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The effects of compensation, organizational commitment, and job satisfaction on work productivity: Evidence from readymade garments industry in an emerging economy

Muhammad Shariat Ullah¹, Md. Rabiul Islam², Muhammad Ruhul Amin³, Mohammad Bin Amin^{4,*},
Md. Mahbubur Rahman¹, László Erdey⁵

¹ Department of Organization Strategy and Leadership, Faculty of Business Studies, University of Dhaka, Dhaka 1000, Bangladesh

² Department of Business Administration, Faculty of Business Studies, Bangladesh Islami University, Dhaka 1214, Bangladesh

³ Department of Business Administration, College of Business, Tennessee State University, Nashville, TN 37203, USA

⁴ Doctoral School of Management and Business, Faculty of Economics and Business, University of Debrecen, Böszörményi út 138, 4032 Debrecen, Hungary

⁵ Faculty of Economics and Business, University of Debrecen, Böszörményi út 138, 4032 Debrecen, Hungary

* **Corresponding author:** Mohammad Bin Amin, binamindu@gmail.com

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Abstract: Despite noticeable research interest, the labor-intensive Readymade Garments (RMG) industry has rarely been studied from the perspective of workers' productivity. Additionally, previous studies already generalized that rewards and organizational commitment lead to employee productivity. However, extant research focused on the RMG industry of Bangladesh, which consists of a different socio-cultural, economic, and political environment, as well as profusion dependency on unskilled labor with an abundance supply of it, hardly considered job satisfaction as a factor that may affect the dynamics of compensations or rewards, commitment, and employee productivity. To address this research gap, this study analyzes the spillover effect of compensation, organizational commitment, and job satisfaction on work productivity in Bangladesh's readymade garments (RMG) industry. Besides, it delves into the analysis of job satisfaction as a mediator among these relationships. We examined the proposed model by analysing cross-sectional survey data from 475 respondents using the partial least squares-structural equation model in Smart PLS 4.0. The findings show that higher compensation and organizational commitment levels lead to higher levels of job satisfaction, leading to greater productivity. This research also discovered that job satisfaction is a mediator between compensation and productivity and commitment and productivity, respectively. Results further show that increased organizational commitment and competitive wages are the two keyways to boost job satisfaction and productivity in the RMG industry. Relying on the findings, this study outlines pathways for organizational policymakers to improve employee productivity in the labor-intensive industry in developing countries.

Keywords: compensation; organizational commitment; job satisfaction; employee productivity; readymade garments industry; spillover effect; Bangladesh

1. Introduction

Employee productivity (EP) is a crucial factor that provides advantages to businesses in sustaining their competitive position and facilitating overcoming challenges in difficult environments (AIDhaheri et al., 2023). It is widely acknowledged among professionals and scholars that employee productivity (EP) consequently improves overall organizational profitability and growth (Anjanarko and Jahroni, 2022; Tarigan et al., 2022). Besides, Basahal et al. (2022) also advocated that

individual work productivity ensures a healthy work environment, employee psychological well-being, and personal happiness. According to Zebua and Chakim (2023), confirming maximum EP fosters employee enthusiasm and confidence regarding work performance. Additionally, from the workforce's side, the benefits of EP include improved punctuality, reduced absenteeism, enhanced psychological health and decreased turnover rates (Elaho and Odion, 2022). Hence, it is imperative to prioritize EP to stimulate the overall improvement of organizations and society (Hafat and Ali, 2022; Voordt and Jensen, 2023).

Scholars indicated various drivers that accelerate EP, for example, company HR policies and practices (AlDhaheeri et al., 2023; Zebua and Chakim, 2023); work environment (Elaho and Odion, 2022; Voordt and Jensen, 2023); compensation (COM) (Anjanarko and Jahroni, 2022; Tarigan et al., 2022); employee training and knowledge development (Utari et al., 2021); job satisfaction (JS) (Tarigan et al., 2022; Utari et al., 2021); work engagement (Toscano and Zappalà, 2021), organizational commitment (OC) (Amri and Ramdani, 2021; Hanaysha and Majid, 2018); conflict management (Paresashvili et al., 2021); and stress management (Street et al., 2019). However, in the context of developing and low-income economies, the productivity of the workers in labor-intensive industries received insufficient research interest (Yuan et al., 2022). This lack of knowledge, precisely from an ideographic perspective, challenges the generalizability of the mentioned relationships. To address this research gap, the current research aims to investigate "COM", "JS" and "OC" as the influencing factors that contribute to EP. In support of that, prior studies conducted in other areas found a substantial impact of COM (Jean et al., 2017) and OC on EP (Dewi et al., 2021).

While EP highlights efficiency, resulting in absolute advantages for several nations (Taillard, 2014), scholars have remarkably addressed Bangladesh (Abdin, 2015; Ullah and Kazuo, 2012). Especially the RMG industry of Bangladesh, as one of the primary national economic drivers, gleaned noticeable research interest (Islam et al., 2022; Khatun and Shamsuzzaman, 2017), yet the factors influencing EP in the RMG industry remained inadequately revealed (Alam et al., 2018; Hossain and Oh, 2019). Chowdhury and Shajahan (2021); Ahmed et al. (2020) underscored that attributing the globalized production of RMG products, the associated businesses in Bangladesh are exposed to international competition and managed mostly because of cheap labor supply. Historically, this reliance on only cheap labor has proven unsustainable for a long time in exploring businesses (Frederick and Meerkerk, 2023; Xie, 2019). Hence, an increased focus on productivity for this industry is tenable. Nevertheless, very few scholarly works have been conducted to study the interplays between different factors and EP, specifically in the RMG sector (Alam et al., 2021; Haque and Nishat, 2022).

However, the extant research denotes that COM exhibits a pronounced and expeditious impact on employee productivity (Anjanarko and Jahroni, 2022; Tarigan et al., 2022). According to Putra and Mujiati (2022), employees exhibit higher productivity levels when they perceive that their organization provides enough rewards and benefits. Likewise, OC's significance may be disregarded when individual productivity is evaluated and extensively rewarded (Amri and Ramdani, 2021; Hanaysha and Majid, 2018). The current research acknowledges that OC is another important contributor to accelerating EP. Thus, the first and second objectives

of this study are to evaluate the consecutive influence of COM and OC on EP.

Furthermore, the seminal role of JS in determining EP has also been revealed (Alromaihi et al., 2017; Maida et al., 2017). A few studies (Khatun and Shamshuzzaman, 2017; Yandi and Havidz, 2022) considered the mediation of JS incorporating EP. While exploring the impact of compliance with the prescribed standards on employee turnover intention, Brunetto et al. (2012) identified that JS has an effective mediating role in complex organizational multiplicities. The present research identifies a lack of investigation on the influence of OC and COM on productivity, with JS as a mediating factor, especially in the context of labor-intensive industries of Southeast Asian countries. Moreover, there is a dearth of studies on the connection between COM and corporate commitment to EP, including the mediation of JS, in the RMG industry. Few studies have explored how JS mediates between reward systems and OC, which could lead to increased productivity (Islam et al., 2018). That is why more studies are required to decipher the interplay between COM, OC, JS, and WP. Thus, the third objective of this study is to assess the mediating effect of JS among the relationships of COM, OC, and OP.

Notably, the economic, social, and global contributions of the RMG industry in Bangladesh to the nation and world economy are increasing daily (Islam, 2021; Rahman et al., 2015); thereby, the EP is imperative. For these reasons, ensuring employee productivity, well-being, and satisfaction is mandatory as the number of employees continuously increases in this industry (Alam et al., 2018). Moreover, Bangladesh has recently prospered as an emerging nation, especially in Southeast Asia (Islam et al., 2016; Ramanayake and Marwah, 2022). This study adopted a quantitative approach to investigate the aforementioned research objectives, and the research contributions are manifold. The insights from this study will expand the existing knowledge bases and enable the cognizance of the unique dynamics and challenges within the labor-intensive manufacturing industries in the context of an emerging country. The findings can provide practising managers valuable insights for managing this manufacturing industry by formulating effective reward-acknowledgement plans that promote workforce efficiency, commitment, and satisfaction. Besides, insights based on the mediating role of JS in the specified context can facilitate the conceptualization of the complex nature of organizations where COM and OC are insufficient for ensuring productivity.

This paper is structured as follows. It explored the “spillover effect” and also followed the “self-determination” theory and “social exchange” theory further to strengthen the theoretical foundations for the postulated relationships. Afterwards, the study explored the existing literature to conceptualize all the study variables to facilitate their relationship. Then, we develop the hypotheses to represent the interactions among all variables. The third section discusses the methods applied to conduct this research. The fourth and fifth sections delineate the results and discussion on the findings. The conclusion and implications are elucidated in the last section.

2. Literature review

2.1. The underpinning theories

To accomplish the research objectives, the current study utilized the “spillover

effect” encompassing both positive and negative. The spillover effect posits that certain factors can exert beneficial or detrimental influences on human behavior or actions (Elf et al., 2019). However, Truelove et al. (2014) reported the “spillover effect” as the phenomenon wherein certain factors impact an individual’s motivation to act or abstain from certain productive actions or positive behaviors. Similarly, by adopting different levels of positive or constructive activities, performance can be attributed to various personal motivators or individual preferences (Nilsson et al., 2017). Previously, various scholars addressed the spillover effect incorporating EP (Ahmed and Kialashaki, 2023; Ahmed, 2020); contributions of COM (Zheng et al., 2021); influences of OC (O’neill et al., 2009); and role of JS (Wang et al., 2020).

The self-determination theory (SDT), as a theoretical concept for understanding work motivation, deceives the assertion made by Deci et al. (1989) that “self-determining entails the experience of perceiving a sense of autonomy in the initiation and regulation of an individual’s actions”. Pertinently, Deci and Ryan (1985) categorized the determinants influencing the commencement and modulation of activity into informative and regulatory elements, resulting in the emergence of two distinct forms of motivation: ‘spontaneous’ and ‘regulated’. Spontaneous motivation refers to an individual’s inclination towards engaging in activities based on their inherent interest, exemplified by ‘intrinsic’ motivation. On the other hand, regulated motivation pertains to the extent to which an individual feels compelled or influenced by external factors, also known as enforced motivation. Reflecting on the intrinsic motivation and autonomy employees feel when they are committed to their organization, which can enhance job performance (Gheitani et al., 2019), this research selected OC from the SDT.

This study also proposes that social exchange theory, i.e., SET, may apply as an approach by which COM, OC, and JS affect productivity. In this notion, Blau (1964) distinguished two types of exchanges, i.e., ‘economic’ and ‘social’ interaction. Economic exchange involves activities based on a direct exchange of goods or services. In this research, the variable COM is directly derived from the SET, based on the argument that fair and adequate compensation motivates them to reciprocate with higher levels of effort and productivity (Blau, 1964).

Finally, EP is the resultant outcome influenced by the interplay of these variables, as explained by the theories: the intrinsic and extrinsic motivations (from SDT), reciprocal exchanges (from SET), and cumulative positive effects (from the Spillover Effect) collectively enhance productivity (Deci et al., 2017). However, it has recently been utilized to demonstrate the nature of the exchange, interaction, and relationships between employees and organizations in numerous research studies (Amin and Rubel, 2020; Wang et al., 2019). This study anticipates EP as a reciprocal return of COM, OC, and JS.

Based on the study’s objectives and the critical review of the aforementioned theory, this research proposes the following framework in **Figure 1**.

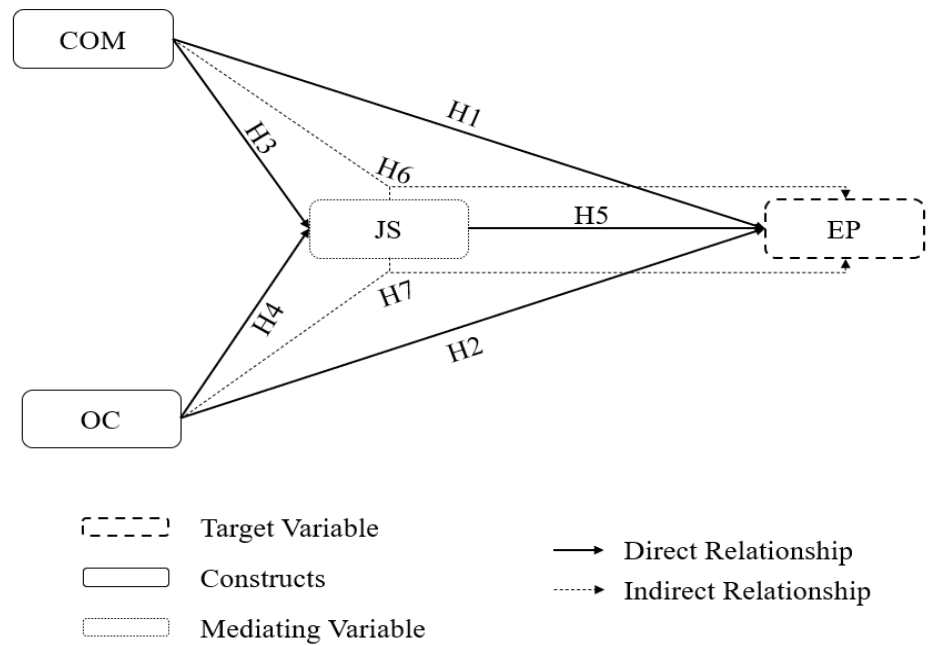


Figure 1. Conceptual framework.

2.2. Compensation and employee productivity

In developing countries, wages have been shown to benefit output (Ahsan, 2013). In addition, workers who are happy with their pay are more likely to stay loyal to their company, which in turn boosts efficiency (Meyer and Allen, 1991). Choudhury et al. (2019) discovered a favorable relationship between pay and productivity in their research. COM plans that include incentives for good performance also increased productivity in another similar research conducted by Gerhart et al. (2015). For example, Haque et al. (2019) found that offering workers perks like health insurance, retirement programs, and paid vacations improved output. On the other hand, the research of Ahsan (2013) demonstrated that COM could foster a sense of loyalty and commitment from employees towards their organization in Pakistan, thereby establishing a positive correlation with productivity. Similarly, Hirsch et al. (2017) found a significant relationship between various forms of COM, such as reward, financial and non-financial remuneration, benefits, incentives, and EP. However, the direct relationship between COM and EP in Bangladesh’s RMG industry has not been adequately addressed. Therefore, based on the findings from other countries, the present study proposes the following hypothesis:

H1. Compensation significantly and positively impacts employee productivity in the RMG Industry.

2.3. Organizational commitment and employee productivity

Workers who feel devoted to their firms are more likely to have constructive job attitudes and behaviors, boosting output. Furthermore, employees with greater levels of OC also tend to possess greater JS. They are more likely to participate in constructive work practices like arriving on time and getting work done (Islam et al., 2021). Moreover, Kim and Maertz (2015) reported that employees’ levels of felt corporate support and emotional dedication are powerful output indicators. Hossain

and Islam (2016) also found the positive impacts of OC on productivity to be independent of work stress. Thus, as evidenced by the influence of a conducive environment for efficiency on productivity, an organization that can convince its members to uphold its commitment successfully will also benefit from positive aspects in terms of the productivity of its workforce. Regardless, to expand the current knowledge frontier and generalizability of the findings to labor-intensive industries of developing countries, within the dynamics presented in **Figure 1**, this study proposes the following hypothesis:

H2. Organizational commitment positively impacts employee productivity in the RMG Industry.

2.4. Compensation and employee job satisfaction

Different studies have scrutinized the correlation between pay and workers' levels of contentment in the workplace across various industries and nations. Employees' JS on the work was correlated with their level of contentment with their salary in the research conducted by Eichhorst et al. (2013) across several European nations. However, the notable point is that this association is especially vital in the RMG industry of Bangladesh, where the vast majority of employees are unskilled and compensated poorly. In this pertinent, Rahman et al. (2018) found that competitive pay and perks contribute to high levels of employee happiness among RMG workers. Particularly in the context of the present study, Haque et al. (2019) found that COM is linked to satisfaction in the workplace in the manufactured garments business in Bangladesh. On the other hand, Ali and Chowdhury (2018) also conducted their research in Bangladesh's RMG industry and discovered that pay was favorably linked to employee work happiness. However, these studies included a limited number of participants, firms, and regions, mainly focusing on Dhaka, the capital of Bangladesh. Hence, this context-specific insight needs further statistical validation. However, in light of the aforementioned argument, the current investigation suggests the following hypothesis:

H3. Compensation positively impacts job satisfaction in the RMG Industry.

2.5. Organizational commitment and employee job satisfaction

Employee longevity and productivity in Bangladesh's RMG industry strongly correlate with organizational dedication and JS levels. Evidence shows a correlation between loyalty to one's employer and happiness at work (Akhtar et al., 2018; Islam et al., 2019). An employee who experiences a high level of satisfaction holds a positive perception of their job, while a dissatisfied employee holds a negative perception of their job (Amin and Rubel, 2020; Rahman et al., 2018). According to Thamrin (2012), organizations that demonstrate a high commitment toward their members are more inclined to create a culture of participation, leading to increased levels of JS. Another research conducted in the RMG industry of Bangladesh, on managerial level employees found a similar favorable correlation between OC and individual work happiness, and this study was conducted by Rahman and Uddin (2020). The labor-intensive production workers, in this regard as well, remained relatively underexplored. Therefore, this investigation may postulate the following:

H4. Organizational commitment positively impacts job satisfaction in the RMG Industry.

2.6. job satisfaction and employee productivity

The RMG businesses in Bangladesh have been the subject of several studies, all of which have concluded that professionally satisfied workers are more productive. For instance, Ahmed and Uddin (2019) discovered that employee JS significantly affects employee output in the RMG. According to Thamrin (2012), companies with a high level of JS among their staff are more likely to establish an attitude of more participation in various activities and ultimately attain excellent work productivity. Similarly, Rahman and Azim (2018) discovered that JS significantly increased output in Bangladesh's RMG industry. Additionally, according to research conducted by Islam et al. (2019), workers' levels of JS were related to their output in the RMG industry, especially in emerging countries like Bangladesh. Though their study focused on the workers of the mentioned industry, they utilized data from a limited number of factories, hence lacking generalizability, which these authors have also reported. However, Kim et al. (2017) also researched the fashion industry in the United States and discovered that contented employees in the textile industry were more productive. Considering the existing findings from other regions and other studies on the context in question, this study hypothesis that:

H5. Job satisfaction positively impacts employee productivity in the RMG Industry.

2.7. The mediating role of job satisfaction

In Bangladesh's clothing industry, several studies have examined the connection between pay and output (Bari, 2014; Islam, 2016). An employee's level of JS can be affected by a wide range of variables, including but not limited to monetary rewards (Judge et al., 2001). Job happiness is one moderating element, as evidence shows that employees are more productive when they are happy at work (Lok and Crawford, 2001). Researchers in Bangladesh's RMG industry discovered that happier workers were more productive (Haque and Islam, 2015). Employee efficiency also correlates favorably with job happiness (Amin and Rubel, 2020).

However, an employee's measure of commitment to their employer is known as OC, and individual work satisfaction is known as JS (Mowday et al., 1979; Spector, 1997). There is an indication that both contribute to increased efficiency in the workplace (Kohli and Jaworski, 1990; Wright and Cropanzano, 2000). Among Bangladesh's RMG workers, Sultana and Akhter (2018) discovered a correlation between loyalty to the company and output. In recent research, JS has been shown to mediate between corporate dedication and staff efficiency (Chen and Silverthorne, 2008; Meyer and Allen, 1997). However, whether the impact of COM and OC on JS can be influenced or mediated by JS in the RMG industry of Bangladesh and other developing countries remains unknown. Regardless, Islam et al. (2019) researched the RMG industry in Bangladesh and discovered that happy workers were more productive, and as discussed earlier, COM and OC can affect JS, a mediation capacity of JS between the mentioned relationships can be conceptualized. Therefore, this

investigation postulates that:

H6: The relationship between compensation and employee productivity is mediated by job satisfaction in the RMG Industry.

H7: The relationship between organizational commitment and employee productivity is mediated by job satisfaction in the RMG Industry.

3. Methods

3.1. Measures

The researchers in this study developed a standardized structured questionnaire to collect primary data. The measurement items utilized for the independent variables of COM were derived from Adnan et al. (2021) and OC from Mowday et al. (1979). Furthermore, items for assessing JS were obtained from Yuan et al. (2022). We measured EP using the items of Alam et al. (2020). The items from these scales were slightly modified to increase the contextual applicability. Consequently, three academicians and two industry experts were consulted to ensure the original essence of each item. This study used a 5-point Likert scale to measure the variables to avoid mid-point bias, a tendency of humans to choose middle options, as Nadler et al. (2015) suggested. The scale ranged from “strongly agree” to “strongly disagree” to facilitate convenience, comfort, and time efficiency for garment workers, who often face time constraints due to the demands of their profession.

3.2. Sampling method

The researchers used purposive sampling to collect data from diverse geographic areas. In Bangladesh, many RMG firms are located in Dhaka, Chittagong, Gazipur, Narayanganj, and Narshingdhi (Chowdhury and Shajahan, 2021). The researchers embarked on several measures to mitigate the biases associated with the purposive sampling technique. First, selection bias could be present if specific factories or employees were more accessible or willing to participate, which might affect the sample’s representativeness. To address the possibility of selection bias, we ensured the maximum number of participants from each factory was 10. Second, response bias may occur if participants provide socially desirable answers rather than candid responses. To mitigate these biases, efforts were made to include a variety of factories differing in size, ownership, and production capacity. However, organization-related data were omitted from reporting to safeguard the anonymity of the respondents.

The researchers in this study distributed 500 questionnaires from where 482 returned; among these 475 responses found appropriate, correct, and valid. As a result, the final response rate in this study was 95% which was acceptable. Because previously Mollah et al. (2024) achieved 83.2% response rate; and Karim et al. (2023a) 79%, Shahneaz et al. (2020) 77.9%, Hosain et al. (2024) 75 %, Islam et al. (2024) 60.6 %, Amin et al. (2024) 52.25%, Mahmud et al (2023) 47.2%, Amin and Oláh (2024) 41.8%, Qing et al. (2023) 41.8%, Rahman et al. (2024) 41.5%, Karim et al. (2023b) achieved 35.7% response rate in context of Bangladesh.

3.3. Sample profile

The participants of this study were employees of RMG factories in Bangladesh. A structured questionnaire was sent to 600 employees, and 475 valid responses were received, with a response rate of 80.83. **Table 1** displays the demographic characteristics of the participants. The gender distribution of the samples (Male = 42.95% and Female = 57.05%) characterizes the dominance of female workers in the RMG industry. 30.74% of the participants were unmarried, and 40.21% went to primary schooling. About three-fourths of the respondents had five years or below experience.

Table 1. Demographic profile of the participants.

Description	Frequency	Percentage
Gender		
Male	204	42.95
Female	271	57.05
Marital Status		
Unmarried	146	30.74
Married	314	66.11
Divorce	14	2.94
Remarried	1	0.21
Educational Background		
Up to Primary	180	40.21
Up to Class Eight	115	24.21
Secondary	84	17.68
Higher Secondary	64	13.47
Bachelor's degree	6	1.26
Master's degree	15	3.17
Type of Employment		
Permanent	453	95.37
Temporary	22	4.63
Length of Service		
2 < years	138	29.05
2–5 years	210	44.21
6–9 years	115	24.21
10 > years	12	2.53

4. Analysis and results

4.1. Measurement model

This research used Structural Equation Modelling (SEM) in PLS 4.0 to analyze the data. Convergent validity was calculated using Factor Loading, Average Variance Extracted (AVE), Cronbach's Alpha (α), and Composite Reliability (CR) of the categories. Factor loadings were above 0.60, indicating adequate parallel validity, according to Chin (1998). Measures of construct reliability included Cronbach's alpha and compound reliability. Cronbach's alpha and CR ratings for construct reliability should be greater than 0.70, as recommended by Henseler et al. (2009).

The results of the evaluation model are shown in **Table 2**. Cronbach's Alpha and CR values for each construct are greater than the suggested value of 0.70,

demonstrating adequate construct reliability. Finally, concomitant truth was assessed using AVE. In order to achieve adequate parallel validity, the AVE values should be larger than 0.5 (Fornell and Larcker, 1981). AVE scores in each category higher than 0.50 strongly indicate parallel validity.

Table 2. Reliability and validity of constructs.

Items	Loadings	Cronbach's Alpha	CR	AVE
COM_4	0.69			
COM_5	0.849			
COM_6	0.742	0.835	0.85	0.604
COM_9	0.761			
COM_10	0.832			
OC_1	0.64			
OC_4	0.811	0.789	0.818	0.612
OC_5	0.88			
OC_6	0.779			
EP_1	0.816			
EP_2	0.819			
EP_3	0.743	0.847	0.856	0.62
EP_4	0.758			
EP_5	0.798			
JS_2	0.808			
JS_3	0.856			
JS_4	0.789	0.879	0.881	0.674
JS_6	0.822			
JS_7	0.828			

Table 3. R², effect size, and Q² (Prediction Power).

Endogenous Variables	R ²	COM	EP	JS	OC	Effect Sizes	Q ² (CCR)	Q ² (CCC)
COM			0.088	0.073		Small		
EP	0.451		0.072			Small	0.272	0.428
JS	0.276		0.067	0.055		Small	0.182	0.505
Exogenous Variables								
COM			1.927	1.797				
JS			1.38					
OC			1.895	1.797				
HTMT								
COM								
EP		0.689						
JS		0.556	0.583					
OC		0.812	0.682	0.528				

Note: CCR- Construct Cross-validated Redundancy; CCC- Construct Cross-validated Commonality.

The construct’s discriminant validity was established using the HTMT measure. Discriminant validity is confirmed as all the values are less than the threshold value (Table 2). Table 3 reports the results of R², effect size, and Q² (Prediction Power).

4.2. Assessment of structural model

In the following Figure 2 represents the diagrammatic analysis of the structural model of hypotheses testing results:

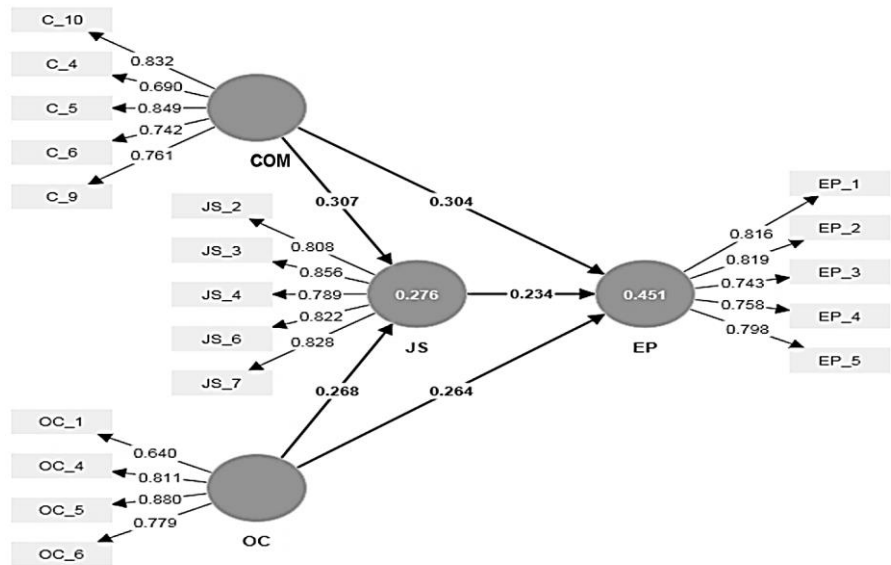


Figure 2. Structural measurement model.

4.3. Coefficient of determination (R²)

EP and JS, the two independent variables of the model, have R-square values of 0.451 and 0.276, respectively. This indicates that the external factors of COM and OC, along with the intermediary variable of JS, can account for 45.1% of the variation in EP. Similarly, external factors can account for 27.6% of the variation in JS. For EP and JS, the modified R-square values are 0.448 and 0.273, respectively. These modified values account for the number of variables in the model and show that the model explains a sizable percentage of the difference in EP and JS. The following Table 4 shows the results of hypotheses testing:

Table 4. Results of hypotheses testing.

Hypotheses	Paths	β	p- values	Decision
H1	COM → EP	0.304	0.000	Significant
H2	OC → EP	0.264	0.000	Significant
H3	COM → JS	0.307	0.000	Significant
H4	OC → JS	0.268	0.000	Significant
H5	JS → EP	0.234	0.000	Significant
H6	COM → JS → EP	0.072	0.000	Significant
H7	OC → JS → EP	0.063	0.001	Significant

Table 4 presents the outcomes of the hypothesis testing for the impact of COM and OC on productivity in the RMG industry of Bangladesh, with JS as the mediator. The values of β , T statistics, P values, and the decision for each hypothesis are also provided. The outcomes indicate that all five hypotheses are supported.

4.4. Mediation effect

The results of Hypotheses 6 and 7 suggest that the mediating impact of JS is significant in the association between COM and EP (H6) and between OC and EP (H7). The path coefficients for both hypotheses are positive and statistically significant, with $\beta = 0.072$ ($p < 0.000$) for H6 and $\beta = 0.063$ ($p < 0.001$) for H7.

4.5. Effect sizes (F^2)

Table 3 also displays the outcomes of F^2 effect sizes for the exogenous variables (COM and OC) on the mediating variable (JS) and the endogenous variable (EP). The effect sizes are categorized as small (0.02), medium (0.15), and large (0.35) according to Cohen's criteria (Cohen, 1988). The results indicate that COM effect size ($F^2 = 0.073$) on JS and a small effect size ($F^2 = 0.088$) on EP. OC has a small effect size ($F^2 = 0.067$) on EP. Finally, JS has a small effect size ($F^2 = 0.072$) on EP. Overall, the results suggest that COM and OC have small but significant effects on EP, with JS mediating the association between the two.

4.6. Predictive relevance (Q^2)

The estimated model has good predictive power for endogenous variables EP and JS. The Q^2 (CCR) values for EP and JS are 0.272 and 0.182, respectively, which indicates that the model can explain 27.2% and 18.2% of the variation in EP and JS, respectively, beyond the mean of the dependent variable. Moreover, the Q^2 (CCC) values for EP and JS are 0.428 and 0.505, respectively, which indicates that the model has a substantial predictive relevance for both dependent variables.

5. Discussion

Motivated by the lack of studies on the determinants of employee productivity in labor-intensive industries of developing countries, this study adopted a quantitative approach to measure the impact of COM and OC on EP, and the mediating influence of JS within this multiplicity. From a practical perspective, this study aims to identify actionable insights for enhancing worker productivity in a sector critical to the economy of Bangladesh. Again, this research empirically validates the theoretical framework based on the spillover effect, SDT, and SET, demonstrating how COM and OC influence JS and EP. After ensuring the reliability and validity of the data, the researchers of the present study conducted structural model assessment.

The practices of a fair COM system and a strong sense of OC can contribute to higher levels of EP (Putra and Mujiati, 2022). This research aimed to investigate the spillover effect of COM and OC on EP through the mediating effect of JS in the RMG industry in Bangladesh. It is worth noting that RMG plays a substantial role in the country's economic growth, employment generation, and poverty reduction (Mia and Akter, 2019). Hence, this study intended to contribute to the current insights into the

mediating role of JS in the relationship between COM, OC, and productivity in the RMG industry.

This study clearly explains the causal relationships between COM, OC, JS, and EP in the labor-intensive RMG industry. The results indicate that COM and OC have strong direct effects on productivity, with p-values of 0.000. Additionally, JS is a significant mediator, enhancing the impact of both COM ($p = 0.000$) and OC ($p = 0.001$) on productivity. This mediation highlights that improving job satisfaction is essential for translating compensation and commitment into tangible productivity outcomes.

More specifically, this empirical research shows supportive results with the seven hypotheses. The first finding of this research highlights the significant role of COM packages on EP in the RMG industry in Bangladesh. The path coefficient ($\beta = 0.304$, $p = 0.000$) evidences a significant positive effect. Prior research investigated some critical issues of COM management systems (e.g., discriminatory COM, imposed working hours, inequitable payments, long-due salaries, and other benefits) of the RMG industry in Bangladesh (Karen and Hye, 2010). However, fair COM is essential, especially for those who work in the RMG industry, because of their dependability on month-to-month living standards (Ahmed, 2017; ILO, 2007). Hence, the study findings show that implementing innovative COM strategies can create an environment conducive to higher productivity and success.

The second finding of the research emphasizes the critical importance of employee OC concerning EP, which shows that employee commitment plays a substantial role in driving a firm's productivity. The results ($\beta = 0.264$, $p = 0.000$) indicate that highly committed employees are more productive than their counterparts with low commitment. Thus, this research revealed that investing in the strategies and practices in the RMG industry that promote and nurture employee commitment can yield significant benefits for both the employees and the organization, which aligns with previous research findings. According to Rosalia et al. (2020), COM and JS are positively related for several reasons, i.e., financial security, perceived value and recognition, equity and fairness, motivation and performance, and recruitment and retention. The current study highlights that fair and competitive COM practices foster employee JS of the RMG industry in Bangladesh. In addition, it is essential to note that commitment and JS are mutually reinforcing (Falatah and Conway, 2019). A high level of commitment can enhance JS, while JS can also strengthen an employee's commitment to the organization (Tarigan and Ariani, 2015).). Henceforth, this study assured that a positive relationship between commitment and JS contributes to a positive work environment and increased employee well-being.

Employees who are satisfied with their jobs tend to exhibit higher commitment, motivation, and engagement, leading to increased productivity. It is important to note that JS is a complex construct influenced by various factors such as COM or OC (Valaei and Rezaei, 2016). Furthermore, JS can act as a mediator in the relationship between COM and productivity. Adequate COM, directly and indirectly, influences EP through the mediating effect of JS. When the employees are satisfied with their rewards and benefits, it enhances their overall JS, which, in turn, positively influences their productivity (Islam et al., 2016). Finally, JS can also mediate between organizational commitment and productivity, which helps explain the underlying

mechanisms through which commitment influences productivity (Ćulibrk et al., 2018). The study finds that OC enhances employee JS. This JS, in turn, leads to higher levels of productivity. In sum, JS in this industry is a pathway through which COM and OC influence productivity.

6. Theoretical and practical implications

6.1. Theoretical implications

The findings of this research offer several theoretical implications. First, it reinforced and extended the application of SDT, SET, and Spill-over theory within the context of the RMG industry in Bangladesh. The positive relationship identified between COM, OC, and EP aligns with the principles of SDT. The theory emphasized that meeting employees' basic psychological needs enhances intrinsic motivation and performance (Deci and Ryan, 1985), which has also proven valid for the mentioned industry. Our findings posit that though compensation is a hygiene factor of work motivation, compensation is a key determinant of satisfaction and commitment for low-paid jobs like the RMG industry. Again, SET posits that social behaviour results from an exchange process where individuals seek to maximize benefits and minimize costs (Blau, 1964). This theory suggests that when employees perceive that they are fairly compensated and that the organization is committed to their well-being, they experience higher job satisfaction, which they reciprocate through increased productivity, which is again, true for labor-intensive industries of developing economies. Second, from an empirical perspective, the results presented by this research contribute to the existing literature by demonstrating that JS is a critical mediator in the relationship between COM, OC, and EP. Previous studies (Chen and Silverthorne, 2008; Islam et al., 2019) have suggested that job satisfaction influences employee outcomes. However, this study empirically confirms its mediating effect in a developing country's labor-intensive industry. In other words, this finding extends the theoretical understanding of how intrinsic and extrinsic motivational factors interplay to influence productivity. Furthermore, the study addresses the research gap identified in the context of the RMG industry of Bangladesh, where the unique socio-economic conditions necessitate a deeper understanding of these theoretical relationships.

6.2. Practical implications

The findings of this study have significant practical implications for various stakeholders in the RMG industry of Bangladesh, as well as other comparable nations, including policymakers, organizational leaders, HR practitioners, and worker advocacy groups. This study reveals that the direct positive consequences of COM and OC and the indirect outcome of JS have a spillover effect on the EP. Adequate COM meets the financial needs of employees and serves as a form of recognition and appreciation, enhancing job satisfaction and productivity (Gerhart et al., 2015). Businesses in the mentioned industry should consider adopting transparent pay structures, performance-based incentives, and comprehensive benefits that align with industry standards and employee expectations. This approach can help attract and

retain skilled workers, reduce turnover rates, and improve overall morale (Hossain and Roy, 2016). Furthermore, in the RMG industry, practicing managers, firm owners, regulatory agencies and workers' welfare associations must recognize that OC is a strong predictor of employee performance. This can be achieved by involving employees in decision-making processes, providing opportunities for career advancement, and recognizing individual and team achievements (Meyer and Allen, 1997). A highly productive workforce translates into better quality products and improved efficiency, which, in turn, can contribute to the long-term success and growth of the organization in a competitive market. Finally, recognizing the importance of COM, commitment, and JS in driving productivity will help RMG firms create an environment where employees feel valued, motivated, and committed. This, in turn, will reduce turnover rates and enhance employee loyalty, leading to a more engaged and sustained workforce.

7. Limitations and future research direction

Despite its contributions, this study has a few limitations that must be recognized. First, the findings may have limited generalizability beyond the RMG industry in Bangladesh due to the specific socio-cultural and economic contexts, which means the results might not be directly applicable to other industries or regions without considering these contextual differences. Furthermore, the cross-sectional form of the research makes it hard to derive causative inferences. Hence, future research should address this issue by utilizing longitudinal research design. Finally, since RMG workers belong to a low-paid job category, pay's critical role in promoting OC and JS is documented in this research. However, many other factors influencing employee efficiency are not accounted for. Future research can investigate additional intermediaries between pay, commitment, and output in the workplace. Mediating variables that can be studied include employee involvement, employee drive, and work-life harmony, to name a few. Other management variables that may affect output can be the focus of future research. Leadership, corporate culture, and the architecture of jobs are just some factors that can be investigated in connection to output.

8. Conclusion

This research examined the direct effects of COM and OC on EP and the mediating effect of JS by taking employees in the RMG industry of Bangladesh as the unit of analysis. The study's results suggest that financial incentives and loyalty to the company can significantly boost output. The researchers also discovered that workers' happiness on the job mediated the link between pay and loyalty to the company. The findings of this study assert the need to design reward packages that align with employee expectations and are perceived to be fair. The study suggests that organizations need strategies that promote employee commitment and create a positive working environment that fosters JS. Organizations can enhance productivity, which is crucial for sustainable growth and success in the highly globalized and competitive industry.

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