

*Relationship between Organizational
Characteristics, Organizational
Commitment, Job Satisfaction and
Attrition Attitude of IT and ITES
Employees*

CHAPTER VII

RELATIONSHIP BETWEEN ORGANISATIONAL CHARACTERISTICS, ORGANISATIONAL COMMITMENT, JOB SATISFACTION AND ATTRITION ATTITUDE OF IT AND ITES EMPLOYEES

The objective of the study is to understand the causal relationships of Organisational Commitment and Organisational Characteristics on Job Satisfaction as well as Attrition Attitude. It is assumed that the Attrition Attitude of the IT and ITES employees largely depends on the Organisational Characteristics and Organisational Commitment along with Job Satisfaction. The effects of Organisational Characteristics and Organisational Commitment measure the Job Satisfaction of the respondents as well as Attrition Attitude. The direct and indirect effects of Organisational Characteristics, Organisational Commitment affecting Attrition Attitude are also attempted using Path Analysis. The theoretical path analysis model explaining these relationships among the factors are shown below.

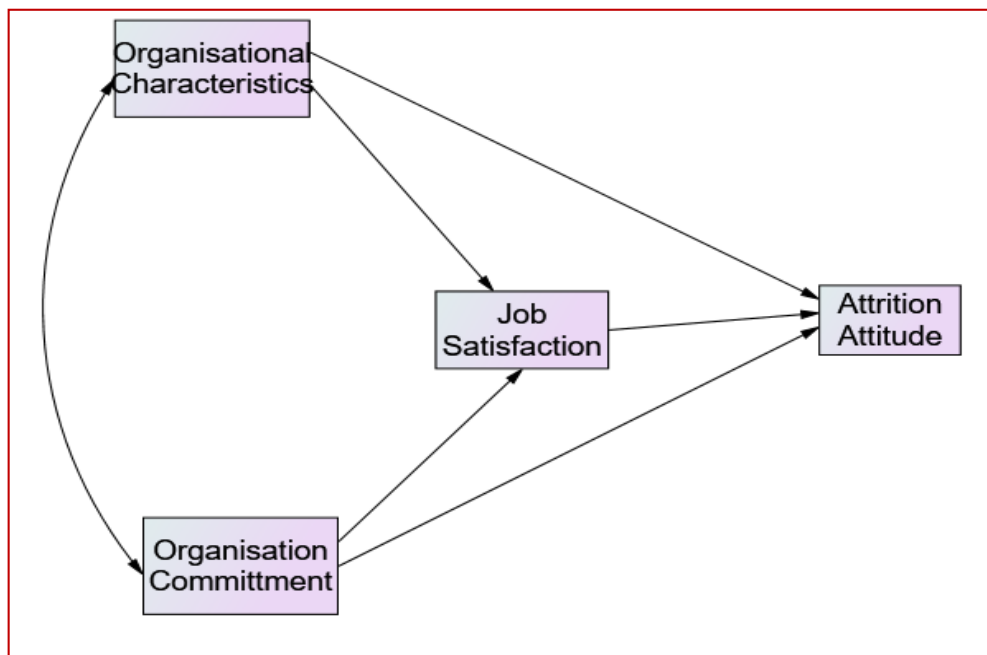


Figure 7.1 Theoretical Path Model Explaining the Relationship between Factors Relating to Job Satisfaction and Attrition Attitude

The arrows leading from Organisational Characteristics to Job Satisfaction and Attrition Attitude measure the direct effects of Organisational Characteristics on Satisfaction and Attrition variables. The arrows leading from Organisational Commitment to Job Satisfaction and Attrition Attitude measure the direct effects of Organisational Commitment on Satisfaction and Attrition variables. Further the Organisational Characteristics is exhibited as having direct effect on Organisational Commitment. The Job Satisfaction factor acts as a mediating variable to measure the indirect effects of Organisational Characteristics and Organisational Commitment on Attrition Attitude. The curved arrow between Organisational Characteristics and Organisational Commitment assumes covariate relationship between these two.

The factor scores of Organisational Characteristics, Organization commitment, Job Satisfaction and Attrition Attitude were used in the model.

The following objectives were used to develop the path model

1. To examine the effects of Organisational Characteristics, Organisation Commitment on Job Satisfaction of the respondents.
2. To examine the effects of Organisational Characteristics, Organisation Commitment on Attrition Attitude of the respondents.
3. To establish a causal relationship of Organisational Characteristics and Organisation commitment with satisfaction and Attrition Attitude of the employees mediated by Job satisfaction.

The goodness of the fit of the model is verified by the selected model fit statistics. Once the fit statistics satisfied the goodness of fit of the model, the following hypotheses were tested based on the model objectives.

H01. Organisational Characteristics has direct positive effect on Job Satisfaction.

H02. Organisational Characteristics has direct negative effect on Attrition Attitude.

H03. Organisation Commitment has direct positive effect on Job Satisfaction.

H04. Organisation Commitment has direct negative effect on Attrition Attitude.

H05. Job Satisfaction has direct negative effect on Attrition Attitude

H06. Job Satisfaction has significant mediation effect between Organisational Characteristics and Attrition Attitude.

H07. Job Satisfaction has significant mediation effect between Organisation Commitment and Attrition Attitude.

The results of Path Analysis are given in the following model explaining the relationship between all the factors relating to Job Satisfaction and Attrition Attitude.

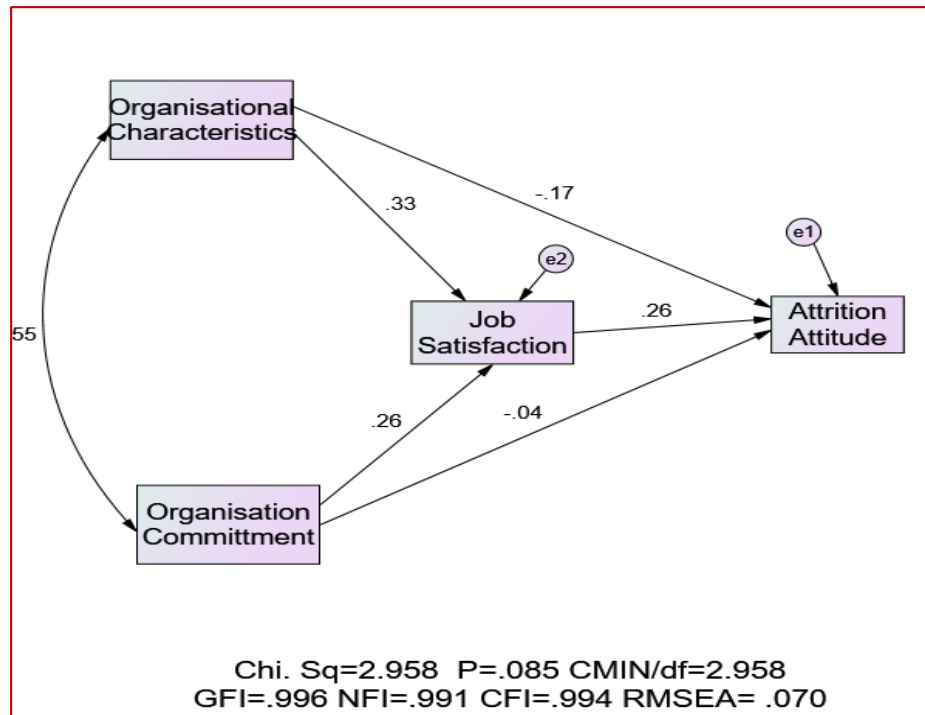


Figure 7.2 Path Model showing the Relationship between the Factors Relating to Attrition Attitude

The above diagram shows the relationship between the independent variables Organisational Characteristics and Organisation Commitment and dependent variables namely, Job Satisfaction and Attrition Attitude of the employees. The path coefficients are standardized regression coefficients. The regression estimates (path coefficients) calculated by AMOS (Ver 20.0) for Unstandardised regression are given in Table No.1. The regression coefficients were estimated by Maximum Likelihood method..

The following model fit statistics were employed for testing the goodness of fit of the model.

CMIN: CMIN given by AMOS is a chi-square statistic, which compares the tested statistics with the theoretical model. That is the non-significant chi-square value indicates the data fits the model well.

CMIN/DF: It is a relative chi-square measure, is an index of how much the fit of data to model has been reduced by one or more paths. The index having a value of 3 or below 3 says the data best fits the model, where as a value between 3 and 5 is good.

GFI: The Goodness of Fit Index, tells you what proportion of the variance in the sample variance-covariance is accounted for by the model. This should be above 0.90 and below 1 for a good model fit. A value of 1 is considered as saturated model.

NFI: Normed Fit Index, is simply the difference between the two models' (default and independence) chi-square values divided by the chi-square value of independence model. The NFI value above 0.90 is considered to be good fit.

CFI: The Comparative Fit index uses a similar approach and is said to be a good index which can be used for even small sample. The value above 0.90 is considered to be good fit.

RMSEA: The Root Mean Square Error of Approximation, estimates lack of fit compared to the saturated model. RMSEA value of 0.05 or less indicates good fit and between 0.05 and 0.08 is adequate fit.

The model fit statistics estimated by AMOS are given below.

CMIN = 2.958 (P>0.05)

CMIN/DF = 2.958

GFI = 0.996

NFI = 0.991

CFI = 0.994

RMSEA = 0.070

The results show that all the goodness of fit indices namely, GFI , NFI and CFI satisfy the criterion value of being above 0.90. The Chi-square value is not significant

($P > 0.05$) and also CMIN/DF value is within the admissible limit of 5. The RMSEA value falls above 0.05 but below the maximum value of 0.08. Since all the goodness of fit indices are within the admissible limits it may be inferred that the model fit is good.

The model shown above gives the standardized regression weights of the corresponding variables and also squared multiple correlations. The path coefficients show that these coefficients are comparable since they are independent of units of measurement. The two independent variables, namely, Organisational Characteristics (0.33) and Organisation Commitment (0.26) have positive relationship with Job Satisfaction since the regression weights are positive and these are direct effects on Job Satisfaction. The direct effect of Organisatioanl Characteristics (0.33) on Job Satisfaction is higher than Organisation Commitment (0.26) on Job Satisfaction.

Further, Organisational Characteristics and Organisation Commitment also have direct negative effects on Attrition Attitude. The direct effect of Organisational Characteristics (-0.17) on Attrition Attitude is higher than the direct effect of Orgaisation Commitment (-0.04) on Attrition Attitude.

The Job Satisfaction factor also has a direct positive effect on Attrition Attitude with a regression weight of 0.26.

The magnitude and direction of relationship between all the factors relating to purchase of branded raiment are studied in detail with the Unstandardised regression weights produced by AMOS which are given below.

Table 7.1
Estimates of Path Coefficients
Regression Weights for the Path Model

Variable To	Path	Variable from	Estimate	S.E.	C.R.	Prob.(P)	Sig.
Job Satisfaction	<---	Organisation Commitment	.446	.087	5.105	P<0.001	**
Job Satisfaction	<---	Organisational Characteristics	.683	.105	6.520	P<0.001	**
Attrition Attitude	<---	Organisation Commitment	-.034	.049	-.703	.482	Ns
Attrition Attitude	<---	Organisational Characteristics	-.165	.060	-2.769	.006	**
Attrition Attitude	<---	Job Satisfaction	.124	.027	4.557	P<0.001	**

** - Significant at 1% level. (Significance were noted at 5% and 1% level) Ns – Not significant

The above estimates are unstandardized regression estimates. The values given above are the regression estimates of the corresponding independent variables. S.Es are the Standard Errors of respective regression weights. C.R (Critical ratio) is the ratio of regression estimate values to S.E. Probability (P) shows which path coefficients significantly contribute to the dependent variables (** or * indicates the respective regression weights are significant at less than 1% or 5% respectively. Ns, if any, indicates the regression weights are not significant).

The table shows that, Organisational Characteristics with regression weight 0.683 has significant positive effect on Job Satisfaction of employees. Hence the hypothesis **H01 that “Organisational Characteristics has direct positive effect on Job Satisfaction” is accepted.**

The regression weight of Organisational Characteristics (-0.165) on Attrition Attitude shows that the independent variable has direct negative relationship with Attrition Attitude which is significant at 1% level and hence the hypothesis **H02 that “Organisational Characteristics has direct negative effect on Attrition Attitude” is accepted.**

Further, the effect of Organisation Commitment (0.446) on Job Satisfaction is positive and significant ($P < 0.01$) at 1% level. The result makes the hypothesis, **H03 “Organisation Commitment has direct positive effect on Job Satisfaction” to be accepted.**

The regression weight of Organisational Commitment (-0.034) on Attrition Attitude shows that the independent variable has direct negative relationship with Attrition Attitude but is not significant ($P > 0.05$) hence the hypothesis **H0 that “Organisation Commitment has direct negative effect on Attrition Attitude” is not accepted.**

From the regression table it is also seen that, the effect of Job Satisfaction (0.124) on Attrition Attitude is significant at 1% level. However, the assumption of Job Satisfaction has negative effect Attrition Attitude could not be sustained. Hence the hypothesis, **H05 that “Job Satisfaction has direct negative effect on Attrition Attitude” is not accepted.**

Table 7. 2

Direct, Indirect and Total Effects (Unstandardised)

		Organisational Characteristics	Organisation Commitment	Job Satisfaction
Direct	Job Satisfaction	.683	.446	.000
	Attrition Attitude	-.165	-.034	.124
Indirect	Job Satisfaction	---	---	---
	Attrition Attitude	.084	.055	---
Total	Job Satisfaction	.683	.446	---
	Attrition Attitude	-.081	.021	.124

Direct Effects - Estimates

The coefficients associated with the single-headed arrows in a path diagram are sometimes called direct effects. In Unstandardised model. For example, Organisational Characteristics has a direct positive effect on Job Satisfaction of employees with a regression weight of 0.683. That is, due to the direct effect of Organisational Characteristics, when the Organisational Characteristics score increases by 1, then Job satisfaction score increases by 0.683. Similarly, the direct negative effect of Organisational Characteristics on Attritional Attitude of employees is -0.165. That is, as the Organisational Characteristics score increases positively by 1 the Attrition Attitude of the employees decreases by -0.165. These direct effects are already tested using hypothesis 1 to 5.

Indirect Effects - Estimates

The path coefficients given in the table also describes the indirect effect of each of the column variable on each row variable. The table shows that the indirect effect of Organisational Characteristics has positive effect (0.084) on Attrition. That is, increase in the Organisational Characteristics score will also result in corresponding increase in the Attrition Attitude scores of the respondents. However, the direct effect of Organisational Characteristics on Attrition Attitude is higher when compared with the indirect effect.

However, before considering the mediating effect of Job Satisfaction between the exogenous factors, namely, Organisational Characteristics and Organisational Commitment of the respondents, separate regressions were run for Attrition Attitude without the mediation effect. The results are produced below.

Test of Mediation between Organisational Characteristics and Attrition Attitude:

To assess whether there is mediation effect of Job Satisfaction, as far as Organisational Characteristics is concerned, several regressions both simple and multiple regressions are carried out. The results are given below.

Table 7. 3

Regression Analysis for Organisational Characteristics and Job Satisfaction on Attrition Attitude

Sl. No.	Variable To	Path	Variable from	Estimate	S.E.	C.R.	Prob. (P)	Sig
			Simple Regression					
1	Attrition Attitude	<---	Organisational Characteristics	-.066	.046	-1.416	.157	Ns
2	Job Satisfaction	<---	Organisational Characteristics	1.006	.086	11.653	P<0.001	**
3	Attrition Attitude	<---	Job Satisfaction	.072	.023	3.125	.002	**
			Multiple Regression					
4	Attrition Attitude	<---	Organisational Characteristics	-.185	.045	-4.089	P<0.001	**
5	Attrition Attitude	<---	Job Satisfaction	.119	.023	5.234	P<0.001	**

In the table given above, Sl. No.1 to 3 represents the simple linear regression conducted between all the three variables. SL.No. 4 and 5 represent the multiple linear regression with Attrition Attitude as the dependent variable and Organisational Characteristics and Job Satisfaction as the predictor variables each controlling for the effect of other.

It is seen from the regression results that, there is more than one significant relationship between the variables underlying the assumption that there may be some

form of mediation effect. However, the Multiple Regression analysis results found for both the predictor variables Organisational Characteristics and Job Satisfaction show that both the predictor variables are significant. That is even after, controlling for one variable on the other, the effects are significant for all the predictor variables. Hence it may be inferred that there is partial mediation effect between Organisational Characteristics and Attrition Attitude and hence the hypothesis **H06 that, “Job Satisfaction has significant mediation effect between Organisational Characteristics and Attrition Attitude” may not be rejected.**

Test of Mediation between Organisation Commitment and Attrition Attitude

To assess whether there is a mediation effect of Job Satisfaction, as far as Organisation Commitment is concerned, several regressions both simple and multiple regressions are carried out. The results are given below.

Table 7. 4

Regression Analysis for Organisation Commitment and Job Satisfaction on Attrition Attitude

Sl. No.	Variable To	Path	Variable from	Estimate	S.E.	C.R.	Prob. (P)	Sig
			Simple Regression					
1	Attrition Attitude	<---	Organisation Commitment	-.020	.039	-.513	.608	Ns
2	Job Satisfaction	<---	Organisation Commitment	.790	.073	10.768	P<0.001	**
3	Attrition Attitude	<---	Job Satisfaction	.072	.023	3.125	.002	**
			Multiple Regression					
4	Attrition Attitude	<---	Organisation Commitment	-.099	.038	-2.601	.009	**
5	Attrition Attitude	<---	Job Satisfaction	.100	.023	4.380	P<0.001	**

The results are similar to that of Organisational Characteristics. In the table given above, Sl. No.1 to 3 represent the simple linear regression conducted between all the three variables. SL.No. 4 and 5 represent the multiple linear regression with Attrition Attitude as the dependent variable and Organisation Commitment and Job Satisfaction as the predictor variables each controlling for the effect of other.

It is seen from the regression results that, there is more than one significant relationship between the variables underlying the assumption that there may be some form of mediation effect. However, the Multiple Regression analysis results found for both the predictor variables Organisation Commitment and Job Satisfaction show that both are significant at 1% level. That is even after controlling for one variable on the other, the effects are significant for all the predictor variables. Hence it may be inferred that there is partial mediation effect between Organisation Commitment and Attrition Attitude and hence the hypothesis **H07 that, “Job Satisfaction has significant mediation effect between Organisation Commitment and Attrition Attitude” may not be rejected.**

Total Effects - Estimates

The total effect is the combined direct and indirect effects of each column variable on each row variable. For example, total effect of Organisational Characteristics on Attrition Attitude is -0.081, which is the sum of the direct effect (-0.165) and indirect effect (0.084) it had on Attrition Attitude. That is, due to both direct and indirect effects of Organisational Characteristics, when the total effect goes up by 1 unit, Attrition Attitude score decreases by -0.081. Similarly when the total effect of Organisation Commitment score goes up by 1 unit the Attrition Attitude score of the respondents increases by 0.021, which is again the sum of direct effect (-0.034) and indirect effect (0.055) of Organisation Commitment.

Table 7.5

Direct, Indirect and Total Effects – Standardized

		Organisational Characteristics	Organisation Commitment	Job Satisfaction
Direct	Job Satisfaction	.334	.261	---
	Attrition Attitude	-.170	-.042	.261
Indirect	Job Satisfaction	---	---	---
	Attrition Attitude	.087	.068	---
Total	Job Satisfaction	.334	.261	---
	Attrition Attitude	-.083	.026	.261

Similar to Unstandardised regression weights, relative contribution of the standardized direct, indirect and total effects of each of column variable on the row variable are given above. Since the standardized regression weights are free from units of measurements they are comparable. For example, it can be said that the direct effect of Organisational Characteristics (0.334) on Job Satisfaction is relatively higher than Organisation Commitment (0.261) on Job Satisfaction. The variable, Organisational Characteristics has more direct negative effect (-0.170) on Attrition Attitude compared to Organisation Commitment (-0.042). The indirect effect of Organisational Characteristics (0.087) on Attrition Attitude is higher than the indirect effect of Organisation Commitment (0.068). The standardized total effect of organizational Characteristics on Job Satisfaction (0.334) is higher than the total effect of Organisation Commitment (0.312). The total effect of Organisational Characteristics is higher (-0.087) on Attrition Attitude compared to Organisation Commitment (0.026) in absolute terms..

Summary

Path Analysis was applied to find the relationship between the factors namely, Organisational Characteristics, Organisation Commitment, Job Satisfaction and Attrition Attitude of the employees. The effects of organizational Characteristics and Organisation Commitment on Attrition Attitude and Job Satisfaction were studied. The effect of Job Satisfaction on Attrition Attitude was also studied. The mediation effect of Job Satisfaction Between the exogenous variables Organisational Characteristics and Organisation Commitment and endogenous variable namely, Attrition Attitude were also studied. The path model was developed and the goodness of fit statistics were employed for the validity of the model. The goodness of fit statistics were within the admissible limits and it was inferred that the model fit is good.

Finally, the path coefficients were estimated and both direct, indirect and total effects of exogenous and endogenous variables were found out. The Unstandardised and standardized regression weights were calculated. The results showed that the variables Organisational Characteristics and Organisational Commitment had significant direct effects on Job Satisfaction. Whereas Organisational characteristics only had significant

but negative direct effect on Attrition Attitude. The Job Satisfaction factor, however was found to have significant effect on Attrition Attitude but the effect was positive.

The mediation effects of Job Satisfaction between Organisational Characteristics and Attrition as well as between Organisation Commitment and Attrition were only partial.

Standardized regression weights were found out to compare the relative contribution of direct, indirect and total effects of each independent variable on the dependent variable.

The results showed that the direct effect of Organisational Characteristics on Job Satisfaction as well as on Attrition Attitude is relatively higher than Organisation Commitment. The indirect effect of Organisational Characteristics on Attrition Attitude is higher than the indirect effect of Organisation Commitment. The standardized total effects of organizational Characteristics on Job Satisfaction and also on Attrition Attitude were higher than the total effect of Organisation Commitment.