

# Psychological Climate as an Antecedent of Job Satisfaction & Job Involvement

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*Studies pertaining to human resource (HR) management in India have revealed a variety of factors that significantly affect employees' attitude towards their jobs not the least of which is their perception about the immediate job environment or the psychological climate. The present study posits two attitudinal variables of job satisfaction and job involvement as consequences of psychological climate. Data were collected from 357 managers/executives and subject to multivariate data analysis procedures. The results established that psychological climate is a statistically significant predictor of positive levels of job satisfaction and job involvement. The theoretical and practical connotations of the study and possible areas of future research are also discussed.*

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## Introduction

The increasing global spread of business and the greater participation of multi-national corporations (MNCs) in developing markets calls for focusing attention towards management practices in different parts of the world (Budhwar 2003, Napier & Vu 1998). Among the rapidly expanding economies of the world, India holds a position of prominence (Biswas, Giri & Srivastava 2006, Budhwar & Boyne 2004). It is evident that global changes have had a significant impact on the Indian economy too. Chauhan, Dhar and Pathak (2005) observed that change *per se* is a routine affair in the contemporary business scenario; what is more important is a recognition of the fact that managerial efficacy needs to keep pace with such rapid transformations. Furthermore, it appears that in the era following the South East Asian financial crisis of 1997-98 (World Bank 2001) and in accordance with the report published by Goldman Sachs (2003), India along with Brazil, Russia, and China is poised to be a major player in the world business scenario.

It has been observed that India's na-

tional culture has a rich heritage which is helpful in clarifying different human actions. It is further understood that these cultural facets are deeply ingrained in the individual psyche and are relevant in positive cognition and affect of individuals at the workplace (Rao & Abraham 2003). At the same time, the indigenous culture of India has been quick to accept alien customs and mores while preserving its distinctive values and rules (Biswas *et al.* 2006). This has established the Indian social order as a classic example of the oriental world. In terms of crossvergent socio-cultural ethos therefore, India stands as a leader in establishing the norms and practices that dominate managerial practices in the contemporary borderless business environment (Ralston, Holt, Terpstra, & Kai-Cheng 1997). In a cross-cultural framework, the above discussion indicates that the stature of India is quite elevated in the global socio-economic map. So much so, that Varma, Budhwar, Biswas, and Toh (2005) noted that India's traditional cultural systems are acting as a fulcrum of the South East Asian business environment.

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England and Lee (1974) noted that during periods of environmental turmoil, societies in emergent economies such as India tend to follow a path that leads to stability. This further implies that in a bid to maintain internal homogeneity and acclimatize to the external changes, society focuses on retaining certain behav-

ioral aspects that are indigenous and at the same time give way to a certain level of novelty. Given that organizations operate within the domain of societal norms and values, it is evident that behavioral aspects of managing organizations call for further study. Based on this supposition, the objective of the current study was formulated wherein the inter-relationship between three behavioral constructs were examined namely, psychological climate, job satisfaction, and job involvement. More specifically, the present study investigates the causal impact of psychological climate on job involvement and job satisfaction. The following section reviews literature related to the key variables.

### Theoretical Background

Before the introduction of the New Economic Policy (NEP) in 1991, the Indian business environment was discernible through the dominance of firms in the manufacturing sector. These firms, whether public or private, were usually large organizations and were marked by mechanistic processes and rigid practices (Biswas & Varma 2007). In fact, firms belonging to the service sector such as, educational institutions, healthcare organizations, and media and communications were basically owned by the state. This was a direct consequence of Nehruvian welfare philosophy that emphasized pluralistic utilitarianism. The fall out of such a socio-political arrangement was the lack of emphasis on individual behavioural aspirations (Varma *et al.* 2005). Thus, till the privatization of the Indian economy in the early 1990s, In-

dian organizations were extremely bureaucratic and were characterized by one-way flow of decision making from the top to the bottom. Indeed, Hofstede (2001) observed that such managerial philosophies and practices are not uncommon in social cultures that are dominated by collectivism and high power distance norms.

However, with the liberalization of the Indian business environment managerial practices especially those related to cognitive and affective facets of individual employees at the workplace underwent major alterations. Furthermore, human resource (HR) practices in Indian firms have experienced a sea change, as contemporary HR policies and practices are designed in a manner that promotes individual involvement on-the-job and encourages extra-role behaviour in addition to the in-role behaviour of employees (Biswas 2006, Budhwar & Khatri 2001, Pattnaik & Biswas 2005). As Biswas and Varma (2007: 666) observed: "HR practices in India are increasingly geared towards improving the way individual employees perceive their day-to-day working environment, or the way they perceive the *psychological climate* in the workplace" [italics added].

Thus, to understand the group of actions in relation to the administration of members of an organization, the appropriate literature recommends an investigation of those variables that are related to an individual's acuity a propos their immediate workplace atmosphere based on their everyday experiences (Schneider 1975, Strutton, Pelton & Lumpkin 1993).

The relevant literature recommends the examination of psychological climate as a primary antecedent of a variety of individual-level outcomes such as job satisfaction, and job involvement (James, James & Ashe 1990, Parker *et al* 2003, Woodard, Cassill & Herr 1994). This article seeks to empirically examine these theoretical suggestions in the context of the Indian management scenario.

**Job satisfaction has been found to be a multidimensional construct manifesting the emotional evaluations of individuals regarding their expectations and how well they have been met.**

Job Satisfaction has been defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience" (Locke 1976:1300). Wanous and Lawler (1972) identified several different operational definitions of job satisfaction examining different facets of job satisfaction and their combined effect in providing a general understanding of the job satisfaction construct. Job satisfaction has been found to be a multidimensional construct manifesting the emotional evaluations of individuals regarding their expectations and how well they have been met. Schnake (1983) conceptualized three dimensions of job satisfaction representing intrinsic, extrinsic, and social aspects of job satisfaction. In effect, Schnake's (1983) dimensions of job satisfaction cover cognitive and affective responses made by individuals in connection with their work environment.

Moorman (1993) pointed out that job satisfaction was a significant indicator of the extra-role behaviour of individuals as manifested by organizational citizenship behaviour (OCB). In their meta-analytic review of the OCB construct, Podsakoff *et al* (2000) noted that satisfaction has been frequently studied as an antecedent of OCB. Organ and Ryan (1995) in their meta-analysis referred to job satisfaction as a strong predictor of OCB. Earlier, Bateman, and Organ (1983) contended that the direct relationship between job satisfaction and job performance was hazy, and the more immediate consequence of job satisfaction was likely to be OCB. The rationale provided by Bateman and Organ (1983:588) was: “to the extent that job satisfaction, as was conventionally measured, reflects this positive affective state, it is more likely that more satisfied persons display more of the pro-social, citizenship behaviours”. Further support for the direct effect of job satisfaction on OCB is derived through the work of Organ (1994), who stated that job satisfaction was related to the unprompted and uncompensated actions of individuals that were studied as extra-role or OCB. Other studies that distinctly suggested the influence of job satisfaction on OCB included Farh, Podsakoff, and Organ (1990), Organ (1998), and Organ and Konovsky (1989).

Additionally, literature reported that job satisfaction successfully predicted turnover intentions (Baysinger & Mobley 1983, Farrel & Rusbult 1981, McEvoy & Cascio 1985, Mobley 1982, Price & Mueller 1981, Steers & Mowday 1981). Mobley *et al* (1979) highlighted the fact

that job satisfaction was one of the important variables in explaining turnover intentions among employees. In their meta-analytic review, Cotton and Tuttle (1986) reported a negative relationship between Job Satisfaction and turnover intentions.

**Job Involvement appears to be a construct that follows directly from the way individuals are affected by their immediate work environment and interpersonal relationships**

Job Involvement is a construct that arises out of interactions between individual disparity of sensitivity about the work settings and personality traits (Ruh, White & Wood 1975, Sandler 1974, Schein 1983). According to Lodahl and Kejner (1965), Job Involvement affects people for whom his or her job constitutes the most important portion of life. Thus, Job Involvement can be conceptualized as “the degree to which a person identifies psychologically with his work or the importance of work in his total self image” (Lodahl & Kejner 1965: 24). Hence, Job Involvement appears to be a construct that follows directly from the way individuals are affected by their immediate work environment and interpersonal relationships (Ruh *et al.* 1975).

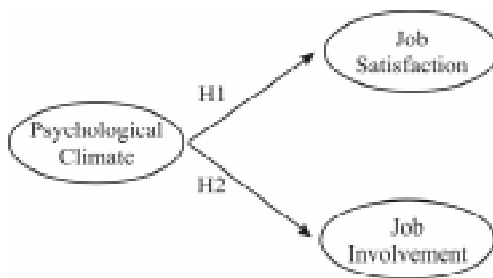
Based on the discussion above, the following hypotheses were formulated for the purpose of empirical testing:

H1: Psychological climate will have a significantly positive impact on job satisfaction of individual employees at work.

H2: Psychological climate will have a significantly positive influence on job involvement of individual employees at work.

The hypotheses above are presented schematically in the path diagram as in Fig.1

Fig 1: The Path Model Associating the Latent Constructs



### Data Collection

The respondents involved in the study were executives/managerial cadre employees from different organizations. Data were collected from a total of 357 participants through a survey questionnaire. A covering letter describing the reason of the study was attached with each questionnaire. This letter gave details about the voluntary and anonymous nature of the study. Furthermore, participants were assured that the responses would be used only for research purpose. The questionnaires, when completed, were returned to the researcher via mail, in pre-stamped envelopes which were made available with the questionnaires.

### Sample

Of the 357 participants, 180 (i.e. 50.42 per cent) belonged to the manu-

facturing sector companies, while 177 (i.e. 49.58 per cent) belonged to service sector organizations. Moreover, 83.9 per cent of the survey participants were males, while 16.1 per cent were females. The average age of the participants was 36.9 years. The average weekly hour spent by the participants at work was 52.4, and their average years of work experience was 10.7. Finally, 7.3 per cent of those surveyed belonged to senior management, 35.6 per cent were from middle management, and 57.1 per cent reported working at junior management levels.

### Measures

*Psychological Climate (PC)* was calculated using the Psychological Climate Measure as reported by Brown and Leigh (1996). This scale comprised six factors of PC namely, supportive management, role clarity, contribution, recognition, self-expression, and challenge and included 21 items. The reliability measure of this scale was found to be .90.

*Job Satisfaction* was measured using the 11 item Job Satisfaction Instrument covering the three dimensions of satisfaction, namely, intrinsic, extrinsic, and social satisfaction as reported by Schnake (1983). Three items were used to measure extrinsic satisfaction, four items to measure intrinsic satisfaction, and four items were used to measure social satisfaction. The Cronbach's alpha for this scale was .90.

*Job Involvement* was measured using 4 items of the Job Attitude Scale as developed and reported by Lawler and

Hall (1970). This scale measured the affective attachment of individuals with their job. The value of the Cronbach's alpha representing the scale reliability was .82.

### Data Analysis

The Statistical Package for Social Science version 10.0 (SPSS 10.0) and the Analysis of Moments Structure (AMOS 4.0) were used to analyze the data. The statistical analyses that were conducted included a measurement and a structural equation model (SEM). The path model based on the hypotheses emerging out of the review of literature was subjected to structural equation analysis and fit tests. Apart from the regression analysis, a variety of statistics including the normed Chi-square ( $\chi^2/d.f.$ ), goodness-of-fit, centrality parameters, and normed-fit-indices as provided by

AMOS 4.0 (Arbuckle & Wothke 1999) were utilized to achieve the results.

### Results

Table 1 presents the means, standard deviations, correlations, and reliability indices for the key variables of this study. It may be noted that Psychological Climate correlated positively and significantly with job satisfaction ( $r = .63$ ,  $p = .01$ ) as well as Job Involvement ( $r = .48$ ,  $p = .01$ ).

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**Table 1: Descriptive Statistics, Correlations & Reliability Indices (N=357)**

	Mean	S.D.	1	2	3
1. Psychological climate	3.65	.53	(.90)		
2. Job satisfaction	3.40	.65	.63**	(.90)	
3. Job involvement	3.52	.60	.48**	.46**	(.82)

\*\* $p = .01$ , Values in parentheses represent Cronbach alpha

In order to examine the causal linkages, multiple regression analyses were conducted on the variables included in this study. Table 2 shows the standardized regression estimates between the key constructs. As shown in the table, Job Satisfaction was significantly influenced by Psychological Climate (standardized  $\hat{\alpha} = .76$ ,  $p = .01$ ). Similarly, Job involvement was significantly and positively predicted by Psychological Climate (standardized  $\hat{\alpha} = .53$ ,  $p = .01$ ).

**Table 2: Regression Estimates**

	Standardized $\hat{\alpha}$	C.R.
Psychological climate $\rightarrow$ Job satisfaction	.76	8.94
Psychological climate $\rightarrow$ Job involvement	.53	7.59

The present study used the maximum likelihood estimation (MLE) algorithm to determine the fit indices. Accord-

ingly, the Goodness-of-Fit Index (GFI) and the Root Mean Square Error of Approximation (RMSEA) were reported as the absolute fit measures. According to Byrne (2001), absolute fit measures should be used for comparison between the hypothesized model and an absence of any other model. The other measures which were also reported were the Tucker-Lewis Index (TLI) and the Comparative Fit Index (CFI). These indices indicated a comparison between the hypothesized model and the model with maximum constraints. Finally, the normed

chi-square value was also used as an acceptable measure of fit.

Table 3 shows the fit measures of the proposed model. For the model as depicted in Fig.1, the normed  $\chi^2$  value is 2.42. The GFI is .91. The TLI is equal to .91, the NFI value is .88, and the CFI value is .93. With the threshold value of RMSEA being 0.07, the value of RMSEA for the proposed model is 0.06. Finally, the AGFI and the PGFI values are equal to .88 and .66 respectively, thus confirming a good fit of the model.

**Table 3: Fit Indices**

<i>Fit Indices</i>	GFI	AGFI	PGFI	TLI	NFI	CFI	RMSEA	Normed $\chi^2$
<i>Proposed Model</i>	.91	.88	.66	.91	.88	.93	.06	2.42
<i>Independence Model</i>	.37	.30	.33	.00	.00	.00	.21	16.75

**Discussion & Conclusion**

The results of the regression and the SEM procedures justifies the acceptance of the first hypothesis that is, Psychological Climate will have a significantly positive influence on Job Satisfaction. Theoretically, an individual’s behaviour is affected by events in the external environment and in this context individual outcomes are going to be predicted by psychological perceptions rather than objective realities. These individual outcomes also include job-related ones such as work performance (James *et al* 1978).

Interestingly, psychological perceptions of one’s immediate work environment or in other words, Psychological Climate were once viewed as synonymous with the Job Satisfaction Construct

(Johannesonn 1973). However, low inter-correlation between them has placed Psychological Climate and Job Satisfaction as distinct concepts which led to the formulation of the first of the present study hypothesis. Furthermore, the implication of the acceptance of the first hypothesis is that job clarity, task control, management control, and task reward and recognition which are dimensions of Psychological Climate play an important role in determining Job Satisfaction of an employee. This viewpoint is corroborated by earlier studies, too (Futrell, Swan, & Todd 1976, Todd 1973).

From a practical point of view it is important for managers to be aware of employees’ perceptions about work realities. It is therefore an imperative that managers design their subordinates’ work

responsibilities in such a manner that there are less stressors and a greater amount of challenge, rewards, and recognition. Moreover, with Psychological Climate proving to be a significantly positive predictor of an attitudinal factor like Job Satisfaction, it further underscores that support and sincerity in supervisor-subordinate and peer-related relationships enhance an individual's level of Job Satisfaction. Cohesion among organizational members is also an important underlying factor in increasing an employee's Job Satisfaction. Essentially, these factors of psychological perception improve individual's Job Satisfaction by augmenting their social satisfaction.

**It is an imperative that managers design their subordinates' work responsibilities in such a manner that there are less stressors and a greater amount of challenge, rewards and recognition.**

Apart from social satisfaction, the present study also took into consideration intrinsic and extrinsic factors of Job Satisfaction. Indeed, the results of the present study shows that innovativeness and challenge, external and internal recognition of work, and managerial impartiality all of which represent dimensions of Psychological Climate lead to boost individual Job Satisfaction level. This contention is supported by previous literature too (Montes, Fuentes, & Fernandez 2003).

The results of the present study also led to the acceptance of the second hy-

pothesis that Psychological Climate will have a significant and positive impact on Job Involvement. In this study, Psychological Climate was conceptualized at both the unit-level as well as the individual-level. At both the levels, the commonality lies in that managerial policies, practices, and processes are based on the same individual's psychological perception (Schulte, Ostroff, & Kinicki 2006). In this connection, Job Involvement is conceptualized as the extent of an individual's psychological identification with his/her job. Hence, the acceptance of the second hypothesis stands conceptually justified. The theoretical implication of this statement is that the amount of involvement an individual will have with his/her job will depend upon the affirmative strength with which he/she psychologically perceives the various facets of his/her job and job environment.

Additionally, a positive view of an employee's immediate work environment would build up both discretionary as well as non-discretionary role perceptions. It would make work more meaningful and rewarding for the individual employee. The above discussion clearly impresses the theoretical underpinnings of the acceptance of the second hypothesis.

From a practical perspective, the results indicating support for a positive influence of psychological climate on job satisfaction points at the fact that the managerial processes must be clearly defined so as to be precisely discerned by the employees. This precision in the definition of processes refers not only to overall management policies but also, to

an employee's immediate job-related details that would lead to an intensification of role and goal clarity and instil in the individual a greater sense of psychological fulfilment in discharging his/her role responsibilities. In this process, employees will also be able to develop sense and meaning-making out of their work and work environment.

In this context, managers should be especially attentive towards framing subordinates' performance requirements and standards. Subordinates should perceive that their job is innovative and challenging leading to process clarity and greater identification with the job or in other words, this would lead to a heightened level of job involvement.

**That Job Satisfaction will have a significantly negative effect on turnover intention stands true.**

As evident from Table 2, the regression result proves that the third hypothesis that Job Satisfaction will have a significantly negative effect on turnover intention stands true. This outcome in fact, has been endorsed by earlier studies (Freeman 1978, Shields & Price 2002). The implication of this result is that the complexity of work environment, if perceived in a favourable light would increase an individual's Job Satisfaction. Thus, Job Satisfaction forms a central factor in whether an individual identifies with his/her job and by extension, with his/her organization. Thus, greater an individual is extrinsically, intrinsically, and socially satisfied with his/her job, greater

will be his/her level of organizational identification and commitment. Evidently, such an attitude would egg the individual to continue with the organization and restrain his/her turnover intention.

From a practical viewpoint, managers should create such an environment through job designs and managerial processes such as organizational communication and human resource policies and practices so as to make employees access information easily, reduce stress, and on the whole make the whole work experience more pleasurable and fruitful. This in turn, would constrain the employees from looking for employment options elsewhere and thus diminish their intention to quit the current employment.

It is further suggested that employers should create policies and practices that encourage participatory decision making and improve the sense of employee ownership of business. This would further improve individual's propitiation with their role and its requirements. However, a rider here is that in the process of favourable job designing that magnifies Job Satisfaction and intends to reduce turnover intentions should factor cultural aspects of social life. Organizations are after all, a part of the overall societal framework and rules and norms should be in keeping with accepted cultural mores.

#### **Future Scope of Research**

It was felt that there are certain areas arising out of the present study that may be addressed by future research.

Firstly, the proposed model should be tested separately in manufacturing and service sector firms. This is because, immediate work environment differ significantly in organizations between these two sectors. Hence the predictive characteristic of Psychological Climate may vary across the sectors. Secondly, the current study took into account two major attitudinal variables that is, Job Satisfaction and Job Involvement. Attitudinal variables have historically, showed marked difference when grouped by gender. Hence separate models based on gender should check for the mediational capabilities of Job Satisfaction and Job Involvement. Finally, future studies may also take into account the construct of organizational citizenship behaviour which is a non-discretionary component of work.

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