

# IN SEARCH OF MECHANISMS: HOW DO HIGH-PERFORMANCE HR PRACTICES AFFECT ORGANISATIONAL EFFECTIVENESS?

Aakanksha Kataria\*

**Abstract** *The present study aims to chart out the linkages between high-performance HR practices, psychological climate, their effect on employees' work engagement and citizenship behaviour at work place, and ultimately the enhancement of organisational effectiveness. It is a study of IT organisations which have been keen to focus on strategic HR interventions and are willing to incorporate employees' perceptions of their work environments in order to better understand the conditions that augment work engagement and positive work behaviours. Data were collected from 250 IT professionals. The results indicate that, while high-performance HR practices indeed play a leading role in augmenting organisational effectiveness, organisations need to focus upon individuals' psychological processes and aspirations at work. In the context of IT organisations, the study reveals that human resource managers should also take into account employees' psychological well-being at workplace while formulating HR policies and practices that can enhance organisational performance outcomes and effectiveness.*

**Keywords:** *High-Performance HR Practices, Work Engagement, Psychological Climate, Citizenship Behaviours, Organisational Effectiveness*

## INTRODUCTION

In order to develop and gain sustainable competitive advantage in contemporary business world, organisations need to be effective. A growing body of literature on strategic human resource management suggests that the use of high-performance HR practices designed to enhance employees' competencies, motivation, and performance, is profoundly associated with sustained organisational effectiveness. In addition, the nature of HR practices can have a strong influence on organisational effectiveness (Wei *et al.*, 2010).

Achieving organisational effectiveness is the ultimate purpose to be focused by any organisation that takes enormous effort to maximize employees' task efficiency, commitment, and sustains intrinsic motivation to perform well in difficult times. This is why recent efforts to improve organisational performance have indeed begun to embrace, a strategic perspective on HRM (Bowen & Ostroff, 2004; Wei *et al.*, 2011). Furthermore, it is observed that, organisational effectiveness does not happen; it is earned by the organisation, particularly through the implementation of policies and practices during the strategic planning process (Mendelow, 1983). Embedded in this strategic-based approach is the perspective that how the overall set of an organisation's HR practices is generally associated with firm's performance (Ferris *et al.*, 1999; Bowen & Ostroff, 2004). Although a large body of literature examining HRM interventions and organisational effectiveness reveals that substantial investment in human capital and the implementation of

HR practices have promising individual and organisation outcomes (Paré & Tremblay, 2007; Alfes *et al.*, 2012), yet our understanding of the mechanisms through which a concrete set of high-performance HR practices trigger organisational effectiveness is still at an embryonic stage. To add even more, there is no consensus as to the mechanisms that explain HR practices-organisational performance connection (Pereira *et al.*, 2012). The current study tries to overcome this gap by investigating two specific psychological mechanisms and one behavioural intervention namely, psychological climate, work engagement, and organisational citizenship behaviour (OCB).

## HIGH-PERFORMANCE HR PRACTICES

Valuable human capital is like the main artery of technology enterprises, and human resource practices play a fundamental role in keeping that artery functioning (Zhang *et al.*, 2008).

Bamberger and Meshoulam (2000) have given the concept of high-performance HR practices while elaborating an integrated framework that encompasses two significant approaches (resource-based and control-based approach) of HRM. A firm's human resource provides a unique source of competitive advantage that is difficult to replicate (Wright *et al.*, 1994). This resource-based view on HRM has been encouraging organisations to better execute HR practices in order to contribute to firm performance by leveraging

\* Department of HSS, IIT Roorkee, Uttarakhand, India. Email: aks2530@gmail.com

human capital, discretionary effort, and desired attitudes, and behaviours (Bowen & Ostroff, 2004). Certainly, this perspective has led to a shift in focus on HR practices from considering purely administration and documentation function to optimal resource utilisation (Biswas, 2008).

HR practices must develop employees' skills, knowledge, and motivation (Schuler & Jackson, 2000). Following this, high-performance HR practices deal with nothing different but explicate how diligently an organisation execute and implement core HR practices in order to encourage employees to identify with the goals of the organisation and invest their personal energies to accomplish these goals. Hence, high-performance HR practices have strategic value for the organisations implementing them and this perspective maintains that some HRM activities are better than other ones, and therefore, organisations should identify and adopt these activities (Tzafrir, 2005).

High-performance HR practices have been envisaged as a set of coherent HR practices (for e.g. selective staffing, extensive training, employee participation in decision making, employment security, empowerment, career planning and development opportunities, performance-based compensation etc.) that place a greater value to firm's human capital and focus on the development of employee competencies, performance, and motivation to encourage employees execute their duties in ways that benefit the organisation.

## PSYCHOLOGICAL CLIMATE

Though organisational climate research has long been substantiated in organisational sciences for more than over 50 years, but employees' psychological evaluation of the work environments is gaining increasing importance in the contemporary business scenario (James, 1990; Biswas, 2007). In fact, with the recognition, employees' psychological experiences are deeply embedded in their work environments; the notion of psychological climate has begun to gain subsequent attention in organisations.

Psychological climate is an '*individual attribute*', that signifies employees' sense making of the work context based on the cognitive inferences of situations and psychological processing of perceptions into more meaningful interpretations of organisational realities. More specifically, psychological climate refers to the perceptual and experiential components of a reciprocal interaction between the organisational work environments and the employee (Michela *et al.*, 1995). It is concerned with the employees' perceptions of virtually all aspects of their work environment (Parker *et al.*, 2003), and interpretation of them in relation to their well-being (Brown & Leigh, 1996). More importantly, positive psychological climate is profoundly associated with the employee development of beneficial attitudinal and

behavioural responses towards work and organisation which in turn, determines the ability of the organisation to achieve and sustain organisational effectiveness (Wei *et al.*, 2010).

Recent work in the area of positive psychology postulates that a positive, supportive context is needed for human resources to achieve sustainable growth and performance (Luthans & Avolio, 2003; Luthans *et al.*, 2008). Furthermore, Cameron's assumed connections between the contextual and individual domains in the pursuit of organisational effectiveness clearly indicate that organisational environments that integrate positive workplace practices such as trust, equity, respectful treatment, and personal development etc. tend to stimulate the development of employee well-being through the activation of positive affect and that in its turn, conducive to the positive workplace behaviours and which may consequently lead to organisational effectiveness (Cameron *et al.*, 2011). To be sure, literature pertaining to psychological climate suggests that a favourable psychological climate nurtures positive attitudes and behaviours at work place (James and Jones, 1974; James *et al.*, 1978; Leigh *et al.*, 1988). It is often observed that when employees perceive that their organisation provides a supportive, involving, and challenging climate, and hence accommodates their psychological needs, they are more likely to respond by investing time, energy, and by being psychologically involved in the work of their organisation i.e. by being engaged (Bakker *et al.*, 2011).

## WORK ENGAGEMENT

Engagement is not a concept defined by a single indicator; it entails different domains of psychological state and areas of expression. Work engagement is an integrative force in organisations, determining its effectiveness, growth and development. There is a general belief that there is a connection between employees' engagement with their work and business results (Harter *et al.*, 2002; Saks, 2006). Kahn (1990) pioneered the academic research on engagement and defined personal engagement as "the harnessing of organisational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during work role performances" Kahn (1990, p. 694). In other words, work engagement is fundamentally a motivational concept that represents the active allocation of personal resources towards the tasks associated with a work role (Kanfer, 1990; Rich *et al.*, 2010; Christian *et al.*, 2011).

Harter *et al.* (2002) defined engagement as "*the individual's involvement and satisfaction with as well as enthusiasm for work.*"

Schaufeli *et al.* (2002) defined engagement as "*a positive fulfilling, work related state of mind characterized by vigor, dedication, and absorption.*"

Saks (2006) defined employee engagement as “*a distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance.*” (p. 602)

Shuck & Wollard (2010) distinctly defined employee engagement as “*an individual employee’s cognitive, emotional, and behavioral state directed toward desired organizational outcomes.*”

In sum, work engagement is more than just the investment of a single aspect of the self; it represents the investment of multiple dimensions (physical, emotional, and cognitive energies) so that the experience is holistic and simultaneous (Kahn, 1992; Rich *et al.*, 2010; Christian *et al.*, 2011). Hence, it is a broader construct in that it involves holistic investment of the entire self. Engagement may be effectively encouraged through the creation of a climate in which organisational effectiveness contributions are the result of a social exchange between employees and the organisation.

## ORGANISATIONAL CITIZENSHIP BEHAVIOUR (OCB)

Organisations often require employees to shoulder responsibilities over and above their in-role activities. OCBs are defined as deliberate employee behaviours that are discretionary and not typically recognized or rewarded, but nonetheless improve the efficiency of the organisation (Organ, 1997). Further, OCBs are considered of paramount significance as these behaviours act as a vital force in organisations that help them to survive in the vying contemporary business realities.

Organisations often depend on citizenship behaviours to deal with the non-routine aspects of work. In specific, OCBs represent a broader set of proactive initiatives that signify employees’ extraordinary performance at workplace (Organ, 1988; Ersoy *et al.*, 2011). For instance, employees’ voluntary acts of helping new colleagues, keeping others informed of matters that might affect them, contributing responsibly to corporate governance by staying informed of political developments and expressing opinions about them, not complaining about minor annoyances at workplace or accepting less than perfect working conditions etc. (Motowidlo, 2000). Hence, OCBs encompass a broader view of employees’ workplace behaviours that complement work performance and advocate for a positive socio-psychological context of the organisation. This implies, employees who exhibit such behaviours create a positive socio-psychological context for workplace while promoting a healthy work environment, and encouraging positive relationships among members of organisations (Salanova *et al.*, 2011). Furthermore, OCBs have significant relationships with important organisational outcomes such as resource utilisation, increment in productivity, performance stability,

ability to adapt to environmental changes, profitability, efficiency and turnover (Podsakoff *et al.*, 2000; 2009) and have become more significant in the light of the movement toward greater employee involvement, interactive work systems, and human resource flexibility (Mossholder, Richardson, and Settoon, 2011).

## ORGANISATIONAL EFFECTIVENESS

The underlying goal of most research on organisations is to improve their effectiveness (Noruzi & Rahimi, 2010). The concept of organisational effectiveness has been a central focus of researchers for more than over 30 years (Cho, 2007). It has often been described as the extent to which an organisation is able to achieve its strategic and operational goals. Organisational effectiveness is “*a company’s long term ability to achieve consistently its strategic and operational goals*” (Fallon & Brinkerhoff, 1996). Mott (1972) defined organisational effectiveness as “*the ability of an organization to mobilize its centres of power, for action, production and adaptation*”. In fact, effective organisations tend to produce better quality products and are resilient in the face of adversities. Three major aspects productivity, adaptability, and efficiency have been identified as primal to evaluate the organisational effectiveness (Mott, 1972), and found to be most frequently used in various models pertaining to effectiveness (Steers, 1975; Sharma & Samantara, 1995; Luthans *et al.*, 1988). Though a good deal of research has shed light on the significant factors affecting organisational effectiveness including work climate, positive organisational climate, training climate and individual positive attitudes and behaviours such as commitment, organisational citizenship behaviours etc. (Gelade & Gilbert, 2003; Golparvar *et al.*, 2012; Angel & Perry, 1981; Steers, 1977; Bateman & Organ, 1983; Organ, 1988; Podsakoff & Mackenzie, 1994; Smith *et al.*, 1983; Williams & Anderson, 1991), yet no explicit empirical studies from any side of the world have been coming which weave the four constructs of high-performance HR practices, psychological climate, employee engagement, and OCB in to one single study.

## THEORETICAL FRAMEWORK, CONCEPTUAL MODEL, AND HYPOTHESES DEVELOPMENT

HR practices do not directly influence organisational effectiveness; rather these practices help develop positive climate perceptions which in turn encourage engaging and discretionary workplace behaviours and consequently create high-performing organisations. Several scholars have identified that several individual attitudes and behaviours at workplace (such as, organisational commitment, organisational justice, job involvement, and OCBs)



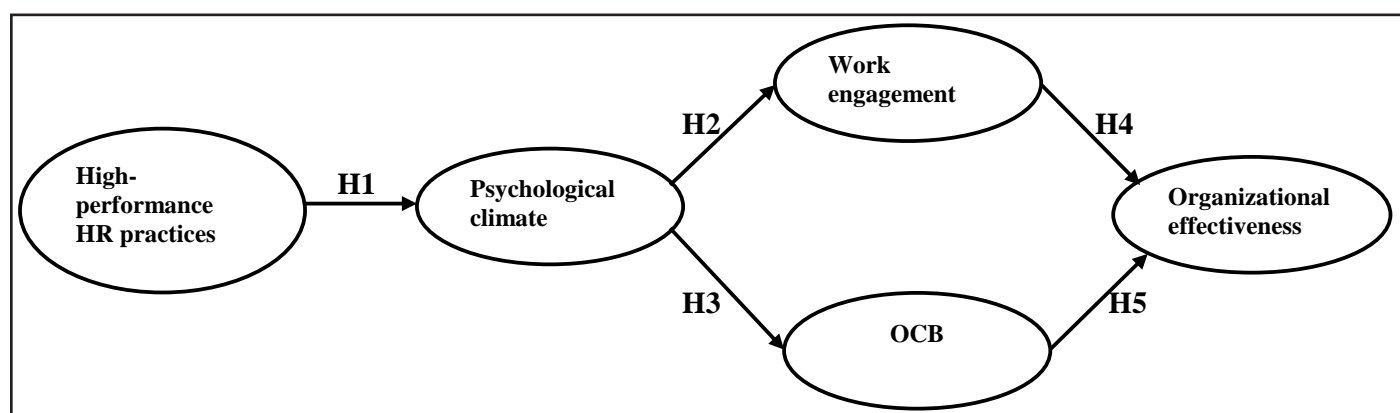
constitute an inherent part of the mediating mechanism that underlies the association between HR practices and organisational effectiveness (Meyer & Smith, 2000, Paré and Tremblay 2007; Wei *et al.*, 2010). Furthermore, it is articulated that employee level outcome variables are more proximal indicators of the effects of HRM interventions and may act as an intermediary outcome in the relationship between HRM-effectiveness relationship (Mossholder *et al.*, 2011; Alfes *et al.*, 2012).

Recent work investigating the intermediaries in the relationship between HRM interventions and performance relationship have observed that HR practices motivate employee to adopt desired attitudes and behaviours, through employee interpretations of the organisational environment in that HR practices serve as the mechanism that employees use to make sense of and to define the psychological meaning of their work context (Bowen & Ostroff, 2004; Wei *et al.*, 2010). More specifically, HR practices can shape positive psychological climate perceptions of employees since such HR practices would send a signal of long term investment in employee competence helping create shared employee perceptions of a supportive organisational context that encourages employees' positive workplace behaviours directed towards organisation for instance organisational citizenship behaviour (Sun *et al.*, 2007; Wei *et al.*, 2010). Furthermore, HR systems can influence employee climate perceptions (Zacharatos *et al.*, 2005) by symbolically framing (Rousseau, 1995) and directly communicating (Bowen & Ostroff, 2004) key organisational values and behaviours (Mossholder *et al.*, 2011). Besides, it is important to study OCB in the HR practices-effectiveness relationship because the enactment of OCB is an energising and activating process, in which employees enact discretionary efforts that promote the effectiveness of the organisation (Borman & Motowidlo, 1997; Organ, 1997; Alfes *et al.*, 2012). In addition, in order to achieve and sustain organisational effectiveness, through employees' increased contributions, organisations, apart from task proficiency, becoming increasingly reliant on

employees' discretionary efforts at workplace. This might be due to the fact that OCB encompasses those behaviours which lubricate the social machinery and construct the psychological fabric of an organisation, and thereby improving functioning of the organisation.

Psychological climate is an '*individual attribute*', measured in terms of how employees' perceive and interpret their organisational environments (James *et al.*, 1978; Brown & Leigh, 1996), or the policies, practices, and procedures which are recognized and rewarded in the organisation (Schneider, 1990). Based on the emphasis that behaviours are caused by an individual's appraisal of a situation and a subsequent emotional response (Bagozzi, 1992; Wei *et al.*, 2010), employees' psychologically meaningful representations of proximal organisational structures, processes, and events can be considered as a favourable condition to facilitate the development of employees' psychological well-being, which in turn spurs motivational and affective reactions to work (Parker *et al.*, 2003; Martin *et al.*, 2005), such as work engagement. Previous studies have examined the role of job satisfaction or organisational commitment to explain the functional perspective of HR practices-effectiveness linkage; the results of these studies have failed to provide a perspicuous picture in this direction (Alfes *et al.*, 2012). In this regard, the constant evolution of the psychological process of work engagement has lately begun to emerge as an alternative pathway for the evocation of a wide range of positive attitudes and behaviours directed towards organisation (Wei *et al.*, 2010). It has been observed that engagement is a state of long term emotional involvement and is an antecedent to more temporary generalities of employee sentiment, such as job satisfaction and commitment (Shuck *et al.*, 2011). Certainly, the continuance of employee engagement goes beyond the traditional notions of job satisfaction, organisational commitment, job involvement etc. because it involves the active use of emotional, cognitive, and behavioural energies at workplace while working in coherence with the organisation's objectives and strategies (Andrew & Sofian, 2011).

Figure 1: The Path Model Associating the Latent Constructs



Based on a survey of available literature and generally held beliefs, the following hypotheses are presented:

- H1.** High-performance HR practices of an organisation shall significantly influence the employees' psychological climate perceptions.
- H2.** Psychological climate perceptions of an individual shall significantly predict an individual's work engagement.
- H3.** OCB will be a significant consequence of psychological climate perceptions.
- H4.** Work engagement will predict positively the effectiveness of an organisation.
- H5.** OCB of employees will have a positive impact upon organisational effectiveness.

On the basis of the above hypotheses, a path model is drawn that represents the relationships between the latent constructs in Figure 1.

## METHODOLOGY

### Sample

Data in this study were obtained from employees working for sixteen IT organisations. HR director at the organisations were approached, and they were informed about the study. After they expressed consent to participate, survey package was directly mailed to the contact person assigned by the HR director to further distribute the questionnaires within the organisation. Survey packages included a cover letter delineating the research purpose, an assurance for confidentiality of responses, and emphasizing the voluntariness and anonymity of responses, a questionnaire. A total of 420 survey packages were distributed to the randomly selected employees by their HR department, out of which 250 employees returned usable questionnaires, which represents a response rate of 59.5 percent (response rate for 16 organisations ranged between 11 % and 54 %). In the total sample, a large proportion (67 %) was that of males, while 33% were females. The average age of the participants was 30.8 (SD=4.02). The work experience profile of the participants varied from the minimum 1 year of experience from maximum of 13 years and the average work experience was 9.29 (SD= 3.72). A large portion (69%) of the participants was having 1 to 5 years of work experience, 18 % were having 6 to 10 years of work experience, and rest 13 % were having the highest (above 10) years of work experience, and average tenure of subjects in their present organisation was 5.63 (SD = 2.33).

### Measures

**High-performance HR practices:** High-performance HR practices of the organisation were measured using the 22-

item high-performance HR practices scale developed by Wei *et al.*, (2010). This scale measures six different HR practices factors namely, internal career opportunities, extensive training, employment security, participation and communication, sensitive selection, and incentive compensation. A sample item is, "our organisation encourages employees to undertake continuous training". The response scale ranged from 1 ('strongly disagree') to 7 ('strongly agree'). Internal consistency was 0.84.

**Psychological climate:** Psychological climate was measured with a 22-item scale developed by Brown & Leigh (1996). The scale consists of six subscales namely, supportive management, role-clarity, contribution, recognition, self-expression, and challenge. A sample item is, 'Management makes it perfectly clear how my job is to be done'. The response scale ranged from 1 ('strongly disagree') to 7 ('strongly agree'). Internal consistency was 0.84.

**Work Engagement:** An extensively validated 9-item Utrecht Work Engagement Scale (UWES-9) reported by Schaufeli *et al.* (2006) was used to measure work engagement. The scale measures three sub-dimensions of work engagement as vigour, dedication, and absorption which have three items each. Participants responded to items, such as 'My job inspires me'. The response scale ranged from 1 ('Never') to 7 ('Always').

**Organisational Citizenship Behaviour:** OCB was measured with Podsakoff & MacKenzie's (1989) 15 item OCBQ measure. The scale consists of five dimensions Altruism, Courtesy, Civic Virtue, conscientiousness and sportsmanship as identified by Organ (1988). Of the 15 items, three items as 13, 14, and 15 are reverse scored. An example item is, 'I am mindful of how my behaviour affects other people's job'. The response scale ranged from 1 ('strongly disagree') to 7 ('strongly agree'). Internal consistency was 0.83.

**Organisational Effectiveness:** An 8-item scale developed by Mott (1972) was used to gauge the overall effectiveness, a three-factor structure and summative effectiveness scale. The scale consists of 8 items measured on a five-point Likert scale ranging from 1 to 5 on which employees are asked to describe quality, quantity, efficiency, adaptability, and flexibility of the organisation e.g., 'How good is the quality of goods or services produced by the people you know in your division'. Each item needed a different adjective as its response, so the scaling of the items was different. The alpha ( $\alpha$ ) coefficient of reliability was .88. Validity of the scale has been supported by several studies (Hoy and Ferguson, 1985; Miskel *et al.*, 1983; Mott, 1972; Uline *et al.*, 1998; Tarter and Hoy, 2004; Nigam *et al.*, 2011).

## RESULTS

Table 1 represents the means, standard deviations, correlations, and reliability indices of the study variables.

**Table 1: Descriptive Statistics, Correlations, and Reliability Indices (N=250)**

	Mean	S.D	1	2	3	4	5	
1.	High-performance HR practices	3.27	.86	(.91)				
2.	Psychological climate	3.48	.52	.54**	(.86)			
3.	Work engagement	3.53	.58	.62**	.63**	(.90)		
4.	OCB	3.44	.48	.41**	.44**	.47**	(.87)	
5.	Organisational Effectiveness	3.49	.53	.54**	.51**	.58**	.55**	(.88)

\*\*p&lt;.01

Values in parentheses present Cronbach alpha.

**Table 2: Regression Estimates**

		Standardized	
		$\beta$	$CR$
High-performance			
HR practices → Psychological climate		0.54	12.25
Psychological climate → Work engagement		0.61	5.43
Psychological climate → OCB		0.44	9.30
Work engagement → Organisational effectiveness		0.43	9.04
OCB → Organisational effectiveness		0.39	7.60

It was found that high-performance HR practices correlated significantly with psychological climate ( $r = .54$ ,  $p < .01$ ). Moreover, the correlations between psychological climate and work engagement ( $r = .63$ ,  $p < .01$ ), and OCB ( $r = .44$ ,  $p < .01$ ) were also significant. Similarly, work engagement exhibited a significant correlation with organisational effectiveness ( $r = .58$ ,  $p < .01$ ). Finally, OCB correlated significantly with organisational effectiveness ( $r = .55$ ,  $p < .01$ ).

Furthermore, the causal linkages between the study variables were examined through regression analysis. Table 2 represents the standardized regression estimates between the key constructs. As the table depicts, high-performance HR practices significantly influence psychological climate ( $\beta = .54$ , C.R. = 12.25). In turn, psychological climate significantly predicts work engagement ( $\beta = .61$ , C.R. = 5.43), as well as OCB ( $\beta = .44$ , C.R. = 9.30). Work engagement was also found significant influence on organisational effectiveness ( $\beta = .43$ , C.R. = 9.04). It was also found that OCB had a significant impact on organisational effectiveness ( $\beta = .39$ , C.R. = 7.60).

Next, in order to explain the relationships between the hypothesized paths between the latent study variables, the fit indices were calculated by applying SEM procedures (using AMOS 18.0). Maximum likelihood estimation (MLE) algorithm was used to determine the fit indices. The goodness-of-fit of the model was evaluated using absolute

and relative indices. The absolute goodness-of-fit indices including 1) the  $\chi^2$  goodness-fit statistics; 2) the Root Mean Square Error of Approximation (RMSEA); 3) the Goodness of fit Index (GFI) were calculated. A non-significant value of  $\chi^2$  indicates the hypothesized model fits the data. However,  $\chi^2$  is sensitive to sample size in terms that with the increasing sample size, the probability of rejecting a hypothesized model also increases. RMSEA values of up to .08 are judged as having an acceptable fit (Jöreskog & Sörbom, 1996). To get the better of these fit indices, the computation of relative goodness-fit- indices 1) Tucker Lewis Index (TLI) 2) Comparative Fit Index (CFI) is strongly recommended (Bentler, 1990). Values close to 0.95 for all the three relative-fit-indices indicate good fit (Hu & Bentler, 1999; Kline, 2005; Wijnhe *et al.*, 2011). Finally, the Adjusted Goodness-of-fit (AGFI) as well as the Parsimony-adjusted goodness-of-Fit (PGFI) indices are also reported.

With regards to the present study, Table 3 represents the fit measures of the proposed model. For the model, as depicted in Fig. 1, the normed  $\chi^2$  value is 2.64. The GFI is 0.92, which is above the recommended value (Hair *et al.*, 1998). The TLI is equal to 0.93, the NFI value is 0.90, and the CFI value is 0.94. These values are much above the recommended values for their respective indices. With the threshold value of RMSEA being 0.08, the value of RMSEA for the proposed model is 0.06. Finally, the AGFI and the PGFI values are equal to .86 and .71 respectively.

**Table 3: Fit indices of the Proposed Model**

Fit Indices Proposed	GFI	AGFI	PGFI	TLI	NFI	CFI	RMSEA	Normed $\chi^2$
Model (M2)	.92	.86	.71	.93	.90	.94	.06	2.64
Independence	.30	.18	.16	.00	.00	.00	.30	17.25
Model (M1)								

## DISCUSSION AND IMPLICATIONS

The study was designed to examine the relationship between high-performance HR practices and organisational effectiveness.

The first hypothesis stated that high-performance HR practices will have a significant and positive influence on employees' perceptions of work climate. The support for this hypothesis, in our study, points to the changing nature of HR practices particularly in technology organisations which focus on employee development of positive psychological climate perceptions in order to leverage employees' positive workplace attitudes and behaviours. Modern day HR practices attempt to provide a congenial and favourable climate where employees can identify with the organisation and feel more satisfied on the job (Biswas & Verma, 2007). At the same time, when employees experience that they are being valued and organisation accommodates their psychological needs of being treated fairly, recognized, and developed at the workplace they tend to perceive work environments as supportive and encouraging.

Furthermore, the results of the current study confirm our second hypothesis wherein it is expected that psychological climate shall significantly predict individuals' work engagement. This shows that employees' favourable psychological climate perceptions encourage them to bring their positive energies at the workplace. It is likely that in climate of trust and confidence employees feel motivated to invest their inclusive self in outperforming job duties. In addition, clear and consistent expectations of work role, and predictable work norms guide employees' willingness and capability to invest their inclusive self into work roles. It follows when employees have a clear cut idea of what is being expected of them at the workplace they tend to show greater involvement (House & Rizzo, 1972; Kahn, 1990; Brown & Leigh, 1996) and engagement with their work. Thus, it is quite evident that an employee's perception of well-being and interpretation of what has the potential to bring positive work experiences is directly related to their engagement (Shuck *et al.*, 2011).

In our third hypothesis, we stated that OCB will be a significant consequence of psychological climate perceptions. This hypothesis also received strong support. Employees' positive climate perceptions motivate them to assume the role of good organisational agents. Such an

inference corroborates with previous research (D'Amato and Zijlstra, 2008), who affirmed that individual's perceptions and appraisals of work environment are likely to influence work behaviour, particularly OCB. Thus, manifestation of OCB by employees indicates their favourable perceptions of organisational environments. This in turn leads to the enhanced identification with the goals of the organisation. In fact, psychological attachment and identification of an employee with his/her job and organisation would make him/her contribute more and more towards his/her role requirements. At the same time employee may also feel motivated to exhibit higher levels of positive workplace behaviours such as OCBs.

Our fourth hypothesis predicted a favourable association between work engagement and organisational effectiveness. The acceptance of this hypothesis supports our contention that organisations' whose members are highly engaged with their work, are going to be resilient in the face of difficulties. Engaged employees' contribution in terms of task proficiency, proactivity, mental resilience, and commitment is of utmost significance and acts as the building block for the sustenance and growth of any firm. Clearly, our study hints at the fact that when employees are engaged they are more likely to do things that substantiate organisational effectiveness (Saks, 2008).

Finally, fifth hypothesis of the present study postulates that employees' citizenship behaviours contribute towards the effectiveness of an organisation. Analysis of the empirical data confirms such prediction. The acceptance of this hypothesis indicated that employees' increased tendency to exhibit helping behaviour at work help new co-workers in becoming productive faster and assisting co-workers with heavy workloads spread positive gain spiral of positive emotions at workplace which in turn increase workplace efficiency. Furthermore, increased employee efficiency at workplace renders managers with productive ideas and better strategic implementations. In addition, increased employee manifestations in OCBs are clearly critical in order to sustain the effectiveness of an organisation with the elements needed to create positive psychological social context at workplace.

Our findings offer both theoretical and practical implications. Theoretically, we have identified an array of contextual, psychological, and behavioural mechanisms that functions in the direction of sustained organisational effectiveness. Next,



we have demonstrated the generalizability of the construct of psychological climate and work engagement which has been studied less in the Indian context.

From a practical perspective, the study offers certain important implications. The foremost is, employees are concerned about their psychological needs and requirements at the workplace and their perceptions of work environments significantly influence their levels of engagement and work behaviors. Further, the lack of supportive and flourishing organisational environments and strategic interventions to provide employees a congenial workplace, clear job descriptions, development opportunities, respectful treatment, fair rewards, and recognition may also lead employees in technology organisations to limit their engagement in work roles and withhold OCBs. In other words, employees may not perform up to their full potential and may not contribute to the success and growth of their organisation. Given the need of increased employee contributions at work, organisations need to consider their workplace aspirations so that they can provide employees a better workplace to thrive and thus help themselves to flourish in the present scenario.

Overall, the study has pointed to some significant findings, and the contribution is timely, as we extended the investigation of psychological climate and work engagement to India, one of the emerging economies of the world. However, the study findings must be considered within certain limitations pertaining to the study-design. First, the cross-sectional nature of the data may limit the consistency of findings over time. Further, the self-report nature of the data used for the study and therefore, chances of common-method bias would be a hindrance to generalize the findings in the present study. Next, our sample is drawn particularly from IT organisations; however, the immediate working environment could differ significantly across industries. Future research could investigate whether results of this study generalize about the other organisational settings.

## REFERENCES

- Alfes, K., Shantz, A. D., Truss, C., & Soane, E. C. (2012). The link between perceived human resource management practices, engagement and employee behavior: a moderated mediation model. *The International Journal of Human Resource Management*, 24, 330-351.
- Andrew, O. C., & Sofian, S. (2011). Engaging People who Drive Execution and Organizational Performance. *American Journal of Economics and Business Administration*, 3, 569-575.
- Angel, H. L., & Perry, J. L. (1981). An empirical assessment of organizational commitment and organizational effectiveness. *Administrative Science Quarterly*, 26, 1-14.
- Bagozzi, R. P. (1992). The Self-regulation of Attitudes, Intentions, and Behavior. *Social Psychology Quarterly*, 55(2), 178-204.
- Bakker, A. B., Albrecht, S. L., & Leiter, M. P. (2011). Key questions regarding work engagement. *European Journal of Work and Organizational Psychology*, 20, 4-28.
- Bamberger, P., & Meshoulam, I. (2000). *Human resource Strategy*, Newbury Park, CA: Sage.
- Bateman, T. S. & Organ, D. W. (1983). Job satisfaction and the good soldier: The relationship between affect and employee citizenship. *Academy of Management Journal*, 26, 587-595.
- Bentler, P. M. (1990). Comparative fit indexes in structural models. *Psychological Bulletin*, 107(2), 238-46.
- Biswas, S., & Varma, A. (2007). Psychological climate and individual performance in India: test of a mediated model. *Employee Relations*, 29(6), 664-676.
- Biswas, S. (2008). HR Practices as a Mediator between Organizational Culture and Transformational Leadership: Implications for Employee Performance. *Psychological Studies*, 54, 114-123.
- Borman, W. C., & Motowidlo, S. J. (1993). Expanding the criterion domain to include elements of contextual performance, In Schmitt, N., Borman, W. C. & Associates (Ed.), *Personnel selection in organizations* (pp. 71-98), San Francisco: Jossey-Bass.
- Bowen, D. E., & Ostroff, C. (2004). Understanding HRM-firm performance linkages: The role of the strength of the HRM system. *Academy of Management Review*, 29, 203-221.
- Brown, S. P., & Leigh, T. W. (1996). A new look at psychological climate and its relationship to job involvement, effort, and performance. *Journal of Applied Psychology*, 81, 358-368.
- Cameron, K., Mora, C., Leutscher, T., & Calarco, M. (2011). Effects of Positive Practices on Organizational Effectiveness. *The Journal of Applied Behavioral Science*, 47, 266-308.
- Christian, M. S., Garza, A. S., & Slaughter, J. E. (2011). Work engagement: A quantitative review and test of its relations with task and contextual performance. *Personnel Psychology*, 64, 89-136.
- D'Amato, A., & Zijlstra, F. R. H. (2008). Psychological climate and individual factors as antecedents of work outcomes. *European Journal of Work and Organizational Psychology*, 17(1), 33-54.
- Ersoy-Cem, N., Born, M. Ph., Deros, E., & Van Der Molen, H. (2011). Antecedents of organizational citizenship behavior among blue and white collar workers in Turkey. *International Journal of Intercultural Relations*, 35(3), 356-67.



- Fallon, T. & Brinkerhoff, R. O. (1996). *Framework for organizational effectiveness*. Paper presented at the American Society for Training and Development International Conference.
- Ferris, G. R., Hochwarter, W. A., Ronald Buckley, M., Harrell-Cook, G., & Frink, D. D. (1999). Human resources management: Some new directions. *Journal of Management*, 25(3), 385-415.
- Gelade, G., & Gilbert, P. (2003). Work climate and organizational effectiveness: The application of data envelopment analysis in organizational research. *Organizational Research Methods*, 6(4), 482-501.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis, *Journal of Applied Psychology*, 87, 268-279.
- House, R., & Rizzo, J. (1972). Role conflict and ambiguity as critical variables in a model of organizational behaviour. *Organizational Behavior and Human Performance*, 7, 467-505.
- Hoy, W. K., & Ferguson, J. (1985). A theoretical framework and exploration of organizational effectiveness in schools. *Educational Administration Quarterly*, 21, 117-134.
- Hu, L. T., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: conventional criteria versus new alternatives. *Structural Equation Modeling*, 6(1), 1-55.
- James, L. R., & Jones, A. P. (1974). Organizational climate: A review of theory and research, *Psychological Bulletin*, 81, (12), 1096-1112.
- James, L. R., James, L. A., & Ashe, D. K. (1990). The meaning of organizations: The role of cognition and values, In B Schneider (Ed.), *Organizational climate and culture* (pp.41-84), San Francisco: Jossey-Bass.
- James, L. R., Hater, J. J., Gent, M. J., & Bruni, J. R. (1978), Psychological climate: implications from cognitive social learning theory and interactional psychology, *Personnel Psychology*, 31, 783-813.
- Joreskog, K. G., & Sorbom, D. (1996). *LISREL 9: User's reference guide*. Chicago, IL: Scientific Software International.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 692-724.
- Kanfer, R. (1990), Motivation and individual differences in learning: An integration of developmental, differential and cognitive perspectives, *Learning and Individual Differences*, 2, 221-239.
- Leigh, J. H., Lucas, G. H. Jr., & Woodman, R. W. (1988). Effects of perceived organizational factors on role stress-job attitude relationships. *Journal of Management*, 14(1), 41-58.
- Luthans, F., & Avolio, B. J. (2003). Authentic leadership: A positive developmental approach, In Cameron, K.S., Dutton, J. E. & Quinn, R. E. (Ed.), *Positive Organizational Scholarship: Foundations of a New Discipline* (pp. 241-58), San Francisco, CA: Berrett-Koehler.
- Luthans, F., Norman, S. M., Avolio, B. J., & Avey, J. B. (2008). The mediating role of psychological capital in the supportive organizational climate employee performance relationship. *Journal of Organizational Behavior*, 29, 219-238.
- Luthans, F., Welsh, D. H. B., & Taylor, L. (1988, June). A descriptive model of managerial effectiveness. *Group & Organization Studies*, 13(2), 148-162.
- Martin, A. J., Jones, E. S., & Callan, V. J. (2005). The role of psychological climate in facilitating employee adjustment during organizational change. *European Journal of Work and Organizational Psychology*, 14, 263-289.
- Mendelow, A. L. (1983). Setting corporate goals and measuring organizational effectiveness- A practical approach. *Long Range Planning*, 16, 70-76.
- Meyer, J. P., & Smith, C. A. (2000). HRM practices and organizational commitment: Test of a mediation model. *Canadian Journal of Administrative Sciences*, 17(4), 319-331.
- Michela, J. L., Lukaszewski, M. P., & Allegrante, J. P. (1995). Organizational climate and work stress: a general framework applied to inner-city schoolteachers, In Sauter, S. L., Murphy, S. L. R. (Ed.), *Organizational Risk Factors for Job Stress* (pp.61-80), American Psychological Association, Washington DC.
- Mossholder, K. W., Richardson, H. A., & Settoon, R. P. (2011). Human resource systems and helping in organizations: A relational perspective. *Academy of Management Review*, 36(1), 33-52.
- Motowidlo, S. J. (2000). Some basic issues related to contextual performance and organizational citizenship behavior in human resource management. *Human Resource Management Review*, 10(1), 15-126.
- Mott, P. E. (1972). *The Characteristics of Effective Organizations*, Harper and Row: NewYork.
- Nigam, S., Guan, B., & Ruiz-Barradas, A. (2011). Key role of the Atlantic multidecadal oscillation in 20th century drought and wet periods over the Great Plains. *Geophys Geophysical Research Letters*, 38,. Doi: 10.1029/2011GL048650
- Noruzi, M. R., & Rahimi, G. R. (2010), Multiple intelligences: A new look to organizational effectiveness. *Journal of Management Research*, 2(2), 1-15.
- Organ, D. W. (1988). *Organizational citizenship behavior: The good soldier syndrome*, Lexington, MA: Lexington Books.
- Organ, D. W. (1997). Organizational citizenship behavior: It's construct clean-up time, *Human Performance*, 10, 85-97.

- Paré, G., & Tremblay, M. (2007). The influence of High-involvement human resource practices, procedural justice, organizational commitment, and citizenship behaviors on information technology professionals' turnover intentions. *Group & Organization Management*, 32(3), 326-357.
- Parker, C. P., Baltes, B. B., Young, S. A., Huff, J. W., Altmann, R. A., Lacost, H. A., & Roberts, J. E. (2003). Relationships between psychological climate perceptions and work outcomes: a meta-analytic review. *Journal of Organizational Behavior*, 24, 389-416.
- Pereira, C. M. M., & Gomes, J. F. S. (2012). The strength of human resources practices and transformational leadership: impact on organizational performance. *The International Journal of Human Resource Management*, 23(19), 4301-4318.
- Podsakoff, P. M., MacKenzie, S. B., Paine, J. B., & Bachrach, D. G. (2000). Organizational citizenship behaviors: A critical review of the theoretical and empirical literature and suggestions for future research. *Journal of Management*, 26(3), 513-563.
- Podsakoff, P. M., & MacKenzie, S. B. (1994). Organizational citizenship behaviors and sales unit effectiveness. *Journal of Marketing Research (JMR)*, 31, 351-363.
- Podsakoff, P. M., & MacKenzie, S. B. (2009). Impact of organizational citizenship behavior on organizational performance: A review and suggestion for future research. *Human Performance*, 10(2), 133-151.
- Rich, B. L., LePine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of Management Journal*, 53, 617-635.
- Rousseau, D. M. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*, Thousand Oaks, CA: Sage.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600-619.
- Salanova, M., Llorens, S., & Schaufeli, W. B. (2011). *Yes, I Can, I Feel Good, and I Just Do It! On Gain Cycles and Spirals of Efficacy Beliefs, Affect, and Engagement*, 60(2), 255-285.
- Schaufeli, W. B., Salanova, M., Gonzalez-Roma, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory analytic approach. *Journal of Happiness Studies*, 3, 71-92.
- Schneider, B. (1990). The Climate for Service: An Application of the Climate Construct, In B. Schneider (Ed.), *Organizational Climate and Culture* (pp. 383-412). San Francisco, CA: Jossey-Bass.
- Schuler, R. S., & Jackson, S. E. (2000). *Strategic human resource management*, Oxford: Blackwell.
- Sharma, R. A., & Samantara, R. (1995). Conflict management in an Indian firm. *International Journal of Industrial Relations*, 30(4).
- Shuck, B., & Wollard, K. (2010). Employee engagement and HRD: A seminal review of the foundations. *Human Resource Development Review*, 9(1), 89-110.
- Shuck, B., Reio, T. G., & Rocco, T. S. (2011). Employee engagement: an examination of antecedents and outcome variables. *Human Resource Development International*, 13(4), 419-428.
- Smith, C. A., Organ, D. W., & Near, J. P. (1983). Organizational citizenship behavior: Its nature and antecedents. *The Journal of Applied Psychology*, 68, 653-663.
- Steers, R. M. (1977). Antecedents and outcomes of organizational commitment, *Administrative Science Quarterly*, 22(1), 46-56.
- Tarter, C. J., & Hoy, W. K. (2004). A system approach to quality in elementary schools. *Journal of Educational Administration*, 42, 539-554.
- Tzafrir, S. S. (2005). The relationship between trust, HRM practices, and firm performance, *International Journal of Human Resource Management*, 16(9).
- Uline, C. L., Miller, D. M., & Tschannen-Moren, M. (1998). School effectiveness: The underlying dimensions. *Educational Administration Quarterly*, 34, 462-484.
- Van Wijhe, C., Peeters, M., Schaufeli, W., & Hout, M. V. D. (2011). Understanding workaholism and work engagement: the role of mood and stop rules. *Career Development International*, 16(3), 254-70.
- Wei, Y. C., Han, T. S., & Hsu, I. C. (2010). High-performance HR practices and OCB: a cross-level investigation of a causal path. *The International Journal of Human Resource Management*, 21(10), 1631-1648.
- Williams, L. J., & Anderson, S. E. (1991). Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviours. *Journal of Management*, 17, 601-617.
- Wright, P. M., McMahan, G. C., & McWilliams, A. (1994). Human Resources and Sustained Competitive Advantage: A Resource-Based Perspective. *International Journal of Human Resource Management*, 5(2), 301-26.
- Zacharatos, A., Barling, J., & Iverson, R. D. (2005). High performance work systems and occupational safety. *Journal of Applied Psychology*, 90, 77-93.
- Zhang, Z., Wan, D., & Jia, M. (2008). Do high-performance human resource practices help corporate entrepreneurship? The mediating role of organizational citizenship behaviour. *Journal of High Technology Management Research*, 19, 128-138.