Chapter I

INTRODUCTION

This chapter introduces the research topic and gives the background to the research, research areas, significance of the research, problem statement, research questions, objectives of research, rationale for the research, methods used in this research, basic definitions, research contributions, and the outline of thesis. The chapter ends with the summary of the chapter.

1.1. Background to the Research

In this era of globalization, liberalization, and knowledge driven economy, Human Resources Management (HRM) has gained importance more than ever before. This is because organizations have realized that the most precious resource today is the human resource, and accordingly, one of the most popularly used concept today in HRM is Organizational Citizenship Behaviour (OCB). Although the concept has extended beyond the organization to Inter-Organizational Behaviour (Autry et al., 2008) and Global Citizenship Behaviour (DGIS, 2009), the concept is still practiced in its true sense as OCB with the same set of dimensions with very little changes.

Despite the fact that so much of time, energy and resources are diverted in building OCB in organizations, does it actually contribute to the organizational performance is a question to be addressed. There are quite a good number of studies which have been focused in this direction (George & Bettenhausen, 1990; Podsakoff & MacKenzie, 1997; MacKenzie et al., 1993; Jung & Hong, 2008; Sevi, 2010; Beauregard, 2012; Zacher & Jimmieson, 2013). But in these studies, the researchers have studied the influence of OCB on employee performance point of view and there are two issues related to the analyses of these researchers. First, they have not provided adequate empirical evidence for the
benefits derived at the organizational level in terms of performance enhancement. The second, the performance enhancement may be due to other initiatives such as TQM and KM (which are the enablers of performance), which have been overlooked in the estimation of the influence on performance. So, it is evident that this is a potential area of research and there is ample scope to conduct an in-depth empirical study in this burgeoning area.

1.2. Research Areas

This research is an interdisciplinary research with areas such as Organizational Citizenship Behaviour (OCB), Total Quality Management (TQM), Knowledge Management (KM), and Overall Performance of the organization (PERF). These areas are interlinked with each other. In the context of this research PERF is the endogenous variable and the rest are the exogenous variables of study on the overall basis, however, TQM and KM are playing the role of moderators. Each of these areas have been studied independently by several researchers and there is literature evidence for the study of the combination of some of these areas. But the present research is an attempt to undertake a combined study of all these areas with in-depth analysis of their inter-relationships in the causal form.

1.3. Significance of the Research

The literature is filled with research articles on OCB, TQM, KM, and PERF and active research is in progress, particularly since the past few decades post-globalization, as the competition is becoming stiffer day-by-day. While all the former three constructs are the enablers of PERF, the latter is the outcome. There are individual studies on the details of each of the constructs and some studies have even linked two or three of these constructs. However, these studies address some specific questions raised in the interest of the
individual constructs and there is a dearth of holistic knowledge. In other words, influence of OCB, TQM and KM have been individually studied for their influence on PERF, and several researchers have supported these constructs and proved their importance in the organizational context, but these studies have not very clearly answered questions such as:

- Does OCB individually contribute to PERF without the presence of many other associated variable?
- Is the contribution of OCB to the PERF wholesome, or does it contribute to some other enablers without which its effect is not significant?

If meaningful outcome should emerge, then the above questions need to be answered with the empirical evidence. So, there is a need to firstly identify the moderators acting between the OCB and PERF, and secondly, find out whether the contribution of OCB is on individual basis or through the moderating effect of other constructs. As a large amount of resources are pooled to develop OCB, the cost justification becomes a compelling necessity if the organization has to gain a competitive edge over others, and hence, there is a need to undertake a systematic empirical study to investigate the direct as well as indirect influence of OCB on PERF.

1.4. Problem Statement

The literature is full of research undertakings on various aspects of Human Resource Management (HRM) and addresses how it can influence the performance of an organization and provide the competitive advantage through value addition to the employees. The OCB has been considered as one of the key components of HRM and several researchers have directly linked it to the Overall Performance (PERF) of the organization. But as mentioned before, many of these researchers have either overlooked,
or ignored the fact that along with OCB, there are also other enablers which concurrently contribute to the overall performance of the organization. So, there is no clear empirical evidence on whether this performance enhancement is purely due to the OCB, or through a collective effort of several management initiatives which are operating concurrently towards performance enhancement. TQM and KM emerge out as the two major contributors to performance and the present research draws attention to these two variables hence, the following problem statement.

“The problem identified in this research is to empirically study the influence of OCB on PERF with the moderating influence of TQM and KM in knowledge intensive service sectors and study the dynamic influences of OCB on TQM, KM, and PERF, and also, study the influence of individual dimensions of OCB on PERF using modelling and simulation so as to draw implications for enhancement of the overall performance of business.”

1.5. Research Questions

The statement of the problem given in the previous sections leads to a series of research questions which are as follows.

1. What are the dimensions and the variables of OCB, TQM, KM and PERF in the knowledge intensive service sectors?

2. What would be the indicators of the variables identified and could that constitute a metric for measurement?

3. What would be the hypothetical model to test the various relationships between the constructs of research interest?

4. What would be the significance of relationships between the various constructs?
5. What would the strength of the enablers be as observed through the empirical study?

6. What would be the suggestions to improve the overall performance of the individual service organizations?

1.6. Objectives of the Research

The aim of this research is to study the influence of OCB, KM, TQM on PERF of select knowledge intensive service organizations, with special emphasis on the direct as well as moderating influences. To accomplish this aim, following objectives have been developed.

1. Identify the dimensions which constitute the OCB, KM, TQM, and PERF as relevant to knowledge intensive service organizations.

2. Develop a metric to measure above mentioned research variables and validate it.

3. Develop a structural research model through meta-analysis of literature so as to relate the above variables.

4. Develop research propositions to address the interrelationships of these variables.

5. Collect and analyze the data from the select knowledge intensive service organizations to obtain the empirical evidence for the inter-relationships between the research variables.

6. Draw implications and make suggestions to the organizations to enhance the overall performance of the organization.

1.7. Rationale for the Research

Rationale for the selection of sample, the methods and the methodology, and the various tools and techniques will be given in the individual sections of the chapters; however, the overall rationale of the research is briefly presented here.
Rationale 1 – There is literature evidence that OCB is contributing to the overall performance of the organizations. While most of them are theoretical and use deductive model of reasoning, very few of them provide empirical evidence to support the relationship. So, it is necessary to seek further empirical evidence to justify the initiatives taken by the organization to strengthen the OCB.

Rationale 2 – The employees of an organization can provide the most pertinent information about the systems, processes and practices which are in place in an organization. So, employee perception is widely used as a source of primary data for research to understand the functioning of an organization, which is adopted in this research.

Rationale 3 – There are several studies which deal with the interrelationships between two or three constructs mentioned in this research. But, to get a holistic picture of the significance of relationships between the constructs, the rational approach would be to consider all the moderators which may act between the OCB and PERF which forms the research approach.

Rationale 4 – There are various approaches to empirical study with hypothesis testing and most of them are limited to factor analysis, regression analysis and hypothesis tests. But these studies do not address multicolinearity which may exists among the research variables. The most widely used approach to tackle this issue is the second generation statistical significance test. So this research adopts the use of Structural Equation Modelling (SEM) with Partial Least Square Method (PLSM). The rationale for this choice is the simple fact that partial least square path modelling is an analytic technique that runs Principal Component Analysis (PCA) and Regression Analysis (RA) simultaneously and is most effective in defining multicolinearity.
Rationale 5 – A lot of importance has been given to OCB, as it is expected to enhance the overall performance of the employees which is the quintessential component of the overall performance of the organization. Several studies have endorsed this view through empirical research, but have overlooked the moderating effect of other factors. So the rational approach would be to develop a holistic model considering the links among all the associated variables.

1.8. Methods

The detailed explanation for the methods and the methodology used in this research and the reasons for having chosen them is given in a separate chapter – Research Methodology. However, this section makes a note on the methods which prominently guide this research. This is basically an empirical study based on the questionnaire survey method. The method adopted for designing and developing the survey instrument is meta-analysis of literature. The metric used for collecting the primary data is in the form of a self-administered questionnaire using 5-point Likert scale. The questionnaire is used to collect both qualitative and quantitative data through open-ended and close-ended questions. The secondary data are collected through journals, periodicals, newspapers, doctoral theses, conference proceedings, and informal interviews with the knowledge workers in the organizations where the study is carried out.

Analytic hierarchy process (AHP) has been used to prioritize the relative importance of various dimensions of study. Statistical analysis is used to empirically test the theoretical relationships established through the meta-analysis of literature. This involves descriptive statistics, mean and standard deviation, ANOVA, multiple regression analysis, design of experiments, and structural equation modelling (SEM) using the partial least square modelling (PLSM). Inferences drawn in this research are based on the results obtained
through the statistical research and deductive reasoning. System Dynamics Modelling and simulation have been used for scenario planning. The implications and suggestions drawn are substantiated through the secondary source of data.

1.9. **Basic Definitions**

The terms used in this research have several definitions and are mainly context based. But in the interest of this research, the definitions are in the context of knowledge intensive service organizations and are given below.

**Organizational Citizenship Behaviour (OCB)** – It is the general characteristics such as compliance, helping others, courtesy and altruism, conscientiousness, sportsmanship and civic virtue, and discretionary extra-role behaviours that the employees exhibit, which exceed the requirements of the task, job, and work ethics.

**Knowledge Management (KM)** - Management of tacit, explicit and implicit knowledge in an organization that involves diagnosing, acquisition, generation, sharing, storing, and applying of knowledge for the achievement of organizational objectives.

**Total Quality Management (TQM)** - It is the effective management of customer and process with a continuous improvement focus. It involves quality information management, organizational learning, people management, and top management leadership.

**Overall Performance of Organization (PERF)** – This is an overall measure of performance of an organization. It is the degree to which an operation fulfils the performance objectives of an organization in order to meet the needs of the customers. It is reflected through the operational and organizational performance. Organizational performance may further include financial and non-financial performance.
1.10. Research Contribution

The research contribution has been explained in detail in the research findings in Chapter VI, however, they have been briefed here for the general understanding of the contributions made from the present research.

First, this research has significant contribution to the body of knowledge in the areas of research mentioned before. It has contributed a tested and validated metric for the measurement of the factors which influence the overall performance of an organization. It has established the link between the factors through a systematic meta-analysis of literature. This research has tested these relationships based on the primary data collected from knowledge intensive service sectors. It has also successfully studied the moderating effect of TQM and KM acting between the OCB and PERF.

Second, this research has developed a model which links OCB to PERF by considering the moderating effect of TQM and KM which can be used as a reference by the future researchers. Even though the study is based on knowledge intensive service sectors, the model can be used in other service sectors as well as production/manufacturing sectors with little or no modification. The various links established through this empirical research can be the reference for future research in these areas.

Third, application of modelling and simulation technique to study the influence of variation in the OCB dimensions on KM, TQM and PERF has been the pioneering work undertaken in this research. This model can be used by future researchers for similar studies with the necessary modifications, however the structure of the model remains the same.
Fourth, there are practically very few or no studies which have applied the Design of Experiments (DOE) concept on studying the main effect and interaction effects of OCB dimensions on the PERF. This research has applied DOE successfully and the main effect, first order interaction, and second order interaction between the OCB dimensions have been studied.

Fifth, the multiple regression model developed in this research has not only enabled the identification of the significance of influence of the OCB dimensions, KM and TQM on PERF, but also given a mathematical model to relate these constructs and dimensions to the PERF. This equation acts as a model to estimate the level of PERF for a given level of the dimensions of OCB and the constructs KM and TQM.

Finally, the outcome of this research is a systematic application of the principles of empirical research into a given problem situation. The implications and suggestion drawn based on the study results can be used by the knowledge intensive service sectors for enhancing their overall performance.

1.11. Outline of the Thesis

The thesis is divided into six chapters and they are sequentially linked to each other. Each of the chapters deals with a specific aspect of the research which is explained below.

Chapter 1 – Introduction

This chapter provides the background to the research and introduces the research areas in brief. The chapter gives the problem statement based on which a series of research questions are developed. The research aim and the objectives of this research are presented in this chapter. There is also a mention on the five main rationale of this research. To have a clear understanding of the tools and techniques used in this research, the methods adopted have been briefly explained in this chapter. Having realized the
variation in the definitions of the key constructs used in this research from organization to organization, a clear set of basic definitions have been given which are applicable to this research. Significance and contributions of this research is also mentioned in this chapter. Finally, the outline of the thesis is provided.

Chapter 2 – Literature Review
This chapter reviews the literature in the four research areas, first as individual constructs and then gives the conceptual model of these constructs based on the earlier studies. Various dimensions are discussed in detail and the research undertaken in each of the dimensions is explained in brief. The chapter ends with the review summary and the identification of the research gap.

Chapter 3 – Theoretical Models and Hypotheses
This chapter focuses on the theoretical models dealing with the research variables. It explains the process of arriving at the hypothetical structural model. Based on the theoretical models and the linkages established between the various dimensions of the study, a total of 39 hypotheses have been postulated and presented both in the form of null and alternate hypotheses.

Chapter 4 – Research Design and Methodology
The research methodology adopted in this research has been explained in this chapter and wherever applicable the reasons for having chosen a particular method among the available methods have been highlighted. This chapter discusses the nature of research and the variables involved. The methods used have been explained. The rationale for the sample selection has been discussed and the methodology adopted in the preparation of self-administered survey questionnaire has been explained. The procedures adopted for reliability and validity testing have also been reported. The data collection process in the knowledge intensive service sectors has been explained. The statistical procedures
adopted have been listed. The validation of the questionnaire is also included. In conclusion, the limitations of the methods have also been listed.

**Chapter 5 – Analysis and Results**
The descriptive statistics, measurement and structural models, hypothesis testing, and presenting of the results in a comprehensive manner form the content of this chapter. The reliability and validity of the test instrument, the two models constructed using the partial least squares (PLS) approach, viz., measurement and structural models have been explained in detail. The hypotheses testing results have also been presented.

**Chapter 6 – Research Findings, Contributions, Implications and Conclusions**
The findings of this research are reported in this chapter. Details of the results and the discussions leading to the findings have been reported in this chapter. Interpretation of the statistical results and hypotheses testing are also reported in this chapter. The significant contributions of the study have been explained. Based on the findings, suggestions and implications have been drawn to enhance the performance of the organizations. Finally, the chapter ends with the general conclusions of this research, limitations of the study and future scope for research.

**1.12. Summary**
This chapter is the introduction to this research. It has started with the background to the research and introduced the areas of research interest in this study. The main purpose of this research which is to seek interrelationships between the research variables, which has been studies so far in isolation giving only a partial picture of the dynamics between these variables has been discussed. The problem has been identified and stated in a structured manner which has led to the research questions. To tackle these questions well defined objectives have been framed and listed in this chapter. Rationale for choosing this direction for research, how and why employee perception can lead to the revelation of
facts and figures in an investigation, the rationale behind the choice of a technique to address the dynamics of the variables involving multicolinearity, and the rationale behind the study of moderating effect have been given in brief. Then the methods used in this research have been highlighted. Basic definitions as applicable to this research have been given for standardization purpose of the terms used in the context of knowledge intensive service sector. Significance of this research has been given. Finally the outline of the entire work has been given in the end of the thesis for ease of reading.