

## **A Study on Employee Engagement, Organizational Citizenship Behavior in Organizations with Reference to Fringe Benefits**

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### **Abstract:**

The modern organizations are providing fringe benefits for attaining employee retention. This study is aimed to know whether there is positive relationship between employee engagement and organizational citizenship behavior in organizations where fringe benefits are given to employees. This paper gives insights for modern human resource managers about importance of fringe benefits, employee engagement and thereby increasing the organizational citizenship behavior. The statistical tools like correlation and analysis of variance (ANOVA) have been used for data analysis.

### **Keywords:**

Employee engagement, fringe benefits, organizational citizenship behavior, Employee benefits, employee rewards.

### **Introduction:**

Organizations provide benefits for attaining employee retention and gaining competitive advantage. The fringe benefits which consists both monetary and nonmonetary benefits are provided to employees. Fringe benefits are those benefits which are provided by an employer to or for the benefit of employee and which are not in the form of wages, salaries and time related benefits (Deb, 2006). The employees are given fringe benefits irrespective of their job performance. The fringe benefits are not part of compensation because they are extra benefits incur costs to the employer. This study analyzes the impact of fringe benefits on employee organizational citizenship behavior.

### **Research objectives**

1. To explain how fringe benefits gives competitive advantage for organizations.
2. To know the relationship between employee engagement and organizational citizenship behavior (OCB) in organizations which provide fringe benefits.

### **Literature review**

Employers provide fringe benefits to attain organizational goals and for gaining competitive advantage. If talented, skilled and knowledge based employees are retained then it leads to sustainability of the organization. The fringe benefits have both positive and negative impact on job satisfaction (Artz, 2010). The organizational commitment gets positive influence for providing fringe benefits among the employees (Ju, Kong, Hussin, & Jussuf, 2008)

### **Fringe benefits (FB)**

Fringe benefits are a kind of compensation available to employees over and above the usual fixed basic pay and variable wage incentives (Durai, 2010). Every employee of the organization is automatically eligible for fringe benefits but length of service and position of the employee determines the type of benefits they receive. In general the fringe benefits are categorized as legally required benefits and voluntary benefits. The legally required benefits include social security, medical care, unemployment compensation and workmen's compensation. The voluntary benefits include benefits like insurance premium, death benefits, paid vacations and pension plan premiums (Dwivedi, 2007). The human resource managers face big challenge of providing perfect fringe benefits (Elham, Hossein, & Ahmad, 2012)

### **Organizational citizenship behavior (OCB)**

Organizational citizenship behavior (OCB) is defined as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization" (Ferris & Treadway, 2012). Organizational citizenship behavior (OCB) occurs when an employee acts in a way that improves psychological well being and social environment of an organization (Mathis, Jackson, & Valentine, 2014). There is a positive relationship between job attitude and organizational citizenship behavior (Donavan, Brown, & Mowen, 2004).

### Employee engagement (EE)

Employee engagement is the extent to which an employee's thought and behaviors are focused on his or her work and their employer's success. Engaged workers are more productive, exhibit greater dedication, perform at higher risks and show higher retention than do unengaged workers (Mathis, Jackson, & Valentine, 2014). The job characteristics, organizational support and supervisor supports have an impact on employee engagement. Further employee engagement influences job satisfaction, organizational citizenship behavior and intention to quit (Saks, 2006). The employers can gain competitive advantage if they conduct performance management in an effective way because it leads to proper employee engagement (Gruman & Saks, 2011).

### Need of the study

Many researchers have studied the relationship among variables like organizational citizenship behavior, employee engagement and leadership but specific research about the relationship between variables like fringe benefits, employee engagement and organizational citizenship behavior need to be studied. In the present business world skilled and knowledge workforce is essential for sustaining in the business. Organizations with skilled workforce are able to bring innovative products into the market. This study helps to know whether fringe benefits and employee engagement have positive impact on organizational citizenship behavior.

### Research Methodology

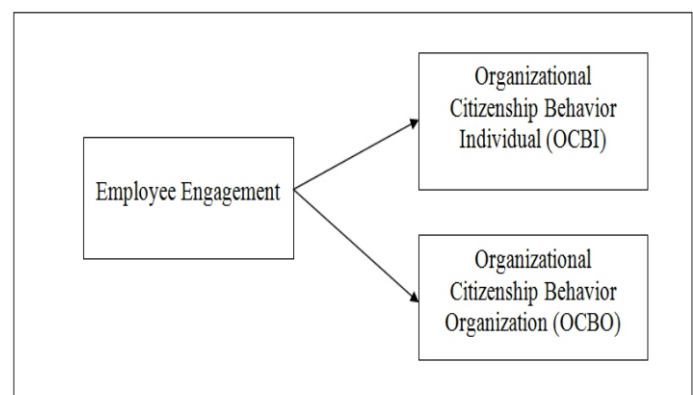
A structured closed ended questionnaire was used for collecting primary data. The respondents need to be employee in an organization which provides fringe benefits. The secondary data had been collected from journals, books and electronic sources. Simple random sampling had been used for selecting the respondents and the sample size is 120. SPSS version 20.0 statistical software had been used for data analysis. The hypothesis for the study had been formulated based on literature. The statistical techniques like descriptive statistics, frequency analysis, correlation and analysis of variance (ANOVA) have been implemented. The research model for the study had been displayed through Figure 1.

### Measurement scale of this study

There are three constructs in the measurement scale which are employee engagement (EE), organizational citizenship behavior at individual level (OCBI) and

organizational citizenship behavior at organizational level (OCBO). In present study two dimensions for organizational citizenship behavior which are OCBI and OCBO. The items for the construct EE are adopted from (Thomas, 2007). The items for OCBI and OCBO are adopted from (Lee & Allen, 2002). The items are measured on five point Likert-type scale which is anchored from '5' for strongly agree to '1' for strongly disagree. The research model is shown in Figure 1.

**Figure 1: Research model**



(Source: Developed by the researcher for this study)

### Data Analysis

The total respondents of the survey are 120. Out of them 55 percent are male respondents and remaining 45 percent are female respondents. Among the total respondents 18 percent are less than 24 years of age. 33 percent of the respondents belong to '25 to 34 years' age group, 22 percent belong to '35 to 44 years' age group and 27 percent belong to 27 years age group.

**Table 1: Descriptive Statistics**

	N	Mean	Std. Deviation
EE	120	3.8792	.92581
OCBI	120	3.3139	.89013
OCBO	120	4.0222	.93359
Valid N (listwise)	120		

(Source: Output from SPSS)

The mean value for variables EE and OCBO is 3.88 and 4.02 respectively which means that employees in organizations where fringe benefits are provided are engaged in work. Further these employees are having organizational citizenship behavior at the organizational level.

The OCBI mean value is only 3.3 with standard deviation of 0.89 therefore organizational citizenship behavior of employees at the individual level is neutral or below average.

**Table 2: ANOVA Test between gender and EE, OCBI and OCBO**

	Sum of Squares	df	Mean Square	F	Sig.	
EE	Between Groups	.073	1	.073	.085	.771
	Within Groups	101.925	118	.864		
	Total	101.998	119			
OCBI	Between Groups	.013	1	.013	.016	.899
	Within Groups	94.275	118	.799		
	Total	94.288	119			
OCBO	Between Groups	.153	1	.153	.175	.677
	Within Groups	103.565	118	.878		
	Total	103.719	119			

(Source: Output of SPSS)

**H1:** The 'gender' of employees has a relationship with EE, OCBI and OCBO

**Result:** The hypothesis H1 had been rejected because 'p' value for variables EE, OCBI and OCBO is greater than 0.05. The 'p' value for all the three variables can be found in Table 2 with regard to 'gender' as independent factor. Hence gender had no significant impact on employee engagement and organizational citizenship behavior both at the individual level and organizational level.

**Table 3: ANOVA Test between Age Group and EE, OCBI and OCBO**

	Sum of Squares	df	Mean Square	F	Sig.	
EE	Between Groups	39.861	3	13.287	24.804	.000
	Within Groups	62.137	116	.536		
	Total	101.998	119			
OCBI	Between Groups	15.083	3	5.028	7.363	.000
	Within Groups	79.205	116	.683		
	Total	94.288	119			
OCBO	Between Groups	13.739	3	4.580	5.904	.001
	Within Groups	89.979	116	.776		
	Total	103.719	119			

(Source: Output from SPSS)

**H2:** The 'age group' of employees has a relationship with EE, OCBO and OCBI

**Result:** The hypothesis H2 is accepted because 'p' value for variables EE, OCBO and OCBI is less than 0.05. It can be found in Table 3 last column. Hence 'age group' of employees influences employee engagement and organizational citizenship behavior both at the individual level and organizational level.

**H3:** There is positive relationship between employee engagement and organizational citizenship behavior at the individual level (OCBI)

**Result:** The hypothesis H3 is accepted because from Table 3 it can be observed that correlation between EE and OCBI is 0.507, between EE and OCBO is 0.612 and between OCBI and OCBO is 0.659. Hence in organization where fringe benefits are provided there is positive correlation between employee engagement and organizational citizenship behavior both at the individual and organizational level.

**Table 4: Correlations between the variables**

		EE	OCBI	OCBO
EE	Pearson Correlation	1		
	Sig. (1-tailed)			
	N	120		
OCBI	Pearson Correlation	.507**	1	
	Sig. (1-tailed)	.000		
	N	120	120	
OCBO	Pearson Correlation	.612**	.659**	1
	Sig. (1-tailed)	.000	.000	
	N	120	120	120

\*\* . Correlation is significant at the 0.01 level (1-tailed).

(Source: Output from SPSS)

## Discussion and Conclusion

In organizations where fringe benefits are provided there is positive relationship between employee engagement and organizational citizenship behavior. The organizational citizenship behavior is positive with employee engagement both at the individual level and organizational level. The age is an important factor which influences organizational citizenship behavior whereas gender does not have an impact on organizational citizenship behavior. It also observed that employee engagement is more important for developing organizational citizenship behavior. The modern organizations need to implement fringe benefits and it leads to employee engagement and further it positively influences organizational citizenship behavior.

## Future Research

The employee engagement is taken as single variable but there are various dimensions of employee engagement like work engagement and job engagement etc. The impact of such dimensions on organizational citizenship behavior in organizations where fringe benefits are being provided need to be researched.

The organizational citizenship behavior in organizations where fringe benefits are not being implemented can also be studied by future researchers. The job satisfaction between organizations which provide fringe benefits and organizations which do not provide fringe benefits should be studied.

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