



Impact of salary and welfare facilities on employee productivity: Mediating role of employee job satisfaction

Afeefa Fatima¹, Rinki Verma², Shreyanshu Singh^{1*}, Manoj Kumar³

¹ Assistant Professor, School of Management, Babu Banarsi Das University, Lucknow, Uttar Pradesh, India

² Associate Professor, School of Management, Babu Banarsi Das University, Lucknow, Uttar Pradesh, India

³ Associate Professor, Institute of Management, Commerce & Economics, Shri Ramswaroop Memorial University, Barabanki, Uttar Pradesh, India

Corresponding Author*: shreyanshu_7@yahoo.co.in

Abstract

The FMCG sector of India has shown a tremendous growth in past few years. It is not only one of the largest sectors, serving the daily needs of Indian customers but also an important contributing sector of Indian economy. Therefore, to remain productive and to have a competitive edge over other sectors, the FMCG sector needs to maintain productivity of the employees working in FMCG industry. The main aim of the current study is to examine the relationship among salary, welfare facilities, and employee job satisfaction and employee productivity. The paper adopts Herzberg's motivation theory as the supporting theory to frame the hypothesis.

Through a well-structured questionnaire survey, thirty items have been taken from existing literature to measure the variables. The collected data for the study has been obtained from the employees working in HUL, under the aegis of FMCG sector of India. Due to unavailability of sampling frame, non-probability convenience sampling method was employed. A sample of 358 units was collected from the target population. Further, the data has been analyzed using SPSS, AMOS 2010 and SEM to develop the model.

The results of the analysis revealed that all seven hypotheses were supported. These findings will assist the policymakers, the government of India, Industrialists, Managers and other stakeholders to formulate new policies and practices.

This study establishes the relationship among salary, welfare facilities, employee job satisfaction and employee productivity which has not been analysed theoretically and tested empirically in India's FMCG sector.

Keywords: Employee productivity, FMCG, HUL, salary, welfare facilities, job satisfaction

Introduction

The FMCG sector of India is the fourth-largest sector, scaling new heights with a tremendous growth rate over the years due to a sustained rise in disposable personal income, growing young population and increased brand awareness amongst Indian consumers. According to Jakhotiya, Girish, (2020) ^[19], Indian economy is showcasing a continuous growth with a rising contribution of FMCG sector with its assorted business lines including food and beverages, food grains, items of personal care & cosmetics, household consumption goods etc. It is an important contributor to India's GDP and accounts for about 8 percent of the total employment of India. The FMCG sector of India is supposed to mark a growth of about 14 percent from its current contribution by the end 2025, as predicted by (IBEF). The forecast displays a very vibrant picture of employment opportunities in this sector in upcoming years. Many Industry experts feel that with the growing consumer demands, technology advancements, market potential and skill set requirements; this particular sector will attract better employability opportunities for the demographic dividends of the country. FMCG sector of India serves the need of Indian households as most of the products of the industry have a very high consumer demand. FMCG products are often purchased and consumed rapidly. India is now a hub of many recognized global brands like Walmart, Carrefour, Unilever, Johnson & Johnson, Procter & Gamble, Nestlé, General Mills Inc., The Coca-Cola Company, Pepsico., etc. Owing to the growing importance of FMCG

sector in India, under the aegis of FMCG industry of India, Hindustan Unilever Limited Company has been selected to examine the effects of salary and welfare facilities on employee productivity. Hindustan Unilever Company one of the largest companies having a rich historical background of operations in India. The inception of Unilever Company dates back to 1930 when two big companies namely the Margarine Unite (Dutch margarine firm) and Lever Brothers (British soap-maker) have been merged together. The Hindustan Lever Limited, which set foot in India as the subsidiary of Unilever has been one of the oldest multinational corporations operating in India having an unquestioned history of almost 30 years, Sengupta, Rajeswari, and Harsh Vardhan (2020) ^[48]. Due to its wide ranged operations, diverse consumer goods and productive work force, the performance of Hindustan Unilever Limited in India's FMCG sector has been admirable since its inception.

Employee productivity is indeed the lifeblood of any organization and therefore measuring employee productivity level is critical in almost any sector, including FMCG sector. It is popular belief that happy or satisfied workers are naturally more productive. Many experts believe that employee job satisfaction is closely related with better employee productivity. In order to improve productivity organizations look first for job satisfaction. Green (2016) defines productivity as a ratio between various inputs and the output produced in the form of goods and services which is purely based on the organization's efficiency to covert

organizational resources i.e. men, materials, machines and money into final consumable goods and services. In order to maintain employee's job satisfaction and enhancing their productivity at work, it becomes imperative that the companies have proper compensation and welfare measures. Unfortunately, many business organizations fail to recognize the significance of employee motivation and job satisfaction as a critical factor in enhancing the employee productivity as well as organizational effectiveness as a whole, Nwannebuife (2017) ^[31]. In a similar study conducted by Hemalatha and et.al (2017) ^[16], the effects of employee welfare facilities on employee job satisfaction have been examined and the study revealed that welfare facilities create a moderate positive effect on job satisfaction of the workers. To analyze the effect of welfare facilities on employee job satisfaction, the researchers used in depth interview method of data collection and to establish the relationship among the variables, regression analysis techniques were used.

Through this study, an effort has been made to evaluate the role and importance of salary and welfare facilities in improving job satisfaction and enhancing employee's productivity level. Further the study will also provide a new perspective for better employee management.

Therefore, the main purpose of the study is to assess employee job satisfaction and its impact on productivity at Hindustan Unilever Company. Through this research, the impact assessment of salary and other welfare facilities on employee productivity and their job satisfaction has been done.

Accordingly, the authors have established the following objectives of the study.

RO1. To assess the effect of salary and welfare facilities on Employee Productivity.

RO2. To explore the mediating role of Employee Job Satisfaction on employee productivity in the relationship between salary, welfare facilities and Employee Productivity.

Theoretical and Conceptual Background

1. Herzberg motivation theory -1959

Herzberg (1959) propounded a conceptual model of motivation which is popularly known as Herzberg's hygiene theory. Out of the four classical motivation theories, it is recognized as one of the most relevant theories of motivation in the area of business management. Herzberg in his theory mentioned two key factors contributing to the motivation at workplace namely hygiene factors and motivators. According to Herzberg, Hygiene factors includes salary, benefits, supervisor's support are also called dissatisfiers or maintenance factors which are important to guard against job dissatisfaction amongst the employees. These factors do not lead to motivation but if these are not present, it will decrease the motivation instead. The factors which actually motivate the employees are called motivators. Motivators include promotions, growth opportunities, sense of achievement, esteem etc. that add to employee job satisfaction to a great extent. Bassett-Jones, Nigel, and Geoffrey C. Lloyd (2005) ^[6], has mentioned in their research that in order to enhance employee performance at work, focus must be shifted towards motivators as hygiene factors doesn't seem to be useful in order stimulating employees to perform better at workplace. The intrinsic satisfaction matters only when these factors are

coupled with extrinsic factors, absence of any one factor will lead to lower job satisfaction & decreased employee productivity. Thus by identifying and determining the dissatisfiers and motivators, managers in today's modern era may better manage their employees to improve their productivity. Hence, it is evident that, Herzberg's motivation theory could still provide a strong theoretical support to businesses in not only managing their organizations but also making their employees perform more effectively.

2. Conceptual Framework

In the proposed study, a conceptual model has been developed in the context of the Indian FMCG industry employees using Herzberg's theory. Further, it has also been observed whether Herzberg's Hygiene Theory is still relevant in the context of FMCG Industry of India.

2.1. Salary and Employee Productivity

In an organization employee's productivity plays a crucial to raise employee's performance & organizational profitability to a great extent. It is considered as one of the most significant concepts in the context of modern business world that contributes to the growth and performance of the business organizations. According to Rehman *et al.*, (2018) ^[39], employee productivity is heavily relied on their performance. Productivity can be better described as the combined and collective efforts made by both employees and employer which are directed towards enhancing the performance of each individual. Nazir *et al.* (2013) ^[30], has defined productivity as the time spent by the employee in achieving organizational goals. However, it has been observed that in any organization employee productivity is largely dependent upon a number of factors namely salary, welfare facilities, working environment, HR motivational policies, supervisor's support, individual capability and organizational structure etc. Likewise, Susanty & Miradipta (2013), mentioned factors like remuneration and promotions and working conditions creating having a profound impact on employee's productivity. Some other factors like compensation, rewards, job security and rewards etc. also found to be having a very significant impact in improving employee's commitment at work, as mentioned by Gelard & Rezaei (2016) ^[14]. According to Rubel *et al.* (2014) ^[43], amongst various factors influencing employee productivity in an organization, employee engagement is one such factor that has a profound effect on productivity of employees in the long run. Further they mentioned that most of the employees were in view that environment at the workplace also significantly affect the attitude of employees their productivity at the work. Besides, a number of other factors influencing employee productivity and performance in an organization, salary is a very significant indicator of job satisfaction for the employees. According to Bao & Nizam (2015) ^[5], employees are considered to be satisfied with their jobs if they are having a sense of comfort and have positive experiences related to their job performances. Job satisfaction creates a direct effect on employee's job performance and it is also considered as a significant factor contributing to work place productivity. As mentioned by Sabir, Rafi and Kalyar (2011) ^[11], salary being a periodic compensation is necessary to get the job done by the employees but to improve on their productivity through increased job satisfaction various welfare facilities must also be introduced. They further highlighted the role of

compensation particularly monetary rewards as well as proper employee welfare facilities as one of the critical factors affecting employee's job satisfaction at work. It also forms a significant positive impact on employee productivity level. In the light of above discussion, following hypothesis has been framed in the context of FMCG industry.

H1: *Salary has a significant positive impact on employee productivity.*

2.2 Welfare Facilities & Employee Productivity

Many researches have mentioned the employee welfare facilities as a critical factor affecting employee productivity in organizations. Welfare facilities comprised of different services, benefits and facilities which are offered to employees to keep their morale and motivation high at work place. These are commonly categorized as statutory or non-statutory. Statutory facilities includes various facilities like drinking water, sitting arrangement, proper lighting, canteen facilities, sanitization facilities etc. which are mandatory requisites for compliance to the laws. Non statutory facilities on the other hand include benefits such as education, transportation and recreation facilities etc. which widely differ from industry to industry. Numerous studies have highlighted that adequate welfare facilities are critical to increase employee productivity. According to Bharathi & Padmaja, (2018) ^[9], welfare facilities provide the employees an incentive to improve their efficiency and commitment to work more efficiently within the organization. Further, it was suggested that organizations should keep the welfare of employees on a high priority at all the times. Likewise, Tiwari U. (2014) in his study mentioned that if the management provides for adequate required welfare amenities to the employees, their productivity, job satisfaction, performance level and profitability of the organization will increase in leaps and bounds. Therefore, another hypothesis is formed to study the association between welfare facilities and employee productivity of the employees of FMCG industry of India.

H2: *There exists a significant and positive effect of welfare facilities on employee productivity.*

2.3. Salary & Employee Job Satisfaction

Employee Job satisfaction is concerned with the factors that influence employee's behavior in organizational settings. It is relied on several factors like salary or pay, benefits, working conditions and work environment. Sigh and Jain (2013) highlighted that salary and benefits as a form of compensation greatly influence the job satisfaction of employees covered under study, therefore employees need to be paid fair and equitable remuneration in comparison with their counterparts who are working in the same industry. A similar study was conducted by Raziq & Maulabakhsh, (2015) ^[38] to analyze the impact of compensation, training and development and organizational culture on job satisfaction and employee retention and found out that compensation has a significant positive effect on job satisfaction. Adeoye & Fields, (2014) ^[1] have conducted a study to establish a relationship between compensation management and employee's job satisfaction in Nigerian Insurance Sector and found out that employee's job satisfaction is positively correlated with salary or compensation packages offered by the mentioned sector in Nigeria. Likewise, Rasmi *et al.*, (2020) ^[37], investigated the

effects of worker's compensation, work environment and organizational commitment on employee job satisfaction of the private school teachers of Makassar City. The research findings of the study revealed that the compensation has a positive and significant impact on employee job satisfaction. According to Kamath & Verma, (2020) ^[21], employee job satisfaction is heavily relied on the compensation package paid by the employer. Through this research, the effect of compensation on job satisfaction of faculties working in Indian educational institutions had been analyzed. The findings of the study reveals that there exists a positive association between compensation package and job satisfaction of the faculties working in higher education institutions in India. Based on above discussion, following hypothesis was framed.

H3: *There is a significant and positive relationship between salary and employee job satisfaction.*

2.4. Welfare Facilities & Employee Job Satisfaction

Employee welfare facilities play a critical role in determining employee's job satisfaction in an organization. Due to this reason, various statutory and non-statutory welfare measures have been provided by the employer to their employees. Welfare facilities when coupled with proper compensation, helps in enhancing employee motivation and morale thereby creating more trust and loyalty of employees towards the organization. Mendis M (2016) ^[28] examined the role of welfare facilities and job satisfaction to evaluate the impact of welfare facilities on job satisfaction at operational level of employees in Sri Lanka by interviewing 100 employee. He also concluded that by increasing welfare facilities, organization can improve the job satisfaction amongst its employees. Likewise, Rama Satyanarayana and Jayaprakash Reddy (2012) ^[47] in their study, conducted in cement division of KCP Ltd mentioned that most of the employees working there have shown satisfaction on the welfare facilities provided by the organization. In a similar study Hemalatha and *et.al* (2017) ^[16], concluded that welfare facilities have moderate positive effect on Job satisfaction of the employees covered under the study. The study was based on primary data wherein regression technique was used to analyze the relationship between welfare facilities and job satisfaction. Riasat *et.al.*, (2016) ^[40], conducted a study to check the level of awareness and satisfaction of employee on welfare facilities in Power Distribution Company located in Andhra Pradesh. The results showed that welfare facilities provided by the employer creates a significant positive impact on employee's job satisfaction. Therefore, following hypothesis is formed in the context of the FMCG industry of India.

H4: *There exists a significant positive impact of welfare facilities on employee job satisfaction in the FMCG industry of India.*

2.5. Employee Job Satisfaction & Employee Productivity

Compensation paid to the employees is one of the fundamental components of job satisfaction. Mangi *et al.*, (2011) ^[27] reported that compensation has a significant positive relationship with job satisfaction. Highly satisfied and motivated employees are expected to perform better thereby tends to be more productive within the organization. Rinny *et al.*, (2020) ^[41] conducted a research to analyze the impact of compensation, job promotions and employee job

satisfaction on the performance of faculties working in Mercu Buana University. The results revealed that employee performance is highly affected by compensation, job promotions and job satisfaction of teaching staff of the University. Likewise, Valaei and Jiroudi (2016) explored the relationship between job satisfaction and employee performance and reported that a positive correlation exists between job satisfaction and employee performance. On the basis of above discussion, following hypothesis was framed in the context of the FMCG industry of India.

H5: *There is a significant positive impact of job satisfaction on employee productivity.*

2.6. Job satisfaction mediates in the Relationship between Salary and Employee Productivity

Salary is considered as one of the dominant factors determining job satisfaction amongst the employees. According to Shaikh et.al, (2012) [49], compensation and employee job satisfaction plays a critical role in enhancing employee performance and workplace productivity. The findings of this study showed that salary or compensation and job satisfaction significantly affects employee performance. The study was carried out on the employees of Directorate General of taxes. Further, the research concluded that employee job satisfaction had a significant

positive effect on employee productivity. Therefore, following hypothesis can be framed in the context of India's FMCG sector.

H6: *Employee job satisfaction has a mediating role in the relationship between salary and employee productivity.*

2.7. Job satisfaction mediates in the Relationship between welfare facilities and Employee Productivity

Employee welfare facilities play a significant role in maintaining a cordial relationship between employees and management which profoundly contribute in maintaining job satisfaction amongst employee & enhancing work place productivity. A research study conducted by Lalitha K. (2014) [24] reveals that employee's happiness on welfare facilities increases employee productivity in an organization. Therefore, the next hypothesis is framed in the context of the FMCG industry of India.

H7: *Employee job satisfaction has a mediating effect in the relationship between welfare facilities and employee productivity.*

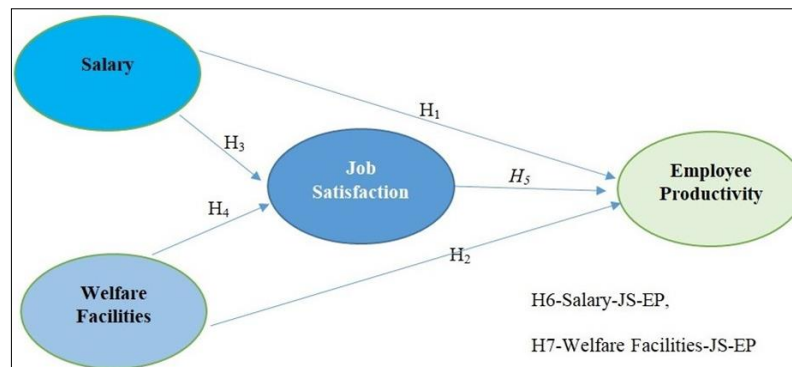


Fig 1: Proposed Model of the Study

2.8. Conceptual Framework

The above figure shows the relationship between the four variables in which the employee productivity is the DV, and Salary and employee welfare facilities are the IVs that impact the DV. Job satisfaction is the mediating variable.

Research Methods and Procedures

1. Research Design

Online and offline data collection methods were used for cross sectional research design. Respondents who opted for offline survey were given hard copies of the questionnaires to fill the response while online link of questionnaire through Google forms were sent to the respondents who were comfortable to take the online method. Non probability Convenience sampling method was employed owing to unavailability of sampling frame.

2. Data Collection Process

India being highly populous and huge country; the data was focused on most states of the country. Seeking the Indian population growth, the demand for FMCG industries has enlarged multifarious hence the business requires huge number of employees to accomplish the production and flow of products. A planned structured questionnaire was used as a measurement tool for data collection of employees

working in FMCG sector of India. Intended for respondents to be the true representation of the population of the study, the work was accompanied in most of the places of India and the data was taken from employees between age 18 to 60 years and comprising employees from the operational, middle and higher levels. These respondents were employees having employment with HUL from last one year to complete the survey. Being an employee of HUL for more than one year was determinedly preferred to regulate and filter survey and was deliberately arranged to endorse the data collection quality. Approved contribution of employees in the investigation was the next filter question. After elucidating the objective and assuring confidentiality of respondents over telephone, the respondents were respectfully and individually approached. HUL was selected for studying the role of salary and welfare facilities on employee job satisfaction and overall productivity of the employees at levels.

3. Questionnaires Design

Two sectioned questionnaire was prepared to collect the data which included the information of individual's demographics (Yaya et. al. 2016). Former section of measurement toll i.e. questionnaire comprised of demographic information based on nominal scale to gather

elementary statistics of respondents that included gender, age, occupation, education, Marital Status, Work Experience (Years), Designation and Department using frequency questions. The next part of the questionnaire contains questions on 4 constructs after broad literature review of the earlier studies; and a total of 30 questions were planned to measure employee productivity of employees of HUL Establishment. In few places items in the scale was revised based on ethnic variance of Indian employees to create the measurement tool apt in Indian context. The response was taken on a five-point Likert scale ranging from 1 as “strongly disagree” and 5 as “Strongly Agree”. The data was collected and studied on 358 respondents’ sample. The sample size was suitable as the sample size is tenfold of the total of items and all included constructs has 3 or extra items on which the answers were collected for structural equation modeling (Jayaram, Kannan, & Tan, 2004). Scale has been established after going through extensive literature. Two items of employee productivity were drawn from Omoruyi Bernard Elaho & Amuen Samson Odion (2022) [34]. Five items for salary and six items of job satisfaction were adopted and modified from Abdul Haeba Ramli (2018) [36]. Six more items on job satisfaction were adopted from Okolocha, Chizoba Bonaventure (2021). One item of welfare facilities were adopted from Vanishree Beloor et.al. (2020) [7] to measure

its impact on employee job satisfaction. Three items on welfare facilities were adopted from Mohammad Nurul Alam et.al (2020) [3]. One item for welfare facilities were framed from Sanuja Shree P.N et.at (2019) [46]. To measure overall employee productivity in FMCG industry, six items on employee productivity were adopted from Mohammad Nurul Alam et.at (2020) [3].

Circulation of questionnaire was done after two phased initial testing. Relevancy check of the questionnaire was done through conducting face validity first. Firstly the validity was checked by academicians and researchers focus group to evaluate the questions whereas the additional FMCG HR senior management focus group also reviewed questions relevancy and validity. Petty alterations were merged after checking validity. 3.65 validation score was attained out of 5 validation score. After validity check by experts, the pilot survey was done on 43 respondents. In view of the avg. rate of response of 52.6 percent in the studies linked to data collection and a std. deviation of 19.4 % (Baruch, Yehuda & Holtom, Brooks, 2008), 900 forms were circulated and 515 were received with 57.22 % response rate. Afterward proper scrutiny was done and 358 were contemplated for further. Partial questionnaires were careful omitted from the study. Table 1 portrays demographic profile of selected sample. In which males employees were 59.22% and females 40.78 %.

Table 1: Demographic Profile of the respondents

Demographic Profile		Frequency	Percentage
Gender	Female	212	59.22
	Male	146	40.78
Age	18-25	162	45.25
	26-35	87	24.30
	36-45	66	12.01
	45 and above	43	18.44
Level of Education	Graduate	201	56.14
	Post Graduate	105	29.32
	Technical	49	13.68
	Others	3	0.84
Marital Status	Married	128	35.75
	Unmarried	226	63.13
	Divorced	4	1.12
Work Experience (Years)	0-5	198	55.31
	6-10	106	29.61
	11-20	54	15.08
Designation	Executive	274	76.53
	Assistant Manager	34	9.50
	Manager	29	8.10
	Senior Manager	21	5.87
Department	Production, Manufacturing & Maintenance	95	26.53
	Sales, Retail and Business Development	126	35.20
	Marketing, Advertising, Public Relations, Media Planning, Market Research	84	23.47
	Supply Chain, Purchase, Materials, Logistics	53	14.80
Gross Salary (INR)	Below 2.5 lacs	216	60.34
	2.5-5.0 lacs	97	27.09
	More than 5.0 lacs	45	12.57

Source: Author’s own survey data

4. Results

4.1. Confirmatory Factor Analysis

CFA was used to assess reliability, discriminant validity and convergent validity of measurement model. Cronbach alpha result was found to check the reliability of the measurement scales. CFA was extracted to explicate the array of loadings of each items measure on a particular factor (Hair et al., 1998; Thompson, 2004; Bryne, 2001; Brown and Moore,

2012; Byrne, 2013). After that, squared-multiple correlation, was executed to review in what way an item processes a construct (Hair et. al, 1988; Holmes-Smith, 2001). The CFA results indicate acceptable model fit of the measurement model. Results of CFA (Table II) exhibit goodness of fit are excellently satisfied. The results indicate that χ^2 was found significant with a value of $\chi^2 = 1869.550$, χ^2/df ratio = 2.875, $\rho = 0.000$ as per Hu and Bentler (1999), whereas GFI value

obtained was found 0.902, and RMSEA value was 0.062, while CFI value was found 0.814.

Table II

Variables	GFI	CFI	χ^2/df	RMSEA	Sig
First-order CFA	0.902	0.814	2.935	0.062	0.000

In Table III Cronbach’s alpha values of each variable are found to be greater than 0.7 which predict internal consistency in all the variables and thus reliable. The results of test, shown in Table II, disclose that the statistics also approve to the necessities of convergent and discriminative validity. The standardized factor loadings of all the items in scale was found to be greater than 0.5 (Hair *et al.*, 2010).

Table 2: Internal Consistency and Convergence Validity Results

Factors/Items	Factor Loading	Cronbach’s Alpha	Composite Reliability (CR)	Extracted (AVE)
Employee Job Satisfaction				
EJS1	0.779	0.834	0.856	0.682
EJS2	0.868			
EJS3	0.788			
EJS4	0.756			
EJS5	0.771			
EJS6	0.825			
EJS7	0.783			
EJS8	0.817			
EJS9	0.834			
EJS10	0.775			
EJS11	0.729			
EJS12	0.845			
Employee Productivity				
EP1	0.869	0.859	0.859	0.678
EP2	0.735			
EP3	0.755			
EP4	0.762			
EP5	0.757			
EP6	0.717			
EP7	0.654			
EP8	0.812			
Salary				
SA1	0.889	0.855	0.869	0.647
SA2	0.724			
SA3	0.817			
SA4	0.736			
SA5	0.787			
Welfare Facilities				
WF1	0.786	0.774	0.826	0.678
WF2	0.751			
WF3	0.717			
WF4	0.815			
WF5	0.738			

Discriminant validity is employed for the study to check the measurement scales are separate from each other and are unrelated. In the discriminant validity the AVE need to be more than the squared inter-scale correlations (Fornell and Larcker, 1981; Hair *et al.*, 2010). To evaluate the discriminant validity the AVE of all four constructs was calculated (Hair *et al.*, 2006), and found out to be more than 0.60 so convergent validity was established and value of AVE was > 0.50 which is at acceptable level as per the Hair *et al.*, 2013.). In Table IV AVE, MSV and ASV scores are

depicted which confirm Discriminant validity. Hence the used measurement scales I study are unrelated with each other. Composite reliability of four constructs was tested (CR) and scores of CR for four constructs was found higher than 0.8 meeting the suggested standard of 0.6 (Bagozzi and Yi, 1988).

Table IV: Reliability and Validity of Constructs

	CR	AVE	MSV	ASV
Emp_Sal	0.847	0.647	0.343	0.073
Wel_Faci	0.813	0.678	0.326	0.166
Job_Sat	0.862	0.682	0.423	0.27
Emp_Pro	0.816	0.678	0.372	0.052

4.2. Structural Model

The establish link between Job Satisfaction, Salary, Welfare Facilities and employee productivity the structural model was used. After the measurement model was found to be acceptable further the structural model was evaluated and was well congregated. The structural models Fitness indices denoted an accepted level of model’s fitness (GFI=0.879, CFI=0.877; RMSEA=0.67; PCLOSE=0.472, $\chi^2=772.916$; χ^2/df ratio= 1.503, p = 0.001). Altogether the paths were found significant. The Table V displays the structural model and path analysis representing that, Employee Salary is significantly linked to Employee Productivity, ($\beta = .656$, p =0.001), thus H1 is supported. Organizational Welfare Facilities are significantly related to Employee Productivity ($\beta = 0.736$, p =0.015) supporting H2. H3, which states that Employee Salary is significantly related to Job Satisfaction ($\beta = 0.634$, p =0.005) was also supported. Welfare Facilities is significantly related to Job Satisfaction ($\beta = 0.803$, p =0.000), thus H4 is supported. H5 indicates that Job Satisfaction significantly influence Employee productivity ($\beta = 0.845$, p =0.015).

Table V: Structural Results

Factors	Estimate	P	Result
Emp_Sal<---Emp_Pro	0.753	0.001	Supported
Wel_Faci <--- Job_Sat	0.689	0.015	Supported
Emp_Sal <--- Job_Sat	0.547	0.005	Supported
Wel_Faci <--- Job_Sat	0.781	0.000	Supported
Job_Sat <--- Emp_Pro	0.854	0.015	Supported

Notes: $\chi^2=772.916$; χ^2/df ratio= 1.503; GFI=0.879; CFI=0.877; RMSEA=0.67; PCLOSE=0.472; significance at the 0.01 level.

4.3. Mediation analysis

To analyze the mediating effect of Job Satisfaction in the study user defined estimated functionality in AMOS 2010 was used with 95% confidence interval and 2000 bootstrap samples. Mediation analysis was done to check whether job satisfaction mediates the association between employee salary and employee productivity and between wel_facilities and Employee productivity. The results showed the statistical significant level and supporting the Hypothesis. The confidence intervals for each of the variable were beyond zero. Table 5 displays the output of mediation analysis.

Path	Indirect Effect	Bias corrected confidence intervals		P
		Lower	Upper	
Emp_Salary – Job Sat – Emp_Productivity	0.014	-0.003	0.041	0.111

Wel_Faciliti – Job Sat – Emp_Productivity	.153	0.086	0.238	.001
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4.4. Discussion

Employee Salary was found to be significantly associated with Employee Productivity as per the first Hypothesis. To remain competitive in a business, it is vital to associate compensation on employee productivity. Good compensation attracts best manpower to be a part of the company and reduced employee turnover. Several theories have obtained positive association of salary and productivity (Ottersen, 2016). Theories like substitution effect affirm that personnel will try to carry out the similar task more competently as salary increases. Income effect theory also supports the study due to good salary employees purchasing power will increase ultimately demand in product thus dedicating employees towards job accountabilities. Thus the result of our study is similar with other business management research reporting a positive link between salary and employee productivity (Garnero, 2018; Alam et.al, 2020) [3].

Organizational Welfare Facilities provided by employer was also found significantly related to job satisfaction and Employee Productivity. Employee welfare facilities are about providing the well-being, economic, social benefits, and amenities in addition to salary to the company's employees at work and for their family members to make their work-life better and rising standard of living. These welfare amenities aim to improve job satisfaction, engagement and commitment at work. Thus anticipated to improve productivity, decrease employee turnover and augment organizational loyalty. Thus, our study supports the study of Asaneth *et al.* (2014) and contributes to the literature by examining the welfare facilities relationships in FMCG sector in India. Welfare benefits provided by employer augments completely in the lives of the employees and therefore allowance provided at work helps to acquire highest from employees and thus improving work satisfaction (Jayanthi' 2014; Shrinivas, 2013).

Employee Salary and Job Satisfaction was significantly related to each other as per the result output of our study. Pay/Salary is not the only the first cause employees find job satisfaction in their place of work whereas Gerhart, 1987; Beutell & Wittig-Berman, 1999 [8]; Malka and Chatman (2003) [26] shows that pay and benefits have been categorized on top in factors of job satisfaction. Employees anticipate a good pay package meeting the regular industry package whereas a low salary can lead to lower employee morale.

Hypothesis 5 point out that Job Satisfaction significantly influences Employee productivity. Job satisfaction and fulfillment have impact on workers' productivity. Job satisfaction factors like safety, security and working conditions overall affect employees efficiency and productivity (Clark, Oswald & Warr, 1996) [12]. The present study affirms that the satisfied employees tend to perform well and do not compromise with productivity.

The study confirms Employee job satisfaction mediating role between salary and employee productivity ascertaining the previous Studies. Idris et. Al. (2020) [17] and Raziq & Maulabakhsh, (2015) [38] study on connotation of compensation, job satisfaction and employee productivity have confirmed the significant mediation of job satisfaction amongst the state Polytechnic colleges in Indonesia. The association between work facilities, satisfaction and

performance has also found significant in previous literature ascertaining the job satisfaction as a mediating factor between facilities and employee productivity. Idris et. Al. (2020) [17], Jain and Kaur (2014) [18] and Muguongo, *et al.* (2015) [29] study on educational institutions, the banking sector, and the telecommunications industry also found the environment influence on job satisfaction and productivity.

Conclusion & Recommendations

The findings of the study are useful for all the stakeholders of the FMCG sector in India. This study was conducted to identify the effect the salary and welfare facilities on employees of FMCG sector in India. The empirical results of the study revealed that there has been a significant effect of salary (SA) and welfare facilities (WF) on employee's job satisfaction (EJS) that affects productivity of the employees (EP) of the FMCG sector significantly. Further, it can also be concluded that welfare facilities are important key components in ensuring job satisfaction of employees in FMCG sector and satisfied employees retain longer and play a critical role in ensuring better productivity at work. To support the above statement, an attempt was made to study the mediating role of job satisfaction in the relationship between salary & welfare facilities and employee productivity. Therefore, it has been suggested that the employer should formulate adequate and fair compensation policy to keep their employees satisfied and motivated as well as they should also provide adequate welfare facilities to elevate the productivity of the employees of FMCG sector. Thus, the practical implementation proposes that the provision of decent salary and adequate welfare facilities can be strategized and put into practice to enhance productivity. As far as the theoretical contribution of the study is concerned, this study may contribute to existing literature by unveiling the causal relationship between welfare facilities and salary as independent variables and employee productivity as the dependent variable.

This study clearly indicated that salary & welfare facilities could influence employee job satisfaction and employee productivity in FMCG sector, therefore the organizations should adopt fair, equitable, innovative and creative compensation practices to keep their employees satisfied, stimulated, committed, motivated and delightful.

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