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SELECTION AND USE OF MEDIATION TESTING METHODS: APPLICATION IN MANAGEMENT SCIENCES

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Abstract

This research article provides an in-depth understanding for researchers to properly design and conduct the indirect relationships between independents and dependents variables, commonly known as mediation analysis. Merits and demerits for selection of four major techniques (Baron and Kenny, Sobel, Hayes, Indirect effect with bootstrap with SEM tool) are discussed in detail. To understand these approaches/techniques we developed and tested variety of hypotheses/models having indirect effects such as simple mediation, parallel mediation, and serial/sequential mediation models. Findings of the study highlights that bootstrapping is an advantage which is not associated with either Baron and Kenny method or with the Sobel test. Besides, it has high statistical power and better control on type-I error. It is also worth-mentioning that it produces better results even when data lacks the property of normal distribution. We elaborated all these techniques with an example drawn from management field showing the indirect effect of organization justice and corporate social responsibility on employee wellbeing and organization performance through organization trust and organization culture.

Keywords: Mediation Analysis, Bootstrapping, Methodology, Employee wellbeing, Organizational Performance.
