

## HRD Programs and Employees' Innovative Behavior in Nepalese Organizations: Mediating Role of Psychological Empowerment

**Yogendra Adhikari**

Apex College, Kathmandu  
yogendra.adhikari@apexcollege.edu.np

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### ABSTRACT

*This study explores the relationship between HRD programs, employees' innovative behavior, and the mediating role of psychological empowerment in the Nepalese organizational context. HRD programs are crucial for improving employees' knowledge, skills, and abilities, which can lead to improved job performance and innovation. Psychological empowerment, which refers to employees' belief in their ability to control their work and make decisions, can be a critical factor in promoting innovative behavior. There were 52984 employees from banking, insurance, and hotel industry as population from which, 607 were taken as sample using disproportionate sampling method. This study has adopted a quantitative research design. It has adopted a descriptive, correlational, and explanatory research design approach. The study has used tools like exploratory factor analysis, confirmatory factor analysis, and structural equation modeling to explore, confirm, and test the relationships among the variables. This study suggests that HRD programs can influence employees' innovative behavior in both direct and indirect ways by promoting psychological empowerment as well. The findings of this study can help organizations in Nepal design and implement HRD programs that encourage innovation and creativity by promoting psychological empowerment, ultimately leading to improved organizational performance.*

**Keywords:** HRD; HRD Programs; Innovative Behavior; Psychological Empowerment; Employees; Nepalese Organizations.

## **Background and Framework**

Employees are the key assets to the organization. These are the most important resources in the organizations that only have the capability to make the rest of the resources effective and productive. The success or failure of an organization largely depends on the performance of its employees. It is always a very high concern of managers to make their employees better performing. A well-developed, competent, and empowered workforce is indeed a continuous need of every organization to give an edge over competition. In the course of looking for better performance, managers formulate HR policies, programs and programs; update them in a timely fashion; adopt new and updated technologies for production and processing; try to make their employees motivated, innovative and satisfied; so, on and so forth. Since, employees are the focal component related to all aforementioned organizational aspects which may be reflected in their innovativeness and psychological empowerment may induce them.

The necessity of this study was felt if HRD programs are such important aspects of an organization that is assumed to have a direct relationship with employees' innovative behavior, what would be the influence of psychological empowerment in employee development programs and what results in terms of innovation of the employees in Nepalese context were attempted to explore. In this way, the study had undertaken the following specific objectives to attain:

- a. To study the effect of HRD programs in employees' psychological empowerment and innovative behavior in Nepalese organizations;
- b. To analyze the relationship of employees' psychological empowerment and their innovative behavior in Nepalese context and;
- c. To examine the mediating relationship of employees' psychological empowerment in between the HRD programs and their innovative behavior in Nepalese context.

The study was expected to be significant to the managers in formulating their HR policies and programs, implementing them, motivating, empowering and making their employees innovative. This study was also expected to significantly contribute to the literature by establishing and defining the novel relationships between the HRD Programs, Psychological Empowerment and Innovative Behavior. In the course of which a detailed and meticulous study of related literature was done. Although the review of literature was focused on the prior theories which would have defined the relationships among the HR dimensions HRD Programs, Psychological Empowerment, Innovative Behavior and Employees' Performance, in search of which the other relevant literature was also studied. The literature review let the researcher understand the established theoretical foundation and conceptualize the framework of this study. In this way the study was conceptualized with the variables HRD Programs, Psychological Empowerment, Innovative Behavior and Employees' Performance.

During the study, it was found that there had been so many other studies that found a positive relationship between HRD and employees' innovative behavior. Few of them were, that HRM practices influence business innovation performance and employee innovative work behavior more (Dede, 2019); HRM practices enhance the skills and knowledge of individual workers, their willingness to exert effort, and their opportunities to express their innovative work behavior (Janssen, 2000; Jiang et al.; 2012); if non-managerial level employees have the freedom to organize their own work, employees' innovative work behaviors will be motivated (Bailey, Berg & Sandy, 2001).

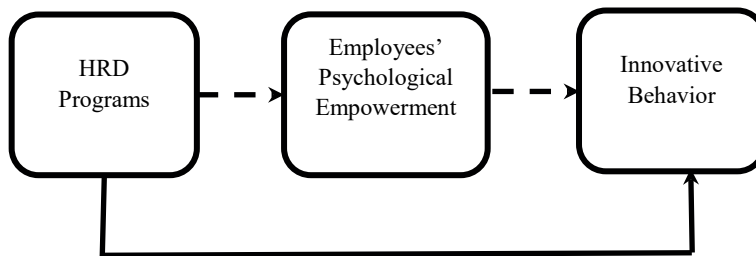
It was also found the association between the employee's psychological empowerment and their innovative behavior in various studies like, Cingoz and Kaplan (2015) found psychological empowerment had a positive effect on innovative behavior; Janssen (2005) concluded when supervisors are perceived as being supportive of employee innovation, employees feel encouraged to use their influence to carry out innovative activities at work, Cuhadar (2005) resulted that the organizations which seek ways to empower their employees attempt to increase their profitability, making more use of enterprise, creativity, and innovativeness. Similarly, innovation as being an important aim of empowerment releases the potential within employees to make a positive change in their work roles, work units, or organization (Block, 2016; Randolph, 1995). Likewise, by loosening controls, managers give entrepreneurial employees the autonomy or freedom to tinker with existing elements and practices and reconfigure them in new ways (Levin & Senger, 1994; Kanter, 2008); empowerment leads to innovative behavior (Erturk, 2012; Spreitzer, 1995); employee empowerment is a significant predictor of innovation (Cakar & Erturk, 2010; Erturk, 2012; Knight-Turvey, 2006; & Spreitzer, 1995); and many others have also found an association between the employees psychological empowerment and their innovative behavior.

In addition, there might be other researches that could have been able to establish the mediating relationships among the various human aspect related to organizational variables like HRD, employees' psychological empowerment, employees' empowerment, employees' innovativeness, organizational productivity, effectiveness, efficiency, employees' performance, organizational commitment, job satisfaction, etc. Bin Abdullah, Almadhoun, and Ling (2015) found a significant mediating influence of psychological empowerment in the relationship between organizational empowerment and organizational commitment. Kaabomeir (2020) measured the mediating effect of psychological empowerment in between the HR variables leadership styles on employee performance. As per Xu, Yu, and Li (2012), to some extent, psychological empowerment mediates the relation between transformational leadership and employee satisfaction. The impact of performance feedback on work engagement was mediated by two dimensions of psychological empowerment, meaning of work and autonomy (Xiao, Liu, & Chen, 2017). Psychological empowerment partly mediated the relationship between transformational leadership and employee innovative behavior (Lei Z., Zhou, & Lei, Y., 2011). Leadership style and employee innovative behavior: The me-

diating effects of psychological empowerment. In 2011 International Conference on E-Business and E-Government (ICEE) (pp. 1-4). IEEE.. There is a significant complementary mediation effect of innovative behavior between entrepreneurial self-efficacy and entrepreneurial intention (Norena-Chavez, 2020). As per Rahayunus (2021), the individual innovation capabilities play an essential role in mediation between knowledge sharing and employee performance.

In Nepalese context also, according to Agrawal (1999), human resource development has remained a low priority in the context of Nepal. Training is not regarded as an investment and remains the area of the least consideration (Adhikari, 1992; Agrawal, 1999). Management is moderately proactive in developing human resources in their organization and the majority of business executives are unaware of the employee empowerment concept (Baniya, 2004). Managers in Nepal do not place a high priority on human resource planning and practices (Adhikari, 2005). Employee engagement and performance are significantly related (Shrestha, 2019).

In this way, after an in-depth and careful study of various established theories, existing literatures and studies in various contexts, this study has conceptualized a model to measure the direct as well as mediating relationships among the variables HRD Programs, Psychological Empowerment and Innovative Behavior of Employees' in Nepalese Context. The conceptual framework of the study is as demonstrated in Figure 1.



Note. The dashed arrow signifies the mediating role between the concerned variables.

**Figure 1.** The Conceptual Framework.

The study has conceptualized the variable HRD Programs with its reflecting factors by Demo et al., (2012), Recruitment and Selection; Involvement; Training, Development & Education, a most preferred and effective method of HRD programs in Nepalese context (Sthapit, 2017); Work Conditions, Competency-Based Performance Appraisal, and Compensation and Rewards. Similarly, the variable psychological empowerment and its reflecting factors were conceptualized by Spreitzer (1995), a model based on the Thomas and Velthouse (1990) approach, which defines empowerment as increased intrinsic motivation manifested in four cognitions: meaning, competence,

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self-determination, and impact (Menon, 2001). Likewise, the variable innovative behavior along with its contributing factors Idea Generation, Idea Search, Idea Communication, Implementation Starting Activities, Involving Others, Overcoming Obstacles, and Innovation Outputs from a model by Lukesh and Stephan (2017).

And, on the basis of the literature review and the conceptual framework, following four different hypotheses were established.

**Hypothesis I:** HRD Programs have a positive effect on Employees' Psychological Empowerment.

**Hypothesis II:** HRD Programs have a positive effect on employees' innovative behavior.

**Hypothesis III:** Employees' Psychological Empowerment has a positive effect on Employees' Innovative Behavior.

**Hypothesis IV:** Employees' Psychological Empowerment mediates the relationship of the HRD Programs and Innovative Behavior.

## 2. Research Methodology

The study has adopted a quantitative research design. It has adopted the descriptive, correlational, and explanatory research design approach. The primary data were collected from the employees other than executive-level managers through Likert scale questionnaire survey. The population of the study was all employees (assistant level, officer level, and manager level) of Nepalese commercial banks, Nepalese life and non-life insurance companies and Four Star and Five Star hotels operated in Nepal. There were 607 total sample respondents and the size of which was determined as suggested by Cochran (1963). Since there was an unproportionate difference in population size among three different industries, in order to make a balanced representation from each, a disproportionate stratified sampling technique was adopted to collect the responses. Table 1 shows the population, sample and strata of the collected data under various industrial area.

**Table 1.** Industry Wise Frequency Distribution of Samples

Details	Population	Sample
Commercial Banking	36861	349
Life/non-life Insurance	10623	136
Four/Five Star Hotel	5500	122
Total	52984	607
Margin of error		3.95%
Response rate		92.27%

The specific information section of the quantitative instrument consisted of seven-point Likert scale questions related to the respective variables used in the study. The questions adopted related to various variables were; HRD Programs from Demo et al., (2012), employees' psychological empowerment from Spreitzer (1995) and Innovative Behavior from Lukesh and Stephan (2017). In order to identify the seriousness of the respondents, the sentence structure of some questions was ordered in negative ways. With the intention of minimizing the influence of the title to the responses, each question from different variables were coded and the title of their respective variables were also removed. The order of their chronological occurrence of the questions was also randomized to reduce the influence of respondents' reluctance in later variable's questions than in the preceding questions.

A self-administered stratified sampling technique was used to administer the questionnaires to the employees for the quantitative survey. In the first phase of pilot testing, some technical aspects of the questions in the specific information section of the questionnaire were improved as per the feedback provided by 50 initial respondents from which the reliability of the questions was tested in the second phase. The collected data was found to be reliable as all individual variables wise as well the overall coefficients of Cronbach's alpha were found to be above 0.70 (Nunnally & Bernstein, 1994).

In the process of data purification, all the items for each variable were coded and the scale values provided by the respondents of those items which were structured in a negative way, were reversed for further analysis. The correlation between two items CBR25 and C33 was found to be perfectly correlated, with the fear of having multicollinearity (Tabachnick, Fidell & Ullman, 2007) one item CBR25 was removed. As shown in Table 1, the reliability analysis of the total 607 sample responses then shows that the Cronbach's alpha coefficient values for all variables and aggregate Cronbach's alpha coefficient value, exceeded the level of 0.70, it was therefore concluded that these items were reliably measuring the variables (Nunnally & Bernstein, 1994).

**Table 2.** Reliability Statistics

Variables	Cronbach's Alpha	N of Items
HRD Programs	0.916	27
Psychological Empowerment	0.908	17
Innovative Behavior	0.927	20
Overall	0.960	64

Exploratory Factor Analysis (EFA) was performed to identify the factors on the basis of the underlying pattern of collected data. The KMO measure of sampling

adequacy in the beginning before removing any item by EFA was 0.955 which shows that the data collected was sufficient for the factor analysis. The Bartlett's Test of Sphericity was significant at 0.000 level, which ensured that the EFA was adequate for the principal component analysis and was an indication for the further processing of exploratory factor analysis. All the diagonal coefficients of the anti-image correlation matrix were above 0.50, which also supported the factor analysis. The initial analysis of total variance explained by four fixed factors was 43.06% which all were having their respective eigenvalues greater than one.

Three items RS2, RS3, INV8 and WC19 of HRD having communalities lower than 0.30 (Secrest & Zeller, 2006) had been removed. RS2 of HRD, M29 of PE and InO65 of IB were removed with no loadings to any three factors in the rotated component matrix. TDE11 and WC17 of HRD; and M30, M31, M32, C33, C34, C35, C36, SD38, SD40, SD41, IM44 and IM45 of PE were also removed from the further analysis since they were loaded to the inappropriate factors. On the basis of the majority of the items loaded in each factor, Factor 1 was explored to be the variable Innovative Behavior with 19 items, Factor 2 was explored to be the variable HRD Programs with 21 items and Factor 3 was explored to be the Psychological Empowerment with four items (Annex 1).

The overall reliability of the data set after EFA was found to be 0.951 with every variable's individual Cronbach's Alpha coefficient being above 0.70 and the total variance explained by four factors increased to 46.43%. Scale validity of the study was obtained with the adaptation of the instruments: HRD Programs validated by Demo et al., (2012), employees' psychological empowerment validated by Spreitzer (1995) and Innovative Behavior validated by Lukesh and Stephan (2017). Since all the items were not having their Kurtosis values beyond the +2 or -2 range, the data used in this study are taken from a normally distributed population (Stevens, 2012). Similarly, none of the Skewness values fell beyond -3 and +3 limit, the data used in this study were also free from any outliers (Brown, 2006).

### **3. Measurement Model**

After EFA, to test the hypothesis of the existence of the relationship between observed variables and their underlying latent constructs, this study has performed the Confirmatory Factor Analysis (CFA). With CFA, the existence of a previously proven structure is investigated with a new data set. In scale development studies, CFA should be used to test the validity of the structure obtained after EFA. In some adaptation studies, it is seen that both EFA and CFA are used, while in others only CFA is used. Use of CFA only in adaptation studies may cause some problems (Orçan, 2018). An overidentified model consisted of three unobserved latent constructs HRD Programs, Psychological Empowerment and Innovative Behavior with 44 measured variables and their respective error terms were taken to run the measurement model as reflected in

the Figure 2. The estimated standardized regression weights in each item were significant at 1% level of confidence for their respective latent constructs.

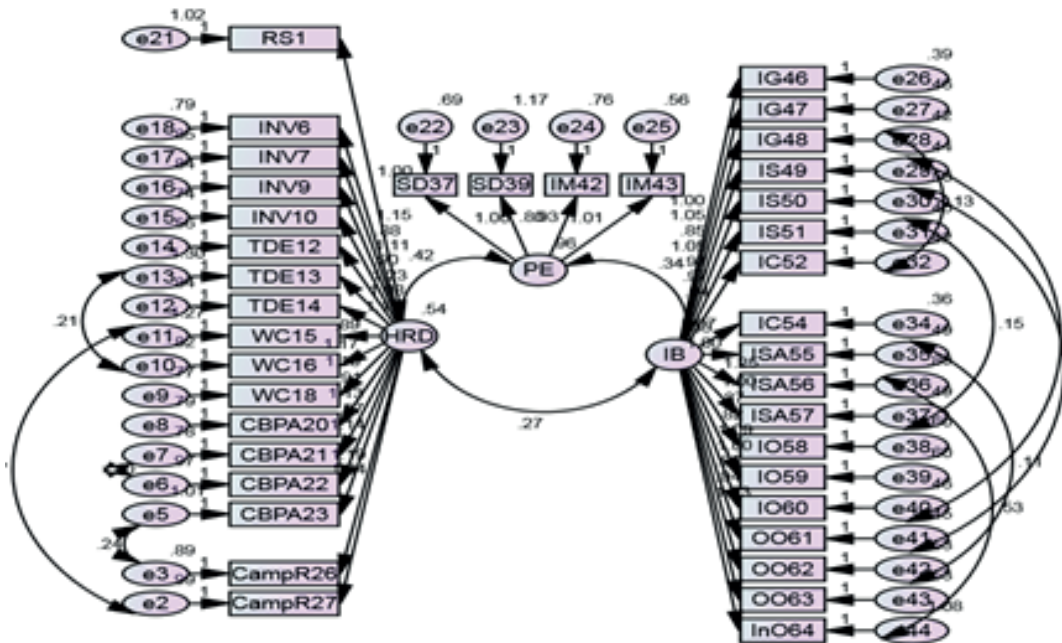


Figure 2. Measurement Model

As shown in the Table 2, the measurement model validity of CFA was supported by Chi-Square value 1361.915 with the 583 degrees of freedom and the p-value was significant at 1% confidence level. The absolute fit of the model was supported by RMSEA 0.047 less than 0.06, the SRMR 0.0442 lower than 0.08, and the CMIN/DF 2.336 recommended by Hu and Bentler (1999). The incremental fit indices of the model were supported by the CFI 0.922, greater than 0.90 (Hair et al., 2008). Though it is not necessary to use, the GFI score 0.887 is also within the acceptable range (Hair et al., 2014), AGFI 0.871 is also acceptable (Hair et al., 1995) and PClose coefficient 0.553 is greater than 0.05 (Hu & Bentler, 1999) was also an excellent indicator of model fit.

Table 3. Measurement Model Overall Fit Indices

Measure	Estimate	Threshold	Interpretation	Reference
CMIN	1647.253	--	--	
DF	689	--	--	
CMIN/DF	2.391	Between 1 and 3	Excellent	(Hu & Bentler, 1999)
CFI	0.913	> 0.90	Acceptable	(Hair et al., 2014)

GFI	0.873	0-1 (with higher values)	Acceptable	(Hair et al., 2014)
AGFI	0.856	> 0.80	Acceptable	(Cheng, 2011)
SRMR	0.0479	<0.08	Excellent	(Hu & Bentler, 1999)
RMSEA	0.048	<0.06	Excellent	(Hu & Bentler, 1999)
PClose	0.875	>0.05	Excellent	(Hu & Bentler, 1999)
Cronbach Alpha	0.951	>0.70	Excellent	(Nunnally & Bernstein, 1994)

As reflected in Table 3, the convergent validity was obtained with all AVE estimates above 0.40 and all the CR estimates were above 0.60 (Fornell & Larcker, 1981). The discriminant validity of the model was also achieved since all square roots of AVE estimates for each factor were greater than the corresponding correlation estimates of the same factors (Hu & Bentler, 1999) and all MSV coefficients were lower than AVE coefficients.

**Table 4.** Construct Reliability, Average Variance Extracted and Discriminant Validity

	CR	AVE	MSV	MaxR(H)	HRD	PE	IB
HRD	0.920	0.406	0.397	0.924	0.637		
PE	0.812	0.522	0.350	0.827	0.952***	0.723	
IB	0.924	0.403	0.397	0.926	0.630***	0.584***	0.635

The various descriptive tools used for the quantitative analysis were mean, standard deviation, skewness, kurtosis etc. whereas, the inferential analysis tools were EFA, CFA, SEM etc. The study has also attempted to address some important ethical concerns like no coercion, deception was made to the respondents and consent was taken to collect the response from them; respondents voluntarily participated in the surveys; anonymity of the respondent was respected; there was no any harm to any participants, concern or stakeholders physically, psychologically, emotionally, socially or in any other ways; the study tried to cite the reference sources as far as applicable and was not an outcome of plagiarism, and it was not an attempt to bring any kind of conflict of interest with any organization.

#### 4. Structural Equation Model of the Study

In the inferential analysis segment of the study, the SEM was performed to test the hypotheses set in the study. The path analysis of SEM is reflected in Figure 3.

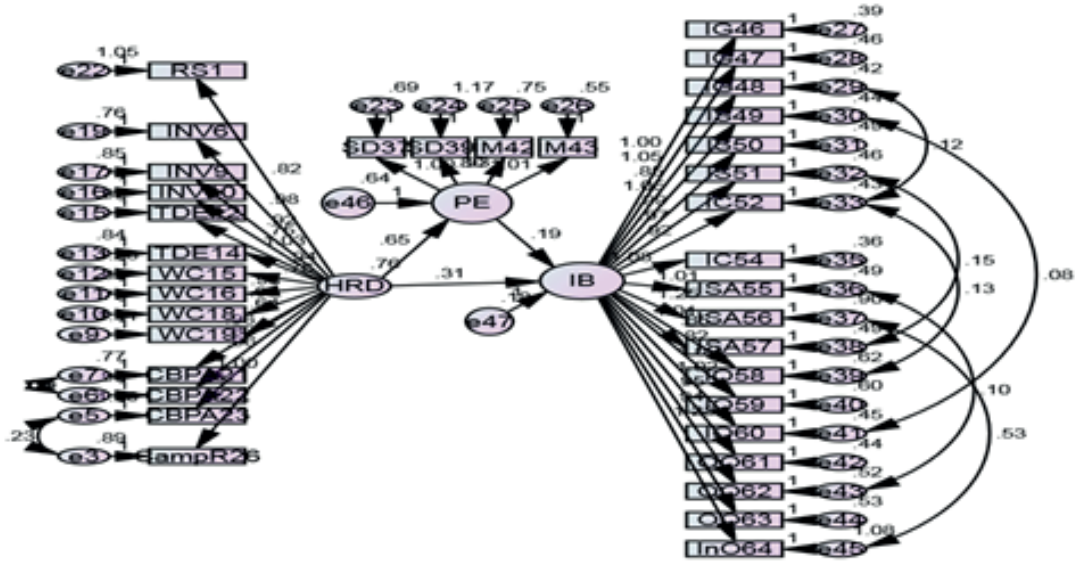


Figure 3. Structural Equation Model of the Study

The output of the CFA result showed that the proposed model meets the most common goodness of fit indicators and hence the model fits the data satisfactorily. The mediating function of psychological empowerment was examined using a four-step procedure built on Baron and Kenny's (1986) work, supplemented with pertinent contributions from Preacher and Hayes (2008) who examined multiple mediation models.

As depicted in Table 4, The unstandardized coefficients of HRD on PE was 0.791, PE on IB was 0.195 and HRD on IB was 0.351, which all coefficient values were significant at 1% level implying a positive relationship between them. Based on Standardized coefficient, HRD on PE with coefficient value 0.592 was the most influencing path in the model.

Table 5. Variables in the Structural Equation Model Analysis

	Variables	Unstandardised coefficient (B)	S . E of B	Standardised coefficient (Beta)	t value	P value	Label
PE	<--- HRD	0.791	0.075	0.592	10.528	***	P2
IB	<--- PE	0.195	0.031	0.324	6.284	***	P3
IB	<--- HRD	0.351	0.045	0.438	7.849	***	P1

Note. \*\*\* p < .001.

To study the direct and mediating relationships among the variables, various steps of SEM analysis were performed at 1% level of significance as demonstrated in

Table 5. A significant direct effect of HRD Programs on Psychological Empowerment with coefficient 0.791 was found. The direct effect of Psychological Empowerment on Innovative Behavior with coefficient 0.195 was found to be significant. Similarly, a significant direct effect of HRD Programs on Innovative Behavior with coefficient 0.351 was also found.

**Table 6.** The Direct, Indirect and Total Effect Analysis of SEM Model of the Study Path Direct Effect Indirect Effect Total Effect

Path	Direct Effect				Indirect Effect				Total Effect			
	Coeff.	P	UB	LB	Coeff.	P	UB	LB	Coeff.	P	UB	LB
PE<---HRD	.791	.000***	.938	.667					.791	.000***	.938	.667
IB<---PE	.195	.000***	.263	.136					.195	.000***	.263	.136
IB<---PE<---HRD	.351	.000***	.463	.262	.154	.000***	.216	.106	.505	.000***	.619	.414

Note. \*\*\* p < .001.

The total effect of HRD Programs on Innovative Behavior is 0.505 which is significant at 1% level. The coefficient 0.505 falls in between the upper bound 0.619 and the lower bound 0.414 of the Bias-corrected Percentile, the total effect is significant. The direct effect of HRD Programs on Innovative Behavior is 0.351 which is significant at 1% level. The coefficient 0.351 falls in between the upper bound of the Bias-corrected Percentile 0.463 and the lower bound 0.262, the direct effect is significant. The indirect effect of HRD Programs on Innovative Behavior is 0.154 which is significant at 1% level. The coefficient 0.154 falls in between the upper bound 0.216 and the lower bound 0.106 of the Bias-corrected Percentile, the indirect effect is also significant. The total effect of HRD Programs on Innovative Behavior is different from the direct effect, the partial mediating effect of Psychological Empowerment in between them has been identified.

### 5. Test of Hypothesis

On the basis of the study of the significant or insignificant relationships among the variables, various set hypotheses were tested with the use of SEM. The study has generated the following hypothesis results.

**Hypothesis I:** HRD Programs have a positive effect on Employees’ Psychological Empowerment.

The direct effect of HRD Programs on Psychological Empowerment is significant at 1% level ( $\beta=0.791, p<0.001$ ). This indicates that the HRD Programs have a positive effect on Employees’ Psychological Empowerment. Hence the Alternative Hypothesis I was accepted. Accordingly, it can be concluded that the initiation and programs of various HRD programs can empower the employees psychologically.

**Hypothesis II:** HRD Programs have a positive effect on employees' innovative behavior.

The direct effect of HRD Programs on Innovative Behavior is significant at 1% level ( $\beta=0.351$ ,  $p<0.001$ ). This indicates that the HRD Programs have a positive effect on Employees' Innovative Behavior. Hence Alternative Hypothesis II was accepted. In this way, it can be concluded that the initiation and programs of various HRD programs can increase employees' innovative behaviors.

**Hypothesis III:** Employees' Psychological Empowerment has a positive effect on Employees' Innovative Behavior.

As shown in Table B, the direct effect of Psychological Empowerment on Innovative Behavior is significant at 1% level ( $\beta=0.195$ ,  $p<0.001$ ). This indicates that Employees' Psychological Empowerment has a positive effect on Employees' Innovative Behavior. Hence Alternative Hypothesis II was accepted. In this way, it can be concluded that psychologically empowered employees can demonstrate more innovative behaviors.

According to Shanker et al. (2017), four conditions must have been fulfilled to evidence a mediating effect between the variables. The independent variable must be able to predict the dependent variable as the first requirement. Second, the mediator and independent variable need to be significantly related. Third, the dependent variable must be significantly impacted by the mediator. After the impact of the mediator has been considered, the effect of the independent variable on the dependent variable must be eliminated or greatly reduced (Shanker et al., 2017). Based on these assumptions, the following Hypothesis IV having the mediating effects between the variables had been tested.

**Hypothesis IV:** Employees' Psychological Empowerment mediates the relationship of the HRD Programs and Innovative Behavior.

The total effect of HRD Programs on Innovative Behavior is significant at 1% level ( $\beta=0.505$ ,  $p<0.001$ ). The direct effect of HRD Programs on Innovative Behavior is significant at 1% level ( $\beta=0.351$ ,  $p<0.001$ ). The indirect effect from HRD Programs Innovative Behavior is also significant at 1% level ( $\beta=0.216$ ,  $p<0.001$ ). The direct effect of HRD Programs on Innovative Behavior is different from the indirect effect and the indirect effect after the introduction of the mediating effect of Employees' Psychological Empowerment was lower than the direct effect. In this way, it was concluded that Employees' Psychological Empowerment partially mediates the relationship between the HRD Programs and Innovative Behavior. Hence, Alternative Hypothesis IV had been accepted. With this, we can say that psychologically empowered employees can also induce the HRD Programs making them to demonstrate innovative behaviors.

**Table 6** shows the summary result of the various hypothesis tests.

**Table 7.** Summary of Hypothesis Test Result

Hypothesis	Independent Variables	Mediating Variables	Dependent Variables	Sig.	Mediation	Result
I	HRD Programs		Psychological Empowerment	***		Accepted
II	HRD Programs		Innovative Behavior	***		Accepted
III	Psychological Empowerment		Innovative Behavior	***		Accepted
IV	HRD Programs	Psychological Empowerment	Innovative Behavior	***	Partial	Accepted

Note. ns=not significant, \*\*\*p<0.01.

## 6. Results and Discussion

The main aim of this research was to study the mediating effect of employees' psychological empowerment in the relationship between the HRD programs and employees' innovative behavior. In order to achieve the main objective, the study had set some other specific objectives.

The first objective of the study was aimed at identifying the effect of HRD programs on the empowerment and innovative behavior of the employees. The result shows that the HRD Programs have a significant positive effect in empowering the employees psychologically. This is in line with the findings when individuals feel they have some degree of influence over their working life (Spreitzer, 1995); particular HR Programs help to generate higher levels of psychological empowerment (Howard & Foster, 1999); adoption of the HRD programs by organizations like customer care training, supervision, and support, design of the jobs with self-controlled decisions to employees, positively affect the psychological empowerment (Peccei & Rosenthal, 2001). Hence it is concluded that the formulation of effective HRD programs enhances employees' feelings of empowerment, in other words if employees are to be empowered the effective HRD programs are to be formulated. Similarly, the study has concluded that there exists a positive relationship between the HRD Programs and Employees' Innovative Behaviors. This conclusion is supportive to, Human resource management (HRM) programs improve employees' knowledge and abilities, effort levels, and opportunities to demonstrate their performance and innovative work behaviors (Janssen, 2000; Jiang et al., 2012); emphasize employees freedom to organize their own work as HRD practice of the organizations, innovative work behaviors among them will be motivated (Bailey, Berg, & Sandy, 2001); the extent of employees' job autonomy and job design are expressed as the best HR programs which increase the employees' participation in innovative behavior (Dede, 2019); strategically emphasizing on the HRD factors and

sub-variables help the management achieve strategic HRD outcomes (Sthapit, 2020). In this way, this study concludes that the initiation and effective practices of various HRD programs can be reflected in the increased innovative behaviors among the employees.

In line with Spreitzer (1995), and C. Lee, W. Lee, and Kim (2007), employees pursue success and use organizational innovation for competitiveness and transformation, they also often have self-efficacy, are liberal and creative, and exhibit innovative behavior at work; Amabile (1988), employees that feel empowered will be more innovative since they feel like they have autonomy and influence; Conger and Kanungo (1988), empowerment is viewed as one of the factors promoting innovation; Seibert, Wang, and Courtright (2011), empowerment helps improve the execution of ideas created by employees, which in turns increases innovation at work; Fernandez and Pitts (2011), in order for organizational members to be more innovative and creative, empowerment gives them self-determination; this study also has found a positive effect of psychological empowerment on employees' innovative behavior. So, it concludes that psychologically empowered employees can demonstrate high innovative behaviors. In other words, to expect innovative behavior among the employees, they are to be well empowered.

In other hand, this study also has found an indirect partial association in between HRD Programs and Innovative behavior mediated by employees' Psychological Empowerment. This finding is found to be similar with the findings like Lei Z., Zhou and Lei Y., (2011) that the relationships between transactional leadership and employee innovative behavior are partially mediated by employees psychological empowerment; Xu, Yu, and Li (2012), the relationship between transformative leadership and employee satisfaction was somewhat mediated by psychological empowerment, this study also has concluded that psychologically empowered employees can also induce the HRD Programs by making them demonstrating more innovative behaviors.

In this way, the general objective of this research, to study the mediating effect of employees' psychological empowerment in the relationship between the HRD programs and employees' innovative behavior in different industrial contexts of Nepal, was studied. As like most of the priorly established theories, conclusions, and accordingly hypothesized by this study, the conclusion and the findings of this study were as hypothesized.

## **7. Theoretical Implications**

This study provides some important contributions to the literature, especially new empirical evidence to support the established theories related to the constructs like HRD programs, psychological empowerment, and innovative behavior of employees. As aimed by its objectives, the study's findings have suggested that the employees' psychological empowerment significantly mediates their innovative behavior and the effectiveness of HRD programs.

This study has added a new understanding of the important determinants of the HR dimensions HRD programs, psychological empowerment and innovative behavior. Although the relationships of each construct were not individually tested, the EFA of this study has redefined the variables by breaking the old rules. Contributing to Demo et al., (2012), the six constructs for HRD Programs have been limited to five constructs involvement; training, development and education; work conditions; competency-based performance appraisal; and compensation and rewards. Limiting a four-construct model of Psychological Empowerment by Spreitzer (1995) to a three constructs model with the constructs: competence, self-determination, and impact. Similarly, this study has limited the seven-factor model of Innovative Behavior by Lukesh and Stephan (2017), to five factors: idea generation, idea communication, implementation of starting activities, involving others, and innovation outputs.

The study also contributes to building the theoretical foundation related to various HR factors contributing to the employees' performance in the Nepalese organizational context. For instance, this study has added that HRD Programs have a positive effect on employees' psychological empowerment, HRD Programs have a positive impact on employees' innovative behavior (Adhikari, 2015); in Nepalese organizational context.

Finally, this study has added a very important milestone to the theoretical foundation by identifying a mediation between the variables HRD Programs and employees' innovative behavior by their psychological empowerment. This is a very novel contribution to the concerned literature.

## **8. Managerial Implications**

The success of an organization largely depends on how the employees of that organization perform and of course the performance of an employee largely depends on what kind of human resource development programs have been initiated, how he or she is empowered in the workplace, and how innovative they are (Adhikari, 2015). An intrinsic state of motivation of an employee is the state of psychological empowerment which is highly influenced by HRD programs, and can have influence on innovative behavior. Since, how innovative the employees in an organization is one of the major reasons behind the success of any organization, this study has explored various implications to the managers of the organizations for their organizational success.

HRD Programs may facilitate employee empowerment. It also positively contributes to making employees more creative and innovative. Psychological empowerment definitely appears as a useful avenue in the quest for performance enhancement since empowered employees display positive performance behaviors (Tuuli & Rowlinson, 2009). This shows it is most important for managers to understand the interrelationships of these HR dimensions. Which HRD initiatives are worth contributing to empowering the employees? Which HRD programs are able to make the employees highly innovative? Are the initiated HRD programs really contributing to the perfor-

mance of employees? Is there any difference between the performance indicators of those employees who perceive themselves empowered and those employees who do not? What kind of synergy effect can be produced if any enhancement in the combination among these HR constructs is made? Such questions are very crucial to every manager. The results of this study have apparently clarified the answers to such questions. This clarifies to the managers how important the interrelationships of HRD, empowerment and innovativeness of employees is and how it is always a boon to organizational success.

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