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Financial Rewards' Effect on Employee Satisfaction and Motivation in Pakistan's Pharmaceutical Sector

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Abstract - Workers are regarded as an organization's human capital. Employees will carry out their responsibilities diligently and aggressively if they are motivated and satisfied. This study examines data from 186 workers in the pharmaceutical sector. The findings showed a comparison of employee motivation and satisfaction with regard to position and income by gender and age. Theories were created to determine the relationship between employee happiness, motivation, and financial rewards. Financial rewards, motivation, and satisfaction were found to be positively correlated. The overall findings show that workers in the pharmaceutical sector receive competitive compensation. They are motivated to carry out their responsibilities and content with their pay and position.

Keywords : Monetary Gains, Inspiration, and Contentment.

Introduction

Every company in the world is using cutting-edge technologies and innovations to improve its business processes in this era of globalization. Organizations make every effort to employ qualified human resources in order to maintain the pace of goal achievement. Organizations must provide better working conditions, market-based pay, job stability, empowerment, and other benefits in order to hire competent human resources. Among all these advantages, the financial factors—particularly salary—are crucial. Each employee is responsible for running his own business. In order to sustain himself and his family, he requires monetary benefits.

Each organization's top management must cultivate a relationship with its workforce in order to satisfy the demands of both sides. Employees are expected to adhere to the organization's laws, procedures, and regulations. They also anticipate better working conditions and financial benefits, particularly equitable compensation. An organization's employees will be more motivated and content if it provides greater financial benefits.

Literature Review

Reena Ali and M. Shakil Ahmed (2009) demonstrated a statistically significant correlation between motivation and satisfaction, as well as between reward and recognition. According to their research, there would be a comparable shift in employee motivation and job satisfaction if rewards or recognition were changed. Extrinsic rewards and employee motivation are significantly and favorably correlated, according to Hafiza N. S., Shah S. S., Jamsheed H., and Zaman K. (2011). However, it has been noted that organizations are not providing their employees with the appropriate amount of financial rewards (extrinsic rewards). One important

thing that influences employee motivation is pay. Kalim Ullah Khan, Syed Umar Farooq, and Muahmmad Imran Ullah (2010) emphasized the many elements required to inspire workers to enhance their performance. Employee job motivation and rewards have been found to be positively correlated. This indicates that

employee work motivation is directly correlated with rewards. Employee motivation and performance are always affected by changes in compensation. Higher employee performance and motivation levels are correlated with better compensation. Arik Prasetya and Masanori Kato (2011) also found that employee performance is significantly impacted by both monetary and non-monetary incentives.

One of the material necessities that affects motivation and, ultimately, employee performance is compensation. One of the personnel department's challenging tasks is to provide suitable compensation, which is defined as fair and sufficient to meet the needs. The monetary gains from the services that employees provide as part of their employment ties are included in compensation. According to Dessler (1995), compensation is a type of incentive that employees receive as a result of their employment. Recruitment, motivation, productivity, and employee turnover are all significantly impacted by compensation (Bernardin & Russell, 1993).

Research Objectives

Research objectives of this study are:

To explore the relationship between financial rewards and motivation level of employees with respect to their salary and position.

To explore the relationship between financial rewards and satisfaction level of employees with respect to their salary and position.

To explore motivation or satisfaction which comes first on job?

To explore how can employees be motivated and satisfied?

Hypotheses Development

Workers that receive greater financial compensation are seen to be more motivated to complete daily responsibilities. They will work from the bottom of their hearts. Financial rewards are seen to have a negative correlation with the working environment and a good correlation with motivation and satisfaction. Salary and bonuses are examples of financial benefits taken into account here.

H1 = There is a positive relationship between financial rewards and employees motivation and satisfaction.

H2 = There is a positive relationship between employees motivation and satisfaction.

Data Methodology

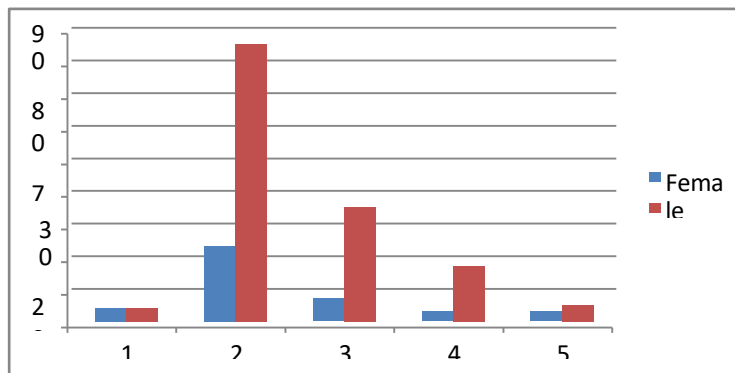
The 200 employees of various pharmaceutical companies were given questionnaires to complete in order to gather the data. Employees of pharmaceutical companies returned 186 completed questionnaires. Thus, 93% of responses were received.

Analysis

It has been shown that 62% of workers across all age groups are content with their current position and pay. 65% of workers in the 19–39 age range indicated that a sizable pay raise would boost their motivation. 67% of workers across all age groups claimed that rival businesses were paying their employees more for equivalent work.

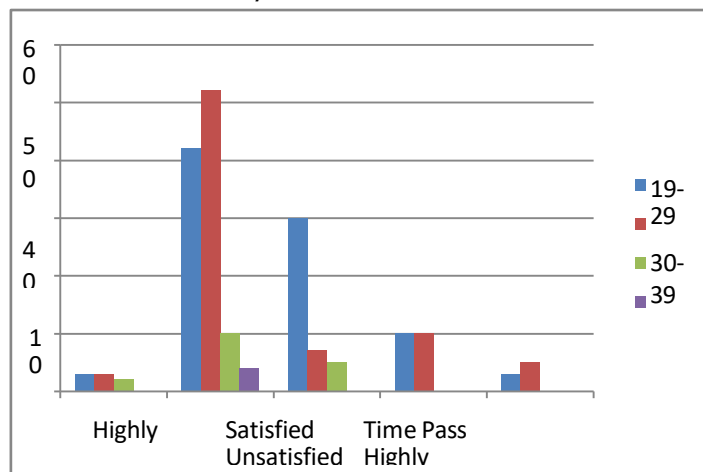
Graph 1 shows gender wise satisfaction level of employees. 21% of employees are female and 79% of employees are Male. Level of satisfaction with salary is high as per male/female gender ratio.

Graph 1 : Gender wise satisfaction level with salary



Graph 2 shows gender wise satisfaction level of employees. 21% of employees are female and 79% of employees are Male. Level of satisfaction with salary is high in both genders. Most of the employees falling within the age bracket of 19-39 are satisfied with their present salary. Analysis of collected data proved that the companies are paying good salary to its employees. However 23% of employees falling within the age bracket of 19-29 showed that they are doing their job only for time pass and are not being compensated as per their qualification and experience.

Graph 2 : Age wise satisfaction level with salary

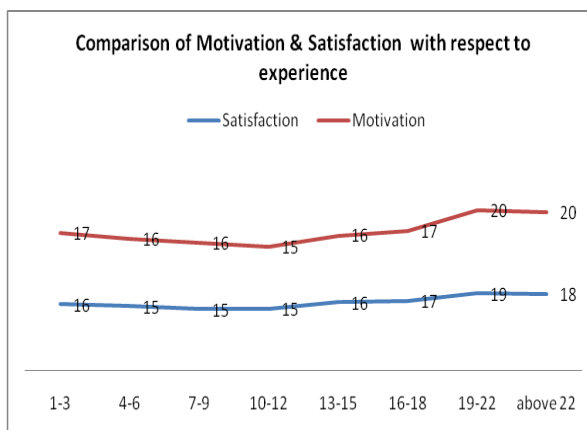


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The study also shows that motivation is a prerequisite for satisfaction. Compared to current employees, newly hired personnel exhibit higher levels of motivation.

Due to their high degree of goal attainment at the start of their careers, they outperform current employees. Employee happiness is modified in accordance with the organization's working environment, financial rewards, and human resources policy.

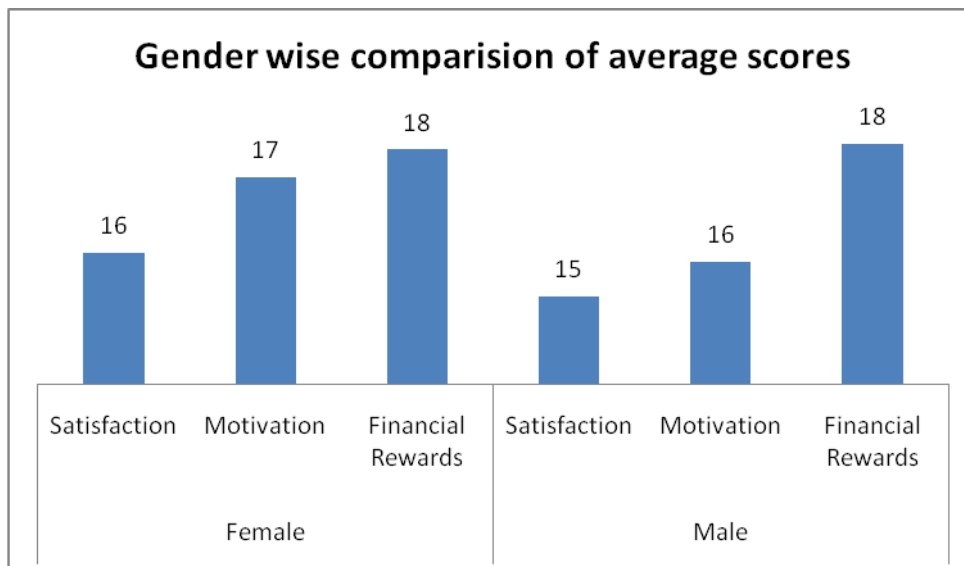


For this reason, employee experience is taken into consideration when comparing motivation and satisfaction metrics. Results are shown in Graph 3.

Graph 3 : Comparison of motivation and satisfaction with respect to experience

Graph 4 shows gender wise comparison between financial rewards, satisfaction and motivation. There is no difference between the opinion of male and female about financial rewards. Mean of both genders is equal as they rated importance of financial rewards. There is a slight difference of motivation and satisfaction between the genders. Females are more motivated and satisfied as compared to males.

Graph 4 : Gender wise comparison average scores



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Regression analysis conducted using SPSS for observance of impact of independent variables on dependent variables. Following three models have been developed.

Model 1

$$MOTI = \alpha + \beta FR + \epsilon$$

FR = Financial Rewards, MOTI = Motivation, SATI = Satisfaction

Model is estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following results.

MOTI = 6.596 + 0.542FR ; R ² = 0.197		
Std. Error	1.466	0.081
t-stat	4.499	6.712
P-Value	0.000	0.000

Results mentioned in model 1 above showing positive impact of financial rewards on employee’s motivation.

Model 2

$$SATI = \alpha + \beta FR + \epsilon$$

Model is estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following

SATI = 11.688 + 0.218FR ; R ² = 0.03		
Std.Error	1.616	0.089
t-stat	7.230	2.448

Results mentioned in model 2 above showing positive impact of financial rewards on employee’s satisfaction.

Model 3

$$MOTI = \alpha + \beta SATI + \epsilon$$

Comparison of Motivation with Satisfaction is made in Model 3 and estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following results.

MOTI = 8.703 + 0.423SATI ; R ² = 0.18		
Std. Error	1.120	0.067
t-stat	7.771	6.291
P-Value	0.000	0.000

Results mentioned in model 3 above showing a slight positive impact of Motivation on employee’s satisfaction.

Conclusion

This study demonstrated the value of monetary compensation provided to workers in the pharmaceutical sector.

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Workers in this sector are driven and content with their pay and status. The outcome demonstrated that financial incentives had a favorable effect on workers' motivation and contentment. Employee motivation is a result of financial benefits. Additionally, it has been noted that newcomers to this field are extremely motivated, and their degree of pleasure is greatly influenced by their surroundings, working circumstances, and superiors' actions.

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