

# JOB SATISFACTION AS MEDIATION FACTOR AND ITS IMPACT ON VARIOUS HR PRACTICES LEADS TO QUALITY OUTCOME IN INDIAN “IT” SECTOR

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## ABSTRACT

*The Indian IT sector got a good reputation in the world market in terms of quality and quantitative outcome. This is just because of its well known work culture and employee contribution towards the organization. The reputation will sustain until the corporate maintain same commitment towards employee welfare and popular HR practices in the IT sector. Most of the Indian IT employees are very keen about job satisfaction apart from other HR practices followed in the company. HRM is such a branch in any organization which can have its own significant impact with reference to employee satisfaction and which is a path maker to achieve organizational goals, objectives in time. This is also a indicator for organizational commitment by employees. The study intended to assess the relationship between various HR practices and its direct and indirect impact on employee satisfaction and also suggest how to arrange and manage various HR practices to gain optimum job satisfaction in IT sector employees. The study conducted with the help of 413 IT professionals opinion who are working in Top IT MNC's in India, by considering Job satisfaction as mediator and other HR practices like Organization Culture, Rewards & Recognition, Employee benefits and Training Development impact to measure quality outcome from employees.*

**Keywords:** Quality, Reward, Training, Retention, Policy.

## INTRODUCTION

Job satisfaction plays an impact key role in determining employee's opinions on their work which indicated their satisfaction levels which is an important factor for determining the organization productivity. It plays a crucial role in making an organization more successful. Therefore, nowadays organizations are focusing more on employee's satisfaction.

Best human resource activities will have a positive impact on organizational performance in terms of employee turnover, job satisfaction and motivation, and employee commitment. Thus, the present study also concentrated on developing an association between HR practices and employee job satisfaction.

## Literature Review

Bogdanova, Enfors et al (2008) concluded in survey that 'Human Resource practices are aimed at maximum utilization of human resources like competencies, knowledge and skills to reach firm goals in long term period. Earlier researches with respect to employee outcomes in

relation to best human resource practices motivate employees by enhancing confidence and flexibility which make the employees more committed to organization with more energy.

High employee engagement towards organizational goals always creates trustworthy work environment. Hence, they are needed to have acceptable attitudes for more job satisfaction. (Ram, 2011), Kahn (1992) concluded that quality of work and proficiency in job and high productivity are the outcomes of employee engagement towards organization goals.

Previous researches paid attention to analyze the role HR activities at organizational level but neglect to concentrate at individual employee level (Guchait & Cho, 2010). Very less attention was given to analyze employee opinions on organizational HR activities effectiveness and how far they are acceptable. (Boselie & Wiele, 2002). Employee commitment is an extract of employee need, desire and responsibilities which will make them to remain in the organization. The study of Oh, Blau, Han et.al (2017) measured the perceived organizational value as a mediating variable and concluded that the employees working under top level HR managers are having high commitment levels and it has a positive impact on the manager's commitment and their behavior.

Ryan & Ployhart (2014) analyzed the role of human resource department in choosing the best suitable resources through selection process with less cost and meet HR requirements (Derous & Fruyt, 2016).Lamba. Making capabilities more strong through training and development practice will lead to and Choudhary (2013) have concluded in his study that the training given to the employees with respect to job orientation, safety measures and promotional activities which are aimed to get more expertise proficiency for better productivity career development and make the employees to feel safe and secure for their career (Guest, 2017).

Kishan (2020) discussed that, performance appraisal norms and conditions will have better impact on employee job satisfaction where there is no chance of biased rating in IT Sector.

## METHODOLOGY

The methodology treated as road map for any research. The chapter will contain objective and Hypothesis followed by sample and sample size etc.

### Objectives

- 1) To Study Job satisfaction mediation effects on other HR Practices
- 2) To know the influencing practices which yield quality outcome in IT Sector
- 3) To study Management strategy and organization culture contribution towards quality outcome
- 4) To measure level of impact of Rewards and Training on quality contribution.

### Hypothesis

H<sub>1</sub>: There is no significant association between employee job satisfaction and Organization Culture

H<sub>2</sub>: Rewards and recognition has significant association with quality outcome.

H<sub>3</sub>: Management strategy is positively contributing HR quality outcome.

### Population

The study population contains all IT working employees in top five IT companies (TCS, Wipro, Infosys and Oracle) in Hyderabad considered as population.

## Sample Size

The present study was conducted with 431 software professionals (on an average 100+ from each sample company) of various cadre, which is great than required sample i.e 431.

## Sampling Technique

Stratified Random sampling technique was adopted to collect the data and the respondents were grouped as strata based on their shared factors as attributes.

## Data Analysis

The analysis of collected data was conducted in four stages. First, the interrelationship between variables was found by using factor analysis, later the results were confirmed by using Confirmatory Factor Analysis (CFA). Reliability and validity test was done on the model followed by Structural Equation Model (SEM). SPSS Statistics 25.0 software is used factor analysis. SPSS Amos 22.0 software is used for CFA model fit and SEM to analyze the acceptability of hypothesis and relation between dependent variables and the independent variables so as to accept or reject the hypothesis.

## Exploratory Factor Analysis

Factor analysis done by using Kaiser-Meyer-Oklin (KMO) and Bartlett's Test. KMO value was 0.890exceeding ( $>0.070$ ) considered as adequate and the sphericity value from Bartlett's Test significant for conducting factor analysis.

All 24 items are accepted and PCA revealed that these 24 items are grouped into 6 components with Eigen values exceeding 1. The total percentage of variance is 69.388. The individual dimensions of the proposed instrument explained total variance exceeding 60 percent, suggesting the appropriateness of the process. The results of the Principal Component Analysis can be viewed in Table 1 below.

<b>Table 1</b>		
<b>FACTOR ANALYSIS VALUES</b>		
<b>ItemNo</b>	<b>Component</b>	<b>Eigen Value</b>
<b>Reward and Recognition</b>		7.332
RR1: Present company reward system was good	0.776	
RR2: Recognition system for best employees to be improved	0.745	
RR3: Management cares for the wellbeing of the employees.	0.775	
RR4: Company providing special perks to best employees	0.792	
<b>Training and Development</b>		Eigen Value
TD1: Our company gives more preference for the skill enhancement of employees.	0.805	2.747
TD2: Our company provides inter personal skills, technical and employability training.	0.776	
TD3: Our company provides on the job training.	0.772	
TD4: Our company supports employees for the higher qualifications.	0.843	
<b>Management Strategy</b>		Eigen Value
MS1: Company has the sound policy of employee retention.	0.780	2.045
MS2: Company is committed to organization's vision and mission	0.730	
MS3: Management is flexible in sanctioning leave for the social activities of employee's family.	0.657	
MS4: Management constantly re-organizes the employees and changes decision of the organization.	.832	
<b>Job Satisfaction</b>		Eigen Value
JS1: The promotional opportunities provided in the organization.	.818	1.646
JS2: There is no discrimination in salary paid to employees.	.825	
JS3: Role clarity of present job	.801	
JS4: Work life balance of the job	.869	
<b>Organization Culture</b>		Eigen Value
OC1: Employees are allowed to take responsibility and authority.	.814	1.464
OC2: The working environment is open & trustworthy.	.684	
OC3: Organization recognizes human values and culture.	.782	
OC4: Morale in the company is good	.839	
<b>Employee Benefits</b>		Eigen Value
EB1: Company is open for flexible working hours	.804	1.419
EB2: Company provides best physical workplace and design to work.	.723	
EB3: Company encourages employees for the sports and cultural activities	.733	
EB4: Company provides a mentor to help employees for their development.	.817	
<b>Total Variance Explained: 69.388</b>		

## Reliability Tests

Cronbach's alpha test is used to check reliability. The comparative ranges of coefficient of reliability ranges are from 0 to 1. If the scale variable are independent from one another then consider  $\alpha = 0$ ; and, if they have high covariance then  $\alpha = 1$ . More score represents more reliability. According to Nunnally (1978) the acceptability reliability value is 0.7

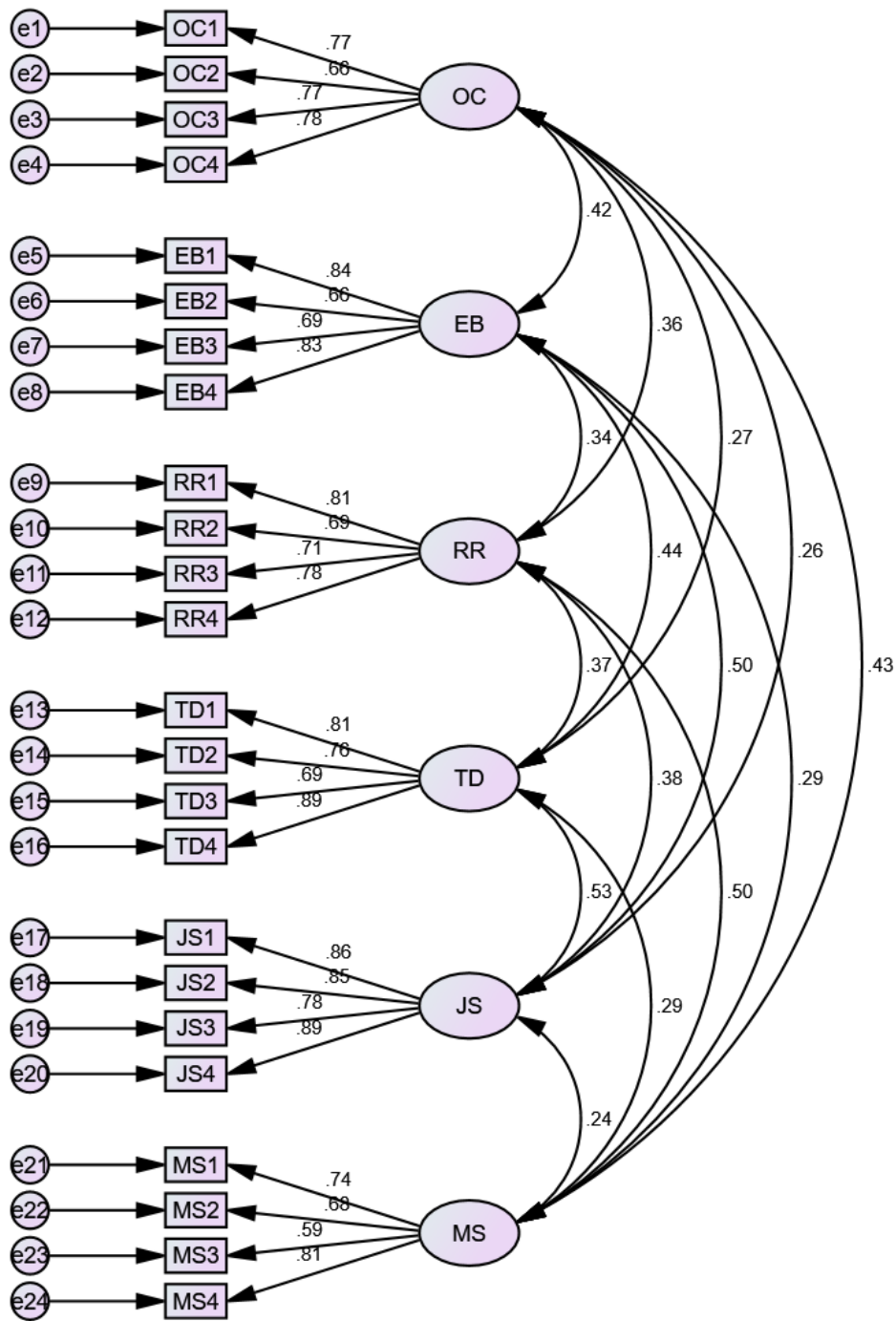
The reliability of all existed 24variables are test with Cronbach's' alpha. And the received reliability alpha value is 0.899 which is more than 0.70 (Nunnally, 1978). It indicates that the statements in questionnaire are having reliability and can use for further analysis.

The Cranach's Alpha coefficient values for four groups are tested as follows Table 2.

<b>Items</b>	<b>Cranach's Alpha</b>	<b>N of Items</b>
RR1 RR2 RR3 RR4	0.833	4
TD1 TD2 TD3 TD4	0.866	4
MS1 MS2 MS3 MS4	0.795	4
OC1 OC2 OC3 OC4	0.832	4
EB1 EB2 EB3 EB4	0.838	4
JS1 JS2 JS3 JS4	0.907	4

### **Confirmatory Factor Analysis (CFA)**

Confirmation Factor Analysis explains the extent the linked variables which are observed to the latent factors in the research. CFA postulates the relations between the variables based on the theory, empirical research or both and then test the hypothesized structure statistically. In this study the model is developed based on priori subject and CFA is used to confirm it in Figure 1.



**Figure 1**  
**CONFIRMATORY FACTOR ANALYSIS (CFA)**

The measurement model represents the pattern of measurement loads for a particular factor. It also thesaurus the way of measured factors comes together to represents construction structure and and how it is used to validate the reliability in Tables 3 & 4.

			Estimate	S.E.	C.R.	P
OC	<-->	EB	.406	.063	6.428	***
OC	<-->	RR	.289	.051	5.647	***
OC	<-->	TD	.219	.048	4.525	***
OC	<-->	JS	.220	.049	4.469	***
OC	<-->	MS	.313	.049	6.354	***
EB	<-->	RR	.423	.077	5.480	***
EB	<-->	TD	.544	.079	6.861	***
EB	<-->	JS	.651	.083	7.816	***
EB	<-->	MS	.331	.070	4.716	***
RR	<-->	TD	.378	.064	5.917	***
RR	<-->	JS	.410	.065	6.257	***
RR	<-->	MS	.461	.065	7.139	***
TD	<-->	JS	.564	.069	8.131	***
TD	<-->	MS	.269	.057	4.711	***
JS	<-->	MS	.230	.057	4.030	***

			Estimate
OC	<-->	EB	0.418
OC	<-->	RR	0.362
OC	<-->	TD	0.273
OC	<-->	JS	0.264
OC	<-->	MS	0.435
EB	<-->	RR	0.341
EB	<-->	TD	0.436
EB	<-->	JS	0.502
EB	<-->	MS	0.295
RR	<-->	TD	0.369
RR	<-->	JS	0.385
RR	<-->	MS	0.500
TD	<-->	JS	0.527
TD	<-->	MS	0.291
JS	<-->	MS	0.240

The Covariance between all the Latent variables are significant as P value is less than 0.05(P-Values with \*\*\* indicate 0.000).

There is a high positive correlation of 0.527 between Job Satisfaction and Training and Development followed by Employee Benefits at 0.503. The correlations between the other variables are given in the above table.

The above Structured Equation Model in SPSS Amos 22we found.

That Chi-square value = 297.412, Degree of freedom) = 237 at probability level as 0.000 is concluding that the null hypothesis is not significant at 0.05 level. The discrepancy at low level as 1.255 indicated that the discrepancy suggested that if the discrepancy is below 5 then the model is reasonable fit in Table 5.

<b>Parameter Name</b>	<b>Value</b>
Goodness of Fit Index (GFI)	0.946
Comparative Fit Index (CFI)	0.987
Root Mean Square Error of Approximation (RMSEA)	0.026

The above index values 0.946 and 0.987 are greater than 0.9 and RMSEA value 0.026 is less than 0.08 concluding the model is fit and acceptable in Table 6.

### Reliability and Validity Tests

	<b>CR</b>
<b>OC</b>	0.835
<b>EB</b>	0.841
<b>RR</b>	0.834
<b>TD</b>	0.87
<b>JS</b>	0.909
<b>MS</b>	0.802

All the variables are having Composite Reliability greater than 0.7 which indicate there is a good Composite Reliability in the variables in Table 6.

	<b>AVE</b>
<b>OC</b>	0.559
<b>EB</b>	0.572
<b>RR</b>	0.558
<b>TD</b>	0.627
<b>JS</b>	0.714
<b>MS</b>	0.506

All the variables are having Convergent Validity greater than 0.5 which indicate there is good Convergent validity in the variables in Table 7.



Table 8 DISCRIMINATE VALIDITY						
	OC	EB	RR	TD	JS	MS
OC	<b>0.748</b>					
EB	0.418	<b>0.756</b>				
RR	0.362	0.341	<b>0.747</b>			
TD	0.273	0.436	0.369	<b>0.792</b>		
JS	0.264	0.502	0.385	0.527	<b>0.845</b>	
MS	0.435	0.295	0.5	0.291	0.24	<b>0.711</b>

The Discriminant value is greater than the corresponding correlation between the variables. Which indicate there is a good Discrimination between the factors in the analysis Table 8.

### Structural Equation Model

SEM is used to conduct confirmatory factor analysis in SPSS Amos 22 software. Figure 2 : The path diagram - standardized parameters estimate.

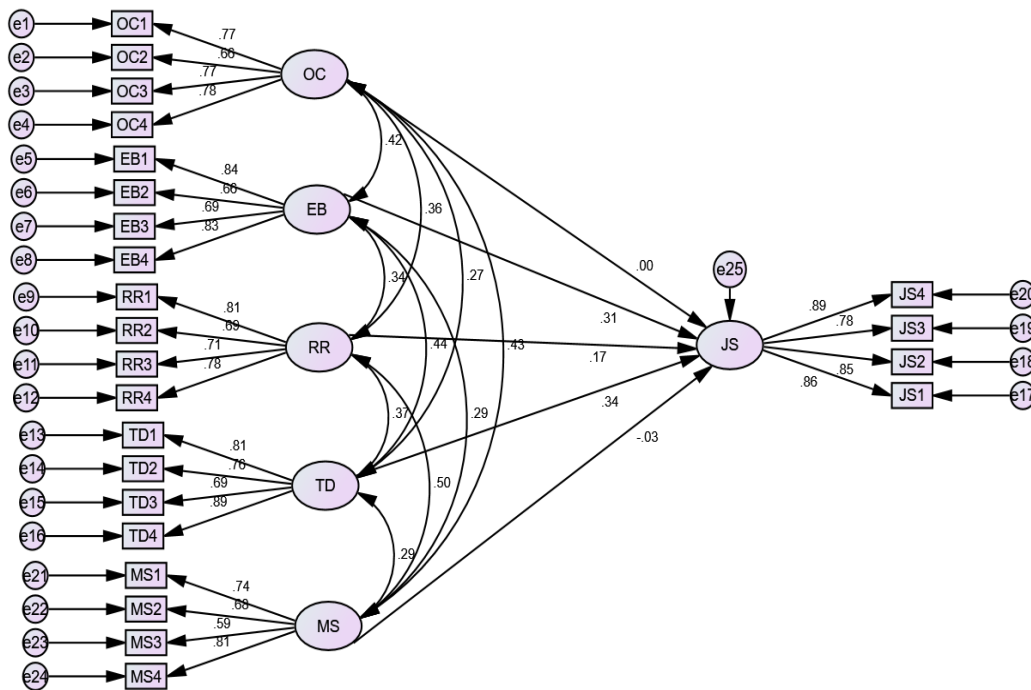


Figure 2  
FTHE PATH DIAGRAM - STANDARDIZED PARAMETERS ESTIMATE

SPSS Amos Graphics has specified path-diagram in Figure 2 specifies the relationship between the observed variables. The portion of the model that specifies how the variables are related to each other is called structural model. The estimates with the largest value represent the

most important dimension in terms of its influence on dependent variables. The findings of the regression weights estimates are summarized in following Table 9.

			Estimate	S.E.	C.R.	P	Label
JS	<---	OC	-0.006	0.077	-0.083	0.934	
JS	<---	EB	0.262	0.05	5.221	***	
JS	<---	RR	0.182	0.063	2.894	0.004	
JS	<---	TD	0.355	0.058	6.127	***	
JS	<---	MS	-0.04	0.07	-0.573	0.566	
OC1	<---	OC	1				
OC2	<---	OC	0.867	0.068	12.78	***	
OC3	<---	OC	1.021	0.069	14.784	***	
OC4	<---	OC	0.999	0.067	14.991	***	
EB1	<---	EB	1				
EB2	<---	EB	0.705	0.051	13.764	***	
EB3	<---	EB	0.779	0.054	14.435	***	
EB4	<---	EB	0.945	0.053	17.785	***	
RR1	<---	RR	1				
RR2	<---	RR	0.81	0.059	13.828	***	
RR3	<---	RR	0.846	0.059	14.264	***	
RR4	<---	RR	0.955	0.061	15.76	***	
TD1	<---	TD	1				
TD2	<---	TD	0.93	0.056	16.71	***	
TD3	<---	TD	0.853	0.058	14.731	***	
TD4	<---	TD	1.056	0.053	19.885	***	
JS1	<---	JS	1				
JS2	<---	JS	1.038	0.048	21.835	***	
JS3	<---	JS	0.926	0.049	18.826	***	
JS4	<---	JS	1.007	0.043	23.341	***	
MS1	<---	MS	1				
MS2	<---	MS	0.865	0.069	12.479	***	
MS3	<---	MS	0.783	0.072	10.866	***	
MS4	<---	MS	1.052	0.074	14.23	***	

P-value shows the significance of the estimation. P-value is lesser than 0.05 indicates the impact of independent variable on dependent variable (P-Values with \*\*\* indicate 0.000). All the

Impacts are significant except Organizational culture and Management Strategy impacting Job Satisfaction is not having significant impact as the p – value is more than 0.05 in Table 10.

			Estimate
JS	<---	OC	-.005
JS	<---	EB	.306
JS	<---	RR	.174
JS	<---	TD	.341
JS	<---	MS	-.035
OC1	<---	OC	.769
OC2	<---	OC	.664
OC3	<---	OC	.770
OC4	<---	OC	.783
EB1	<---	EB	.836
EB2	<---	EB	.659
EB3	<---	EB	.686
EB4	<---	EB	.827
RR1	<---	RR	.815
RR2	<---	RR	.685
RR3	<---	RR	.705
RR4	<---	RR	.776
TD1	<---	TD	.812
TD2	<---	TD	.761
TD3	<---	TD	.688
TD4	<---	TD	.892
JS1	<---	JS	.857
JS2	<---	JS	.853
JS3	<---	JS	.777
JS4	<---	JS	.890
MS1	<---	MS	.743
MS2	<---	MS	.680
MS3	<---	MS	.589
MS4	<---	MS	.815

1. The Org Culture is not having significant impact on Job Satisfaction.
2. Employee Benefits has a significant association of 0.306 in Job Satisfaction.
3. The Rewards and Recognition is having a significant impact of 0.1744 on Job Satisfaction.
4. The Training & Development has a significant impact of 0.341 on employee job Satisfaction.
5. The Management Strategy has no significant impact on Job satisfaction.

The above values Chi-square = 297.41, Degree of freedom = 237 and probability level=0.00 for structural equation revealed that there is no significance for null hypothesis at 0.05 level.

The following are the values to find the parameter model fit or not for Table 11.

Name of the Parameter	Value
Goodness of Fit Index (GFI)	0.945
Comparative Fit Index (CFI)	0.987
Root Mean Square Error of Approximation (RMSEA)	0.025

The research studies conducted by Bollen's (1989); Bentler (1980) , Bentler and Bonett (1980), Jöreskog, and Sörbom (1974) described the validity of index values as greater than 0.9 and RMSEA values as less than 0.08 to conclude the model as fit and acceptable.

## Discussion of Results

The present empirical study evaluated the relationship of Job Satisfaction with other HR practices Organization Culture (OC), Rewards & Recognition (RR), Training & Development (T&D) and Management Strategy. Based on composite reliability and construct validity, all the dimensions which are used to analyze the results are found reliable and valid. After establishment of the predictive association between various constructs, structural equation model was used to analyze the and its effectiveness based on the collected data. The tested hypotheses results were used to analyze the structural association among the variables.

The primary objective of present study is to identify the relationship between Job Satisfaction with other HR practices Organization Culture (OC), Rewards & Recognition (RR), Training & Development (T&D) and Management Strategy and their level of contribution to improve quality outcome in IT Sector.

The present study results projected the role of employee job satisfaction in mediating between various human resource practices and employee job performance It also concluded that the human resource practices have a positive relation with employee job performance and also match with the results of Steijn (2004) and Pradhan et al. (2017). This also concluded that Positive relationship between these two factors is because of the organizational HR practices which allow the employees to invest their competencies for organizational growth. The Reward & Recognition (RR) part has positive impact like better pay package always motivate employee to contribute at mot efforts which leads to quality outcome. The Practice of Organization culture (OC) which is an invisible hand to motivates employees to feel psychologically happy to deliver best outcome.

Frequent Training & Development (T&D) activities to IT employees help them to sharpen their existing skills with more added creativity which leads to generate qualitative work outcome towards company vision.

In entire tested model, the only negative factors is Management Strategy (MS) which is negatively contributing for quality outcome, This may be the management regular thinking pattern of cost cutting and employee retention strategies to get maximum output with minimum resource. This will create a negative opinion in employee mind which leads to least and low quality contribution. The present study aimed at analyzing association and impact of various human resource practices on employee performance as result of job satisfaction and the results concluded with significant positive association between the variables of study.

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