

The Influence of Compensation on Organizational Citizenship Behavior: The Mediating Role of Work Motivation

Ainur Rahim Setiawan¹, Aria Dian Tri Wahyuni¹, Ratna A Marhaenita Widjaja¹, Rosi Irianti¹, Andi Kuswandono¹

¹Management, Universitas Kristen Cipta Wacana, Indonesia.

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Abstract

This study aims to examine the effect of compensation on Organizational Citizenship Behavior (OCB), with work motivation as a mediating variable. Using a quantitative explanatory research approach, data were collected from 120 permanent employees of a logistics company through questionnaires and analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM). The findings show that compensation has a positive and significant effect on both work motivation and OCB. Furthermore, work motivation also significantly influences OCB and mediates the relationship between compensation and OCB. These results suggest that fair and competitive compensation not only directly encourages employees to exhibit extra-role behaviors, but also indirectly enhances OCB by increasing work motivation. This study emphasizes the importance of integrating compensation strategies with psychological factors such as motivation to foster a more engaged and committed workforce. The research contributes both theoretically and practically to human resource management by highlighting motivation as a critical link in the compensation OCB relationship

1. Introduction

In an era of increasingly complex and dynamic business competition, technological developments are increasingly rapid, many technologies have been created with the aim of making it easier to carry out activities (Laksmana, 2022). The success of an organization is not only determined by external strategic factors but also by the quality of behavior and individual contributions in the organization. One of the employee behaviors that significantly affects organizational effectiveness is Organizational Citizenship Behavior (OCB), which refers to voluntary actions that go beyond formal job requirements, such as helping coworkers, maintaining the work environment, showing loyalty to the organization, and showing initiative without being told (Organ, 1988). OCB is a key indicator of sustainable organizational performance because it fosters a collaborative, harmonious, and productive work environment. However, the emergence of OCB does not occur automatically. It is influenced by various internal and external organizational factors, one of which is the compensation system.

Compensation is the reward provided by the organization to employees as a form of appreciation for their contributions. Compensation may be financial (such as salary, bonuses, and benefits) or non-financial (such as recognition, awards, and career development opportunities) (Milkovich & Newman, 2020). Fair, competitive, and well-aligned compensation is believed to increase job satisfaction, loyalty, and employee motivation. Employees who feel appreciated through an adequate compensation system are more likely to provide extra contributions to the organization, including exhibiting OCB. However, the relationship between compensation and OCB is not always direct and linear. Previous studies have shown that the effect of compensation on OCB can be influenced by internal psychological factors, one of which is work motivation.

Work motivation refers to the internal drive that energizes individuals to act and complete tasks with enthusiasm, focus, and responsibility. Motivation theories such as Self-Determination Theory (Deci & Ryan, 2000) suggest that motivation consists of two types: intrinsic motivation (internal drives such as personal satisfaction or self-fulfillment) and extrinsic motivation (external drives such as rewards or recognition). As a form of extrinsic motivation, compensation can serve as an initial trigger for work motivation, which in turn encourages employees to display OCB. Robbins and Judge (2019) emphasize that positively motivated employees tend to act proactively, take initiative to assist coworkers, and demonstrate long-term commitment to the organization. Therefore, it can be assumed

*Corresponding author, email: ainursetiawan@cwcu.ac.id

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that work motivation plays an important mediating role in the relationship between compensation and OCB.

In this context, studying the effect of compensation on Organizational Citizenship Behavior with work motivation as a mediating variable becomes highly relevant and important. This research aims to analyze whether compensation significantly affects work motivation, whether work motivation influences OCB, and whether work motivation mediates the relationship between compensation and OCB. Based on previous literature and findings, the following hypotheses are proposed: (1) Compensation has a positive effect on work motivation, (2) Work motivation positively influences OCB, and (3) Work motivation mediates the effect of compensation on OCB. The findings of this study are expected to contribute theoretically to the field of human resource management and practically to organizations in designing compensation strategies that enhance motivation and encourage positive and productive work behaviors.

2. Method

2.1. Research Design

This study employs a quantitative approach with an explanatory research method, which aims to explain the causal relationships among the variables under investigation. In this context, the independent variable is compensation (X), the dependent variable is Organizational Citizenship Behavior (OCB) (Y), and the mediating variable is work motivation (Z). The research was conducted by distributing questionnaires to predetermined respondents, and the collected data were analyzed using inferential statistical techniques. This type of research was selected because it is suitable for testing both direct and indirect effects among variables, as well as for identifying the mediating role of work motivation. To support hypothesis testing involving a mediating variable, the study utilizes the Structural Equation Modeling (SEM) approach based on Partial Least Squares (PLS).

2.1.1. Population and Sample

The object of this research is the permanent employees of PT XYZ Logistics, a national logistics service company engaged in intercity and inter-island goods delivery throughout Indonesia. This company was selected because its operations heavily rely on teamwork and employee contributions, where Organizational Citizenship Behavior (OCB) plays a crucial role in ensuring smooth and efficient customer service. Furthermore, the company has implemented a performance-based compensation system, allowing researchers to examine its relationship with work motivation and employee OCB.

The population in this study includes all non-managerial permanent employees of PT XYZ Logistics who work at the head office and operational units in City X. The inclusion criteria were as follows: (1) employees must have a minimum of one year of service, and (2) willingness to voluntarily complete the questionnaire. These criteria were selected to ensure that the respondents had sufficient work experience to evaluate compensation, assess their level of work motivation, and consistently demonstrate OCB.

The sampling technique used in this study is purposive sampling, which involves selecting respondents based on specific criteria relevant to the research objectives. The sample size was determined using the Slovin formula with a 5% margin of error, or by referring to the maximum number of indicators multiplied by 10, in accordance with the SEM-PLS approach. Based on these considerations, the minimum number of respondents required was 120 employees.

2.1.1.1. Data Collection Technique

Primary data were collected through questionnaires distributed both offline (in person) and online via platforms such as Google Forms. The questionnaire consisted of three main sections, which included statements related to compensation, work motivation, and OCB. Each statement was constructed using a 5-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5). Prior to distribution to the main respondents, the questionnaire was pre-tested on 30 participants to examine the instrument's validity and reliability. In addition, secondary data were obtained from organizational documents and literature studies to strengthen the theoretical framework of the research. The main research instrument was a questionnaire designed based on indicators drawn from established theories and previous studies.

- The **compensation variable (X)** was measured using indicators from Milkovich and Newman (2020), which include base salary, incentives, allowances, and non-financial rewards.

- The **work motivation variable (Z)** was measured using indicators based on the Self-Determination Theory by Deci and Ryan (2000), which consists of intrinsic motivation (personal satisfaction, self-fulfillment) and extrinsic motivation (rewards or recognition).
- The **OCB variable (Y)** was measured using dimensions from Organ (1988), namely altruism, conscientiousness, sportsmanship, courtesy, and civic virtue

3. Result and Discussion

3.1. Outer Model Results

The results of the validity and reliability tests indicate that all indicators have loading factor values above 0.70, which means they meet the criteria for convergent validity. The Average Variance Extracted (AVE) values for all variables are also above 0.50, indicating that the indicators adequately represent their respective constructs. In addition, the Composite Reliability (CR) values for each variable exceed 0.80, demonstrating a high level of internal consistency.

Tabel 1. Outer Model

Variable	CR	AVE
Compentation (X)	0,91	0,63
Work Motivation (Z)	0,89	0,58
OCB (Y)	0,93	0,67

3.1.1. Hypothesis Testing Results

The hypothesis testing results using the bootstrapping procedure with 5,000 subsamples indicate that all relationships between variables are statistically significant.

Table 2. Hypothesis Testing Results

Hypothesis	Koefisien (β)	t-statistik	p-value	Description
Compentation → Work Motivation	0,527	8,745	0,000	Significant
Motivasi Kerja → OCB	0,496	7,382	0,000	Significant
Compentation → OCB	0,312	4,112	0,000	Significant
Compentation → Motivasi → OCB	0,261	5,129	0,000	Significant

Hypothesis testing in this study was conducted using the bootstrapping method with 5,000 subsamples, employing the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach. The analysis results indicate that all path relationships between variables in the research model are statistically significant, with p-values less than 0.05 and t-statistics exceeding the minimum threshold of 1.96. Specifically, the effect of compensation on work motivation yielded a coefficient value of 0.527, with a t-statistic of 8.745 and a p-value of 0.000, indicating that compensation has a positive and significant influence on increasing employee motivation. This result supports the theory that fair compensation can enhance an individual's internal drive to work.

Furthermore, the effect of work motivation on Organizational Citizenship Behavior (OCB) was also significant, with a coefficient of 0.496, t-statistic of 7.382, and p-value of 0.000. This indicates that employees with high work motivation are more likely to engage in voluntary behaviors, such as helping coworkers, being loyal to the organization, and upholding organizational values.

The direct effect of compensation on OCB was also found to be significant, with a coefficient of 0.312, t-statistic of 4.112, and p-value of 0.000. This finding suggests that adequate compensation can directly encourage employees to display positive work behaviors beyond their formal job descriptions.

The mediation test results show that work motivation mediates the effect of compensation on OCB, with a coefficient value of 0.261, t-statistic of 5.129, and p-value of 0.000. This means that in addition to having a direct effect, compensation can also enhance OCB indirectly by increasing work motivation. This confirms the significant mediating role of work motivation in the research model. The R-square (R^2) value for the work motivation variable is 0.278, and for the OCB variable is 0.574, indicating that the model has a moderate to strong explanatory power, especially in explaining the OCB variable.

3.1.1.1. Discussion

The empirical findings of this study demonstrate that compensation has a positive and significant effect on both work motivation and Organizational Citizenship Behavior (OCB). These results support various theories and previous studies, which state that a fair, transparent, and competitive compensation system can enhance employee enthusiasm and encourage their engagement in behaviors beyond formal job duties (Milkovich & Newman, 2020; Robbins & Judge, 2019; Armstrong & Taylor, 2020).

H1: The Effect of Compensation on Work Motivation

The significant influence of compensation on work motivation ($\beta = 0.527$; $p < 0.001$) aligns with the principles of Self-Determination Theory proposed by Deci and Ryan (2000), which explains that work motivation can be driven by external incentives such as salary, bonuses, and benefits. In the organizational context, compensation is not merely a means of fulfilling economic needs but also serves as a symbol of recognition for individual contributions. Employees who feel valued through the compensation system they receive are likely to experience an increase in self-esteem, sense of belonging, and ultimately become more motivated to work diligently (Güngör, 2011; Jayaweera, 2015).

Work motivation also plays a crucial role in linking employee satisfaction with work productivity. Several previous studies have shown that compensation aligned with employee expectations significantly contributes to enhancing work motivation (Islam et al., 2016; Putra & Utami, 2021). In this framework, well-targeted compensation becomes a foundational element in building a competent and committed workforce.

H2: The Effect of Work Motivation on OCB

The results also indicate that work motivation has a positive and significant effect on OCB ($\beta = 0.496$; $p < 0.001$). This finding confirms that work motivation not only impacts individual formal performance but also encourages extra-role behaviors such as helping colleagues, demonstrating loyalty to the organization, and maintaining social stability in the workplace. This supports Organ's (1988) view that OCB emerges naturally when individuals have a strong internal drive to contribute beyond their core duties.

The study by Zehir, Müceldili, and Zehir (2012) also emphasizes that OCB develops through a work climate that supports employees' emotional and motivational engagement. High levels of motivation strengthen social responsibility, foster sensitivity to colleagues' needs, and cultivate team solidarity—all of which are key dimensions of OCB.

H3: The Effect of Compensation on OCB

The results of the third hypothesis (H3) show that compensation has a positive and significant effect on Organizational Citizenship Behavior (OCB), with a coefficient value of $\beta = 0.312$, a t-statistic of 4.112, and a p-value of 0.000. This finding suggests that the higher the employee's perception of a fair and adequate compensation system, the greater their tendency to exhibit positive voluntary work behaviors, such as helping coworkers, maintaining a positive work environment, and showing loyalty to the organization.

Theoretically, this result is consistent with the Social Exchange Theory (Blau, 1964), which posits that employees who receive fair treatment and rewards from their organization tend to reciprocate with positive, voluntary behaviors that go beyond formal expectations. In this context, compensation functions not only as a transactional tool but also as a form of recognition and appreciation of employees' contributions, which in turn fosters affective commitment and prosocial behavior within the organization (Organ, 1988; Podsakoff et al., 2000).

This is supported by Milkovich and Newman (2020), who explain that a compensation system designed with both internal and external equity considerations will shape positive perceptions among employees, encouraging them to demonstrate proactive and cooperative attitudes at work. Competitive compensation also signals that the organization values and trusts its employees, reinforcing emotional bonds and commitment to organizational goals (Robbins & Judge, 2019).

Empirically, studies by Zehir et al. (2012) and Ahmad & Shahzad (2011) also show a significant direct relationship between compensation management practices and the enhancement of OCB. These studies emphasize that although OCB is voluntary and not part of formal job descriptions, such behaviors often emerge as a response to how employees are treated by the organization—particularly in terms of fairness and satisfaction with the compensation system.

Therefore, these findings strengthen the importance of compensation not only as a tool for retention or individual performance incentives but also as a strategic instrument in building a cooperative work culture oriented toward collective values. Organizations that implement compensation systems that are transparent, fair, and competitive are more likely to foster a conducive environment for the growth of OCB.

H4: The Mediating Role of Work Motivation in the Relationship between Compensation and OCB

Another important finding is that work motivation serves as a partial mediator in the relationship between compensation and OCB ($\beta = 0.261$; $p < 0.001$). This means that compensation influences OCB not only directly but also indirectly through increased work motivation. This mechanism suggests that strategies aimed at improving positive behaviors in the workplace should not rely solely on financial policies but also focus on strengthening internal psychological factors that drive the willingness to contribute more.

Pradhan and Jena (2019) state that the success of human resource management in promoting OCB largely depends on how organizations build a strong and sustainable motivational system. Recognition, role clarity, and access to career development opportunities are also essential elements in reinforcing the influence of motivation on OCB (Ahmad & Shahzad, 2011; Podsakoff et al., 2000).

However, the effectiveness of motivation as a mediator may vary depending on organizational culture, industry type, and employee demographics. In collectivist cultures like Indonesia, for instance, social rewards (such as symbolic awards or public praise) may have a stronger impact than purely financial incentives (Hofstede, 2001). Therefore, it is important for organizations to align their compensation and motivation strategies with cultural values and employee expectations.

4. Conclusion

This study aims to analyze the effect of compensation on Organizational Citizenship Behavior (OCB) with work motivation as a mediating variable. Based on data analysis using the Structural Equation Modeling (SEM-PLS) approach, the findings reveal that compensation has a positive and significant effect on work motivation, as well as on OCB both directly and indirectly through work motivation.

Employees who receive fair, appropriate, and equitable compensation according to their workload tend to have higher levels of work motivation. This increased motivation, in turn, encourages the emergence of OCB, such as helping colleagues, maintaining harmonious work relationships, and demonstrating loyalty to the organization. This indicates that compensation functions not only as a means of fulfilling financial needs but also as a psychological stimulus that enhances employee engagement and commitment.

Furthermore, the finding that work motivation mediates the relationship between compensation and OCB underscores the importance for organizations to pay attention not only to financial aspects, but also to internal psychological factors that influence employee behavior. Work motivation serves as a crucial bridge linking material rewards to real, voluntary actions in the workplace that support organizational success.

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