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The Power of Compensation System (CS) on Employee Satisfaction (ES): The Mediating Role of Employee Motivation (EM)

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Abstract: The compensation system, employee motivation, and employee satisfaction have received much attention from academics for many years. Existing research, however, does not yet detail the mediation effect of employee motivation on the relationship between the entire compensation system and employee satisfaction. The study explores the influence of the compensation structure on employee satisfaction using employee motivation as mediation. This research embraced a quantitative design, positivism paradigm, deductive approach, and explanatory research. Cross-sectional data from 100 employees were drawn with a random sampling technique using a self-administered survey questionnaire. First, in sequence of analysis, descriptive statistics were conducted. After that, a reliability test was used to test internal consistency. Finally, a correlation test, direct effect, indirect effect, and total effect were used to test the hypotheses at the 0.05 level while analyzing the data. The findings show that the compensation system has a favorable impact on employee satisfaction by partially mediating motivation. Concurrently, this study establishes awareness intending to revise a robust compensation strategy so that employee morale, engagement will increase and turnover will reduce. The study outcomes will assist policymakers in improving the situation of the existing workforce in insurance companies and other financial companies in Bangladesh.

Keywords: compensation system; employee motivation; employee satisfaction; JBC; Bangladesh

1. Introduction

Employee motivation and satisfaction in insurance industries have received much scholarly attention, which is not unexpected given the current situation. One of the more accepted ideas to emerge is that insurance businesses will be better able to accomplish their objectives if their people are motivated and happy. However, employee motivation and satisfaction levels are frustrating in the Jiban Bima Corporation (JBC) of Bangladesh. The tendency to maintain compensation policy over a long period was genuinely hopeless and reflected the insurance industry's low job motivation and satisfaction. As a result, the employees leave the organization. According to the annual report of the Insurance Development and Regulatory Authority IDRA (2010–2011 to 2016–2017 and 2017–2018, Annual Report. Available online: <http://www.idra.org.bd/sites/default/files/files/idra.portal.gov.bd/>

[annual_reports/961c9387_5cd3_4996_b8bc_97e3bf55fead/a7bb1216b730eb575c3a4220412c812e.pdf](#) (accessed on 5 February 2022)), more employees were removed (removed staff was 3230 in 2017) every year than employees who were recruited (recruited staff was 2201 in 2017) for the life insurance industries in Bangladesh. To solve the problem, this study attempts to generate insight into how to increase employee job satisfaction based on an efficient compensation policy through mediating employee motivation. Employee satisfaction is a primary target of an organization's compensation system (Ducharme et al. 2005) because it influences employee motivation and outcomes such as job satisfaction. Consequently, compensation, motivation and employee job satisfaction are three valuable tools in management's toolbox for contributing to organizational effectiveness.

Compensation has a beneficial connection to employees' desires as well as expectations. The remuneration packages offered by the company significantly impact how long employees are willing to remain on the job (Armstrong 2016; Bilyk and Sheremet 2019; Mitsel et al. 2021). Job satisfaction is said to be a consequence of several distinct satisfactions and dissatisfactions that arise from various aspects of the employee's experience with their employment (Bustamam et al. 2014). Job satisfaction is a significant issue for companies since it affects staff performance and productivity, absenteeism, and attrition (Onukwube 2012; Līduma and Lūsēna-Ezera 2021; Malysheva and Hurova 2021). According to Ibrahim and Boerhaneoddin (2010), compensation motivates people to stay on the job, resulting in job satisfaction, commitment, and dedication. Additionally, it seems to be a fact that the compensation system provides money to employees and represents a significant expense for the company. In such a case, the Jiban Bima Corporation (JBC) needs to focus on its compensation system as a powerful weapon to influence and affect the motivation of employees to achieve work satisfaction. Organizations should improve internal and extrinsic motivation by paying people well to raise job satisfaction (Stringer et al. 2011). Furthermore, the compensation structure is a less noticeable organizational aspect to outsiders; hence, it might reveal information about an organization's culture, standards, and values to job candidates.

Moreover, compensation is crucial to the organization to attract, motivate, satisfy, and retain outstanding individuals. The workforce's knowledge, talents, and skills are critical resources for modifying new or current processes to gain a strategic advantage (Reza and Faisal-E-Alam 2022). Innovative compensation systems can motivate and satisfy employees, which is required in order for the Jiban Bima Corporation (JBC) to fill the talent shortages over the next decade in Bangladesh. Although the World Bank has provided support through the Bangladesh Insurance Sector Development Project (BISDP) to strengthen and modernize the business practices of the Jiban Bima Corporation (JBC), along with the Insurance Development and Regulatory Authority (IDRA), Bangladesh Insurance Association (BIA), and Sadharan Bima Corporation (SBC), the initiatives are insufficient to recover the life insurance industry's problem, as mentioned above. However, minimal empirical evidence exists in this regard. Therefore, measuring the mediation effect of employee motivation on compensation to the satisfaction relationship can bring organizational success and sustainability to JBC in Bangladesh. This is because change is necessary for enhancing productivity and performance, since every organization is in a state of development (Shil et al. 2020), and so are its employees.

For this study, the conceptual framework (see Figure 1) represents the compensation system (such as basic salary, house rent allowance, festival allowance, medical facility, conveyance allowance, recreation allowance, transport allowance, food allowance, and other allowances) as the independent variable, employee motivation as the mediator variable, and employee satisfaction as the dependent variable. Compensation systems predict employee satisfaction by mediating employee motivation according to the relevant reviews discussed earlier in the study's introduction and the literature review section. This study's theoretical underpinning is the expectancy theory, which focuses on the relationship between rewards (valence), motivational drive (instrumentality), and behavior (expectancy), with the reward being the compensation system and the behavior being

employee satisfaction, which is based on the inner drive of employees (Muguongo et al. 2015). Moreover, equity theory states that comparing an employee's input–output to that of other employees will reveal whether they are satisfied or not, which influenced by motivation where the effort is considered as input and the pay is considered as output (Sudiardhita et al. 2018).

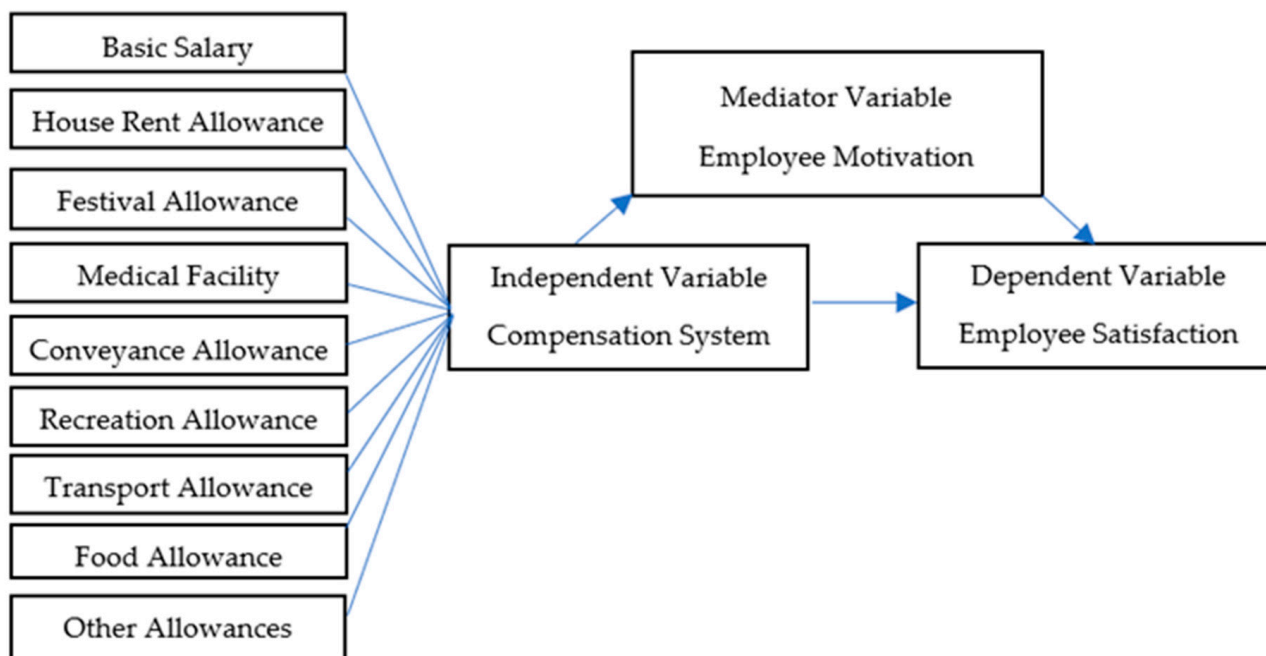


Figure 1. Conceptual Framework.

The lack of prior research on the mediation effect of employee motivation in this study adds to the body of knowledge on compensation to satisfaction. Insurance industries and financial industries would be inspired to restructure their compensation policy to support their employees' motivation and expectations if they were aware of the importance of the indicators. Our work contributes to the ongoing debate in support of human resource management as an effective instrument for reducing dissatisfaction with work via motivation. In this study, the empirical work reviews are shown in detail to develop study hypotheses in the literature review section. After that, methods are discussed, including population, sample size, measurement procedure, scale, and data analysis techniques. Then, the results section describes part by part to reach the study hypotheses. Next, the discussion section explains how the findings contribute to organization and theory. Finally, the conclusion section shows to what extent the study objectives were achieved, study limitations, and future guidelines for professionals, academicians, and researchers.

2. The Literature Review

This section discusses the theoretical background in measuring the connection between the compensation system and employee motivation for the study.

2.1. Compensation System

All returns employees receive due to their job are referred to as employee compensation (Dessler 2015; Cabanas et al. 2020). The literature on self-determination theory (SDT) claims that compensation systems serve as significant external triggers (Ryan and Deci 2017; Tepliuik et al. 2021). There is no doubt that compensation is an important component of the management control system (Hong 2017; Terepyshchyi and Khomenko 2019). Additionally, compensation is the total amount given to employees for services provided

in connection with particular employment (Eliopoulos 2019; Bangun 2012; Sutrisno 2020; Gorgenyi-Hegyessy et al. 2021).

The compensation system pushes employees to concentrate on both individual and group goals (Chakrabarty 2021). Employees can be compensated in two ways, according to their input or output. Employees' input-based compensation focuses on their ability and potentiality, and output-based compensation focuses on their productivity. In the neoclassical principal–agent theory, it is noteworthy that the alignment effect is achieved either by performance-based or equity-based payments (Obermann and Velte 2018; Aranibar et al. 2022). Although most studies favor compensation based on output, several have highlighted the challenges in measuring productivity (Türk 2008; Stashevsky and Weisberg 2006; McClune 2005; Holbeche 2005).

2.2. Elements of the Compensation System

The compensation system consists of payments such as rental housing, transportation, relative benefits, overtime, risk pay allowances, etc. Rewards comprise performance rewards, employment rewards, year-end bonuses for perfect attendance, and proposal bonuses. Compensation packages include four aspects, namely: salary, allowance, gratuity, and pension (Salisu et al. 2015). Salary, benefits, and employee bonuses such as paid vacations, insurance, parental leave, free tour opportunities, provident fund, and others are provided as compensation (Pepra-Mensah et al. 2017). In other words, salary and perks are incorporated into the basic remuneration package.

Cascio (2006) stated that the broad goal of designing a pay system is to give a monetary value (a standard rate) to each position in the organization and a mechanism for upgrading the standard rate (e.g., based on merit and inflation). However, individual and group incentive schemes, if well-designed, can be a powerful motivator. Holidays, life insurance, personal accident insurance, workplace vehicle schemes, mobile phone packages, and shop vouchers are frequently included in benefits packages (Bateman and Snell 1996; Beech et al. 2006). Thus, compensation is classified into monetary and non-monetary advantages (Baqi and Indradewa 2021).

2.3. Employee Motivation

The process of encouraging individuals to engage in activities in an effort to successfully and efficiently accomplish the intended goals or targets is known as motivation. Work motivation is a need to take action toward a certain objective that might occur in a person consciously or unintentionally (Riyanto et al. 2021). Employee motivation is the process through which an organization encourages workers through incentives such as salary, bonuses, and rewards to meet organizational objectives (Pudjiastuti and Sijabat 2022). Employee motivation is now acknowledged as one of the key factors in an organization's success in such a competitive market (Khuong and Hoang 2015; Muñoz-Pascual and Galende 2017; Yang et al. 2020).

Maslow's needs hierarchy, Herzberg's two-factor, Vroom's expectation, Adams' equity, and Skinner's reinforcement theories are the five main theories that have contributed to our knowledge of motivation, according to Safiullah (2015). While motivation is a broad concept with numerous definitions, it may be defined in the workplace as "a collection of energetic factors that arise both within and beyond an individual's self, to trigger work-related behaviour and to govern its shape, direction, intensity, and duration (Pinder 1998)." Employee motivation is essential to the operation and performance of businesses (Greenberg 2011); therefore, managers inspire their staff with the expectation that they would perform in a specific desirable manner (Watson 2006).

2.4. Employee Satisfaction

Employee satisfaction is described in various ways, and there is unlikely to be a unified definition for the phrase. Employees are essential resources in any firm since they are the ones who carry out goals (Rodzooś 2019; Egerová and Rotenbornová 2021). Employees

will exhibit enjoyable, positive attitudes when they are happy with their jobs. As a result, intense job satisfaction will boost an organization's productivity and overall performance (Rynkevich 2020; Petrova et al. 2020). A company's main source of power is its workforce (Ali et al. 2021). According to Hashim and Mahmood (2011), job satisfaction is an emotional response to a person's employment condition. Consequently, work satisfaction refers to how content employees are with their jobs (Furnham et al. 2009; Alwali and Alwali 2022).

"Job satisfaction" is another name for "employee satisfaction" (Wang 2005). According to Locke (1976), employee satisfaction is linked to people's wants, desires, or values rather than necessities. Employees will be content if they are adequately compensated, work in a pleasant atmosphere, and have prospects for advancement that align with their values. However, employees' capacity to do their formally assigned activities is crucially fueled by their level of job satisfaction or enthusiasm for their work (De Clercq et al. 2019; Rayton and Yalabik 2014; Jiang et al. 2009; Sun and Pan 2008). One of the primary reasons for a company to reach a respectable level of performance at work is collective satisfaction (Oteshova et al. 2021).

2.5. Compensation, Employee Motivation and Employee Satisfaction

Compensation is a parameter to measure an employee's motivation and job satisfaction. A person's mindset regarding their task in order to feel satisfied with their output is known as motivation (Herzberg 1966). One of the most complicated topics, job satisfaction, includes a wide range of emotions and circumstances. Job satisfaction at work is influenced by compensation, motivation, an efficient chain of command, and general working circumstances (Uddin et al. 2016; Bilge et al. 2021). Employee work happiness is affected by wages, benefits, and motivation since they are frequently cited as two of the top three elements affecting employee job satisfaction (Society for Human Resource Management 2012). Several aspects influence employee motivation, most notably pay for work and opportunities for self-development, interpersonal interactions, particularly successful communication (Stachowska and Czaplicka-Kozłowska 2017; Miri and Macke 2022). The motivated employee directly impacts employee happiness in the workplace (Klopota et al. 2018).

Additionally, extrinsic and intrinsic motivation produce positive job satisfaction, organizational commitment, and employee activity, according to previous studies (Çınar et al. 2011; Silic et al. 2020; Peñalba-Aguirrezabalaga et al. 2021). Furthermore, compensation and benefits appear to have a favorable link with employee job satisfaction from this perspective (Leonova et al. 2021). According to empirical research, a properly designed compensation and incentive system can also increase satisfaction and recruit and retain outstanding people, which results in a competitive advantage (Elrehail et al. 2019). The one result that may be most useful to decision-makers and educators relates to pay packages influencing motivation to one's work and job satisfaction (Ashraf 2020). Employees are happier when they are driven by receiving expected pay from the firm.

However, the negative correlation between compensation and job satisfaction undoubtedly exists. Individual income is highly inversely connected with work satisfaction and is used to compute relative compensation (Clark and Oswald 1996; Song and Whang 2020). Despite the debate, the compensation provided by employers, such as salary or benefits, and other work facilities, such as motivation for their well-being, might be considered in the discussion of job satisfaction (Darma and Supriyanto 2017). Compensation is one of the most important variables influencing employee motivation (Kubo and Saka 2002; Chinyio et al. 2018). Moreover, investigations are rare regarding the relationship between motivation and satisfaction in the relevant field of study. However, perceptions of the motivating features of such recognition programs are the third lens through which firms assess satisfaction with their HR initiatives (Kotlyar and Karakowsky 2014).

Under the motivation-hygiene theory, paying cash payments (i.e., salary, bonus, and other cash payments), ensuring employee satisfaction, and fostering a positive corporate culture are hygiene factors for reducing workplace dissatisfaction (Herzberg 1968; Chen

and Hassan 2022). It is critical to understand if job motivation mediates the link between pay and work satisfaction (Ahmat et al. 2019). These studies are solid evidence of a link between the compensation system and employee job satisfaction through the mediating role of employee motivation. Therefore, this area of study needs to be measured empirically. As a result, the following four hypotheses were developed for the current investigation.

H₁. *Compensation system positively influences employee motivation.*

H₂. *Employee motivation directly impacts employee satisfaction.*

H₃. *The compensation system significantly affects employee satisfaction.*

H₄. *Employee motivation mediates in the causal effect of compensation on employee satisfaction.*

3. Materials and Methods

Employees of the Jiban Bima Corporation (JBC) who work inside the respective organizations served as the population for this study. A self-administered questionnaire survey was directed to 103 JBC employees in different departments. The sample size (n) was 103, which was calculated using the formula of finite population where the population (N) was 1104, population portion (p) was 92%, the confidence level was 95% (z -score was ± 1.96), and margin of error (e) was 5%. The random sampling technique was utilized to acquire data, and 100 employees were given back the questionnaire after completion. Since starting their positions, all respondents received one official performance review and one salary rise, and they were all entitled to bonuses and other incentives. The data collection period was held from 1st August to 30th September in 2021. There were two sections to the questionnaire. The questionnaire's first part contained basic information on the respondents, while the second part contained the measuring factors on a five-point Likert scale from 5 (strongly satisfied) to 1 (strongly dissatisfied). The compensation system was measured by nine items, whereas employee motivation and employee satisfaction were measured by only one item each. The questionnaire was supplied to the employees of the JBC in different regions of the country, such as Dhaka, Rajshahi, Khulna, Chittagong, Rangpur, Sylhet, and Mymensingh. The descriptive statistics, alpha value, correlation test, direct effect, indirect effect and total effect analysis were used to examine and interpret after collecting data. The processed results in the tabular form through running SPSS Vs 26 were interpreted clearly to specify the findings. In addition, we also employed the process macro from Hayes (2018) to test four hypotheses. Likewise, 5000 bootstrap samples were used to find the indirect impact, producing results with greater statistical power than the Sobel (1982) test (Edeh et al. 2022; Kreiseder and Mosenhauer 2022; Ha and Lee 2022; Zhao et al. 2010). Due to the quantitative research design, the SPSS software was chosen because of its competence, variety, and flexibility in analyzing the vast amounts of data obtained (Adefulu and Adebawale 2019).

4. Results

The findings of the study first revealed the participants' demographic profiles. Then, the descriptive analysis for knowing the trends of responses and the reliability analysis for the consistency of measurement scales were reported, respectively. Next, a correlation test was performed to measure the association between the compensation system, employee motivation, and employee satisfaction. Finally, the direct, indirect, and total effect analysis was conducted. Particularly, the total effect analysis was performed due to the combined direct and indirect effect in the model.

4.1. Demographic Analysis

The demographic profile of respondents is shown in Table 1. The proportion of male employees (86 percent) was close to six times higher than female employees (14 percent). This means that male employees dominated JBC's workforce. According to age, the most considerable percentage (40%) corresponded to the age range of 40–50 years, and the

lowest section was occupied by those 50 years and above. The other two age groups possessed slightly more than two-fifths of the total portion. This shows that most of the experienced persons were considered to have high work productivity with the company. In the case of marital status, more than three-fifths of the participants were married, whereas less than two-fifths were unmarried. The highest response in terms of income level (monthly) was between BDT 20,000–40,000, which was almost half of the respondents of this study. Very few respondents had a monthly income of BDT 60,000 and above, but an exact two-fifths of the respondents had a monthly income below BDT 20,000 in this study. Thus, the diverse compensation structure groups helped the study generate valid study predictors for employee satisfaction. Based on organizational position, 45 officers were marked in the survey; nearly half of the respondents and one-fifth of the respondents were managers who were also being considered to cover different job positions. Based on work experience, more than one-third of respondents fell between 10–15 years, the highest portion. The respondents who had work experience of less than 5 years showcased the second highest portion, and the lowest portion, around one-sixth of the respondents, had long work experience in the organization. Therefore, most of the respondents had long work experience in this study.

Table 1. Demographic profile of the respondents.

	Category	Frequency	Percentage
Gender	Male	86	86%
	Female	14	14%
Age	Below 30	25	25%
	30 Years–40 Years	20	20%
	40 Years–50 Years	40	40%
	50 Years and above	15	15%
Marital status	Married	65	65%
	Unmarried	35	35%
Income level (Monthly)	Below BDT 20,000	40	40%
	BDT 20,000–BDT 40,000	46	46%
	BDT 40,000–BDT 60,000	10	10%
	BDT 60,000 and above	4	4%
Position	Assistants	35	35%
	Officers	45	45%
	Managers	20	20%
Experience	Less than 5 Years	29	29%
	5 Years–10 Years	20	20%
	10 Years–15 Years	35	35%
	15 Years and above	16	16%

Source: Primary Data, 2021.

4.2. Descriptive Analysis

Table 2 shows the result of descriptive statistics such as mean, standard deviation (SD), skewness, and kurtosis to describe the participants or a population sample and to measure the normal distribution of collected data. It is observed that the mean of the responses for the compensation system is 3.32 (SD = 1.30), employee motivation is 3.42 (SD = 1.30), and employee satisfaction is 3.31 (SD = 1.35). That means respondents' opinions were satisfactory regarding employee motivation but somehow impartial regarding compensation and satisfaction. Moreover, the SD value for compensation system, employee motivation, and employee satisfaction indicates responses are close to the mean. The calculated skewness and kurtosis values for three variables in the current investigation were within the threshold ranges. On the other hand, the normal distribution has skewness and kurtosis values equal to zero (Field 2009; Malhotra et al. 2007). However, for psychometric purposes, it is proposed that data be deemed normal when both the skewness and kurtosis scores are

between -2 and $+2$ (Khan 2015; Hair et al. 2010; George and Mallery 2010). Hence, it was claimed that the responses are positively skewed and light-tailed distribution according to the absolute value of skewness and kurtosis, respectively, for all the variables. Grounded on this analysis, the distribution of the collected data specifies normality in the sample.

Table 2. Descriptive Statistics.

	N	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Std. Error	Std. Error	
Compensation System (9 Items)	100	3.32	1.30	−0.32	0.24	−1.12	0.48
Employee Motivation (1 Item)	100	3.42	1.30	−0.44	0.24	−0.98	0.48
Employee Satisfaction (1 Item)	100	3.31	1.35	−0.31	0.24	−1.10	0.48
Valid N (listwise)	100						

Source: Primary Data, 2021.

4.3. Reliability Analysis

Table 3 expresses Cronbach's Alpha for three variables. Although values over 0.6 are also acceptable, 0.7 is the recognized value for Cronbach's Alpha (Taber 2018). The calculated value is 0.992, which means that the scale achieved higher reliability through the internal consistency measure. Therefore, all the constructs are eligible for testing four hypotheses for this study.

Table 3. Reliability Statistics.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.992	0.992	3

Source: Primary Data, 2021.

4.4. Correlations Test

The overall Pearson correlation coefficient value are displayed in Table 4. It is statistically significant ($0.000 < 0.01$) that the independent variable and dependent variable have a positive correlation (r) of 0.980. Moreover, a positive and significant ($0.000 < 0.01$) correlation (r) of 0.979 was found between the independent variable and the mediator variable. Likewise, the coefficient of correlation (r) is 0.973 between the mediator and dependent variable, which is significant statistically ($0.000 < 0.01$). It is advisable to use plus one (+1) to denote a perfectly positive connection; when one variable's value grows, the other variable does so by an absolute linear equation (Ratner 2009). Consequently, there is a high degree of positive statistical association between the compensation system and employee satisfaction, the compensation system and employee motivation, and employee motivation and employee satisfaction as the value of r is close to plus one (+1).

Table 4. Correlation Coefficient.

		CS	EM	ES
CS (9 Items)	Pearson Correlation Sig. (2-tailed)	1	0.979 ** 0.000	0.980 ** 0.000
EM (1 Item)	Pearson Correlation Sig. (2-tailed)	0.979 ** 0.000	1	0.973 ** 0.000
ES (1 Item)	Pearson Correlation Sig. (2-tailed)	0.980 ** 0.000	0.973 ** 0.000	1

** . Correlation is significant at the 0.01 level (2-tailed). Source: Primary Data, 2021.

4.5. Direct Effect, Indirect Effect and Total Effect Analysis

A bootstrapping approach was conducted using 5000 iterations to identify the path relationships. The results of the direct effect analysis reveal the impact of the compensation system on employee motivation; employee motivation on employee satisfaction, and the compensation system on employee satisfaction (see Table 5). The value of unstandardized beta shows favorable compensation system towards employee motivation ($\beta = 0.98$, t-value = 47.16, and p -value < 0.01). Furthermore, the positive employee motivation escalates employee satisfaction from the outcomes ($\beta = 0.33$, t-value = 3.47, and p -value < 0.01). Finally, the compensation system significantly impacts employee satisfaction, indicated by the findings ($\beta = 0.69$, t-value = 7.16, and p -value < 0.01). Therefore, H1, H2, and H3 are accepted. The determination coefficient (R^2) measures how well an exogenous variable can account for the endogenous variable (Ghozali 2016; Pimentel and Pereira 2022). According to the model summary, the value of R-square (R^2) is 0.958 for employee motivation, and the value of R-square (R^2) is 0.965 for employee satisfaction, which is exhibited in Table 6. This clarifies the impact of the compensation system (independent variable) on employee motivation at 95.8% (mediator variable). Similarly, the compensation system (independent variable) and employee motivation (mediator variable) account for 96.5% of changes in employee satisfaction (dependent variable). Substantial effect size is often deemed to exist when the R-squared value is more than or equal to 0.7 (Moore et al. 2013). It identifies a high positive contribution to increasing employee motivation and satisfaction. Hence, the values of R-square are highly acceptable in this model.

Table 5. Results of Direct Effect.

Hypothesis	Causal Relationship	β	T Stat.	P-V	LLCI	ULCI	Result
H1	CS-EM	0.98	47.16	0.00	0.94	1.02	Supported
H2	EM-ES	0.33	3.47	0.00	0.14	0.53	Supported
H3	CS-ES	0.69	7.16	0.00	0.50	0.88	Supported

Source: Primary Data, 2021.

Table 6. Results of R and R-square (model summary of direct effect).

	R	R-Square
EM	0.979	0.958
ES	0.982	0.965

Source: Primary Data, 2021.

In this study, we investigated how employee motivation mediated the relationship between the compensation system and employee satisfaction. Results showed that employee motivation had a substantial positive mediation influence on the compensation system to employee satisfaction connection since there is no zero value within the bootstrapping

lower and upper limit confidence interval (i.e., 0.06 and 0.61) (see Table 7). The indirect analysis enables the execution of significant hypothesis tests to identify the mediator variable influencing the experiment's outcome (Kaufmann and Schering 2014). In this study, the direct path between the compensation system and employee satisfaction is found to be significant. It is concluded that the overall compensation system has a statistically significant influence on employee satisfaction through the partial mediation effect of employee motivation.

Table 7. Result of Indirect Effect Analysis.

Hypothesis	Path	Indirect Effect	BootLLCI	BootULCI	Result
H4	CS-EM-ES	0.33	0.06	0.61	Supported

Source: Primary Data, 2021.

Only the direct and indirect effect between the compensation system and employee satisfaction were examined in previous research. The total effect, including direct and indirect effects, was another aspect of this study that we were interested in. We found the total effect of the compensation system including motivation on employees' satisfaction, which is statistically significant (see Table 8). The compensation system changed employee satisfaction level by 96% (see Table 9). However, only 4% of the differences were found due to other variables not considered in this model. Interestingly, the total effect of the compensation system on employee satisfaction also remains significant, similar to the direct effect due to the partial indirect effect of employee motivation.

Table 8. Result of Total Effect Analysis.

Relationship	β	T Stat.	P-V	LLCI	ULCI
CS-ES	1.02	48.73	0.00	0.98	1.06

Source: Primary Data, 2021.

Table 9. Results of R and R-square (Model summary of total effect).

	R	R-Square
ES	0.98	0.96

Source: Primary Data, 2021.

5. Discussion

This study examined the effect of JBC's compensation system on satisfaction with the mediating effect of employee motivation, and the findings indicate a strong link between the compensation system and staff satisfaction through the partial mediation impact of employee motivation. The study findings were supported by the study of Uppal (2005), who discovered that employee compensation (fringe benefits) was positively connected to employee job satisfaction. However, in the link between compensation and employee satisfaction, employee performance was discussed rather than the role of motivation as mediator (Candradewi and Dewi 2019). Furthermore, Odunlade (2012) identified a connection between compensation and job satisfaction. However, the compensation and motivation found a positive relationship with job satisfaction separately, whereas the authors did not measure the mediation effect of motivation in the relationship between compensation and satisfaction, which is demonstrated in our study findings (Pudjiastuti and Sijabat 2022). According to Sousa-Poza and Sousa-Poza (2000), compensation influences how happy employees are at their jobs. However, there is still disagreement over how compensation could affect employee job satisfaction (Tian et al. 2020).

On the other hand, the working environment directly impacts employee satisfaction, whereas compensation does not (Rojikinnor et al. 2022; Dietz et al. 2022). Setyorini et al. (2018) also confirmed a comparable finding, showing that compensation had a favorable and substantial influence on employee work satisfaction where motivation did not focus as a direct or indirect factor. Furthermore, another study found all the direct relationships between compensation and satisfaction, compensation and motivation, motivation and satisfaction; conversely, it was not considered the mediation effect of employee motivation in the connection between compensation and satisfaction as in this study (Sudiardhita et al. 2018). Additionally, it was discovered that remuneration had a favorable and considerable impact on work satisfaction, whereas benefits had no such impact (Mabaso and Dlamini 2017; Kowalski et al. 2022). Overall, this study mostly agrees with other findings where all the factors such as salaries, incentives, benefits packages, leave-related benefits, health benefits, retirement benefits, dismissal benefits, and staff welfare programs had a substantial impact on employees' satisfaction (Nane 2019; Dinter et al. 2022), except for motivation as a mediation impact. Despite having the prior evidence, modern organizations today view compensation with motivation as the pivotal element to achieve better returns in the form of improved employee satisfaction, competitiveness, or other financial measures.

6. Conclusions

Human resources are increasingly viewed as a corporation's most significant resource for achieving competitive advantage in the business sector. Recruiting and retaining the proper employees is one of the most challenging tasks for any company. The findings of this study looked into and identified the partial indirect effect of motivation on the relationship between overall compensation and employee satisfaction. The findings also implied that JBC's remuneration structure directly impacts employee pleasure via partial mediating of motivation. Employees will feel valued and have high motivation and job satisfaction. This could boost employees' morale and cause employees to be inspired and happy. Otherwise, everyone will admit that a group of dissatisfied employees will not be able to work appropriately for the company due to insufficient compensation and reluctance. It was discovered that compensation, motivation, and employee satisfaction enabled JBC to use its human resources more productively and efficiently. In addition, policy should be revised to upgrade the compensation system so that employees are more encouraged and committed to the organization. The high satisfaction of employees helps the firm meet its aim and target on time. Furthermore, compensation system practice and employees' inner desires vary considerably by age, gender, educational capacity, and employees' experiences, which needs to be considered.

Additionally, this study outcome will help all of the Bangladesh insurance and financial industries to understand the significant factors or elements of compensation along with motivation, which leads to employee satisfaction. Furthermore, this investigation gives some benefits such as commitment, loyalty, and less turnover of employees for a long time. The insurance industries might also realize or understand the relevance of employee satisfaction and motivation in terms of the payment scheme they offer. Employees will provide their best effort to optimize the organization's long-term performance and reputation if they are stirred and content with their salary. The primary drawbacks are both direct and indirect compensation categories considered. However, in future studies, it would be wise to take these two categories as individual variables to measure employee turnover intention, employee performance, and commitment. Likewise, future research should also be comparative, adding more human resource functions. Perhaps the impact of motivation and satisfaction as a mediation or moderation construct on different industrial factors in an explanatory research framework can be investigated in any other financial and non-financial organizations.

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