

The impact of compensation on job satisfaction: Work experience and education relationship

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Abstract

Purpose: To explore the effect of compensation on job satisfaction by mediating the relationship between work experience and education among manufacturing workers in Bekasi City's food and beverage industry.

Methodology: A quantitative approach with non-probability sampling. Data from 180 participants were analyzed using Structural Equation Modeling – Partial Least Squares (SEM-PLS) through SmartPLS to assess variable relationships.

Results: Work experience is positively associated with higher income and greater job satisfaction. Education likewise shows a significant positive relationship with salary and satisfaction. In addition, work-life balance enhances satisfaction. Furthermore, compensation operates as a mediating mechanism linking work experience and education to job satisfaction, indicating that gains from experience and education translate into satisfaction through pay.

Conclusions: Compensation plays a pivotal mediating role in translating work experience and educational background into job satisfaction. Implementing competitive and equitable compensation strategies can effectively enhance job satisfaction among workers in the food and beverage manufacturing sector.

Limitations: Non-probability sampling and focus on Bekasi City's food and beverage sector limit the generalizability of results.

Contribution: Provides useful insights for HR managers and contributes to human resource management and organizational behavior literature on compensation and job satisfaction.

Keywords: *Compensation, Education, Job Satisfaction, Work Experience*

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1. Introduction

The food and beverage industry in the Bekasi Metropolitan Area is crucial to the Indonesian economy. Businesses in this industry must consider the elements that affect employee performance in addition to manufacturing and delivering goods. Employee work satisfaction is one of the factors that affect organizational performance. Job satisfaction is the primary metric used to assess whether a company's human resources operate at peak efficiency and make constructive contributions to the business's growth. The 2023 edition of Hewlett-Packard's (HP) Work Relationship Index study shows a phenomenon associated with employee work satisfaction. A survey of 16,828 workers in the 12 nations mentioned above, including Indonesia, revealed that, on average, only 27% of workers felt they had a positive relationship with their jobs. Job satisfaction, work ability growth, leadership quality, collaborative decision-making (people-centricity), supporting work tools, and work-life balance are indicators used to assess the quality of this relationship. With 50% of workers feeling they have a positive relationship with their jobs, India had the highest percentage among the countries surveyed, followed by Indonesia with 38%.

The low percentage of workers who believe they have a positive relationship with their jobs indicates that various factors, including pay, education, and work experience, affect job satisfaction. This demonstrates how difficult it is for businesses to establish a work environment that promotes employee well-being and enhances their relationship with their jobs. Compensation is a reward that a firm offers its employees in appreciation of their performance and achievements (Hermawan, Wulandari, Buana, & Sanjaya, 2021). Employee remuneration encompasses more than just income; it also includes several types of benefits and other perks. Businesses that can offer fair and sufficient compensation will be better able to retain talented workers in an increasingly competitive labor market. Furthermore, according to Herzberg (2022) two-factor theory, job satisfaction is significantly impacted by compensation as a motivating element. Herzberg says that although hygienic variables like working environment will only stop unhappiness, motivating ones like fair compensation would boost emotions of contentment and motivation to work harder.

Nevertheless, even if pay is a significant element, it is not the only explanation for employee happiness. The degree of job satisfaction among employees is also influenced by their educational background and work experiences. Purnama et al. (2024) assert that work experience is a significant factor that influences how employees view and feel about their job. Individuals who have worked in a field for a long time are more likely to have appropriate knowledge and abilities and a better understanding of the tasks and responsibilities that must be performed. Experience at work can affect how much employees feel valued by the company and how much they think their incentives are worth. However, if it is not accompanied by other elements such as equitable pay, extensive work experience does not always equate to job satisfaction. In this instance, receiving fair compensation for work experience will make it more significant. Skinner's (1965) reinforcement theory Skinner (1965) states that suitably rewarded or paid behavior is likely to be repeated. Therefore, employees are more likely to feel content and inspired to perform better if they believe that their experience and contributions are fairly compensated.

In addition to work experience, education has a significant impact on employees' job satisfaction. In the workplace, education frequently affects employees' requirements and expectations. Larger educated workers frequently have larger expectations for compensation and recognition. According to expectancy theory, employees are more driven to perform well if they believe that the benefits they receive will live up to their expectations (Suripto, 2016). In other words, workers with higher education levels will be content if their pay is in line with their degree of education. Education can serve as a guide for determining how much an employee expects to be paid; if these expectations are not fulfilled, work satisfaction may suffer. If the aforementioned occurrence is connected to the study that has been done, it is well known that elements like pay, work experience, and education have a significant influence on determining how satisfied employees are with their jobs.

According to Sabater et al. (2021), fair and open compensation has the potential to improve job satisfaction in the manufacturing industry. Additional research by J. Whelan et al. (2021) supports this, demonstrating that workers who believe their compensation is commensurate with their contributions typically have greater job satisfaction ratings. Conversely, according to Patel et al. (2019), employee motivation and productivity can be impacted by salary dissatisfaction, particularly in highly competitive industries, such as manufacturing. These results demonstrate that equitable pay can boost employee engagement and motivation, which in turn improves organizational performance while lowering work unhappiness. However, research by X. Zhang and Liu (2022) shown that, provided that the experience is paid with the right amount of money, extensive work experience has a favorable impact on job satisfaction. This is supported by a study by Lai, Chen, Liao, Smith-Renner, and Tan (2021), which demonstrates that job experience boosts individuals' self-confidence in handling obstacles at work in addition to improving their abilities and knowledge.

Z. Wang, Xu, and Liu (2018) research, on the other hand, found that while extensive work experience can boost job happiness, it will be less valuable if there aren't enough prospects for career advancement or income. This demonstrates the importance of developing rules that enhance employee satisfaction by combining appropriate incentives with work experience rewards. In contrast, Lin, Kao, and Hsu (2022) discovered that employee job satisfaction is significantly influenced by education level, with

highly educated workers typically having larger expectations for their pay and recognition. These results are supported by research by C. Lee and Park (2021), which demonstrates that workers with higher education levels are more likely to be dissatisfied if their pay does not match their level of education. Additionally, studies by S. Dua, Gupta, Singhal, and Thomas (2024) discovered that education affects workers' expectations for pay as well as their opinions of the organization's managerial caliber and growth prospects, all of which have an impact on workers' job satisfaction. Therefore, while creating rules for career growth and compensation, businesses should consider the educational background of their employees.

As previously noted, our study focuses on the food and beverage -- manufacturing sector in Bekasi City, where human-capital attributes (education and accumulated work experience) strongly shape employees' economic rewards and, ultimately, their job attitudes. Decades of evidence show that higher schooling and longer tenure translate into better pay in industrial settings (Chen & Chen, 2021; Gagliardi, Grinza, & Rycx, 2023). In manufacturing, competitive pay and benefits rank among the top retention and motivation levers identified by both managers and shop-floor workers (Nam et al., 2022). Building on this foundation, researchers have turned their attention to compensation not only as an end in itself but also as a bridge that carries the positive effects of human capital into employees' affective responses at work. A large-scale meta-analysis confirms that higher pay is modest but reliably associated with greater overall job satisfaction (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010).

When compensation practices are perceived as fair and commensurate with skill depth and tenure, they enhance employees' sense of value and distributive justice, which in turn increases satisfaction and other desirable outcomes (Chang & Hahn, 2006). Consequently, examining "The Role of Compensation in Mediating the Relationship between Work Experience and Education on Employee Job Satisfaction" is both timely and practically relevant for the hospitality industry. By clarifying how and to what extent pay channels the benefits of education and experience into job happiness, firms can craft evidence-based- reward policies, such as transparent skill-based- pay structures or tenure-linked- incentives, that are more likely to bolster satisfaction, motivation, and ultimately productivity in Bekasi's food and beverage--manufacturing plants. Such insights equip HR managers to fine-tune- compensation levers, align them with workforce demographics, and sustain a high-performing-, committed labor force.

2. Literature review

The relationship between compensation, job satisfaction, work experience, and education has been extensively explored in organizational behavior. Previous studies have consistently shown that compensation is a key determinant of job satisfaction (Herzberg, 2022; Robbins & Judge, 2022). However, the mediating role of compensation in linking work experience and education to job satisfaction remains an underexplored area. This study seeks to fill this gap by examining how compensation mediates the relationship between work experience, education, and job satisfaction among manufacturing workers in the food and beverage industry in Bekasi.

2.1. Work Experience and Compensation

Work experience is a key factor influencing the level of compensation an employee receives. Becker (2022) argues that as employees gain more experience, their skill sets, efficiency, and expertise improve, making them more valuable to organizations. Consequently, these employees are often compensated at higher rates than others. A prevalent compensation method used by organizations is merit-based pay linked to performance evaluations. This approach seeks to enhance employee motivation by offering incentives to optimize performance (Khan, 2020). M. Zhang et al. (2020) further support this, stating that experienced employees are typically offered better compensation packages due to their proven ability to perform in the workplace. Therefore, we hypothesize that work experience positively influences the compensation.

H1: Work experience positively influences compensation

2.2. Education and Compensation

The link between education and compensation is well documented in organizational research. Mabaso and Dlamini (2017) suggest that employees with higher educational qualifications generally expect

higher compensation, which influences their job satisfaction. Wu et al. (2022) found that employees with advanced degrees are often rewarded with higher salaries because their qualifications are viewed as valuable assets to the company. As a result, it is hypothesized that education positively influences compensation.

H2: Education positively influences compensation

2.3. Work Experience and Job Satisfaction

Work experience is a crucial factor influencing job satisfaction. Vinichenko et al. (2021) suggested that experienced employees possess greater knowledge of their tasks, which allows them to perform their job responsibilities more effectively. This accumulated knowledge, gained over time, contributes to a higher level of job satisfaction. As employees become more familiar with their roles, they are better equipped to handle challenges, resulting in greater competence and satisfaction at work. An employee's contentment with their role is primarily a mental state, but it can be observed through their behavior within the company. A satisfied employee is typically distinguishable from an unhappy employee by their attitudes and actions. Satisfied employees tend to exert greater effort, arrive on time consistently, and show enthusiasm for their responsibilities (Phina, Ogechukwuand, & Shallom, 2021). In addition, Skinner (1965) argued that extensive work experience enhances employees' ability to handle work-related challenges and increases their sense of value within the company. However, work experience alone does not guarantee job satisfaction unless employees feel that their experience is rewarded adequately. Skinner (1965) suggested that employees who are fairly compensated for their experience are more likely to be motivated and satisfied with their jobs, further highlighting the importance of fair compensation in improving job satisfaction.

H3: Work experience positively influences job satisfaction

2.4. Education and Job Satisfaction

In an organization, it is crucial to focus on employees' job satisfaction. Achieving optimal work outcomes largely depends on ensuring job satisfaction (Maulidah, Ali, & Pangestuti, 2022). Job satisfaction can lead to enhanced productivity, greater employee engagement within an organization, lower absenteeism rates, better relationships between employers and employees, fostering a positive work atmosphere, heightened commitment to the organization, and a decreased likelihood of employees deciding to leave (Nimtur, Kusa, & Olanrewaju, 2023). Education significantly affects employees' job satisfaction, particularly when it aligns with their expectations regarding compensation. Employees with higher educational qualifications often have greater expectations regarding pay and recognition. When these expectations are met, employees are more likely to experience higher job satisfaction levels. Nam et al. (2022) confirmed this by showing that employees with higher education levels tend to be dissatisfied when their compensation does not match their qualifications. Furthermore, studies by J. Dua and Sharma (2024) suggested that education iperceptionsercemanagerialmanagerial opp andraffectssact their job satisfaction.

H4: Education positively influences job satisfaction

2.5. Compensation and Job Satisfaction

Compensation has long been recognized as a critical factor influencing employee satisfaction and motivation. According to Herzberg (2022) two-factor theory, compensation is a motivating factor that directly affects job satisfaction. Robbins and Judge (2022) emphasized that compensation includes both monetary rewards and non-monetary benefits, which together impact employee satisfaction. In competitive industries such as manufacturing, fair and adequate compensation is essential for retaining talent and ensuring organizational success (Hernawan & Srimulyani, 2021; S. F. Whelan & Hally, 2020). Similarly, Patel et al. (2019) found that dissatisfaction with compensation negatively affects employee motivation, particularly in highly competitive sectors. Thus, compensation not only prevents dissatisfaction but also encourages employees to exert greater effort and remain loyal to the organization.

H5: Compensation positively influences job satisfaction

2.6. Compensation, Work Experience and Job Satisfaction

Compensation may mediate the relationship between work experience and job satisfaction. Skinner (1965) Reinforcement Theory suggests that employees who are adequately compensated for their experience are more likely to feel satisfied with their jobs. M. Zhang et al. (2020) found that employees with more experience are likely to expect higher compensation, and when these expectations are met, they report higher job satisfaction. Thus, compensation is expected to mediate the relationship between work experience and satisfaction.

H6: Compensation mediates the relationship between work experience and job satisfaction

2.7. Compensation, Education and Job Satisfaction

Compensation may also mediate the relationship between education and satisfaction. Mabaso and Dlamini (2017) argue that employees with higher educational qualifications have greater expectations for compensation, and when these expectations are met, they are more likely to be satisfied with their jobs. Lee, Wilkerson, and Lanouette (2021) found that employees with higher levels of education tend to feel dissatisfied if their compensation does not align with their qualifications. Therefore, compensation is expected to mediate the relationship between education and job satisfaction

H7: Compensation mediates the relationship between education and job satisfaction

2.8. Framework Model and Hypotheses

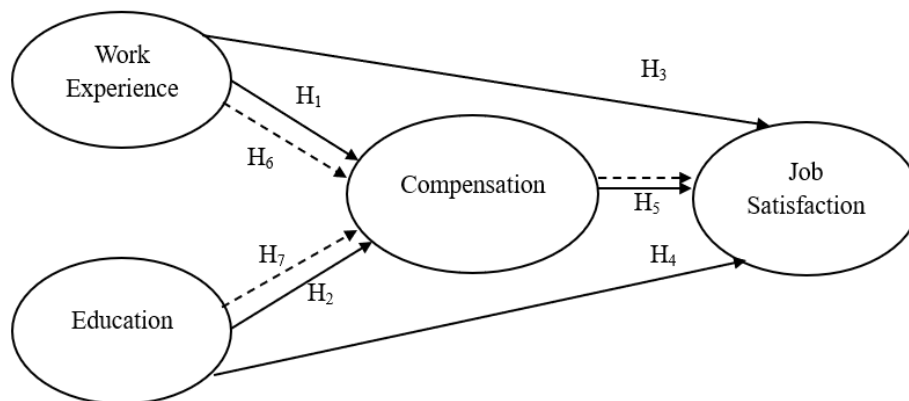


Figure 1. Research Model

2.9. Hypotheses Development

Based on the literature review, the following hypotheses are proposed.

- H1 : Work experience has a positive influence on compensation.
- H2 : Education positively influences compensation.
- H3 : Work experience has a positive influence on job satisfaction.
- H4 : Education has a positive influence on job satisfaction.
- H5 : Compensation positively influences job satisfaction.
- H6 : Compensation mediates the relationship between work experience and job satisfaction.
- H7 : Compensation mediates the relationship between education and job satisfaction

3. Methodology

This study aims to explore the relationship between compensation and job satisfaction among workers in the food and beverage manufacturing industry in Bekasi. It focuses on how compensation mediates the relationship between work experience and education level. To achieve this, a survey-based methodology was used, employing a quantitative research approach to collect primary data from employees in the sector. A questionnaire was used to measure employees' perceptions of their work experience, education, compensation, and job satisfaction. The questionnaire used a Likert scale (1 = strongly disagree, 5 = strongly agree) for each indicator related to the study's key variables. The survey covered topics such as compensation (pay, benefits, and work-life balance), work experience (duration, skills, and knowledge), education (level and relevance to the job), and job satisfaction (contentment with tasks, the workplace, and professional growth).

The survey was distributed to 180 employees working in food and beverage manufacturing companies in Bekasi. These respondents were selected using purposive sampling, which ensured that they met the criteria of having at least one year of work experience and direct involvement in either production or management processes. The data collected provide insights into how compensation affects job satisfaction, particularly through the lenses of work experience and education. Data analysis was performed using SmartPLS software, which is commonly used for Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) method. SEM-PLS was selected because it allows the analysis of complex relationships between variables and is effective in handling small sample sizes. This software enabled the researcher to test the proposed hypotheses and examine the relationships among the variables.

The theoretical frameworks of Peramatzis and Galanakis (2022) were applied to understand the role of compensation in influencing job satisfaction. Herzberg's theory suggests that compensation is a motivating factor, while Vroom's theory highlights how employees' expectations, based on their education, impact their satisfaction with compensation. Several assumptions were made during the study: respondents were expected to provide honest responses, and the data were collected cross-sectionally, representing a snapshot of the relationships between the variables at a particular point in time. The findings of this study are specific to the food and beverage manufacturing industry in Bekasi City and may not be directly applicable to other industries or regions. For future researchers looking to replicate this study, the process involves distributing a questionnaire with a Likert scale, selecting employees with relevant experience, and analyzing the data using SEM-PLS with SmartPLS software. By following these steps, the study's methodology can be repeated in similar contexts or industries to further understand the dynamics between compensation, work experience, education, and job satisfaction.

4. Results and discussion

4.1. Result

Questionnaires were sent to gather primary data for this study to evaluate the characteristics of the respondents. A survey distributed to 180 employees revealed that 60.0% of those surveyed were women and 40.0% were men. In this survey, 64 respondents (35% of the total) were between 21 and 30 years old. Regarding the length of employment, 81 respondents had worked for one to two years, while 76 (42.2%) had a high school or technical school education. Based on the aforementioned reasoning, we present the respondents' attributes in the table below:

Table 1. Respondent Profile

No	Characteristics of Respondents	Information	Rate
1	Sex	Man	40%
		Woman	60%
2	Age	≤ 20 years.old	26,7%
		21-30 years.old	35,6%
		31-40 years.old	23,9%
		≥ 40 years.old	13,9%
3	Education Level	Senior High School	42,2%
		Diploma	16,7%
		Undergraduate	40,0%
		Postgraduate	1,1%
4	Years of service	< 1 Tahun	19,4%
		1 – 2 Tahun	45,0%
		2 – 4 Tahun	31,1%
		4 tahun	4,4

Source: Process data (2025)

Table 2. Construct Reliability and Validity

	Job Satisfaction	Compensation	Education	Work Experience
KK1				
KK2				
KK3				
KK4				
KOMP1				
KOMP2	0.874			
KOMP3	0.827			
KOMP4	0.789	0.875		
PD1	0.886	0.878		
PD2		0.823		
PD3		0.832	0.955	
PK1			0.908	0.916
PK2			0.933	0.871
PK3				0.937
PK4				0.923

Source: Process data (2025)

According to the evaluation of the measurement model and the calculation procedure that produces all indicators and variables, it is clear that the criteria for validity and reliability have been satisfied for subsequent analysis. The reliability table has been fulfilled, as shown by the results of the analysis, where all composite reliability and Cronbach's alpha values are greater than 0.7. This indicates that the internal consistency of all the variables was solid and reliable. The table also presents the outer loading values for all variables. For the Job Satisfaction variable, which is measured by four indicators (KK1, KK2, KK3, KK4), the outer loading values range from 0.827 to 0.886. These values indicate that the indicators reliably measure the construct of Job Satisfaction. For the Compensation variable, measured by four indicators (KOMP1, KOMP2, KOMP3, and KOMP4), the outer loading values ranged from 0.823 to 0.878. This shows that the indicators for compensation are also reliable and valid.

The Education variable, assessed through three indicators (PD1, PD2, and PD3), has Outer Loading values ranging from 0.908 to 0.955. These values further confirm the high reliability of the measurement of education. For the Work Experience variable, which is measured by four indicators (PK1, PK2, PK3, and PK4), the outer loading values range from 0.871 to 0.937. This range indicates that the Work Experience variable is well measured by its indicators. Furthermore, all Average Variance Extracted (AVE) values for the variables exceeded the recommended threshold of 0.5, confirming convergent validity. The AVE values for Job Satisfaction, Compensation, Education, and Work Experience were all above the threshold, with values of 0.714, 0.727, 0.869, and 0.831, respectively, ensuring that the constructs were valid and explained a sufficient amount of variance in their indicators. In summary, the results of this study indicate that all variables, measured using their respective indicators, meet the criteria for reliability and validity. The convergent validity and composite reliability results are in line with the thresholds, confirming the suitability of the measurement model for further analysis (Table 3).

Table 3. Construct Reliability and Validity

Variable	Cronbach's Alpha	Rho A	Composite Reliability	Average Variance Extracted (AVE)
Compensation	0.874	0.876	0.914	0.727
Education	0.925	0.938	0.952	0.869
Job Satisfaction	0.866	0.871	0.909	0.714
Work Experience	0.932	0.934	0.952	0.831

Source: Process data (2025)

The inner model (*structural model*) was tested after the outer model was verified as accurate. By examining the dependent construct's R-squared (reliability indicator) and t-statistics, one can observe the inner model. value of the path coefficient test (*path coefficient*).

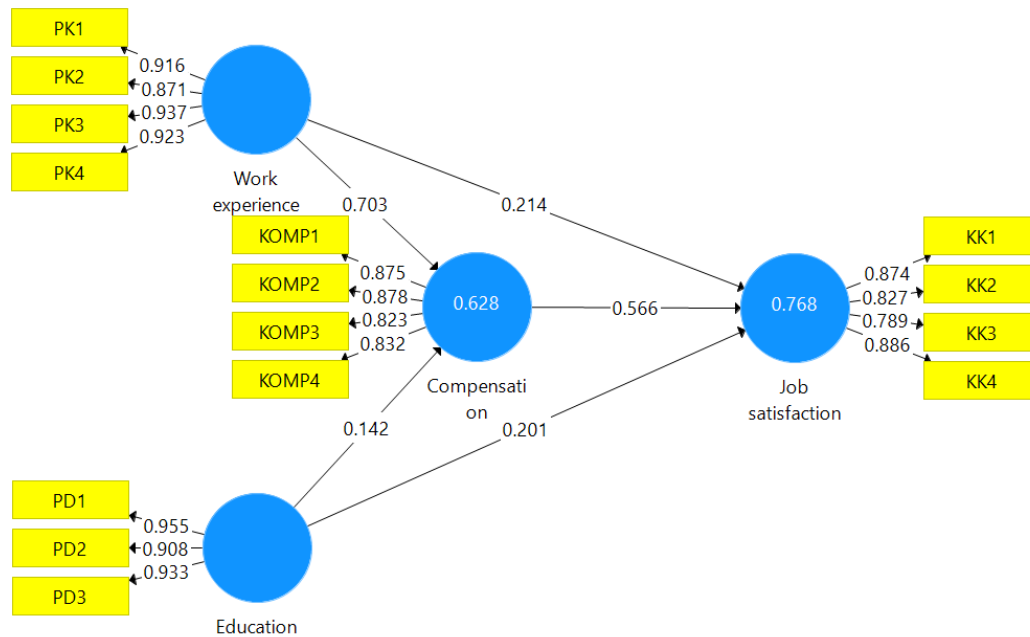


Figure 2. The Graphics Sample Line should use a contrasting color

The greater the R-squared (R^2) value, the more effective the prediction model of the proposed research framework. The path coefficient value indicates the significance of the results in hypothesis testing. Variations in the R^2 value were used to illustrate the influence of the exogenous latent variable on the endogenous variable, assessing its substantial impact. R^2 values of 0.75, 0.50, and 0.25 are regarded as strong, moderate, and weak, respectively (Hair Jr, Matthews, Matthews, & Sarstedt, 2017). A higher R^2 value correlates with a more effective prediction model in the proposed research framework. Based on the R-squared values in Table 5, compensation affects Job Satisfaction by 0.628 or 62.8%, with the remaining 37.2% explained by other constructs outside the study. The R-squared Adjusted for Compensation is 0.623 or 62.3%, which is slightly lower but still indicates that the model can explain most of the variance.

Meanwhile, Job Satisfaction is influenced by Compensation with an R-square value of 0.768 or 76.8%, indicating that the model can explain most of the variance in Job Satisfaction. The R-squared Adjusted for Job Satisfaction is 0.764 or 76.4%, showing that although there is a slight reduction, the model remains very strong in explaining the variance of Job Satisfaction. Based on these results, it can be concluded that the model demonstrates moderate to strong effects in explaining the variables being studied. The high R^2 value for Job Satisfaction indicates that the model is highly effective in predicting this variable, while the moderate R^2 for compensation shows that most of the variance in compensation is explained by other variables in the model.

Table 4. Measurement Model Test Result

Variables	R Square	R Square Adjusted
Compensation	0,628	0,623
Job Satisfaction	0,768	0,764

Source: Process data (2025)

Education → Compensation → Job Satisfaction, the T-statistic is 2.325 and the p-value is 0.020, indicating that the indirect effect is significant. Because the p-value is less than 0.05, we can conclude that this effect is positive and statistically significant. For Work Experience → Compensation → Job Satisfaction, the T-statistic is 7.402 and the p-value is 0.000, demonstrating that the indirect effect is

highly significant. With a P-value much smaller than 0.05, this confirms that the effect is positive and highly statistically significant. Therefore, Work Experience has a strong impact on Job Satisfaction through Compensation. The specific direct effects are also detailed in the table below, which provides further insights into these relationships, as outlined in Table 5.

Table 5. Specific Indirect Effects

Variables	T-Statistic	P Value
Education -> Compensation -> Job satisfaction	2,325	0,020
Work experience -> Compensation -> Job satisfaction	7,402	0,000

Source: Process data (2025)

The importance of the predictive model in evaluating the structural model can be understood by examining the p-value. A P-value lower than 0.05 or 5% signified a significant connection, whereas a P-value higher than 0.05 or 5% indicated a lack of significance. To determine the direction of the effect, one should consult the Original Sample. A positive value in the original sample signified a positive effect direction, whereas a negative value indicated a negative effect direction. These evaluations can be conducted by examining the path coefficient table in the SmartPLS output, which illustrates the relationship between the independent and dependent variables.

Table 6. Hypothesis Testing Result

variables	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Conclusion
Compensation -> Job satisfaction	0.566	0.573	0.067	8.393	0.000	Supported
Education -> Compensation	0.142	0.149	0.055	2.578	0.010	Supported
Education -> Job satisfaction	0.201	0.199	0.043	4.716	0.000	Supported
Work experience -> Compensation	0.703	0.700	0.047	15.011	0.000	Supported
Work experience -> Job satisfaction	0.214	0.207	0.072	2.989	0.003	Supported

Source: Process data (2025)

Hypothesis 1 tests whether Work Experience influences compensation. The p-value for this path is 0.000, which is less than 0.05, indicating that Work Experience significantly affects compensation. Therefore, H1 is accepted, confirming that Work Experience has a positive influence on compensation. Hypothesis 2 tests whether Work Experience influences Job Satisfaction. The p-value for this path is 0.003, which is less than 0.05, indicating that Work Experience significantly influences Job Satisfaction. As a result, H2 is accepted, indicating that Work Experience has a positive effect on Job Satisfaction. Hypothesis 3 tests whether education influences compensation. The p-value for this path was 0.009, which is less than 0.05, indicating that education significantly affected compensation. Therefore, H3 is accepted, showing that education has a positive impact on compensation.

Hypothesis 4 tests whether education influences Job Satisfaction. The p-value for this path was 0.000, which is less than 0.05, indicating that education significantly affects Job Satisfaction. Therefore, H4 is accepted, confirming that education has a positive influence on Job Satisfaction. Hypothesis 5 tests whether compensation influences Job Satisfaction. The p-value for this path was 0.000, which is less than 0.05, showing that compensation significantly affects Job Satisfaction. Hence, H5 is accepted, demonstrating that compensation has a positive effect on Job Satisfaction. Hypothesis 6 tests whether Work Experience influences Job Satisfaction through Compensation. The p-value for this indirect effect is 0.000, which is less than 0.05, indicating that Work Experience has a positive indirect effect on Job Satisfaction through Compensation. Therefore, H6 is accepted, confirming that Work Experience affects Job Satisfaction through Compensation. Hypothesis 7 tests whether education influences Job Satisfaction through Compensation. The p-value for this indirect effect was 0.016, which was less than

0.05, indicating that education had a positive indirect effect on Job Satisfaction through Compensation. Thus, H7 is accepted, showing that education influences Job Satisfaction through Compensation.

4.2. Discussion

This study aimed to ascertain how pay functions as a mediator in the relationship between education, work experience, and job satisfaction among workers in the food and beverage manufacturing industry in the Bekasi City Region. These findings shed important light on the ways in which education, work experience, and change interact to affect job satisfaction. The Role of Compensation in Job Satisfaction, one of the key findings of this study, is that compensation plays a significant role in influencing job satisfaction. Hypothesis 5, which tested whether compensation influences job satisfaction, was supported, with a highly significant p-value (0.000). This finding aligns with Herzberg (2022) two-factor theory, which posits that compensation is a motivating factor that significantly contributes to job satisfaction. Fair compensation that aligns with an employee's contribution enhances their satisfaction and motivation to work harder. Similarly, Smith et al. (2022) found that organizations offering transparent and fair compensation tend to have more satisfied employees. Moreover, J. Whelan et al. (2021) further affirmed that fair compensation improves job satisfaction, especially in manufacturing sectors. Patel et al. (2019) confirmed that dissatisfaction with compensation negatively impacts employee motivation and performance, particularly in highly competitive sectors such as manufacturing.

The Impact of Work Experience on Compensation and Job Satisfaction. This study also found that work experience significantly impacts both compensation and employee job satisfaction. Hypotheses 1 and 2, which tested the impact of work experience on compensation and job satisfaction, respectively, were both supported with significant results. The p-value for the effect of work experience on compensation was 0.000, and that for work experience on job satisfaction was 0.003. These findings support M. Zhang et al. (2020), who argued that extended work experience positively influences job satisfaction, especially when rewarded with adequate compensation. This also aligns with Skinner (1965) reinforcement theory, which suggests that behaviors rewarded with adequate compensation are likely to be repeated. Therefore, employees who feel that their work experience is valued with fair compensation tend to be more satisfied and motivated to work. Lai et al. (2021) also found that work experience not only improves skills and knowledge but also strengthens employees' confidence in facing work challenges. Conversely, C. Wang, Xiao, and Zhou (2024) found that although extensive work experience can improve job satisfaction, it may lose its value if not properly rewarded with compensation or career development opportunities.

The Influence of Education on Compensation and Job Satisfaction. Education also significantly impacted both compensation and job satisfaction. Hypotheses 3 and 4, which tested the impact of education on compensation and job satisfaction, were supported with significant results and p-values of 0.009 for compensation and 0.000 for job satisfaction, respectively. This is consistent with Mabaso and Dlamini (2017), who suggested that employees with higher levels of education tend to have greater expectations for compensation and recognition. When compensation meets employees' expectations, they are more likely to be satisfied. Wu et al. (2022) also found that employees with higher education levels often have higher expectations for compensation, and when those expectations are not met, their job satisfaction decreases. V. R. Lee, Wilkerson, and Lanouette (2021) further supported this by showing that employees with higher educational qualifications often feel dissatisfied if the compensation they receive does not match their educational background. (Gupta, Singhal, & Khattri, 2024) also found that education not only affects expectations regarding compensation but also influences employees' perceptions of managerial quality and career development opportunities within the organization, which ultimately impacts their job satisfaction.

The Mediating Role of Compensation, another significant finding of this study, is the role of compensation as a mediator in the relationship between work experience and education on job satisfaction. Hypotheses 6 and 7, which tested the mediating role of compensation in the relationship between work experience and job satisfaction and between education and job satisfaction, were both accepted with p-values of 0.000 and 0.016, respectively. This finding suggests that compensation

functions not only as a direct influence on job satisfaction but also as a mediator that enhances the effects of work experience and education on job satisfaction. Robbins and Judge (2022) emphasized that compensation not only has a direct impact on job satisfaction but can also strengthen the influence of other variables, such as work experience and education, on job satisfaction. In other words, compensation serves as a key factor linking work experience and education to overall job satisfaction.

5. Conclusions

5.1. Conclusion

The results of this study indicate that compensation plays a crucial role in mediating the relationship between work experience, education, and job satisfaction among employees in the food and beverage manufacturing sector in Bekasi City. The study shows that fair compensation aligned with employee contributions positively influences job satisfaction. Work experience significantly impacted both compensation and job satisfaction, with employees who received adequate compensation for their experience reporting higher job satisfaction. Education also plays an important role, as employees with higher levels of education tend to have greater expectations of compensation and recognition, which contribute to their job satisfaction. Furthermore, compensation was identified as a mediator that enhances the effect of both work experience and education on job satisfaction, meaning that compensation not only directly affects job satisfaction but also amplifies the influence of these factors on job satisfaction. The objectives of the study were accomplished, as it highlighted the importance of compensation in enhancing job satisfaction and demonstrated how compensation mediates the effects of work experience and education. The findings suggest that companies can improve employee satisfaction by offering fair and competitive compensation that reflects employees' experience and educational qualifications.

5.2. Limitations

While the study provides valuable insights, it is important to acknowledge several limitations. First, this study focused solely on the food and beverage manufacturing industry in Bekasi City, which may limit the generalizability of the findings to other sectors or regions. Additionally, the study used purposive sampling, meaning that the sample was selected based on specific criteria, which may have introduced bias and limited the diversity of the sample. The cross-sectional nature of the study, with data collected at a single point in time, limits the ability to capture long-term changes or causal relationships. Future studies should adopt a longitudinal design to better understand the dynamics between compensation, work experience, education, and job satisfaction over time.

5.3. Suggestions

Based on the findings and limitations, several suggestions can be made for future research and organizational practices. Companies in the food and beverage manufacturing sector should consider developing compensation strategies that are competitive, fair, and aligned with employees' work experience and education levels. This enhances job satisfaction and helps retain talented employees. Organizations should also ensure that their compensation policies are transparent and provide opportunities for career development, as these factors can increase job satisfaction. For future research, it is recommended to explore the relationship between compensation, work experience, education, and job satisfaction in other industries or regions to verify whether the findings hold true across different contexts. Additionally, future studies could examine other factors that may influence job satisfaction, such as organizational culture and work-life balance, to provide a more comprehensive understanding of what drives employee satisfaction.

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