# **Employee Perception on Factors of Innovation in Information Technology Sector: An Empirical Study**

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*Abstract*— Technological advancement is opening the doors for innovation in all the sectors throughout the globe. Therefore, it is evident that technological innovations are key for the success in all the sectors. Though India is striving for "Make in India" programme, the success of Indian companies also lies with innovation, for which there is a need for technological advancement. Technological advancement requires some drivers. In this context the current article tries to highlight the perception employee on factors influencing innovations in information technology sector.

*Keywords*— Innovations, Technology Development, Global Competition, Organizational Climate, Personality, Motivation.

## INTRODUCTION

In view of today's economic climate, increasing global competition and rapidly changing organisations, an organisation's ability to innovate is regarded as a key factor for success (Shipton et al., 2006) and often for mere ongoing survival (Oldham and Cummings, 1996). Some scholars (Mumford et al., 2002; Drazin et. al., 1999) regarded innovation as key goal for many organisations because they believed that innovation has potentially powerful influence on organisational performance. Over the past several decades, innovation did play an important role in achieving organisational efficiencies, effectiveness and outcomes. Research into innovation has grown theoretically and methodologically sophisticated and has made important contributions to direct practises (Hennessey and Amabile, 2010). If strides are to be made in management, one must arrive at a far more detailed understanding of the creative process, its antecedents and its inhibitors. How does the innovation research it recently becomes? Are there specific factors or antecedents that promote or inhibit innovation? There are many problems about it unsettled. According to the logic of organisational behaviour, an individual's ability to innovate at work is influenced by several factors, which can be classified into three levels of analysis: the individual, group and organisational level.

## Factors Influencing Innovation

From the literature review it is found that factors of innovation are spread along three levels which includes Personal, Group and organisational level factors. Information Technology innovations which can be drivers for innovations in all other sector has high influence of personal factors like Employee personality, Employee Motivation and Employee Cognition. In Information technology sector most of the business is generated through projects which necessitates group performance. Therefore, innovation in information technology is highly influenced by group dynamics such as structure, climate and leadership etc. In any sector the key criteria for innovation is organisation itself. The organisational level factors like structure, culture, strategy and resources are considered in this study.

## Individual level factors

#### Personality

Certain factors pertaining to individual may be seen as antecedents to the creative processin organisations (Pirola-Merlo and Mann, 2004). In a multi-faceted metaanalysis of thepersonalities of artists and scientists, Feist and Gorman (1998) identified a commonpattern for the creative personality, which was characterised by openness, flexibility, self-confidence, high self-efficacy and a high need for autonomy.

The need to manage innovation creates a paradox in which increased controlconstrains the autonomy of teams and employees, which encourages tested-and-true waysof solving problems and stifles the emergence of new ideas that may spawn newinnovation projects. Individuals with a high need for autonomy value individual freedomto pursue their own goals and ideas. The concept of self-efficacy refers to an individual'sperception of his or her effectiveness in a specific domain. Moreover, George and Zhou(2001) were able to establish a relationship between two of the five-factor personalitytraits, i.e., openness to experience and conscientiousness and creative behaviour in theworkplace. Research suggests that openness enhances an individual's intrinsic motivationtowards novelty and therefore works in a multiplicative way to

produce innovation (King et al., 1996); openness is perhaps the most important personality dimensions to predict he propensity for innovation (Batey and Furnham, 2006; King et al., 1996; Wolfradt andPretz, 2001). A recent study reported that the negative association betweenconscientiousness and creativity is likely to be moderated by contextual factors, such aslack of autonomy and support (George and Zhou, 2001). Recent studies have also shownthat the facets of conscientiousness that are most closely associated with lack of innovation are being methodical, ordered and dutiful (Robertson et al., 2000). Moreover, at the individual level (Seibert et al., 2001) found that a personality trait such as highproactively, high achievement orientation (Barron and Harrington, 1981) and internallocus of control (Woodman et al., 1993) has been associated with creative behaviour.Individuals with an internal locus of control feel that they themselves are in charge of their future, as opposed to individuals with an external locus of control who believe thatsuccess or failure is due to factors beyond their control.

## Motivation

Although theories on innovation and creativity never fail to refer to intrinsic motivationas one of the most important antecedents of creativity and innovation, few studies have empirically studied the association between intrinsic motivation and innovation. In the1980s, Amabile suggested a componential model of innovation that involves threecomponents including intrinsic task motivation, domain-relevant skills (expertise) andinnovation relevant process skills (cognitive skills and work styles conducive to novelty). The model includes a five-stage description of the innovation process; task presentation, preparation, idea generation, idea validation and outcome assessment, where the roles of the three components vary at each of the stages. Amabile's model suggests how andwhere individual skills and motivation affect the progress of the innovation process. Amabile (1983) and Mumford et al. (2002) found that the personality traits that favourcreative outcomes are dependent on a key mediating factor individual intrinsicmotivation, this concept has been defined as a motivational state generated by theindividual in reaction to the inherent challenge of a task, rather than to extrinsic factorssuch as rewards (Amabile, 1983, 1998). The motivational state is arguably one of themost important individual factors related to creativity (Amabile, 1983; Woodman et al., 1993). Prabhu and his colleagues (2008) found that intrinsic motivation completelymediated the personality traits of openness to experience and individual sense of self-efficacy, in relation to creative performance.

Sauermann and Cohen (2008) recently analysed the impact of individual motivationon organisational innovation and performance. They found that intrinsic and extrinsic motivation affected both individual effort and the overall quality of the innovative endeavours.

## - Cognition

Numerous researchers have explored the association between innovation and cognition, some scholars, Amabile et al. (1983) and Woodman et al. (1993) found that the creativeand innovation performance influenced by cognitive ability and style factors, since theyrequire knowledge and expertise, however, lead to creative excellence, expertise not itselfdoes not necessarily. To produce creative and innovative outcomes (Woodman et al.,1993), divergent thinking, (the ability to combine knowledge elements from diverse sources), is bestcombined with convergent thinking (the ability to focus on and select thebest solution to a specific problem).

## Group level factors

## - Structure

Over the last decades, work groups have examined by organisational innovation, particularly their composition. To generate innovation outcomes, heterogeneous in whichmembers has diverse skill sets, knowledge and backgrounds, are arguably more likely, because of the stimulation of divergent thinking in the team (Paulus and Yang, 2000). However, the structure of groups influencing innovation from the angle of high groupdiversity comes with the risk of low cohesion, which may lower innovation capacity. Thus, innovation in groups has a relationship with cohesion.

## Climate

The recent shift of research interest towards group and organisational aspects of innovation has led to their transferable cognition that skills, such as communicationskills, are pertinent to the process of innovation, especially for the implementation phaseof innovation (Good et al., 2007). Hemlin and his colleagues (2008), described climate asvarious aspects of the psychological atmosphere in a team and in the surroundingorganisational environment. Over the years, several factors have been linked toinnovation and pertaining to group climate. The level of information exchange and internal communication were regarded as the central climate factors. Studies havedemonstrated that innovation performance influenced by a highly open communication which making team members feel that they can contribute their views on particular ideaswithout fear of reprisal (Anderson and West, 1998; Bain et al., 2001). Van de Ven andPoole (1989) went on to discuss enabling factors in the organisation, highlighting theimportance of information flows in the organisation. Information flows are dependent, toa certain degree, on organisational climate and culture, expectations about the importanceof communicating, the vehicles available for communicating and the cues within theenvironment regarding with whom to communicate can determine how communication will influence innovation.

In order to innovate, employees often need to relate and interact with otherindividuals – inside or outside the organisation. Hence, they need communication, articulation and social networking skills. Moreover, the degree of team and team memberautonomy has been found to be the strongest predictors of innovation performance (Ekvall, 1996; Mann, 2005; West et. al., 2003).

## Leadership

It has been widely accepted that leaders play a key role in determining innovationand creativity in organisations (Nam and Tatum, 1997). More specifically, leadershipstyle is perceived to be an important individual attribute that influences innovation (Aragón-Correa et al., 2007). In complex framework, leader impact has been viewed asonly one of several influences on innovation outcomes (Kaiser et al., 2008). Somescholars (Kaiser et al., 2008; Mumford et. al., 2002; Shalley and Gilson, 2004) believe that leaders are essential in facilitatinginnovation because they can create the conditionsand circumstances needed for creativity and innovation to flourish.

Several studies suggested that leaders could be seen as whole to organisationalinnovation in two ways, which can be described as the managing innovation dual process. First, much of the literature points out the important role that leaders play in supporting innovation. Leaders of innovation are those who exert influence and motivate others towork together collaboratively to accomplish new and useful outcomes. Shalley and Gilson (2004) argued that leaders are central in creating the context and opportunities forteams and employees that favour creativity and ultimately innovation. Leaders canestablish and maintain high quality work relationships with team members (Scott andBruce, 1994) and increase individual intrinsic motivation (Avolio et al., 1999), by creating team heterogeneity (Keller, 2001) facilitating team reflection and problemsolving (Tierney et al., 1999; Somech, 2006; Puccio et. al., 2007) and by creating and supporting a positive team climate (Anderson and West, 1998).

In an organisational context, the leadership role may be seen as a bottom-up processin which the leader acts as a facilitator creating the conditions for team members to usetheir capacities in producing creative innovation outcomes. Second, leaders embody theorganisation's desires to become innovative, constituting one of the primary channels bywhich these desires can be realised, by facilities money and knowledge, managing and allocating resources in the form of time, setting and managing individual and team goals(Shalley and Gilson, 2004) and expectations for innovation performance (Yuan andWoodman, 2010), managing rewards (Mumford and Gustafson, 1988) and grantingautonomy to individuals and teams (Hemlin, 2006; Hülsheger et al., 2009). Accordingly, this could be viewed as a topdown process, in which the leader manages the strategicinnovation goals of the organisation. The studies found that leaders possessing the abovecharacteristics significantly influence innovation outcomes directly as well as indirectlythrough such variables as organisational learning and team (Aragón-Correa et al., 2007). In view of this, it is expected that leadership will influence organisational culture, groupclimate for innovation and the level of innovation performance.

# Organisational level factors

## - Structure

The structure of the group and structure of the organisation are totally deferent, there arethree main aspects regarding the influence about group structure on innovation, which areheterogeneous composition, cohesion...etc. as mentioned before in the group structure. While the aspects of organisational structure on innovation include centralisation, formalisation and complexity of the organisation. Early research suggests thatcentralisation and strong hierarchy are detrimental for innovation. Two sets of structural factors have been identified by Damanpour (1991) which determine innovation capabilityin organisations. First is the high degrees of professionalism, specialisation and functional differentiation which seems to be conducive to innovation performance. Second is the lively internal and external communication which promotes animated, openand cross-functional communication to foster innovation. Last. early research suggeststhat centralisation and strong hierarchy are detrimental for innovation (Burns and Stalker, 1961). Centralisation is believed to hinder innovation as it restricts information flow and communication. Conversely, decentralisation gives rise to greater participation, allowingmore viewpoints to be considered during idea generation. Damanpour (1991) found that structures that promote centralisation and formalisation are negatively associated withinnovation. Absolutely, Mumford and his colleagues (2002) found that creativity andinnovation appear to occur more naturally in decentralised, organic and flexible, ratherthan mechanistic and organisational contexts.

#### Culture

Culture is the environment that surrounds employees at work all of the time. Culture is apowerful element that shapes employees work enjoyment, work relationships and workprocesses. Innovation also depends on organisational culture, more specifically, on the degree of organisational support which can be divided into three forms:

- 1. Organisational encouragement of innovation which refers to the degree to which researchers feel and perceive including (idea support, trust, emotional safety and acceptance of risk-taking)
- 2. Granting access to requisite resources which include expertise, materials and information...etc.
- 3. Empowerment, which refers to employee autonomy or freedom (Mann, 2005).

Amabile and colleagues (2005) noted that organisational encouragement is a vital aspectof a work environment for innovation including; encouragement of risk taking and avaluing of innovation from the highest level, fair and supportive evaluation of ideas, reward and recognition for innovation, collaborative idea flow across the organisation, participative management and decision-making.

West and Anderson (1998) found thatorganisational support for innovation was the strongest factor predicting overallinnovation. Particularly, innovation performance has consistently been linked to thefreedom granted to pursue unique ideas and insights (Ekvall, 1996; Hunter et al., 2007). Autonomy can empower the group, sending signals of organisational trust that invokes asense of ownership and control (Amabile, 1998; Mann, 2005).

#### - Strategy

A strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage. In this sense, strategies are purposeful and in advance the taking of actions (Slevin and Covin, 1997). This researchsuggests that there is a distinct relationship between innovation and strategy. Innovationand strategy are closely related to each other; however, it does not provide enoughempirical support to uncover the nature of the relationship between them (Hitt et al.,2001). Damanpour (1991) suggests that

organisational characteristics, such as structure and strategy, are primary determinants of innovation in one stage of innovation whereas individual characteristics are the primary determinants in another. The above statement by Porter (Argyres and McGahan, 2002) clearly shows the link between innovation and strategy and emphasises the need for an organisation to adopt a strategy and to be committed to it.

#### - Resources

Availability of resources is positively related to innovation since resources are needed todevelop new ideas. From an organisational perspective, innovation is often resourceintensive. Several researchers (Damanpour, 1991; Mumford et al., 2002; Woodman et al.,1993) have proposed that allotting sufficient resources may be a determining factor for innovativeness.

#### **OBJECTIVES OF THE STUDY**

- To study the literature and perception of employees to find the factors influencing innovations in information technology sector.
- To examine the factors applicability in select information technology organisation in Mindspace IT park, Hyderabad.

#### Sample and data collection

A quantitative approach was followed in this exploratory study. The participants selected for this study consisted of select information technology organisation in Mindspace IT park, Hyderabad employees. 650 questionnaires were distributed among the select companies.

Convenience sampling technique was deployed in sample selection. The respondents were solicited to complete the innovation questionnaire. The resultant response rate of useable questionnaires was 98.5% (640).

#### Data Analysis

Values of different fit indices; GFI, IFI, CFI, NFI greater than 0.9 considered as good fit and RMSEA values 0.05 or less indicates close to fit, between 0.05 to 0.08 indicates reasonable fit and values between 0.08 to 0.10 show marginal fit (Kline, 2001).

Structural Equation Modelling (SEM) is conducted with all ten variables and data shows that in select IT companies df= 4.822, GFI= .903, NFI= .918, IFI= .915, TLI= .907, CFI= .914, RMSEA= .075 the model is improvised after allowing modification indices.



Figure 1: Innovation Model

**Divergent Validity& Convergent Validity Table 1:** Divergent Validity& Convergent Validity of Innovation Model in Select IT Companies

	CR	AVE	IIP	IIM	IIC	IGS	IGC	IGL	IOSU	OC	IOSA	ORS
IIP	0.939	0.839	0.916									
	8/	89	40									
ΠМ	0.921	0.853	0.913	0.924								
11111	18	9	0.915	07								
	0.916	0.845	0.011	0.019	0.9193							
пс	07	24	0.911	0.918	7							
ICC	0.948	0.901	0.072	0.011	0.004	0.9495						
105	3	71	0.875	0.911	0.904	8						
ICC	0.962	0.866	0.02	0.942	0.074	0.921	0.9308					
IGC	9	47	0.82	0.642	0.874	0.851	5					
ICI	0.932	0.822	0 808	0.85	0.885	0.862	0.003	0.9070				
IGL	84	72	0.808	0.85	0.885	0.802	0.905	4				

IOS U	0.936 72	0.832 53	0.755	0.804	0.829	0.803	0.901	0.892	0.9124 3			
OC	0.993 28	0.980 1	0.765	0.804	0.828	0.795	0.92	0.898	0.907	0.99		
IOS A	0.973 71	0.925 08	0.774	0.798	0.823	0.795	0.9	0.902	0.915	0.95 1	0.9618	
ORS	0.991 01	0.973 51	0.751	0.784	0.803	0.774	0.86	0.87	0.881	0.93 2	0.955	0.9866 7

(Source: Primary Data)

Convergent validity was assessed through CR and AVE. The required levels of CR and AVE should be equal or more than 0.6 and 0.5 respectively (Hair et al., 2010). CR and AVE were also used to establish the reliability of the measurement model. CR is an alternative measure to Cronbach's Alpha, it is recommended by Chin (1998) as an ideal measure to overcome some deficiencies in Cronbach's alpha. The CR should be 0.60 or higher, while the minimum threshold for an AVE should be 0.5 or higher to indicate adequate reliability (Awang, 2015). The composite reliability (CR) and average variance explained (AVE) values for the final measurement model of Innovation are presented in above table. From the above table it is observed that all CR values are more than 0.7 and AVE values are more than 0.5, hence supporting their convergent validity (Hair et al., 2010).

The recommended approach for establishing divergent Validity is to compare the squared correlation between two constructs with either of their individual AVE estimates (Hair et al., 1998). The AVE estimates should be greater than the squared correlation estimate. In addition to distinctiveness of constructs, divergent Validity also means that individual measured items should represent only one latent construct. Form the above table it is observed that the AVE estimates are greater than the squared correlation estimates, hence supporting divergent validity (Hair et al., 1998).

## **Employee Perception on Talent Development Impact** on Innovation

 Table 2: Descriptive Statistics of Employee

 Perceptions on Individual Personality

Descriptive Statistics							
	Ν	Mean	Std.				
			Deviation				
Autonomy	640	3.29	1.407				
Self-efficacy	640	3.03	1.435				
Need for	640	3.06	1.408				
achievement							
Valid N (listwise)	640						

(Source: Primary Data)

From the above table it is understood that in Individual Personality "Autonomy" registered highest mean value

(3.29) and lowest standard deviation (1.407). "Self-efficacy" registered lowest mean value (3.03).

**Table 3:** Descriptive Statistics of EmployeePerceptions on Individual Motivation

Descriptive Statistics							
	Ν	Mean	Std.				
			Deviation				
Intrinsic	640	3.09	1.413				
motivation							
Extrinsic	640	3.05	1.422				
motivation							
Valid N (listwise)	640						
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(Source: Primary Data)

From the above table it is understood that in Individual Motivation "Intrinsic motivation" registered highest mean value (3.09) and lowest standard deviation (1.413). "Extrinsic motivation" registered lowest mean value (3.05).

Table 4: Descriptive Statistics of Employed	e
Perceptions on Individual Cognition	

Descriptive Statistics							
N Mean							
		Deviation					
640	3.03	1.430					
640	3.10	1.386					
640							
	N 640 640 640	N         Mean           640         3.03           640         3.10           640					

(Source: Primary Data)

From the above table it is understood that in Individual Cognition "Divergent& Convergent Thinking" registered highest mean value (3.10) and lowest standard deviation (1.386). "Knowledge" registered lowest mean value (3.03).

 Table 5: Descriptive Statistics of Employee

 Perceptions on Group Structure

**Descriptive Statistics** 

Descriptive Statistics			
	Ν	Mean	Std.
			Deviation

Heterogeneous Composition	640	3.05	1.440
Cohesion	640	3.10	1.404
Valid N (listwise)	640		

(Source: Primary Data)

From the above table it is understood that in Group Structure "Cohesion" registered highest mean value (3.10) and lowest standard deviation (1.404). "Heterogeneous Composition" registered lowest mean value (3.05).

**Table 6:** Descriptive Statistics of EmployeePerceptions on Group Climate

Descriptive Statistics							
	Ν	Mean	Std.				
			<b>Deviation</b>				
Internal	6 <mark>40</mark>	3.34	1.399				
Communication							
Emotional Safety	640	3.18	1.447				
Conflict management	640	3.20	1.464				
Ris <mark>k Ta</mark> ki <mark>ng</mark>	<mark>64</mark> 0	3.20	1.403				
Valid N (listwise)	640						

(Source: Primary Data)

From the above table it is understood that in Group Climate "Internal Communication" registered highest mean value (3.34) and lowest standard deviation (1.399). "Emotional Safety" registered lowest mean value (3.18).

Table	7:	D	escriptive	Statistics of Employee
P	era	cep	otions on	Group Leadership

N	Mean	Std.
		Deviation
640	3.08	1.417
640	3.15	1.441
640	3.30	1.414
640		
	<b>N</b> 640 640 640 640	N         Mean           640         3.08           640         3.15           640         3.30           640

(Source: Primary Data)

From the above table it is understood that in Group Leadership "Goal setting skills of leader" registered highest mean value (3.30) and lowest standard deviation (1.414). "Participative Leadership" registered lowest mean value (3.08).

**Table 8:** Descriptive Statistics of EmployeePerceptions on Organisational Structure

Descriptive Statistics						
	Ν	Mean	Std.			
			Deviation			
Centralisation	640	3.29	1.401			
Functional	640	3.28	1.405			
Differentiation						
External	640	3.09	1.479			
Communication						
Valid N (listwise)	640					
			•			

(Source: Primary Data)

From the above table it is understood that in Organisational Structure "Centralisation" registered highest mean value (3.29) and lowest standard deviation (1.401). "External Communication" registered lowest mean value (3.09).

Table 9: Descriptive Statistics of Employee
Perceptions on Organisational Culture

Descriptive Statistics					
	Ν	Mean	Std.		
			Deviation		
Espouse for new	640	3.31	1.335		
ideas					
Trust	640	3.31	1.343		
Experimentation	640	3.38	1.325		
Valid N (listwise)	640				
(Souraa: Drimary Data)					

(Source: Primary Data)

From the above table it is understood that in Organisational Culture "Experimentation" registered highest mean value (3.38) and lowest standard deviation (1.325). "Trust" registered lowest mean value (3.31).

Table 10: Descriptive Statistics of Employee
Perceptions on Organisational Strategy

Descriptive Statistics					
	Ν	Mean	Std. Deviation		
Vision	640	3.39	1.338		
Reward	640	3.29	1.367		
Flexible Policies	640	3.33	1.343		
Valid N (listwise)	640				

(Source: Primary Data)

From the above table it is understood that in Organisational Strategy "Vision" registered highest mean value (3.39) and lowest standard deviation (1.338). "Reward" registered lowest mean value (3.29).

**Table 11:** Descriptive Statistics of EmployeePerceptions on Organisational Resources

**Descriptive Statistics** 

	Ν	Mean	Std. Deviation
Information	640	3.36	1.343
Money	640	3.36	1.382
Expertise	640	3.34	1.357
Valid N (listwise)	640		

(Source: Primary Data)

From the above table it is understood that in Organisational Resources "Information" registered highest mean value (3.36) and lowest standard deviation (1.343). "Expertise" registered lowest mean value (3.34).

#### Findings

- 1. Factors of Innovations are classified as individual, group and organisational factors.
- 2. Model fit is found to be significant for this model.
- 3. Autonomy of the employee is found to be highly significant factor.
- 4. Intrinsic motivation is found significant for innovative motivation.
- 5. Divergent& Convergent thinking also found to be important for individual cognition.
- 6. Risk taking nature of the group is also found to be essential for innovation.
- 7. Goal setting skills of the leader also place an important role in group innovations.
- 8. Organisation's experimentation culture is significant for organisations innovation.
- 9. Flexible policies are key for the organisations innovations.

#### Suggestions

- Autonomy is the prime requisite for innovation because unless there is no autonomy, the employee will not think beyond the instructions. But innovation require different outlook towards problems to overcome them.
- Though intrinsic and extrinsic motivation both is equally important, but innovation is inherent component therefore, organisations looking for innovation ensure intrinsic motivation among employees.
- Divergent& convergent thinking is also very crucial because always thinking beyond boundaries will creates number of new options for decision making. Therefore, organisation should conduct programs like brainstorming to increase divergent thinking of employees.
- Business always involves risk, unless management ready to take the risk employees will not come up with new ideas. Therefore, management should clarify that the organisation is ready to take risk

involved solutions also for the problems but risk should be according to organisational policies.

- The leaders' goal setting skills also plays an important role, because too high or too fewer goals are not good for organisation as well as for employees. Therefore, leaders should be trained in such a way to ensure leaders setting optimum goals to the employees.
- Culture is significant in innovation. Innovative culture in the organisation motivates new employees also strive for new ideas and organisation should also able to modify policies according to the changes in business environment.

#### CONCLUSION

The research is conducted to identify factors influencing innovation in information technology sector. For the study IT companies in Mindsapace IT Park is considered. From the literature it is found that innovation factors are broadly classified into three levels; those includes Individual, Group and Organisational level. From the analysis it is found that for individual personality; Autonomy, Individual motivation; intrinsic motivation, individual cognition; divergent& convergent thinking, group structure; cohesion, group climate; internal communication, group leadership; goal setting skills, organisational culture; experimentation, organisational strategy; flexible policies and for organisational resources; information found to be significant.

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