

# Organizational Citizenship Behavior and its Impact on Employee's Performance in Indian Banking Sector- an Empirical Investigation

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## **Abstract**

*Organizational citizenship behavior (OCB) is discretionary employee activity that is not explicitly part of the job description and which tends to promote the organization. This behavior is also not a part of the official system of rewards and compensation. The study is a descriptive one. Primary data collected with the help of structured questionnaire administered to middle level employees of top 3 private sector banks in Tamilnadu. Data was collected from respective banks main branch from four main cities namely Chennai, Coimbatore, Madurai and Tiruchirappalli. Totally there were 528 middle level employees in all the three banks. In that 420 respondents were selected by adopting simple random sampling using lottery method. Multiple Regression and Structural Equation Modeling using AMOS was adopted to analyze the findings. Some of the relevant findings were derived that will be significant to present Indian scenario.*

*Key words: Citizenship, Behavior, Banks*

# Organizational Citizenship Behavior and its Impact on Employee's Performance in Indian Banking Sector- an Empirical Investigation

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## 1. Introduction

Organizational Citizenship Behavior (OCB) is discretionary employee activity that is not explicitly part of the job description and which tends to promote the organization. This behavior is also not a part of the official system of rewards and compensation. The term was first defined by Dennis Organ in 1988. It is not a thoroughly-defined concept by nature, though an employee who embodies the qualities of OCB is often easy to recognize. While an employee who engages in organizational citizenship behavior may not be specifically recognized for those actions, such behavior will often be rewarded indirectly. This is partly because employees who practice OCB tend to be committed to their jobs and the overall health of the organization. They are also often adept at the core functions of their jobs, which can lead to formal recognition that includes unspoken appreciation for OCB.

### 1.1 Banking Industry

In current years the industry of banking has made a quantum increase into a new and unpredictable environment, categorized by deregulation, product innovation, globalization, expansion in technology and concentrated competition. This modification has shaped the potential for increase. The function of banking segment has increased economic development through financial intermediation is considerable. Banks cost substantial sums each year for advertising, human resources development programs, improves productivity and service quality, that achieving to the mentioned objectives and attainment to organizational goals. It depends on the employee performance and the extent of cooperation with other employees, managers and clients that means organizational citizenship behaviors. In the present day professional world is progressing towards high performance, effective organizations and management that grant high degree of job satisfaction to employees. Organizational Citizenship can play a significant role in attaining these goals. Bateman and Organ (1983) describes, OCB as an efficient role behavior which is not an element of routine job description of employee, that cannot be calculated through organizational evaluation system and presence of such behaviors cannot be imposed (Organ, 1988).

## 2. Significance of the study

Conceptually, there are several reasons why citizenship behaviors might influence organizational effectiveness A key tenet of Organ's original definition of organizational citizenship behavior (Organ, 1988) is that, when aggregated over time and people, such behavior enhances organizational

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effectiveness. For many years, this assumption went untested and its acceptance was based more on its conceptual plausibility than direct empirical evidence. For example, OCBs may contribute to organizational success by: (a) enhancing coworker and managerial productivity; (b) freeing up resources so they can be used for more productive purposes; (c) reducing the need to devote scarce resources to purely maintenance functions; (d) helping to coordinate activities both within and across work groups; (e) strengthening the organization's ability to attract and retain the best employees; (f) increasing the stability of the organization's performance; and (g) enabling the organization to adapt more effectively to environmental changes.

### 2.1 Research Objectives

1. To find out OCB enhances employee behavior and performance.
2. To examine employee behavior and performance contributes for organizational effectiveness.

## 3. Methodology

The study is a descriptive one. Primary data collected with the help of structured questionnaire administered to middle level employees of top 3 private sector banks in Tamilnadu. Data was collected from respective banks main branch from four main cities namely Chennai, Coimbatore, Madurai and Tiruchirappalli. Totally there were 528 middle level employees in all the three banks. In that 420 respondents were selected by adopting simple random sampling using lottery method. To find out the suitability of the questionnaire a pilot study was carried out among 15 respondents and necessary additions and deletions were made in the questionnaire. To test the reliability and validity of the data collected Cronbach's alpha test was used and values of Coefficient alpha (Cronbach's Alpha) have been obtained, the minimum value of Coefficient alpha obtained was **0.895**. This confirmed that the data has satisfactory internal consistency reliability.

### 3.1 Variables and their measurement

The details of independent and dependent variables selected for the study are given below. The dimensions measured in OCB are

- a. Altruism
- b. Courtesy
- c. Conscientiousness
- d. Civic Virtue
- e. Sportsmanship

## 4. Analysis

Using Statistical Package for Social Science (SPSS) following test were administered

1. Multiple Regression and 2. Structural Equation Modeling using AMOS

**Table 1. Influence of Organizational Effectiveness on Enhancing Employees Behavior Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582	0.339	0.323	0.834

**Predictors:** (Constant), Over time, helping behavior can help to spread "best practices" throughout the work unit or group, Picking up the slack for others who are absent, or who have heavy workloads, can help to enhance the stability (reduce the variability) of the work unit's performance, Exhibiting courtesy reduces the likelihood of the occurrence of problems that would otherwise take time and effort to resolve,

*Demonstrating sportsmanship develops a sense of loyalty and commitment to the organization that may enhance employee retention, Employees who exhibit sportsmanship enhance the organization's ability to adapt to changes in its environment, Helping behaviors enhance performance and help the organization to attract and retain better employees, Conscientious employees are more likely to maintain a consistently high level of output, Exhibiting civic virtue potentially increasing the group's effectiveness and efficiency, Employees who are in close contact with the marketplace volunteer information about changes in the environment, Employees who attend and actively participate in meetings may aid the dissemination of information in an organization, thus enhancing its responsiveness.*

The multiple regressions are shown in the above table. The model summary table shows R-Square for this model is .339. This means that 33.9 percent of the variation in overall Organizational effectiveness (dependent variable) can be explained from the 10 independent variables. The table also shows the adjusted R-square for the model as .323.

Any time another independent variable is added to a multiple regression model, the R-square will increase (even if only slightly). Consequently, it becomes difficult to determine which models do the best job of explaining variation in the same dependent variable. The adjusted R-Square does just what its name implies. It adjusts the R-square by the number of predictor variables in the model. This adjustment allows the easy comparison of the explanatory power of models with different numbers of predictor's variable. It also helps us decide how many variables to include in our regression model.

**Table 2. ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	145.881	10	14.588	20.982	.000
	Residual	284.366	409	0.695		
	Total	430.248	419			

**Predictors:** *(Constant), Over time, helping behavior can help to spread "best practices" throughout the work unit or group, Picking up the slack for others who are absent, or who have heavy workloads, can help to enhance the stability (reduce the variability) of the work unit's performance, Exhibiting courtesy reduces the likelihood of the occurrence of problems that would otherwise take time and effort to resolve, Demonstrating sportsmanship develops a sense of loyalty and commitment to the organization that may enhance employee retention, Employees who exhibit sportsmanship enhance the organization's ability to adapt to changes in its environment, Helping behaviors enhance performance and help the organization to attract and retain better employees, Conscientious employees are more likely to maintain a consistently high level of output, Exhibiting civic virtue potentially increasing the group's effectiveness and efficiency, Employees who are in close contact with the marketplace volunteer information about changes in the environment, Employees who attend and actively participate in meetings may aid the dissemination of information in an organization, thus enhancing its responsiveness.* **Dependent Variable: Organizational effectiveness.**

The ANOVA table, as displayed in the above table shows the F ratio for the regression model that indicates the statistical significance of the overall regression model. The F ratio is calculated the same way for regression analysis as it was for the ANOVA technique. The variance Independent variable that is associated with dependent variable (Overall Organizational effectiveness) is referred to as explained variance. The remainder of the total variance in Independent variable that is not associated with dependent variable is referred as unexplained variance.

The larger the F ratio the more will be the variance in the dependent variable that is associated with the independent variable. The F ratio = 20.982. The statistical significance is .000 - the

“Sig”. So we can reject the null hypothesis that no relationship exists between the two variables. There is relationship between independent and dependent variables.

**Table 3. Coefficients**

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.503	0.453		12.143	0.000
Exhibiting civic virtue potentially increasing the group's effectiveness and efficiency	0.006	0.069	0.005	0.093	0.926
Exhibiting courtesy reduces the likelihood of the occurrence of problems that would otherwise take time and effort to resolve	0.265	0.060	0.251	4.385	0.000
Helping behaviors enhance performance and help the organization to attract and retain better employees	-0.388	0.061	-0.387	-6.408	0.000
Demonstrating sportsmanship develops a sense of loyalty and commitment to the organization that may enhance employee retention	-0.527	0.080	-0.574	-6.548	0.000
Picking up the slack for others who are absent, or who have heavy workloads, can help to enhance the stability (reduce the variability) of the work unit's performance	-0.278	0.055	-0.271	-5.088	0.000
Conscientious employees are more likely to maintain a consistently high level of output	-0.102	0.044	-0.121	-2.320	0.021
Employees who are in close contact with the marketplace volunteer information about changes in the environment	0.186	0.078	0.177	2.388	0.017
Employees who attend and actively participate in meetings may aid the dissemination of information in an organization, thus enhancing its responsiveness	0.367	0.079	0.390	4.630	0.000
Employees who exhibit sportsmanship enhance the organization's ability to adapt to changes in its environment	0.191	0.047	0.175	4.035	0.000
Over time, helping behavior can help to spread "best practices" throughout the work unit or group	-0.063	0.038	-0.077	-1.677	0.094

*Dependent Variable: Overall Organizational effectiveness*

To determine if one or more of the independent variables are significant predictors of overall Organizational effectiveness, we examine the information provided in the coefficient table. Out of nine independent statements six statements are statistically significant.

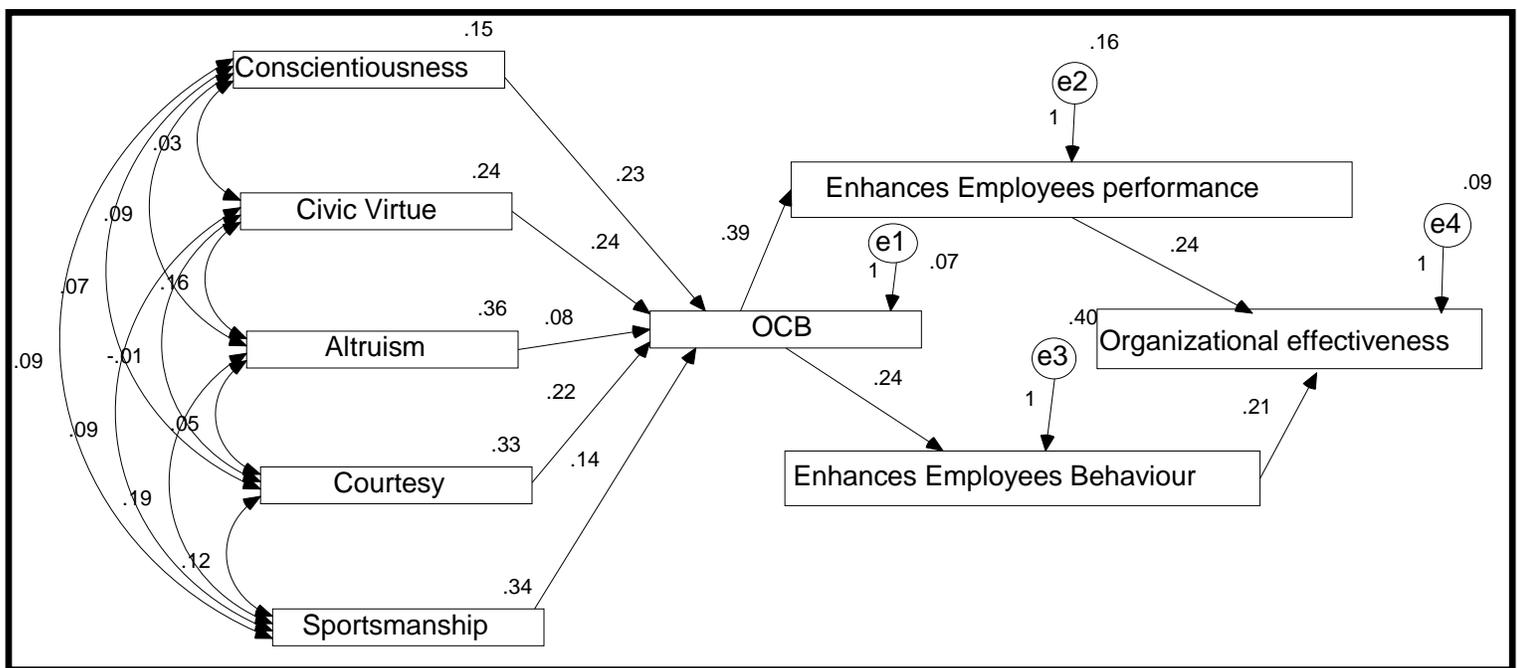
**Influence of Organizational Effectiveness on Enhancing Employees performance**

1. Employees who exhibit courtesy toward others reduce intergroup conflict
2. Avoid creating problems for coworkers.

**Influence of Organizational Effectiveness on Enhancing Employees Behavior**

1. Employees who attend and actively participate in meetings may aid the dissemination of information in an organization, thus enhancing its responsiveness.
2. Exhibiting courtesy reduces the likelihood of the occurrence of problems that would otherwise take time and effort to resolve.

**Figure 1. Conceptual frame work model of OCB in enhancing employee’s performance and behavior in turn contributes for banks effectiveness**



- When Civic Virtue goes up by 1, OCB up by 0.490
- When Courtesy goes up by 1, OCB goes up by 0.043
- When Sportsmanship goes up by 1, OCB up by 0.021
- When employees behavior goes up by 1, OCB increases by 0.514
- When employees performance goes up by 1, organizational effectiveness increases by 0.245
- When employees behavior goes up by 1, organizational effectiveness increases by 0.210

**5. Managerial Implications and Conclusion**

Citizenship behaviors come in many distinct shapes and forms. Traditionally thought of as the worker who ‘goes above and beyond’ the minimum requirements, it can also be the employee who takes the initiative and always offers to lend a hand; the knowledgeable, helpful and cooperative colleague; the

senior staff member who is able to roll with the punches; or the friendly, approachable manager who shows the new employees around the office and introduces them to other staff. All of these types of OCB should be actively encouraged – employees support the organization through enhancing each other's performance and wellbeing, and this is reflected in reduced costs and increased profitability at the organizational level. The whole research results, suggests that the organizations' top executives should be thoughtful about the citizenship behavior among the employees, as it not only proves helpful for the processes within, leading the whole organization towards the riches, but also helps to generate a good strengthened image, to the outside world. Organizations for there future growth and continuous development need to give importance and encourage the employees who exhibit these sort of citizenship behavior in the organization. if employees take part in activities not mandatory by the organization but which result in the impression of the organization to prosper, then the social life with in the organization will become pleasant, which at the end of the day will result in satisfied employees and may cause the employees to develop healthy, frictionless relationships among themselves. In this study it is clear that in private sector banks in Tamilnadu, Conscientiousness, Altruism, Courtesy, Civic Virtue, and Sportsmanship all directly contributes for enhancing the employee's performance and behavior in turn it directly has an impact on organization growth (effectiveness).

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