

A Study of Performance-Based Incentive Systems on Employee Engagement in Pharmaceutical Companies in Bhopal

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Abstract

The study identified employee motivation along with performance levels and organizational culture and employee turnover and market competition as major contributors to declining employee engagement within Bhopal's pharmaceutical industries. The research investigated the relationship between work engagement and performance dynamics in pharmaceutical organizations operating in Bhopal through this study. Researchers built their investigation on the Two Factor Theory which Frederick Herzberg introduced in 1959. A survey research methodology allowed the study to analyze senior personnel working at 136 pharmaceutical production businesses operating within Bhopal. The analysis utilized Percentage method and Chi square method to validate the created hypotheses. Employee work engagement demonstrated a powerful positive association with performance-based incentive systems across Bhopal's pharmaceutical sector businesses. Workers exhibited higher engagement levels whenever receiving performance-based incentives and complementary benefits according to study results. Organizational regulation consistency depends on including performance-based incentives according to the research findings. A definition of performance-based evaluation standards needs to be established to determine employee qualification for incentives.

Keyword: Incentive Systems, Employee Engagement in Pharmaceutical, Pharmaceutical Sector Businesses, Organizational Regulation.

INTRODUCTION

Companies in today's high-speed tough corporate world actively search for optimal methods to enhance employee engagement as well as motivation while also raising work happiness levels and total workplace performance. Human resource management requires incentive systems for essential implementation that helps achieve key organizational objectives. Organizations need incentive systems deployment as a fundamental operational target. When planning their incentive systems organizations create structured approaches that reward workers for their company services which enrich both quality and dedication (Adebayo et al., 2020). Incentive programs evolved through time to match organizational success patterns while embracing intensifying employee contributions to business outcomes. The incentive-based systems provide multiple practical alongside intangible advantages while offering monetary benefits that span beyond traditional compensation structures with the goal of helping employees meet their workplace ambitions. This combination of passion and energetic performance and full commitment with focused attention demonstrates job engagement in employees. Employee complete presence at work enables them to put forth their maximum potential into the assignment.

Remain: A future member needs to show his desire for inclusion in the group.

Say: Talk favourably about the company.

Strive: The obligation should be surpassed with additional effort.

Engagement Dimensions: My responsibilities at work provide me energy and my co-employees maintain support during challenging times as well as a clear grasp of our business vision and mission and personal accountability toward my company achievements. Employee engagement together with employer interaction leads to business growth and fosters teamwork.

Work-related incentives dish out payment amounts based on measurable company performance goals.

The incentive program serves dual purposes by recognizing top individual work alongside creating a performance-oriented workplace environment. Services and organizations display different approaches to performance-based bonus standards by using measures spanning from sales targets to project success and personal work output (Liu & Liu, 2022). Performance-based incentives drive both organizational success and productivity while engaging employees in their work which together shape the full dynamics of workplace operations. Their effectiveness surpasses basic individual acknowledgment.

The pharmaceutical businesses in Bhopal both serve public healthcare needs and that advance economic growth. To provide quality healthcare products and services while reaching their organizational goals pharmaceutical businesses need active employee participation. Pharmaceutical companies rely on scientific discoveries integrated with regulatory adherence and marketing adaptability as their operational principle. Employees' involvement at work leads to improved productivity alongside new innovations and helps create effective safe pharmaceutical products.

The research explores how performance-based medical companies based in Bhopal utilize incentive systems to build employee engagement. The analysis evaluates why factors build engagement together with other critical elements.

- To thoroughly examine the overall effect of incentive programs on employee engagement in Bhopal pharmaceutical enterprises.
- To analyzing the performance level of the employee's performance at the pharmaceutical companies in Bhopal
- To investigate the nature of the connection between work engagement and performance-based bonuses in Bhopal pharmaceutical companies.

RESEARCH HYPOTHESIS

H⁰: There is no significant relationship among performance-based incentives and employee engagement in pharmaceutical companies in Bhopal.

H¹: There is a significant relationship between performance-based incentives and Employee Engagement in Pharmaceutical Companies in Bhopal.

LITERATURE REVIEW

In their study (Hetzel, 2011) evaluated financial incentives' impact on performance while researching behavioral and economic frameworks for financial incentive assessment. Organisational rewards are distributed to members who make effort in team work.

Retention management stands as a top organizational priority for today's contemporary businesses according to (Neininger et al., 2010) research. This challenge may be mastered through commitment where team commitment plays an especially powerful role. Currently we lack long-term examinations which explore both team commitment development patterns and its temporal cause-effect mechanisms. The field study employed a three-point measurement approach to survey 360 team members across 52 semi-autonomous production teams over three years. The research demonstrated that organizational commitment produced stronger impacts on these organization-related metrics (job satisfaction and intention to leave).

The authors (Beretti et al., 2013) demonstrated financial incentives serve to both cultivate organizational excellence while ensuring employee job dedication and resulting in workforce motivation. Financial incentives motivate employees while increasing work dedication and producing psychological contentment which results in job satisfaction which determines how employees view their work in the organization context.

The researches from (Gupta & Singh, 2015) investigated the linkages between job involvement and organizational commitment alongside team commitment and professional commitment as well as the generational variation in these variables. A structured questionnaire survey technique obtained data from 477 full-time workers in 13 Indian companies from different business areas. Research participants were distributed across four different generational groups. Professional commitment was discovered to have negative associations with job involvement as well as affective organizational commitment and normative organizational commitment and team

commitment. According to the study's findings young generations demonstrate reduced job involvement combined with lower levels of affective organizational commitment and normative organizational commitment and demonstrate increased professional commitment. Organizations must account for this finding when creating their employee engagement Human Resource policies.

(Oni-Ojo et al., 2015), aimed to examined Incentives and Job Satisfaction: Its Implications for Competitive Positioning and Organizational Survival in Nigerian Manufacturing Industries. This investigation evaluated employee views regarding incentives combined with work satisfaction levels. Data was collected using Statistical Package for Social Science (SPSS) from 127 valid respondents who belonged either to managerial staff or non-managerial staff and through descriptive statistics and regression. Financial rewards drive worker external success yet non-financial incentives create internal job satisfaction by building a strong sense of inclusiveness among employees. Manufacturing industry needs to develop job restructuring that generates competitive advantage while retaining organizational essentials according to research recommendations.

The study conducted by (Thomas, 2018) investigated financial incentives' mutual influence on worker performance. Financial incentives exist because they motivate employees to reach higher levels of performance at work.

(Akandu O.M, 2017) assessed how employee job performance is affected by both incentives and fringe benefits at Specomill Textiles Limited in Ikeja Lagos. The research technique utilized primary along with secondary data through questionnaire administration and interview documentation coupled with observational methods. This study used sampling techniques to establish the size of its workforce. Chi-square analysis showed wage and salary incentives motivate employees more than fringe benefits do to increase work effort. Fringe benefit implementation serves as a useful recommendation for better organizational efficiency in the work environment.

Through research by (Novianty, 2018) the study examined financial incentive effects on employee motivation. Workers reach high degrees of motivation because their organization gives them numerous rewards. The essential energy which leads employees to build excitement within their professional activities defines work motivation.

(Al-tamimi, 2018) undertook an investigation to determine financial and nonfinancial incentives' effect on employee performance. Organizations now have tools to understand how financial rewards affect job execution. Employee performance exhibits statistical significance based on worker demographics from both age range differences and gender and marital status as well as experience.

This research by (Arrahtu, 2018) analyzed how employees actually perform against their tasks within their job role. The distinction between effort and performance is unclear to many workers because effort means using energy toward performance yet both terms use Internet metrics for measurement.

In their research review (Farwana H & Madi, 2019) show that monetary compensation includes one-time payments and ongoing monthly instalments alongside any form of additional income for workers. Therefore, financial incentives fall into this category.

(Agbaeze, 2019) analyzed the influence of financial compensation programs on employee work outcomes. A sample of 435 manufacturing enterprises took part in this research which applied an explanatory research approach. Multiple research selection methods including proportionate sampling and stratified sampling and basic random sampling were used to select respondents. Research results indicated that employee performance positively and significantly reacted to reward systems.

Research has extensively studied workplace performance outcomes dependent on motivational factors according to (Reizer et al., 2019). This research aims to assess the underrecognized mediation potential of positive and negative emotions in the vital relationship between organizational performance and work engagement. Job performance evaluation used multilevel modelling within the longitudinal study to study the influences of work satisfaction and both positive and negative emotions on workforce motivation. The dataset consisted of 116 participants who produced 1,044 measurements across nine consecutive time periods. The analysis showed positive emotions together with job satisfaction function as mediators that strengthen the positive connection between autonomous.

The research by (Rahmadi & Partiwi, 2021) sought to explain how financial incentives and organizational commitment and job satisfaction affect employee

performance. This study uses quantitative study. Structured data collection methods served as the data collection procedure throughout the study.

(Chien et al., 2020) with co-authoring researchers conducted research that examined how financial incentives affect staff and organizational output performance. Data collection for this study involved questionnaire surveys combined with interview guidance. Research results revealed that financial motivation systems create significant improvements in workplace productivity

(Tourian et al., 2020) conducted descriptive research to study monetary incentive impact on worker output. The research data collection utilized survey questionnaires together with interview protocols. Data from the regression study demonstrated financial incentives produce a substantial positive impact on staff productivity.

The study of (Ruhnama et al., 2021) examined how financial incentives affect employee productivity interacting with worker performance. The incentive sets employees on a productive work path. Every employee transforms organizational inputs into effective organizational output.

PERFORMANCE-BASED INCENTIVES

The additional compensation of a performance-based incentives serves to reward workers who complete their set performance goals and benchmarks. Companies reward workers who achieve high quality work outcomes through merit-based incentive bonuses following review of noteworthy project work. Progressive organizations employ performance bonuses as an employee reward system to commend superior achievements in work assignments (Finkle, 2011).

Employees receive a cash bonus based upon their individual performance exceedance or according to their job position. Many companies today give bonus payments to their younger staff members as part of their drive to enhance productivity across all departments.

Engagement of Employees

Business organizations today embrace a common innovation approach by permitting staff members to employ their talents creatively. When employees understand they added value to the company they feel loyal to the organization's overall success story. Employer motivation is defined by (Kahn W.A., 2010) study.

Organizational members link themselves to job assignments through active participation before using their body acting in combination with minds and emotions during role execution. The delegation of authority combined with the freedom to make decisions creates happiness and drives within employees according to workers' perceptions of management practices.

Employee engagement describes how passionately workers commit to their tasks along with their strong emotional bond to their work and their deep commitment to the company that leads to maximum working effort. Each employee benefits from workplace strategies which build perfect environments to dedicate total commitment daily toward organizational goals and core values as well as inspired active contribution to success and personal growth. Employee engagement serves as both a productivity enhancer and a wellness booster and organizational performance amplifier thereby enhancing company success probability. Studies show that 92% of leaders acknowledge motivated employees deliver superior performance for teams and organizations (Nnoli M., 2018).

RESEARCH METHODOLOGY

A framework serves as the guiding strategy to develop methods for data collection and analysis and data formulation. The framework specifies data collection methods alongside research locations and information acquisition procedures.

Research Instrument: The presented data comes from primary as well as secondary research sources which are evaluated using these analytical methods.

Charts and bar diagrams for percentage analysis.

Data Sources

1) Primary Data: A mixture of questionnaires together with in-person interview sessions serves to gather information.

2) Secondary Data: Employee records and business websites together with journals provided the data sources.

Sample Size: Four hundred workers compose the tested group.

Sample Unit: Employees at Pharma organizations provide all recorded data through this study.

Statistical Tool: The researchers utilized chi-square statistical methodologies to evaluate the analysis and generate hypothesis.

The selected sampling method employs simple random sampling as its technique.

Method of Data Collection

The structured questionnaire contained 25 items structured with open-ended along with closed-ended survey questions. A representative group of participants received the questionnaire for completion. The complete set contained 1300 participants while data evaluation utilized 1000 verified responses.

Data Processing and Action Plan

Data collection with questionnaires

Verifying and Editing Coding

Interpretation of Tabulation Analysis Using Graphs and Charts.

Table 1: Distribution of the Research Population

Pharmaceutical Company	Population	Percentage
Lupin Pharma	50	13.88%
Cipla	60	16.66%
Sun Pharmaceutical Industries	55	15.27%
Zydus Lifesciences	30	8.33%
Dr. Reddy's	30	8.33%
Aristo Pharmaceutical	40	11.11%
Alkem Laboratories	45	12.5%
Glaxo SmithKline Pharmaceuticals	50	13.88%
Total	360	100%

Table 2: Data Analysis and Interpretation

Response	No. of Response	Percentage
STRONGLY AGREE	245	68.05%
AGREE	89	24.72%
NEUTRAL	26	7.22%

DISAGREE	0	0
STRONGLY DISAGREE	0	0
TOTAL	360	100%

INTERPRETATION AND ANALYSIS OF DATA

A summary of survey responses exists within the data in the form of answers arranged on a Likert scale ranging from "Strongly Disagree" to "Strongly Agree." Here is a thorough examination and interpretation of the information:

Data Summary: 245 respondents (68.05%) indicated strong agreement.

89 answers (24.72%) said "agree."

26 replies (7.22%) were neutral.

Disagree and strongly disagree: 0% of respondents

360 answers in total (100%)

Rate of Analysis Support

A combination of the "Strongly Agree" and "Agree" responses represents 92.77% and adds up to 68.05% + 24.72% of all the replies. Observations collected through the survey demonstrate that performance-based incentives generate substantial support for employee engagement.

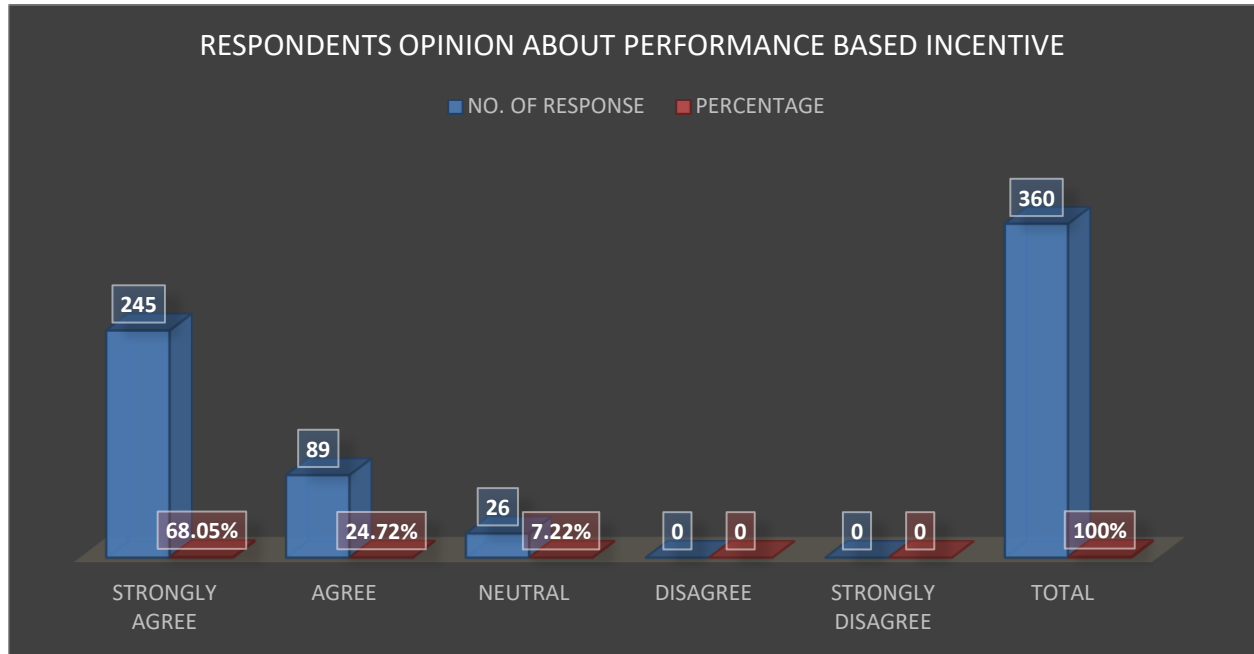
Neutral Reactions

7.22% of all responses survey takers selected neutral options. Data shows that only a small group of respondents maintain neutral attitudes towards employee engagement.

Employee engagement demonstrates no improvement with performance-based incentive increases according to all participants who select either "Strongly Disagree" or "Disagree."

INTERPRETATION

Graph shows the respondent opinion about performance-based incentives on employee engagement.



HYPOTHESIS TESTING

Null Hypothesis H0: There is no significant relationship among performance-based incentives and employee engagement in pharmaceutical companies in Bhopal.

Alternative Hypothesis H1: There is a significant relationship between performance-based incentives and Employee Engagement in Pharmaceutical Companies in Bhopal.

Calculate The Expected Frequencies

The total number of responses is 360.

The responses would be evenly distributed across the categories.

Expected frequency for each category = Total responses / Number of categories = $360 / 5 = 72$.

Calculate The Chi-Square Statistic:

The formula for the Chi-Square statistic is:

$$\chi^2 = \sum (O_i - E_i)^2 / E_i = \sum E_i (O_i - E_i)^2$$

where O_i is the observed frequency and E_i is the expected frequency.

Table 3: Calculate the chi-Square Statistics

Response	Observed Frequency (O)	Expected Frequency (E)	(O - E)	(O - E) ²	(O - E) ² / E
Strongly Agree	245	72	173	29929	415.68
Agree	89	72	17	289	4.01
Neutral	26	72	-46	2116	29.39
Disagree	0	72	-72	5184	72.00
Strongly Disagree	0	72	-72	5184	72.00
Total					593.08

The Chi-Square statistic (χ^2) is calculated as the sum of the values in the last column, which is 593.08.

Determine The Degrees of Freedom:

Degrees of freedom (df) = Number of categories - 1 = 5 - 1 = 4.

Find The Critical Value:

Using a Chi-Square distribution table, find the critical value for 4 degrees of freedom at the 0.05 significance level. The critical value is approximately 9.488.

Compare The Chi-Square Statistic to The Critical Value

The calculated Chi-Square statistic (593.08) is much greater than the critical value (9.488).

Make A Decision

Since the calculated Chi-Square statistic (593.08) is greater than the critical value (9.488), we reject the null hypothesis.

CONCLUSION

There is sufficient evidence to support the alternative hypothesis that there is a significant relationship between performance-based incentives and employee engagement in pharmaceutical companies in Bhopal.

Therefore, the hypothesis test using the Chi-Square method indicates that performance-based incentives are significantly related to employee engagement in pharmaceutical companies in Bhopal.

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