Evaluating Distributive Fairness of Remuneration System: The Role of Equity Sensitivity in Explaining Employee Well-being and Organizational Citizenship Behaviour

*Elsa Sari Yuliana 1), Sari Zawitri 2), Widodo PS 3), Theresia Siwi Kartikawati 4)
1,2,3,4 Pontianak State Polytechnic, Pontianak, Indonesia.

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ABSTRACT

This study aims to test the effect of remuneration system fairness on subjective well-being and OCB. This research also aims to test the moderating role of equity sensitivity in the effect of remuneration system fairness on subjective well-being. The hypothesis testing employed path coefficient value and t-test using SmartPLS 3.0. In accordance with the test results show that in the context of public universities in Indonesia, namely PU, employee OCB is influenced by the remuneration system variable and subjective welfare variable. This study also concludes that subjective well-being is a mediator between the two. On the other hand, the moderating role of equity sensitivity in the effect of fairness remuneration on subjective well-being is not well-proven. Theoretically, this research provides generalization to the previous studies, as well as complementing the need for balancing mediator and moderator variables in the correlation between remuneration system fairness and OCB. Practically, this study denotes that organizations need to take concern about fairness in the regulations of remuneration system.

Corresponding Author:
Elsa Sari Yuliana
Pontianak State Polytechnic, Pontianak, Indonesia.
Email: elsa_sariyuliana@yahoo.com

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INTRODUCTION

In the implementation of Human Resource Management, remuneration system functions to attract, maintain, and stimulate employees to achieve the goal of an organization. Apart from how well a remuneration system is planned, this system will not reach its goal unless the employees have distributive fairness in the remuneration system [1]. Employee’s perception of fairness is one of the significant factors in succeeding the implementation of merit system regulations. Thus, Kuspriyo murdono in [2] suggests that there are some biases and problems in performance measurement using DP3 as a work performance appraisal tend to be averaged and raters avoid an extreme assessment; personal opinion assessors about their employees who will have an effect in measuring work performance; in fact the process of assessing the implementation of civil servants’ work tend to get caught up in the process of formality and not directly related to what has been carried out by civil servants; DP3 civil servants are substantively not can be used as an assessment and measurement how much productivity, contribution, success and or failure of civil servants in carrying out their duties his job; DP3 PNS assessment is more oriented on personality and behavioral assessment focused on the formation of individual character with using behavioral criteria, not yet focused on performance, yield improvement, productivity and development of potential utilization and their reward will experience negative emotion. Eventually, this condition leads to negative attitudes (for example, unwillingness to perform OCB) [3].

Extra-role behaviors such as OCB are greatly significant for an organization, for instance OCB has succeeded in mediating organizational commitment and employee performance in the hospitality industry [4]. The existence and improvement of an organization depend on its member behaviors. As elaborated by Park [5], to elevate its effectiveness, an organization should encourage not only members’ in-role, but also their OCB. There is a need for developing relevant studies on how distribution fairness can be viewed from the remuneration system on OCB through well-being mechanism. Firstly, studies related to the mechanism still need generalization in different samples [1] [6] [5] [7] [8] [9]. Therefore, this research decided to take samples from a different country (Indonesia) within a different sector (state university) [10].

Secondly, there is a need to review the possibility of mediator in relating fairness to employee outcome, such as OCB [11] [9] [12]. This study revisits well-being as the mediator. Thirdly, it is needed to analyze the possibility of moderating factor. Previous studies have not addressed moderating factors. This study, thus, reviewed equity sensitivity factor as the novelty. Based on the equity theory, Adams [13], an individual evaluates fairness in the workplace by comparing the ratio of individual outcome (reward, promotion etc.) as well as the input Improved communication between fellow employees improves social relations and learning including raw material resources, information on the development of tasks or work, work functions and authority, the last is information about company policies [14] The consequences of open communication will provide trust and job satisfaction for individuals and groups so that the company’s operational processes are easier to carry out [15]. Second, decision making that involves employees.
Third, share information about the actual condition of the company. Fourth, as a good place to share perceptions and feelings or share the same fate. Effective communication is considered to be the key to success associated with change efforts [16]. Communication is needed throughout the change process at all levels and for all employees, even for those who are not directly related. Effective communication among stakeholders inside and outside the organization is needed to convey company policies and ensure patience and understanding of the structural and cultural changes required as well as organizational competitive conditions [17]. Communication must take place periodically and in both directions between those who are tasked with taking the initiative to change and those who are affected by it [18]. Communication should be open, honest, and clear, especially when discussing sensitive issues related to personnel, such as downsizing and the effect of remuneration fairness on the individual well-being [19].

**Literature Review And Hypothesis Development**

**Correlation of Remuneration system fairness and OCB**
Equity theory emphasizes the inequality between employee input ratio for the organization and the organization output to the employee [20]. Based on equity theory, the effect of disparity between employee input and the output they get from the organization will result in unwillingness to show higher performance. Therefore, organization fairness is widely claimed by many researchers to be an important predictor of employee OCB [21]. Meanwhile, the approaching model of Effort-Reward Imbalance implied that the lack of mutual relation between effort and reward not only affected an individual’s condition negatively, but also triggered harmful organization output. Thus model elaborated that the imbalance of mutual relation between effort and reward will decrease an individual’s health and well-being [22]. To balance the situation where effort exceeds reward (under-reward), employees will tend to lower their effort (for example, reducing their OCB) [7] [16] [23]. Therefore, remuneration fairness is highly significant and worth considering so as the employees perform extra-role behaviour such as OCB. Another study proved that when employees perceive fairness from an organization (for example, in the form of remuneration), they will tend to get involved in OCB [24]. Considering the aforementioned explanation, a hypothesis goes as follows.

**H1: Remuneration system fairness positively affects lecturers’ OCB in Universitas Negeri Semarang”**

**Correlation of Remuneration System Fairness and Subjective Well-being**
Fairness is often considered the defining factor of employee psychological condition or behavior. Based on the equity theory, when employees perceive fairness for the reward they gain, they will tend to give a positive response. Therefore, fairness can increase employee well-being. Some relevant studies can be used to support this logic. One previous study showed that distributive fairness in the remuneration system can boost a positive individual output [2]. Another study similarly found out that salary imbalance leads to the decrease of employee well-being thoroughly [23]. Employee well-being will deplete once they realize the high ratio of salary imbalance [25]. Perception of the unfair salary will decrease physical well-being [26]. Based on the Effort-Reward Imbalance model (ERI), unfairness in the
remuneration that the employees receive occur due to an imbalance between effort (performance) and the obtained reward (remuneration) [22]. This imbalance will eventually lead to many negative conditions for an individual. Studies in the context of higher conditions in some countries have highlighted the risk of imbalance between effort and reward in disturbing the satisfaction and well-being level of academic staff [27]. Consequently, if a remuneration system is perceived fair by the employees, the employees will tend to gain well-being. Based on the elaboration, a hypothesis is proposed as follows:

H2: Remuneration system fairness positively affects subjective well-being for lecturers in Universitas Negeri Semarang

Subjective Well-being as the Mediator of Remuneration System Fairness and OCB

OCB is not merely affected by remuneration system fairness. Well-being is also believed to be an antecedent factor of OCB. Literature claimed that individual well-being has a significant role in boosting continuous organization output [24]. In addition, Warr and Nielsen [3] [28] identified that well-being is an important factor in supporting positive output of an individual, for example, OCB. Hence, when employee well-being is assured, the employees tend to have more motivation to get involved in OCB. From ERI perspective, individuals that face an imbalance between effort and reward at the workplace will experience continuous negative emotions. This condition supports individuals to withdraw themselves from extra effort [6]. The logic of ERI theory supports the assumption that employee negative response such as well-being emerges once the employees feel unfairness, which then leads to OCB decrease. Therefore, when employees feel a fair remuneration system, their reaction will tend to be positive, such as feeling welfare, which eventually supports employees to perform OCB. Imran and Shahnawaz [29] indicated that well-being can serve as the mediator between performance and its antecedent. Drew on the above explanation, a hypothesis is proposed as follows:

H3: Subjective well-being has a positive effect on lecturers OCB in Universitas Negeri Semarang
H4: Subjective well-being mediates the relation between remuneration system fairness and OCB

The Role of Equity Sensitivity as the Moderator

In the concept of equity sensitivity, there are three kinds of individual preferences, i.e.: Benevolents, Equity Sensitives, Entitleds. Benevolents are employees that value their relationship with organization. They are motivated by altruism and feel satisfied in the situation where their input for the organization is greater than the output they gain. Meanwhile, equity sensitives tend to expect the same result with their input. It means that the effort and the reward they obtain must be balanced. On the other hand, entitles are motivated by their willingness to get a greater output ratio from the organization compared to their input [30] [4]. Equity sensitivity construct is the continuum from benevolents to entitleds [28].

Kickul and Lester [27] asserted that equity sensitivity has a significant role in strengthening or weakening the relation between an individual condition and the antecedent. Murtaza [13] discovered that the effect of unfairness on individual
negative conditions was moderated by equity sensitivity. The effect is lower for individuals with higher equity sensitivity (benevolent) than those with low equity sensitivity (entitles). Previously, Deconinck and Bachmann [30] proclaimed that the higher equity sensitivity is, the easier an individual gets satisfied. This condition can be understood because individuals categorized as entitles are highly sensitive to the reward they gain than the effort they perform. Otherwise, individuals categorized as benevolent do not take much concern about the reward they get because they focus more on the effort they give. Derived from these concepts, this study tests the potential of equity sensitivity as the moderator in the relationship between remuneration system fairness and subjective well-being. Individuals categorized as entitles (low equity sensitivity) will feel a greater effect of a fair remuneration system on subjective well-being than those categorized as benevolent (high equity sensitivity). Based on this explanation, a hypothesis is developed as follows:

H5: Equity sensitivity moderates the relation between remuneration system fairness and subjective well-being.

RESEARCH METHOD

The sample of this study was the lecturers of Universitas Negeri Semarang (PU). Purposive sampling technique was used to collect the samples. The method of data collection employed questionnaire with 1-5 Likert Scale for the lecturers. The hypothesis testing used path coefficient value and t-test using SmartPLS 3.0.

Measuring Variables
Organizational citizenship behavior (OCB) as the dependent variable was measured using 8 statement items from Janssen [3] as summarized by Saks [31]. Below are several examples of statement items related to OCB: “I often help other lecturers who are facing difficulties in their work” and “I often offer an idea to improve my department’s performance without waiting for any instruction from the higher-ups.”

Subjective well-being (SWB) variable as the mediator variable was measured using 5 statement items from Shore [33]. Below are several examples of statement items regarding SWB: “My current life is the thing I’ve been dreaming of” and “I am satisfied with my current life”.

Equity sensitivity variable as the moderator variable was measured using 9 statement items from [27]. Below are several examples of statement items regarding equity sensitivity: “I am most satisfied when I have to do the least effort when working” and “If it is not my main duty, I am trying to work slower than what is expected by my organization.”

Remuneration system fairness (FRS) variable as the independent variable was measured using 6 statement items from Jong and Hartog [32]. several examples of statement items regarding FRS: “The whole remuneration reward I obtain is equal with my effort,” and “The remuneration reward I obtain is equal with my position in the workplace.”

RESULT AND DISCUSSION

Data Analysis and Results
239 questionnaires were distributed, but only 144 lecturers sent a response. This research involved 100 samples. The samples consisted of 40% male lecturers and 60% female lecturers, most of the samples hold a master degree (67%), have 1-10 years of working (38%), and work as
civil servants (93%). The data was analyzed through data validity, data reliability, and hypothesis testing by employing PLS 3. The correlation of remuneration system fairness and other variables was approximately -0.108 to 0.559 (all \( p < 0.01 \)) with the highest mean found in OCB (M = 20.06), remuneration system fairness (M = 19.78), subjective well-being (M = 15.9), and equity sensitivity (M = 7.18). It means that the test of structural equation model can be carried out. Shortly, demographic characteristics and variable correlation are summarized in Table 1 and Table 2.

### Table 1. Mean, Standard Deviation, and Variable Correlation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>s.d</th>
<th>ES</th>
<th>OCB</th>
<th>SWB</th>
<th>URS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Equity sensitivity</td>
<td>7.18</td>
<td>2.024</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2 OCB</td>
<td>20.06</td>
<td>2.335</td>
<td>-0.203</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Subjective well-being</td>
<td>15.9</td>
<td>2.222</td>
<td>-0.283</td>
<td>0.559</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4 Remuneration system fairness</td>
<td>19.78</td>
<td>2.859</td>
<td>-0.108</td>
<td>0.476</td>
<td>0.543</td>
<td>1</td>
</tr>
</tbody>
</table>

### Outer Model Testing

Assessing data reliability referred to Cronbach’s Alpha value and Composite Reliability, which was considered better in estimating the internal consistency of a construct, i.e., using \( \alpha > 0.7 \) (Abdillah & Jogiyanto, 2015). The results indicated that OCB variable, subjective well-being, remuneration system fairness dan equity sensitivity, each of which had Cronbach’s Alpha value 0.851, 0.878, 0.920 and 0.777 as well as Composite Reliability 0.885, 0.932, 0.920 and 0.808. It means that the instrument used in this study were able to create a measurement consistently.

Furthermore, the test of convergent and discriminant validity was employed to evaluate every statement item or indicator in each research variable. There were several statement items reported invalid (loading factor < cross loading), i.e., one item in each remuneration system fairness and subjective Well-being variables, 6 items in the equity sensitivity variable, and 3 items in OCB variable. Those items should be deleted because they were represented in other statement items based on each variable dimension and reported valid according to the test result (loading factor > cross factor or loading factor> 0.6). Shortly, the evaluation result of measurement model is summarized in Table 3 and Table 4.

### Table 2. Convergent Reliability and Validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>R square</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity sensitivity</td>
<td>0.684</td>
<td>0.865</td>
<td>-</td>
<td>0.777</td>
</tr>
<tr>
<td>OCB</td>
<td>0.627</td>
<td>0.893</td>
<td>0.354</td>
<td>0.851</td>
</tr>
<tr>
<td>Subjective Well-being</td>
<td>0.733</td>
<td>0.916</td>
<td>0.345</td>
<td>0.878</td>
</tr>
<tr>
<td>Remuneration System Fairness</td>
<td>0.759</td>
<td>0.940</td>
<td>-</td>
<td>0.920</td>
</tr>
</tbody>
</table>
Table 3. Cross Loading

<table>
<thead>
<tr>
<th></th>
<th>Equity sensitivity</th>
<th>OCB</th>
<th>Subjective Well-being</th>
<th>Remuneration system fairness</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES 1</td>
<td>0.824</td>
<td>-0.094</td>
<td>-0.193</td>
<td>-0.064</td>
</tr>
<tr>
<td>ES 2</td>
<td>0.938</td>
<td>-0.230</td>
<td>-0.317</td>
<td>-0.138</td>
</tr>
<tr>
<td>ES 3</td>
<td>0.702</td>
<td>-0.157</td>
<td>-0.128</td>
<td>-0.023</td>
</tr>
<tr>
<td>OCB 1</td>
<td>-0.131</td>
<td>0.816</td>
<td>0.463</td>
<td>0.406</td>
</tr>
<tr>
<td>OCB 2</td>
<td>-0.199</td>
<td>0.789</td>
<td>0.398</td>
<td>0.403</td>
</tr>
<tr>
<td>OCB 5</td>
<td>-0.166</td>
<td>0.812</td>
<td>0.446</td>
<td>0.364</td>
</tr>
<tr>
<td>OCB 6</td>
<td>-0.064</td>
<td>0.764</td>
<td>0.415</td>
<td>0.306</td>
</tr>
<tr>
<td>OCB 8</td>
<td>-0.234</td>
<td>0.776</td>
<td>0.481</td>
<td>0.396</td>
</tr>
<tr>
<td>SWB 1</td>
<td>-0.236</td>
<td>0.422</td>
<td>0.818</td>
<td>0.426</td>
</tr>
<tr>
<td>SWB 2</td>
<td>-0.208</td>
<td>0.466</td>
<td>0.888</td>
<td>0.519</td>
</tr>
<tr>
<td>SWB 3</td>
<td>-0.250</td>
<td>0.526</td>
<td>0.890</td>
<td>0.495</td>
</tr>
<tr>
<td>SWB 4</td>
<td>-0.273</td>
<td>0.493</td>
<td>0.825</td>
<td>0.412</td>
</tr>
<tr>
<td>FRS 1</td>
<td>-0.022</td>
<td>0.434</td>
<td>0.431</td>
<td>0.880</td>
</tr>
<tr>
<td>FRS 2</td>
<td>-0.113</td>
<td>0.379</td>
<td>0.459</td>
<td>0.858</td>
</tr>
<tr>
<td>FRS 3</td>
<td>-0.147</td>
<td>0.414</td>
<td>0.541</td>
<td>0.869</td>
</tr>
<tr>
<td>FRS 4</td>
<td>-0.129</td>
<td>0.362</td>
<td>0.456</td>
<td>0.853</td>
</tr>
<tr>
<td>FRS 6</td>
<td>-0.059</td>
<td>0.476</td>
<td>0.470</td>
<td>0.895</td>
</tr>
</tbody>
</table>

Inner Model Testing

Testing Goodness of Fit

\[
\text{Goodness Of Fit} = \sqrt{\text{AVE} \times R^2} \\
= \sqrt{0.701 \times 0.349} \\
= \sqrt{0.2446} \\
= 0.494
\]

Based on the calculation result, the value of goodness of fit (GoF) was 0.494 (> 0.36), indicating that the GoF value was claimed greater and indicated a match between the observation result with the obtained frequency based on hope value.

Table 4. Coefficient of Determination

<table>
<thead>
<tr>
<th>Variable</th>
<th>R</th>
<th>R-square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCB</td>
<td>0.354</td>
<td>0.341</td>
</tr>
<tr>
<td>SWB</td>
<td>0.345</td>
<td>0.327</td>
</tr>
</tbody>
</table>

Analysis of R2 or determination was used to measure the level of variation changes in the independent variable to the dependent variable (Abdillah & Jogiyanto, 2015). The value of R-square was approximately between zero to one. The higher the R-square is, the better the predictor model of research.

Predictive-relevance value was obtained through the following formula:

\[
Q_2 = 1 - (1 - R^2) \\
Q_2 = 1 - (1 - 0.345) \\
Q_2 = 1 - (0.646) \\
Q_2 = 0.57
\]

Based on the figure 1 The calculation of predictive-relevance value, Q2 value was 0.57 (Q2 > 0), which means that 57%
variation of OCB variable was explained by the variable used in this research, while the other 43% was caused by other factors. Moreover, this study was considered to have good constructs and predictive-relevance because in this study, Q2 value was between 0 and 1. The closer Q2 value to 1, the better a research model will be; hence, it is proper to use.

Hypothesis Testing
This research examined several direct effects and indirect effects through the mediator variable “subjective well-being”, as well as through a mechanism that involved moderator effect through variable “equity sensitivity”. The results are as follows:

![Figure 1. The Analysis Result of Structural Model.](image)

Table 5. The Results of Direct Effect Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relation among Variables</th>
<th>Original Sample (O)</th>
<th>p-value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>FRS → OCB</td>
<td>0.245</td>
<td>0.021</td>
<td>Accepted</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>FRS → SWB</td>
<td>0.510</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>SWB → OCB</td>
<td>0.426</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Note:  
*** = significant at $\alpha \leq 0.01$ (highly significant);  
**  = significant at $\alpha \leq 0.05$ (significant);  
*   = significant at $\alpha \leq 0.10$ (less significant);
Table 6. The Results of Indirect Effect Testing (Mediator)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relation among Variables</th>
<th>Original Sample (O)</th>
<th>p-value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 4</td>
<td>FRS ➔ SWB ➔ OCB</td>
<td>0.217</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Table 7. The Results of Moderating Effect Testing (Equity sensitivity)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relation among Variables</th>
<th>Original Sample (O)</th>
<th>p-value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 5</td>
<td>Moderating EQS FRS ➔ SWB</td>
<td>- 0.043</td>
<td>0.606</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Note: *** = significant at α ≤ 0.01 (highly significant); ** = significant at α ≤ 0.05 (significant); * = significant at α ≤ 0.10 (less significant);

The Effect of Remuneration system fairness on OCB

Table 5 presents the results of direct effect testing among variables. The results proved that fairness remuneration system significantly affects OCB (β = 0.245, p < 0.05), thus, H1 is accepted. It means that fairness of remuneration system significantly affects OCB in the context of lecturers in Universitas Negeri Semarang. The more employees that feel a fair remuneration system, the more they are willing to perform OCB. This finding supports the previous literature, stating that OCB can be influenced by the fairness of reward system implemented in the organization. For example, [20], asserted that an organization needs to take concern about fair regulations, so as the employees are willing to perform OCB. This is due to the fact that when an organization gives under-reward, the employees will tend to make it balanced by lowering their effort (for example, decreasing OCB) [27]. Similarly, Nam and Thoa [34] revealed that the perception of fairness that the employees feel will encourage them to perform OCB. The results of this research also show that the remuneration system in Universitas Negeri Semarang has been perceived as fair, so as to encourage the employee OCB.

The Effect of Remuneration System Fairness on Subjective Well-being

The result shown in Table 5 confirms remuneration system fairness also significantly affects subjective well-being β = 0.510, p < 0.01), therefore H2 is accepted. It means that remuneration system fairness significantly affects subjective well-being of lecturers in Universitas Negeri Semarang. If employee experiences fair remuneration system, their well-being will be improved. This result was in line with the previous studies claiming that a fair reward system was able to improve employee well-being. Abdin et al. [1] found that fair distribution of remuneration system actuated positive individual output. It is also supported by Le et al. [30] stating that fairness perceived by the employee could improve their well-being. Employee well-being fell off if they experienced income inequality [23]. Employee well-being was susceptibly affected by their income equality. If they experienced high-income inequality ratio, their well-being would decline [25]. The result of the study also supports previous research conducted by Kinman [24].
confirming that the risk of imbalance in effort and reward lead to a decrease in academic staff well-being and satisfaction. The result of the study shows remuneration system in Universitas Negeri Semarang is fair, that is to say, able to elevate its employee well-being.

The Effect of Subjective Well-Being on OCB
Direct effect of subjective well-being on OCB also occurs. It is shown on Table 5 that \( \beta = 0.426 \) dan \( p\)-value = 0.000 (\( p < 0.01 \)) which means subjective well-being significantly affects OCB of lecturers in Universitas Negeri Semarang. Therefore, H3 is accepted. If employee experiences well-being, they will perform more involvement in OCB. This result supports previous studies finding that employee well-being can encourage extra-role behaviour. Result of this study, accordingly, showed that the employee well-being of Universitas Negeri Semarang successfully encouraged their OCB behaviour.

Mediating Role of Subjective Well-Being in the Relation between Remuneration System Fairness and OCB
It is shown in Table 6 the result of direct effect test. The result shows H4 is accepted. Relation between FRS and OCB is partially mediated by equity sensitivity (\( \beta = 0.217, p < 0.01 \)). It means that the relation between FRS and OCB is indirectly mediated by variable SWB in addition to direct effect. If remuneration system is fair, employee will gain well-being which ultimately leads them to get involve in OCB. This result gives support evidence of mediating variable which is well-being in the relation between fairness remuneration system and OCB. This also confirms the ERI model [22]. In ERI Model individuals facing imbalance between effort and reward in the workplace will experience continuous negative emotions.

This condition encourages individuals to retract themselves from performing more effort. For instance, OCB [6]. Simply saying, if an employee experiences a fair remuneration system, the reaction will tend to be positive such as gaining well-being which finally encourages them to perform OCB. This result also supports Ali et al. [13] finding that well-being was able to perform as the mediator relating to contextual factors such as organization support for OCB behaviour. This also asserted that employee well-being occurring due to remuneration system fairness indirectly improves their involvement in OCB.

The Effect of Moderating Variable Equity Sensitivity in The Relation between Remuneration System Fairness and Subjective Well-Being
It is shown in Table 7 the result of moderating effect test from equity sensitivity variable. The result shows negative point whereas insignificant (\( \beta = -0.043, p > 0.10 \)) which means that the equity sensitivity variable is not able to moderate the relationship between FRS and SWB lecturers at Semarang State University. Therefore, H5 is rejected. The results of hypothesis testing do not provide evidence for the moderating variable of the role of equity sensitivity. Statistically, equity sensitivity has a negative moderating effect. That is, the role of a fair remuneration system in subjective welfare is getting stronger if the sensitivity of employee equity (entitlements) is getting weaker, or vice versa. This condition shows that welfare will be more influenced by a fair remuneration system for individuals who are more entitled than benevolent.
There were considering reasons why moderating effects did not occur in this research. Firstly, it was due to the possibility for employees becoming samples in this research possessed higher benevolent or equity sensitivity. Therefore, moderating role of equity sensitivity to strengthen the effect of fairness remuneration system in well-being tend to be irrelevant.

This was due to benevolent employee who is not oriented to output (reward) as their work focus, whereas more into input (their effort for work and organization). This will be different if an employee is more entitled that their orientation is output (reward). They tend to experience positive impact (well-being) of fair remuneration system. Secondly, the role of equity sensitivity in the context of this research may not be as moderator, whereas as antecedent.

CONCLUSION

This research aims to test whether employee OCB can improve through remuneration system fairness both directly and by adding employee subjective well-being as the mediator. In addition, this research aims to test the moderating role of equity sensitivity in remuneration system fairness effect on subjective well-being. The test results show that in the context of a state university in Indonesia, which is PU, employee OCB is affected by remuneration system fairness and subjective well-being. This research also concludes that subjective well-being is a mediator between the two. On the other hand, the moderating role of equity sensitivity toward fairness remuneration and subjective well-being is not well-proven. This research is expected to give a contribution to organizational practice. Institutions need to take concern to make the regulation of remuneration is fair enough. Thus, employee well-being and their extra-role behaviour can improve. Future research needs to conduct research in different contexts to obtain generalizable results. Future research can also re-examine the moderating role of equity sensitivity which has not been well proven in this study. Other relevant variables also deserve to be considered in further research to get a more comprehensive framework and results. To conclude further research can review the same topic with larger samples.

REFERENCES


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BIOGRAPHIES OF AUTHORS

Author 1  Elsa Sari Yuliana

Author 2  Sari Zawitri
Last education: Master's degree in Accounting, Diponegoro University. (Field of science: Accounting Science). Research fields: Tax Accounting, Taxation. Current position: Accounting Lecturer at Pontianak State Polytechnic/ Functional Lector III C.

Author 3  Widodo PS
Last education: Doctorate of Management Science, University of Persada Indonesia YAI (Field of science: Management Science). Research area: Resource Management. Current position: Lecturer of Mechanical Engineering at Pontianak State Polytechnic / Functional Lecturer Head / IVc

Author 4  Theresia Siwi Kartikawati