

# **The Impact of Compensation on Organizational Citizenship Behavior (OCB) of Employees in Electrical, Electronics and Telecommunications Industry Group in Thailand**

by

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## **Abstract**

This purpose of this research was to study about the impact of compensation on Organization Citizenship Behavior (OCB) of employees in electricity, electric and telecommunication industry group in Thailand. The research methodology is a survey research by using questionnaire to collect data. The population is the employees in electricity, electric and telecommunication industry group in Thailand. Random Sampling the author used is Accidental or Convenience Sampling. The questionnaires were verified for content validity by experts and tried out the reliability by using Cronbrach's alpha coefficient. Statistical Data Analyses using in this research are frequency, percentage, mean, standard deviation and multiple regression. The research was found out that compensation in terms of only non-financial compensation both work and work environment have an effect on OCB of employees in electricity, electric and telecommunication industry group in Thailand.

**Keywords:** Compensation, Organizational Citizenship Behavior (OCB)

## **1. Introduction**

Since this research is subject to the effect of human resource practices on OCB of employees in electrical, electronic and telecommunication industry group in Thailand which was studied from management or specialist or officers in human resources department. It was found out that human resource practices in the aspect of compensation have a medium level of mean and lowest average. Besides, human resource practices in term of compensation also have an impact on OCB of employees in electrical, electronic and telecommunication industry group in Thailand. Meanwhile, the author has a chance to participate in salary and welfare survey project in national industrial group with Human Capacity Building Institute (HCBI), The Federation of Thai Industries. It was found out that the employees resign from the company is because of compensation. Therefore, the author is interested in conducting research related to the impact of compensation on OCB of employees in electrical, electronic and telecommunication industries.

## **2. Literature Review and Hypotheses**

Mondey and Noe (2005) gave the meaning of compensation that all rewards which employees received by exchanging with work including wage, salary, incentives and other benefits. Total compensation which organization has paid to employees can be divided into two types which are financial compensation and non-financial compensation by:

2.1 Financial Compensation means money compensation or something can be assessed, useful for economic or money for employees including direct financial compensation and indirect financial compensation.

2.1.1 Direct Financial Compensation means money that is paid for employees in terms of wage, salary, overtime payment, incentives, allowance, bonus or lump sum prize.

2.1.2 Indirect Financial Compensation means rewards for employees aside from direct financial compensation which are called as welfare or fringe benefits from organization to employees.

2.2 Non-Financial Compensation means compensation received from work and work environment.

2.2.1 Non-Financial Compensation from work means interesting job, challenging job, responsibility, opportunity to get promote, admiration, recognition and pride of work.

2.2.2 Non-Financial Compensation from environment means good compensation policy, good command, good colleagues, participation, environment and good workplace.

Organ (1988) mentioned that **Organizational Citizenship Behavior** mean the action over than task of staff in industry group willing to perform and create the benefit for organization. The activities that support the social relationship and cooperation in organization help support the success of organization including five main aspects of behavior which are:

1. **Altruism** means voluntary and willingness of staff in industry group to help solving work problems for colleagues or supervisors including advising new staff.

2. **Courtesy** means that gestures of staff in industry group implied respect for others and humility with regarding to others and to help preventing problems that may occur, compassion for others, interdependence one another, consultation with colleagues before taking any actions on jobs.

3. **Sportsmanship** means tolerance of staff in industry group on what happened not only for grievances, discomfort but also stress. Sometimes, the right of expression of grievances arises on the job. However, such a complaint may lead management to bear too much burden. Staff in industry group who know waiting for in style of the sportsmanship.

4. **Civic virtue** refers to behavior of staff in industry group in terms of participation in the processes within the organization, cooperation in the convention, well-kept secret, commenting at the appropriate time and in relevant format to the organization.

5. **Conscientiousness** refers to behavior that expresses the acceptance of rules and regulations by respecting to the rules and regulations of organization, being punctual, following the rules, concerning about organizational assets and do not spending work time to do anything except organizational work.

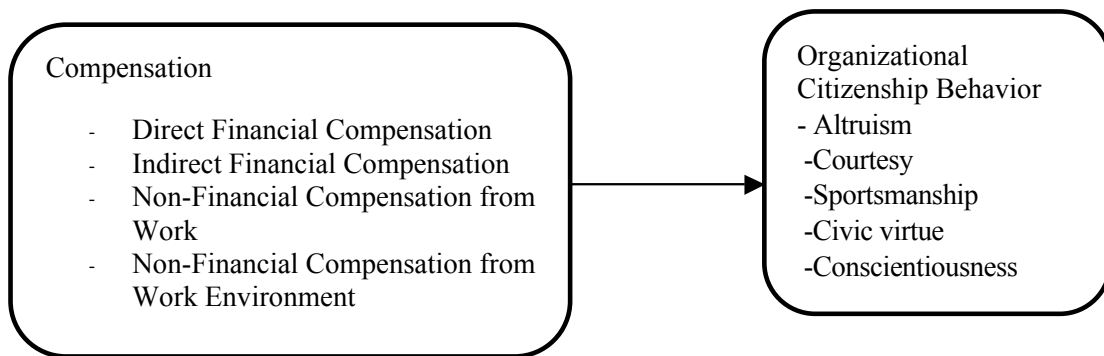
Osibanjo, A O., AA Adeniji, HO Falola & PT Heirsmac Princess Thelma Heirsmac (2014) studied about compensation packages: a strategic tool for employees' performance and retention. The result of this study showed that there is a strong correlation between compensation packages i.e. salary, bonus, incentives, allowance and fringe benefits or help benefits and employees' performance and retention.

Ann Dzuranin (2012) studied for the impact of cash and non-cash rewards towards employees' performance and satisfaction. It was found out that the reward that has an impact on work motivation is non-cash rewards which are employees' work motivation. It also has a direct effect on organization's achievement. Therefore, organization shall consider increasing non-cash rewards or related policies for employees' work efficiency.

Muhammad Ramzan (2014) researched on the impact of compensation on employee performance in a commercial bank. He found out that financial compensation (salary, rewards and severance payment) has an effect on employees' performance in statistic insignificant at 0.05.

Neelam Bari, Uzma Arif, Almas Shoaib (2013) conducted the research on the impact of non-financial rewards on employee attitude and performance in the workplace. The result showed that giving support to employees, freedom, career development plan, and valuation of employees are positive factors towards attitude and performance of employees in the workplace and also increase employees' work efficiency.

Oburu Lewis Nyaribo etc. (2016) studied about the effect of non-financial compensation on employee performance of three micro-finance institutions. It was found out on this research that non-financial compensation has an effect on effectiveness of employee performance which is vary depends upon policy and motivation process for employees.



**Figure 1** Conceptual Framework

***Hypotheses***

Compensation has an effect towards OCB of employees in Electrical, Electronics and Telecommunications Industry Group in Thailand.

**2. Research Methodology**

The methodology of this research is the survey research. The population is the employees from both operating and officer levels from companies in industry group according to giving information about the salary in year 2013/2014 with unknown numbers of actual population.

Sample, using sample size calculation in case of unknown numbers of actual population from:

$$n = P ( 1-P ) (Z) ^ 2 / e ^ 2$$

- when
- n = Sample size
  - P = Required percentage of random sampling from all population
  - e = Percentage of deviation from random sampling
  - Z = Confidence level

The researcher needs 50% of random sampling from all population with confidence level of 95% (Z at confidence level of 95% is equal to 1.96) and accepts deviation from random sampling at 5% of sample size which calculates as follows:

$$n = (.50) (1-.50)(1.96)^2 / (.05)^2 \\ = 384.16$$

From the calculation, it shows that the approximate sample size is 384 staff (Sinjaru, 2007).

The sampling plan use Accidental or Convenience Sampling and Data collection is conducted from employees in electricity, electronics and telecommunications industry group in Thailand according to giving information.

The author created questionnaire's tools from development and analysis of questions from related literature reviews which having content validity by 3 experts' opinions to examine content validity. The result of content validity is at 0.91. The tested content validity of questionnaire was tried out with 30 employees. Then, using the result to calculate for reliability with Cronbach's Alpha Coefficient by using the criterion of questions having Cronbach's Alpha Coefficient from 0.70 and above which will be convinced that the question has reliability. The results of reliability value are at 0.951 of compensation and .965 of OCB. The statistics using for data analysis are Frequency and Percentage to analyze general information of respondents. Mean ( $\bar{x}$ ) and Standard Deviation (S.D.) are used for compensation and OCB analyses. Multiple Regression Analysis are used for the impact of compensation on OCB of employees in electrical, electronic and telecommunication industries group in Thailand.

#### 4. Results and Discussion

The author had received questionnaire back with complete data for analysis from 272 respondents which calculated as 70.8% of sample size. Most of sample is female with the amount of 165 respondents or 60.7%. 106 respondents or 39.0% are people in the age between 36 and 50 years old. 138 respondents or 50.7% are single. 173 respondents or 73.6% are undergraduate people. 121 respondents or 44.5% are people who work for 1 to 6 years. 212 respondents or 78.0% are people who has an income between THB 9,000 and less than THB 20,000.

Table 1 represents Mean ( $\bar{x}$ ) and Standard Deviation (S.D.) of compensation and OCB. The author found out that the opinion of respondents towards compensation has a mean in the medium level at  $\bar{x} = 3.22$  and S.D. = .457. When analyzing each aspect, it was found out that the mean is in the medium level in very aspects i.e. financial compensation has  $\bar{x} = 2.92$  and S.D. = .616; direct financial compensation has  $\bar{x} = 2.91$  and S.D. = .671; indirect financial compensation has  $\bar{x} = 2.95$  and S.D. = .668; non-financial compensation has  $\bar{x} = 3.32$  and S.D. = .472; non-financial compensation (work) has  $\bar{x} = 3.37$  and S.D. = .472; and non-financial compensation (work environment) has  $\bar{x} = 3.27$  and S.D. = .472.

It was also found out that the respondents have an opinion towards OCB in the medium level of mean which is  $\bar{x} = 3.38$ . When analyzing each aspect, it was found out that there is the medium level of mean in every aspect i.e. altruism has highest level of mean at  $\bar{x} = 3.44$  and S.D. = .690; the

second level is courtesy at  $\bar{x} = 3.41$  and S.D. = .655; conscientiousness is  $\bar{x} = 3.39$  and S.D. = .737; sportsmanship is  $\bar{x} = 3.37$  and S.D. = .641; and civic virtue is  $\bar{x} = 3.34$  and S.D. = .671 respectively.

Table 2 represents Multiple Regression Analysis of the impact of compensation on OCB which has Adjusted R<sup>2</sup> 61.3% of OCB. Sub-Variables of the impact of compensation on OCB are non-financial compensation (work):  $\mathbf{B} = .238, p < .05$ ; and non-financial compensation (environment):  $\mathbf{B} = .694, p < .05$ . It can be written in Prediction Equation as follows:

$$\hat{Y} = 0.363 + 0.238 (\text{non-financial compensation from work}) + 0.694 (\text{non-financial compensation form work environment})$$

Therefore, this research result only supports hypotheses of non-financial compensation from work and non-financial compensation from work environment which have statistic significant impacts on OCB at 0.05; whereas, non-financial compensation from work has an increase in 1 unit shall effect OCB to increase in 0.238 unit. In contrast, non-financial compensation from work environment has an increase in 1 unit shall effect OCB to increase in 0.694 unit. Therefore, non-financial compensation from work has less impact on OCB than non-financial compensation from work environment with statistic significant at 0.05. It is in comply with the finding of Tae-Jong Leem1 and Sang-Wan Lee (2015) studied about the role of non-financial measures in the relationship between servant leadership and organizational effectiveness. This research found out that the factor of non-financial compensation has a positive impact towards servant leadership and OCB which effect organizational effectiveness. Besides, it is also conform to the finding of Nazar Omer Abdallah Ahmed (2016) who studied about the impact of human resource practices on OCB. It was found out that the factor of financial compensation cannot be statistic significantly forecasted on OCB. Last but not lease, it is also in parallel with the research result of Woo Seok Choi, Jun Seok Heo, and Lee-Jeong Kim (2015) which studied about the impact of material, social, symbolic reward on OCB. It was found out that fringe benefit has no statistic significant impact on OCB. It shall be because of non-financial compensation from environment in the workplace i.e. a good policy on compensation, a good mastership, good colleagues, sportsmanship, environment and nice workplace which is proper for working; as well as non-financial compensation from work i.e. interesting job, challenging task, responsibility, opportunity to get promote, admiration, recognition and pride of work. Those mentioned factors shall create work enthusiasm, OCB and also positive attitude towards organization which bring to many aspects of behavior to support work and colleagues in organization as well as to reduce internal conflicts in organization. It can be organizational culture which brings to an achievement according to set policy of organization.

## 5. Conclusion and Implications

### 5.1 Conclusion

1. Management should concern on both financial and non-financial compensation to create motivation on OCB since most of employees give an average opinion on compensation especially on fringe benefits related to medical fee as well as family and child have lowest mean according to the study which might create less motivation on work after working for a long time.

2. Management should concern on financial compensation especially indirect way and non-financial compensation especially work environment to create work motivation Besides, these factors

are able to increase OCB and have an impact on work efficiency i.e. to support children's payment, authority, medical fee, nursery and food allowance including work environment and atmosphere etc.

3. Management should most concern on non-financial compensation from work environment since it does not increase any costs or any payments by organization and the most important thing is to have an impact on OCB. For example, it should have a good compensation's policy, allowance in relevant to performance (high performance, get high compensation), fairness according to good governance, excellent command from management, good supervisor and colleagues, responsibility, opportunity for participation, good environment and workplace etc.

### **5.2 Implications**

1. Management should most concern on non-financial compensation from work since it does not increase any costs or any payments by organization and the most important thing is to have an impact on OCB i.e. interesting job, challenging job, responsibility, opportunity to get promote, admiration, recognition as well as receiving important tasks which require knowledge, ability and experiences to make ones pride of work etc.

2. Management should create work atmosphere, co-relation between employees and organization, ability to give an opinion in the meeting, suggestion of problem solving especially the issues related to employees' job, giving an opportunity for employees to participate in activities to create the feeling of the owner of organization. These are able to create the responsibility for employees which brings to work efficiency.

### **5.3 Future Research**

1. There should have a study on other variables instead of compensation which the management thinks it has an impact on the data, OCB and performance i.e. quality of work life, job characteristic, leadership, work motivation or organizational commitment etc.

2. There should have a study on these variables with employees in other industries who are willing to give information.

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## Appendix

**Table 1** Man, S.D. and Interpretation of Compensation and OCB of Employees in Electronic Industry and Telecommunication Groups in Thailand

	Compensation	$\bar{x}$	S.D.	Interpretation
<b>Direct Financial Compensation</b>				
1.	Salary and special compensation which you receive from organization are proper for your position and responsibility	2.93	.812	medium
2.	Salary and special compensation which you receive from organization are proper for your education and experiences	2.94	.801	medium
3.	You receive salary and special compensation which are proper comparing to the same qualification of department	2.80	.831	medium
4.	You are satisfy with received salary and special compensation recently	2.96	.767	medium
5.	Annual reward/position allowance which you receive is proper for your assigned work from organization	2.92	.778	medium
6.	You receive an increase annual reward/position allowance when performance be in line with specified rules of organization	2.90	.771	medium
<b>Indirect Financial Compensation</b>				
7.	Fringe benefits related to medical fee are proper for your medical payment	3.12	.825	medium
8.	Fringe benefits related to medical fee which can make you have motivation on work	3.10	.791	medium
9.	Fringe benefits related to educational support for your children are enough for your children	2.87	.802	medium
10.	Fringe benefits related to your children's education are enough for your children	2.72	.809	medium
<b>Non-Financial Compensation (Work)</b>				
11.	There is a task(s) assigned from organization which motivates you to truly use your ability and knowledge for work	3.32	.718	medium
12.	You feel that your job is interesting and not a routine job	3.23	.729	medium
13.	Your assigned task(s) is suit for your knowledge, ability and makes your feel motivated	3.36	.678	medium
14.	A type of your work needs to use knowledge, high skill and it is interesting job	3.47	.676	medium
15.	Your assigned task(s) makes you have creation and fully use your ability	3.50	.734	high
16.	You have freedom to solve the problems of your work	3.42	.774	medium
17.	You can achieve the goal of work as you are assigned by a director	3.76	.712	high



18.	You try to find new way of work to achieve a goal of work	3.61	.667	high
19.	You can have high performance to get promote by being in your position	3.09	.861	medium
20.	You have an opportunity to improve your ability and knowledge by using your position	3.29	.802	medium
21.	You have an opportunity to get promote by doing your job	2.82	.908	medium
22.	The admiration receiving from service receiver and colleagues are the thing that you want to receive from doing your job	3.14	.823	medium
23.	Your director trusts on you to assign other special tasks of organization for you	3.19	.738	medium
24.	Your performance is accepted by colleagues	3.31	.697	medium
25.	You work with your total ability and expect the highest satisfaction from service receiver	3.68	.731	high
26.	You feel that your work is the key success of organization	3.64	.735	high
<b>Non-Financial Compensation (Work Environment)</b>				
27.	You feel satisfy with compensation such as annual increase salary	2.89	.879	medium
28.	You think organization has proper policy for the budget of compensation payment	2.86	.830	medium
29.	Your director cares and takes responsibility of your work	3.34	.839	medium
30.	You can consult, explain, or ask for any suggestion of work from your director	3.47	.841	medium
31.	Your director gives you an opportunity to give an opinion or freedom to make any decision related to work that you have responsibility for	3.40	.826	medium
32.	Other workers in your organization are willing to co-operate for work	3.39	.725	medium
33.	Colleagues give a respect and listen to each other for work development efficiency	3.38	.677	medium
34.	Your suggestion related to work always has been used	3.07	.750	medium
35.	You are often give opinions related to work and organizational activities	3.03	.843	medium
36.	You think organization is clean and tidy workplace	3.50	.884	high
37.	General organizational environment creates your work motivation	3.41	.787	medium
38.	You think the building and workplace are suit to the characteristic of organization	3.45	.781	medium

<b>Compensation</b>		$\bar{x}$	<b>S.D.</b>	<b>Interpretation</b>
1.	Financial Compensation	2.92	.616	medium
	1.1 Direct Financial Compensation	2.91	.671	medium
	1.2 Indirect Financial Compensation	2.95	.668	medium
2.	Non-Financial Compensation	3.32	.472	medium
	2.1 Non-Financial Compensation (Work)	3.37	.469	medium
	2.2 Non-Financial Compensation (Work Environment)	3.27	.553	medium
<b>Compensation</b>		3.22	.457	medium

<b>OCB</b>	$\bar{x}$	<b>S.D.</b>	<b>Interpretation</b>
<b>Altruism</b>			
1. Your employees in the company always help and facilitate their colleagues, boss and new employees	3.44	.727	medium
2. Your employees in the company are willing to help their colleagues, boss and new employees when the problems related to the job	3.43	.765	medium
<b>Courtesy</b>			
3. Your employees in the company concern and support their colleagues when they feel disappoint or despair	3.36	.746	medium
4. Your employees in the company will always concern about the effect on others, think and prevent the problems which may occur after the work was done	3.33	.754	medium
5. Your employees in the company have sympathy on each other	3.34	.776	medium
<b>Sportsmanship</b>			
6. In the employees' meeting of the company, your employees are willing to listen to others' argument	3.40	.696	medium
7. Your employees in the company will fully use their ability even though there may have some frustration	3.42	.724	medium
<b>Civic virtue</b>			
8. Your employees in the company rely on each other, consult with colleagues before doing any jobs	3.37	.776	medium
9. Your employees in the company accept the change to create knowledge	3.29	.755	medium
10. Your employees in the company are willing to participate in the activities organized by company without any request for participation	3.27	.828	medium
11. Your employees in the company are willing to work to achieve goal of the company	3.55	.776	medium

OCB	$\bar{x}$	S.D.	Interpretation
12. Employees in your company often give the useful opinions for the company	3.38	.768	medium
<b>Conscientiousness</b>			
13. Employees in your company will strictly act according to rule and regulation of company and concern to appointment and be punctual	3.42	.846	medium
14. Employees in your company worthily use company's resources to do the job	3.41	.778	medium
15. Employees in your company spend their work time for company only, they have never spent their work time for other things which does not relate to work	3.35	.820	medium
OCB	$\bar{x}$	S.D.	Interpretation
1. Altruism	3.44	.690	medium
2. Courtesy	3.34	.671	medium
3. Sportsmanship	3.41	.655	medium
4. Civic virtue	3.37	.641	medium
5. Conscientiousness	3.39	.737	medium
<b>OCB</b>	<b>3.38</b>	<b>.598</b>	medium

**Table 2** Results of multiple regression analysis between Compensation and OCB

Variables		
	B	P
Constant	.363	
1. Direct Financial Compensation	-.091	$P = .278$
2. Indirect Financial Compensation	.073	$P = .132$
3. Non-Financial Compensation (Work)	.238	$*P = .001$
4. Non-Financial Compensation (Work Environment)	.694	$*P = .000$
R <sup>2</sup>	.619	
Adjusted R <sup>2</sup>	.613	
F-value	108.289*	

\* Significant at the Level of 0.05