

## THE IMPACT OF COMPENSATION AND CAREER PROGRESSION OPPORTUNITIES ON EMPLOYEE RETENTION IN PHARMACEUTICAL FIRMS IN BENGALURU CITY

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### ABSTRACT:

*This study explores the extent to which compensation and career development opportunities determine employee retention within pharmaceutical companies in Bangalore, Karnataka. The analysis, which focuses on professionals in their early and mid-career stages, identifies important workforce patterns such as low experience levels, a youthful workforce, and male supremacy. Quantitative data from 150 respondents reveal that while overall satisfaction with compensation—particularly salary, HRA, and DA—is high; there are significant gaps in extended benefits and career development opportunities. Competitive compensation emerged as the top retention factor, whereas limited access to career advancement and a weak sense of organizational purpose were identified as areas needing improvement. For the purpose of improving retention and workforce stability in the expanding pharmaceutical sector in the area, the study recommends promoting gender diversity, improving training and mentoring programs, creating organized career advancement pathways, and bringing employees into line with the primary goal of the business.*

**Keywords:** Employee Retention, Compensation, Career progression, Pharmaceutical Industry, Workforce Development

### INTRODUCTION:

Employee retention has emerged as a critical strategic focus in today's highly competitive and dynamic pharmaceutical industry. In Karnataka—a key hub for pharmaceutical manufacturing and research in India—firms are facing increasing challenges in retaining skilled professionals due to rising competition, evolving career expectations, and global talent mobility. As the sector continues to expand and innovate, the need to maintain a stable and experienced workforce has become essential for ensuring productivity, regulatory compliance, and long-term growth.

Two of the most influential factors affecting employee retention are compensation and career progression opportunities. Competitive and fair compensation not only meets employees' financial expectations but also signals the organization's recognition of their contributions. Similarly, structured and transparent career growth paths instill a sense of purpose and motivation, aligning individual goals with organizational success. In the absence of these, employees are more likely to explore external opportunities, leading to increased turnover, higher recruitment costs, and operational disruption.

The pharmaceutical industry is uniquely demanding, requiring high levels of expertise, precision, and compliance with strict quality and regulatory standards. Retaining skilled talent in such a context is crucial. While many firms invest heavily in attracting talent,

insufficient attention to internal growth and reward mechanisms can erode employee satisfaction and loyalty over time.

This study aims to explore and analyse how compensation structures and career advancement opportunities influence employee retention in pharmaceutical firms in Bengaluru, Karnataka. By identifying key drivers and gaps, the research seeks to offer actionable insights for HR professionals and industry leaders to design more effective retention strategies. The findings will contribute to building a more resilient, engaged, and future-ready workforce within Bengaluru's growing pharmaceutical sector.

## REVIEW OF LITERATURE:

**Industry Insight – Pfizer in India (~2007–2008)** An Economic Times interview with HR leadership at Pfizer India revealed that their retention strategy includes individual development plans, structured career paths, and cross-country mobility—especially in R&D clinical roles. Although not as recent, this practice underscores the value of career progression opportunities in retaining talent in pharmaceutical firms.

**Bhattacharya & Ramachandran (2015)** In their path-analysis study of healthcare professionals in urban India, Indrajit Bhattacharya and Anandhi Ramachandran found that *career growth*, supported by health information technology (HIT), positively impacted job satisfaction and the intention to stay. Their model suggests that *training in HIT and career growth pathways* can be strategic retention interventions even in knowledge-intensive industries like pharma.

**Chanchal Wadhawan, Mridula Mishra, & Kanika Garg (2018)** This empirical study examined pharmaceutical sales personnel in India and found a strong, positive relationship between compensation and organizational commitment (affective, continuance, normative). Their results support the hypothesis that better pay enhances emotional attachment and retention.

**CiteHR Expert Insights (2023)**, high attrition rates in the pharmaceutical sector are primarily driven by compensation pressures, with firms competing aggressively through salary hikes and title upgrades to attract talent. However, HR experts emphasize that monetary incentives alone are insufficient for sustainable employee retention. They stress the importance of training, career development, and clear progression pathways, suggesting that long-term retention hinges on a balance between competitive pay and professional growth opportunities.

**Shammary, Schlosser, Gulbis et al. (2023–2024)** In a cross-sector systematic review of pharmacy workforce retention, these authors highlighted that professional development, autonomy, and structured career advancement (such as continuous professional development) strongly correlate with higher job satisfaction and retention. They also emphasized the role of salary increments and promotions in sustaining commitment.

**Meena & Singh (2025)** conducted a literature review covering retention drivers across industries. They concluded that compensation, along with leadership quality, training, and work environment, plays a crucial role in retention. The study advocates for holistic HR strategies that integrate financial rewards with career development and supportive culture.

## STATEMENT OF THE PROBLEM AND RESEARCH GAP:

Employee retention remains a critical issue for pharmaceutical firms in Bengaluru, Karnataka, where rising expectations for both competitive compensation and meaningful career progression often go unmet. While compensation is important, salary alone fails to

ensure retention in this highly competitive, knowledge-driven sector. Career development opportunities, such as structured training and clear promotion paths, are equally vital but frequently overlooked. This results in high attrition rates, especially among early- and mid-career employees, causing increased costs and loss of expertise. Despite this, limited research explores how compensation and career progression jointly affect retention in pharmaceutical firms in Bengaluru, which faces unique local challenges. Additionally, emerging compensation trends and qualitative career factors like mentoring and autonomy remain understudied. There is a need for integrated, industry-specific research to inform holistic HR strategies tailored to these firms. This study aims to fill these gaps by analysing the combined impact of compensation and career progression on employee retention in pharmaceutical firms in Bengaluru, Karnataka.

### **RESEARCH OBJECTIVES:**

1. To examine the impact of compensation on employee retention in pharmaceutical firms in Bangalore
2. To assess the role of career progression opportunities, including training and promotion pathways, in retaining employees within the pharmaceutical sector in the study area.
3. To analyse the combined effect of compensation and career progression on employee retention among early and mid-career professionals in Bangalore pharmaceutical industry.

### **RESEARCH HYPOTHESES:**

**H1:** There is a significant positive relationship between compensation and employee retention in pharmaceutical firms in Bangalore

**H2:** Career progression opportunities, including training and promotion pathways, have a significant positive impact on employee retention in pharmaceutical firms in Bangalore.

### **RESEARCH METHODOLOGY:**

This study adopts a quantitative research design to examine the impact of compensation and career progression on employee retention in pharmaceutical firms in Bangalore. Primary data was collected through a structured questionnaire distributed to employees across various pharmaceutical companies within the city. A sample size of 150 respondents was selected using stratified random sampling to ensure representation of early and mid-career professionals. The questionnaire measured the variables related to compensation, career progression opportunities, and employee retention. Data was analysed using statistical tools including correlation and multiple regression analysis to test the hypotheses. Ethical considerations such as informed consent and confidentiality were strictly maintained. The findings aimed to provide evidence-based recommendations for enhancing employee retention in the Bangalore pharmaceutical sector.

### **SCOPE AND IMPORTANCE OF THE STUDY:**

This study focuses on pharmaceutical firms in Bangalore, targeting early- and mid-career employees to assess how compensation and career progression affect retention. It examines salary, bonuses, training, promotions, and professional development as key factors influencing employee loyalty. The findings will help HR managers design strategies that improve retention by balancing financial rewards and career growth opportunities. Employee retention is crucial in the pharmaceutical industry due to its knowledge-intensive nature and the high cost of turnover. By addressing specific challenges in Bangalore's pharma sector,

this research fills a gap in existing literature. It provides actionable insights for organizations aiming to sustain a skilled and committed workforce, enhancing overall productivity and competitiveness.

### **LIMITATION OF THE STUDY:**

1. The study is limited to pharmaceutical firms in Bangalore, which may affect the generalizability of the findings to other regions or industries.
2. The reliance on self-reported data through questionnaires may introduce response bias, affecting the accuracy of the results.

### **DATA ANALYSIS AND INTERPRETATION:**

The table-1 clearly reveals that the respondents for the demographic variables, Such as Gender, age group, experience level, and current job level, are from the study area. In terms of gender category, the male respondents constitute the most dominant group (67.30%), while females make up about 32.7%. The mean (1.3267) and Skewness (0.747) indicate a higher concentration of male respondents in the study area, specifically Pharmaceutical firms in Bangalore city.

The age group analysis shows that nearly half (49.30%) of the sample respondents are aged between 21 and 30, indicating that the youthful workforce remains the same. The mean age group value is approximately 1.6733, and the positive skewness is approximately 0.747, which suggests a skew toward the younger professional group.

The experience level categories are as follows: most employees have less than 1 year of experience, which accounts for approximately 34.70 percent, and 1-3 years, about 30 percent of the sample respondents have experience in the study area.

The current job level category type, the most dominant share at the lower level, contributes about 30.70 per cent, and entry level about 28.70 per cent, and also fewer in the senior level, about 24 per cent, and marginal levels performance about 16.70 per cent in the study area, i.e., Pharmaceutical firms in Bangalore city.

Therefore, the sample respondents were primarily composed of youth, early-career male professionals in entry to lower-level positions. The study clearly reveals that on early- and mid-career retention in pharmaceutical firms. The skewness results indicate that across all demographic variables, there has been an overrepresentation, i.e., the lower end of each variable, such as younger age, less experience, and junior roles, which is most pronounced in the results of career growth and retention ideas in the study area.

**Table -1 Demographical Profile of Respondents**

Demographical Variables	Category	Frequency	Percentage	Mean	Std. Deviation	Skewness
Gender	Male	101	67.30	1.3267	.47057	.747
	Female	36	32.70			
	Total	150	100.00			
Age Group	21-30	74	49.30	1.6733	.74633	.747
	31-40	51	34.00			
	41-50	25	16.70			
	Total	150	100.00			

Experience Level	Less than 1	52	34.70	2.1467	1.05160	.439
	1-3	45	30.00			
	4-5	32	21.30			
	More than 5	21	14.00			
	Total	150	100.00			
Current job level	Entry Level	43	28.70	2.2867	1.05765	.265
	Lower Level	46	30.70			
	Senior Level	36	24.00			
	Managerial Level	25	16.70			
	Total	150	100.00			

Table 2 provide a clear indication of the implications of the current compensation and benefit package in the research region. The table results show that most employees (66.6%) are either pleased or highly content with the current compensation and benefits package and have a generally positive impression of it. More than 22% feel neutral, while a smaller minority (11.4%) express significant sadness or dislike. Overall satisfaction seems to be somewhat above neutral, with a mean score of 2.28. The positive skewness (0.735) indicates that more responses are oriented toward satisfaction than dissatisfaction. There is a large variation in employee satisfaction ratings, as indicated by the standard deviation (0.96).

**Table-2: Sample Respondents for the Effects Current Compensation and Benefit Package**

	Category	Frequency	Percentage	Mean	Std. Deviation	Skewness
Effects Current Compensation and Benefit Package	Highly Satisfied	29	19.3	2.2800	96322	.735
	Satisfied	71	47.3			
	Neutral	33	22.0			
	Dissatisfied	13	8.7			
	Highly Dissatisfied	4	2.7			
	Total	150	100.0			

Table 3 demonstrates abundantly evident that the sample respondents in the research area received varying allowances from their employers. The majority of employees (84.7%) receive HRA and DA, and a mean score of 1.15 indicates great approval with receiving these benefits. A clustering of responses toward "Yes," with few employees reporting "No," is shown by the positive skewness (1.944).With a mean of 1.65 and negative skewness (-0.651), the data shows that around 34.7% of employees receive transferring allowances. While the majority of replies trend toward "No," there are a substantial number of "Yes" responses. Medical allowances are given less frequently; only 28.7% of people receive them. A trend toward "No" is indicated by the mean (1.71) and negative skewness (-0.953), albeit only a tiny fraction benefits from these Food allowances have a mean of 1.72 and 28% coverage, which is comparable to medical allowances. Once more, the negative skewness (-0.99) indicates that "No" answers predominate, but a minority gains from this accommodation.68% of workers receive travel allowances (TA), with a mean of 1.32 and positive skewness (0.78),

suggesting that while most workers receive TA, there is some variation. With a mean of 1.64 and negative skewness (-0.589), 36% of employees receive skill development allowances.

**Table-3: Respondents for the Various Allowances Benefits Details**

Allowances				Mean	Std. Deviation	Skewness
HRA and DA	Yes	127	84.7	1.1533	.36152	1.944
	No	23	15.3			
	Total	150	100.0			
Transferring Allowances	Yes	52	34.7	1.6533	.47750	-.651
	No	98	65.3			
	Total	150	100.0			
Medical	Yes	43	28.7	1.7133	.45372	-.953
	No	107	71.3			
	Total	150	100.0			
Food	Yes	42	28.0	1.7200	.45050	-.990
	No	108	72.0			
	Total	150	100.0			
TA	Yes	102	68.0	1.3200	.46804	.780
	No	48	32.0			
	Total	150	100.0			
Skill Development	Yes	54	36.0	1.6400	.48161	-.589
	No	96	64.0			
	Total	150	100.0			

**Table-4 Sample Respondents for the Preferences Rating for the Study Area**

	Rating (Star)	Frequency	Percentage	Mean	Std. Deviation	Skewness
Competitive Compensation and Incentive	1	25	16.7	3.4867	1.53587	-.465
	2	22	14.7			
	3	18	12.0			
	4	25	16.7			
	5	60	40.0			
	Total	150	100.0			
Career Advancement and Continuous	1	38	25.3	2.9800	1.56072	.044
	2	30	20.0			
	3	18	12.0			
	4	25	16.7			

Learning	5	39	26.0			
	Total	150	100.0			
Work-life Balance Culture	1	30	20.0	3.1133	1.55670	-.018
	2	37	24.7			
	3	15	10.0			
	4	22	14.7			
	5	46	30.7			
	Total	150	100.0			
Positive Workplace culture	1	28	18.7	3.0600	1.38171	-.109
	2	26	17.3			
	3	33	22.0			
	4	35	23.3			
	5	28	18.7			
	Total	150	100.0			
Strong Leadership and Management Support	1	21	14.0	3.1667	1.29748	-.278
	2	29	19.3			
	3	27	18.0			
	4	50	33.3			
	5	23	15.3			
	Total	150	100.0			
Job Security and Stability	1	27	18.0	3.1333	1.3447	-.314
	2	22	14.7			
	3	28	18.7			
	4	50	33.3			
	5	23	15.3			
	Total	150	100.0			
Purpose and social impact	1	33	22.0	3.0733	1.40037	-.281
	2	19	12.7			
	3	25	16.7			
	4	50	33.3			
	5	23	15.3			
	Total	150	100.0			

The sample respondents' preferred ranking for the study region is evident from the table-4. With a mean rating of 3.49 and 40% of employees awarding it the highest rating (5 stars), Competitive Compensation and Incentive had the highest overall satisfaction. More employees gave this method a favourable rating than a negative one, as indicated by the small negative skewness (-0.465). The moderate mean score of 2.98 for Career Advancement and Continuous Learning indicated a range of opinions. 25.3% awarded it the lowest rating (1 star), indicating that there is potential for improvement in terms of growth prospects, whereas 26% gave it the best rating (5 stars). 30.7% of respondents gave the work-life balance culture

a good ranking (5 stars), with a slightly higher mean of 3.11. The near-zero skewness (-0.018) indicates that opinions on this topic are distributed fairly. Although some employees are satisfied, many see room for culturally enhancements, as seen by the relatively favorable mean rating of 3.06 for Positive Workplace Culture. The majority (33.3%) gave Strong Leadership and Management Support four stars, with a mean score of 3.17. Although just 15.3% gave it the highest rating, this implies overall satisfaction and suggests that leadership support should be improved. 33.3% of respondents gave employment Security and Stability a 4-star rating, indicating a modest level of confidence in employment security, with a mean score of 3.13. Perceptions are somewhat more positive than negative, according to the negative skewness (-0.314). Purpose and Social Impact had a mean score of 3.07, with a third (33.3%) rating it 4 stars. This indicates that many employees find meaning in their work, but some may feel disconnected from the organization's broader mission.

Therefore, Competitive Compensation stands out as the most appreciated retention factor. Career advancement and purpose/social impact show the greatest variation in employee satisfaction. The distribution of ratings suggests opportunities to improve growth, leadership engagement, and mission alignment to enhance retention further.

### **MAJOR FINDINGS:**

1. Male dominance: There is a gender imbalance in Bangalore's pharmaceutical companies, as evidenced by the fact that most responders (67.3%) are men.
2. Young Workforce: The workforce is primarily composed of young professionals, with over half (49.3%) of the staff being between the ages of 21 and 30.
3. Low Experience Levels: A significant percentage of workers (64.7%) have less than three years of experience, which is indicative of a workforce that is junior and early in their careers.
4. Lower Job Levels: The sample is biased toward junior positions, as evidenced by the majority of respondents being in entry-level (28.7%) and lower-level (30.7%) occupations.
5. Overall Compensation Satisfaction: A positive skew in the responses indicates that 66.6% of workers are either pleased or extremely satisfied with their present pay and perks.
6. DA and HRA Widely Received: HRA and DA are received by a sizable majority (84.7%), suggesting that normal benefits are fairly dispersed.
7. Limited Other Allowances: Fewer employees (28–36%) receive food, medical, skill development, and transferring allowances, indicating irregularities in extended benefits.
8. Travel Allowance Is Common: 68% of workers receive travel allowance, making it a more widespread benefit than others.
9. Top Retention Factor: salary: The highest mean rating (3.49) and the highest percentage of 5-star ratings (40%) went to competitive salary and incentives.
10. Improvement Needed in Growth & Purpose: The categories with the greatest potential for retention improvement were career progression and purpose/social impact, which displayed significant variation and lower mean scores.

## SUGGESTIONS:

1. Encourage gender diversity by implementing inclusive hiring and leadership initiatives.
2. Start organized programs for young professionals' early career development. Employees with limited experience should receive specialized training and coaching.
3. Create clear career advancement routes to promote junior employees.
4. Sustain high levels of satisfaction by maintaining competitive wages.
5. Make sure that all allowances are distributed fairly among all employee categories.
6. Improve possibilities for learning and development to aid in professional advancement.
7. Boost workers' awareness of the company's mission and social effect

## CONCLUSION:

The study concluded with several significant insights into workforce dynamics in Bangalore's pharmaceutical industries. The workforce is dominated by men (67.3%), and young professionals (49.3%) make up the majority of the workforce. These professionals are primarily in early-career and junior roles, with 64.7% having less than three years of experience and the majority holding entry-level or lower positions. This clearly shows a gender imbalance. While overall satisfaction with compensation is high, especially due to widespread benefits like HRA and DA, there are disparities in access to other allowances such as food, medical, and skill development. Travel allowance is more common but not universal. Notably, competitive salary and incentives emerged as the top retention factor, while career progression and sense of purpose showed the most dissatisfaction and variation. Based on these findings, it is recommended to promote gender diversity, invest in structured early-career development, and provide targeted training for inexperienced staff. To enhance employee engagement and retention, companies ought to additionally establish clear career tracks, guarantee fair allowance distribution, improve learning opportunities, and explicitly express the company's mission.

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