Chapter 14

Determinants of Job Satisfaction and Its Impact on Affective, Continuance, and Normative Commitment of Employees: An Empirical Study

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ABSTRACT

This chapter aims to identify different factors of job satisfaction responsible for different types of commitment (i.e. affective, continuance, and normative commitment among the employees of IT organizations). The primary data was collected from 401 respondents of IT organizations using validated scales on organizational commitment and job satisfaction. The exploratory factor analysis was conducted to identify different factors of job satisfaction and scale reliability of organizational commitment scale. The reliability and validity of all the constructs were further done through confirmatory factor analysis. Then related hypotheses were tested using structural equation modeling through AMOS 21.0. Three factors of job satisfaction were extracted, namely growth opportunities and management practices, working condition, and fair treatment. Growth opportunities and management practices are the prominent reasons for affective commitment, whereas fair treatment ensures continuance and normative commitment among the employees of IT organizations with the given sample.

INTRODUCTION

Of late with the rapid change in the environment and technology, the role of HR has become more dynamic and complex for IT companies. It has been observed that role of HR is shifting from traditional personnel, administration, and transactional to strategic utilization of employees. Most of the companies now refer
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HR activities as ‘Human Capital Management’ to reflect the strategic and leadership development role of HR. The focus of the company is not only to recruit new employees but also to encourage and motivate the existing employees for better performance by keeping them satisfied and committed towards their job. Keeping employees happy, satisfied and committed depends on the HR approach towards employee life cycle. The fact that employees are the most important resource of any organization cannot be denied.

Employee Commitment and retention of talented employees are very important for maintaining stability and reducing employee turnover. Various outcomes are influenced by organizational commitment such as decreased turn over, higher motivation and organizational support. Keeping workers happy and satisfied with the job strengthen the organization in reducing employee turnover, increasing productivity, profits and tends to develop high loyalty and commitment level among employees. Job satisfaction among employees develops a sense of mental, physical, financial, technical and human security. It helps in employee retention and develops commitment among them.

The loss of skilled IT professionals is very expensive. Annual rates of turnover in IT departments have been estimated up to 20% or more. In addition to the cost of replacing the experienced staff turnover takes its toll on productivity and morale through disruption of projects, heavier workloads and negative impact on team cohesion. It is evident from few sources that high turnover is an inevitable consequence of huge demand for technology skills. The only remedy for this trend is research and development to increase commitment among IT professionals and it also is widely accepted that one way to reduce voluntary turnover is by strengthening employee commitment to the firm. So it is crucial to identify the level of job satisfaction and its influence on organizational commitment to retain talented work force in the software industry.

The present study is based on the understanding that turnover intentions among software professionals are largely in agreement with theoretical models of job satisfaction, organizational commitment, and turnover. Research does not support much employee turnover and retention in IT does not much support the claim that IT turnover can be independent of job satisfaction, but rather suggest that IT employees seem to be quicker to change jobs than other employees when they are dissatisfied with their current employer (Hacker, 2003). The researchers are of the opinion that HR practices are significantly associated with the Job satisfaction (Ting, 1997) and improves the employee’s feeling of commitment towards the organization (Anand, 2016, Jiang, Onyema, 2014, Lepak, Hu, & Baer, 2012; Khanna & Sehgal, 2016).

LITERATURE REVIEW

Job Satisfaction

Several studies have been conducted on job satisfaction. Recently the more global organizational commitment has emerged out of the research literature as being important to understanding and predicting organizational behavior. The term ‘Satisfaction’ refers to a level of achievement of needs, wants and desire (Nancy C. Morse, 1997) and it depends on wants of an individual from the world and that he receives in return. The concept of job satisfaction is widely researched and researchers define it in various manners. According to Knoop (1995), it is the general attitude of an employee towards the job and its dimensions whereas Mc Nsee-Smith views it the feelings of individuals towards their job. Locke (1976) has defined job satisfaction based on Individual’s evaluation of one’s work or work experiences as a positive state. According to Spector (1997), it is a set of attitude towards different aspects of work,