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## A STUDY ON ORGANISATIONAL CITIZENSHIP BEHAVIOUR IN BANKING INDUSTRY

### Article Particulars

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### Abstract

*Organ (1988) defined organization citizenship behavior (OCB) as the individual's behavior that is discretionary not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization. There have been numerous studies performed on organizational citizenship behavior and antecedents of this behavior, were explored since this behavior contributes more function in an organization. The positive contribution of OCB to organizational performance is widely accepted by literature (Podsakoff and MacKenzie, 1994, 1997; Podsakoff et al., 2000). This behavior has been described in the service literature as being essential; for achieving superior returns. The service industry has been a major contributor to the growth and development of the Malaysian economy (Central Bank of Malaysia, 2007; Department of Statistics Malaysia, 2010; Malaysian Industrial Development Authority, 2010). According to Warriar (2010), the services sector is estimated to contribute 70 percent of GDP to Malaysia's economy by 2020. There has been a significant correlation in the literature between the relationships of competency, quality of work life, transformational leadership) and organisational citizenship behavior. The research intends to explore on how this variable encourage the exhibition of OCB among the service personnel in the banking industry. The relevant hypotheses have been developed, and further testing on its relationship will be conducted to investigate its impact on organizational citizenship behavior.*

**KeyWords:** Organization Citizenship Behaviour, Competency, Quality of Work Life, Leader- Member Exchange

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## Introduction

Organizational behavior provides knowledge to managers on the understanding or employees attitude for the purpose of eliciting cooperation from them to achieve organization's objective. One of the contributing behavior which is rather discretionary but proven empirically to increase organizational functioning is organization citizenship behavior (OCB). It refers to various forms of cooperation and helpfulness to others that support the organization's social and psychological context. OCB's importance is getting widespread attention from organizations in banking industries. The services sector has been a major contributor to the growth and development of the Malaysian economy (Central Bank of Malaysia, 2007; Department of Statistics Malaysia, 2010; Malaysian Industrial Development Authority, 2010). According to Warriar (2010), the services sector is estimated to contribute 70 percent of GDP to Malaysia's economy by 2020. The development of the services sector had contributed to the diversification of the economy of Malaysia (Public Bank Berhad, 2005). Malaysia's banking sector is expected to remain robust with a competitive and challenging environment. Hence, they need to compete with the local and international banks in Malaysia. According to Mavridis (2004), the banking industry sector which have been characterized as a highly knowledge based industry has been given less attention by researchers, and this is the gap this research would like to address. The banking is a service sector where the performance is evaluated based on the number of customers it's able to retain. Begum (2005) highlighted that people are employees who represent a key facilitator the implementation of relationship banking strategy. According to Organ (1988), organisational citizenship behavior (OCB) has a variety of forms including altruism, courtesy, sportsmanship, civic virtue, and conscientiousness. Since organization citizenship behaviors are less likely to be formally rewarded than are required job, they are presumably performed by intrinsic motivation mechanism according to Chompokum (2004). The purpose of this study is to provide a better understanding of the importance of OCB and the factors that affect OCB in the organization. This study intends to explore what could elicit OCB among the banking employees to improve organisational functioning. There are three variables in this study which has been identified and explored further to investigate its effect on organization citizenship behavior. The variables identified the leader-member exchange (LMX), empowerment. There will be a further empirical test conducted in future to find the correlation between this variables and organisational citizenship behavior.

## Literature Review

### Organization Citizenship Behavior

organization citizenship behavior (OCB) as the non-mandatory behavior of an individual, which the formal reward systems do not directly or recognize and that in sum contributes to the organization's function. Organ explained what he meant by

non-mandatory, as the behavior that is not the written requirement of the role or the job description, that is, the specified terms of the individual's employment contract with the employee. Organ (1998) further elaborated that OCBs exist in various forms, including altruism, courtesy, sportsmanship, civic virtue, and conscientiousness. The positive contribution of OCB to organizational performance is widely accepted by literature (Podsakoff and MacKenzie, 1994, 1997; Podsakoff et al., 2000). Indeed these behaviors have been described in the service literature as being essential to obtain superior returns. MacKenzie, Podsakoff, and Praine (1999) stated several dimensions of OCB such as, 'helping' behaviors by employees (e.g. supportive actions to assist others and going beyond the requirements of the job); 'sportsmanship' (tolerating the work environment without excessive complaining); and 'civic duty' (constructive involvement in the processes of the organization beyond the requirement of the job). The vast majority of OCB research has focused on the effects of OCB on individual and organizational performance. Brief has supported Organ's position regarding the importance for effectiveness of those behaviors, which he labeled as organizational citizenship behavior (George & Brief, 1992). OCB is desirable from the point of view because such behavior is thought to increase the available resources and decrease the need for costly mechanism of control (Organ, 1988; Podsakoff & Mackenzie, 1997).

### **Transformational Leadership**

Leader-member exchange (LMX) theory made significant contributions to leadership theory because of its unique characteristic of exploring different levels of relationships between a leader and his or her immediate subordinates (Yukl & Van Fleet, 1992). LMX represents the quality of the relationship between leader and subordinate (Schriesheim, Castro, & Cogliser, 1999), as operationalized by a supervisor-subordinate working relationship scale that assessed the overall working relationship between employees and their immediate supervisor (Graen & Uhl-Bien, 1995); recently, social exchange theory has been explored to investigate the role of LMX in organizational citizenship behaviour (OCB). Leadership involves extra-role behaviors that are not typically described by employees' job descriptions or are not formally rewarded (Liden & Maslyn, 1998; Setton, Bennett, & Liden, 1996; Wayne, Shore, & Liden, 1997). Despite some findings that LMX is positively related to OCB from the social exchange perspective, there is still the argument is overstated (House & Aditya, 1997). Researchers have tried to examine a theoretical linkage between LMX and OCB because LMX has been considered as one of the relational motives of OCB (Hui et al., 1999). Employees select and then engage in different organizational citizenship behaviors (Van Dyne et al., 1995). Social exchange theory suggests that employees are motivated in extra-role behaviors when they perceive that their employment relationship is based upon a fair social exchange (Tumley et al., 2003). The influence of LMX on employees' emotions such as envy although several researchers have argued that there might be possible emotions such as workplace envy resulting from differentiated treatment in LMX.

(Deluga, 1994; McClane, 1991; Vecchio, 1995; Yukl & Van Fleet, 1992). Whereas interest in negative discrete emotions such as anger, anxiety, depression or shame has been growing, the study of such emotions is still in the premature stage in organizational behavior (Ashforth & Lee, 1990; Barsade, Brief, & Spataro, 2003; George, 1990). Leadership begins to satisfy this void. Research has found an approximately 20% increase in performance and a 50% in satisfaction for high LMX subordinates over their LMX counterparts (Mayfield & Mayfield, 1998). The quality of leader-member relationship is influenced by the style of leadership. According to Islam, Rahman and Ahmad (2013) the theories of leadership suggests that transformational leadership style has a much greater impact on the employee's job-related behaviors and this ultimately affect their work performance as compared to transactional style. Wang et al., further supported that theories of leadership focus more on transformational leadership instead of transactional. A study was done by Den Hertog et al., (1997) on Dutch managers and found only three leadership characteristics in them that were transformational leadership, transactional leadership and laissez-faire leadership style and again transformational leadership style were dominant leadership style among the Dutch managers. Wang et al., (2005) suggested a leader-member exchange theory (Graen, 1976) and argued that there is a relationship between leadership styles. Organization citizenship behavior and performance especially transformational leadership style contribute more to the relationship with performance and organization citizenship behavior. A study was done by Niguni et al., (2006) further supported the impact of transformational leadership elaborating that transformational leadership affected employee attitude, effort and in role performance including job satisfaction, organisational commitment, and organization citizenship behavior.

### **Empowerment**

John Newstrom & Keith Davis (2002) defined empowerment as any process that provides greater autonomy to the employees by sharing of relevant information and the provision of control over factors affecting the job. Organization empowerment creates structures and opportunities for people to take more control over their tasks in the employing institution. While, the individual empowerment forms to relates to an increased sense of self-efficacy (Conger & Kanungo, 1988 as cited in Kibera, 2009). Many studies (Morrison, 1996; Nihoff & Moorman, 1993; Bearn, 2000) have concluded different outcomes to relate empowerment with organizational citizenship behavior (OCB). Leadership Empowerment has shown the positive relationship between organizational citizenship behavior and team performance based on study in India (Bearn, 2000). The research studies on the impacts of leadership empowerment behaviours and organizational citizenship behavior on sale team performance in India. Cardona, Lawrence, and Bentler (2004), found that, social exchange relationship influence OCB. It based on the criteria that involve them in the organizational decision-making process and empowering the staff. According to Somech and Bolger, employees are likely to

feel like part of the organization and show greater responsibilities on their roles at work (OCBs) when they have empowered and participate in the process of decision making or setting ideas in the organization. The study found a positive relationship between employee OCB and participation (empowering and involving employees in decision making). According to Greasley et al, (2004), it is inevitable for employees to exhibit extra role behavior once the organization goes out of its way and involves employees in decision making and increases on their participation.

### **Competency**

Competency refers to the skills and knowledge that needed by the employees to perform a job (Beardwell & Holden, 2001). It consists of customer awareness, commitment and contribution, productivity and so on. According to Boyatzis in 1982 (as cited in Kagaari & Munene, 2007) defines that competency as a characteristic of a person which results in their effective or superior performance. In a study conducted by McClelland (1973) it highlighted that competency as an element which has been linked with life outcomes. It can be used by different approaches to forecasting human performance compared to traditional trait and intelligence techniques. Competencies through this may associate to broad psychological or behavioral attributes which are linked to extraordinary job and life success. In Podasoff (2000) (as cited in Katarangi, 2010) claimed that the failure for the managers to reward employees' behaviors by showing their satisfaction or appreciation to their employee who has performed well would affect the decreasing the effectiveness of organization performance and OCBs in the workplace. Besides that, Lock Wood et al, in 2000 (as cited in Katarangi, 2010) claimed that competencies help to facilitate employees to complete the tasks that are assigned by manager. The concept of competency are defined as utilized knowledge and skills, performance and Another study by Tremblay (2000) indicated that there is a strong impact on the mobilization of discretionary behaviors which is influenced by the perception of a high level of autonomy, influence on the work and the possibility of using competencies.

### **Conceptual Model and Propositions**

The focus of the present paper is to build to investigate the impact of leader-member exchange (LMX), empowerment, competence towards organization citizenship behavior (OCB). According to Livingstone (2007), there is a relationship between competence, commitment, empowerment, and organization citizenship behavior (OCB). The available findings suggest between leader-member exchange (LMX), empowerment, competence towards organization citizenship behavior so the following proposition is made.

### **Conclusion**

Organization citizenship behavior has been proven in numerous literature to improve the functioning of an organization. Organ (1988) definition of OCB; citizenship behavior not required, are not formally rewarded by the compensation system, and

failure to perform them does not result in punishment. Malaysia's banking sector is expected to remain robust with a competitive and challenging environment. Hence, they need to compete with the local and international Banks in Malaysia and organization citizenship behavior serves as an important component in providing a better service to their customers. This study intends to explore what are the factors which encourage the exhibitions of organisational citizenship behavior in the banking industry addressing variables such as leader-member exchange, empowerment, and competence.

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