CHAPTER 3
METHODOLOGY OF RESEARCH
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3.1 INTRODUCTION

The various aspects related to the methodology of research for the purpose of the present study are discussed in this chapter. Section 3.2 describes the research design based on the research questions and theoretical models hypothesized in this study. Section 3.3 presents the research strategy of a questionnaire survey. Section 3.4 presents the questionnaire validation and its authenticity towards the study. The research evaluation is described in Section 3.5. Finally, Section 3.6 summarizes this chapter with the future research perspectives.

Later, research problem has been stated, scope of study defined, and operational definitions have been highlighted. The formulation of research objectives, research design, sample design, methods of data collection and accompanying problems are stated next.

Finally the pattern adopted for qualitative analysis and interpretation, and the limitations of the present study have been outlined.

3.1.1 Research Objectives

The research had many objectives but for our purpose it can be broadly classified into two main research objectives.

- To identify the HR Practices which lead to Employee Care with respect to Career Development, Stress Management and Health and Hygiene.
To identify the effect of HR Practices leading to the Psychological Contract with employees with respect to Employee Loyalty and Employee Commitment.

3.1.2 Research Questions

Based on the above research objectives, extensive literature review, brainstorming sessions with the researcher’s supervisor, and informal talks with HR practitioners, seven research questions have been proposed. They are listed as follows:

**Question 1**: Do HR Practices lead to a Psychological Contract between employee and the firm?

**Question 2**: Does the Psychological Contract between the employee and firm lead to employee loyalty?

**Question 3**: Does the Psychological Contract between the employee and firm lead to employee commitment?

**Question 4**: Do HR Practices contribute to employee care?

**Question 5**: Do HR Practices contribute to employee career development?

**Question 6**: Do HR Practices help employees to cope with stress?

**Question 7**: Do HR Practices contribute to employee health and hygiene?

3.2 RESEARCH DESIGN

The role of research design is to connect the questions to data. Design sits between the two, showing how the research questions will be connected to the data, and the tools and procedures to use in answering them. Research design must follow from the questions and fit them with data. The design is the basic plan for a
piece of empirical research, and includes main ideas such as strategy, sample, and the tools and procedures to be used for collecting and analyzing empirical data (Punch, 2000).

### 3.2.1 Research Strategies

For conducting empirical research, there are two methods of data collection: qualitative and quantitative. These two methods have their strengths and weaknesses. The qualitative method permits researchers to study selected issues in depth and detail. Approaching fieldwork without being constrained by predetermined categories of analysis contributes to the depth, openness, and detail of qualitative inquiry.

The quantitative method, on the other hand, requires the use of standardised instruments so that the varying perspectives and experiences of people can fit a limited number of predetermined response categories, to which numbers are assigned. The advantage of a quantitative method is that it is possible to measure the reactions of a great many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data. This gives a broad, generalised set of findings presented succinctly and parsimoniously.

By contrast, a qualitative method typically produces a wealth of detailed information about a much smaller number of people and cases. This increases understanding of the cases and situations studied but reduce generalization (Patton, 1990).

In order to avoid their respective disadvantages, one important way to strengthen a research design is to use both qualitative and quantitative methods. A number of research strategies are available for conducting social sciences: experiments, surveys, histories, case studies, and the analysis of archival information. The kinds of research strategies adopted in a study should be dependent on three conditions: the type of research questions, the control the investigator has over actual behavioral events and the focus on contemporary, as opposed to
historical, phenomena. However, the first and most important condition for differentiating among the various research strategies is to identify the type of research questions being asked (Yin, 1989).

Based on the seven research questions proposed in this study, the research strategies of a literature review, questionnaire survey method were adopted in this research. The explanations for adopting such research strategies are presented in the following subsections.

3.2.1.1 Relevance of Research Questions with respect to Literature Review

The first three research questions- ‘Do HR Practices lead to a psychological contract between employee and the firm? Does the psychological contract between the employee and firm lead to employee loyalty? and Does the psychological contract between the employee and firm lead to employee commitment?’ are descriptive in nature. According to Punch (2000), a descriptive study sets out to collect, organise, and summarise information about the matter being studied; it is concerned with making complicated things understandable.

For answering these three research questions, a literature review approach was the best strategy. The literature review on all aspects of HR practices helped in providing a detailed understanding of the Psychological Contract of employees with regard to the HR practices and its relationship with a special focus on automobile industries. The literature review identified what the concept of Psychological Contract is and its relationship with the HR practices of the firm. Thus the first research question, ‘Do HR Practices lead to a psychological contract between employee and the firm?’ was answered. Similarly, the literature review on employee loyalty and employee commitment identified the effect of HR Practices leading to the psychological contract with employees with respect to employee loyalty and employee commitment. Thus, the second and third research question‘ Does the psychological contract between the employee and firm lead to employee loyalty?’ and ‘Does the psychological contract between the employee and firm lead to employee commitment?’- was answered.
3.2.1.2 Questionnaire Survey

The fourth research question – ‘Do HR Practices contribute to employee care?’ is to examine whether HR practices in automobile industry contribute to employee care. Based on the existing theories, a theoretical model was derived. In essence, to answer this research question is to verify a theory. According to Punch (2000), a theory verification study aims to test a theory or, more accurately, to test hypotheses derived from the existing theory.

Thus, a questionnaire survey was the most appropriate strategy to answer this research question. The greatest advantage of a questionnaire survey is its lower cost compared to other methods. Mail questionnaires also have sample-related advantages: Geographic coverage, larger samples, and wider coverage within a sample population.

A questionnaire survey can be used only when the objective of the study is clear and not complex (Bourque and Fielder, 1995). In the area of psychological contract, much research has been conducted using questionnaire surveys to collect information (e.g., Rousseau (2000), Geringer, Colette and Milliman (2002)).

These researchers tested and synthesised the links between specific human resource practices and psychological contracts systematically using questionnaire surveys. Numerous studies emphasise the importance of psychological contracts between employer and employee (Freese and Schalk, 2008; Rousseau, 2004; Wcke and Sutherland, 2008). In this study, the questionnaire survey was used to obtain information about HRM PRACTICES implemented in Automobile industries in India and their psychological contract with respect to in Indian automobile organizations.

3.3 REVIEW OF CONTEMPORARY LITERATURE

In order to identify the research gap, the researcher conducted a review of existing literature on the subject. Although there have been a number of
conceptual studies on the effect of human resource practices on psychological contracts. It is found that there has been no effort to synthesise the links between these contracts and various human resource practices systematically. This study endeavoured to provide quantitative evidence to verify or refute conceptual studies on this relationship.

Various aspect covered in the literature review included HR practices, Psychological Contract, Employee commitment and Employee Loyalty.

This study started with an extensive review of HR practices and their research relationship with that of employee commitment and employee loyalty (Argyris, 1960; Freese and Schalk, 2008; Rousseau, 2004; Wccke and Sutherland, 2008). Over the past decade, workplaces have changed dramatically due to various factors including the increased use of technology, globalization, increasingly competitive markets, changes in industrial relations laws and new management techniques.

Downsizing and restructuring are common in the world of work and many employees can no longer expect to have a lifelong career in the same organization. Workplaces are now made up of a range of core, temporary, part time and contract workers and employees are increasingly required to manage their own careers.

In this new climate, one of the most important issues is how organizations can gain commitment and loyalty through superior performance from their employees. High levels of organizational commitment tend to encourage behaviours such as loyalty, willingness to, walk an extra mile, lower levels of absenteeism and higher levels of productivity.

One of the ways to assist organizations to gain commitment from their employees, regardless of whether they are core or temporary workers, is to find out what the employees want, closely examining their psychological contract.
The strength of a psychological contract highlights a connection with the employees in the organization which is termed as EMPLOYEE CARE. If companies want to succeed, they need to address the, soft issues on managing the employees. They need to focus on people rather than on technology alone. This would lead to important shifts in the relationships between employees and organizations. Past studies have indicated that employees with a healthy psychological contract work more efficiently even with lesser supervision. A flexible psychological contract also has lesser violations.

A healthy psychological contract results in voluntary commitment, resulting from the employees. It leads to more consistent fulfilment as compared to what results from coercion. Further, it motivate employees to comply with the contract. It is observed that fair treatment, good faith and fair dealings are derived from values of the larger society.

The present study is an exploratory study aimed at developing a deeper understanding about psychological contract and employment relationship amongst employees serving Automobile industry in India, through (a) contribution of HR Practices towards employee career development, stress management, employee health and hygiene. (b) measurement of psychological contract variables, (c) studying the relationships among psychological contract variables (d) finding out the significant differences in psychological contract variables across the demographic groups.

The psychological contract variables considered in the study are as follows: (i) employer’s commitment/obligation to employee, (ii) employee’s commitment/ obligation to employer, (iii) employer’s relationship with employee, and (iv) employee’s relationship with employer. The demographic variables considered are (i) year of joining, (ii) total work experience, (iii) gender, (iv) marital status, (v) position held, and (vi) educational qualification. Thus, the concept of psychological contract adopted in this study was defined as the beliefs people hold about promises others make to them and which they accept and rely on.
These contracts include employers’ and employees’ expectations of each another and give an insight into difficulties about employment relationships and the implications of these difficulties on individual and organisational behaviour.

### 3.3.1 The Conceptual Framework

In order to carry out the empirical investigation the researcher has established the conceptual framework shown in Figure 3.1 as basis. Literature survey has shown that focus of early research is confined only to HR practices like:

- Recruitment and Selection
- Induction
- Performance Appraisal
- Training and Development
- Compensation and Reward System.
- Health and Safety and the like.

**Contemporary research studies focus on the following**

- Improving the flow of communication,
- Special programmes for maintaining procedural justice processes,
- Empowerment process, and
- Helping employees grow and develop within organizations.

By going through various early research this study is focused on 3 major HR practices which is considered as the modern thrust by the employers on the employees and is the vice versa expectations by the employees on the employers.
Figure 3.1 A Psychological Contract Model for HR Practices

The 3 HR practices taken for the study are (i) Career Development which analysis the employer employee relationship developed through the practices enabled by the employer in terms of Mentoring, Counselling, Coaching and feedback process. (ii) Stress Management (Work related and Non work related) which analysis the employer employee relationship developed through the practices enabled by the employer in terms of Home and work interface, Job demand and Working environment. (iii) Health and Hygiene which analysis the employer employee relationship developed through the practices enabled by the employer in terms of Employee Wellness Program, Health Risks and Compensation for health care services.
The study will be confined to studying the HR Practices of Automobile firms in Chennai and their effect on building a psychological contract with the employees which in turn would lead to Employee Loyalty and Employee Commitment.

The figure displays the choice of the HR practices considered to find the relationship between the employee and employer. The conceptual definitions of the constructs and the practices that support employee commitment and employee loyalty are presented in the following subsection.

### 3.4 QUESTIONNAIRE VALIDATION

A questionnaire survey was decided as the most appropriate strategy to answer the research questions. The greatest advantage of a questionnaire survey is its lower cost compared to other methods. Mail questionnaires also have sample-related advantages: geographic coverage, larger samples, and wider coverage within a sample population. A questionnaire survey can be used only when the objective of the study is clear and not complex (Bourque and Fielder, 1995).

Generally, questionnaires are used to obtain a large database of with a low level of details. In this study, the questionnaire survey was used to obtain information.

- As no validated research instrument has been developed, the present study also uses a non-validated research instrument. However due care was taken to ensure the validity and reliability of the instrument used.
- Repeated discussions with Research Supervisors and practicing HR Managers and the pilot study helped in checking the validity of the instrument.
- The Cronbach’s Alfa was calculated to ensure the reliability of the instrument.
In this study, through Factor Analysis it has been found that the constructs of HR practice are

- Employee care
- Employee career development
- Employee stress management
- Employee health and hygiene
- Employee loyalty
- Employee commitment

The reliability was ensured using SPSS as follows

Table 3.1 Cronbach’s Coefficient Alpha – Reliability test

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee care</td>
<td>.799455</td>
</tr>
<tr>
<td>Employee career development</td>
<td>.786586</td>
</tr>
<tr>
<td>Employee stress management</td>
<td>.843721</td>
</tr>
<tr>
<td>Employee health and hygiene</td>
<td>.809236</td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>.801245</td>
</tr>
<tr>
<td>Employee commitment</td>
<td>.825141</td>
</tr>
</tbody>
</table>

3.4.2 Pilot Survey Procedure and Results

The instrument is used to elicit data about the different constructs/dimensions of HR Practices which affect employee loyalty and
commitment through the formation of a psychological contract between employee and the firm.

Altogether there are forty eight questions included in the questionnaire, the types of response sought are mostly single or multiple responses. Likert rating scale with a 5 point scale has been used.

The questionnaire was circulated among the chosen ten automobile firms in Chennai City from which a sample size of 750 was drawn through stratified random sampling (Figure 3.2).

The researcher explained the purpose of the research, how the respondents were selected and the benefit of the survey. The researcher also assured the respondents that the research results will be reported in aggregate only and that the anonymity of the respondents is guaranteed.

3.4.3 The Final Survey was Conducted as detailed below

The first survey mailing included all the 10 organizations. A personalized letter accompanied each survey and the respondents were assured that confidentiality would be maintained.

As an incentive to respondents, they were told that the report will be mailed that provided aggregate information from the study. Reminder e-mails were mailed out approximately three weeks after the first mailing. Another letter and copy of the survey were mailed to non-respondents six weeks later. A final reminder e-mail was mailed two weeks following the second survey mailing.

In order to reach the research objectives and answer the research questions, the study was divided into two parts and the following strategies for collecting data were adopted:
Table 3.2 List of Automobile firms taken for the study

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Company Name</th>
<th>Year of Establishment</th>
<th>No of employees</th>
<th>Sample to be drawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hindustan Motors</td>
<td>1942</td>
<td>5000</td>
<td>67</td>
</tr>
<tr>
<td>2</td>
<td>Ashok Leyland</td>
<td>1948</td>
<td>15812</td>
<td>213</td>
</tr>
<tr>
<td>3</td>
<td>Tafe</td>
<td>1961</td>
<td>6900</td>
<td>93</td>
</tr>
<tr>
<td>4</td>
<td>Royal Enfield</td>
<td>1962</td>
<td>500</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Ford</td>
<td>1995</td>
<td>10000</td>
<td>135</td>
</tr>
<tr>
<td>6</td>
<td>Hyundai</td>
<td>1996</td>
<td>5000</td>
<td>67</td>
</tr>
<tr>
<td>7</td>
<td>Caterpillar</td>
<td>2001</td>
<td>2400</td>
<td>32</td>
</tr>
<tr>
<td>8</td>
<td>BMW</td>
<td>2006</td>
<td>1400</td>
<td>19</td>
</tr>
<tr>
<td>9</td>
<td>Renault Nissan</td>
<td>2008</td>
<td>7500</td>
<td>100</td>
</tr>
<tr>
<td>10</td>
<td>Diamler</td>
<td>2011</td>
<td>1200</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>750</strong></td>
<td></td>
</tr>
</tbody>
</table>


**Phase I:** A questionnaire based survey instrument was used to find out the HR practices implementation in the organizations.

Targeted respondents are upper, middle and lower level employees. The questionnaires were sent to 10 automobile firms in Chennai region. The information obtained from the questionnaire survey was used mainly in identifying as to whether these organizations have HR practices implemented for the benefit of the employees. Once the questionnaires were received and analyzed it was clear that most of the firms had many HR practices in place which were very similar in nature.

**Phase II:** Once it was clear that these organizations had HR PRACTICES, the next logical step was to find out or identify how BEST these practices can be used to bring employees commitment and loyalty. An open ended questionnaire was mailed to all the respondents of the first phase who had returned the earlier questionnaire duly filled in.
The information obtained from these open ended questionnaire was used in developing the framework to bring the employee care.

Secondly information obtained from these open ended questionnaires in conjunction with secondary data was used in developing the employee psychological contract model. The findings from the questionnaire survey was interpreted and analyzed with the help of checklist generated by an extensive and thorough study of the literature and other research instruments.

The results obtained from the questionnaire were used to interpret the research findings, which have a number of practical implications.

3.5 RESEARCH EVALUATION

3.5.1 Problems in Data Collection

The study relies heavily on both primary and secondary data. The researcher encountered heavy difficulty in data collection. The researcher had to mobilize her industry contacts to get the questionnaires filled and completed. Most of the respondents were unwilling to go through such an exercise as they could not spare the time being involved in the affairs of the firm. This researcher came to the conclusion that until a researcher in India receives an opportunity for an open ended exploratory research; research in management will continue to rely on several methodologies. In other words there was neither a disincentive to engage into research nor a specific incentive built into the institutional frame.

The adoption of the use of secondary data too was not devoid of its pitfalls, which at times gives rise to unanticipated difficulties in the process of research. The experience of the researcher proves that the information base in the country is weak and there exists an information barrier. At times there is little information to work on. The researcher also faced problems in gaining access to certain in-house reference of the organizations, which are the subject of the study. Within the limits of these constraints, the researcher made every possible effort in collecting a large amount of information. Those who have worked on raw
information would readily appreciate that some inexactness invariably creeps in any aggregation or rearrangement of data. Moreover selection of themes and methodologies of research in management need to be governed by the basic consideration that management research should be relevant to management problems in India.

3.5.2 Research Limitations

It is necessary to evaluate this study in the context of its limitations. First, data came from only 10 Automobile firms in Chennai region.

All studies have limitations, and this research is no exception. First it is assumed that the respondents were aware of the HR practices implemented in the firm and so were able to answer for the firm as a whole, and answered truthfully. Although the respondents were targeted in upper, middle and lower level, employees with good knowledge of the companies HR practices and other strategic initiative use, could answer. So it is possible that their responses do not represent actual company practices.

Second, the reliability of the survey instrument could be improved to assure better information in the future. There is no perfect survey instrument, but additional questions defining the constructs could possibly improve the reliability of the survey document. In addition, this research could be improved by obtaining a higher response rate. Great importance was placed on making this survey as short as possible since the population selected is undated with requests for information and has been surveyed many times. Without significant additional expenditures of time and money, it was believed that the only way to obtain a reasonable response rate was to keep the survey to a minimum.

Lastly, this research is limited to the automobile sector, while HR practices claims to provide benefits for all organizations. Research into the association of HR practices with the Psychological contract in other manufacturing
industries, public utilities and non-for-profit organizations would be highly beneficial.

The measure of employee loyalty and employee commitment is relatively weak, because it asked respondents for their general ownership in their respective firms. Due to the secondary nature of the data, it cannot conclude that asking alternative sources is equivalent to asking the individuals directly about their Companies Loyalty and commitment. Thus, research findings might have been biased.

Limited to 10 Companies: Because of the duration of the course is time bound, the present study has been restricted to a manageable limit both by choice and circumstances.

Time bound: As mentioned above the duration of the course is time bound and the researcher is expected to complete the study within the prescribed time limit. This led to putting an arbitrary limit on the scope of the study.

Cost Limitations: Research has increasingly become cost-intensive which puts numerous constraints on the study.

Had these limitations not been there, further efforts could have been made for improving the research study. However, these constraints are common to any research study.

3.6 FUTURE RESEARCH PERSPECTIVES

In an exploratory study such as this, recommendations for future research would address the issues generated from this study. Based on these findings, future research may start from a relatively higher level of knowledge. First, a replication of this study would be helpful in re-examining the validity of its findings. Further empirical studies using larger sample sizes, greater geographical diversity, and firm type diversity would be helpful in validating specific parts of the theoretical models proposed in this study. Second, subsequent research needs to be engaged in the
development of more valid and reliable operational definitions for the proposed constructs, overcoming the limitations posed by the data source used in this study.

For example, more categories could be developed in order to score the responses for HR practices implemented by the firms. Secondly, the relationships found in this study would be investigated in different countries to test whether they go in the same or different directions. Third, a set of longitudinal studies would be very valuable in studying the different HR practices other than the three HR practices considered for this present study (Career development, Stress Management, Health and Hygiene) and to find the relationship to get their Psychological contract. Fourthly, more structured interviews would be conducted in different kinds of Indian firms in order to continuously improve the HR practices. Thus, model could better meet the requirements of different Indian industries.