, flexible working hours, and

¹ Bruno S. Frey, Margit Ostzerloh (2002) "Successful management by motivation : balancing intrinsic and extrinsic incentives, springer-verlag Berlin, Heidelberg, New York, 2002, Pg. 53-54



developmental opportunities and so on. The financial compensation includes the fixed pay and variable pay (directly and in-directly it includes income protection programs and payment for time).

Review of Literature

Gupta, Ganguli & Ponnampalani (2015)² article titled “Factors affecting employee engagement in India: A study on offshoring of financial services” has identified the influential factors of employee engagement. According to Gupta, Ganguli & Ponnampalani (2015), organizational culture, policies and benefits shows the impact on employee engagement. Preeti Thakur (2014)³ article examined the effect of employee engagement on job satisfaction. The research found positive relationship between employee engagement and job satisfaction. Pascal Paille (2011)⁴ research have revealed negative relationship between organisational citizenship behaviour and job satisfaction. Balakrishnan et al. (2013)⁵ article have explored the impact of employee engagement on employee retention with a sample size of 185 employees. The research has revealed positive relationship between employee engagement and retention.

Methodology of Study

The article explores the following research questions: Can employee engagement and organisational citizenship behaviour exists in software industry? If yes what might it included. Can performance appraisal, and rewards and welfare management practices impact the construct of employee engagement and organisational citizenship behaviour?

Objectives of the study include

1. To inspect the construct of employee engagement and organisational citizenship behaviour.
2. To examine the impact of performance appraisal, and rewards & welfare practices on employee engagement and organisational citizenship behaviour.

For achieving the above objectives the following hypothesis are formulated

H₁: Impact of performance appraisal on employee engagement and organisational citizenship behaviour differs with employees’ age and experience.

H₂: Impact of rewards and welfare practices on employee engagement and organisational citizenship behaviour differs with employees’ age and experience.

The research utilized the questionnaire as primary sources of data. Articles and websites are part of secondary source of data

If the population is greater than one lack at the time a sample size of 400 represents the population characteristics with 95 percent confidence interval. Hence, the research has taken 400 as sample size. Further, convenience sampling applied for selecting a sample respondent: 18- managers, 84- team leaders, 298- software executive. The sample results are summarized with frequencies, percentages, mean and

² Gupta, M, Ganguli, S & Ponnampalani, A 2015, 'Factors affecting employee engagement in India: A study on offshoring of financial services', *Qualitative Report*, vol. 20, no. 4, pp. 498–515.

³ Preeti Thakur (2014): A Research Paper on the Effect of Employee Engagement on Job Satisfaction in IT Sector. *Journal of Business Management & Social Sciences Research*, Volume 3, No.5, May, pp.31-38.

⁴ Pascal Paille (2011). “Stressful Work, Citizenship Behaviour and Intention to Leave the Organization in a High Turnover Environment: Examining the Mediating Role of Job Satisfaction”, *Journal of Management Research*, ISSN 1941-899X 2011, Vol. 3, No 1, pp 1-11

⁵ Balakrishnan, C, Masthan, D & Chandra, V 2013, 'Employee Retention Through Employee Engagement - A Study At An Indian International Airport', *International Journal of Business and Management Invention*, vol. 2, no. 81, pp. 9–16.



standard deviation. Inferential analysis has done with ANOVA, t test, Kruskal Wallis test and Factor analysis.

Data Interpretation

The research explores the socio-economic variables of respondent employees in terms of gender, age, experience, marital status and educational qualification (Table-1). Out of 400 respondent employees, 65.5 percent are male employees and rests of the 34.5 percent are female employees. Age group of 26 - 35 years occupies the major part of the research.

Table-1: Profile of respondent employees

Profile of respondent employees		Percentage
Gender	Male	65.5
	Female	34.5
Age	25 Years and below	24.5
	26 Years- 35 Years	42.8
	36-45 Years	23.5
	46 Years above	9.3
Experience	Less than 5 Years	27.0
	6-10 years	43.5
	11-15 Years	22.0
	16 above years	7.5
Marital Status	Single	50.8
	Married	43.3
	Divorced	6.0
Educational Qualification	Under Graduation	62.3
	Post Graduation	33.8
	Above Post Graduation	4.0
	30,001-60,000 Rs	37.0
	60,001-90,000 Rs	13.5
	90,001 Rs above	11.8

Source: Primary data

43.5 percent of employees have experience of 6-10 years. Further, majority 62.3 percent have their educational qualification as under graduation.

Exploration of employee engagement and organisational citizenship behaviour

Vigor, dedication, and absorption theory is widely used to measure the employee engagement (⁶Schaufeli & Bakker, 2003). Hence, the present research is applied vigor, dedication, and absorption theory of employee engagement in software industry with exploratory factor analysis (Table-2). The exploratory factor analysis has reduced the variables of vigor, dedication, and absorption, however, the core construct is replicated (Varimax rotation). The suitability of data and sample adequacy is tested with Kaiser-Meyer-Olkin test and Bartlett's Test. Both Kaiser-Meyer-Olkin test and Bartlett's Test are supported the exploratory factor analysis.

⁶ Schaufeli, W. B., & Bakker, A. B. (2003). *UWES – Utrecht Work Engagement Scale: Test Manual*. Unpublished Manuscript: Department of Psychology, Utrecht University



Table-2: Exploration of employee engagement and organisational citizenship behaviour in software industry

Employee engagement												
Variable s	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12
Factor loading	.502	.669	.820	.831	.737	.487	.794	.576	.479	.560	.777	.616
Factor	Vigor					Dedication				Absorption		
Kaiser-Meyer-Olkin test = 0.757/ Bartlett's Test of Sphericity =0.00/ Varimax Rotation												
Organisational citizenship behaviour												
Variable s	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	
Factor loading	.659	.798	.878	.708	.738	.502	.724	.608	.890	.558	.785	
Factor	Altruism and civic virtue				Conscientiousness			Sportsmanship		Courtesy		
Kaiser-Meyer-Olkin test = 0.637/ Bartlett's Test of Sphericity =0.00/ Varimax Rotation												

Source: Primary data

Organisational citizenship behaviour is a voluntary behaviour and it happens beyond the job description. According to Organ (1988)⁷, organizational citizenship behaviour consists of “altruism, conscientiousness, sportsmanship, courtesy and civic virtue”. Exploratory factor analysis is applied to explore the organizational citizenship behaviour in software industry. Kaiser-Meyer-Olkin test (0.637) and Bartlett’s Test of Sphericity (0.00) supported the sample adequacy and data suitability for factor analysis. Through Varimax Rotation the research has extracted four factors: altruism and civic virtue, conscientiousness, sportsmanship, courtesy (Table-2).

Impact of performance appraisal and rewards & welfare practices on employee engagement and organizational citizenship behavior

The impact of performance appraisal and rewards & welfare practices on employee engagement and organisational citizenship behaviour is presented in the table-3. A glance at the table shows that impact of performance appraisal on vigor is neutral (258), whereas it is strong on dedication (3.63) and

⁷D. W. Organ. *Organizational citizenship behavior: The good soldier syndrome*. Lexington, MA: Lexington (1988).



absorption (3.73). At the same impact of performance appraisal on all dimensions of organisational citizenship behaviour is strong.

Table-3: Impact of performance appraisal and rewards & welfare practices on employee engagement and organisational citizenship behaviour

Impact of performance appraisal practices on employee engagement and organisational citizenship behaviour							
	Vigor	Dedication	Absorption	Altruism and civic virtue	Conscientiousness	Sportsmanship	Courtesy
Mean	2.5825	3.6325	3.7375	4.3475	4.2475	4.3200	4.2975
S.D	.73454	1.16655	1.23386	.71275	.99182	.89700	.90057
Impact of rewards & welfare practices on employee engagement and organisational citizenship behaviour							
	Vigor	Dedication	Absorption	Altruism and civic virtue	Conscientiousness	Sportsmanship	Courtesy
Mean	4.4000	4.5700	4.4050	2.6100	2.4950	2.5125	2.5725
S.D	.77557	.82571	.85017	.64726	.56193	.53438	.69711

Source: Primary data

Impact of rewards and welfare practices on vigor (4.40) and absorption (4.40) is strong. At the same time rewards and welfare practices are strongly related to employee dedication (4.57). Organisational citizenship behaviour is not related to any employee rewards because it happens beyond job description of employee. Hence, impact of rewards and welfare measures are neutral on altruism and civic virtue (2.61), conscientiousness (2.49), sportsmanship (2.51), courtesy (2.57).

Hypothesis: 1&2

The influence of performance appraisal practices on employee engagement and organisational citizenship behaviour along with age and experience is tested with Kruskal Wallis test and ANOVA test. The influence of performance appraisal practices on organisational citizenship behaviour along with age is tested with Kruskal Wallis test and results are furnished in the table-4. A perusal of table shows that for altruism and civic virtue (Sig.0.000), conscientiousness (Sig.0.000), sportsmanship (Sig.0.001) and courtesy (Sig.0.000) alternative hypothesis is accepted and null hypothesis is rejected. Hence, it can be concluded that influence of performance appraisal practices on organisational citizenship behaviour differs along with age (Similar conclusion can be drawn for experience).



Table-4: Impact of performance appraisal and rewards& welfare practices on employee engagement and organisational citizenship behaviour along with age and experience of employees

Hypothesis-1: Impact of performance appraisal							
Age	Vigor	Dedication	Absorption	Altruism and civic virtue	Conscientiousness	Sportsmanship	Courtesy
Sig.	.088	.000	.001	.000	.000	.001	.000
H ₁ /H ₀	H ₀	H ₁	H ₁	H ₁	H ₁	H ₁	H ₁
Exp.	Vigor	Dedication	Absorption	Altruism and civic virtue	Conscientiousness	Sportsmanship	Courtesy
Sig.	.112	.000	.000	.000	.000	.007	.000
H ₁ /H ₀	H ₀	H ₁	H ₁	H ₁	H ₁	H ₁	H ₁
Hypothesis-2: : Impact of rewards & welfare practices							
Age	Vigor	Dedication	Absorption	Altruism and civic virtue	Conscientiousness	Sportsmanship	Courtesy
Sig.	.185	.110	.106	.178	.047	.022	.094
H ₁ /H ₀	H ₀	H ₀	H ₀	H ₀	H ₁	H ₁	H ₀
Exp.	Vigor	Dedication	Absorption	Altruism and civic virtue	Conscientiousness	Sportsmanship	Courtesy
Sig.	.275	.080	.144	.181	.050	.066	.129
H ₁ /H ₀	H ₀	H ₀	H ₀	H ₀	H ₁	H ₀	H ₀

Source: Primary data

The impact of performance appraisal practices on employee engagement along with age is tested with ANOVA test (Table). A glance at the table shows that for dedication (Sig.0.000) & absorption (Sig..001) alternative hypothesis is accepted and for vigor (Sig.0.88) null hypothesis is accepted. Similar conclusion can observe for experience also i.e. acceptance of alternative hypothesis for dedication (Sig.0.000) & absorption (Sig..000) and for vigor null hypothesis is accepted.

The impact of rewards and welfare practices on employee engagement along with age and experience is tested with ANOVA. Kruskal Wallis test is applied to test the impact of rewards and welfare practices on organisational citizenship behaviour along with age and experience (Table-4: Hypothesis 2).

Conclusion

Out of 400 respondent employees, 65.5 percent are male employees and rests of the 34.5 percent are female employees. Age group of 26 -35 years occupies the major part of the research. Vigor, dedication, and absorption theory is widely used to measure the employee engagement (⁸Schaufeli & Bakker, 2003).

⁸ Schaufeli, W. B., & Bakker, A. B. (2003). UWES – Utrecht Work Engagement Scale: Test Manual. Unpublished Manuscript: Department of Psychology, Utrecht University



Hence, the present research is applied vigor, dedication, and absorption theory of employee engagement in software industry with exploratory factor analysis. The exploratory factor analysis has reduced the variables of vigor, dedication, and absorption, however, the core construct is replicated.

According to Organ (1988)⁹, organizational citizenship behaviour consists of “altruism, conscientiousness, sportsmanship, courtesy and civic virtue”. Through Varimax Rotation the research has extracted four factors: altruism and civic virtue, conscientiousness, and sportsmanship, courtesy. Impact of performance appraisal on vigor is neutral (2.58), whereas it is strong on dedication (3.63) and absorption (3.73). At the same impact of performance appraisal on all dimensions of organisational citizenship behaviour strong. Impact of rewards and welfare practices on vigor (4.40) and absorption (4.40) is strong. At the same time rewards and welfare practices are strongly related to employee dedication (4.57). Organisational citizenship behaviour is not related to any employee rewards because it happens beyond job description. Hence, impact of rewards and welfare measures are neutral on altruism and civic virtue (2.61), conscientiousness (2.49), sportsmanship (2.51), courtesy (2.57).

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⁹D. W. Organ. Organizational citizenship behavior: The good soldier syndrome. Lexington, MA: Lexington (1988).