

IMPACT OF WORK ENVIRONMENT, COMPENSATION AND MOTIVATION ON THE PERFORMANCE OF EMPLOYEES IN THE INSURANCE COMPANIES OF BANGLADESH

Tahmeem Siddiqi
Sadia Tangem

ABSTRACT

The aim of this paper is to explore the effects that work environment, compensation and motivation can create on employees' performance in the context of Bangladeshi Insurance industry. In this study, at the first phase, a structured questionnaire was developed by using Likert 5 scale and applied on 150 respondents, who are currently working at different positions of insurance companies of Bangladesh. Then at the second phase, structural equation modeling has been applied on the collected data. The study revealed that all the factors significantly create impact on the employees' performance. This study can significantly contribute to the recruiters of human resources of different financial organizations, especially insurance ones, as it clearly demonstrates how positive contribution can be derived from the employees using appropriate strategies.

Keywords: Insurance, Compensation, Work Environment, Motivation, Employee Performance

INTRODUCTION:

The parameter to measure success depends on the organization's completion of its goals. For this reason, setting up apposite strategies and their execution are imperative. That's when the crucial role of the employees comes into the scene. According to Anitha (2014), the performance of the employees is what the organization needs to achieve its growth. With the contribution of the work force that an organization nurtures, it can hope to attain the desired mission. Tremendous set of efforts are needed to be undertaken to satisfy the employees of an organization. If the employees are content with critical factors like compensations, environment or motivation provided by the organization, it will be proved beneficial to the organization's performance. Being a variegated and dynamic issue, components like compensation package, work environment and motivation demand special attention in the field of Human Resource Management.

The relationship that exists between the employees in an organization and the environment in which they have to perform can be defined as workplace environment. Prevailing research already has established an association between employee performance and work condition in different industries (Naharuddin & Sadegi, 2013, Mohapatra & Srivastava, 2003; Vischer, 2008; Chandrasekhar, 2011). Chan (2007) stated that the work environment entails the physical location, procedures, policies, rules, culture, work location, work relationships all of which can have a profound impact on how employees work. The standard of the work environment exerts an influence on performance and eventually affects the competitiveness of the employees. A sound work environment helps to keep employees fit both physically and mentally. A survey which is conducted in 2013, by the Organization for Economic Co-operation and Development (OECD) reveals that approximately 20% of the workforce of Sweden puts up with mental illness owing to causes like depression, anxiety or sleep disorder. As a result, the importance of a good quality working environment for attaining better quality output of the employees cannot be denied.

In the education sector of Pakistan, Khan et al. (2011) conducted a study on 150 employees and derived to the conclusion that incentives play a crucial role in increasing employee performance. Proper planning of the compensation package can optimize employees' contribution, as they aspire for a combination of financial and non-financial remunerations which will be worth (Gberevbie, 2011). For coping up with the prodigious challenges, business organizations need to provide competitive fusion of compensations to maintain institutional performance. To attract and retain talented employees, employers of different industries try to design compensation and incentive package (Siramiati et al., 2015). According to Jayaweera (2015) work environment plays as an important catalyst to enhance the performance of the workforce. It entails components such as culture, policies, working relationships, locations etc which affect organization's performance and hence its competitiveness (Gitahi, 2014).

Previously academicians and practitioners have provided much concentration on the area of improving and sustaining of the motivation of their manpower because of the negative characteristics a unmotivated employee show towards their organization for instance shunning their due responsibilities, not concentrating on their job, deceiving supervisors or switching organizations frequently (Ahmad, 2008; Ahmad and Fontaine, 2011). On the other hand, highly motivated employees tend to be more creative, efficient, devoted, and productive and provide results that of high quality (Sulaiman et al., 2013, 2014; Bhatti et al., 2015).

Under the current market forces and dynamic competition, like other industries, insurance industries are also feeling the intensity to be more efficient, flexible, creative and productive to produce greater and qualitative output for the organizations. Besides the optimum use of resources and chalking out a well planned strategy, organizations are feeling the pressure to meet the wants and

needs of their internal customers in order to attract better pool of human resources and keep the experienced ones to make them do a superior job. That is when; the management of human resources plays a crucial role.

This paper aims to address the gap, where the integrated effect of the major factors such as compensation package, work environment and motivation on the concept of employee performance, has been ignored from the context of a developing nation like Bangladesh. Though these types of studies have previously taken place in other South Asian developing nations like India (Biswas & Varma, 2007; Singh, 2003) & Pakistan (Abbas & Yaqoob, 2009) but due to the different cultural as well as other societal setting, it is necessary to conduct the study in the context of Bangladesh. Previous studies had been centered on the prospects and problems regarding the general insurance companies prevailing in Bangladesh but the determining factors affecting employee performance have been wholly unattended. Thus this study, focused on employees' job performance in the insurance industries of Bangladesh, was conducted. Because of the intangible nature of the services offered where the service, quality and orientation of the employees are of prime importance, the insurance industry has been concentrated. The concentration of this study has wholly focused only on the life insurance companies hence narrowing down the focus and generating more quality resources.

LITERATURE REVIEW

Employees are one of the most crucial factors for today's organizations to create and deliver values to the customers. Employee performance has become a critical tool in modern business world since it can generate and retain competitive advantage which is translated as commercial success for the organization. The effectiveness of the work procedures, overall employee productivity and the rewards that the employees are getting in exchange of their efforts for the organization-all get translated through the standard of employee performance.

EMPLOYEE PERFORMANCE

Employee performance is the overall outcome of a person's works which is compared against the work standard or the targets and responsibilities set and mutually agreed beforehand (Rivai, 2004). Westerman and Yamamura (2007) have listed down effectiveness and efficiency of the job, job accomplishment and job quality as the dimensions employee performance is encompassed by. Employee performance can be defined as the financial as well as the non-financial outcomes resulting from the employees of an organization that can be associated with the organizational goals (Anitha 2014).

It is understood that employee performance is not an independent factor rather it is significantly dependent on certain factors that determine its outcome. Pawirosumarto et al. (2017) have narrated that employee performance is determined by the ability and desire of the employees along with the work environment provided to them. Their study on 82 respondents on Indonesia has found that employee performance has a significant and positive correlation with employee motivation. Robbins (2005) has been on the view that the employees are motivated to show performance depending on the strengths of the motives that influence them. Compensation i.e. the direct and indirect financial and non-financial benefits provide a cause for the employee to carry out organizational responsibilities and to stay on the job. Chu and Choi (2000) have viewed these extrinsic benefits as the primary reason for an employee to take up a certain job. They have also concluded that a higher degree of employee performance can be anticipated by strengthening the compensation variable. Milkovich and Newman (2002) opined that compensation system is based on an expectancy theory which motivates the employees to put better performance when they perceive a positive relationship between performance and compensation. Liao and Chuang (2004) have mentioned the work environment which indicates the attitude of the organization as a psychological force behind employee performance. According to them, the employees are likely to be more efficient when they are provided the right environment to be so. A study on 234 accountants in the USA revealed that goal orientation and system work environment is an important factor for the younger generation to get job satisfaction and the intention to remain (Westerman and Yamamura, 2007). The implication of their study is that the organizations need to adapt to the changing work environment needs to prevent a higher degree of dissatisfaction and turnover. Researchers have suggested that other variables i.e. leadership style, social status, training and knowledge sharing opportunities might have an impact on the employee performance in the longer run.

In service-based industries, the level of employee performance is critically related with the firm's performance and ensuring best practices. Pai and Tu (2011) pointed out that services provided at the customer touch points are a key factor for attaining a satisfied customer. In the financial industry, this is even more relevant. Bell, Auh and Smalley (2005) have suggested that established relationship between the customers and the employees in the financial industry may lead to an increase in perceived value with regards to the firm's products and services, which results in increased return for the firm. Yee, Yeung and Cheng (2010) have asserted that satisfied and motivated employees are essential for a financial institution's commercial success since the level of customer satisfaction is directly affected by their contribution. The established interpersonal relationship between the employees of the firm and the customers is a driving force to determine the satisfaction and retention level of the customers in the financial industry (Batt, 2002). The performance of the employees is reflected on the service the customers receive and hence it is a source of competitive edge in contemporary financial services industry.

MOTIVATION

Researchers and academicians have viewed motivation as the force to behave in a specific way (Lazaroiu, 2015; Khuong, & Hoang, 2015; Mikkelsen et al., 2017). Motivation works as instrumental elemental in the total process of human learning (Islam et. al., 2008). Motivation is defined very often as a force to elicit predetermined behavioral outcomes (Chiang & Jang, 2008). Robbins (2005) has defined motivation as a desire to achieve something by putting higher level of efforts for achieving organizational goals. According to Adam et al., (1976) for motivation employees tend to be more inclined toward the concept of equity. Furnham, Eracleous, Chamorro-Premuzic (2009) have described motivation as an internal process which is an aftermath of interaction of three components. These are:

- A person's needs
- The ability to decide the ways to meet those needs and
- The work environment that directs how the needs and the choices to meet those needs are going to act.

Although it is mainly the benefits of a job that motivates an individual to perform the tasks, Blakely et al. (2003) have mentioned that the absence of a job can even damage mental health. He also added that the presence of a job allows an individual to earn social establishment, which repels depression.

Potokor (2010) has found motivation is involved with the forces that maintain and alter the direction, quality and intensity of behavior. Saks and Rotman (2006) have found that motivation in the form of recognition and reward are key precursors to employee engagement as these factors oblige them to respond with higher level of engagement. Kakkos and Trivellas (2011) have found a positive relationship between the Growth needs element of motivation and employee job performance. However, other elements of motivation which they considered such as pay, fringe benefits, relatedness of peers and supervisors did not have such a positive relationship. The study was considered on 143 respondents from various Private and Public banks of Greece. Milne (2007) has found that reward and recognition programs can leave positive impacts on motivation and the employees' performance and interest within an organization.

H1: Motivation has a positive impact on employees' performance.

COMPENSATION

Compensation has been viewed as the collection of all the rewards that can be translated in monetary value which an employee gets for the labors given for the organization. Kleiman (2005) has divided compensation into two parts; 1) direct compensation such as pay received in the form of salaries, incentives and promotions provided at regular and consistent intervals and 2) non-direct compensations i.e. leave, retirement plans, insurance coverage, child care plans. Hafiza et al. (2011) have defined compensation as the accumulation of rewards that the employees receive in exchange of their efforts to perform the assigned job responsibilities for the organization; they have included fringe benefits as part of compensation. Salmela-Aro and Nurmi (2004) has classified compensation as extrinsic reward which does not generate within the job rather it is provided by the organization for performing certain tasks.

Both earlier and recent series of studies have found a direct relationship between compensation and employee performance across various industries. A study on 165 respondents from different banks of Pakistan show that the employees rank financial benefits highest among the motivational factors, indicating a positive relationship between compensation and employee performance (Qayyum, 2012). Hafiza et al. (2011) carried out a study on 107 employees of three non-profit organizations in Pakistan and revealed that compensation and employee job performance are directly and positively related. Hameed, Ramzan and Zubair (2014) have conducted a study on 200 respondents across 45 commercial banks of Pakistan and they have also found a direct and positive relationship between compensation and employee performance.

H2: Compensation has a positive impact on employees' performance.

WORK ENVIRONMENT

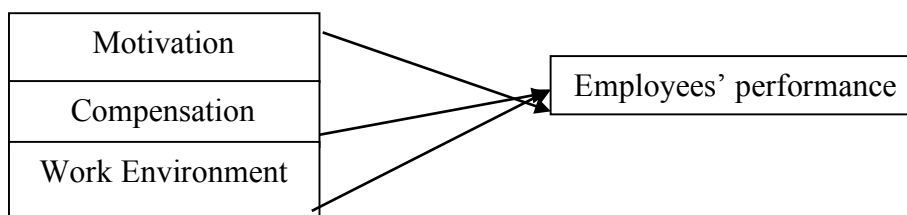
The term work environment has been referred to as the surrounding condition under which an employee works (Gupta and Shaw, 2014; Babenko, 2009; McKeown et al., 2015). In literature, different features of work environment have been described for instance physical elements, threat, assistance, soundness, justice, participation (Ceylan et al., 2008; Hon et al., 2013; Hon, 2011; Schepers and Van den Berg, 2007). Wallace and Trinko (2009) have defined work environment as a combination of place, policies and procedures through which an employee performs his or her job responsibilities. Rich et al. (2010) demonstrated that aspects such as creativity, assignment of roles and responsibilities, recognition pattern and leadership style affect employee engagement. Saks (2006) emphasized that an employee's perception on whether his or her contributions are valued by the organization is a significant factor behind the employee's perception about the work environment.

Royuela et al. (2007) has mentioned that the European Commission has mentioned work organization and work-life balance as a dimension for quality for work life. Anitha (2014) has stressed that work environment and the team and coworker relationship had significant impact on employee performance. She remarked that programs enhancing peer engagement should be promoted to present a great work environment to the employees. On their study on 143 respondents, Kakkos and Trivellas (2011) have found a negative relationship between stress experienced at work environment and employee performance. Qayyum (2012) discovered from a study on 165 bank employees of Pakistan that a balanced work and family life is next to financial benefits in terms of importance.

H3: Work environment has a positive impact on employees' performance.

RESEARCH FRAMEWORK:

Figure 1: theoretical framework of hypotheses



RESEARCH METHODOLOGY

This research is based on a survey employing questionnaire on respondents' perceptions. In the questionnaire, there are three independent variables namely: Work Environment, Compensation and Motivation. On the other hand the dependent variable is Employees' performance. There are total 28 questions regarding the variable where the items for work environment have been adapted and modified from McCusker et al (2005), items from motivation taken from Wiley, C (1997), for measuring compensation's effect the related items have been modified from Hameed et al. (2014) and for employee performance items have been taken from Njoroge et al. (2015) and Hameed et al. (2014). Likert Scale is used to measure attitudes, opinions and perceptions of a person or a group of people on a social phenomenon. The questionnaire is designed by using 5 point Likert scale where 1 stands for strongly disagree and 5 stands for strongly agree. In the first page of the questionnaire the purpose of the study has been mentioned and also the respondents were assured that their identity would remain anonymous.

The population of this study is the employees of various life insurance companies of Bangladesh. There are more than 55 insurance companies in Bangladesh both private and public limited. We selected the sample from mainly 6 life insurance companies focusing on selling the different packages based on life and health insurance. Key respondents were contacted through emails. Total 180 questionnaires were distributed among these insurance companies, out of which 150 were returned indicating a response rate of 83%. Out these 180 questionnaires, 30 questionnaires were rejected for being incomplete and biased responses (i.e. all strongly satisfied or dissatisfied). Regarding the sample size as chosen for this study, it adheres to the suggestion that the number of respondents should be at least five times the total number of measurement items constituting the study variables (Hair et al. 2010).

Data collection techniques include interviews, questionnaire, observation and a combination of all the three. This study uses a combination of data collection techniques, namely, questionnaire, in the form of closed questionnaire in which answers have been provided by the researcher and the respondents simply have to choose the alternatives provided. The respondents are selected randomly from the data base system of the selected companies.

There is a five-step analysis conducted in this research, namely, descriptive statistics, quality test instrument (validity and reliability testing), classic assumption test (multicollinearity, linearity), data analysis (multiple regression analysis) and the correlation between dimensions. Overall, data processing and analysis is conducted with the help of AMOS 21.0 version.

FINDINGS OF THE STUDY

This section has been designed to provide the information regarding the profile of the respondents equipped with relevant information, descriptive and reliability analysis of the variables that have been used in the study, and the full-fledged structural model which has been done by using the software AMOS version 21.0 that focuses on the results of testing of the research hypotheses.

ANALYSIS OF DEMOGRAPHIC VARIABLES

In the survey, 79 are male and 71 are female out of 150 respondents. In terms of their age-group, an overwhelming majority of about 30% falls into 31-35 years of age, 25.3% falls into 36-40, and 11.3%, 18.7%, 14.7% falls into 25-30, 41-45, above 50 respectively. According to their academic qualification it was found that 54.7% respondents were completed their Bachelor degrees and 36.7% respondents were did with their Masters degree, whereas 8.6% had their degree above Masters Degree. A maximum number of respondents were holding their position as senior executive and represents 34.7% of the total. Executive member were 26.7% and manager & senior manager were 24.7%.

DESCRIPTIVE STATISTICS AND RELIABILITY MEASURES

In order to have a meaningful data interpretation, the descriptive statistics presenting the mean, standard deviation and the reliability measure of the four factors namely working environment, compensation, motivation and employee performance, are provided in Table II.

Table I: descriptive statistics and reliability measures

Variables	Mean (Item)	SD (Item)	Cronbach Alpha
Work Environment(WE) (5 items)	4.432	0.602	0.838
Compensation (COM) (6 items)	4.433	0.583	0.845
Motivation(MOT) (7 items)	4.575	0.535	0.898
Employee Performance (EP) (7 items)	4.675	0.488	0.904

From table II, it is observed that the means of the responses of the items e.g. working environment, compensation, motivation stand around at 4.43, 4.43, 4.57 respectively, each falling above 4.00, which corresponds "agree" in the likert scale. This suggests that there is a room for improvement in various issues vis-a-vis these factors. As for the employee performance, the mean hovers around 4.67 implying that the employee's performance is related with the mentioned construct. In this study reliability is measured by using Cronbach alpha as an indicator of internal consistency among the variable items with the cut off value 0.7 being appropriate for SME. As the value of Cronbach Alpha in the above table indicate, all the scales exhibit adequate internal consistency, ranging from a minimum of 0.838 for working environment and the maximum of 0.904 for employee performance.

CONFIRMATORY FACTOR ANALYSIS

Two processes comprise the structural equation modeling namely measurement model and structural model. Measurement model aims to find out the suitability of the observed indicators' measurement suitability. Confirmatory factor analysis, comprising of three fit indices, are checked to judge the adequacy of the measurement model Kline (2010).The indices root mean square (RMSEA), normed chi square and comparative fit index (CFI) is checked to determine the model fitting with the collected data. The general guidelines for these three indices' cut off values are less than 5 and 0.8 respectively for normed chi square and RMSEA, whereas greater than 0.9 for CFI value (Hair *et al.*, 2010). Table III presents the CFAs for the four factors or the constructs, i.e., working environment, compensation, motivation and employees' performance. It can be deduced from the table that all the four factors have construct validity which can be said adequate with the cut of points being satisfied.

Table II: results of CFAs of the four factors

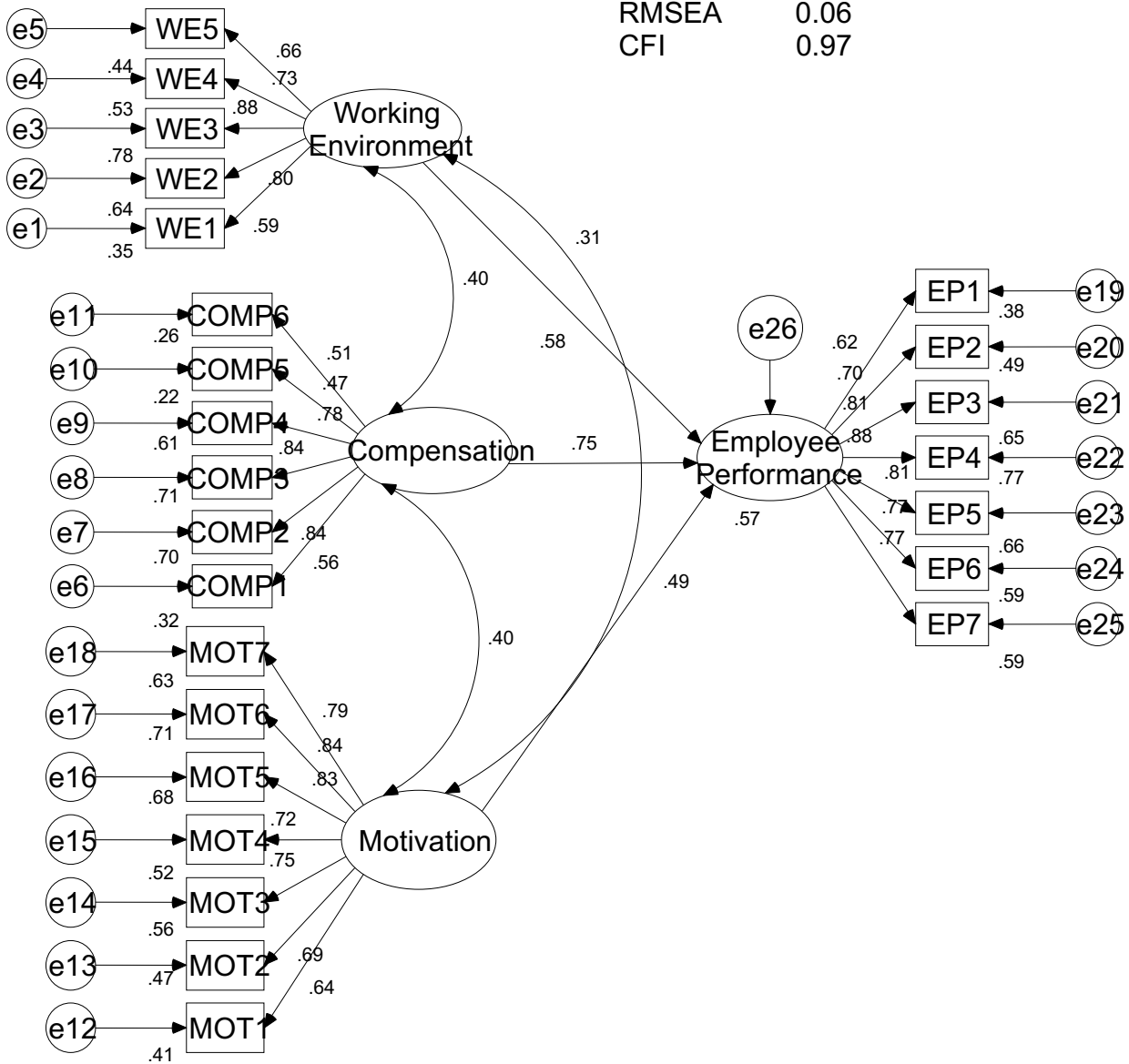
Structural Equation Modeling

Goodness-of-fit statistics	Normed-Chi Square	RMSEA	CFI
Working Environment (WE)	1.525	0.069	0.960
Compensation (COMP)	1.016	0.000	0.900
Motivation (MOT)	0.248	0.050	0.980
Employee Performance (EP)	1.671	0.078	0.981
Threshold values for the fit indices	< 5.0	< 0.08	> 0.90

In a hypothesized model, the causal effect that exists among the main constructs can be measured by using SEM model. SEM can be utilized as a tool to analyze data multivariate in nature. It shows the existing estimation of coefficients of endogenous variables as well as underlying relationships between them and exogenous variables to be assessed (Joreskog and Sorbom, 1996).SEM also goes beyond multiple regression models as SEM divulges the nomological networking of latent variables in a model as well as assesses its robustness to the data provided (Mulaik and Millsap, 2000). The application of SEM also can precisely represent of the variation that exists in the variables as path analysis can be used in the model.

Figure 2: a full fledged structural model

Chi-Square 494.694
Df 269
Normed Chi-square = 1.866
RMSEA 0.06
CFI 0.97



It can be deduced from Figure 2 that the structural model adequately fits with the data derived from sample as all of the three fit indices of the model fully satisfies their threshold values with normed- chi square and RMSEA falling well below 5.0 and 0.08 respectively, and CFI with a value of above 0.90. Moreover, having values of loading more than the threshold point of 0.50 all the constructs reveal adequate convergent validity. From Table IV and Figure 1, it is observed that all path co-efficients, namely, WE→EP, COMP→EP and MOT→EP, are proved to be statistically significant at $p < 0.005$. It can, therefore, be inferred that in this study, the hypotheses **H1** (motivation has a positive impact on employees performance), **H2** (compensation has a positive impact on employees performance) and **H3** (Work environment has a positive impact on employees performance) are supported by the model.

The model in Figure 1 demonstrates that compensation exerts a higher influence (0.75) than that of motivation (0.49) and working environment (0.58) on the employees' performance. The combined effect of these three accounts for 57% of the total variance in employees' performance. From Figure 1 and Table IV, the model further provides evidence of statistically significant correlations among the influencing factors that stand at 40%, 40% and 31%, respectively.

Table III: regression weights: (group number 1 - default model)

	Estimate	S.E.	C.R.	P	Result
EP <--- WE	.427	.151	2.144	.003	Supported
EP <--- COMP	.460	.148	3.106	.002	Supported
EP <--- MOT	.383	.089	4.302	.000	Supported

DISCUSSION& MANAGERIAL IMPLICATIONS:

The purpose of this study was to examine the impact of these factors on employee performance. The SEM model was developed by defining concepts of employee performance, compensations, work environment and motivation. Later on, outcome that was deduced from the aforementioned SEM result from insurance industry of Bangladesh is that independent variables work environment, compensation and motivation variables have caused significant and positive change in the employee performance. In today’s highly aggressive as well as competitive employee market, companies are frequently facing employee retention problems regardless of their reputation, size or advancement. The society for Human resource management gave estimation that it costs around \$3,500 to the company to replace a full time employee who earns \$8 (Blake, 2006). Moreover, Ahmad and Bakar, (2003) in their research work, has stated that employee turnover has become a menace for many Asian countries for instance Taiwan, India, Malaysia. Job hopping has become a trend or culture of many companies in Asia since it has become rampant (Islam & Islam, 2008).

To retain the employees from switching as well as to elicit the best outcome from the employees, this study which is conducted on Bangladesh can be of immense importance as it resembles the cultural setting like many other Asian countries. Employee performance which depends on the attainment of the outcomes while keeping up with the strategic plans can only be enhanced with a positive attitude toward his work environment, satisfaction regarding compensation and motivation.

It can be stressed that the significance and importance of the idyllic work ambience that should be ensured for maximizing employee performance. An ideal work environment should support the employees both physically and mentally to make them more engaged with the organization, thus enhancing their performance. A large number of studies pivoted around the concept of office environment forming different opinions for instance investing more in ergonomic chairs and tables in order to enhance work performance.

Moreover there are factors like furniture measurement, thickness and height of partition in the workstations and the access to the available work information which can positively influences the output of the employees (Visher 2008). Naharuddin & Sadegi (2013) also implied in their study that managers and supervisors need to contemplate ameliorating work environment while assessing both psychosocial and physical factors to stimulate job performance of subordinates. In order to create an affirmative perception in the mind of the employees, it is imperative that they emotionally connect with their co-workers. A good work environment entails factors such as satisfactory culture where the employees are expected to take part in attaining a shared sense of destiny with others and standard physical environment that supports the subordinates to achieve the organizational goal.

Therefore it is apparent that insurance agents’ perception of their work environment will shape as well as direct how well they will be able to achieve their optimal performance. Studies also revealed that a working environment which is of excellent quality can be a catalyst towards providing outstanding customer service owing to the reason that it enhances the enthusiasm of the workers. Hence it is prudent for the insurance companies to improve the work environment for the employees.

As the model shows a strong path diagram between the relationship between compensation management and employee performance, therefore, the compensation management of the insurance companies indeed demands concentrated focus. A fair package of compensation contributes to the subordinate’s sense of worth to the organization. Nonetheless, the employees will be more induced to perform well when they can link their performance with the reward they gain. (Fey and Bjorkman, 2001; Guest, 2002;). A study conducted in the microfinance industry of Kenya has revealed that not only financial incentives attract the individuals but also non monetary incentives results in better performance (Nyaribo, 2016).Financial incentives alone are not adequate unless these incentives are assisted by other types of incentives such as moral incentives. Moral incentives could be provided by giving opportunities to participate in decision-making, certificates of appreciation and thanks, training for distinguished employees.

The SEM result suggests that because of motivation’s direct impact on work performance, hence it is imperative to maximize their positive attitude and minimize their negative attitude. The outcomes are also congruous with the theory by Rivai (2004), which affirms that concept of motivation is a series of values and attitudes that affect employees to gain specific things according to their goals. The study results are also in alignment with research by Tampu & Cochina (2015), Lazaroiu, G. (2015) and Omolo, P. A. (2015) which state that motivation has appositve and significant influence on performance improvements. Jayaweera(2015) conducted a study on 254 hotel workers at Bristol England and he that job performance is to a large extent affected by work environment as well as motivation of employees. The study also affirms the mediating role of motivation in job performance and working conditions relationship in the hotel industry. The findings of Muogbo (2013) have also suggested that the motivation of the employees also depends on their skill and knowledge level which make them more competitive. Bangladesh insurance academy is an institution which designs training program to make the manpower in the life and non-life related insurances more skilled and diversified. Moreover its field based training courses are basic and comprehensive with a

view to making the insurance industry modernized. Training aids the employees to be more competitive thus motivated toward their work. Insurance companies ought to take more initiatives to train their employees to increase their motivational level. Uddin et al. (2012) also conducted a study on the financial sector of Bangladesh where they have found out both positive and negative attitude of the employees regarding their duties and responsibilities. Not only had they advocated to maximize the employees' positive outlook but also recommended to minimize their negative perspective in order to enhance their performance.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

In conclusion the preliminary evidence that is provided by our study is the contribution of the organization in facilitating more quality output from the employees by ensuring extrinsic as well as intrinsic motivation, sound work ambience and a well structured compensation package.

Our study suggests that managers of the insurance companies should put rigorous attention on the critical influencing factors that may affect their employees' attitude towards their duties and responsibilities.

Some theoretical limitations emerge from our study, suggesting concerns that benefit further research. As the result suggests, only three independent variables have been taken into account in the Bangladeshi insurance industries. However variables like flexibility, leadership or coordination can also be considered for further research.

Moreover our study has been conducted on a sample size of 150 respondents in the capital Dhaka city; a study entailing a larger sample size covering the employees of the insurance companies of other metropolitan cities can provide results of immense value.

Furthermore, longitudinal surveys can be employed on the employees of insurance companies instead of cross sectional studies like this one, which can result in a better tool to analyze their perception. The study can also investigate to find out the gap between what employees expect from an organization and what they are actually receiving to better customize their offerings to fit their need and want.

REFERENCES

- Abbas, Q., & Yaqoob, S. (2009). Effect of leadership development on employee performance in Pakistan. *Pakistan Economic and Social Review*, 269-292.
- Adam, S., Raphael, D. D., & Macfie, A. L. (1976). The theory of moral sentiments. *DD Raphael & AL MacFie (éd.), 6e éd.(1790), The Glasgow Edition of the Works and Correspondence of Adam Smith, 1.*
- Ahmad, K. (2008), *Management from Islamic Perspective: Principles and Practices*, IIUM Press, Kuala Lumpur.
- Ahmad, K. Z., & Bakar, R. A. (2003). The association between training and organizational commitment among white-collar workers in Malaysia. *International journal of training and development*, 7(3), 166-185.
- Ahmad, K. and Fontaine, R. (2011), *Management from Islamic Perspective*, 2nd ed., Pearson Malaysia Sdn Bhd, Person Custom Publishing, Kuala Lumpur.
- Anitha, J. (2014). Determinants of employee engagement and their impact on employee performance. *International journal of productivity and performance management*.
- Babenko, I. (2009). Share repurchases and pay-performance sensitivity of employee compensation contracts. *The Journal of Finance*, 64(1), 117-150.
- Batt, R. (2002). Managing customer services: Human resource practices, quit rates, and sales growth. *Academy of management Journal*, 45(3), 587-597.
- Bell, S. J., Auh, S., & Smalley, K. (2005). Customer relationship dynamics: service quality and customer loyalty in the context of varying levels of customer expertise and switching costs. *Journal of the Academy of Marketing Science*, 33(2), 169-183.
- Bhatti, K. (2015). *Impact of Islamic piety on workplace deviance* (Doctoral dissertation, PhD thesis, International Islamic University Kuala Lumpur, Malaysia).
- Biswas, S., & Varma, A. (2007). Psychological climate and individual performance in India: Test of a mediated model. *Employee Relations*, 29(6), 664-676.
- Blake, R. (2006). Employee retention: What employee turnover really costs your company. *July*, 24, 2006.
- Blakely, T. A., Collings, S. C., & Atkinson, J. (2003). Unemployment and suicide. Evidence for a causal association?. *Journal of Epidemiology & Community Health*, 57(8), 594-600.
- Chan, J. K., Beckman, S. L., & Lawrence, P. G. (2007). Workplace design: A new managerial imperative. *California Management Review*, 49(2), 6-22.
- Chandrasekar, K. (2011). Workplace environment and its impact on organisational performance in public sector organisations. *International Journal of Enterprise Computing and Business Systems*, 1(1), 1-19.

- Chiang, C. F., & Jang, S. S. (2008). An expectancy theory model for hotel employee motivation. *International Journal of Hospitality Management*, 27(2), 313-322.
- Chu, R. K., & Choi, T. (2000). An importance-performance analysis of hotel selection factors in the Hong Kong hotel industry: a comparison of business and leisure travellers. *Tourism management*, 21(4), 363-377.
- Ceylan, C., Dul, J., & Aytac, S. (2008). Can the office environment stimulate a manager's creativity?. *Human Factors and Ergonomics in Manufacturing & Service Industries*, 18(6), 589-602.
- Ensor, J., Pirrie, A., & Band, C. (2006). Creativity work environment: do UK advertising agencies have one?. *European Journal of Innovation Management*, 9(3), 258-268.
- Fey, C. F., & Björkman, I. (2001). The effect of human resource management practices on MNC subsidiary performance in Russia. *Journal of international business studies*, 32(1), 59-75.
- Furnham, A., Eracleous, A., & Chamorro-Premuzic, T. (2009). Personality, motivation and job satisfaction: Hertzberg meets the Big Five. *Journal of Managerial Psychology*, 24(8), 765-779.
- Gberevbie, D. E. (2011). Leadership, the financial sector and development in Nigeria. *Inkanyiso: Journal of Humanities and Social Sciences*, 3(2), 148-158.
- GITAH, A. W. (2016). *ORGANIZATIONAL CAPACITY, STRATEGY IMPLEMENTATION, COMPETITIVE ENVIRONMENT AND PERFORMANCE OF COMPANIES LISTED ON THE NAIROBI SECURITIES EXCHANGE* (Doctoral dissertation, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI).
- Guest, D. (2002). Human resource management, corporate performance and employee wellbeing: Building the worker into HRM. *The journal of industrial relations*, 44(3), 335-358.
- Gupta, N., & Shaw, J. D. (2014). Employee compensation: The neglected area of HRM research. *Human Resource Management Review*, 24(1), 1-4.
- Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. *Journal of the academy of marketing science*, 40(3), 414-433.
- Hameed, A., Ramzan, M., & Zubair, H. M. K. (2014). Impact of compensation on employee performance (empirical evidence from banking sector of Pakistan). *International Journal of Business and Social Science*, 5(2).
- Hafiza, N.S., Shah, S.S., Jamsheed, H. and Zaman, K., 2011. Relationship between rewards and employee" s Motivation in the non-profit organizations of Pakistan. *Business Intelligence Journal*, 4(2), pp.327-334.
- Hon, A. H. (2011). Enhancing employee creativity in the Chinese context: The mediating role of employee self-concordance. *International Journal of Hospitality Management*, 30(2), 375-384.
- Hon, A. H., Chan, W. W., & Lu, L. (2013). Overcoming work-related stress and promoting employee creativity in hotel industry: The role of task feedback from supervisor. *International Journal of Hospitality Management*, 33, 416-424.
- JIslam, R., & Zaki Hj. Ismail, A. (2008). Employee motivation: a Malaysian perspective. *International Journal of Commerce and Management*, 18(4), 344-362.
- Jayaweera, T. (2015). Impact of work environmental factors on job performance, mediating role of work motivation: A study of hotel sector in England. *International journal of business and management*, 10(3), 271.
- Jöreskog, K. G., & Sörbom, D. (1996). *PRELIS 2 user's reference guide: A program for multivariate data screening and data summarization: A preprocessor for LISREL*. Scientific Software International.
- Kakkos, N., & Trivellas, P. (2011, July). Investigating the link between motivation, work stress and job performance. Evidence from the banking industry. In *8th international conference on enterprise systems, accounting and logistics* (pp. 408-428).
- Khan, R. I., Aslam, H. D., & Lodhi, I. (2011). Compensation Management: A strategic conduit towards achieving employee retention and Job Satisfaction in Banking Sector of Pakistan. *International journal of human resource studies*, 1(1), 89.
- Khuong, M. N., & Hoang, D. T. (2015). The effects of leadership styles on employee motivation in auditing companies in Ho Chi Minh City, Vietnam. *International Journal of Trade, Economics and Finance*, 6(4), 210.
- Kleiman, L. S. (2005) *Human Resources Management: A Managerial Tool for Competitive Advantage* (2nd Edn.). Biztantra: New Delhi.
- Lazaroiu, G. (2015). Employee motivation and job performance. *Linguistic and Philosophical Investigations*, 14, 97.
- Liao, H., & Chuang, A. (2004). A multilevel investigation of factors influencing employee service performance and customer outcomes. *Academy of Management journal*, 47(1), 41-58.
- McCusker, J., Dendukuri, N., Cardinal, L., Katofsky, L., & Riccardi, M. (2005). Assessment of the work environment of multidisciplinary hospital staff. *International Journal of Health Care Quality Assurance*, 18(7), 543-551.
- McKeown, R. C., Turetsky, D. B., Downey, T., & Erb, J. (2015). *U.S. Patent No. 9,208,474*. Washington, DC: U.S. Patent and Trademark Office.
- Mikkelsen, M. F., Jacobsen, C. B., & Andersen, L. B. (2017). Managing employee motivation: Exploring the connections between managers' enforcement actions, employee perceptions, and employee intrinsic motivation. *International Public Management Journal*, 20(2), 183-205.
- Milkovich, G.T., & Newman, J.M. (2002) *Compensation* (7th ed.). NY: McGraw-Hill, New York, NY.
- Milne, P. (2007). Motivation, incentives and organisational culture. *Journal of knowledge management*, 11(6), 28-38.
- Mohapatra, B. K., & Srivastava, A. K. (2003). *A study of the relationship of perceived work environment with job attitude, performance and health*. unpublished PhD (Doctoral dissertation, Dissertation, Department of Psychology, Banaras Hindu University).
- Muogbo, U. S. (2013). The impact of employee motivation on organizational performance (a study of some selected firms in anambra state nigeria). *The international journal of engineering and science*, 2(7), 70-80.
- Mulaik, S. A., & Millsap, R. E. (2000). Doing the four-step right. *Structural Equation Modeling*, 7(1), 36-73.
- Naharuddin, N. M., & Sadegi, M. (2013). Factors of workplace environment that affect employees performance: A case study of Miyazu Malaysia.

- Nyaribo, O. L. (2016). The Effect of Non-Financial Compensation on Employee Performance of Micro-Finance Institutions: A Case of Wakenya Pamoja Sacco, Kisii County, Kenya. *Imperial Journal of Interdisciplinary Research*, 2(6).
- Njoroge, W. S., & Kwasira, J. (2015). Influence of Compensation and Reward on Performance of Employees at Nakuru County Government. *IOSR Journal of Business and Management e-ISSN*, 87-93.
- Omolo, P. A. (2015). Effect of motivation on employee performance of commercial banks in Kenya: A case study of Kenya Commercial Bank in Migori County. *International journal of human resource studies*, 5(2), 87-103.
- Organisation for Economic Co-operation and Development (OECD), 2013. *OECD factbook 2007*. OECD, Paris, France.
- Pai, J. C., & Tu, F. M. (2011). The acceptance and use of customer relationship management (CRM) systems: An empirical study of distribution service industry in Taiwan. *Expert Systems with Applications*, 38(1), 579-584.
- Pawirosumarto, S., Pawirosumarto, S., Sarjana, P. K., Sarjana, P. K., Muchtar, M., & Muchtar, M. (2017). Factors affecting employee performance of PT. Kiyokuni Indonesia. *International Journal of Law and Management*, 59(4), 602-614.
- Potokor, E.S. (2010). *International Human Resource Development: A Leadership Perspective*, Routledge, London.
- Qayyum, A. (2012). An empirical analysis of employee motivation and the role of demographics: The banking industry of Pakistan. *Global Business and Management Research*, 4(1), 1.
- Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of management journal*, 53(3), 617-635.
- Rivai, V., & Sagala, E. J. (2004). *Manajemen SDM untuk perusahaan*.
- Robbins, S.P. (2005). *Organizational Behavior*, 11th edn., Pearson Education International, San Diego State University, Upper Saddle River, New Jersey.
- Royuela, V., Tamayo, J. L., Suriñach, J. (2007) The Institutional vs. the Academic Definition of the Quality of Work Life. What is the focus of the European Commission? Research Institute of Applied Economics, Working Papers 2007/13, Geneva: AQR-IREA Research Group, University of Barcelona.
- Tampu, D. L. I., & Cochina, I. (2015). Motivation & Employee Performance. In *Proceedings of the INTERNATIONAL MANAGEMENT CONFERENCE* (Vol. 9, No. 1, pp. 812-821). Faculty of Management, Academy of Economic Studies, Bucharest, Romania.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of managerial psychology*, 21(7), 600-619.
- Salmela-Aro, K., & Nurmi, J. E. (2004). Employees' motivational orientation and well-being at work: A person-oriented approach. *Journal of Organizational Change Management*, 17(5), 471-489.
- Schepers, P., & Van den Berg, P. T. (2007). Social factors of work-environment creativity. *Journal of business and psychology*, 21(3), 407-428.
- Singh, K. (2003). Strategic HR orientation and firm performance in India. *International Journal of Human Resource Management*, 14(4), 530-543.
- Siramiami, N. W., Hadiwidjojo, D., & Rohman, F. PERFORMANCE-BASED COMPENSATION EFFECT ON EMPLOYEE MOTIVATION, SATISFACTION OF EMPLOYEES, AND PERFORMANCE OF EMPLOYEES (STUDY ON PRIVATE UNIVERSITIES IN THE PROVINCE OF BALI): CONCEPTUAL FRAMEWORKS. *Korea*, 61, 50-5.
- Srivastava, A. K. (2008). Effect of perceived work environment on employees' job behaviour and organizational effectiveness. *Journal of the Indian Academy of Applied Psychology*, 34(1), 47-55.
- Sulaiman, M., Selladurai, S., Kamil, N. M., & Mohsen, N. R. M. (2015). THE INFLUENCE OF SPIRITUALITY AND RESPONSIBILITY ON BUSINESS LEADERSHIP EFFECTIVENESS: AN EMPIRICAL ANALYSIS. *e-Bangi*, 10(2).
- Uddin, M. J., Luva, R. H., & Hossain, S. M. M. (2012). Impact of organizational culture on employee performance and productivity: A case study of telecommunication sector in Bangladesh. *International Journal of Business and Management*, 8(2), 63.
- Vischer, J. C. (2008). Towards an environmental psychology of workspace: how people are affected by environments for work. *Architectural science review*, 51(2), 97-108.
- Wallace, L. and Trinkka, J. (2009), "Leadership and employee engagement", *Public Management*, Vol. 91 No. 5, pp. 10-13.
- Westerman, J. W., & Yamamura, J. H. (2007). Generational preferences for work environment fit: Effects on employee outcomes. *Career Development International*, 12(2), 150-161.
- Wiley, C. (1997). What motivates employees according to over 40 years of motivation surveys. *International Journal of Manpower*, 18(3), 263-280.
- Yee, R. W., Yeung, A. C., & Cheng, T. E. (2010). An empirical study of employee loyalty, service quality and firm performance in the service industry. *International Journal of Production Economics*, 124(1), 109-120.

Tahmeem Siddiqi
Lecturer, Department of Business Administration
University of Asia Pacific
siddiqitahmeem@gmail.com

Sadia Tangem
Assistant Professor, Department of Business Administration
University of Asia Pacific
tangemsonia@gmail.com