

## “EXAMINING THE EFFECTS OF EMPLOYEE CREATIVITY AND BETTER COMPENSATION ON JOB SATISFACTION FURTHER INFLUENCING ORGANIZATIONAL CITIZENSHIP BEHAVIOUR”

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### **ABSTRACT**

*The objective of the research study is to observe the effects of Job Satisfaction on Organizational citizenship behaviors of employees and the prospective roles of Employee Creativity and compensation towards OCB through Job Satisfaction. It was hypothesized that Job satisfaction has a positive effect on OCB behavior and the research outcome supports these hypotheses.*

*The research was conducted with a sample size of 190 respondents with data being collected from a PSU. In order to study the direct and indirect effects of Employee Creativity, compensation and satisfaction on OCB Behavior Structural equation modeling were used. A strong, positive, and significant relationship between compensation, employee creativity and Job satisfaction with Organizational Citizenship behavior was revealed by the findings. Since this research is limited to the data collected from a Public enterprise, this research can be further carried out in other jobs and organizations using longitudinal research design. In the end, the researcher has suggested some useful suggestions to augment employee OCB which in turn leads to organizational effectiveness. This research could shed new light on the neglected acknowledged phenomena of compensation at work, employee creativity and Job satisfaction as well as making ways for various applications to achieve Organizational Citizenship behavior.*

**KEYWORDS:** *Organizational Citizenship Behavior, Job Satisfaction, Employee Creativity, Compensation*

### **INTRODUCTION**

The success of an enterprise is dependent on both parameters i.e. external and internal. Ulrich (1998) has propounded that Organizational success no longer depends on money or materials but it lies on competitive manpower. Since employee satisfaction is closely related to their behavioral aspects like productivity, employee turnover, and absenteeism, employers prefer that their employees be satisfied. The extant literature involving Job Satisfaction illustrates that Job satisfaction influences extra-role or organizational citizenship behaviors.

Organ, defines OCBs as “behavior[s] of a discretionary nature that are not part of employees’ formal [role] requirements, but nevertheless promotes the effective functioning of the organization” (1988 a, p. 4). According to Gazioglu. S. and Tansel A. (2006) since employees satisfaction is closely related to their labor market behavior such as productivity, quits and absenteeism employers prefer that their employees be satisfied. “An individual’s subjective valuation of different

aspects of their job” is the definition of Job Satisfaction as propounded by Locke (1976). As per (Milkovich & Newman, 2002) compensation can be defined as “all forms of financial returns and tangible services and benefits employees received as part of an employment relationship”. The crux of creativity is finding new and better ways of doing things. In present cutthroat competition times, for the organizational growth and survival, it is imperative to generate new ideas through Employee Creativity concerning either new product, services, manufacturing methods and administrative processes (Amabile, 1988; Woodman, Sawyer, & Griffin, 1993).

## Review of Literature

### Organizational Citizenship Behavior

In the present study the following five types of citizenship behavior were identified and included Organ (1988 a) Altruism. It is the behavior depicted when peers help each other with an organizationally relevant task or problem. Conscientiousness it is the flexible behavior of the employees which goes well beyond the minimum role requirements of the organization, in the areas of attendance, obeying rules and regulations, taking breaks etc. Sportsmanship – It is the alacrity of the employee to tolerate less than ideal circumstances without complaining-to “avoid complaining petty grievances”. (Organ, 1988, p. 11) Courtesy – It is the flexible behavior of the employee aimed at preventing work-related problems with others from occurring. Civic Virtue – It is the flexible behavior of an individual that depicts his concern about the longevity of the company.

From the above discussion, it was hypothesized that:

- H1: There is a significant and positive relationship between Job Satisfaction and Organizational Citizenship Behavior.
- H2: There is a significant and positive relationship between Employee Creativity and Organizational Citizenship Behavior.

### Job Satisfaction

An individual’s personal assessment of different aspects of their job is defined as job satisfaction Locke (1976). In HR research the management scholars exploring the study of work-related attitudes usually have Job satisfaction as a central theme of the study. Self-Determination Theory (Ryan & Deci, 2000) has helped immensely to explore and understand how OCB practices can influence job satisfaction.

Intrinsic motivation requires satisfying the three psychological needs like relatedness, competence, and autonomy (Gagne & Deci, 2005) and Self-Determination Theory postulates that people have an inherent inclination towards growth and intrinsic motivation. In order to persuade the desired behavior external motivations like-pay, supervision, goals, and directives can be used. In order to satisfy the three needs like relatedness, competence, and autonomy people adopt and assimilate external regulations. They transform them into personal values and self-motivation. This process of internalization and integration, leads to self-determined actions which are independently regulated. According to Illardi et al. (1993), it was found that employees who felt strongly that their work allowed them to experience autonomy, competence, and relatedness reported higher levels of job satisfaction.

From the above discussion, it was hypothesized that:

- H3: There is a significant and positive relationship between Employee Creativity and Job Satisfaction.
- H4: There is a significant and positive relationship between Employee Compensation and Job Satisfaction.

### **Compensation and Employee Creativity**

Compensation can be defined as “a pay provided by an employer to an employee for the services rendered (i.e. time, effort and skill) according to Christofferson & King (2006). Usually, there exists a significant relationship between compensation and performance and creativity(Herzberg, 1968), which signifies that if the employees are satisfied with a reasonably good compensation package, their intrinsic motivation is high which further leads to better work performance. The generation of new and useful ideas is termed as Creativity. The introduction of new manufacturing processes, techniques or products (Ibrahim et al., 2016) suggested out of Employee Creativity is a source of competitive advantage for the Organization because it enables the employees to increase organizational performance. According to (Ibrahim, Isab & Shahbudin, 2016), supporting creativity and creating perceived support not only helps to improve creativity in many organizations but also increases job satisfaction (Cheng, Yang, Wanc,& Chu, 2013).

From the above discussion, it was hypothesized that:

H5: There is a significant and positive relationship between Employee Compensation and Employee Creativity.

## **RESEARCH METHODOLOGY**

### **Instrument Design**

The measures of Employee citizenship Behavior were adapted from questionnaires used in the studies from the literature. The variables used in the Employee citizenship Behavior measure were taken from ( $\alpha = 0.719$ ) by Organ. D. and Konovsky M. (1989) study which contained 11 items. The items on these construct indicated an overall measure of Citizenship behavior with high scores indicating better behavior. The variables in the Employee Creativity measure were taken from a scale ( $\alpha = 0.882$ ) with 5 items developed by Zhou, J., & George, J. M. (2001). The compensation measures were taken from Compensation management practices with 6 items ( $\alpha = 0.912$ ) developed by Tessema & Soeters (2006). Job satisfaction Questionnaire which contained six items with reliability ( $\alpha = 0.839$ ) was taken from Schmidt (2004). A 5 point Likert scale (“1 = strongly disagree, 2 =Disagree, 3 = no opinion, 4 = agree, 5 = strongly agree”) was used for the answers to the statements of the survey. The respondents were selected based on Judgment sampling which is a non - probability sampling technique. There were 4 demographic questions pertaining to gender, age, marital status, education and experience added to the questionnaire.

### **Sample**

For the purpose of collecting data from the respondents of the PSU, a self-administered questionnaire was used. Using judgment sampling various employees were selected from across different departments. Respondents were requested to participate in the survey. Data collection was done over a period of one month in February 2019. Out of 250 questionnaires distributed only a total of 220 completed questionnaires were collected back. However, there were some 30 unfilled questionnaires which were illegible and removed. So, finally, 190 complete questionnaires were considered for the analysis taking the response rate to 76 percent.

### Sample Profile

The sample profile in terms of gender can be divided as 35.3 percent females and 64.7 percent males. The age profile of the respondents was mostly middle-aged where 74 percent of the respondents belonged to the age group of 51 and above, 22.1 percent belonged to the age group of 41 to 50 years, and 19.5 percent belonged to the group of 31 to 40 whilst again 19.5 percent belonged to the age group of 21–30 year category. Most of the respondents were Postgraduates (63.7 Percent) and professionally qualified (25.3 percent) whereas 9.5 percent were graduates and the other 1.6 percent was high school passed. Majority of them (46.3 percent) had a working experience of more than 14 years, 26.3 percent had the experience of working since 9–13 years, 16.3 percent had an experience of working since 5–8 years and 11.1 percent of the employees had an experience of working for 1–4 years.

### Findings and Discussions

Exploratory factor analysis was run on the scales in order to explore the interrelationships between Organizational Citizenship Behavior, Employee creativity, compensation, and Job satisfaction. According to (Churchill et al, 2010) factor analysis helps to identify relevant factors. The result of factor analysis for Organizational Citizenship Behavior revealed five factors. Employee Creativity revealed three factors, similarly Job satisfaction identified three factors and Compensation identified four main factors. As per the specifications laid by Nunnally (1978) for scale development all the factor loadings were greater than  $> 0.5$  and were able to meet the specifications.

### Structural Equation Model Analysis

According to (Hair et al, 1998), SEM assists the estimation of a series of separate but interdependent, multiple regression equations simultaneously by specifying the structural model. It also provides information about the hypothesized impact both, directly from one variable to another and via other variables positioned between the other two. Using the dimensions obtained through the validation process, as independent variables of the proposed model further analysis were carried out. Each relationship obtained amongst the factors was considered independently in the model after the factors were obtained. This further helped in estimating the causal relationships between various factors to be assessed.

A good model fit has standardized residual values for the model around 0.096, which were achieved here. The Chi-square represented a significance level of ( $X^2 = 220.199$ ;  $p = 0.00$ ) below the threshold of 0.05. A strong uni dimensionality (Hair et al, 1995) can be implied when, the goodness of fit parameters, the comparative Fit Index (CFI), and the Goodness of Fit Index (GFI) of  $0.921 > 0.90$ . The error of Approximation in the model (Byrne, 2010) can be measured by Root mean square Error of Approximation (RMSEA). A good model fit can be estimated when the fit index ranges from 0.05 to 0.08. In the current study  $RMSEA = 0.096$ ,  $GFI = 0.865$ ,  $CFI = 0.921 (> 0.90)$ . These fit indices suggested a good fit for the model to the data. (Table 4)

### Causal Relationship Findings

Based on standardized path coefficients and significance levels, the hypothesized relationship between Job Satisfaction and Organizational Citizenship Behavior is significant and positive. ( $\beta = 0.379$ ,  $p < 0.001$ ) the standardized path coefficients are significant. H1 is thus accepted. The second hypotheses state that Employee Creativity has a significant and positive relationship between Organization Citizenship Behavior. The standardized path coefficients and significance levels are significant. ( $\beta = 0.243$ ,  $p < 0.05$ ). H2 Hypotheses also holds true and so is accepted. The third

hypotheses state that Employee Creativity has a significant and positive relationship with Job Satisfaction.

The standardized path coefficients and significance levels are significant ( $\beta = 0.185, p < 0.01$ ). Thus, Hypotheses H3 is accepted. The fourth hypotheses state that the better the workplace compensation, the higher is the job satisfaction. The standardized path coefficients and significance levels are significant ( $\beta = 0.442, p < 0.001$ ). Thus, Hypotheses H4 is accepted. The fifth hypotheses state that the better the workplace compensation, the higher is the employee creativity. The standardized path coefficients and significance levels are significant ( $\beta = 0.547, p < 0.001$ ). Thus, Hypotheses H5 is accepted. (Table 5)

**DISCUSSIONS**

The previous research studies on Organizational Citizenship Behavior and Job Satisfaction signify a significant positive relationship. This research study also signifies a significant positive relationship in line with the previous researches. As employees work within a social system, if they are satisfied with the working conditions, with the salary offered, support of their seniors, satisfaction with the work itself, etc. All of these factors leads to Job Satisfaction. This research study has helped to identify the relationship between Organization citizenship Behavior, employee creativity, compensation, and Job satisfaction. Employee creativity positively influences Job Satisfaction and indirectly influences Organizational citizenship Behavior. Workplace Compensation directly influences Job Satisfaction and employee Creativity. In terms of empirical contribution, it is for the first time that research is carried out on Organizational Citizenship Behavior and its importance in a developing country. Employee creativity and Organizational Citizenship behavior have recently become important issues. Adopting employee-friendly policies, better compensation and creating a better working environment fosters higher Job Satisfaction. In addition, the earlier line of work holds true that satisfied employees are more satisfied. (Harrison, 2006). Thus, this research paper highlights the importance of Organizational Citizenship Behavior on Job Satisfaction.

**Limitations and Future Research**

These findings are very insightful for HR practitioners and Top managers. However, some limitations of the research study which can be noted are that the sample size is limiting the wider generalizability. Future research can be conducted with larger samples. There is a scope for further studies by adding more variables like Organizational Commitment, employee involvement and also taking into account different aspects of employee commitment to providing a more holistic view of Organizational citizenship behavior.

**Table 1: Sample Profile of the Study**

Variable	Categories	Frequency	%
Gender	Male	123	64.7
	Female	67	35.3
Age	21–30	37	19.5
	31–40	37	19.5
	41–50	42	22.1
	51 and Above	74	38.9
Marital status	Single	28	14.7
	Married	162	85.3

Table Contd.,			
Education	High School	1	1.6
	Graduate	18	9.5
	Post-Graduate	121	63.7
	Professional	48	25.3
Experience	1-4 years	21	11.1
	5-8 years	31	16.3
	9-13 years	50	26.3
	More than 14 years	88	46.3

Table 2: Reliability of Scales

Variable	Item	Corrected Item to Total Correlation	Cronbach's A	$\Lambda$	AVE	Composite Reliability
OCB	OCB4	0.438	0.719	0.71	0.46	0.81
	OCB5	0.372		0.681		
	OCB7	0.456		0.591		
	OCB11	0.499		0.637		
Employee Creativity	EC1	0.807	0.882	0.714	0.47	0.72
	EC2	0.87		0.672		
	EC3	0.649		0.661		
Compensation	COMP2	0.764	0.912	0.771	0.65	0.88
	COMP3	0.768		0.844		
	COMP4	0.874		0.828		
	COMP5	0.796		0.772		
Job Satisfaction	JS1	0.677	0.839	0.698	0.49	0.74
	JS2	0.713		0.753		
	JS3	0.732		0.648		

According to (Graver and Mentzer, 1999) Confirmatory Factor Analysis (CFA) using SEM is used very widely for refining and testing other sub - dimensions of construct validity. As per the threshold values suggested by Hair et al (1998) the results of the reliability test and CFA are presented in Table 2 Convergent Validity can be ascertained when the CFA indicated factor loadings and the corresponding t-values were statistically significant ( $p < 0.001$ ). In (Table 2) the Cronbach Alpha values are presented which ranged from 0.719 to 0.912. The Chi - square significance level ( $p$ ) for all factors is 0.000. As prescribed by (Hair Et al. 1998) the Goodness of fit indices was within the acceptable range.

All the above statistical analysis of the outcome confirms the adequacy of the analysis. Based on the analysis and the relationship between the identified factors and testing them as input variables, a structural model was established. In this research paper, the aim was to study the relationship between Organizational Citizenship Behaviour, Employee Creativity, Compensation and Job Satisfaction

Table 3: Discriminant Validity

	OCB	EC	COMP	JS
OCB	<b>0.9</b>			
EC	.411**	<b>0.848</b>		
COMP	.392**	.554**	<b>0.93</b>	
JS	.462**	.412**	.386**	<b>0.86</b>

\*\* Correlation is significant at the 0.01 level (2 - tailed).

**Table 4: Explanatory Power and Fit Indices of Models**

Fit Indices and R2	Recommended Value
X <sup>2</sup>	220.199
df	80
X <sup>2</sup> /df	2.752
GFI	0.865
CFI	0.921
TLI	0.896
RMSEA	0.096
R <sup>2</sup>	0.44

**Table 5: SEM Results of the Model**

Paths	Coefficients (B)	T-Value	Direct Effect	Indirect Effect	Total Effect	Hypothesis Supported
<b>JS - OCB</b>	0.379	4.324	0.379	-	0.379	<b>Supported*</b>
<b>EC - OCB</b>	0.243	3.254	0.243	0.07	0.313	<b>Supported***</b>
<b>EC - JS</b>	0.185	2.155	0.185	-	0.185	<b>Supported**</b>
<b>Comp - JS</b>	0.442	4.909	0.442	0.101	0.543	<b>Supported*</b>
<b>Comp - EC</b>	0.547	6.796	0.547	-	0.547	<b>Supported*</b>
*supported at 0.001 percent significance level						
**supported at 0.05 percent significance level						
***supported at 0.01 percent significance level						

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