The Study on the Impact of Compensation Equity on Job Satisfaction and Employee Engagement in the Healthcare Sector in Islamabad



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ABSTRACT

This research delves into the crucial examination of how compensation equity impacts employee engagement and job satisfaction in the healthcare sector in Islamabad. Utilizing self-administered questionnaires distributed among 400 healthcare professionals in public hospitals of Islamabad through stratified random sampling, the study employed SPSS for data analysis. The findings robustly supported all hypotheses (H1–H3), establishing a significant correlation between compensation equity and both employee engagement and job satisfaction. The practical implications of this research extend to policymakers and organizational managers, offering valuable insights into the dynamics of employee engagement and job satisfaction, particularly as influenced by enhanced compensation strategies. This study contributes to the existing literature by shedding light on the nuanced interplay of compensation equity, employee engagement, and job satisfaction in the healthcare context, filling a notable gap in current research. Keywords: Compensation equity, Job satisfaction, Employee Engagement, TRA, Healthcare in Islamabad.

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INTRODUCTION

1.1 Introduction

In the realm of Pakistani healthcare, practitioners grapple with a myriad of compensation-related challenges, encompassing inadequate compensation packages, delayed payments, and instances where junior doctors find themselves compelled to toil without remuneration (Bhatti, 2020). The absence of essential transportation facilities for young doctors, often the frontline responders in emergencies, exacerbates these hardships, introducing an additional layer of inequity to their overall compensation structures. Particularly during critical periods, these healthcare providers' struggles are compounded by their incapacity to cover transportation expenses, underscoring the glaring issue of compensation equity within Pakistan's healthcare system. This predicament is further compounded by the financial constraints of the healthcare system, where the inadequate health budget relative to other expenditures prompts physicians to express reservations and dissent, particularly regarding policies affecting their compensation (Bhatti, 2020).

The historical trend of healthcare professionals migrating to countries offering higher wages serves to accentuate the inequities in compensation within Pakistan. Consequently, the insufficiency of fair compensation emerges as both a deterrent and a source of discontent among healthcare workers in the country. This study endeavors to delve into the intricate dimensions of pay fairness, scrutinizing its impact on job satisfaction, motivation, and the overall quality of healthcare services delivered nationally. Recognizing and rectifying these wage disparities is imperative not only to cultivate a fair and just healthcare environment but also to bolster the well-being of healthcare professionals and, ultimately, enhance the efficacy of Pakistan's healthcare system.

The focal point of this study is the examination of how compensation equity influences employee engagement and job satisfaction in the healthcare sector in Islamabad. This chapter provides a comprehensive background of the research, elucidates the research problems, delineates the scope of the study, formulates research questions and objectives, defines key terms, and concludes with an overview of the chapter's contents.

1.2 Research Background

Employee engagement is significantly influenced by compensation equity (Lowe Graham, 2012). Among the different elements impacting employees, it is the most powerful basic motivator, according to (Arnold, 2005). But when it comes to Pakistani physicians, the question of compensation equity has become a crucial one, with both financial and non-financial difficulties.

Pakistani doctors deal with a number of compensation-related issues, such as insufficient compensation packages, late payments, and situations in which junior doctors are forced to labor for free (Bhatti, 2020). The fact that hospitals do not provide the required transportation facilities for young doctors, who are frequently the busiest group dealing with emergencies, exacerbates these difficulties and adds another level of unfairness to their overall remuneration packages. These healthcare providers' struggles during crucial periods are made worse by their inability to pay for transportation costs. The unfair compensation equity situation is exacerbated by Pakistan's healthcare system's financial limitations. Because the health budget is inadequate when compared to other expenses, physicians voice concerns and oppose policies, especially those that deal with their compensation (Bhatti, 2020). The issue is further highlighted by the historical pattern of physicians moving to nations with higher wages. When it comes to compensation equity, Pakistani healthcare workers find that their lack of adequate compensation serves as both a deterrent and a source of unhappiness. This study intends to examine the complex aspects of pay fairness, exploring its influence on work satisfaction, motivation, and the general standard of healthcare services offered in the nation. In order to provide a fair and equitable healthcare environment, support the well-being of healthcare workers, and ultimately improve the effectiveness of Pakistan's healthcare system, it is critical to recognize and rectify these wage disparities.

This study suggests that at the organizational level, the healthcare sector in Islamabad should prioritize offering compensation equity as this leads to job satisfaction, which ultimately leads to employee engagement. In their research on the healthcare industry in Pakistan, (H. M. K. Nanayakkara, 2012)concluded that employee engagement significantly influences employee performance and overall company competitiveness. However, the relationship between employee engagement, compensation equity, and job satisfaction in

the healthcare sector in Islamabad has not been thoroughly investigated (H. M. K. Nanayakkara, 2012).

1.3 Scope of the Study

The purpose of this study is to look into how compensation equity affects job satisfaction and employee engagement in Islamabad's healthcare sector. The study will examine the perspectives of healthcare professionals, such as physicians, nurses, and allied health workers, with a particular focus on Islamabad. The scope is to enable a thorough understanding of compensation equity concerns across many career stages, including both seasoned professionals and recent graduates. The study's main focus will be compensation equity, employee engagement and job satisfaction, with measures including dedication to the company, participation in decision-making, and the degree of passion and enthusiasm shown in their job being evaluated. The study approach would involve survey questionnaires in order to record the various viewpoints and experiences of the medical professionals in Islamabad. The proposed strategies and interventions may need to be adapted and contextualized based on the evolving dynamics of the healthcare sector in Islamabad. Furthermore, the study acknowledges that further research is needed to explore the relationship between employee engagement, compensation equity, and job satisfaction in Islamabad's healthcare sector. Additional studies can help validate the proposed strategies and provide a more comprehensive understanding of the factors influencing the sector's revival.

1.4 Significance of the Study

This study is important because it looks into the often-ignored topic of compensation equity and how it affects job satisfaction and employee engagement in Islamabad's healthcare sector. Through a dual focus on monetary and non-monetary dimensions of compensation, this study seeks to identify the unique obstacles that healthcare professionals in the capital city must overcome. The study's conclusions not only have applications for Islamabad's healthcare sector, but they also advance knowledge of organizational behavior and human resource management in general. Ultimately, the goal of the research is to provide guidance for initiatives, including compensation equity, that improve the engagement, happiness, and job satisfaction of healthcare workers, ultimately creating a more just and fulfilling workplace for all.

1.5 Statement of Research Problem

The healthcare sector in Islamabad is currently grappling with many challenges that hinder its growth and overall performance(Zohra Kurji, 2016). These challenges include diminishing levels of job satisfaction, employee engagement, and worker performance due to the lack of compensation equity. The CPI survey report indicated that the general healthcare environment has been marked by diminishing levels of job satisfaction and employee engagement (Government of Pakistan, 2018). These factors have a direct impact on worker performance and ultimately affect the overall performance of healthcare organizations. Therefore, it is crucial to understand the underlying causes behind the declining levels of job satisfaction and employee engagement and identify strategies to address these issues to improve worker performance and organizational outcomes (Ackfeldt et al., 2000).

While the importance of employee engagement and compensation equity in enhancing worker performance and organizational success has been acknowledged in various industries, their specific impact on the healthcare sector in Pakistan remains relatively unexplored. Understanding the dynamics and interplay between these factors is crucial for formulating effective strategies to revitalize the healthcare sector and promote its long-term growth (Thomas M. Wickizer, 2011). Therefore, the research problem addressed in this study is to investigate the role of compensation equity in ensuring employee engagement and job satisfaction in revitalizing the healthcare sector in Islamabad. Specifically, the study aims to explore the relationship between employee engagement, job satisfaction, and compensation equity, and examine how these factors mediate the challenges faced by the healthcare sector. By gaining a deeper understanding of these dynamics, the study aims to provide insights and recommendations for strategies that can effectively address the challenges and contribute to the successful revival of the healthcare sector in Islamabad.

1.6 Research Questions and Objectives

The research questions aim to investigate the impact of compensation equity on employee engagement and job satisfaction in the healthcare sector in Islamabad. The following are a few research questions as per research gaps.

i. What is the impact of compensation equity on employee engagement in the healthcare sector in Islamabad?

- ii. What is the impact of compensation equity on job satisfaction in the healthcare sector in Islamabad?
- iii. What initiatives can healthcare organizations in Islamabad undertake to enhance employee engagement among healthcare professionals?
- iv. What is the relationship between compensation equity, job satisfaction, and employee engagement in the healthcare sector in Islamabad?

The objectives outline the study's specific goals, including identifying and analyzing key factors, exploring relationships, and proposing strategies for ensuring compensation equity within the healthcare sector in Islamabad.

- i. To study the impact of compensation equity on employee engagement in the healthcare sector in Islamabad.
- ii. To study the impact of compensation equity on job satisfaction in the healthcare sector in Islamabad.
- iii. To evaluate specific initiatives that healthcare organizations in Islamabad can undertake to enhance employee engagement among healthcare professionals.
- iv. To analyze the relationship between compensation equity, job satisfaction, and employee engagement in the healthcare sector in Islamabad.

A summary of the problem statement, research questions, and objectives are illustrated in Table 1.1.

Table 1.1: A Summary of Problem Statement, Research Questions, and Objectives

Problem Statement	Research Questions	Research Objectives
No research has been done	RQ 1 What is the impact of	To study the impact of
on the assurance of	compensation equity on	compensation equity on
compensation equity in the	employee engagement in	employee engagement in
healthcare sector in	the healthcare sector in	the healthcare sector in
Islamabad. Therefore, it is	Islamabad?	Islamabad.
imperative to study the	RQ2 What is the impact of	To study the impact of
impact of compensation	compensation equity on job	compensation equity on job
equity on employee	satisfaction in the	satisfaction in the
engagement and job	healthcare sector in	healthcare sector in
satisfaction in the	Islamabad?	Islamabad.
healthcare sector in		
Islamabad.	RQ 3 What initiatives can	1
	healthcare organizations in	initiatives that healthcare
	Islamabad undertake to	organizations in Islamabad
	enhance employee	can undertake to enhance
	engagement among	employee engagement
	healthcare professionals?	among healthcare
	RQ 4 What is the	professionals.
	relationship between	To analyze the relationship
	compensation equity, job	between compensation
	satisfaction, and employee	equity, job satisfaction, and
	engagement in the	employee engagement in
	healthcare sector in	the healthcare sector in
	Islamabad?	Islamabad.

1.7 Research Gaps and Contributions

The study of the healthcare sector in Islamabad presents several research gaps that need to be addressed to gain a comprehensive understanding of the challenges and opportunities within the industry. Although there is a substantial amount of literature examining the relationships among compensation, job satisfaction, and employee engagement, a significant study void is unique to the healthcare industry in Islamabad (Allen C. Minor, 2013). Few research has examined the complex dynamics of pay fairness and how it directly affects employee engagement and job satisfaction in this particular regional and occupational setting. Moreover, there is a lack of thorough information regarding the steps that Islamabad's healthcare institutions can take to address and enhance employee involvement in the particular context of compensation equity.

Moreover, by investigating the underlying causes of declining job satisfaction and employee engagement, the study will provide insights into the factors that influence employee well-being and organizational performance within the healthcare sector (Pinki Paul, 2023). The findings will contribute to the development of strategies to improve work conditions, foster a positive organizational culture, enhance leadership practices, and promote employee engagement, leading to increased job satisfaction, and ultimately improved worker performance.

1.8 Definition of Key Terms

In this research study, several key concepts play a crucial role in comprehending the dynamics of the healthcare sector in Islamabad. These concepts provide the foundation for analysing and understanding the factors impacting the sector's performance.

The table below presents these key concepts and their corresponding definitions.

Table 1.2: Definition of Key Terms

Construct	Definitions				
Compensation Equity	Paying employees fairly and equally				
	according to their skill sets.				
Employee Engagement	The emotional investment and				
	involvement that employees have in their				
	work.				
Healthcare Sector	The healthcare industry comprises medical				
	services, research, public health activities,				
	and professions committed to promoting,				
	preserving, and restoring health.				
Job Satisfaction	The degree to which a person finds				
	happiness, fulfillment, and good feelings at				
	work.				

1.9 Structure of the Thesis

The current chapter focuses on the context of the research. It includes the background of the study, statement of research problem, research objectives and questions as well as significance of the study along with limitations.

Chapter 2: This chapter looks at the primary hypotheses and explores many viewpoints on the key concepts in the research.

Chapter 3: This chapter looks at the conceptual framework that was created for the study and describes how the hypotheses were formed.

Chapter 4: The research process, research design, instrument development, and data collection technique are all covered in this chapter.

Chapter 5: The study's survey results are the main topic of this chapter. Testing of hypotheses is also covered, along with validity and reliability tests. It also provides limitations of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The healthcare sector in Islamabad plays a crucial role in providing essential medical services to the population. The effective management of human resources within this sector is imperative for delivering quality healthcare services. One important aspect of human resource management is compensation equity, which encompasses the financial and non-financial rewards employees receive for their work. This literature review explores the existing research on the impact of compensation equity on employee engagement, job satisfaction, and employee performance within the healthcare sector in Islamabad. The healthcare sector in Islamabad is vital to the population's access to basic medical services. Delivering high-quality healthcare services in this industry requires efficient human resource management. Compensation equality is a crucial component of HRM, ensuring workers receive fair compensation based on their skills and expertise. This review of the literature looks at the studies that have been done on how compensation equity affects job satisfaction and employee engagement in the healthcare sector in Islamabad.

2.2 Theories Applied For This Study

This study employs two theories, the Social Exchange Theory and Equity Theory to study the impact of compensation equity on job satisfaction and employee engagement in Islamabad's healthcare sector. The research delves into the intricate dynamics of reciprocal relationships and fairness perceptions. Social Exchange Theory is instrumental in elucidating how healthcare professionals' contributions and expectations interact with organizational responses, fostering trust and commitment. Simultaneously, Equity Theory sheds light on the subjective evaluation of fairness in compensation distribution, emphasizing the importance of balance between inputs and outcomes.

2.2.1 Equity Theory

Equity theory posits that individuals evaluate the fairness of their compensation equity by comparing their inputs (e.g., effort, skills) and outcomes (e.g., compensation equity) with those of others (J. Stacy Adams, 1976). In the healthcare sector in Islamabad, employees may assess the fairness of their compensation by considering factors such as their qualifications, experience, and workload in relation to their colleagues. When employees perceive their compensation as equitable, it enhances their job satisfaction and

engagement (Rubery, 1995). Conversely, perceived inequity can lead to dissatisfaction, reduced engagement, and potentially lower employee performance(J. Stacy Adams, 1976).

2.2.2 Social Exchange Theory

Social Exchange Theory posits that individuals engage in reciprocal relationships, expecting a fair return for their contributions (Cook, 2013). In the context of healthcare in Islamabad, where dedicated professionals play a pivotal role, understanding how perceived fairness in compensation influences their engagement and satisfaction becomes crucial. This theory is particularly relevant in the healthcare sector, where the reciprocal nature of the doctor-patient relationship is mirrored in the employee-employer dynamic(Thomas M. Wickizer, 2011). The perceived fairness of compensation is likely to influence the quality of this social exchange, impacting engagement and satisfaction levels (Russell Cropanzano, 2005).

2.3 Theoretical Framework

A strong theoretical framework based on Equity Theory, Social Exchange Theory (SET), and pertinent research on healthcare professional outcomes informs the proposed study on compensation equity, employee engagement, and job satisfaction in Islamabad's healthcare sector. This theoretical framework provides the basis for comprehending the complex interactions among these variables and forecasting their effects on healthcare workers' performance and well-being within the particular setting of Islamabad. The research model is depicted in Figure 1.1. The research model for investigating the impact of compensation equity on employee engagement and job satisfaction in Islamabad includes the following components. The independent variable in this study is compensation equity. The dependent variables in this study are employee engagement and job satisfaction. This study investigates how compensation equity influences employee engagement and job satisfaction.

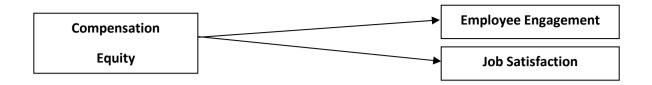


Figure 1.1 Research Model

2.4 Compensation Equity

Compensation equity describes how fairly an organization's employees believe their benefits and rewards are allocated (Newman, 2002). The idea, which emphasizes that workers expect compensation that matches their efforts and responsibilities, is based on the concepts of justice and fairness (Allen C. Minor, 2013). Compensation equity has a significant impact on workers' motivation, job satisfaction, and general level of engagement.

2.4.1 Compensation Equity Application

A key idea in organizational psychology is compensation equity, which expresses how fairly employees believe their benefits and rewards are distributed. Based on the concepts of justice and fairness, pay equality is a vital factor in determining how employees behave, think, and feel about their jobs in general (Romanoff, 1986). It includes non-financial elements like recognition, promotions, and access to opportunities for professional growth in addition to monetary elements like bonus plans and pay scales. In high-stakes industries like healthcare, where the demanding nature of the work emphasizes the need for fair and just reward systems to recruit, retain, and inspire qualified workers, the importance of compensation equity is especially evident (Sarkar, 2016).

2.4.2 Nature of Compensation Equity

The nature of compensation equity dives into the qualitative components of justice and transparency inside a company, going beyond the quantitative features of wage and benefits. It has to do with distributive equity perceptions, making sure that benefits match contributions (Hameed et al., 2014). Equally important is procedural equity, which emphasizes the fairness of the procedures used to decide on and distribute remuneration. Additionally, interactional equity takes into account how well people communicate and treat one another when making decisions about compensation (Kim Soon Hong, 2020). Understanding the subtleties of compensation equity is crucial for the Islamabad healthcare industry since it has a direct impact on the involvement, motivation, and job satisfaction of

healthcare workers. Analyzing the complexities of pay equity in this particular setting advances our knowledge of the variables influencing the health of medical professionals in Islamabad.

2.4.3 Summary of Compensation Equity

Compensation equity is especially important because of the crucial nature of the work and the need for qualified specialists. In this context, fair and equitable compensation takes into account more than simply financial factors; it also takes into account the overall health of healthcare workers. The difficulties and obligations that come with working in the healthcare industry highlight how crucial it is that workers receive pay commensurate with the demanding nature of their employment. Pay equality plays a critical role in luring and keeping qualified healthcare workers in Islamabad's healthcare system, where the demand for high-quality medical services is rising. This has an effect on the overall efficacy and caliber of healthcare delivery. Being the nation's capital, Islamabad has particular economic, cultural, and policy factors that call for a sophisticated understanding of pay equity in order to maintain healthcare professionals' involvement, motivation, and job satisfaction while meeting the requirements of the population. Thus, it is critical to look at pay parity in Islamabad's healthcare industry not only for the benefit of medical professionals but also for the region's general health system and patient outcomes.

2.5 Employee Engagement

Employee engagement refers to how emotionally, intellectually, and behaviourally committed individuals are in their work and the organization's overall objectives (Lowe Graham, 2012). It encompasses a strong and positive bond that workers have with their responsibilities, coworkers, and the organization's objective, going beyond simple job pleasure. Genuine passion for their work, a strong feeling of commitment, and a readiness to go above and beyond the call of duty are traits of engaged employees (Lowe Graham, 2012). This elevated degree of involvement is frequently linked to higher output, improved work output, and a favorable effect on the culture of the company. A work environment that encourages collaboration and recognition, opportunities for professional development, effective leadership, and clear communication are some of the variables that impact employee engagement (Pinki Paul, 2023). It is essentially a comprehensive indicator of the general satisfaction and commitment of workers in a company.

2.5.1 Employee Engagement Application

Employee engagement in the healthcare sector in Islamabad is of utmost importance as it directly impacts the quality of patient care, job satisfaction, and overall organizational performance (Wegner, 2011). Engaged healthcare professionals are crucial in providing high-quality healthcare services and promoting positive patient outcomes. In the healthcare sector, employee engagement is essential due to the demanding nature of the work, high levels of stress, and the need for continuous dedication and empathy towards patients (H. M. K. Nanayakkara, 2012). Engaged healthcare professionals are more likely to exhibit compassion, go above and beyond their job requirements, and provide personalized care to patients. They are also more committed to organizational goals and willing to contribute to the improvement of healthcare services. Engaged healthcare professionals have a positive influence on patient care outcomes(Pinki Paul, 2023). When employees are engaged, they are more attentive, responsive, and empathetic towards patients' needs. They actively listen, communicate effectively, and provide individualized care, resulting in higher patient satisfaction, improved health outcomes, and reduced medical errors. Effective leadership and supportive management practices play a crucial role in fostering employee engagement. Strong leadership that promotes open communication, recognizes employee contributions, and provides opportunities for growth and development positively influences employee engagement (Lowe Graham, 2012). A positive work environment that values teamwork, collaboration, and respect contribute to employee engagement. Healthcare organizations need to establish a culture that encourages employee involvement, feedback, and recognition. Managing excessive workload and addressing the high levels of stress experienced by healthcare professionals are essential for maintaining employee engagement (Wegner, 2011). Providing adequate resources, implementing workload management strategies, and offering support programs can help alleviate stress and promote engagement.

Employee engagement is crucial in the healthcare sector in Islamabad to ensure the delivery of high-quality patient care. By creating a supportive work environment, providing appropriate compensation equity and benefits, and implementing strategies to promote engagement, healthcare organizations can foster a culture of engagement, leading to improved patient outcomes, increased job satisfaction, and enhanced organizational performance.

2.5.2 Nature of Employee Engagement

Engaged healthcare professionals are more committed and dedicated to providing quality care to patients. When employees are engaged, they are more attentive, empathetic, and responsive to patients' needs (H. M. K. Nanayakkara, 2012). This leads to improved patient satisfaction, better health outcomes, and a higher standard of healthcare services. Employee engagement is closely linked to patient safety. Engaged healthcare professionals are more likely to follow protocols, pay attention to detail, and adhere to safety guidelines, reducing the risk of medical errors and improving patient safety. Cognitively, engaged staff members match the mission and goals of the company with their own personal values and aspirations. They are aware of the importance of their work and how it directly affects the company's success as a whole (Wegner, 2011). A feeling of direction and purpose is cultivated by this cognitive alignment, which influences decision-making and problem-solving in ways that are advantageous to the company and the person.

Engaged employees take ownership of their work and outcomes. They feel a personal responsibility for the success of their projects, teams, and the overall organization (H. M. K. Nanayakkara, 2021). They take pride in their work and are accountable for their actions and results. Engaged employees have a growth mindset and a desire for continuous learning and development. They seek opportunities to acquire new skills, expand their knowledge, and improve their performance. They are open to feedback and actively seek ways to enhance their capabilities. Engaged employees value collaboration and teamwork (Lowe Graham, 2012). They actively participate in team activities, communicate effectively, and contribute their unique skills and perspectives. They foster positive relationships with colleagues and work towards shared goals. Overall, the nature of employee engagement is characterized by emotional connection, motivation, ownership, collaboration, continuous learning, resilience, alignment with organizational values, positive attitude, and a drive for continuous improvement. Engaged employees are vital assets to organizations, as they contribute to productivity, innovation, and overall success.

2.5.3 Summary of Employee Engagement

Employee engagement is of utmost importance in the healthcare sector in Islamabad. It influences the quality of patient care, patient safety, employee retention, job satisfaction, organizational performance, and overall reputation of healthcare organizations. By prioritizing employee engagement, healthcare organizations can create a positive and supportive work environment that benefits both employees and patients alike.

2.6 Job Satisfaction

Job satisfaction refers to the general sense of fulfillment, contentment, and pleasant emotional state that a person has in connection to their work (Mark A. Tietjen, 1998). It is a multidimensional and subjective metric that takes into account an employee's subjective assessment of a range of factors of their work, such as tasks, relationships with coworkers and supervisors, compensation, promotion prospects, and general employment circumstances. An employee with high job satisfaction is likely to have a favorable attitude about their work because they believe their employment to be important, fulfilling, and in line with their personal and professional goals(Mark A. Tietjen, 1998). On the other hand, low job satisfaction can be a sign of discontent with one or more elements of the workplace, which can have an effect on a person's performance, motivation, and general well-being.

2.6.1 Job Satisfaction Application

The general well-being of healthcare workers and, in turn, the caliber of healthcare services rendered are significantly influenced by job satisfaction(Medina, 2012). The hard and frequently emotionally stressful nature of the healthcare industry emphasizes how important job happiness is to this field. First of all, those working in the healthcare industry who are happy with their jobs are more likely to be more dedicated to them, which improves patient care. A cheerful attitude, diligence, and a sense of purpose are likely traits of contented healthcare personnel in Islamabad, which can lead to a healthier work atmosphere and, ultimately, better patient results(Aleem et al., 2012a). Second, in the healthcare industry, work satisfaction and retention are intimately related. Retaining knowledgeable and experienced personnel is crucial, especially in Islamabad, given the severe lack of healthcare specialists around the world. A high level of job satisfaction helps prevent turnover by making happy healthcare workers less likely to look for work elsewhere(Edwin A. Locke, 1969). For the region to continue providing reliable, highquality healthcare services, there must be stability in the workforce. Furthermore, in the particular context of Islamabad, where the healthcare industry is changing quickly, job satisfaction turns into a crucial component in luring talent. Professionals who are happy at work are more likely to refer others to them, which helps healthcare facilities in the area maintain a good reputation.

2.6.2 Nature of Job Satisfaction

Healthcare workers frequently find fulfillment in the meaningful nature of their employment since they directly impact people's health and well-being(Mark A. Tietjen, 1998). The intrinsic factors that influence job happiness in the healthcare industry include the nature of patient contacts, the capacity to positively touch lives, and the sense of pleasure that comes from helping others. One important consideration is the work environment in the healthcare industry, which is defined by cooperation, teamwork, and dedication to patient care(Aleem et al., 2012b). Healthcare workers' job happiness is greatly influenced by their supportive managers, strong interpersonal ties with coworkers, and efficient communication. Furthermore, a safe and encouraging work atmosphere, appropriate staffing levels, and the availability of cutting-edge medical equipment all have a significant impact on how satisfied employees are with their jobs in healthcare settings(Kakyom Kim, 2010).

Given the demanding nature of the field and the weighty responsibilities placed on healthcare practitioners, compensation and perks are crucial in the healthcare setting. Healthcare workers are often happier when they receive enough compensation, full benefit packages, and acknowledgment for the difficult nature of their work(Liu & Liu, 2022). In the healthcare industry, where continual education and skill development are critical, career development opportunities are vital. A healthcare organization's professional development efforts, training programs, and career promotion opportunities all have a big impact on employee happiness. Owing to the emotionally charged nature of the healthcare industry, acknowledging and promoting mental health is becoming a crucial aspect of workplace satisfaction(Kakyom Kim, 2010). A more contented and resilient workforce is a result of healthcare organizations placing a high priority on the resilience and mental health of their employees.

2.6.3 Summary of Job Satisfaction

Opportunities for career advancement, fair compensation, collaborative work settings, and the significance of patient care all have a significant impact on healthcare professionals' job satisfaction. The inherently satisfying quality of working in healthcare is influenced by the type of patient encounters and the impact on lives. Job satisfaction is also influenced by safe working conditions, access to contemporary medical equipment, and supportive connections with coworkers and managers. Important considerations include fair compensation, extensive benefits, and acknowledgement of the demanding nature of

healthcare jobs. Opportunities for career growth and a focus on mental health are essential for maintaining a resilient and contented staff in the healthcare industry. In order to cultivate a happy and motivated healthcare staff and eventually raise the standard of healthcare services provided in Islamabad, it is imperative that these complex factors be taken care of.

2.7 Hypotheses Development

Here are two detailed hypotheses related to the impact of compensation equity on employee engagement and job satisfaction in the healthcare sector in Islamabad:

2.7.1 Compensation Equity and Employee Engagement

H1: There is a significant positive relationship between compensation equity and employee engagement in the healthcare sector in Islamabad.

H0: There is no significant positive relationship between compensation equity and employee engagement in the healthcare sector in Islamabad.

This hypothesis suggests that compensation equity is positively associated with employee engagement in the healthcare sector. It posits that healthcare professionals who receive compensation equity are more likely to be engaged in their work, leading to higher levels of productivity, commitment, and satisfaction.

2.7.2 Compensation Equity and Job Satisfaction

H2: There is a significant positive relationship between compensation equity and job satisfaction in the healthcare sector in Islamabad.

H0: There is no significant positive relationship between compensation equity and employee engagement in the healthcare sector in Islamabad.

This hypothesis proposes that compensation equity positively influences job satisfaction among healthcare professionals in Islamabad. It assumes that when employees feel adequately rewarded for their work through compensation equity, they experience higher levels of job satisfaction, which can lead to increased motivation, loyalty, and overall well-being.

2.8 Summary

The chapter concludes by discussing the theoretical framework for the study, which includes hypotheses related to the relationships between compensation equity, employee

engagement, and job satisfaction. The hypotheses explore the direct and indirect effects of compensation equity on employee engagement and job satisfaction in the healthcare sector in Islamabad.

The following chapter will focus on the methodology employed to investigate the impact of compensation equity on employee engagement and job satisfaction in the healthcare sector in Islamabad.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers this study's methodology after a detailed literature review in the previous chapter. This chapter covers the research design, including sampling and data collection procedures. It also covers instrumentation and data analysis procedures to evaluate the reliability and validity of the study model. Moreover, it also covers the discussion of the study's ethical issues.

3.2 Research Design

In a scientific study, choosing a suitable research approach is an essential task. (Alex Opoku, 2016)that gaining a deeper understanding of a phenomenon requires selecting the appropriate research method. The present investigation employs a quantitative research method to examine the effects of compensation equity on employee engagement and job satisfaction in the healthcare sector in Islamabad, taking into account the study's goals and objectives. According to (Y. Malhotra, 1999),quantitative research method can provide standardized statistics that characterize the variables being studied and how they relate to other variables. In order to gather information from the respondents and investigate the connections between compensation equity and job satisfaction, a quantitative survey approach was chosen for this study. The core research data for this study were produced using a cross-sectional survey approach. Correlational statistical approaches were utilized for data analysis in order to produce logical explanations for the relationships between variables.

3.3 Research Process

This study's research process begins by shedding light on how compensation equity affects job satisfaction and employee engagement in Islamabad's healthcare sector. A thorough study of pertinent literature is conducted at the beginning of the journey to inform the theoretical framework and research topics. The research design, sample plan, and methods for gathering data—including the creation and improvement of a structured questionnaire—are then covered in the methodology chapter. To ensure that the survey instrument is clear and effective, a pilot study is carried out to make necessary adjustments depending on participant input. The primary survey is then given to a properly chosen and representative sample of healthcare professionals while keeping ethical considerations front

and center. The gathered information is subjected to in-depth examination using both quantitative and qualitative techniques in order to decipher the complex connections between job satisfaction, employee engagement, and compensation equity. The interpretation and synthesis of research findings, along with the establishment of links to current literature and theoretical frameworks, mark the end of the research process. Policymakers, healthcare administrators, and practitioners might benefit from discussing the study's implications for the Islamabad healthcare sector. The research process is an iterative and dynamic one that is motivated by a dedication to methodological rigor, ethical integrity, and knowledge generation that advances the quality of healthcare services in Islamabad by improving the workforce in the healthcare industry.

3.4 Data Collection Technique

The primary data collection technique for this research involves the use of a survey. Because of its effectiveness and ability to obtain a wide range of quantitative insights from a sizable and varied sample of healthcare professionals in Islamabad, a survey was selected as the main technique of data gathering. Surveys provide a methodical way to get uniform answers, which makes statistical analysis and the conclusions' generalizability easier. Within the framework of this study, a survey allows perceptions of job satisfaction, employee engagement, and compensation equity to be measured. Because of its structure, it makes it possible to analyze relationships, trends, and patterns in the healthcare industry.

3.5 Survey Design

The carefully crafted questionnaire is intended to evaluate job satisfaction, employee engagement, and compensation equity among healthcare professionals in Islamabad. Based on verified scales, the survey covers important aspects pertinent to the goals of the study. To measure compensation equity, a questionnaire was taken from the study by (Johanim et al., 2006)showing a reliability of 0.78. Some of the selected items used in the questionnaire are, "My pay is generally equal to the pay of my colleagues of the same level/position" and "My pay is generally equally to the pay of similar job in other companies of the same industry." To measure job satisfaction, a five-item scale was adapted from (Ackfeldt et al., 2000)with a 0.80 reliability. Some of the selected items included in the scale are "My job is very worthwhile" and "My job is very pleasant". To measure employee engagement, a questionnaire was taken from Schaufeli et al. (2002). Their

dependability level was deemed adequate, as evidenced by their Cronbach's alpha coefficient of 0.7801.

3.6 Population and Sampling

The population of interest in this study comprises healthcare professionals who work in various capacities across various healthcare institutions in Islamabad, including doctors, nurses, and administrative staff. The purpose of this study is to examine the impact of compensation equity on employee engagement and job satisfaction in the healthcare sector. The study attempts to obtain a representative sample that reflects the diverse nature of the healthcare workforce in Islamabad, given the heterogeneity within this community. Using a stratified random sample technique, the sampling strategy will make sure that participants are chosen from a variety of strata, including organizational levels and healthcare professions. This methodology facilitates the integration of diverse viewpoints from inside the healthcare industry, hence augmenting the applicability of the results. By ensuring that each subgroup is fairly represented in the sample and reducing bias, stratification offers a more thorough knowledge of work satisfaction, employee engagement, and pay equity across a range of positions and responsibilities.

3.6.1 Sample Size

A critical component that strikes a balance between practical factors and statistical power in this investigation is the selection of an adequate sample size. The established rules of statistical significance and the requirement to guarantee that the study's conclusions are reliable and applicable to a larger group of healthcare professionals in Islamabad will serve as the guidelines for selecting the sample size. Data was collected from different healthcare organizations in Islamabad to make the findings more generalizable. The sample size was 250, and 400 questionnaires were dispersed. Out of 400 questionnaires, 334 were received, resulting in a response rate of 83%. To protect respondents' privacy and honesty, they were not obliged to reveal who they were at any time during the survey.

3.7 Pilot Test

A pilot study was conducted to improve the research tools used to investigate the relationship between job satisfaction, compensation equity, and employee engagement in Islamabad's healthcare sector. Twenty people who represented a range of jobs in different healthcare institutions participated in the survey instrument evaluation. Three main areas

were evaluated: potential problems, relevance, and clarity. After taking into account the insightful comments that were provided, changes were made to improve the clarity of the questionnaire. The results of the pilot study were used to improve the data collection methods for the primary investigation as well as to advise logistical decisions like the best time to administer the survey.

3.8 Ethical Considerations

This study follows a set of guidelines to protect the integrity, privacy, and well-being of all participants in the pursuit of ethical research techniques. Each participant will be asked to provide informed permission that details the goals of the study, the methods, and their freedom to leave at any time without facing any repercussions. Anonymization of all data collected will ensure participant anonymity, and safeguards will be in place to protect sensitive data from access and storage. The study's design places a high priority on minimizing participants' risk of psychological and social harm. Relevant institutional review boards will be consulted for ethical approval in order to make sure the research complies with accepted standards.

CHAPTER 4

FINDINGS AND ANALYSIS

4.1 Introduction

Data analysis of survey responses was done to validate and confirm the research model after the hypotheses and research model was developed and reported in Chapter Three and Chapter Four, respectively, covering the research technique. This chapter's objective is to provide a comprehensive analysis of the data that was collected from the respondents using a specially designed questionnaire. This chapter also includes the survey response analysis, which includes the response rate, data screening, and preliminary analysis, which includes the power size, normality, missing data, and outliers. In the section that follows, the validity and reliability of the measurement model are discussed before the structural model is evaluated.

4.2 Statistical Tool

The data sheet and demographic analysis for this study were produced using the Statistical Package for the Social Sciences (SPSS). SPSS was used to evaluate the research hypotheses. SPSS provides a wide array of statistical tests and analyses that are essential for evaluating research hypotheses. Techniques such as regression analysis, analysis of variance (ANOVA), and correlation analysis can be applied to explore relationships between variables and test the formulated hypotheses. SPSS was chosen as the statistical tool for your research due to its versatility, functionality, and widespread use in the academic and research community. Its capabilities in data organization, demographic analysis, and statistical testing contribute significantly to the rigor and credibility of your study.

4.3 Demography

The demography of the present study is reported in Table 1.3 and calculated based on the information provided by the participants. The results showed that out of 334 participants, 68.3% were males and 31.7% were females. All participants were divided into various age, groups, and the majority (72.2%) of the participants belonged to the age group of 30–40, followed by 20-30 (23.1%), 40–50 years old (4.2%) and 50 and above (0.6%). According to survey responses, the majority (76%%) were postgraduates, followed by (18%) high school graduates and (6%) undergraduates. Besides that, 49.1% of employees

had an experience of 5 to 10 years, followed by 26.6% of employees having an experience of over 10 years, 19.8% of employees having an experience of 1-5 years and 4.5% of employees having an experience of less than ayear. Furthermore, 75.5% of employees had a full-time job, 19.2% had a part-time job, 2.4% had a remote job, 2.1% had a freelance job, and 0.9% were internees.

Table 1.3 Demography Statistics

Sr. No	Description	Category	No.	Percentage
1	Gender	Male	228	68.3%
		Female	106	31.7%
2	Age	20-30	77	23.1%
		30-40	241	72.2%
		40-50	14	4.2%
		50 and above	2	0.6%
3	Education	High School Graduate	60	18%
		Undergraduate	20	6%
		Postgraduate	254	76%
4	Work Experience	Less than a year	15	4.5%
		1-5 years	66	19.8%
		5-10 years	164	49.1%
		Over 10 years	89	26.6%
5	Job Type	Full-time	252	75.5%
		Part-time	64	19.2%
		Remote	8	2.4%
		Internee	3	0.9%
		Freelance	7	2.1%

4.4 Descriptive Statistics

The mean and standard deviation of the variable data are illustrated in Table 1.4. The minimum value is 1 and the maximum value is 5, whereas the range is 4. The mean of compensation equity is 3.1382 whereas the standard deviation is 0.77720. The mean of

job satisfaction is 3.4533 whereas its standard deviation is 3.4533. The mean of employee engagement is 3.2862 whereas its standard deviation is 3.2862 respectively. The variance of compensation equity is 0.604, 0.604 for job satisfaction and 0.588 for employee engagement.

Table 1.4 Descriptive Statistics

Variable	Range	Minimum	Maximum	Mean	Standard	Variance
					Deviation	
CE	4.00	1.00	5.00	3.1382	0.77720	0.604
JS	4.00	1.00	5.00	3.4533	0.79829	0.637
EE	4.00	1.00	5.00	3.2862	0.76672	0.588
N		334				

4.5 Regression Analysis

Table 1.5 Multiple Regression Analysis for the Effect of compensation equity on employee engagement and job satisfaction.

Variable	В	95%CI	SE B	β	R ²	ΔR^2
Step 1					0.724	0.724
Constant	0.711	[0.523,0.900]	0.096			
Compensation	0.874	[0.815,0.932]	0.030	0.851		
Equity						
Dependent						
Variable: JS						
Step 2					0.670	0.054
Constant	0.752	[0.544,0.950]	0.101			
Compensation	0.807	[0.746,0.869]	0.031	0.819		
Equity						
Dependent						
Variable: EE						
Note:						
CI=Confidence						
Interval						
***p<0.001						

Table 1.5 shows the impact of compensation equity on employee engagement and job satisfaction. In step 1, the R^2 value of 0.724 revealed that the compensation equity explained a 72.4% variance in job satisfaction with F(1,332)=869, p<0.001. The findings revealed that compensation equity positively impacted job satisfaction (β =0.851, p<0.001). In step 2, the R^2 value of 0.670 revealed that compensation equity explained a 54% variance in employee engagement with F(1,332)=674, p<0.001. The regression weights for compensation equity significantly reduced from Model 1 to Model 2 but remained significant, which confirmed the relationship. Moreover, compensation equity has a direct and indirect effect on employee engagement and job satisfaction.

4.6 Validity and Reliability Analysis

The measurement model analysis was carried out using the SPSS method to assess the dependability. Table 1.4 displays the calculated Cronbach's alpha. Cronbach's alpha values indicated the instrument's satisfactory reliability for compensation equity (0.88), job satisfaction (0.81), and employee engagement (0.80).

Variable	Cronbach's Alpha	No. of Items
Compensation Equity	0.88	6
Job Satisfaction	0.81	6
Employee	0.80	6
Engagement		
Total	0.953	18

Table 1.6 Reliability Analysis

4.7 Correlation Analysis

		CE	JS	EE
CE	Pearson Correlation	1	.851**	.819**
	Sig. (2-tailed)		< 0.001	< 0.001
	N	334	334	334
JS	Pearson Correlation	.851**	1	.942**
	Sig. (2-tailed)	< 0.001		< 0.001
	N	334	334	334

EE	Pearson	.819**	.942**	1
	Correlation			
	Sig. (2-tailed)	< 0.001	< 0.001	
	N	334	334	334

^{**.} Correlation is significant at the 0.01 level (2-tailed).

Table 1.7 Correlation Analysis

The correlation analysis of compensation equity, job satisfaction, and employee engagement variables was also conducted during the study. The relationships among this variable are given below:

Compensation Equity-Job Satisfaction

The table shows a moderate positive relationship between compensation equity and job satisfaction. It means that if there is an increase in compensation equity, then job satisfaction will also increase moderately. So, there is a direct relationship among these variables.

Job Satisfaction-Employee Engagement

The table shows a moderate positive relationship between job satisfaction and employee engagement. It means that if there is an increase in job satisfaction then employee engagement will also increase moderately. So, there is a direct relationship among these variables.

Compensation Equity-Employee Engagement

The table shows a moderate positive relationship between compensation equity and employee engagement. It means that if there is an increase in compensation equity then employee engagement will also increase moderately. So, there is a direct relationship among these variables.

4.8 Testing the Structural Model

Table 1.8 of the present study summarizes the values extracted from the structural model generated by PLS bootstrapping to test the hypotheses H1 to H3, using the standardized path coefficients, along with standard deviation, t-statistics, R2, F2 and the p-value for direct relationships.

	Hypothesis	В	SD	t-value	R ²	F ²	p-value	Decision
H1	CE-> EE	0.504	0.035	18.624	0.518	0.383	0.000***	Supported
H2	CE-> JS	0.523	0.034	15.823	0.274	0.377	0.000***	Supported
Н3	JS-> EE	0.994	0.0001	858.116	0.977	31.050	0.000***	Supported

Table 1.8 Results of Structural Model

For H1 (β 5 0.504, t-value=18.624, p=0.000), the results indicated that compensation equity had a significant positive relationship with employee engagement; the results of H2 (β =0.523, t-value=15.823,p=0.000) indicated that compensation equity had a significant positive relationship with job satisfaction; the results of H3 (β =0.994, t-value=858.116, p=0.000) indicated that job satisfaction had a significant positive relationship with employee engagement; R² is a percentage change in the criterion variable due to predictor variables.

Compensation equity is the independent variable, while job satisfaction and employee engagement are the dependent variables. Results show that compensation equity creates a 97.7% change in employee engagement and a 27.4% change in job satisfaction. Furthermore, to test the strength of the exogenous constructs on the R² value, the effect size f² was calculated. The values for f² (H1=0.383, H2=0.377, H3=31.050) showed strong effect for H1, H2, and H3. Hence, all the hypotheses from H1 to H3 were supported by the results.

4.9 Summary

The fourth chapter discusses the findings of a study that looked at the links between compensation equity and employee turnover intention while studying the mediating effects of job satisfaction in the restaurant industry in Islamabad. After conceptualizing the study model and assumptions, data from 264 respondents was examined using regression methods. Gender, age, education, work experience, and job type were among the variables indicated by the demographic profile of participants. The study proved survey question reliability with a high Cronbach's alpha of 0.973. Checks for data normality were performed before using regression analysis and Structural Equation Modeling (SEM). Regression analysis was utilized to investigate the relationships between compensation equity, job satisfaction, and employee turnover intention, and two models were discovered. Significant connections were found, with standardized coefficients and significance levels indicating the influence of predictors. Additional analysis includes summary item statistics, an SEM

technique based on Partial Least Squares (PLS), correlation analysis, and descriptive statistics. Overall, Chapter 4 presents a detailed and insightful examination of the collected data, shedding light on the complex interaction of factors impacting employee turnover intention in the restaurant industry in Islamabad.

CHAPTER 5

DISCUSSIONS AND LIMITATIONS

5.1 Introduction

This chapter continues from the previous chapter and discusses the results in relation to the aim of the research, which was to investigate the impact of compensation equity on employee engagement and job satisfaction in the healthcare sector in Islamabad. In addition to the discussion of the results of the present study, this chapter also identifies the major implications of the findings for academic research and industry practices. The first part of the chapter concludes the previous chapters and reviews the empirical findings based on the study's objectives, which are presented in Chapter 1. The second part addresses the theoretical implications of the study.

5.2 Discussion of Findings

Due to the growing trend of doctors moving abroad, there has been a significant problem with doctor retention in recent years(Oh, 2019). There are concerns of a physician shortage in developing nations like Pakistan as a result of the Covid-19 pandemic's increase in the need for doctors worldwide. A major issue facing Pakistan is employee retention, as a significant number of specialists are either leaving the country or changing careers (Aman-Ullah et al., 2022). A large number of them, especially in the medical field, have given up on their careers. By putting a focus on pay, this study seeks to solve the issue of low staff retention. This study also intends to add to the body of evidence currently available regarding pay, employee retention, and intentions to leave healthcare organizations.

5.3 Contributions

The current study adds significantly to our understanding of compensation equity and how it affects employee engagement, both theoretically and practically. It also advances knowledge of the connection between compensation equity and job satisfaction. This study adds innovation to the body of literature since it addresses a topic that hasn't been covered in previous research: doctors employed in Islamabad public hospitals. After that, the study will provide a contribution to the context of the job satisfaction mediation role that was absent from healthcare companies in the past. Furthermore, the study's findings, when it comes to employee engagement and job satisfaction, differ slightly from

earlier research since they present an additional perspective that the earlier research did not address.

Practically speaking, the current study will assist Islamabad's public hospitals' management, practitioners, policymakers, and government in better understanding the demands of their medical staff and in addressing the low physician retention rate. Additionally, this study will aid in minimizing and planning for the unfavorable effects and outcomes of physicians' plans to leave their jobs. It will also aid in emphasizing the significance of physicians' satisfaction. Increasing the doctor-to-population ratio will assist the current study achieve healthcare sustainability, improve performance, and improve healthcare indicators. The study also showed that healthcare workers from Pakistan occasionally do not react as previously stated in research due to various socioeconomic reasons. Before making any decisions, they take their socioeconomic circumstances into account.

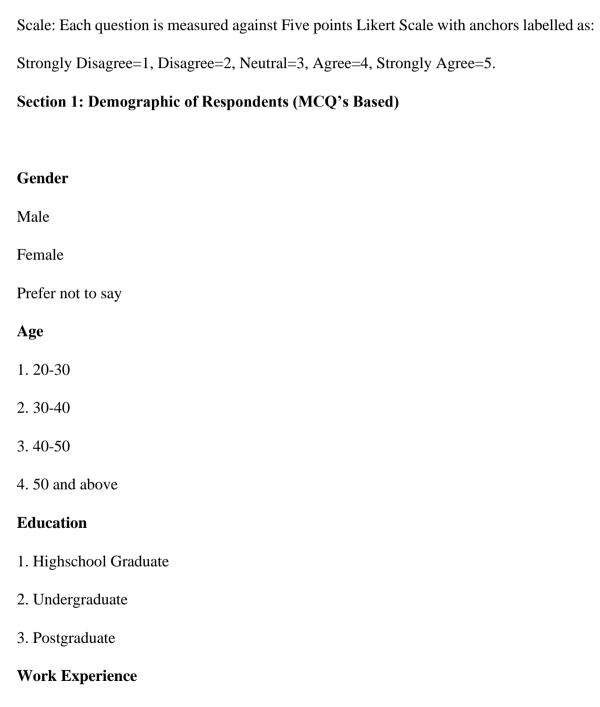
5.4 Limitations

There were a few drawbacks in this study that may present opportunity for future practitioners and researchers to solve. Due to constraints on time, money, and accessibility, the current study only included data from 30 public hospitals; however, this number could be increased in the future to improve generalizability. Moreover, there are three parallel stakeholders in Islamabad's healthcare industry: the public, the private, and public-private partnerships. The public sector was the sole subject of this study; however, in a subsequent investigation, the other two sectors might also be included. The issue of compensation is pervasive in Pakistan's other businesses as well, not only in one particular one. Subsequent research endeavours may examine this paradigm across diverse industries. In addition, it was challenging to receive responses from physicians when this study was being conducted. As a result, the response rate was 83%, which met the researcher's expectations but was still insufficient. To increase the accuracy of the results, the number of responses should be increased in the future. Only physicians provided the data, making up a small portion of the healthcare sector. This model should be used to evaluate other segments in future research, such as nurses, paramedics, and supporting workers.

Questionnaire

THE IMPACT OF COMPENSATION EQUITY ON EMPLOYEE ENGAGEMENT AND JOB SATISFACTION IN THE HEALTHCARE SECTOR IN ISLAMABAD

This survey aims to determine the extent of compensation equity and job satisfaction in impacting employee turnover intentions.



- 1. Less than a year
- 2. 1-5 years

- 3. 5-10 years
- 4. Over 10 years

Job Type

- 1. Internee
- 2. Part-time
- 3. Full-time
- 4. Freelance

Section 2: Compensation Equity (Likert Scale 1 to 5)

Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5.

Section 3: Job Satisfaction (Likert Scale 1 to 5)

Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5.

Section 4: Employee Engagement (Likert Scale 1 to 5)

Strongly Disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5.

Compensation Equity	Job Satisfaction	Employee Engagement
1. My pay is generally equal	1. My job is very worthwhile.	1. I feel bursting with energy
to the pay of my colleagues		at work
of the same level/position.		
2. My pay is generally	2. I am very content with my	2. I feel strong and vigorous
equally to the pay of similar	job.	at work.
job in other companies of the		
same industry.		
3. I believe there is	3. My job is very pleasant.	3. When I get up in the
consistency in how		morning, I want to go to
compensation is awarded for		work.
similar roles across different		
departments or teams.		

4. I believe that my current	4. I am happy that I took this	4. I am enthusiastic about my
salary reflects the level of	job.	work.
responsibility and effort		
required for my role.		
5. I am satisfied with the	5. I definitely like my work.	5. My work inspires me.
overall fairness of the		
compensation practices in		
our organization.		

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