

# Impact of Financial Rewards on Employee's Motivation and Satisfaction in Pharmaceutical Industry, Pakistan

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## Abstract

Employees are considered as the human capital of any organization. If employees are motivated and satisfied they will perform their duties diligently and actively. In this research article, data of 186 employees working in Pharmaceutical industry is analyzed. The results indicated gender-wise and age-wise comparison of motivation satisfaction of employees with respect to salary and position. Hypotheses developed to find relationship between financial rewards, motivation and satisfaction of employees. A positive relationship found between financial rewards, motivation and satisfaction. Overall results indicate employees working in Pharmaceutical industry are being offered good financial rewards. They are motivation in performing their duties and satisfied with their salary and job position.

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**Index terms**— Financial Rewards, Motivation, Satisfaction.

## 1 Introduction

In this era of globalization, every organization in the world improving its business processes by adopting advance technologies and innovations. To keep the pace of achieving goals organizations tries their best to hire competent human resource. Employing competent human resource, organizations have to offer better working environment, market based salaries, job security, empowerment etc. Out of all these perks and benefits the financial variables are much important especially pay. Every employee has to run his livelihood. He needs financial rewards / perks to support him and family.

Top management of each organization has to develop relationship between the employees and organization to fulfill the right demands of both parties. Organization's expectation from employees are to follow the rules, policies and regulations of the organization and employee's expectations are better working environment, good financial rewards especially fair pay. If an organization offers more financial rewards, the employees of that organization will be more motivated and satisfied.

## 2 II.

## 3 Literature Review

Reena Ali and M. Shakil Ahmed (2009) proved that there is a statistically significant relationship between reward and recognition respectively, and motivation and satisfaction. Their study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. Hafiza N. S., Shah S. S., Jamsheed H., Zaman K (2011) revealed that there is a significant and positive relationship between extrinsic rewards and employee motivation but it has been observed that organizations are not offering right amount of financial rewards (extrinsic rewards) to their employees. Pay is a significant factor which affects employee motivation. Kalim Ullah Khan, Syed Umar Farooq, Muhammad Imran Ullah (2010) highlighted the various aspects necessary for motivating employees to improve their performance. It is observed that there is direct and positive relationship between rewards and employee work motivation. It means

42 that reward is directly proportion to employee work motivation. The change in rewards offered to employees  
43 necessarily changes the work motivation and performance of employees. Better the rewards, the higher the  
44 levels of motivation and greater levels of employee performance. Arik Prasetya and Masanori Kato (2011) also  
45 analyzed that there are significant influences from both financial and nonfinancial compensations to the employee  
46 performance.

47 Compensation is one of the physical needs that influence motivation which in turn will affect the employee  
48 performance. Providing appropriate compensation within the meaning of fair and adequate to meet the  
49 requirements is one of the personnel department functions that are difficult to implement. Compensation includes  
50 the financial returns to the services rendered by employees as part of employment relationships. Compensation  
51 is a form of rewards that flow to employees arising from their employment ??Dessler, 1995). Compensation has  
52 a big influence in the recruitment of employees, motivation, productivity and employee turnover ??Bernardin &  
53 Russell, 1993).I III.

## 54 **4 Research Objectives**

55 Research objectives of this study are: ? To explore the relationship between financial rewards and motivation  
56 level of employees with respect to their salary and position. ? To explore the relationship between financial  
57 rewards and satisfaction level of employees with respect to their salary and position. ? To explore motivation or  
58 satisfaction which comes first on job? ? To explore how can employees be motivated and satisfied? a) Hypotheses  
59 Development

60 Employees receiving more financial rewards are considered to be more motivated in performing the day to day  
61 tasks. They will do their work from core of their heart. It is hypothesized is that there is a positive relationship of  
62 financial rewards with motivation and satisfaction and a negative relationship of financial rewards with working  
63 environment. Financial rewards considered here are salary, bonuses. H1 = There is a positive relationship  
64 between financial rewards and employees motivation and satisfaction. H2 = There is a positive relationship  
65 between employees motivation and satisfaction.

## 66 **5 b) Data Methodology**

67 The data was collected by distributing questionnaires among the 200 employees of different pharmaceutical  
68 organizations. 186 filled questionnaires were received back from the employees of pharmaceutical organizations.  
69 So the response rate is 93%.

## 70 **6 c) Analysis**

71 It is observed that 62% of employees of all age group are satisfied with their present salary and position. 65% of  
72 employees between age group of 19-39 showed that a sufficient increase in salary will enhance their motivation  
73 level. 67% of employees of all age group said that other companies are paying better salary to its employees  
74 working on the same positions.

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

77 Graph 1 : Gender wise satisfaction level with salary Graph 2 shows gender wise satisfaction level of employees.  
78 21% of employees are female and 79% of employees are Male. Level of satisfaction with salary is high in both  
79 genders. Most of the employees falling within the age bracket of 19-39 are satisfied with their present salary.  
80 Analysis of collected data proved that the companies are paying good salary to its employees. However 23% of  
81 employees falling within the age bracket of 19-29 showed that they are doing their job only for time pass and  
82 are not being compensation as per their qualification and experience. It is also observed from the study that  
83 satisfaction is dependent on motivation. Fresh hired employees are more motivated than the existing employees.  
84 They perform better than the existing employees because their level of goal achievement is high in the beginning  
85 of their career. After observation of Working Environment, Financial Rewards and Human Resource policies of  
86 the organization, the satisfaction level of employees are adjusted accordingly. For this purpose motivation and  
87 satisfaction variables are compared with respect to experience of the employees. Results are shown in Graph 3.

## 88 **7 Graph 4 shows gender wise comparison between financial 89 rewards, satisfaction and motivation.**

90 There is no difference between the opinion of male and female about financial rewards. Mean of both genders is  
91 equal as they rated importance of financial rewards. There is a slight difference of motivation and satisfaction  
92 between the genders. Females are more motivated and satisfied as compared to males.

## 93 **8 Year**

94 Graph 4 : Gender wise comparison average scores Regression analysis conducted using SPSS for observance of  
95 impact of independent variables on dependent variables. Following three models have been developed.

96 Model 1 MOTI = ? + ? FR + ? FR = Financial Rewards, MOTI = Motivation, SATI = Satisfaction Model  
97 is estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following results.

98 Results mentioned in model 1 above showing positive impact of financial rewards on employee's motivation.  
99 Model This study proved that financial rewards offered to employees in pharmaceutical industry are good.  
100 Employees of this industry are motivated and satisfied with their salary and position. The result showed  
101 a positive impact of financial rewards on employee's motivation and satisfaction. Financial rewards leads to  
102 employee's motivation. It is also observed that the new entrants in this industry are highly motivated and the  
103 working conditions, environment and superior's behavior plays a vital role in determination of their satisfaction  
level. <sup>1</sup>

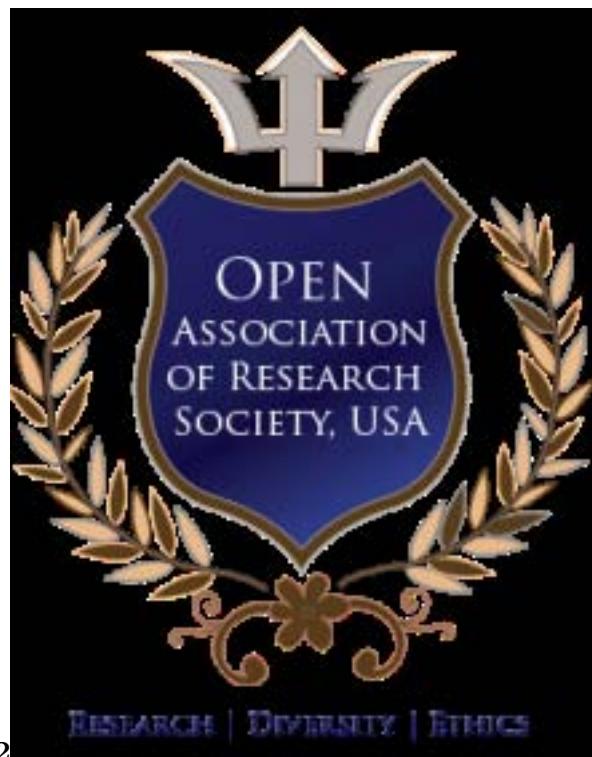


Figure 1: Graph 2 :

104

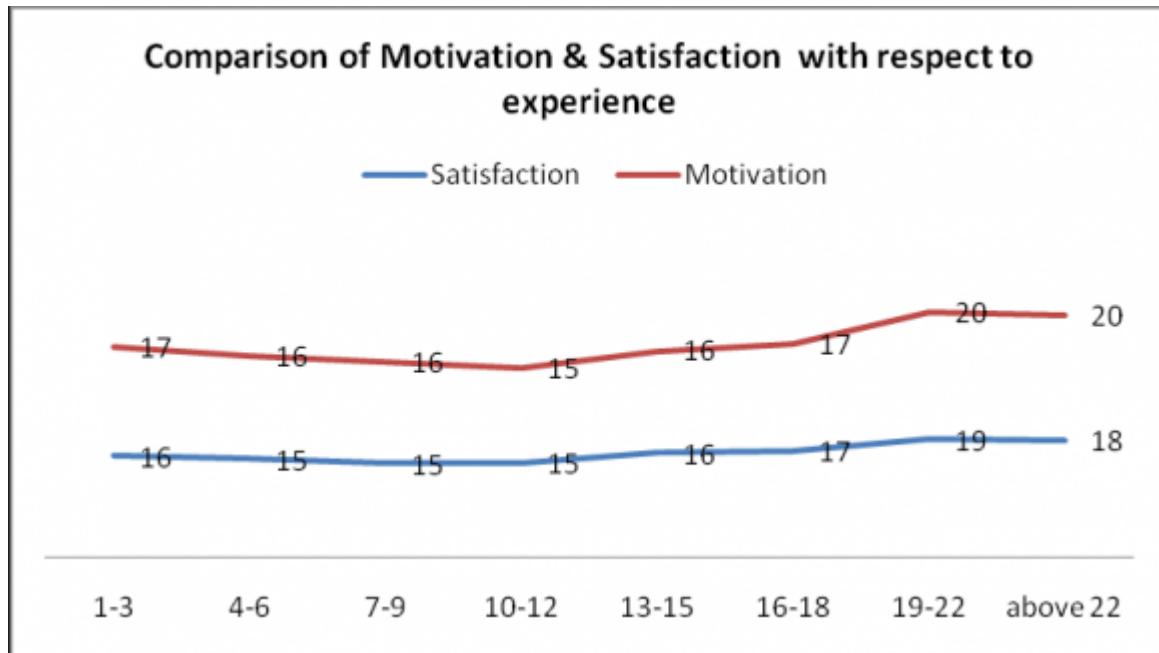


Figure 2: Global

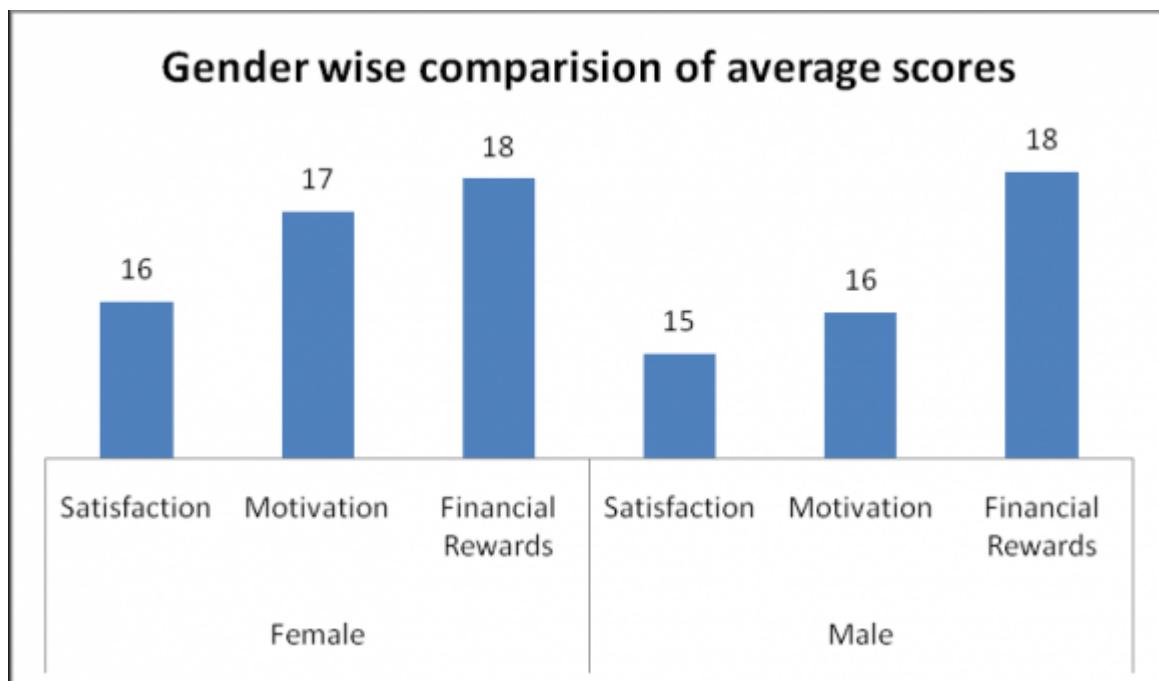


Figure 3:

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Results mentioned in model 3 shows that there is a slight positive impact of financial satisfaction.

MOTI = ? + ? SATI + ?  
MOTI = 8.703 + 0.423SATI  
Std. Error  
t-stat P-Value

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 4 shows that there is a slight positive impact of financial satisfaction.

2  
SATI  
= ?  
+ ?  
FR  
+ ?

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

SATI = 11.688 + 0.218FR ; R 2 = 0.03

Std.Error 1.616 0.089

t-stat 7.230 2.448

P-Value 0.000 0.015

Figure 4:



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