



THE IMPACT OF COMPENSATION PRACTICES ON EMPLOYEE SATISFACTION IN PHARMACEUTICAL INDUSTRY

A Thesis submitted to Department of Management Sciences in
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Student Name: Yusra Siddiqui

Student ID: . 16482

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I Yusra Siddiqui Registration No. 16482

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Abstract

Purpose of study: This research study attempts to highlight and discuss the importance of compensation and its impact on job satisfaction in Pakistani pharmaceutical industry. It further attempts to highlight the relationship of different compensation packages with employee motivation, commitment, loyalty, retention and productivity. To cover the entire pharmaceutical industry six leading companies of the industry located in Karachi were chosen for the research; these include Alcon, Pfizer, GSK, Ali Gohar, OBS Pakistan and Abbott. As compensation contains both intrinsic and extrinsic compensation which may help employees gain for performing their work.

Methodology: This is an explanatory research because several researches have been done on this topic, and researcher has doing it again in the context of recent/ latest research. In this research primary data is used. The closed ended questions were used to analyze and measure job satisfaction of the employees through existing compensation practices. The sample size for data collection is 384.

Findings: The research findings have proved that compensation factors like extrinsic as well as intrinsic compensation have direct impact on the job satisfaction. Their level of performance varies with the good package the organization is providing to employees. Intrinsic and legal employee's benefits have strong relation with the job satisfaction as compare to the discretionary benefits, core compensation and adjustments to core compensation. All these factors have relationship with the job satisfaction of employee. Better compensation package not only improved their level of performance, but develops positive relationship, high level of commitment and long term retention.

Practical implications: The discussion of this research will help the organizations to know the factors which employees prefer for their compensation packages. Their level of satisfaction is due to the salary and other benefits the organization is providing to them. Job satisfaction of employees can be enhanced by providing them good compensation packages like base pay, recognition, promotional activity, meaningful work, incentive pay and so on.

Key words: Job Satisfaction, Compensation, intrinsic compensation, Extrinsic Compensation, Retention.

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