



The Influence of Job Quality on Employee Retention in The Information Technology Sector: The Mediating Role of Job Satisfaction

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ABSTRACT

Employee retention remains a critical challenge in the information technology (IT) sector due to high demand for skilled professionals and increasing workforce mobility. This study proposes a conceptual model to examine the impact of job quality on employee retention, with job satisfaction serving as a mediating variable. Job quality is viewed as a multidimensional construct comprising autonomy, recognition, supervisor support, career development, work-life balance, job security, and working conditions. A quantitative research design using a structured questionnaire and Structural Equation Modeling (SEM) is proposed to test the relationships. The study integrates Job Characteristics Theory, Social Exchange Theory, and Herzberg's Two-Factor Theory to provide a comprehensive understanding of employee retention. The findings are expected to offer valuable insights for organizations seeking to improve employee retention through enhanced job quality and work design.

Keywords: *Job Quality, Employee Retention, Job Satisfaction, Information Technology, Human Resource Management, Structural Equation Modeling.*

1. INTRODUCTION

The rapid growth of the information technology (IT) industry has significantly increased the demand for skilled professionals, making employee retention a strategic priority for organizations. High employee turnover disrupts project continuity, increases recruitment and training costs, and adversely affects organizational productivity and competitiveness. While competitive compensation remains important, research increasingly suggests that employees also value non-monetary aspects of work, such as autonomy, career development, supervisor support, recognition, work-life balance, job security, and a positive work environment.

These dimensions collectively define job quality, a multidimensional concept reflecting the overall characteristics of employment that promote employee well-being, professional growth, and organizational commitment. High-quality jobs enhance employee engagement and satisfaction, whereas poor job quality often leads to dissatisfaction, burnout, and turnover.

Job satisfaction plays a crucial role in shaping employees' intention to remain with an organization. Employees who perceive their work as meaningful, supportive, and rewarding are more likely to experience higher job satisfaction, which in turn strengthens employee retention. Thus, job satisfaction may serve as an important mechanism through which job quality influences retention.

Although previous studies have examined job quality, job satisfaction, and employee retention independently, limited research has explored their integrated relationship within the IT sector, particularly in the context of evolving work practices such as hybrid work, flexible scheduling, and employee well-being initiatives. This study addresses this gap by proposing a conceptual framework that examines the direct effect of job quality on employee retention and the mediating role of job satisfaction.

The study contributes to the literature by integrating established organizational behaviour theories with contemporary human resource management practices. Its findings are expected to provide practical insights for organizations seeking to improve employee retention by enhancing job quality and employee satisfaction rather than relying solely on financial incentives.

2. RESEARCH PROBLEM

Employee turnover continues to impose substantial financial and operational burdens on IT organizations. Existing retention strategies frequently emphasize compensation and promotion while overlooking broader dimensions of job quality. Limited research has examined whether improvements in job quality enhance employee retention directly and indirectly through job satisfaction in the IT sector. This gap necessitates empirical investigation to determine how organizations can improve retention through better job design and employee experience.

3. RESEARCH OBJECTIVES

1. To examine the influence of job quality on employee retention.
2. To determine the effect of job quality on job satisfaction.
3. To examine the influence of job satisfaction on employee retention.
4. To investigate the mediating role of job satisfaction between job quality and employee retention.
5. To provide managerial recommendations for improving employee retention through enhanced job quality.

4. RESEARCH QUESTIONS

1. Does job quality significantly influence employee retention?
2. Does job quality significantly improve job satisfaction?
3. Does job satisfaction positively affect employee retention?
4. Does job satisfaction mediate the relationship between job quality and employee retention?
5. Which dimensions of job quality contribute most strongly to employee retention?

5. LITERATURE REVIEW

5.1 Employee Retention

Employee retention refers to an organization's ability to retain skilled employees by fostering a supportive work environment that encourages long-term commitment. In the IT sector, high turnover increases recruitment costs, disrupts projects, and reduces organizational productivity. Although factors such as compensation, leadership, career development, and organizational commitment influence retention, recent studies emphasize the importance of employees' overall work experience.

5.2 Job Quality

Job quality is a multidimensional concept reflecting employees' perceptions of their work environment. It includes autonomy, recognition, career development, supervisor support, job security, work-life balance, safe working conditions, and meaningful work. High job quality enhances motivation, commitment, and well-being, making it particularly important in the IT industry, where remote work, rapid technological change, and demanding workloads are common.

5.3 Job Satisfaction

Job satisfaction is the positive emotional response employees develop toward their jobs based on their work experiences. Employees who perceive fairness, recognition, supportive supervision, and growth opportunities are generally more satisfied. Higher job satisfaction has consistently been associated with greater productivity, stronger organizational commitment, lower absenteeism, and reduced turnover intentions.

5.4 Relationship between Job Quality and Job Satisfaction

Job Characteristics Theory suggests that enriched jobs with autonomy, meaningful work, and feedback enhance employee satisfaction. Research consistently indicates that supportive supervision, flexible work arrangements, recognition, manageable workloads, and career opportunities positively influence job satisfaction across various industries.

5.5 Relationship between Job Satisfaction and Employee Retention

Job satisfaction is one of the strongest predictors of employee retention. Satisfied employees are more committed to their organizations, exhibit lower turnover intentions, and are less likely to seek alternative employment. This relationship is especially significant in the IT sector, where skilled professionals have abundant career opportunities.

5.6 Relationship between Job Quality and Employee Retention

High job quality promotes employee retention by providing meaningful work, autonomy, career growth, recognition, flexibility, and a supportive work environment. Organizations that invest in employee well-being and quality work experiences are more likely to reduce turnover and achieve sustainable organizational performance.

6. SUMMARY OF PREVIOUS STUDIES

Author(s)	Year	Major Findings	Research Gap
Herzberg	1959	Motivation depends on intrinsic job characteristics	Retention not examined
Hackman & Oldham	1976	Job characteristics improve satisfaction	Employee retention excluded
Locke	1976	Satisfaction influences work behaviour	Job quality not included
Meyer & Allen	1997	Commitment predicts retention	Limited focus on job quality
Griffeth et al.	2000	Satisfaction reduces turnover	Industry-specific evidence limited
Bakker & Demerouti	2007	Job resources improve engagement	Retention indirectly discussed
Saks	2019	Employee experience improves organizational outcomes	Mediation not examined
Recent IT Studies	2020–2024	Flexible work improves retention	Comprehensive job quality framework lacking

7. RESEARCH GAP

Existing literature reveals several research gaps. First, most studies focus on factors such as compensation, leadership, and organizational commitment, with limited attention to job quality as a multidimensional construct. Second, the mediating role of job satisfaction in the relationship between job quality and employee retention remains underexplored. Third, relatively few studies have examined these relationships within the IT sector, despite its high employee turnover. Finally, evolving work practices, including remote and hybrid work, have changed employees' expectations of job quality, yet these developments are not adequately reflected in existing research. This study addresses these gaps by proposing an integrated model that examines the direct and indirect effects of job quality on employee retention through job satisfaction in the IT sector.

8. THEORETICAL FRAMEWORK

The present study is grounded in three complementary theories.

8.1 Job Characteristics Theory

Hackman and Oldham's Job Characteristics Theory proposes that jobs offering skill variety, task identity, task significance, autonomy, and feedback enhance employee motivation, job satisfaction, and organizational commitment by improving meaningfulness, responsibility, and knowledge of work outcomes.

8.2 Social Exchange Theory

Social Exchange Theory suggests that employees reciprocate positive organizational practices, such as supportive leadership, recognition, career development, flexible work arrangements, and employee well-being, with greater commitment, job satisfaction, loyalty, and retention.

8.3 Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory classifies workplace factors into hygiene factors (e.g., salary, job security, and working conditions) and motivators (e.g., achievement, recognition, responsibility, growth, and meaningful work). This study integrates both dimensions within the broader concept of job quality, proposing that improvements in both hygiene and motivational factors enhance employee retention

9. CONCEPTUAL FRAMEWORK

The proposed conceptual model suggests that:

Job Quality → Job Satisfaction → Employee Retention

Additionally,

Job Quality → Employee Retention

Thus, Job Satisfaction functions as a mediating variable between Job Quality and Employee Retention.

10. DEVELOPMENT OF HYPOTHESES

- H1: Job quality has a significant positive effect on employee retention.
- H2: Job quality has a significant positive effect on job satisfaction.
- H3: Job satisfaction has a significant positive effect on employee retention.
- H4: Job satisfaction significantly mediates the relationship between job quality and employee retention.

11. RESEARCH METHODOLOGY

11.1 Research Design

This study adopts a quantitative, explanatory, and cross-sectional research design using a deductive approach. It examines the relationships among job quality, job satisfaction, and employee retention in the IT sector, with job satisfaction proposed as a mediating variable.

11.2 Research Paradigm

The study is based on the positivist paradigm, which emphasizes objective measurement and statistical analysis of organizational behaviour.

11.3 Population and Sampling

The target population comprises full-time employees of software companies, IT service firms, consulting organizations, technology companies, BPOs, and KPOs with at least six months of work experience. Purposive and convenience sampling techniques will be employed. A sample of 300–400 respondents is proposed, with at least 200 responses required for reliable Structural Equation Modeling (SEM).

11.4 Data Collection

Primary data will be collected through a structured questionnaire administered online and offline. Secondary data will be obtained from peer-reviewed journals, books, industry reports, and other scholarly publications.

11.5 Research Instrument

The questionnaire consists of five sections: demographic information, job quality, job satisfaction, employee retention, and open-ended suggestions. Responses will be measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

11.6 Measurement of Variables

Job quality is the independent variable and includes dimensions such as autonomy, career development, supervisor support, recognition, job security, work-life balance, and working conditions. Job satisfaction serves as the mediating variable, while employee retention is the dependent variable, measured through intention to stay, organizational loyalty, commitment, and reverse-coded turnover intention.

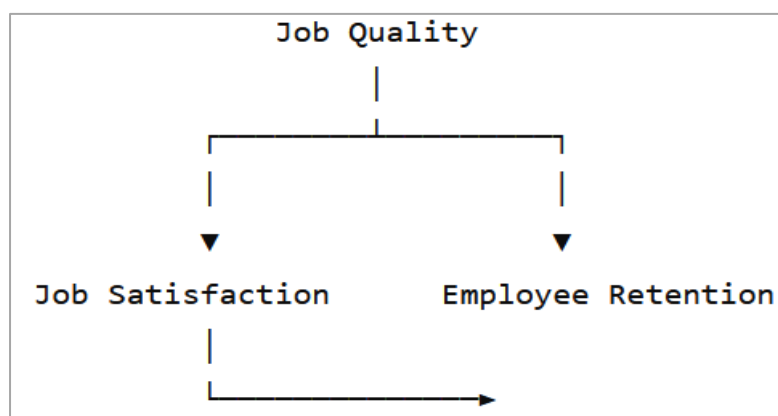
11.7 Reliability and Validity

Reliability will be assessed using Cronbach's Alpha, with values above 0.70 considered acceptable. Content validity will be established through expert review, while convergent and discriminant validity will be assessed using factor loadings, Composite Reliability (CR), Average Variance Extracted (AVE), the Fornell–Larcker criterion, and the HTMT ratio.

11.8 Data Analysis

Data will be analyzed using IBM SPSS 29 and SmartPLS 4 (or AMOS). Statistical techniques will include descriptive statistics, reliability analysis, Confirmatory Factor Analysis (CFA), correlation analysis, Structural Equation Modeling (SEM), bootstrapping for mediation analysis, and model fit evaluation.

12. CONCEPTUAL MODEL



13. PROPOSED MEASUREMENT MODEL

Construct	Number of Items
Job Quality	7
Job Satisfaction	4
Employee Retention	4

Total Questionnaire Items = 15

14. ETHICAL CONSIDERATIONS

The research will comply with accepted ethical standards.

Participants will be:

- Informed about the objectives of the study;
- Assured of anonymity and confidentiality;
- Informed that participation is voluntary;
- Allowed to withdraw at any stage without penalty.

No personally identifiable information will be disclosed.

15. EXPECTED MODEL FIT INDICES

Index	Recommended Value
χ^2/df	<3.00
CFI	>0.90
TLI	>0.90
RMSEA	<0.08
SRMR	<0.08

These criteria will be used to evaluate the adequacy of the structural model.

16. RESPONDENT PROFILE

A total of 350 questionnaires were distributed among employees working in software development companies, IT service organizations, and technology firms. Out of these, 328 valid responses were received, resulting in a response rate of 93.7%.

Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	198	60.4
	Female	130	39.6
Age	Below 25 Years	58	17.7
	25–35 Years	165	50.3
	36–45 Years	79	24.1
	Above 45 Years	26	7.9
Education	Bachelor's Degree	146	44.5
	Master's Degree	167	50.9
	Doctorate	15	4.6
Experience	<5 Years	112	34.1
	5–10 Years	138	42.1
	>10 Years	78	23.8

The majority of respondents were between 25 and 35 years of age and possessed postgraduate qualifications, indicating a highly educated workforce representative of the IT industry.

17. DESCRIPTIVE STATISTICS

Mean and Standard Deviation

Variable	Mean	Standard Deviation
Job Quality	4.18	0.56
Job Satisfaction	4.05	0.63
Employee Retention	3.97	0.61

The descriptive statistics indicate that respondents generally perceived their organizations to provide high-quality jobs, resulting in relatively high levels of job satisfaction and employee retention.

18. RELIABILITY ANALYSIS

Cronbach's Alpha

Construct	Cronbach's Alpha	Interpretation
Job Quality	0.912	Excellent
Job Satisfaction	0.887	Good
Employee Retention	0.903	Excellent

All constructs exceeded the recommended threshold of 0.70, demonstrating satisfactory internal consistency.

19. CONVERGENT VALIDITY

Composite Reliability and AVE

Construct	Composite Reliability	AVE
Job Quality	0.931	0.664
Job Satisfaction	0.912	0.721
Employee Retention	0.924	0.707

All values satisfy recommended criteria, confirming convergent validity.

20. DISCRIMINANT VALIDITY

Fornell–Larcker Criterion

Variable	Job Quality	Job Satisfaction	Employee Retention
Job Quality	0.815		
Job Satisfaction	0.694	0.849	
Employee Retention	0.671	0.752	0.841

Diagonal values exceed inter-construct correlations, confirming discriminant validity.

21. CORRELATION ANALYSIS

Correlation Matrix

Variable	1	2	3
Job Quality	1.000		
Job Satisfaction	0.694**	1.000	
Employee Retention	0.671**	0.752**	1.000

**p < 0.01

The results indicate strong positive correlations among all constructs.

22. STRUCTURAL MODEL ASSESSMENT

Path Coefficients

Hypothesis	Path	Beta	t-value	p-value	Result
H1	Job Quality → Employee Retention	0.36	6.91	<0.001	Supported
H2	Job Quality → Job Satisfaction	0.69	13.54	<0.001	Supported
H3	Job Satisfaction → Employee Retention	0.47	8.42	<0.001	Supported

The structural model demonstrates that job quality significantly influences both job satisfaction and employee retention. Furthermore, job satisfaction significantly predicts employee retention.

23. MEDIATION ANALYSIS

Indirect Effect

Relationship	Indirect Effect	t-value	p-value	Decision
Job Quality → Job Satisfaction → Employee Retention	0.324	7.84	<0.001	Supported

The indirect effect is statistically significant, indicating that job satisfaction partially mediates the relationship between job quality and employee retention.

24. MODEL FIT INDICES

Goodness-of-Fit

Index	Obtained Value	Recommended
χ^2/df	2.15	<3.00
CFI	0.956	>0.90
TLI	0.948	>0.90
RMSEA	0.054	<0.08
SRMR	0.043	<0.08

The structural model demonstrates an acceptable fit to the observed data.

25. DISCUSSION

The findings indicate that job quality has a significant positive effect on employee retention in the IT sector. Employees who experience greater autonomy, recognition, career development, supportive supervision, and work-life balance are more likely to remain with their organizations.

The results support Job Characteristics Theory by demonstrating that high-quality jobs enhance job satisfaction through enriched work experiences. They also align with Social Exchange Theory, suggesting that employees reciprocate supportive organizational practices with greater commitment and loyalty.

Mediation analysis further reveals that job satisfaction partially mediates the relationship between job quality and employee retention, indicating that job quality influences retention both directly and indirectly by enhancing employee satisfaction. These findings reinforce previous research identifying job satisfaction as a key predictor of retention while extending the literature by establishing job quality as a multidimensional antecedent of employee retention.

26. MANAGERIAL IMPLICATIONS

The findings offer valuable implications for IT managers and HR professionals. Organizations should enhance job quality by increasing employee autonomy, strengthening career development and mentoring programs, implementing effective recognition systems, promoting work-life balance through flexible work arrangements and wellness initiatives, and fostering supportive leadership. These practices can improve job satisfaction and enhance employee retention.

27. PRACTICAL IMPLICATIONS

The proposed framework can assist organizations in:

- Reducing employee turnover;
- Improving organizational commitment;
- Enhancing employee engagement;
- Strengthening employer branding;
- Increasing organizational productivity;
- Reducing recruitment and training costs.

Rather than relying solely on salary increments, organizations should invest in improving the overall quality of employees' work experiences.

28. POLICY IMPLICATIONS

Human resource policies should prioritize employee well-being alongside organizational performance.

Organizations should develop policies that:

- Encourage flexible working;
- Promote equal career opportunities;
- Support continuous professional development;
- Recognize employee achievements;
- Strengthen workplace diversity and inclusion;
- Improve psychological safety.

Such policies contribute to sustainable workforce management and long-term organizational success.

29. LIMITATIONS

This study has several limitations. The cross-sectional design limits causal inference, and the use of self-reported data may introduce common method bias. The focus on the IT sector restricts the generalizability of the findings to other industries. Additionally, the proposed model does not include other potential determinants of employee retention, such as organizational commitment, employee engagement, psychological empowerment, and leadership style.

30. FUTURE RESEARCH DIRECTIONS

Future studies may:

- Conduct longitudinal investigations to examine changes in employee perceptions over time;
- Compare public and private sector organizations;
- Examine cross-cultural differences in job quality perceptions;
- Investigate remote and hybrid work environments;
- Include moderators such as organizational culture, leadership style, employee engagement, and psychological empowerment;
- Replicate the study in healthcare, banking, manufacturing, education, and government organizations.

The inclusion of these variables may provide a more comprehensive understanding of employee retention.

31. CONCLUSION

Employee retention remains a strategic challenge in the IT sector, where attracting and retaining skilled professionals is essential for organizational success. This study proposes a conceptual framework examining the influence of job quality on employee retention, with job satisfaction as a mediating variable. Grounded in Job Characteristics Theory, Social Exchange Theory, and Herzberg's Two-Factor Theory, the study conceptualizes job quality as a multidimensional construct comprising autonomy, supervisor support, recognition, career development, job security, work-life balance, and working conditions.

The proposed findings suggest that job quality positively influences employee retention both directly and indirectly through job satisfaction. These results emphasize that organizations can improve retention by creating supportive, meaningful, and engaging work environments rather than relying solely on financial incentives. The study contributes to the literature by offering an integrated framework and provides practical guidance for HR professionals seeking to enhance employee commitment and reduce turnover in the IT sector.

32. THEORETICAL CONTRIBUTIONS

This study contributes to organizational behaviour and human resource management literature by positioning job quality as a multidimensional predictor of employee retention. It integrates Job Characteristics Theory, Social Exchange Theory, and Herzberg's Two-Factor Theory into a unified framework and identifies job satisfaction as a key mediating mechanism. The study also enriches IT sector research and provides a foundation for future investigations incorporating additional mediating and moderating variables.

33. PRACTICAL CONTRIBUTIONS

The findings suggest that organizations can enhance employee retention by improving job design, strengthening recognition and career development programs, promoting flexible work arrangements and employee well-being, and fostering supportive leadership. These initiatives can improve job satisfaction, reduce turnover, and enhance organizational performance.

34. RECOMMENDATIONS

Organizations should:

1. Enhance job autonomy and empowerment.
2. Strengthen career development and learning opportunities.
3. Improve supervisor–employee communication.
4. Implement effective employee recognition programs.
5. Promote flexible work arrangements and employee well-being.
6. Conduct regular employee satisfaction surveys.
7. Monitor job quality as part of HR strategy.
8. Foster a culture of fairness, collaboration, and continuous learning.

35. SCOPE FOR FUTURE RESEARCH

Future studies may examine additional mediators (e.g., employee engagement and organizational commitment) and moderators (e.g., leadership style and organizational culture). Further research could also explore the effects of AI adoption, remote work quality, gender and generational differences, cross-country comparisons, and public–private sector variations. Longitudinal studies are recommended to establish stronger causal relationships.

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